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HOLLOWAY LODGING CORPORATION REPORTS Q1 2019 RESULTS, DECLARES QUARTERLY DIVIDEND AND ANNOUNCES ELECTION OF DIRECTORS

Halifax, NS – Holloway Lodging Corporation (TSX: HLC, HLC.DB) ("Holloway") today announced financial results for the three months ended March 31, 2019. All amounts are presented in thousands of Canadian dollars, except per share amounts, unless otherwise indicated. Readers should refer to Holloway's unaudited condensed consolidated financial statements as at March 31, 2019 and its management's discussion and analysis which are available on Holloway's website at www.hlcorp.ca and on SEDAR at www.sedar.com.

First Quarter Overview and Outlook

Hotel Performance

The changes in hotel revenue, operating income and certain other financial metrics are shown in the tables below for the three months ended March 31, 2019.

	Three Months Ended March 31		
	2019	2018	Variance
Hotel revenue	$ 20,088	$ 23,436	(14.3%)
Operating income(1)	3,841	5,300	(27.5%)
Operating income margin	19.1%	22.6%	(3.5 ppt)
Net loss attributable to shareholders(2)	(4,813)	(1,429)	
per basic share(2)	(0.30)	(0.08)	
Funds from operations(1)	965	1,107	(12.8%)
per basic share	0.06	0.06	
Adjusted funds from operations(1)	762	902	(15.5%)
per basic share	0.05	0.05	
Dividends declared per share	0.035	0.035	

(1) Refer to "Non-IFRS Financial Measures" section of our MD&A.

(2) Holloway adopted the fair value model for investment property effective January 1, 2019 with a restatement of 2018 amounts.

	Three Months Ended March 31					
	Hotel Revenue		Operating Income[1]			
2018	$	23,436	100%	$	5,300	100%
Hotels sold[2]		(3,179)			(971)	
Ontario hotels		393			155	
Atlantic hotels		94			116	
Western hotels		(266)			(407)	
Northern hotels		(390)			(352)	
2019	$	20,088	86%	$	3,841	72%

(1) Refer to "Non-IFRS Financial Measures" section of our MD&A.
(2) Represents five hotels - Super 8 in High Level, AB and Holiday Inn in Ottawa, ON sold in Q4 2018; and Travelodge in Dartmouth, NS, Travelodge in Moncton, NB, and Days Inn in Moncton, NB sold in Q1 2019.

Our operating results were mixed in the first quarter, with the Ontario and Atlantic regions increasing revenue and operating income while the Western and Northern regions generated lower revenue and operating income.

The Ontario region increased revenue by 6.4% and operating income by 15.4%, led by the Travelodge® in Ottawa, ON, which benefitted from a significant long-term stay account. The DoubleTree® in London, ON, also had strong revenue in the quarter with the Juno Awards generating substantial demand in March.

The Atlantic region had a modest 4% growth in revenue for the quarter, but more significantly, a 60% increase in operating income. The Travelodge hotels in New Glasgow, NS, Saint John, NB and Sydney, NS saw increased revenue and with prudent expense management were able to convert most of that revenue into operating income. The gains in Sydney were driven by the city hosting the Scotties Tournament of Hearts® curling tournament. The St. John's, NL market continues to be weak with considerable new room supply negatively affecting the market.

The Western region struggled in the first quarter, with a 4% revenue decline compared to the first quarter of 2018. Operating income was 19% lower. We believe this was due in part to weather and in larger part due to uncertainty among participants in the oil and gas industry about commodity prices and government policies, which generally led to a decline in oilfield services activity. We anticipate the volatility in our Western region results to continue.

The Northern region had a difficult first quarter, with revenue down 10% and operating income down 32% compared to the first quarter of 2018. The Super 8® in Yellowknife, NT, incurred water damage from a sprinkler break in early February. Due to this incident, a number of guestrooms were placed out of service, which reduced business levels but was offset in part by business interruption insurance proceeds. Repair work, which is covered through insurance, is ongoing and anticipated to be completed in the third quarter. The Yellowknife market also experienced lower revenue due to construction projects which were underway last year that have since been completed.

Funds from operations and adjusted funds from operations decreased by 12.8% and 15.5%, respectively. This decrease was due primarily to the sale of six hotel properties since the first quarter of last year.

Management Business Performance

We continued to expand our hotel management business, with five contracts commencing during the quarter. At March 31, 2019, Holloway was providing services to 11 third party owned hotels. Negotiations are ongoing for additional contracts.

Capital Allocation

Holloway was very active in the first quarter in reshaping its portfolio of assets and its balance sheet.

On January 3, 2019, the Company fully redeemed its Series C convertible debentures using the proceeds from the sale of its Holiday Inn® in Ottawa, ON at the end of the fourth quarter. The Series C debentures were our highest cost debt at 7.50%.

On January 23, 2019, the company completed a substantial issuer bid ("SIB") for its shares by repurchasing 1,553,755 shares or 9.1% of its outstanding shares. The company acquired an additional 8,500 shares throughout the rest of the quarter. We believe that these share repurchases were (and that share repurchases at the current share price remain) highly accretive to shareholders and that our share price is not reflective of the intrinsic value of the Company's assets and business.

Throughout the first quarter, Holloway sold five properties - the Travelodge in Dartmouth, NS for $6,900, the Travelodge in Moncton, NB for $5,000, the Days Inn® in Moncton, NB for $9,000, the Super 8 in Windsor, NS for $5,300, and a single tenant property located in Timmins, ON for $1,725. These transactions resulted in aggregate gains on sale of $9,113 and net cash proceeds of $13,145 after deducting selling costs, repayment of mortgages and the provision of vendor take-back loans. The gains on sale are not fully reflected on our income statement as they are presented in other comprehensive income due to the change in accounting policy to adopt the revaluation model discussed in both our March 31, 2019 interim financial statements and management's discussion and analysis.

The net proceeds from these asset sales were used to reduce amounts drawn on the Company's credit line (which was used to fund the debenture redemption and SIB) and to purchase a vacant office property in Houston, TX.

On January 30, 2019, Holloway acquired a non-performing loan on a vacant office property located in Houston, TX and subsequently foreclosed on the property. The property is a Class A office building formerly occupied by a large energy company. We are currently evaluating options for this property including continuing operations as an office or converting the property to a hotel or another use. While this acquisition is not of a hotel nor in Canada, it is nonetheless consistent with our approach to business, namely buying an asset at an attractive valuation where there is opportunity to add value to the asset.

In connection with the sale of certain assets, we occasionally provide the buyers of such assets with financing in the form of a vendor take-back mortgage, which is secured by the asset purchased. At March 31, 2019, we had five loans receivable with a total principal balance of $10,545. On April 30, we sold US$3,450 principal amount of the loan retained as part of the sale of the Travelodge franchise business in 2015. We received net proceeds of US$3,364. While these loans pay regular interest, our goal is to collect the principal amount of such loans as quickly as possible following the asset sales and to redeploy the collected amounts to higher-yielding uses, such as debt repayment, acquisitions or additional share repurchases.

Outlook

For the balance of the year, we anticipate the performance of our base portfolio of hotels to remain in line with the prior year. The use of recent sale proceeds for debt reduction should result in lower interest expense and debt service costs more generally. As well, we have a more limited capital program required this year than in prior years. Assuming our current hotel portfolio remains the same, the combination of the above should result in attractive cash flow generation.

Dividend Declaration

On May 10, 2019, 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 14, 2019 to shareholders of record on May 31, 2019.

Election of Directors

Holloway is pleased to announce that the director nominees listed in the Management Information Circular dated April 2, 2019, were elected as directors of Holloway. The detailed results of the vote for the election of directors held at Holloway's Annual General Meeting of Shareholders held on May 10, 2019 in Toronto, Ontario are set out below.

Nominee	Votes in Favour	% in Favour	Votes Against	% Withheld
George Armoyan	11,163,134	96.2%	440,580	3.8%
Dustin Haw	11,296,634	97.4%	307,080	2.6%
Michael Rapps	11,163,134	96.2%	440,580	3.8%
Marc Staniloff	11,163,134	96.2%	440,580	3.8%
David Wood	11,564,259	99.7%	39,455	0.3%

Shareholders also approved the reappointment of PricewaterhouseCoopers LLP as auditors. Final voting results on all matters voted on at the Annual General Meeting of Shareholders held on May 10, 2019 will be filed on the Company's issuer profile on SEDAR at www.sedar.com.

ABOUT HOLLOWAY LODGING CORPORATION

Holloway is a real estate corporation focused on acquiring, adding value to and operating select service hotels and managing hotels for third parties. Holloway owns 27 hotels with 3,055 rooms. Holloway's shares and debentures trade on the TSX under the symbols HLC and HLC.DB.

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, 2018, 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.