



**LAKEVIEW HOTEL REAL ESTATE INVESTMENT TRUST  
Press Release**

**Lakeview Hotel REIT Reports 1<sup>st</sup> quarter Financial Results**

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U.S. NEWS WIRE SERVICES**

Winnipeg, Manitoba, May 29, 2009 - Lakeview Hotel Real Estate Investment Trust ("Lakeview REIT") is pleased to report its financial results for the quarter ended March 31, 2009. The following comments in regard to the financial results should be read in conjunction with the March 31, 2009 financial statements and Management Discussion and Analysis which are available on the SEDAR website [www.sedar.com](http://www.sedar.com) and the Lakeview REIT website [www.lakeviewreit.com](http://www.lakeviewreit.com).

The first quarter of 2009 was a difficult period for most hotel operators. Lakeview REIT's exposure to markets dependent on gas drilling activity to generate occupancy made this period especially challenging for Lakeview REIT. Through this challenging period Lakeview REIT was able to generate positive funds from operations, adjusted funds from operations, and distributable cash. While occupancy came under pressure and, as a result, declined in the first quarter of 2009 to 52.88% versus 62.46% in the first quarter of 2008, Lakeview REIT achieved an average room rate of \$120.95, an increase of \$4.97 from the average room rate in the first quarter of 2008.

In spite of the challenges, Lakeview REIT believes it remains in a position where it can fund all mortgage payments, all payments due to its debenture holders, all REIT operating expenses and all of its capital expenditures from funds from operations on an annual basis. While there is currently a lack of visibility as to when improvements in gas markets may occur, improvements in these markets would result in significantly improved operating results for Lakeview REIT.

Following is a comparison of the operating results for the three months ended March 31, 2009 and the three months ended March 31, 2008:

	Three months ended	
	<i>March 31</i>	
	2009	2008
Hospitality Revenue		
Room	7,758,443	7,962,210
Food & Beverage	767,056	1,104,736
Other	518,328	388,166
Total Revenue	<u>9,043,827</u>	<u>9,455,112</u>
Expenses	<u>10,514,997</u>	<u>9,716,726</u>
Net Loss before future income tax expense	<u>(1,471,170)</u>	<u>(261,614)</u>
Basic and diluted Loss before income tax per unit	(0.076)	(0.014)
Future Income Tax Recovery (1)	0	4,000
Net Loss	<u>(1,471,170)</u>	<u>(257,614)</u>
Basic and diluted Loss per Unit	<u>(0.076)</u>	<u>(0.013)</u>
Reconciliation to Funds from Operations		
Add (deduct)		
Amortization of income properties	1,673,051	1,417,810
Amortization of franchise fees	12,436	12,321
Distributions from Lakeview Flag Licensing General Partnership	172,970	144,550
Income from Lakeview Flag Licensing General Partnership	(181,389)	(161,385)
Future income tax expense (recovery)	0	(4,000)
Funds from Operations	<u>205,898</u>	<u>1,151,682</u>
Basic and diluted Funds from Operations per unit	0.011	0.060
Contributions to reserve account	<u>(178,184)</u>	<u>(287,641)</u>
Adjusted Funds from Operations	27,714	864,041
Basic and diluted adjusted Funds from Operations per unit	0.001	0.045
Reconciliation to distributable income		
Accretion on debt component of convertible debentures	252,784	165,609
Accretion of debentures	44,153	1,019
Accretion of mortgages payable	52,143	50,038
Decretion of mortgages receivable	5,660	
Distributable Income	<u>382,454</u>	<u>1,080,707</u>
Basic and diluted distributable income per unit	0.020	0.056
Distributions	192,748	2,121,563

Lakeview REIT is a real estate investment trust, which is listed on the TSX Venture Exchange under the symbol "LHR.UN". Lakeview REIT receives income from ownership, management and licensing of hotel properties. For further information on Lakeview REIT please visit our website [www.lakeviewreit.com](http://www.lakeviewreit.com).

FOR FURTHER INFORMATION PLEASE CONTACT:

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