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NEWS RELEASE

Royal LePage Franchise Services Fund Announces Q4 2004 and Year End Results and Declares Monthly Cash Distribution

www.rsfund.ca

Toronto, ON – March 7, 2005 – (TSX – RSF.UN) Royal LePage Franchise Services Fund (the "Fund") today announced that revenue in the fourth quarter totaled \$5.5 million, 6% ahead of the same period in 2003. Revenue for the year of \$23.7 million exceeded the prior year by 11%.

"Our solid fourth quarter and year-end results were driven by a number of factors, including growth in the number of our agents, and their increased productivity, which was 69% higher than the rest of the industry, increased adoption of fee-for-service offerings, and a strong Canadian residential real estate market." commented Philip Soper, president and chief executive officer. "As a result, we met our target distribution of \$1.10 for the year and further enhanced our stability through the build up of a cash reserve of \$3.6 million or 27 cents per unit, which represents approximately three months of target distributions."

Financial and Operating Highlights
For the quarter and year ended December 31, 2004

	Three Months Ended December 31, 2004		Year Ended December 31, 2004	
	(thousands)	(per unit)	(thousands)	(per unit)
Royalties	\$5,536	\$0.42	\$23,740	\$1.78
Net Earnings	\$417	\$0.04	\$3,331	\$0.33
Distributable cash	\$4,026	\$0.30	\$18,240	\$1.37
Distributions	\$3,662	\$0.28	\$14,647	\$1.10

Agent growth

As at December 31, 2004, the Fund Network was comprised of 227 independently owned and operated franchises operating from 518 locations serviced by 10,145 agents and sales representatives, with an approximate one fifth share of the Canadian residential resale real estate market based on transactional dollar volume.

For the twelve months ended December 31, 2004, the Fund network grew by 7.3% or 691 agents and sales representatives, which is consistent with the growth rate achieved by the overall Canadian real estate agent population.

Subsequent to year-end, on January 1, 2005, the Fund acquired an additional 558 agents from the 38 franchise contracts. As a result, the Fund commences 2005 with a total of 10,703 agents and sales representatives for the total increase of 1,249 agents and sales representatives, a 13.2% increase over December 31, 2003 and far in excess of the Fund's annual growth target of 200 to 400 net new agents.

Financing

In 2005, the Fund completed a $38 million private debt placement which allowed the Fund to re-finance its existing $30.6 million term debt and fund its initial January 1, 2005 acquisition obligation of $7.0 million.

Monthly Cash Distribution

The Royal LePage Franchise Services Fund today declared a cash distribution of $0.0917 per unit for the month of March 2005, payable April 29, 2005, to unitholders of record on March 31, 2005.

Outlook

"As a result of strong underlying market fundamentals, including low mortgage rates and the resulting affordability of housing, strong new home starts which boosts the total available inventory of resale homes, and buoyant consumer confidence, we expect to benefit from continued strength for the Canadian residential resale real estate market. The market is expected to expand by 3.5% in 2005, with home prices rising by an average of 4.5%, and unit sales declining from last year's record volume by 1%. The moderating pace of price appreciation should bring balance to a market which has been in the seller's favour for some time," commented Philip Soper. "Within our business operations in 2005, we are looking forward to completing the largest technology revitalization program in our history, with improved platforms and on-line services which will reinforce our leadership position in the years ahead."

Fourth Quarter Results Conference Call

A conference call for investors, analysts and media to review the quarter and year ended December 31, 2005 results will be held on Tuesday, March 8, 2005 at 2:30 p.m. (EST). To participate in the conference call, please dial 1-800-481-9591 toll free, at approximately 2:20 p.m. The pass code for this call is 8187548. For those unable to participate in the conference call, a taped re-broadcast will be available until midnight March 31, 2005. To access this re-broadcast, please call toll free 1-888-203-1112 pass code 8187548. Beginning March 15th, the re-broadcast will also be available online at www.rsfund.ca under "Financial Reports" which can be found under "Investment Info."

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, Johnston & Daniel and Realty World brand names. As at January 1, 2005, the Fund Network is comprised of 265 franchises, operating from 565 locations serviced by 10,703 agents and sales representatives

The Royal LePage Franchise Services Fund is a TSX listed income trust, which pays monthly distributions and trades under the symbol "RSF.UN".

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ROYAL LEPAGE FRANCHISE SERVICES FUND

Consolidated Balance Sheets

As at December 31, 2004 and 2003

(in thousands of dollars)

Assets	**2004**	**2003**
Current assets		
Cash and cash equivalents	$ 4,444	$ 1,439
Accounts receivable	2,176	1,970
Prepaid expenses	96	241
	6,716	3,650
Intangible assets (note 4)	137,238	150,765
	$ 143,954	$ 154,415
Liabilities and Unitholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities	$ 2,001	$ 2,378
Distribution payable to unitholders	915	915
	2,916	3,293
Term loan (note 7)	30,600	30,600
Non-controlling interest (note 8)	27,740	30,170
	61,256	64,063
Unitholders' equity	82,698	90,352
	$ 143,954	$ 154,415

See accompanying notes to the consolidated financial statements

ROYAL LEPAGE FRANCHISE SERVICES FUND
Consolidated Statements of Earnings

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

Royalties	**Year ended December 31, 2004**	**August 7, 2003 to December 31, 2003**
		(Note 1)
Fixed franchise fees	$ 10,649	$ 3,971
Variable franchise fees	6,377	2,176
Premium franchise fees	3,971	1,668
Other fees and services	2,743	987
	23,740	8,802
Expenses		
Administration	513	231
Management fee (note 11)	3,660	1,550
Interest expense	1,327	620
Amortization of intangible assets	13,677	3,752
	19,177	6,153
Earnings before undernoted	4,563	2,649
Non-controlling interest (note 8)	(1,232)	(702)
Net earnings	$ 3,331	$ 1,947
Basic and diluted earnings per unit (9,983,000 units) (note 10)	$ 0.33	$ 0.20

See accompanying notes to the consolidated financial statements

ROYAL LEPAGE FRANCHISE SERVICES FUND
Consolidated Statements of Unitholders' Equity

(in thousands of dollars)

	Units (Note 9)	Net Earnings	Distributions	Total
Balance, August 7, 2003	$ -	$ -	$ -	$ -
Issue of units, net of issue costs	92,938	-	-	92,938
Net earnings	-	1,947	-	1,947
Unit distributions	-	-	(4,533)	(4,533)
Balance, December 31, 2003	92,938	1,947	(4,533)	90,352
Net earnings	-	3,331	-	3,331
Unit distributions	-	-	(10,985)	(10,985)
Balance, December 31, 2004	$ 92,938	$ 5,278	$ (15,518)	$ 82,698

See accompanying notes to the consolidated financial statements

ROYAL LEPAGE FRANCHISE SERVICES FUND
Consolidated Statements of Cash Flows

(in thousands of dollars)

	Year ended December 31, 2004	August 7, 2003 to December 31, 2003
		(Note 1)
Cash provided by (used for):		
Operating activities		
Net earnings for the period	$ 3,331	$ 1,947
Items not affecting cash		
Non-controlling interest	1,232	702
Amortization of intangible assets	13,677	3,752
	18,240	6,401
Changes in non-cash working capital (note 13)	(468)	(945)
	17,772	5,456
Investing activities		
Purchase of intangible assets (note 3)	(120)	(121,240)
Financing activities		
Distributions paid to unitholders	(10,985)	(3,618)
Distributions paid to non-controlling interest	(3,662)	(596)
Initial public offering of units	-	99,830
Issue costs paid	-	(8,993)
Proceeds from term loan	-	30,600
	(14,647)	117,223
Increase in cash and cash equivalents during the period	3,005	1,439
Cash and cash equivalents, beginning of period	1,439	-
Cash and cash equivalents, end of period	$ 4,444	$ 1,439

See accompanying notes to the consolidated financial statements

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.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

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 consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles (“GAAP”). The Fund’s significant accounting policies are as follows:

Revenue recognition

Franchise fees are generally based on a percentage of an agent’s gross revenue (“Variable Franchise Fees”) to a specified maximum plus a dollar amount per agent (“Fixed Franchise Fees”). Gross revenue is the gross commission income (net of outside broker payments) paid in respect of the closings of residential resale real estate transactions. Variable Franchise Fees are recognized in income at the time a residential resale real estate transaction closes or lease is signed by the vendor or lessor. Fixed Franchise Fees are recognized in income as earned.

Premium franchise fees are calculated as a percentage ranging from 1% to 5% of an agent’s gross commission income for a select number of franchise locations. These fees are recognized in income at the time a residential resale real estate transaction closes or lease is signed by the vendor or lessor.

Other fee-based revenues are generally recognized in income when the related services have been provided.

Intangible assets

Intangible assets, consisting of franchise agreements, relationships and trademark rights are recorded at cost less accumulated amortization. The franchise agreements are being amortized over the term of the agreements using the effective rate method. Relationships are being amortized over one renewal period, at the commencement of that period, using the effective rate method. The trademarks are being amortized on a straight-line basis over the term of the agreement plus one renewal period. The Fund reviews the carrying value of the intangible assets for impairment whenever events or circumstances indicate the carrying value may not be recoverable. If an impairment is determined to exist, the intangible assets are written down to their fair value.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Earnings per unit

The earnings per unit are based on the weighted average number of units outstanding during the period. Diluted earnings per unit are calculated to reflect the dilutive effect, if any, of the non-controlling interest exercising its right to exchange its Subordinated LP Units of the Partnership into units of the Fund after August 7, 2008.

Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of management estimates relate to the determination of impairment in the value of intangible assets, useful lives for amortization and provisions for contingencies. Actual results could differ from those estimates.

Income taxes

Pursuant to the terms of the Amended and Restated Declaration of Trust, the trustees of the Fund are required to make distributions or designate all taxable income earned by the Fund to its unitholders, including the taxable part of net realized capital gains, and will deduct such distributions and designations for income tax purposes. Therefore, no provision for income taxes is required on income earned by the Fund. Income tax obligations related to distributions by the Fund are the obligations of the unitholders. In respect of the assets and unit issuance costs of the Fund, the carrying value of the Fund's net assets at December 31, 2004 exceeds the amortizable tax basis by approximately $48,400 (2003 - $54,100).

3. ASSET ACQUISITIONS

a) On January 1, 2004, the Partnership acquired three franchise agreements from Centract Residential Property Services for $146 and incurred related legal costs of $4 of which $120 was paid in cash and $30 remains outstanding. This transaction has been recorded at the exchange amount agreed to between the parties.

b) On August 7, 2003, the Partnership acquired franchise agreements, relationships and trademark rights from the non-controlling interest for $154,517, of which $121,240 was paid in cash and $33,277 was satisfied by the issuance of 25 common shares in RIFGP and 3,327,667 Class B subordinated limited partnership units of the Partnership ("Subordinated LP Units"), which reflects an effective 25% interest in the Partnership. An equivalent amount of Special Fund Units, which represent voting rights in the Fund, also accompanied the Subordinated LP Units. The Fund indirectly holds the remaining 75% interest in the Partnership through Class A limited partnership units of the Partnership ("Ordinary LP Units").

(in thousands of dollars)

3. ASSET ACQUISITIONS (cont'd)

The net assets acquired by the Partnership were as follows:

Assets acquired	
Franchise agreements	$ 115,346
Relationships and trademarks	39,171
	154,517
Non-controlling interest	(33,277)
Cash consideration paid	$ 121,240

4. INTANGIBLE ASSETS

	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

	2003		
	Cost	Accumulated Amortization	Net Book Value
Franchise agreements	$ 115,346	$ 3,675	$ 111,671
Relationships and trademarks	39,171	77	39,094
	$ 154,517	$ 3,752	$ 150,765

Amortization during the year ended December 31, 2004 was $13,677 (period from August 7th 2003, to December 31st, 2003.)

(in thousands of dollars)

5. FRANCHISE AGREEMENTS

	Year ended December 31, 2004	August 7, 2003 to December 31, 2003
Number of franchises, beginning of period	226	-
Additions	4	227
Terminations	(3)	(1)
Number of franchises, end of period	227	226

6. OPERATING CREDIT FACILITY

The Partnership has a revolving operating credit facility of up to $2,000 to provide working capital to the Partnership from time to time. The terms and conditions of the operating credit facility are the same as the term loan (see note 7). As at December 31, 2004, the credit facility had not been drawn upon.

7. TERM LOAN

The Partnership has a term loan in the amount of $30,600. The term loan and the operating credit facility are due August 4, 2006 and interest is payable 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 the total debt to the Adjusted EBITDA of the Partnership as defined in the credit agreement. The term loan and the operating facility are guaranteed by the Fund, its subsidiaries and the non-controlling interest (with recourse limited, in the case of the non-controlling interest, to Partnership units and common shares of RIFGP held by the non-controlling interest), and are secured by a first ranking security interest in all the assets of the Fund and its subsidiaries.

8. NON–CONTROLLING INTEREST

A summary of the non-controlling interest is as follows:

	2004	2003
Non-controlling interest at beginning of period	$ 30,170	$ 30,979
Non-controlling interest earnings for the period	1,232	702
Distributions	(3,662)	(1,511)

(in thousands of dollars)

$	27,740	$	30,170

8. NON–CONTROLLING INTEREST (cont'd)

The holders of the Ordinary LP Units and Subordinated LP Units are entitled to proportionately receive all distributions of the Partnership, in accordance with the aggregate number of Ordinary LP Units and Subordinated LP Units issued and outstanding as at the record date for such distribution and in accordance with the provisions of the Partnership Agreement. Distributions to the holder of the Subordinated LP Units are subordinated to the distributions to the holder of Ordinary LP Units until August 7, 2008 (the "Conversion Date"). The non-controlling interest is entitled to indirectly exchange, on a one-for-one basis, subject to adjustment, the Subordinated LP Units for Units of the Fund on or after the Conversion Date.

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 Subordinated LP Units (note 3), 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 Subordinated 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.

On August 7, 2003, the Fund issued 9,983,000 units at $10.00 per unit pursuant to a public underwriting. Costs related to the offering were $9,190 and have been charged proportionately to unitholders' equity and the non-controlling interest in the amount of $6,892 and $2,298, respectively. A summary of the unitholders' contribution, net of expenses of the offering, is as follows:

Issue of units (9,983,000)	$	99,830
Expenses of the offering		(6,892)
	$	92,938

(in thousands of dollars)

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. MANAGEMENT SERVICES AGREEMENT

The Fund has a management services agreement (the “Management Services Agreement”) with the Residential Income Fund Manager Limited (“RIFML”), a party related to the non-controlling interest via common control, under which RIFML is to provide certain management, administrative and support services to the Fund and its subsidiaries. The Management Services Agreement commenced August 7, 2003, has an initial term of 10 years and is automatically renewable for successive 10-year periods subject to approval of the Fund and RIFML. The Management Services Agreement provides for the payment of a monthly fee equal to 20% of the cash of the Partnership otherwise available for distribution. For the year ended December 31, 2004, RIFML earned $3,660 for these services (period from August 7, 2003 to December 31, 2003 - $1,550).

12. RELATED PARTY TRANSACTIONS

During the year ended December 31, 2004 and the period from August 7, 2003 to December 31, 2003, the Fund had the following transactions with parties related to the non-controlling interest. These transactions have been recorded at the exchange amount agreed to between the parties.

	Year ended December 31, 2004	August 7, 2003 to December 31, 2003
a) Royalties		
Fixed, variable and other franchise Fees	$ 1,782	$ 687
Premium franchise fees	$ 3,347	$ 1,384
b) Expenses		
Management fees	$ 3,660	$ 1,550
Insurance and other	$ 91	$ 42
c) Distributions		

Distributions paid to non-controlling interest	$ 3,662	$ 596

12. RELATED PARTY TRANSACTIONS (cont'd)

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

		2004	2003
d)	Accounts receivable		
	Franchise fees receivable and other	$ 438	$ 375
e)	Accounts payable and accrued liabilities		
	Distributions payable to non-controlling interest	$ 915	$ 915
	Management fees	$ 329	$ 663
	Due to non-controlling interest	$ 30	$ 100

13. SUPPLEMENTAL CASH FLOW INFORMATION

		2004	2003
a)	Changes in non-cash working capital		
	Accounts receivable	$ (206)	$ (1,970)
	Prepaid expenses	145	(241)
	Accounts payable and accrued liabilities	(407)	1,266
		$ (468)	$ (945)
b)	Supplementary information		
	Interest paid	$ 1,092	$ 784

14. 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) Interest rate risk

The Fund's debt is at floating rates and, as a result, it is exposed to changes in interest rates. Accordingly, an increase or decrease in these rates would decrease or increase earnings, respectively.

(b) 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.

(c) Fair value

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

15. SUBSEQUENT EVENTS

(a) Acquisitions

Effective January 1, 2005, the Partnership acquired 38 new franchise agreements from RIFML. The purchase price of $9,300 is based on an estimated annual royalty stream of $1,100 and has been calculated in accordance with the formula set forth in the Management Services Agreement. $7,000 of the purchase price was paid at closing and the remainder will be paid a year later in accordance with the terms set out in the Management Services Agreement. The Partnership has financed the acquisition through the issuance of additional debt.

(b) 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 approximately $530 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.

15. SUBSEQUENT EVENTS (cont'd)

In addition, on February 16, 2005 the Partnership obtained a commitment from a Canadian financial institution to provide a revolving operating credit (the "revolver") facility of up to $2,000 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. Upon completion of the remaining revolver loan documentation the Fund's existing $2,000 operating credit facility will be terminated and replaced with the new revolver. As at February 17, 2005, the operating credit facility has not been drawn upon.

The private placement and the revolver are guaranteed by the Fund and its subsidiaries and are secured by a first ranking security interest in all the assets of the Fund and its subsidiaries.

Condensed Supplemental Information

Selected Financial and Operating Information	Three months ended March 31 2003	Three months ended June 30 2003	Three months ended Sept. 30 2003	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
	(proforma)	(proforma)	(proforma)	(reported)	(reported)	(reported)	(reported)	(reported)
Revenue								
Fixed franchise fees	$2,305	$2,418	$2,479	$2,465	$2,522	$2,718	$2,691	$2,718
Variable franchise fees	1,066	1,709	1,901	1,169	1,179	2,008	2,041	1,149
Premium franchise fees	515	917	1,287	930	541	932	1,489	1,009
Other fees and services	427	515	588	638	613	739	731	660
	$4,313	$5,559	$6,255	$5,202	$4,855	$6,397	$6,952	$5,536

	Three months ended March 31 2003	Three months ended June 30 2003	Three months ended Sept. 30 2003	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
Additions for the period:								
Number of agents	366	292	142	101	225	163	175	38
At end of period								
Number of agents & sales representatives	8,912	9,204	9,346	9,454	9,733	9,922	10,132	10,145
Number of agents	8,219	8,511	8,653	8,754	8,979	9,142	9,317	9,355
Number of locations	519	522	521	509	515	524	524	518
Number of franchisees	226	227	227	226	230	228	228	227

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.