

**FOR IMMEDIATE RELEASE SYMBOL: “RYL.UN”**

## **ROYAL HOST REIT ANNOUNCES 2009 FINANCIAL RESULTS**

**Halifax, Nova Scotia, March 9, 2010** - Royal Host Real Estate Investment Trust (“Royal Host” or the “Trust”) today announced results for the year ended December 31, 2009.

The hotel industry in Canada felt the effects of a recessionary economic environment during 2009. Royal Host felt the impact of the recession in certain regions of Canada more than in others with Occupancy and RevPAR falling across the country compared to 2008. In the year, Royal Host was also able to repurchase 2.7 million of its Units for \$7.2 million and to repurchase \$5.7 million worth of its convertible debentures for \$3.6 million. We have taken steps to improve management of our limited service hotels and our overall corporate structure and we have fully repaid our Series A Convertible Debenture upon maturity early in 2009. The Canadian economy was showing signs of recovery toward the end of 2009 and we are focused on improving results as the economy continues to improve in 2010.

### **FOURTH QUARTER HIGHLIGHTS:**

- Income from continuing operations was \$1.2 million in Q4 of 2009 compared to a loss of \$86.3 million in Q4 of 2008. There was another-than-temporary impairment charge taken in Q4 of 2008 on marketable securities of \$85.3 million; excluding this impairment charge, loss from continuing operations was \$1.0 million in Q4 of 2008 compared to income of \$1.2 million in Q4 2009.
- Average Daily Rate (“ADR”) decreased by \$1.44 from Q4 of 2008 to Q4 of 2009 to \$96.72, a decline of 1.5%. Occupancy had a 4.8% decline to 52.2% in Q4 of 2009 compared to 2008 which led to a decrease in Revenue Per Available Room (“RevPAR”) during the fourth quarter of 2009 of \$5.45, or 9.7%, from \$55.96 to \$50.51.
- Hospitality revenues were down \$2.5 million in Q4 of 2009 from 2008, a reduction of 10.0% that was primarily driven by the decrease in occupancy. Consequently, hospitality gross margin declined from 21.1% to 18.9%, with a hospitality gross margin of \$4.3 million in Q4 of 2009 compared to \$5.3 million in Q4 of 2008. Hospitality expenses in Q4 of 2009 decreased by \$1.5 million from Q4 of 2008.
- Recognized gains on the sale of marketable securities of \$3.2 million in Q4 of 2009. These gains reflect the increase in the value of the securities sold during 2009 as these securities were subject to other-than-temporary impairment charges during 2008. The Trust realized a loss on sale of marketable securities of \$1.6 million in Q4 of 2008.
- Repurchased 1.21 million trust units during Q4 of 2009 for \$2.97 million under a normal course issuer bid and a substantial issuer bid. In Q4 of 2008, the Trust repurchased 0.96 million units for \$4.98 million pursuant to a normal course issuer bid.

## RESULTS OF OPERATIONS

The following summarizes the key operating metrics for Royal Host during the three months and years ended December 31, 2009 and 2008:

31 hotels / 3,670 rooms	Three months ended December 31		Years ended December 31	
	2009	2008	2009	2008
RevPAR	<b>\$ 50.51</b>	\$ 55.96	<b>\$ 53.42</b>	\$ 59.41
Occupancy	<b>52.2%</b>	57.0%	<b>54.1%</b>	60.3%
ADR	<b>\$ 96.72</b>	\$ 98.16	<b>\$98.79</b>	\$ 98.52

## SELECTED FINANCIAL INFORMATION

Highlights of the annual consolidated financial statements for the three months and years ended December 31, 2009 and 2008 are as follows:

	Three months ended December 31		Years ended December 31	
	2009	2008	2009	2008
Hospitality Revenue (continuing operations)	22,746	25,266	93,598	104,462
Hospitality Expenses	18,448	19,946	73,074	78,006
Hospitality Gross Margin	4,298	5,320	20,524	26,456
Hospitality Gross Margin %	18.9%	21.1%	21.9%	25.3%
Investment Income (Loss)	4,144	(84,263)	8,102	(76,828)
Other Expenses	8,515	7,649	31,883	33,572
(Loss) from Continuing Operations before Income Taxes	(73)	(86,592)	(3,257)	(83,944)
Future Income Tax Recovery	1,224	323	1,831	1,829
Net Income (Loss) from Continuing Operations	1,151	(86,064)	(1,426)	(82,115)
Income from Discontinued Operations, net of Income Tax	17	205	(23)	102,492
Net Income (Loss)	1,168	(86,064)	(1,449)	20,377
Other Comprehensive Income	4,075	19,150	10,143	2,210
Comprehensive Income (Loss)	5,243	(66,914)	8,694	22,587
Basic Per Unit Net Income (Loss)				
From Continuing Operations	0.06	4.13	0.07	3.61
From Discontinued Operations	-	0.01	-	4.51
Total	0.06	4.12	0.07	0.90

## **FINANCIAL REVIEW**

### **Years ended December 31, 2009 and 2008:**

#### **Hospitality Operations**

For the year ended December 31, 2009, hospitality revenues decreased by \$10.9 million, or 10.4%, to \$93.6 million from 2008 revenues of \$104.5 million. This decline was predominantly due to a decrease in occupancy rate from 60.3% in 2008 to 54.1% in 2009. Royal Host was impacted by the continued downturn in the Canadian economy during 2009, along with the rest of the hotel industry.

Hospitality expenses decreased by \$4.9 million to \$73.1 million in 2009, down from \$78.0 million in 2008. Hospitality gross margin decreased by \$5.9 million to \$20.5 million in 2009, down from \$26.4 million in 2008.

#### **Corporate Operations**

During the year ended December 31, 2009 the trust generated \$7.9 million of distribution and interest income, down \$4.3 million from \$11.2 million in 2008. This was largely a result of cuts in distributions of other REIT units held by the Trust in its investment portfolio.

The Trust realized gains on sales of marketable securities of \$4.0 million during 2009 compared to losses on sales of marketable securities of \$1.1 million in 2008. The gains in 2009 were generated on securities that had been subject to other-than-temporary impairment charges in the year ended December 31, 2008.

The Trust had an other-than-temporary impairment charge on marketable securities of \$4.0 million during 2009 compared to an other-than-temporary impairment of \$85.3 million in 2008.

Total "Other Expenses" were \$31.9 million in 2009, down \$1.7 million from \$33.6 million in 2008. The components of "Other Expenses" are as follows:

- Interest and Accretion on Convertible Debentures was \$10.8 million in 2009, down \$1.5 million from \$12.3 million in 2008. The Trust paid \$7.2 million at maturity for a debenture that matured in the first quarter of 2009. In addition, the Trust repurchased \$5.7 million of additional debentures pursuant to normal course issuer bids during 2009.
- Gain on Convertible Debenture repurchase was \$1.9 million in 2009, up \$0.4 million from 2008 gain of \$1.5 million. The debentures were repurchased at an average of \$63 per \$100 face value in 2009, compared to \$85 per \$100 face value in 2008.

In 2010 the Trust has \$56.8 million of mortgages scheduled to mature. The Trust is currently negotiating with lenders and plans to refinance some of these mortgages with new debt as they come due. At December 31, 2009, the Trust has three unencumbered properties, \$10.7 million in undrawn credit facilities and \$39.4 million in marketable securities with which to address the maturing mortgages.

In 2009, Royal Host adapted to the economic slowdown by implementing operational contingency plans and comprehensive reviews of operating expenditures. In 2010, key priorities include maintaining a focus on cost containment while enhancing revenue generation as economic conditions improve.

## **Royal Host Real Estate Investment Trust**

Royal Host is a uniquely diversified hospitality trust that delivers Unitholder value through hotel ownership, investment, franchising and management. 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 audited consolidated financial statements for the year ended December 31, 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.

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