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HOLLOWAY LODGING CORPORATION REPORTS 2017 YEAR END RESULTS AND DECLARES QUARTERLY DIVIDEND

Halifax, NS – Holloway Lodging Corporation (TSX: HLC, HLC.DB, HLC.DB.A) ("Holloway") today announced financial results for the year ended December 31, 2017. All amounts are presented in thousands of Canadian dollars, except earnings per share amounts, unless otherwise indicated. Readers should refer to Holloway's audited consolidated financial statements as at December 31, 2017 and its management discussion and analysis which are available on Holloway's website at www.hlcorp.ca and on SEDAR at www.sedar.com.

Fourth Quarter Overview and Outlook

Hotel Performance

In the fourth quarter of 2017, Holloway achieved a 23.4% increase in operating income and a 5.1 percentage point increase in operating income margin on a similar amount of revenue compared to the fourth quarter of 2016. The changes in revenue, hotel operating income and certain other financial metrics are shown in the tables below for the three months and year ended December 31, 2017.

	Three Months Ended December 31			Years Ended December 31		
	2017	2016	Variance	2017	2016	Variance
Hotel revenues	$ 24,765	$ 24,595	0.7%	$ 105,569	$ 106,412	(0.8%)
Operating income[1]	6,910	5,598	23.4%	32,031	29,338	9.2%
Operating income margin	27.9%	22.8%	5.1 ppt	30.3%	27.6%	2.7 ppt
Net income (loss) attributable to shareholders	404	(2,302)		6,478	(1,045)	
per basic and diluted share	0.02	(0.12)		0.34	(0.06)	
Funds from operations	3,907	1,374	184.4%	17,359	10,726	61.8%
per basic share	0.21	0.07		0.92	0.57	
Adjusted funds from operations	3,497	1,153	203.3%	15,854	9,256	71.3%
per basic share	0.19	0.06		0.84	0.49	
Dividends declared per share	0.035	0.035		0.14	0.14	

(1) Before depreciation and amortization.

	Three Months Ended December 31				Years Ended December 31			
	Revenue		Operating Income[(1)]		Revenue		Operating Income[(1)]	
2016	$ 24,595	100%	$ 5,598	100%	$ 106,412	100%	$ 29,338	100%
Hotels acquired or reopened[(2)]	-		-		2,000		550	
Hotels sold or temporarily closed[(3)]	(2,033)		(365)		(11,073)		(2,906)	
Ontario hotels	1,119		983		5,338		3,598	
Atlantic hotels	154		(19)		1,320		687	
Western hotels	755		467		1,651		638	
Northern hotels	175		246		(79)		126	
2017	$ 24,765	101%	$ 6,910	123%	$ 105,569	99%	$ 32,031	109%

(1) Before depreciation and amortization.
(2) Years ended December 31 (acquired - Westmark in Whitehorse, YT and reopened - Travelodge in Sydney, NS).
(3) Three months ended December 31 represents three hotels (sold - Travelodge in Belleville, ON and Holiday Inn in Oakville, ON; closed - Travelodge in Slave Lake, AB). Year ended December 31 represents five hotels (sold - Travelodge in Barrie, ON, Travelodge in Belleville, ON and Holiday Inn in Oakville, ON; closed - Travelodge in Slave Lake, AB and Super 8 in Grande Prairie, AB).

Fourth Quarter Review

Holloway finished the year with a strong fourth quarter. Our hotels generated the same amount of revenue and higher operating income compared to the prior year despite having two fewer hotels in the portfolio. Funds from operations and adjusted funds from operations (both of which measures exclude non-cash items) increased substantially in both the fourth quarter and the full year.

In Ontario, the Holiday Inn® in Ottawa continued its strong performance and generated 83% and 87% of the revenue and operating income increases for the Ontario region, respectively. The improvement was due to the hotel renovations along with overall increase in demand in the Ottawa market.

In Atlantic Canada, all but three hotels increased revenue over the fourth quarter of 2016, primarily due to rate increases offset marginally by reduced demand.

Western Canada continues its gradual rebound, realizing an increase in both revenue and operating income. While the performance of our hotels in smaller Alberta and BC markets are rebounding only gradually, we are seeing more meaningful improvements in the larger Western Canadian markets. The Super 8® in Grande Prairie, AB, which had been closed since mid-March due to water damage, re-opened in early October. This hotel underwent significant renovations and is expected to generate positive performance in the coming quarters. Guest reviews of the Holiday Inn in Grande Prairie, AB have been very positive and we have been able to increase ADR at the hotel since completion of renovations.

The increase in revenue from our Northern hotels was driven by the Quality Inn® in Yellowknife, NT which increased occupancy as a result of increased crew business. The closure of the property's food and beverage operations improved the operating income.

Annual Review

For the year ended December 31, 2017, the Company generated the same level of revenue and increased operating income by 9% from fewer hotels as three hotels were sold in late 2016 and early 2017. All hotels in Ontario experienced higher revenue with the Holiday Inn in Ottawa, ON providing 72% of the increase for the year. The Days® Inn in Moncton, NB and the Travelodge® in Dartmouth, NS were the key contributors to the increased revenue in the Atlantic region. The Quality Inn in Grande Prairie, AB contributed the majority of the Western region's revenue increase due to additional crew business.

Balance Sheet and Capital Allocation

Holloway's financial position remains strong. At year-end, we had $205,386 of debt compared to $234,741 at the end of 2016, a decrease of $29,355 or 12.5%. Our convertible debentures comprise 43.6% of the debt and have no financial covenants.

During the year, the Company undertook several transactions which significantly reduced its cost of debt. These transactions included several ordinary course mortgage renewals at lower interest rates, the refinancing of our previous CMBS debt through a term loan and revolving credit facility at substantially lower interest rates and the extension of the maturity date of our 7.50% Series C convertible debentures by three years to September 30, 2021. Despite two Bank of Canada interest rate increases during the year, these transactions resulted in our weighted average cost of debt decreasing from 6.10% to 5.54% during the year. Our total interest expense and principal amortization decreased by $1,804 and $1,395, respectively, year over year; this provides us with additional capital that can be deployed to increase shareholders returns.

Holloway sold two hotels in 2017, the Travelodge in Belleville, ON for proceeds of $7,000 and the Holiday Inn in Oakville, ON for proceeds of $19,438. The Company continued to reinvest in its hotels, completing major renovations at the Holiday Inn and Super 8 hotels in Grande Prairie, AB and also completing several smaller upgrade projects.

Holloway repurchased 518,100 shares (2.7% of our shares outstanding) at an average price $5.57 per share and $1,328 principal amount of our convertible debentures at an average price of $95.74 per $100 face value. The total cost of these repurchases was $4,158.

Finally, Holloway paid dividends of $0.14 per share or $2,625 in 2017.

Outlook

In January 2018, we leased the former Travelodge in Slave Lake, AB to a third party on a triple net basis. The lease has a two year term and the tenant has an option to purchase the property at any time during or at the end of the term. This property has been closed for much of the energy downturn and this lease will allow us to convert a negative cash flow property to a positive cash flow property.

For 2018, we expect results in Atlantic and Northern Canada to remain stable. In Ontario, we are implementing a number of initiatives to mitigate the cost pressures that will result from higher than usual minimum wage increases, including several cost reduction and productivity enhancement initiatives as well as more aggressive revenue management. With three of our four Grande Prairie, AB hotels having been renovated within the past two years and signs of recovery in this market, we expect growth in this market. We expect our smaller Western Canada hotels to continue to experience volatility in their results and generally more modest rebounds. Energy commodity prices and provincial and federal policies with regards to energy infrastructure projects will influence the performance of our Western Canadian hotels.

We are looking forward to a smaller capital budget in 2018 compared to recent years as we have completed significant renovation projects at many of our hotels over the past several years. Our capital program consists of regular maintenance capex, several energy efficiency projects and the renovation of our Travelodge in New Glasgow, NS.

We continue working on the redevelopment site of the Travelodge in Ottawa, ON. We expect the demolition of the non-operated structures on the site will be completed in the middle of 2018.

With stable to improving operating results, lower debt service costs due to the refinancing transactions completed in 2017 and a smaller capital budget, we anticipate our free cash flow will increase in 2018. This free cash flow can be used for debt reduction, share and debenture repurchases, dividend distributions and to take advantage of acquisition opportunities as they arise.

Dividend Declaration

On March 7, 2018, 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 April 13, 2018 to shareholders of record on March 29, 2018.

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 33 hotels with 3,764 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, 2017 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.