



FOR IMMEDIATE RELEASE

November 9, 2016

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HOLLOWAY LODGING CORPORATION REPORTS Q3 2016 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 September 30, 2016. 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 September 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.

Third Quarter Overview and Outlook

Hotel Performance

In the third quarter Holloway realized a 6.3% increase in revenue, an 11.7% increase in operating income and a 1.8 percentage point increase in operating income margin to 37.4% compared to the third quarter of last year. The changes are shown in the tables below for the three and nine months ended September 30, 2016.

	Three Months Ended September 30			Nine Months Ended September 30		
	2016	2015	Variance	2016	2015	Variance
Revenue	\$ 32,214	\$ 30,311	6.3%	\$ 81,817	\$ 87,351	(6.3%)
Operating income ⁽¹⁾	12,047	10,788	11.7%	23,740	26,646	(10.9%)
Operating income margin	37.4%	35.6%	1.8 ppt	29.0%	30.5%	(1.5 ppt)
Net income attributable to shareholders	4,834	2,354		1,258	8,272	
per basic share	0.26	0.12		0.07	0.43	
per diluted share	0.25	0.12		0.07	0.43	
Funds from operations	7,584	6,434		9,353	12,178	
per basic share	0.40	0.33		0.49	0.63	
Adjusted funds from operations	7,185	5,615		8,103	10,719	
per basic share	0.38	0.29		0.43	0.55	
Dividends declared per share	0.035	0.035		0.105	0.105	

(1) Before depreciation and amortization.

	Three Months Ended September 30				Nine Months Ended September 30			
	Revenue		Operating Income ⁽¹⁾		Revenue		Operating Income ⁽¹⁾	
2015	\$ 30,311	100%	\$ 10,788	100%	\$ 87,351	100%	\$ 26,646	100%
Hotels acquired	3,192		1,352		5,418		1,822	
Hotels sold	(1,320)		(482)		(3,691)		(888)	
Franchise business sold	-		5		(412)		(332)	
London DoubleTree® / Ottawa Holiday Inn®	2,742		1,867		4,205		2,960	
Other Ontario hotels	184		302		(1,031)		(44)	
Atlantic Canada hotels	(51)		60		(351)		(32)	
Western Canada hotels	(2,994)		(1,923)		(9,917)		(6,488)	
Northern Canada hotels	150		78		245		96	
2016	\$ 32,214	106%	\$ 12,047	112%	\$ 81,817	94%	\$ 23,740	89%

(1) Before depreciation and amortization.

Our Western Canada hotels continue to be the largest detractors from our performance. The lack of oil and gas activity in many of our markets has been the primary reason for this decline; this performance is being driven more by lower occupancy than lower rate, which is better for us than the converse. We continue to focus on maintaining our average daily rates and managing our hotels as efficiently as possible during this market downturn.

Our newly renovated Ontario hotels, the DoubleTree® in London, ON and the Holiday Inn® in Ottawa, ON, continue to ramp up with each month showing improvement. We are particularly pleased with the higher average daily rates we are seeing at these two hotels following their renovations. The increase in performance of our other Ontario hotels is due to improved performance in Thunder Bay and Ottawa due to increased transient business which is partially offset by our two hotels in Timmins where demand from mining companies remains weak.

Our Northern Canada hotels continue to perform well. The performance of the Westmark® Hotel and Conference Center in Whitehorse, YT has exceeded our initial expectations and we believe there is further opportunity at this property for revenue and cost improvements. Our Atlantic Canada hotels are performing in line with the prior year.

Management Services

During the second quarter, Holloway launched its management services division. The Company is currently providing management and accounting services for two hotels in Newfoundland and Labrador and one hotel in Alberta. Additional information regarding this division is available at www.hlcorpmanagement.ca.

Balance Sheet and Capital Allocation

Holloway's financial position remains strong. During the third quarter, we reduced our debt by \$13.0 million. At quarter-end, we had \$235.9 million of debt of which \$89.6 million or 38% is in the form of convertible debentures with no financial covenants.

During the third quarter, we sold the Travelodge® hotel in Barrie, ON, for gross proceeds of \$8.7 million, resulting in a gain on sale of \$2.9 million and representing a cap rate of 7.3%. Our debenture and share repurchase programs were largely inactive in the third quarter with no share repurchases and the repurchase of \$82 thousand face value of Series B debentures at a cost of \$74 thousand (average cost of \$89.93 per \$100 face value).

Outlook

Given the current oil and gas price environment, we expect business conditions in Western Canada to remain muted throughout the remainder of this year with gradual improvement thereafter. We suspect that the second half of 2016 will represent the bottom in the performance of our Western Canada hotels.

Results in our other regions should remain stable or improve throughout the remainder of this year and into next year. We continue to expect positive performance from our renovated Ontario hotels and our newly acquired hotels in Whitehorse, YT and Sydney, NS. The benefits of our diversified portfolio are on display this year.

Our preliminary business plan for 2017 includes an active capital program that will focus on several growth initiatives as well as property improvements. We recently commenced an 11-room expansion of the Super 8® hotel in Fort St. John, BC in an area previously occupied by a restaurant; we anticipate this expansion to be completed in the first quarter of 2017. We are also planning renovations of our Holiday Inn and Super 8 hotels in Grande Prairie, AB which should occur in the first half of 2017. Finally, we expect to commence in the fourth quarter of 2016 the demolition of the non-operated structures located on the Travelodge hotel site in Ottawa, ON in anticipation of redevelopment activities; these demolition activities will not impact the existing hotel structure.

Dividend Declaration

On November 9, 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 December 15, 2016 to shareholders of record on November 30, 2016.

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 35 hotels with 4,026 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.