

# ROYAL HOST<sup>®</sup>

H O T E L S & R E S O R T S <sup>REIT</sup>

FOR IMMEDIATE RELEASE

SYMBOL: "RYL.UN"

## ROYAL HOST REIT RELEASES THIRD QUARTER RESULTS AND ANNOUNCES DISTRIBUTION OF \$0.025 TO UNITHOLDERS

**Calgary, Alberta, November 13, 2009** - Royal Host Real Estate Investment Trust ("Royal Host" or the "Trust") today announced results for the three and nine months ended September 30, 2009.

Hospitality revenue for the third quarter declined 8%, compared to 2008, to \$25.2 million, primarily as a result of lower occupancy; hospitality gross margin declined 7% to \$7.3 million. The Trust generated a loss from continuing operations of \$2.2 million (2008 – income of \$1.2 million), or \$(0.11) (2008 - \$0.06) per unit, and Distributable Income for the third quarter of 2009 declined to \$3.2 million (2008 - \$5.7 million) or \$0.16 (2008 - \$0.26) per unit.

During the third quarter of 2009, lower demand and room rate cuts compared to 2008 continued, providing a difficult operating environment for the Canadian lodging industry and Royal Host. Royal Host maintained its focus on revenue generation, cost and liquidity management. During the quarter Royal Host embarked on a number of initiatives aimed at refining existing financial reporting processes, refocusing management efforts and enhancing operating margins. As such, Royal Host entered into a third party management agreement for management of the Trust's limited service properties, which will allow Royal Host's Executive and Operational leaders to focus on hotel operating results with day to day responsibilities being handled by our manager.

The economic challenges that the hotel sector has weathered since the fall of last year have provided incentive to optimize costs, revisit processes and rethink ways of doing business. The REIT continues to analyze current and potential property repositioning opportunity with an eye toward enhancing our competitiveness in key markets. The long term impact of these challenging times should be a more efficient operating platform.

The following table provides information on occupancy, ADR and RevPAR for the Trust's thirty-one owned hotels. These measures are commonly used within the hospitality industry as key indicators of operating performance. Occupancy measures the level of hotel room utilization and is calculated by dividing the number of rooms rented in a given period by the number of rooms available in the same period. Average Daily Rate (ADR), measures the average room price for all guest rooms and is calculated by dividing total room revenue by the number of rooms rented in a given period. Revenue per Available Room (RevPAR) combines both pricing level and occupancy and is calculated by dividing the number of rooms available in a given period into the room revenue in the same period.

	Three months ended September 30, 2009		Nine months ended September 30, 2008	
	2009	2008	2009	2008
Occupancy	<b>59.4%</b>	65.4%	<b>54.7%</b>	61.4%
ADR	<b>\$98.52</b>	\$99.70	<b>\$99.50</b>	\$98.63
RevPAR	<b>\$58.54</b>	\$65.19	<b>\$54.47</b>	\$58.56

## SELECTED FINANCIAL INFORMATION

Highlights of the interim consolidated financial statements for the three and nine months ended September 30, 2009 compared to the three and nine months ended September 30, 2008 are as follows:

	Three months ended September 30		Nine months ended September 30	
	2009	2008	2009	2008
Hospitality Revenue (Continuing Operations)	<b>25.2</b>	27.4	<b>70.8</b>	79.2
Hospitality Expenses	<b>17.9</b>	19.5	<b>54.6</b>	58.1
Hospitality Gross Margin <sup>(1)</sup>	<b>7.3</b>	7.9	<b>16.2</b>	21.1
Hospitality Gross Margin % <sup>(1)</sup>	<b>29.0%</b>	28.8%	<b>22.9%</b>	26.6%
Investment Income (Loss)	<b>(2.3)</b>	3.1	<b>4.0</b>	7.4
Other Expenses	<b>7.2</b>	9.8	<b>22.7</b>	24.3
Income (Loss) From Continuing Operations	<b>(2.2)</b>	1.2	<b>(2.5)</b>	4.2
Income (Loss) From Discontinued Operations	<b>0.1</b>	75.1	<b>—</b>	102.3
Net Income (Loss)	<b>(2.1)</b>	76.3	<b>(2.5)</b>	106.5
Basic Per Unit Net (Loss) Income (\$)				
From Continuing Operations	<b>(0.11)</b>	0.06	<b>(0.13)</b>	0.18
From Discontinued Operations	<b>0.01</b>	3.48	<b>—</b>	4.38
	<b>(0.10)</b>	3.54	<b>(0.13)</b>	4.56
Distributable Income <sup>(1)</sup>	<b>3.2</b>	5.7	<b>5.8</b>	15.0
Distributions Declared on Trust Units	<b>2.1</b>	3.6	<b>10.7</b>	11.2
Basic Per Unit Distributable Income (\$) <sup>(1)</sup>	<b>0.16</b>	0.26	<b>0.29</b>	0.64
Per Unit Distributions Declared (\$)	<b>0.105</b>	0.165	<b>0.535</b>	0.495
Weighted Average Number of Trust Units Outstanding (000's)	<b>19,707</b>	21,579	<b>19,859</b>	23,355
Number of Trust Units Outstanding, as at September 30 (000's)	<b>19,618</b>	21,477	<b>19,618</b>	21,477
Closing Trust Unit Trading Price, as at September 30 (\$)	<b>2.17</b>	6.15	<b>2.17</b>	6.15

<sup>(1)</sup> Items represent non-GAAP financial measures.

Royal Host has declared a distribution of \$0.025 per unit, payable December 15, 2009, to unitholders of record on November 30, 2009.

Royal Host is a uniquely diversified hospitality trust that delivers Unitholder value through hotel ownership, investment, management and franchising. Royal Host's portfolio of Canadian hotels operates under a variety of recognizable brands as well as a number of unbranded properties.

The Trust's hotel portfolio is further enhanced by a stable franchising business, a successful hotel management operation, and a sizable portfolio of publicly-traded securities from within the hospitality and service sectors.

Royal Host trust units and convertible debentures are traded on the Toronto Stock Exchange under the trading symbols "RYL.UN", "RYL.DB.B", "RYL.DB.C" and "RYL.DB.D", respectively. The above statements in regard to the financial results should be read in conjunction with Royal Host's unaudited consolidated financial statements for the three and nine months ended September 30, 2009 and its management's discussion and analysis, which are available on Royal Host's website at [www.royalhost.com](http://www.royalhost.com) as well as the SEDAR website at [www.sedar.com](http://www.sedar.com).

This press release contains certain forward-looking statements relating, but not limited to, Royal Host's operations, anticipated financial performance, business prospects, and strategies. Forward-looking information typically contains statements with words such as "anticipate", "believe", "expect", "plan", or similar words suggesting future outcomes. Such forward-looking statements are subject to risks, uncertainties, and other factors, which could cause actual results to differ materially from future results expressed, projected, or implied by such forward-looking statements. Such factors include, but are not limited to economic, competitive, and lodging industry conditions. Royal Host disclaims any responsibility to update any such forward-looking statements except as required by law.

This press release includes certain non-GAAP measures (measures that are not calculated or presented in accordance with GAAP). Because these measures are not defined under GAAP, Royal Host's method of calculation may not be comparable to similar measures presented by other entities. These measures should not be used as an alternative to net earnings or cash flows from operations determined in accordance with GAAP when assessing Royal Host's financial performance. However, the Trust believes these measures are useful in supplementing the reader's understanding of the Trust's performance.

This press release includes the following non-GAAP measures: Revenue per Available Room ("RevPAR"), Average Daily Rate ("ADR"), Occupancy, Hospitality Gross Margin and Distributable Income (and Basic and Diluted per Unit Distributable Income).

Management and the Board of Trustees use these measurements, among other purposes, to assess each property's market position among its competitive set and to assess Management's effectiveness in optimizing each property's transitory room inventory.

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