

Royal LePage Franchise Services Fund Reports Record Third Quarter Results

Toronto, ON – November 3, 2005 – (TSX – RSF.UN) Royal LePage Franchise Services Fund (the “Fund”) reported record operating results for the third quarter ended September 30, 2005.

Royalty revenue reached a record high of \$7.9 million and net earnings were \$2.0 million, representing increases over the third quarter of 2004, of 14% and 24% respectively. The strong performance was driven by a 13% increase in the Fund’s underlying network of agents since September 30, 2004, implementation of the new \$100 fixed monthly fee and technology fee for sales representatives, and continued strength in the Canadian residential resale housing market.

Distributable cash totalled \$6.3 million, up 12% over the same period in 2004.

Philip Soper, President and CEO noted, “The housing market remains strong across the country. Supported by sound economic fundamentals including high consumer confidence, personal income growth, and low unemployment, consumers continue to take advantage of low interest rates and enjoy the benefits of relatively affordable Canadian housing.”

Royal LePage continues to attract high performing broker-owners and new agents who are drawn to the company’s unique web-based marketing and business process services. In addition to the 463 agents recruited during the first six months of 2005, the Fund Network added 138 agents during the third quarter, which exceeds the Fund’s annual growth target of 400 agents.

Solid third quarter performance contributed to an increase in cash reserves to \$8.3 million from \$5.6 million in the previous quarter. These reserves will provide non-diluted capital for acquisitions, and will enable the Fund to maintain stable distributions through periods of seasonal fluctuation.

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

	<u>(thousands)</u>	<u>(per unit)</u>
Royalties	\$7,937	\$0.60
Net earnings	\$2,024	\$0.20
Distributable cash	\$6,295	\$0.47
Distributions	\$3,662	\$0.28

Growth

The Fund increased its total number of agents by 1,159 for the nine months ended September 30, 2005, well ahead of management's expectations. The Fund acquired 558 agents represented by 38 franchise contracts on January 1, 2005; an additional 601 agents were added through organic recruitment during the first nine months of 2005.

An additional 350 agents are currently in the acquisition growth pipeline as of November 3, 2005, for acquisition on January 1, 2006.

Effective July 1, 2005, franchises began paying the \$100 fixed monthly fee and technology fee for sales representatives. This only impacts sales representatives who are selling-Realtors, and excludes broker-owners and managers. As of September 30, 2005, there were 477 sales representatives paying royalties under the new fee structure.

Monthly Cash Distribution

The Royal LePage Franchise Services Fund today declared a cash distribution of \$0.0917 per unit for the month of November 2005, payable December 30, 2005, to unitholders of record on November 30, 2005.

Outlook

Sales of existing homes are forecasted to hit a new record of 470,000 units in 2005, and year-over-year appreciation in house prices will approach 10%. Heading into 2006, the Fund anticipates that the pace of market expansion will slow due primarily to moderately higher mortgage rates.

On September 8, 2005, the Department of Finance initiated a consultation process on flow-through entities including structures similar to Royal LePage Franchise Services Fund. Since the issuance of a consultation paper on income trusts and limited partnerships a moratorium on advanced tax rulings with respect to new income funds was announced. It is not possible to predict an outcome to the Department of Finance's review of taxation policy at this time or the impact, if any, on the Fund's unit value and future distributions.

Third Quarter Results Conference Call

A conference call for investors, analysts and media to review the third quarter 2005 results will be held on Friday, November 4, 2005 at 9:30 a.m. (EST). To participate in the conference call, please dial toll-free 1-866-295-8360 in Canada, (USA 1-866-295-5950) at approximately 9:20 a.m. EST. The pass code for this call is 53439 for those unable to participate, a taped re-broadcast will be available online at www.rsfund.ca under "Investment Info> Financial Reports."

About the Royal LePage Franchise Services Fund

The Royal LePage Franchise Services Fund is a leading provider of services to residential real estate brokers and their agents. 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, 2005, the Fund Network is comprised of 262 franchise agreements, operating from 561 locations serviced by 10,514 agents and 823 sales representatives. The Fund has approximately 20% market 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".

For more information contact

Pamela Kempthorne
Investor Relations Officer
Residential Income Fund Manager Limited
(416) 510-5750
pkempthorne@royallepage.ca
www.rsfund.ca

ROYAL LEPAGE FRANCHISE SERVICES FUND

Interim Consolidated Balance Sheets

(in thousands of dollars)

As at	September 30, 2005	December 31, 2004
Assets	(unaudited)	
Current assets		
Cash and cash equivalents	\$ 8,532	\$ 4,444
Accounts receivable	2,797	2,176
Prepaid expenses	27	96
	11,356	6,716
Deferred charges	703	—
Intangible assets (note 3)	135,404	137,238
	\$ 147,463	\$ 143,954
Liabilities and Unitholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities	\$ 2,122	\$ 2,001
Purchase obligation (note 3)	1,686	—
Distribution payable to unitholders	915	915
	4,723	2,916
Long-term debt (note 5)	38,000	30,600
Non-controlling interest	26,390	27,740
	69,113	61,256
Unitholders' equity	78,350	82,698
	\$ 147,463	\$ 143,954

See accompanying notes to the interim consolidated financial statements

On behalf of the board

Trustee

Trustee

ROYAL LEPAGE FRANCHISE SERVICES FUND

Interim Consolidated Statements of Earnings

(unaudited)

(in thousands of dollars, except unit and per unit amounts)

	Three months ended Sept. 30, 2005	Three months ended Sept. 30, 2004	Nine months ended Sept. 30, 2005	Nine months ended Sept. 30, 2004
Royalties				
Fixed franchise fees	\$ 3,127	\$ 2,691	\$ 9,071	\$ 7,931
Variable franchise fees	2,444	2,041	6,010	5,228
Premium franchise fees	1,497	1,489	3,176	2,962
Other fee revenue and services	869	731	2,414	2,083
	7,937	6,952	20,671	18,204
Expenses				
Administration	125	119	393	298
Management fee	915	911	2,745	2,742
Interest expense	602	293	1,685	950
Amortization of intangible assets	3,569	3,419	10,561	10,257
	5,211	4,742	15,384	14,247
Earnings before undernoted	2,726	2,210	5,287	3,957
Non-controlling interest	(702)	(572)	(1,396)	(1,043)
Net earnings	\$ 2,024	\$ 1,638	\$ 3,891	\$ 2,914
Basic and diluted earnings per unit (9,983,000 units) (note 6)	\$ 0.20	\$ 0.16	\$ 0.39	\$ 0.29

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, 2003	\$ 92,938	\$ 1,947	\$ (4,533)	\$ 90,352
Changes during the period:				
Net earnings	—	2,914	—	2,914
Unit distributions	—	—	(8,239)	(8,239)
Balance, September 30, 2004	\$ 92,938	\$ 4,861	\$(12,772)	\$ 85,027
Balance, December 31, 2004	\$ 92,938	\$ 5,278	\$(15,518)	\$ 82,698
Changes during the period:				
Net earnings	—	3,891	—	3,891
Unit distributions	—	—	(8,239)	(8,239)
Balance, September 30, 2005	\$ 92,938	\$ 9,169	\$(23,757)	\$ 78,350

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 Sept. 30, 2005	Three months ended Sept. 30, 2004	Nine months ended Sept. 30, 2005	Nine months ended Sept. 30, 2004
Cash provided by (used for):				
Operating activities				
Net earnings for the period	\$ 2,024	\$ 1,638	\$ 3,891	\$ 2,914
Items not affecting cash				
Non-controlling interest	702	572	1,396	1,043
Amortization of deferred charges	40	—	98	—
Amortization of intangible assets	3,569	3,419	10,561	10,257
	6,335	5,629	15,946	14,214
Changes in non-cash working capital	429	(376)	(431)	(901)
	6,764	5,253	15,515	13,313
Investing activities				
Deposit on acquisition (note 3)	—	—	(7,048)	—
Purchase of intangible assets (note 3)	—	—	7	(120)
	—	—	(7,041)	(120)
Financing activities				
Distributions paid to unitholders	(2,746)	(2,746)	(8,239)	(8,239)
Distributions paid to non-controlling interest	(916)	(915)	(2,746)	(2,746)
Proceeds from private debt placement	—	—	38,000	—
Repayment of term loan	—	—	(30,600)	—
Deferred charges	—	—	(801)	—
	(3,662)	(3,661)	(4,386)	(10,985)
Increase in cash and cash equivalents during the period	3,102	1,592	4,088	2,208
Cash and cash equivalents, beginning of period	5,430	2,055	4,444	1,439
Cash and cash equivalents, end of period	\$ 8,532	\$ 3,647	\$ 8,532	\$ 3,647
Cash and cash equivalents are comprised of				
Cash	\$ 2,532	\$ 647	\$ 2,532	\$ 647
Commercial paper	6,000	3,000	6,000	3,000
	\$ 8,532	\$ 3,647	\$ 8,532	\$ 3,647
Supplementary Cash Flow Information				
Cash paid for interest	\$ 554	\$ 296	\$ 1,362	\$ 808

See accompanying notes to the interim consolidated financial statements

ROYAL LEPAGE FRANCHISE SERVICES FUND

Notes to the Interim Consolidated Financial Statements

September 30, 2005

(unaudited)

(in thousands of dollars)

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 (the "Subordinated LP Units") 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 except as described below. 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, 2004 annual consolidated financial statements.

Deferred Charges

Deferred charges consist of financing costs which are amortized on a straight-line basis over the term of the debt to which they relate.

3. INTANGIBLE ASSETS

On January 1, 2005, the Partnership acquired 38 franchise agreements from RIFML with an estimated purchase price of \$9,256 calculated in accordance with the Management Services Agreement ("MSA"). On February 18, 2005, \$7,048 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 twelve month period ending October 31, 2005. 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.

ROYAL LEPAGE FRANCHISE SERVICES FUND

Notes to the Interim Consolidated Financial Statements

September 30, 2005

(unaudited)

(in thousands of dollars)

3. INTANGIBLE ASSETS (cont'd)

During the three and nine months ended September 30, 2005, \$1,118 and \$7,048, respectively, was transferred from "deposit on acquisition" and recorded as "intangible assets". During the three and nine months ended September 30, 2005, \$1,686 was recorded as "purchase obligation" and the corresponding amount was added to "intangible assets". A summary of intangible assets is as follows:

	September 30, 2005		
	Cost	Accumulated Amortization	Net Book Value
Franchise agreements	\$ 122,634	\$ 27,592	\$ 95,042
Relationships and trademarks	40,760	398	40,362
	\$ 163,394	\$ 27,990	\$ 135,404

	December 31, 2004		
	Cost	Accumulated Amortization	Net Book Value
Franchise agreements	\$ 115,492	\$ 17,168	\$ 98,324
Relationships and trademarks	39,175	261	38,914
	\$ 154,667	\$ 17,429	\$ 137,238

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. The Fund's \$2,000 operating credit facility which existed prior to February 16, 2005, was terminated and replaced with the new revolver. As at September 30, 2005, 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% payable quarterly in arrears. The proceeds of the private placement, net of \$801 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.

6. EARNINGS PER UNIT

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

ROYAL LEPAGE FRANCHISE SERVICES FUND

Notes to the Interim Consolidated Financial Statements

September 30, 2005

(unaudited)

(in thousands of dollars)

7. RELATED PARTY TRANSACTIONS

Unless disclosed elsewhere, the Fund had the following transactions with parties related to the non-controlling interest during the three and nine months ended September 30, 2005 and 2004. These transactions have been recorded at the exchange amount agreed to between the parties.

	Three months ended Sept. 30, 2005	Three months ended Sept. 30, 2004	Nine months ended Sept. 30, 2005	Nine months ended Sept. 30, 2004
a) Royalties				
Fixed, variable and other franchise fees	\$ 540	\$ 490	\$ 1,492	\$ 1,384
Premium franchise fees	\$ 1,241	\$ 1,242	\$ 2,661	\$ 2,501
b) Expenses				
Management fees	\$ 915	\$ 911	\$ 2,745	\$ 2,742
Insurance and other	\$ 24	\$ 21	\$ 68	\$ 67
c) Distributions				
Distributions paid to non-controlling interest	\$ 916	\$ 915	\$ 2,746	\$ 2,746

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

	September 30, 2005	December 31, 2004
d) Accounts receivable		
Franchise fees receivable and other	\$ 529	\$ 293
e) Accounts payable and accrued liabilities		
Distributions payable to non-controlling interest	\$ 915	\$ 915
Management fees	\$ 325	\$ 814
Due to non-controlling interest	\$ —	\$ 30
Purchase obligation	\$ 1,686	\$ —

Selected Financial and operating Information

	Three months ended Dec. 31 2003	Three months ended March 31 2004	Three months ended June 30 2004	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
Revenue (\$ thousands, unaudited)								
Fixed franchise fees	\$ 2,465	\$ 2,522	\$ 2,718	\$ 2,691	\$ 2,718	\$ 2,945	\$ 2,999	\$ 3,127
Variable franchise fees	1,169	1,179	2,008	2,041	1,149	1,335	2,231	2,444
Premium franchise fees	930	541	932	1,489	1,009	576	1,103	1,497
Other fees and services	638	613	739	731	660	740	805	869
	\$ 5,202	\$ 4,855	\$ 6,397	\$ 6,952	\$ 5,536	\$ 5,596	\$ 7,138	\$ 7,937

	Three months ended Dec. 31 2003	Three months ended March 31 2004	Three months ended June 30 2004	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
Additions for the period:								
Number of agents	101	225	163	175	38	726	295	138
Number of fixed fee paying sales representatives	–	–	–	–	–	–	–	477
At end of period								
Number of agents & sales representatives	9,454	9,733	9,922	10,132	10,145	10,895	11,218	11,337
Number of agents	8,754	8,979	9,142	9,317	9,355	10,081	10,376	10,514
Number of fixed fee paying sales representatives	–	–	–	–	–	–	–	477
Number of locations	509	515	524	524	518	566	565	561
Number of franchisees	226	230	228	228	227	265	264	262

Forward-Looking Statements

Certain statements in the News Release and the Management's Discussion and Analysis of Results and Financial Condition may include statements that are "forward-looking statements". These forward-looking statements may reflect the current internal projections, expectations or beliefs, future growth, performance and business prospects and opportunities of the Fund and are based on information currently available to the Fund. Actual results and developments may differ materially from results and developments discussed in the forward-looking statements as they are subject to a number of risks and uncertainties. Management cannot provide assurance that the actual results or developments will be realized or, even if substantially realized, that they would have the expected consequences to, or effects on, the Fund. These forward-looking statements are made as of the date of this report and the Fund assumes no obligation to update or revise them.