



FOR IMMEDIATE RELEASE

August 11, 2016

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**HOLLOWAY LODGING CORPORATION REPORTS Q2 2016 RESULTS, DECLARES
QUARTERLY DIVIDEND AND ANNOUNCES NORMAL COURSE ISSUER BID**

Halifax, NS – Holloway Lodging Corporation (TSX: HLC, HLC.DB, HLC.DB.A) (“Holloway”) today announced financial results for the three months ended June 30, 2016. All amounts are in Canadian dollars unless otherwise indicated. Readers should refer to Holloway’s unaudited interim consolidated condensed financial statements as at June 30, 2016 and its management discussion and analysis which are available on Holloway’s website at www.hlcorp.ca and on SEDAR at www.sedar.com.

An investor conference call originally scheduled for Friday, August 12, 2016 will instead take place on Monday, August 15, 2016 at 10:00 a.m. EST, with Holloway’s senior management.

Investors and analysts are invited to access the call by dialing 1-416-764-8688 or 1-888-390-0546 depending on your area code. You will be required to identify yourself and indicate if you represent an organization or if you are a private investor. A recording of this call will be available from 12:00 p.m. EST on August 15, 2016 through August 23, 2016 at 10:00 a.m. EST. To access the recording, please dial 1-416-764-8677 or 1-888-390-0541 and enter the playback passcode 482573#.

Second Quarter Overview and Outlook

Hotel Performance

During the second quarter of 2016, Holloway acquired the Westmark® Whitehorse Hotel and Conference Center in Whitehorse, YT and reopened the Travelodge® hotel in Sydney, NS following extensive renovations. These hotels are expected to produce over \$2.0 million of net operating income (“NOI”) on a full-year basis.

We reported in the first quarter of 2016 that revenue was down 23% and hotel NOI was down 55% compared to the first quarter of 2015. We are pleased to report that for the second quarter, both revenue and NOI have recovered to within 3% of the second quarter of 2015. The changes are shown in the tables below for the three and six months ended June 30, 2016.

	Three Months Ended June 30			Six Months Ended June 30		
	2016	2015	Variance	2016	2015	Variance
Revenue	\$ 27,626	\$ 28,563	(3.3%)	\$ 49,602	\$ 57,041	(13.0%)
Operating income ⁽¹⁾	8,534	8,793	(2.9%)	11,691	15,859	(26.3%)
Operating income margin	30.9%	30.8%	0.1 ppt	23.6%	27.8%	(4.2 ppt)
Net income (loss) attributable to shareholders	(139)	(907)		(3,576)	5,919	
per basic share	(0.01)	(0.05)		(0.19)	0.31	
per diluted share	(0.01)	(0.05)		(0.19)	0.30	
Funds from operations	3,804	4,254		1,798	5,744	
per basic share	0.20	0.22		0.10	0.30	
Adjusted funds from operations	3,442	3,764		919	5,101	
per basic share	0.18	0.19		0.05	0.26	
Dividends declared per share	0.035	0.035		0.07	0.07	

(1) Before depreciation and amortization.

	Three Months Ended June 30				Six Months Ended June 30			
	Revenue		Operating Income ⁽¹⁾		Revenue		Operating Income ⁽¹⁾	
2015	\$ 28,563	100%	\$ 8,793	100%	\$ 57,041	100%	\$ 15,859	100%
Hotels acquired	1,984		401		2,109		252	
Hotels sold	(953)		(229)		(2,501)		(346)	
Franchise business sold	-		9		(412)		(337)	
London DoubleTree® / Ottawa Holiday Inn®	1,274		1,100		1,463		1,091	
Other Ontario hotels	(432)		(145)		(939)		(341)	
Atlantic Canada hotels	(127)		110		(323)		(101)	
Western Canada hotels	(2,710)		(1,510)		(7,048)		(4,528)	
Northern Canada hotels	27		5		212		142	
2016	\$ 27,626	97%	\$ 8,534	97%	\$ 49,602	87%	\$ 11,691	74%

(1) Before depreciation and amortization.

Our Western Canada hotels continue to be the largest contributor to the decline in performance, representing \$2.7 million of the revenue decline and \$1.5 million of the NOI decline for the second quarter. The lack of oil and gas activity in many of our markets is the primary reason for this decline and is resulting in record low occupancy levels at certain of our hotels. We continue to focus on maintaining our average daily rates. Our hotels are run efficiently and, as a result, most costs that can be reduced have already been. We will continue to pursue all measures to enable us to maximize our performance during this downturn.

Revenues at our newly renovated Ontario hotels, the DoubleTree® in London, ON and the Holiday Inn® in Ottawa, ON were up \$1.3 million compared to the second quarter of 2015. While each hotel's ramp-up following its renovation was slower than originally budgeted, each month has shown a marked improvement. One particular highlight of these renovations has been our ability to drive our rates higher. In the case of the DoubleTree, our rates are 11% higher than before its renovation and, in the case of the Holiday Inn, our rates have increased 34% compared to before its renovation. The majority of the decline in performance of our other Ontario hotels is due to our two hotels in Timmins, ON where demand from mining companies remains slow.

Our Northern Canada hotels continue to perform well. The acquisition of the Westmark Hotel and Conference Center in Whitehorse, YT is a welcome addition to our Northern Canada portfolio; we believe there is substantial opportunity to increase the hotel's revenue and improve its cost structure and we have been aggressive in executing on our post-acquisition business plan for this property. Our Atlantic Canada hotels are performing in line with the prior year.

Management Services

During the second quarter, Holloway launched its management services division and obtained its first external management contract. The Company is providing management and accounting services for two hotels in Newfoundland. Additional information regarding this division is available at www.hlcorpmanagement.ca.

Balance Sheet and Capital Allocation

Holloway's financial position remains strong. At June 30, 2016, we had \$248.9 million of debt. Of this amount, \$89.4 million or 36% is in the form of convertible debentures with no financial covenants.

During the second quarter, the Company fixed the interest rate on two of its floating rate mortgages at 3.95% for a four-year term. Our debenture and share repurchase programs were largely inactive in the second quarter with the repurchase of only 1,300 shares at \$4.57 per share.

Outlook

We expect business conditions in Western Canada to remain challenging throughout the remainder of this year and into next year. We believe results in our other regions will improve throughout the remainder of this year as a result of (i) the renovations and continued ramp-up at the DoubleTree in London, ON, the Holiday Inn in Ottawa, ON and the Travelodge in Sydney, NS, (ii) the acquisition of the Westmark Hotel and Conference Center in Whitehorse, YT, and (iii) our continued focus on improving results every day.

Dividend Declaration

On August 10, 2016, the Board of Directors declared a quarterly dividend of \$0.035 per share, representing an annual dividend of \$0.14 per share. The dividend is payable on September 15, 2016 to shareholders of record on August 31, 2016.

Holloway Announces Normal Course Issuer Bid

Holloway announced that the Toronto Stock Exchange (the "TSX") has approved the Company's notice of intention to make a normal course issuer bid for up to 944,453 of its common shares, representing 5% of the issued and outstanding shares as of August 11, 2016. During the period from August 17, 2015 to August 16, 2016, the Company purchased 380,200 shares under a previous normal course issuer bid. The weighted average price paid was \$4.68 per share.

Pursuant to the notice, the Company may, over the 12 month period commencing on August 17, 2016 and ending on August 16, 2017 (or on such earlier date as the Company completes its purchases pursuant to the bid or provides notice of cancellation), purchase shares through the facilities of the TSX or certain alternative exchanges at prevailing market prices in accordance with the rules and policies of the TSX or certain alternative trading systems. All shares purchased by the Company under the normal course issuer bid will be cancelled. As of August 11, 2016, the Company had a total of 18,889,066 shares issued and outstanding. The average daily trading volume of the shares during the six months ended July 31, 2016 was 5,246 shares and the daily repurchase limit for the shares is 1,311 shares other than block purchase exceptions.

The Company believes that, on occasion, the shares become available at prices that do not give full effect to their underlying value. Accordingly, management believes that the purchase of shares pursuant to the normal course issuer bid represents an investment opportunity for Holloway and an appropriate use of its funds.

ABOUT HOLLOWAY LODGING CORPORATION

Holloway is a real estate corporation focused on acquiring, owning and operating select and limited service lodging properties and a small complement of full service hotels primarily in secondary, tertiary and suburban markets.

Holloway owns 36 hotels with 4,156 rooms. Holloway's shares and debentures trade on the TSX under the symbols HLC, HLC.DB and HLC.DB.A.

For further information please contact Michael Rapps, Chairman, at (416) 855-1925 or Jane Rafuse, Chief Financial Officer, at (902) 443-5101.

This press release contains forward-looking information within the meaning of applicable securities laws. Forward-looking information may relate to Holloway's future outlook and anticipated events or results and may include statements regarding Holloway's future financial position, business strategy, financial results, plans and objectives. In some cases, forward-looking information can be identified by terms such as "may", "will", "should", "expect", "plan", "anticipate", "believe", "intend", "estimate", "predict", "potential", "continue" or other similar expressions concerning matters that are not historical facts. Forward-looking information is subject to certain factors, including risks and uncertainties, that could cause actual results to differ materially from what Holloway currently expects and there can be no assurance that such statements will prove to be accurate. Some of these risks and uncertainties are described under "Risk Factors" in Holloway's annual information form for the year ended December 31, 2015 which is available on Holloway's profile on the SEDAR website at www.sedar.com. Holloway does not intend to update or revise any such forward-looking information should its assumptions and estimates change.