



FOR IMMEDIATE RELEASE

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**HOLLOWAY LODGING CORPORATION REPORTS SIGNIFICANT GROWTH IN Q1 2017 RESULTS AND DECLARES QUARTERLY DIVIDEND**

Halifax, NS – Holloway Lodging Corporation (TSX: HLC, HLC.DB, HLC.DB.A) (“Holloway”) today announced financial results for the three months ended March 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 unaudited interim consolidated condensed financial statements as at March 31, 2017 and its management discussion and analysis which are available on Holloway’s website at [www.hlcorp.ca](http://www.hlcorp.ca) and on SEDAR at [www.sedar.com](http://www.sedar.com).

**First Quarter Overview and Outlook**

**Hotel Performance**

In the first quarter of 2017, Holloway realized a 6.7% increase in revenue, a 54.0% increase in hotel operating income and a 6.3 percentage point increase in operating income margin compared to the first quarter of last year. The changes are shown in the tables below for the three months ended March 31, 2017.

	Three Months Ended March 31		
	2017	2016	Variance
Revenue	\$ 23,454	\$ 21,976	6.7%
Operating income <sup>(1)</sup>	4,860	3,156	54.0%
Operating income margin	20.7%	14.4%	6.3 ppt
Net income attributable to shareholders	3,511	(3,438)	
per basic and diluted share	0.19	(0.18)	
Funds from operations	550	(2,007)	
per basic share	0.03	(0.11)	
Adjusted funds from operations	246	(2,509)	
per basic share	0.01	(0.13)	
Dividends declared per share	0.035	0.035	

(1) Before depreciation and amortization.

	Three Months Ended March 31			
	Revenue		Operating Income <sup>(1)</sup>	
2016	\$ 21,976	100%	\$ 3,156	100%
Hotel acquired <sup>(2)</sup>	1,241		193	
Hotels sold and temporarily closed/reopened <sup>(2)</sup>	(1,551)		(137)	
Ontario hotels	1,284		1,095	
Atlantic hotels	123		240	
Western hotels	545		472	
Northern hotels	(164)		(159)	
2017	\$ 23,454	107%	\$ 4,860	154%

(1) Before depreciation and amortization.

(2) Represents six hotels (acquired - Westmark in Whitehorse, YT; sold - Travelodge in Barrie, ON; Travelodge in Belleville, ON and Holiday Inn in Oakville, ON; closed - Travelodge in Slave Lake, AB; for Q1, 2017 and Travelodge in Sydney, NS for Q1, 2016).

Our first quarter results were notably better than the prior year. The improvement was driven by (i) the performance of our two renovated Ontario hotels, (ii) the performance of the Travelodge® in Sydney, NS and the Westmark® Hotel and Conference Center in Whitehorse, YT which were not open or owned, respectively, in the prior year period, and (iii) the improvement in business levels in Western Canada. These improvements were offset partially by the sale of three Ontario hotels between September 2016 and March 2017.

The performance of our Western Canada hotels improved throughout the quarter as oil and gas activity increased in Alberta and BC. These hotels improved their revenue by 8.0% and operating income by 26.3%. The improved performance of our Ontario hotels was driven by the two renovated properties, which contributed \$1.2 million of revenue improvement and \$0.9 million of operating income improvement during the quarter.

### Balance Sheet and Capital Allocation

During the first quarter, we sold the Holiday Inn® in Oakville, ON for gross proceeds of \$19.4 million, resulting in a gain on sale of \$7.8 million. We also sold the Travelodge in Belleville, ON for gross proceeds of \$7.0 million, resulting in a nominal loss of \$143 thousand related to disposition costs.

Holloway's financial position remains strong. During the first quarter, we reduced our debt by \$22.7 million. At quarter-end, we had \$215.6 million of principal amount of debt of which \$92.8 million or 43.0% is in the form of convertible debentures with no financial covenants.

We did not repurchase any common shares or debentures during the first quarter.

### Outlook

We are pleased with our first quarter results. Our renovated hotels are performing well, our Western Canada hotels are beginning their recovery and our other hotels are generally exhibiting satisfactory results. We were also able to sell two Ontario hotels in the first quarter at attractive prices.

We expect the results of our Western Canada hotels to gradually improve as the year progresses (assuming stable or increasing oil and gas prices), although we are likely to see some choppiness in the results from time to time. Our Ontario hotels are expected to perform well in the coming months, particularly in Ottawa which will be host to numerous Canada 150 celebrations. Results in Northern and Atlantic Canada are expected to be stable.

Many of our 2017 capital projects are underway. Our 11-room expansion at the Super 8 in Fort St. John, BC will be completed by the end of May (several weeks late, but still on budget). The renovation of the Holiday Inn in Grande

Prairie, AB commenced in April. The demolition of the non-operated structures at the Travelodge in Ottawa, ON is in progress and is expected to be completed in the third quarter.

Finally, we continue to advance the process of refinancing the mortgages that mature in 2017.

### **Dividend Declaration**

On May 10, 2017, 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 June 15, 2017 to shareholders of record on May 31, 2017.

### **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 3,754 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, 2016 which is available on Holloway's profile on the SEDAR website at [www.sedar.com](http://www.sedar.com). Holloway does not intend to update or revise any such forward-looking information should its assumptions and estimates change.*