

# Why Choose Us?

Royal LePage  
Franchise Services Fund



Canada's specialist in real estate franchising



## ABOUT ROYAL LePAGE FRANCHISE SERVICES FUND

The Royal LePage Franchise Services Fund (“the Fund”) is the company behind one of Canada’s most respected and enduring real estate brands. A young company with a long history, 2005 is the Fund’s third consecutive year of success and this is the tenth decade of operation for a company that began as A.E. LePage in 1913.

Royal LePage Franchise Services Fund is the single largest provider of residential real estate services to broker-owners and their agents in Canada. Revenue is earned from franchise royalties and fee-for-service offerings provided to a network of 262 franchisees and 11,500 REALTORS operating in 561 locations\*, covering markets across Canada. The Fund has consistently met its target of annual cash distributions to investors.

“With a record year for Canadian residential real estate as a starting point, the Fund was able to grow its underlying network of REALTORS® at a rate 70 percent greater than the expanding industry.”

Philip Soper, President and CEO

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\* As of December 31, 2005.

\* Registered trademark of Realtor Canada Inc.

When we launched the Royal LePage Franchise Services Fund three years ago, we believed that the income fund model was well suited for modern real estate franchising. The Fund's revenue is based on predominantly fixed fees resulting from a large number of long-term franchisee contracts. In addition, a growing network of more than 11,500 Realtors\* conduct their business through Royal LePage franchises, contributing fees that represent approximately three percent of the typical Realtor's gross earnings. These Realtors leverage our leading brand and utilize a suite of marketing, training and business process automation tools to successfully grow their business. Each Royal LePage franchisee is responsible for collecting and remitting royalty fees to the Fund.



\* As of December 31, 2005.

# From the President

“Strong fundamentals and a sound business model made 2005 a record year for the Royal LePage Franchise Services Fund.”

At the heart of the Royal LePage Franchise Services Fund’s continuing success is our ability to attract top-quality Realtors to the Fund Network. Research shows that the primary driver of real estate company choice among consumers is agent quality and broker-owners are attracted to the franchise companies that can offer them the best opportunity to attract the best Realtors.

**Industry-leading growth:** Royal LePage added 1,397 net new Realtors to the Fund network in 2005 – a rate of growth 70% greater than the industry. These agents came from recruiting and acquiring new franchisees. As recognition of the strong support and services we provide agents, the vast majority of Realtors associated with acquired franchises embraced the Royal LePage brand and were retained following acquisition. In addition, selected acquisitions provided us with the opportunity to expand our presence in fast-growing markets across Canada.

**Proprietary systems and innovative training:** With offices in nearly 600 Canadian communities and neighbourhoods, we have found the reach of internet-enabled technologies to be the most effective platform for delivering our services. To that end, 2005 saw the wholesale replacement of our existing systems infrastructure with a single, web-based platform designed to facilitate agent communications, marketing, client service and practice management. We are breaking new ground in offering a national training and coaching curriculum for agents and broker-managers. In 2005 we enhanced our programs with the introduction of the *Planning for Success* course, a unique proprietary program in which agents are taught to use proven business planning techniques to manage and grow their businesses.

**Unparalleled marketing support:** We continue to support our agents’ efforts through national marketing and advertising programs, and the most effective public relations program in Canadian real estate – our industry reports are widely quoted in the media. In addition, 2005 saw the introduction of our Carriage Trade Luxury Home Program, an exclusive marketing program for elite, high-profile properties. And we are the only national company in The Leading Real Estate Companies of the World™, providing our agents access to the world’s largest international referral network.

**Why choose Us?:** The answer to that question explains much of our considerable success as a company. On the following pages, we look at our business from the perspective of a home-buying consumer; a real estate agent; a broker-owner – one of our franchisees; and a professional investor and learn why each chose Royal LePage.

We hope our straightforward business model continues to appeal to investors interested in reliable, stable distributions and the opportunity for growth. Our underlying business is designed to attract high-performing Realtors, and the broker-owners who support them. And with such outstanding agents, we will continue to be the real estate company of choice for consumers, helping them find the homes they aspire to own.



**Philip Soper**, President and Chief Executive Officer



## THE CLIENTS

Debbie Cooper and her husband Dominic are feeling very fortunate these days. After patiently looking for almost three years, they now have the house of their dreams thanks to their Royal LePage agent Rina Dirisio. The couple wanted a large family home in a highly desirable part of Oakville, Ontario and had experienced the disappointment that often comes with a sellers' market: unsuccessful bidding wars. "Rina completely understood what we were looking for," explains Debbie. "By networking with her Royal LePage colleagues, when this house came on the market, we were first in line to see it." As Dominic points out, Royal LePage is the market share leader in their prosperous community, and their agent's intimate knowledge of feature value and associated pricing proved invaluable in making the winning offer.

When it came time for Debbie and Dominic to put their own home on the market, Rina's insight into how to show the property clearly paid off. Not only did the property sell quickly, it also sold at a significant premium over other homes on the street. "While our home was well maintained, the finishing touches that Rina suggested to prepare the house for sale added significantly to its appeal. Royal LePage has a reputation for excellence and that was certainly our experience," remarks Debbie.

> Debbie Cooper, pictured with her daughter Kiera, are happy at home in Oakville, Ontario, (husband Dominic and daughter Avery not shown).

## My daughter loves the great big backyard.

"We were looking for a very special house and our Royal LePage agent found it for us."

Debbie Cooper and daughter Kiera



# My clients love my ability to market globally.

“With an international referral network and our online listings, I can show East Kootenay properties to the world.” Wayne Franklin



## THE AGENT

Calling himself an ambassador for Cranbrook, the city at the heart of the East Kootenay region in southeastern British Columbia, Wayne Franklin understands the benefits of living in one of Canada’s most scenic settings. Wayne’s keen enthusiasm for the area shows – he is one of Royal LePage’s top producers in the region and Royal LePage East Kootenay Realty is the number one real estate office in the East Kootenays. As seasoned real estate professionals, Wayne and his colleagues at East Kootenay Realty chose to join Royal LePage back in 1999. At the time, Wayne determined that Royal LePage had more to offer him and his clients.

“We are an entrepreneurial, forward-thinking group and found a like-minded approach at Royal LePage. The technology and tools Royal LePage offers set us apart and the listing presentations are unique and impressive, giving us a distinct advantage,” explains Wayne. He notes that he receives a large number of referrals because the Royal LePage brand and professional reputation are so well known. An affiliated company, Royal LePage Relocation Services Ltd. is Canada’s leading provider of corporate mobility solutions, and Royal LePage is the only Canadian member of The Leading Real Estate Companies of the World™ referral network.

But what Wayne values most at Royal LePage is the people. “There’s a true spirit of collaboration at our office in the East Kootenays and when I’ve attended the company’s conferences I’m always impressed and inspired by the other Royal LePage REALTORS I meet.”

> Royal LePage agent Wayne Franklin has more than 14 years experience as a Realtor, and is a Director’s Platinum award winner.





## THE BROKER-OWNER

Vivian Risi clearly has what it takes to be a success in real estate. Since entering the industry in 1974, she's been a consistent top performer. In 1994 she made the move from agent to broker and in 1999 chose to join Royal LePage. Today she operates the company's largest franchise\* brokerage in Canada – Royal LePage Your Community Realty in York Region, north of Toronto. With six offices and 450 agents, Vivian's brokerage, is the largest in York Region – one of North America's fastest-growing areas.

"Service is how we differentiate ourselves from other real estate companies and it is why we've grown from 100 agents to 450 agents in just six years," explains Vivian. In Royal LePage she sees a firm commitment to providing the support and services both she and her Realtors need to ensure success.

Vivian takes full advantage of Royal LePage training, marketing and online services, augmenting these resources with an in-house trainer and coach, and an on-site marketing department to develop presentations and promotional material. Vivian says, "I try to make it easy for my agents to do what they need to do to be successful and Royal LePage is behind me 100 percent. Anytime I need something from Royal LePage, I know it's just a phone call away."

> Vivian Risi's motto is "People come first," a philosophy she shares with Royal LePage.

## My agents love the support and services I can provide.

"Success in our business is all about service. I work hard to provide exceptional service to my agents and Royal LePage does the same for me as a broker." Vivian Risi



# I look for stability, predictability and growth potential.

“Royal LePage Franchise Services Fund combines stable income with the opportunity for growth and is the only way to gain broad exposure to Canada’s residential real estate market.” Sandy McIntyre



## THE INVESTOR

A senior vice-president and senior portfolio manager at Sentry Select Capital Corporation, Sandy McIntyre knows what to look for in income trust investments. With more than 30 years of experience and a recognized authority on income trust investing, Sandy likes what he sees in the Royal LePage Franchise Services Fund. The Fund is widely held at Sentry Select, figuring in several of the company’s funds.

When choosing an income trust, Sandy goes on the basis of buying a business. “I would rather invest in a well-run business that will pay a steady income for five or ten years than one requiring me to sell it in order to realize a profit.”

Paying close attention to margins is critical for income trust investing according to Sandy. He seeks out businesses with stable and predictable operating margins and the potential for growth to offset inflation. With Royal LePage, approximately 65% of revenue comes from fixed fees delivering the stability and predictability desired. The company is also well positioned to benefit from Canada’s continued population growth, development of new housing stock and exposure to the long-term price appreciation of residential real estate; all providing plenty of opportunity for long-term expansion. The Royal LePage Franchise Services Fund has been Canada’s most successful franchise developer, attracting more real estate companies and their agents than any other.

> Sandy McIntyre manages Sentry Select’s Canadian Income Fund, which was named Income Fund of the Year at the 2005 Canadian Investment Awards.



# The Royal LePage Shelter Foundation

A home should be a place where we feel warm, secure and comfortable, but for many, it is anything but that.

That is why Royal LePage decided to focus its charitable efforts on one case where we can make a difference: sheltering women and children fleeing abuse, and violence prevention.

Founded in 1998, the Royal LePage Shelter Foundation supports more than 150 shelters across Canada to enable approximately 30,000 women and children to live safe, healthy lives unhindered by violence. Supported by our agents and franchisees through local events, funds raised through the Shelter Foundation over the past five years exceeded \$4 million.

## **Acting locally**

All Royal LePage offices are encouraged to partner with a local women's shelter, providing much needed financial support, goods, services and volunteer time. All of the money raised by Royal LePage offices remains in their communities, benefiting local shelters. And because Royal LePage pays the cost of administration, 100% of funds raised go towards the cause.

## **Promoting awareness and prevention**

Working in partnership with the Canadian Women's Foundation, the Foundation provides grant assistance for provincial initiatives that foster systemic change in breaking the cycle of violence, and in developing economic independence. In addition, the Foundation is a proud sponsor of the Fourth R, a school-based program designed to prevent dating violence, substance abuse and risky sexual practices in adolescents, and promote healthy choices and positive relationships.

Through their association with the Royal LePage Shelter Foundation, agents have an opportunity to develop a meaningful connection with their communities and make a real difference to the lives of women and children in need.

**Join the movement to stop violence:**

[www.royallepage.ca/donations](http://www.royallepage.ca/donations)



#### COMMUNICATIONS TO UNITHOLDERS

We regularly provide unitholders with information about the Fund through our annual report, quarterly interim reports and periodic press releases. All up-to-date information is available online at <[www.rsfund.ca](http://www.rsfund.ca)>. On the site you will find summary information about the company, public reports, press releases, statutory filings, units and distribution information.

#### ANNUAL GENERAL MEETING

The 2005 Annual General Meeting will be held on May 9, 2006, at 10:00 a.m., Hockey Hall of Fame, Toronto, ON.

Trustees and management will be on hand to meet with unitholders and respond to any inquiries.

#### CONTACT US

**Please direct inquiries to:**

Pamela Kempthorne  
Investor Relations Officer  
(416) 510-5750  
[pkempthorne@royallepage2.com](mailto:pkempthorne@royallepage2.com)

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Fund units are eligible  
investments for DPSPs,  
RRSPs, RRIFs and RESPs

[www.rsfund.ca](http://www.rsfund.ca)

The Royal LePage Franchise Services  
Fund is managed by Brookfield  
Residential Property Services, the  
real estate services division of  
Brookfield Asset Management.

**Head office**

Royal LePage Franchise  
Services Fund  
39 Wynford Drive  
Don Mills, ON  
M3C 3K5  
Telephone: (416) 510-5800  
Facsimile: (416) 510-5856  
[info@rsfund.ca](mailto:info@rsfund.ca)  
[www.rsfund.ca](http://www.rsfund.ca)

**Transfer agent and registrar**

CIBC Mellon Trust Company  
P.O. Box 7010  
Adelaide Street Postal Station  
Toronto, ON  
M5C 2W9  
Telephone: 1-800-387-0825 or  
(416) 653-5500  
Facsimile: (416) 643-5501  
[inquiries@cibcmellon.com](mailto:inquiries@cibcmellon.com)  
[www.cibcmellon.com](http://www.cibcmellon.com)



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