



FOR IMMEDIATE RELEASE

July 7, 2017

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**HOLLOWAY LODGING CORPORATION ANNOUNCES  
PROPOSED DEBENTURE AMENDMENTS**

HALIFAX, NOVA SCOTIA – Holloway Lodging Corporation (TSX: HLC, HLC.DB, HLC.DBA) ("**Holloway**" or the "**Company**") today announced that it will seek the approval of holders of its Series C 7.50% convertible unsecured subordinated debentures due September 30, 2018 (the "**Series C Debentures**") and holders of its Series B 6.25% convertible unsecured subordinated debentures due February 28, 2020 (the "**Series B Debentures**") to amend certain terms of such debentures at separate serial meetings of the debentureholders (the "**Debentureholders**") to be held on August 9, 2017 (the "**Meetings**").

The proposed amendments to the Series C Debentures consist of:

- Extending the maturity date for the Series C Debentures from September 30, 2018 to September 30, 2021;
- Amending the conversion price of the Series C Debentures to \$12.50, being a conversion rate of 80 common shares of the Company per \$1,000 principal amount of the Series C Debentures. The Series C Debentures are currently convertible into \$285.71 in cash and 28.57 common shares of the Company (with an implied conversion price of \$25.00) per \$1,000 principal amount of the Series C Debentures; and
- Amending the terms of the Series C Debentures to provide that Series C Debentureholders may, at their option, upon receiving an exchange notice from the Company (an "**Exchange Notice**") exchange their Series C Debentures for a new series of debentures of the Company having the terms set forth in the Exchange Notice.

The proposed amendments to the Series B Debentures consist of:

- Amending the terms of the Series B Debentures to provide that Series B Debentureholders may, at their option, upon receiving an Exchange Notice from the Company exchange their Series B Debentures for a new series of debentures of the Company having the terms set forth in the Exchange Notice.

**The Board of Directors and management of the Company believe that the proposed Series C Debenture amendments and Series B Debenture amendments enhance the Company's strategy of pursuing long-term value creation for the benefit of all its securityholders.**

The Board believes that the proposed amendments provide the following advantages:

- ***Continued Favourable Interest Rate:*** While the maturity date for the Series C Debentures is September 30, 2018, the maturity date for the amended Series C Debentures will be extended to September 30, 2021, thereby affording Debentureholders a longer period of time during which to receive interest at a favourable rate. The Company believes the 7.50% interest rate on the Series C Debentures represents an attractive yield, especially in the current low-interest-rate environment and in light of other reinvestment opportunities available.
- ***Beneficial Change in the Conversion Rights of the Series C Debentures:*** Series C Debentureholders will have the right to convert the Series C Debentures into common shares of the Company at a lower conversion price. Additionally, the conversion price will be satisfied entirely in common shares of the Company rather than in a combination of cash and common shares of the Company. Therefore, Series C Debentureholders will have more opportunity to participate in the growth of the Company's business. This conversion feature offers Series C Debentureholders the opportunity to generate capital appreciation from the Series C Debentures in addition to earning interest during the extended term.
- ***Strong Financial Position:*** The Company has the financial capacity, through its committed credit facilities, to redeem the Series C Debentures at this time. The Company believes that doing so would result in Debentureholders losing an attractive and recurring source of income as well as the potential for capital appreciation through the amended conversion feature of the Series C Debentures.
- ***Flexibility for Debentureholders.*** Debentureholders will be able to elect to exchange their Debentures for new debentures of the Company should the Company make such an exchange offer. Any such exchange would be voluntary. At this time, the Company is not proposing to make any exchange offer.

The amendments to the Series C Debentures and Series B Debentures will only be effective if passed by an extraordinary resolution of the holders of at least 66<sup>2</sup>/<sub>3</sub>% of the principal amount of the applicable series of Debentures present in person or by proxy at the applicable Debentureholder meeting and entitled to vote in respect of the amendments.

The meeting of the Series C Debentureholders is scheduled to be held at 2:00 p.m. (Eastern Daylight Time) on August 9, 2017 and the meeting of the Series B Debentureholders is scheduled to be held at 2:30 p.m. (Eastern Daylight Time) on August 9, 2017. Each meeting will be held at 3400 One First Canadian Place, Toronto, Ontario, M5X 1A4.

Debentureholders may vote by internet, by telephone or by contacting their brokers or investment advisors on or before 2:00 p.m. (Eastern Daylight Time) on August 4, 2017, for the Series C Debentures and on or before 2:30 p.m. (Eastern Daylight Time) on August 4, 2017, for the Series B Debentures. Detailed voting instructions will be set out in the management information circular for the Meetings. Only Debentureholders of record at the close of business on July 4, 2017 will be entitled to vote at the applicable meeting of Debentureholders.

Further particulars of such benefits of the proposed amendments will be described in the management information circular of the Company relating to the Meetings, which will be available under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com) and which will be mailed to Debentureholders in the coming days.

As of the close of business on July 4, 2017, there was \$40,572,000 principal amount of Series C Debentures outstanding and \$52,180,000 principal amount of Series B Debentures outstanding.

## 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 3,765 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.*