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HOLLOWAY LODGING CORP. ANNOUNCES REPAYMENT OF MATURING MORTGAGES AND REFINANCING TRANSACTIONS

Halifax, NS - Holloway Lodging Corporation (TSX: HLC, HLC.DB, HLC.DB.A) (“Holloway”) is pleased to announce that it has refinanced all of its 2017 mortgage maturities in a series of transactions that significantly reduces Holloway’s cost of debt, aggregate interest expense and aggregate debt service.

Holloway has entered into a credit facility with a syndicate of lenders led by CWB Franchise Finance, a national branch of CWB Financial Group focused on hotel and restaurant lending. The credit facility consists of a $50.0 million term loan and a $30.0 million revolver. The term loan has been fully drawn, bears interest at a floating interest rate of Prime plus 1.50%, has an option to convert the interest rate to a fixed rate, an amortization period of 17 years and a term of five years. The revolver has been drawn $15.0 million, has a floating interest rate of Prime plus 1.50% and a term of five years. The credit facility is secured by ten hotels owned by Holloway.

Holloway has also entered into a commitment letter for a mortgage secured by two hotels located in Alberta with an Alberta-based credit union. The mortgage is expected to have a maximum principal amount of $17.5 million, an interest rate of 4.25%, an amortization period of 15 years and a five-year term. Holloway expects to initially draw down $6.9 million under this mortgage with the balance expected to be drawn within several quarters as certain conditions are satisfied.

Holloway has repaid an aggregate of $90.3 million of debt that was set to mature in 2017, consisting of $16.9 million of mortgage debt secured by two hotels located in Ontario and $73.4 million of CMBS debt secured by ten hotels located in Alberta and British Columbia. As of May 17, 2017, Holloway has total debt outstanding of $212.4 million.

Prior to the completion of these transactions, Holloway had a weighted average cost of debt of 6.29%, aggregate annual interest expense of $13.5 million and aggregate annual debt service of $19.7 million.

Immediately following the drawdowns and repayments described above, Holloway is expected to have a weighted average cost of debt of 5.36% (a reduction of 93 basis points), aggregate annual interest expense of $11.4 million and aggregate annual debt service of $15.7 million. As a result, Holloway’s annual interest expense is expected to decline by $2.1 million or 15.6% and Holloway’s annual debt service is expected to decline by $4.0 million or 20.1%.

The following table summarizes these debt metrics for Holloway prior to the refinancing transactions and immediately following the drawdowns and repayments described above:

	Before Refinancings	After Refinancings	Savings	Improvement
Weighted Average Cost of Debt	6.29%	5.36%	93 bps	14.8%
Annual Interest Expense	$13.5 million	$11.4 million	$2.1 million	15.6%
Annual Debt Service	$19.7 million	$15.7 million	$4.0 million	20.1%

Subsequent to the completion of the above transactions, Holloway is expected to have availability of approximately $42.9 million under its various loan facilities. Holloway is also expected to have four unencumbered properties.

Michael Rapps, Chairman, stated "We would like to thank our lending partners for the confidence they have shown in Holloway's assets, organization and business plan. These refinancing transactions will allow Holloway to significantly reduce its cost of debt and aggregate debt service and materially increase its free cash flow. In addition, Holloway's improved capital structure will provide the company the financial flexibility to pursue a myriad of new growth opportunities as they present themselves."

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. Holloway does not intend to update or revise any such forward-looking information should its assumptions and estimates change.