Management's Discussion and Analysis for the Three and Six Months Ended June 30, 2017

As at August 9, 2017

Introduction and Forward-Looking Statements

The following management's discussion and analysis ("MD&A") is a discussion of the results of operations and financial condition of Holloway Lodging Corporation ("Holloway" or the "Company") for the three and six months ended June 30, 2017, and should be read in conjunction with the unaudited interim condensed consolidated financial statements of the Company and the notes thereto as at and for the three and six months ended June 30, 2017, as well as the audited consolidated financial statements and MD&A thereon for the year ended December 31, 2016. The financial statements of the Company are prepared in accordance with International Financial Reporting Standards ("IFRS") and are presented in thousands of Canadian dollars, except shares and earnings per share amounts, unless otherwise noted. This MD&A is dated as at August 9, 2017.

This MD&A sets out management's assessment of Holloway's future plans and operations and contains forward-looking statements as defined under applicable Canadian securities legislation. These forward-looking statements often contain words such as "anticipate", "does not anticipate", "believe", "estimate", "forecast", "intend", "expect", "does not expect", "could", "may", "will", "should", "plan" or other similar terms and contain estimates or assumptions about the outcome of future events. These forward-looking statements are provided in the interest of providing readers with information regarding Holloway. Readers are cautioned that management's expectations, estimates and assumptions, although considered reasonable, may prove to be incorrect and readers should not place undue reliance on forward-looking statements which are subject to risks, uncertainties, and other factors that could result in the outcome of these events being materially different from those anticipated in this MD&A. These factors and assumptions include, but are not limited to: general economic conditions, levels of travel in Holloway's key market areas, political conditions and events, competitive pressures, changes in government policy or regulations and lodging industry conditions. Holloway's actual results may differ materially from those expressed in, or implied by these forward-looking statements. The forward-looking information contained in this MD&A is expressly qualified by this cautionary statement. Holloway does not undertake any obligation to update or release any revisions to these forward-looking statements to reflect events or circumstances, unanticipated events or circumstances, or should its estimates or assumptions change, after the date hereof, except as expressly required by law. Additional information relating to Holloway and the risks to which its business is subject is contained in its Annual Information Form, which is available on SEDAR at www.sedar.com.

Business Overview

Holloway owns and operates hotels across Canada and provides hotel management services to third parties.

Hotels: At June 30, 2017, Holloway's portfolio consisted of 33 hotels with 3,763 rooms of which 26 hotels are limited service properties and 7 hotels are full service properties. Of the Company's 33 hotels, 31 are operated under internationally recognized hotel brands, one is operated under a regional hotel brand and one is unbranded.

Other Assets: Holloway currently owns three freestanding single tenant properties leased to nationally recognized restaurant chains and seven land parcels that are being held for future development. Holloway also holds a US $4.0 million senior secured loan receivable resulting from the sale of the Travelodge® franchise business.

Management Services: In 2016, Holloway launched its management services division. During the second quarter of 2017, the Company provided management and accounting services for two hotels in Newfoundland and Labrador. Management of a hotel in Alberta concluded as the hotel was sold by the receiver. Additional information regarding this division is available at www.hlcorpmanagement.ca.

Second Quarter Review and Outlook

Hotel Performance

In the second quarter of 2017, revenues and hotel operating income declined by 8.2% and 11.2%, respectively, compared to the second quarter of 2016, primarily due to the sale of hotels. The changes in revenue and hotel operating income are shown in the tables below for the three and six months ended June 30, 2017.

	Three Months Ended June 30			Six Months Ended June 30		
	2017	2016	Variance	2017	2016	Variance
Revenue	$ 25,364	$ 27,626	(8.2%)	$ 48,817	$ 49,602	(1.6%)
Operating income[1]	7,576	8,534	(11.2%)	12,434	11,691	6.4%
Operating income margin	29.9%	30.9%	(1.0 ppt)	25.5%	23.6%	1.9 ppt
Net income (loss) attributable to shareholders	(1,095)	(139)		2,416	(3,576)	
per basic and diluted share	(0.06)	(0.01)		0.13	(0.19)	
Funds from operations	3,023	3,804		3,573	1,798	
per basic share	0.16	0.20		0.19	0.10	
Adjusted funds from operations	2,848	3,442		3,093	919	
per basic share	0.15	0.18		0.16	0.05	
Dividends declared per share	0.035	0.035		0.07	0.07	

(1) Before depreciation and amortization.

	Three Months Ended June 30				Six Months Ended June 30			
	Revenue		Operating Income[1]		Revenue		Operating Income[1]	
2016	$ 27,626	100%	$ 8,534	100%	$ 49,602	100%	$ 11,691	100%
Hotels acquired or reopened[2]	-		-		1,739		416	
Hotels sold or temporarily closed[3]	(3,206)		(897)		(5,162)		(1,215)	
Ontario hotels	1,228		713		2,512		1,806	
Atlantic hotels	354		73		286		149	
Western hotels	(440)		(703)		199		(139)	
Northern hotels	(198)		(144)		(359)		(274)	
2017	$ 25,364	92%	$ 7,576	89%	$ 48,817	98%	$ 12,434	106%

(1) Before depreciation and amortization.
(2) Six months ended June 30 (acquired - Westmark in Whitehorse, YT and reopened - Travelodge in Sydney, NS).
(3) Represents five hotels (sold - Travelodge in Barrie, ON; Travelodge in Belleville, ON and Holiday Inn in Oakville, ON; closed - Travelodge in Slave Lake, AB and Super 8 in Grande Prairie, AB).

The results of our current hotels (i.e. excluding the impact of sold hotels) were positive in both the second quarter and the first half of 2017; revenue increased by 3.9% in the second quarter while both revenue and hotel operating income increased 6.4% and 15.0%, respectively, in the first half of 2017.

The biggest contributor to these results was our Ontario hotels, with improvements across all hotels and very positive results from our Holiday Inn® in Ottawa. This hotel continues to increase occupancy and ADR after undergoing major renovations in 2016.

Our Atlantic Canada hotels continue to perform well with moderate increases in revenue and operating income. The majority of the increase in the second quarter stems from the Travelodge® in Sydney, NS which reopened in the second quarter of 2016 after renovations and rebranding.

Reduced results in Western Canada in the second quarter are attributed to the Holiday Inn in Grande Prairie, AB, which is partially closed during renovation, and the temporary closure of the Super 8® in Grande Prairie, AB due to a release of water into the hotel and the subsequent renovations. The renovation of the Holiday Inn is now substantially completed with all new guest rooms, bathrooms, public areas, meeting rooms and an enlarged fitness center. We currently expect the

Super 8 to reopen in September 2017 with substantial renovations having been completed. As expected, results at our other Western hotels have been choppy. Finally, during the second quarter, we completed the 11-room expansion of our Super 8 hotel in Fort St. John, BC.

Reduced results at our Northern Canada hotels are driven by our Yellowknife, NWT properties where additional supply has entered the market and is currently being absorbed.

Balance Sheet and Capital Allocation

Holloway completed several financing transactions in the second quarter that took advantage of the current low interest rate environment to strengthen the Company's financial position. The Company repaid eleven mortgages totaling $90,385 that were to mature in May and July 2017. To fund such repayments, Holloway entered into an $80,000 credit facility and a $17,500 mortgage.

The credit facility consists of a $50,000 term loan and a $30,000 revolver. The term loan 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 a floating interest rate of prime plus 1.50% and a term of five years. The credit facility is secured by ten hotels.

The mortgage is secured by two hotels located in Alberta, has an interest rate of 4.45%, an amortization period of 15 years and a five-year term. As of the date of this MD&A, Holloway has drawn $6,866 under this mortgage with the balance expected to be drawn within several quarters as certain conditions are satisfied.

Prior to the completion of these transactions, Holloway had a weighted average cost of debt of 6.29%, aggregate annual interest expense of $13,482 and aggregate annual debt service of $19,682. Following these transactions, Holloway has a weighted average cost of debt of 5.36% (a reduction of 93 basis points), aggregate annual interest expense of $11,382 and aggregate annual debt service of $15,728. As a result, Holloway's annual interest expense is expected to decline by $2,100 or 15.6% and Holloway's annual debt service is expected to decline by $3,954 or 20.1%.

During the second quarter, Holloway repurchased $7 principal amount of our 6.25% convertible debentures at an average price of $96.50 per $100 face value. Holloway also repurchased 12,800 common shares at an average price of $5.76 per share.

Subsequent to the second quarter, Holloway successfully extended its Series C 7.50% convertible debentures (the "Series C Debentures") by three years from their current maturity date of September 30, 2018 to September 30, 2021. Holloway also amended certain other provisions of the Series C Debentures as well as certain provisions of its Series B 6.25% convertible debentures (the "Series B Debentures") as described below.

Accounting for the recent financing activities, Holloway currently has $213,976 of debt of which $92,752 or 43.3% is in the form of convertible debentures with no financial covenants.

Outlook

Results for the remainder of 2017 are expected to be in line with those in the first half of the year, namely: positive results in Ontario, steady results in Atlantic and Northern Canada and choppiness in Western Canada. We expect results to remain strong at those hotels that have recently undergone renovations and to improve in Grande Prairie, AB and Fort St. John, BC as a result of renovations, expansions and modest improvements in the economic environment in these markets.

As noted above, our capital program is well advanced. We have completed the renovations at the Holiday Inn in Grande Prairie, AB and the 11-room expansion at the Super 8 in Fort St. John, BC. The renovation of the Super 8 in Grande Prairie, AB and the upgrades to the Days Inn® in Whitehorse, YT and the Quality Inn® in Yellowknife, NWT are expected to be

completed by year-end. The demolition of the non-operated structures at the Travelodge in Ottawa is partially completed and will resume after Labour Day once the high season for hotel occupancy has ended.

Dividend Declaration

On August 9, 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 September 15, 2017 to shareholders of record on August 31, 2017.

Debenture Amendments

At a meeting of the holders of the Series C Debentures held on August 9th, 2017, Holloway obtained approval to amend the Series C Debentures as follows: (1) extend the maturity date of the Series C Debentures by three years to September 30, 2021; (2) amend the conversion price to $12.50 per common share; and (3) provide holders with the option to exchange their Series C Debentures for a new series of debentures upon receiving an exchange notice from Holloway.

At a separate meeting of the holders of the Series B Debentures held on August 9th, 2017, Holloway obtained approval to amend the Series B Debentures to provide holders with the option to exchange their Series B Debentures for a new series of debentures upon receiving an exchange notice from Holloway.

The amendments referred to above will be effective on the signing of the first supplement to the second amended and restated trust indenture dated July 31, 2014, by the Company and Computershare Trust Company of Canada, which is anticipated to occur later this month.

A full description of the amendments is set out in the joint management information circular dated July 12, 2017 and available at www.SEDAR.com.

Normal Course Issuer Bid

The Toronto Stock Exchange (the "TSX") has approved the Company's notice of intention to make a normal course issuer bid for up to 943,708 of its common shares, representing 5% of the issued and outstanding shares as of August 9, 2017. During the period from August 17, 2016 to August 16, 2017, the Company purchased 14,900 shares under a previous normal course issuer bid. The weighted average price paid was $5.75 per share.

Pursuant to the notice, the Company may, over the 12 month period commencing on August 17, 2017 and ending on August 16, 2018 (or on such earlier date as the Company completes its purchases pursuant to the bid or provides notice of cancellation), purchase shares through the facilities of the TSX or certain alternative exchanges at prevailing market prices in accordance with the rules and policies of the TSX or certain alternative trading systems. All shares purchased by the Company under the normal course issuer bid will be cancelled. As of August 9, 2017, the Company had a total of 18,874,266 shares issued and outstanding. The average daily trading volume of the shares during the six months ended July 31, 2017 was 3,270 shares and the daily repurchase limit for the shares is 1,000 shares other than block purchase exceptions.

Holloway has entered into an automatic securities purchase plan (the "Plan") with a broker in order to facilitate repurchases of its common shares under the NCIB. Purchases under the automatic securities purchase plan will be made by Holloway's broker based on the parameters prescribed by the Toronto Stock Exchange ("TSX"), applicable Canadian securities laws and the terms of the parties' written agreement. Under the Plan, the Company's broker may purchase common shares under the NCIB at times when the Company would ordinarily not be permitted to, due to its self-imposed regular quarterly blackout periods.

The Company believes that, on occasion, the shares become available at prices that do not give full effect to their underlying value. Accordingly, management believes that the purchase of shares pursuant to the normal course issuer bid represents an investment opportunity for Holloway and an appropriate use of its funds.

Operating Results

Hotel Performance

The following tables summarize the performance of Holloway's portfolio of hotels for the three and six months ended June 30, 2017 compared to the same periods in the prior year. The tables segregate the performance of Holloway's base portfolio, meaning hotels that were owned in both the current and prior periods, and the performance of acquired, sold and temporarily closed hotels.

Three Months Ended June 30

	Base Portfolio			Acquired/Sold/Closed Hotels [2]			Total		
	2017	2016	Variance	2017	2016	Variance	2017	2016	Variance
Hotel revenue	$ 25,007	$ 24,063	3.9%	$ 357	$ 3,563	(90.0%)	$ 25,364	$ 27,626	(8.2%)
Hotel operating income [1]	7,545	7,606	(0.8%)	31	928	(96.7%)	7,576	8,534	(11.2%)
Hotel operating income margin	30.2%	31.6%	(1.4 ppt)	8.7%	26.0%	(17.3 ppt)	29.9%	30.9%	(1.0 ppt)

(1) Before depreciation and amortization.
(2) Represents five hotels (sold - Travelodge in Barrie, ON, Travelodge in Belleville, ON and Holiday Inn in Oakville, ON; closed - Travelodge in Slave Lake, AB and Super 8 in Grande Prairie, AB).

Six Months Ended June 30

	Base Portfolio			Acquired/Sold/Closed Hotels [2]			Total		
	2017	2016	Variance	2017	2016	Variance	2017	2016	Variance
Hotel revenue	$ 43,540	$ 40,902	6.4%	$ 5,277	$ 8,700	(39.3%)	$ 48,817	$ 49,602	(1.6%)
Hotel operating income [1]	11,849	10,306	15.0%	585	1,385	(57.8%)	12,434	11,691	6.4%
Hotel operating income margin	27.2%	25.2%	2.0 ppt	11.1%	15.9%	(4.8 ppt)	25.5%	23.6%	1.9 ppt

(1) Before depreciation and amortization.
(2) Represents seven hotels (acquired - Westmark in Whitehorse, YT; sold - Travelodge in Barrie, ON, Travelodge in Belleville, ON and Holiday Inn in Oakville, ON; temporarily closed - Travelodge in Slave Lake, AB for 2017, Travelodge in Sydney, NS for Q1 2016; and Super 8 in Grande Prairie, AB for Q2 2017).

Three Months Ended June 30, 2017

Revenue from our base portfolio increased $944 or 3.9%. See our "Second Quarter Review and Outlook" for further commentary. The hotel operating income margin declined slightly, primarily because the Holiday Inn in Grande Prairie, AB remained open during its renovations and various costs continued to be incurred. As well, in 2016, hotel operating income included approximately $250 of bonus reversals which did not recur in 2017.

Six Months Ended June 30, 2017

Revenue from our base portfolio increased $2,688 or 6.4%. The hotel operating income margin increased 2.2 percentage points to 27.4% from 25.2%. This is principally a result of the Holiday Inn in Ottawa, ON.

Key Performance Measures

Three Months Ended June 30

	Base Portfolio			Acquired/Sold/Closed Hotels			Total		
	2017	2016	Variance	2017	2016	Variance	2017	2016	Variance
Occupancy									
Atlantic	58.5%	55.0%	3.5 ppt	-	-	-	58.5%	55.0%	3.5 ppt
Ontario	66.8%	59.2%	7.6 ppt	-	61.3%	(61.3 ppt)	66.8%	59.7%	7.1 ppt
Western	44.1%	45.1%	(1.0 ppt)	-	27.0%	(27.0 ppt)	35.2%	41.4%	(6.2 ppt)
Northern	53.7%	59.5%	(5.8 ppt)	-	-	-	53.7%	59.5%	(5.8 ppt)
Total	56.7%	54.2%	2.5 ppt	-	48.2%	(48.2 ppt)	52.9%	53.3%	(0.4 ppt)
ADR									
Atlantic	$ 105.29	$ 104.64	$ 0.65	$ -	$ -	$ -	$ 105.29	$ 104.64	$ 0.65
Ontario	118.83	114.65	4.18	-	102.28	(102.28)	118.83	111.45	7.38
Western	126.70	132.94	(6.24)	-	117.46	(117.46)	126.70	130.91	(4.21)
Northern	136.50	131.96	4.54	-	-	-	136.50	131.96	4.54
Total	$ 119.35	$ 118.87	$ 0.48	$ -	$ 105.51	$ (105.51)	$ 119.35	$ 116.98	$ 2.37
RevPAR									
Atlantic	$ 61.59	$ 57.55	$ 4.04	$ -	$ -	$ -	$ 61.59	$ 57.55	$ 4.04
Ontario	79.38	67.87	11.51	-	62.70	(62.70)	79.38	66.54	12.84
Western	55.87	59.96	(4.09)	-	31.71	(31.71)	44.60	54.20	(9.60)
Northern	73.30	78.52	(5.22)	-	-	-	73.30	78.52	(5.22)
Total	$ 67.67	$ 64.43	$ 3.24	$ -	$ 50.86	$ (50.86)	$ 63.14	$ 62.35	$ 0.79

Six Months Ended June 30

	Base Portfolio			Acquired/Sold/ Closed Hotels			Total		
	2017	2016	Variance	2017	2016	Variance	2017	2016	Variance
Occupancy									
Atlantic	54.3%	53.4%	0.9 ppt	35.8%	24.8%	11.0 ppt	51.8%	51.3%	0.5 ppt
Ontario	58.9%	51.2%	7.7 ppt	42.3%	55.4%	(13.1 ppt)	58.0%	52.2%	5.8 ppt
Western	49.0%	44.8%	4.2 ppt	12.4%	30.7%	(18.3 ppt)	41.6%	41.9%	(0.3 ppt)
Northern	56.6%	61.1%	(4.5 ppt)	48.5%	64.2%	(15.7 ppt)	53.4%	61.8%	(8.4 ppt)
Total	54.6%	50.6%	4.0 ppt	31.6%	46.3%	(14.7 ppt)	51.0%	49.8%	1.2 ppt
ADR									
Atlantic	$ 106.06	$ 104.38	$ 1.68	$ 92.40	$ 98.08	$ (5.68)	$ 104.78	$ 104.16	$ 0.62
Ontario	116.87	111.83	5.04	86.89	100.58	(13.69)	115.74	108.83	6.91
Western	128.27	135.29	(7.02)	115.45	115.72	(0.27)	127.50	132.39	(4.89)
Northern	141.82	138.01	3.81	125.04	119.08	5.96	135.90	133.55	2.35
Total	$ 119.81	$ 119.15	$ 0.66	$ 110.60	$ 106.33	$ 4.27	$ 118.91	$ 116.79	$ 2.12
RevPAR									
Atlantic	$ 57.59	$ 55.74	$ 1.85	$ 33.08	$ 24.32	$ 8.76	$ 54.28	$ 53.43	$ 0.85
Ontario	68.84	57.26	11.58	36.75	55.72	(18.97)	67.13	56.92	10.21
Western	62.85	60.61	2.24	14.32	35.53	(21.21)	53.04	55.47	(2.43)
Northern	80.27	84.32	(4.05)	60.64	42.34	18.30	72.57	82.53	(9.96)
Total	$ 65.42	$ 60.29	$ 5.13	$ 34.95	$ 49.23	$ (14.28)	$ 60.64	$ 58.16	$ 2.48

Three Months Ended June 30, 2017

For the three months ended June 30, 2017, the RevPAR for the base portfolio increased $3.24 or 5.0%. Notably, at the Holiday Inn in Ottawa, ON, ADR increased $8.13 and occupancy increased by 17.7 percentage points. All other Ontario hotels increased their occupancy over the second quarter of 2016. The largest contributor to the negative RevPAR in Western Canada was the Holiday Inn in Grande Prairie, AB. The decline in RevPar in Northern Canada was driven by the decrease in occupancy of 5.8 percentage points in Yellowknife due to new room supply. These hotels offset some of the lower occupancy by increasing ADR to $136.50 from $131.96.

Six Months Ended June 30, 2017

During the six months ended June 30, 2017, the RevPar from our base portfolio of hotels increased by $5.13 or 8.5% with the same trends and commentary above. Our Ontario hotels are the largest contributor to the increase in performance with an increase in RevPar of $11.58 or 20.11%.

Other Expenses

	Three Months Ended June 30			Six Months Ended June 30		
	2017	2016	Variance	2017	2016	Variance
Interest and accretion on debt	$ 3,955	$ 4,123	$ (168)	$ 7,773	$ 8,029	$ (256)
Corporate and administrative	670	157	513	1,285	699	586
Share-based expense (recovery)	222	104	118	281	(37)	318
Investment income	(167)	(160)	(7)	(329)	(322)	(7)
Management services income	(72)	-	(72)	(129)	-	(129)
Insurance proceeds	(247)	-	(247)	(247)	-	(247)
Loss (gain) on disposals of property and equipment and repurchase of convertible debentures	207	18	189	(7,482)	149	(7,631)
Reversal of impairment of hotel properties	-	-	-	-	(1,100)	1,100
Acquisition and redevelopment costs	10	543	(533)	10	630	(620)
Unrealized foreign exchange (gain) loss	137	(561)	698	188	(19)	207
Realized foreign exchange loss	-	502	(502)	-	926	(926)
Provision for (recovery of) income taxes	-	33	(33)	926	(1,189)	2,115

Interest expense decreased in the second quarter and on a year to date basis in 2017 compared to the same periods in 2016 due to the repayment of higher interest rate mortgages that were to mature in May and July 2017. Included in interest expense is $652 of costs related to the various refinancing transactions which are non-recurring.

Corporate and administrative expenses for the three and six months ended June 30, 2017 are higher due principally to an increase in compensation expense as well as the reversal of over-accrued liabilities in 2016. The increase in share-based expense is due to an increase in Holloway's share price and the vesting of additional options.

During the three and six months ended June 30, 2017, the Company recorded investment income of $167 and $329 respectively, from the US dollar loan receivable.

The hotel management services division commenced operations in the second quarter of 2016. This income was generated from two hotel management contracts. One of these contracts concluded in April 2017 as the hotel under management was sold by the receiver. As this division is in its early stages, we expect the signing of new management agreements to be sporadic although business development activities continue and we are encouraged by the feedback we have received from existing and potential clients.

In the second quarter of 2017, Holloway recorded $247 of insurance proceeds primarily related to the replacement of property and equipment at the Super 8 in Grande Prairie, AB.

The loss on disposals of property and equipment during the three months ended June 30, 2017 is due principally to the write-off of assets at the Super 8 in Grande Prairie, AB. In addition to this, the gain on disposals of property and equipment during the six months ended June 30, 2017 of $7,482 is comprised primarily of the gain on sale on the Holiday Inn in Oakville, ON of $7,832 offset by a small loss on sale on the Travelodge in Belleville, ON of $157. In the first half of 2016, the Company recorded a loss on disposal of $149 related to the write-off of the unamortized balance of franchise fees and signage as a result of rebranding multiple hotels.

No impairments or reversals of impairments were recorded in 2017. In 2016, based on external appraisals, the Company recorded a reversal of previously recorded impairments on two hotel properties, one in Ontario and one in Northern Canada, of $1,100.

Acquisition and redevelopment costs include costs that are not related to the day-to-day operations of our hotels (and are not included in calculating hotel net operating income) and are incurred by management at its discretion when pursuing particular strategic transactions. The Company continues to investigate the potential redevelopment of certain properties within its portfolio. Costs associated with these investigations as well as any planning and other similar costs that cannot be capitalized will be shown in this line item. For the three months ended June 30, 2017, the $10 of acquisition and redevelopment costs relate to the 11 room expansion at the Super 8 in Fort St. John, BC. For the three and six months ended June 30, 2016, this amount consisted primarily of costs associated with the acquisition of the Westmark® hotel in Whitehorse, YT along with the renovations of the Holiday Inn in Ottawa, ON, the DoubleTree in London, ON and the Travelodge in Sydney, NS.

For the three and six months ended June 30, 2017, the unrealized foreign exchange loss represents the change in the value of the US dollar loan receivable. In 2016, the Company settled three foreign exchange contracts for hedging purposes. The Company entered into two forward contracts that expired in February 2016 at a realized foreign exchange loss of $424. The realized foreign exchange loss in the second quarter of 2016 of $502 represents the purchase price hedge for the Westmark hotel which was denominated in US dollars which was settled in April 2016.

During the six months ended June 30, 2017, the Company recognized an income tax provision of $926 due to the Company generating taxable income for the period. The Company will not pay these amounts in cash due to available tax loss carry-forwards.

Quarterly Results

	Q2 2017	Q2 2016	Q1 2017	Q1 2016	Q4 2016	Q4 2015	Q3 2016	Q3 2015
Total revenue	$25,603	$27,786	$23,679	$22,138	$24,820	$23,493	$32,420	$ 30,471
Hotel operating income(1)	7,576	8,534	4,860	3,156	5,598	4,641	12,047	10,788
Net income (loss) attributable to shareholders	(1,095)	(139)	3,511	(3,438)	(2,302)	(12,083)	4,834	2,354
Funds from operations	3,023	3,804	550	(2,007)	1,374	(252)	7,584	6,434
Adjusted funds from operations	2,848	3,442	246	(2,509)	1,153	(474)	7,185	5,615
Dividends declared	661	661	661	661	661	666	661	671
Per basic share:								
Net income (loss)	$ (0.06)	$ (0.01)	$ 0.19	$ (0.18)	$ (0.12)	$ (0.63)	$ 0.26	$ 0.12
Funds from operations	0.16	0.20	0.03	(0.11)	0.07	(0.01)	0.40	0.33
Adjusted funds from operations	0.15	0.18	0.01	(0.13)	0.06	(0.02)	0.38	0.29
Dividends declared	0.035	0.035	0.035	0.035	0.035	0.035	0.035	0.035
Occupancy	53%	53%	49%	46%	48%	51%	63%	68%
ADR	$119.35	$116.98	$118.45	$116.55	$115.64	$114.60	$120.91	$118.29
RevPAR	$63.14	$62.35	$57.69	$53.61	$55.16	$58.10	$75.57	$80.44

(1) Before depreciation and amortization.

The hospitality industry is seasonal in nature and therefore, the Company's results fluctuate throughout the year. The Company's revenues are generally highest in the third quarter due to increased leisure travel during the summer months. While certain expenses fluctuate according to occupancy levels, other expenses such as property taxes, insurance and interest are fixed and are incurred evenly throughout the year.

Cash Flow

	Three Months Ended June 30			Six Months Ended June 30		
	2017	2016	Variance	2017	2016	Variance
Cash flow provided by (used in):						
Operating activities	$ 4,074	$ 2,289	$ 1,785	$ 3,274	$ 1,529	$ 1,745
Investing activities	(708)	(11,402)	10,694	22,976	(16,282)	39,258
Financing activities	(3,567)	8,404	(11,971)	(26,224)	13,590	(39,814)

Operating Activities

For the three and six months ended June 30, 2017, operating activities generated $4,074 and $3,274 compared to the same periods in the prior year which generated $2,289 and $1,529. The reason for the increase in cash flow from operations is due to operating income as explained above.

Investing Activities

For the three months ended June 30, 2017, investing activities used $708 compared to $11,402 for the same period in 2016. The Company spent $4,291 on capital additions at various properties which was offset by the receipt of $3,596 from capital reserves when the related mortgages were repaid. For the three months ended June 30, 2016, the Company acquired the Westmark Hotel and Conference Center in Whitehorse, YT for $8,716 and spent $2,387 on capital additions at various properties.

For the six months ended June 30, 2017, investing activities generated $22,976 compared to an outflow of $16,282 for the same period in 2016. In 2017, the Company sold the Holiday Inn in Oakville, ON for $19,438 and the Travelodge in Belleville, ON for $6,987 and received $3,340 from the capital reserves. Capital additions at various properties totaled $6,788. For the six months ended June 30, 2016, the use of cash consisted of the purchase of the Westmark Hotel and capital additions of $6,976 at various properties.

Financing Activities

For the three months ended June 30, 2017, financing activities used $3,567 compared to generating $8,404 for the same period of 2016. In 2017, the Company drew $39,964 on its secured credit facilities and obtained a new mortgage of $49,433 (net of deferred finance fees). Holloway repaid mortgages totaling $91,561 and paid dividends of $1,322. For the three months ended June 30, 2016, the Company drew $11,500 on its secured credit facility, which was offset by mortgage principal repayments of $1,579 and dividends of $1,322.

In addition to the events that occurred in the second quarter of 2017, for the first six months of 2017, the Company spent $81 on common share and convertible debentures repurchases. The net increase in the Company's secured credit facilities for the first six months of 2017 was $22,334. For the six months ended June 30, 2016, the Company drew $9,610 on its secured credit facility and obtained new mortgages of $11,917, which were offset by the repayment of mortgages of $5,932, the repurchase of common shares and convertible debentures of $683 and dividends of $1,322.

Liquidity and Capital Structure

The Company uses various forms of debt in the course of its business. The objectives of the Company's debt strategy are to ensure adequate liquidity to fund its strategic plan and permit opportunistic acquisitions, minimize the cost of financing and stagger its debt maturities to manage refinancing risks.

The Company's principal sources of liquidity are cash on hand, cash deposited in capital expenditure reserve accounts, free cash flow generated throughout the year and its secured credit facilities.

		June 30, 2017
Cash on hand	$	1,209
Capital expenditure reserves[(1)]		96
Committed and unfunded mortgage[(2)]		17,500
Secured credit facilities availability		35,036
Total current liquidity[(3)]	$	53,841

(1) Contingent on capital expenditures being incurred.
(2) Subject to certain conditions.
(3) Excludes proceeds from financing unencumbered assets.

The Company currently has 3 unencumbered properties which can be mortgaged should circumstances warrant.

Secured Credit Facilities and Mortgages Payable

		June 30, 2017		December 31, 2016
Secured Credit Facilities				
Principal amount payable	$	39,964	$	17,630
Weighted average interest rate		4.14%		4.20%
Mortgages				
Principal amount payable	$	81,260	$	127,845
Weighted average term to maturity		4.7 years		1.7 years
Weighted average interest rate		4.31%		5.85%

Chartered Bank Secured Credit Facilities

The Company has two revolving credit facilities with two Canadian chartered banks. The first revolver has a maximum borrowing capacity of $45,000 with an interest rate based on a spread over banker's acceptance rates or the bank's prime rate plus 1.50% (4.20% at June 30, 2017). This credit facility is secured by nine hotels. The facility has no set expiry and is subject to an annual review. The second revolver has a maximum borrowing capacity of $30,000 with an interest rate of prime plus 1.50% (4.20% at June 30, 2017). The facility, along with the $50,000 mortgage referred to below, is secured by ten hotels.

At June 30, 2017, the credit facilities had a weighted average interest rate of 4.14%.

The credit facilities are used to manage working capital fluctuations and the seasonal effects of the hospitality industry as well as provide short-term financing in the event of hotel acquisitions or renovations.

Mortgages Payable

The Company has incurred debt under various mortgages with a weighted average interest rate of 4.31%. These mortgages mature between April 2018 and September 2029 and are secured by individual first charges on nineteen hotel properties. During the three months ended June 30, 2017, the Company repaid eleven mortgages totaling $90,385 as described elsewhere in this MD&A.

The Company is subject to financial covenants on certain of its mortgages and its secured credit facilities, which include customary terms and conditions for borrowings of this nature. At June 30, 2017, the Company was in compliance with all covenants.

Convertible Debentures

At June 30, 2017, the Company had two series of convertible debentures outstanding. The Series B convertible debentures (trading under the symbol "HLC.DB") have an aggregate principal amount outstanding of $52,180, bear interest at 6.25%, have interest payment dates of April 30 and October 31 and mature on February 28, 2020. The Series C convertible debentures (trading under the symbol "HLC.DB.A") have an aggregate principal amount outstanding of $40,572, bear interest at 7.50%, have interest payment dates of March 31 and September 30 and mature on September 30, 2018.

Subject to availability, the Company intends to continue using convertible debentures as a financing source due to the flexible nature of these debt instruments, particularly as the current convertible debentures have no financial covenants and minimal other covenants. In addition, because the convertible debentures are exchange-traded, from time to time, the Company has the opportunity to repurchase its debentures at a discount to their face value.

The following table shows the Company's convertible debentures at June 30, 2017:

	Maturity	Interest Rate	June 30, 2017	December 31, 2016
Series B (HLC.DB)	2020	6.25%	$ 52,180	$ 52,187
Series C (HLC.DB.A)	2018	7.50%	40,572	40,572
Principal amount			$ 92,752	$ 92,759
Weighted average term to maturity			2.0 years	2.5 years
Weighted average interest rate			6.80%	6.80%

The Company has the option to repay the principal amount of the debentures, in whole or in part, at maturity or redeem the debentures, in whole or in part, at or prior to maturity, in cash or by issuing shares of the Company. The number of shares that would be issued is calculated by dividing the aggregate principal amount by 95% of the "current market price" of the shares (calculated in accordance with the indenture).

On January 13, 2017, the Company initiated NCIBs to repurchase a maximum of $4,526 principal amount of its Series B convertible debentures and $3,411 principal amount of its Series C convertible debentures. These NCIBs are in effect until January 12, 2018 unless the bid is completed or terminated earlier by the Company. During the six months ended June 30, 2017, Holloway repurchased $7 principal amount of its Series B debentures at a cost of $7 (average cost of $96.50 per $100 face value).

Contractual Obligations

The following table shows the Company's contractual obligations as at June 30, 2017:

	Remainder of 2017	2018	2019	2020	2021	Thereafter
Mortgages payable						
Interest[1]	$ 1,739	$ 3,179	$ 2,780	$ 2,360	$ 1,954	$ 1,250
Principal[2]	2,031	11,113	7,960	5,769	10,349	44,037
Secured credit facilities						
Interest[1]	828	263	-	-	-	-
Principal	24,964	15,000	-	-	-	-
Convertible debentures						
Interest	3,152	5,543	3,261	544	-	-
Principal[3]	-	40,572	-	52,180	-	-
Operating leases	147	176	48	25	18	36
Total	$ 32,861	$ 75,846	$ 14,049	$ 60,878	$ 12,321	$ 45,323

(1) Interest on floating rate debt is based on interest rates prevailing at June 30, 2017.
(2) Principal includes regular amortization and repayments at maturity.
(3) Principal represents face value of debentures at maturity.

Commitments to Capital Spending

Holloway completes capital improvements and upgrades to its properties on an ongoing basis. Recurring capital expenditures reflect the regular cost of replacing furniture, fixtures and equipment, as well as other capital expenditures that are required in order to maintain the existing productive capacity of the properties. Holloway continually assesses the highest and best use of each of its properties and, subject to certain financial and other conditions being satisfied, pursuing the development or redevelopment of such properties. Development activities will generally occur over long periods of time.

Common Shares

At June 30, 2017, the Company had 18,876,266 shares outstanding.

On August 17, 2016, the Company initiated an NCIB to repurchase up to 944,453 of its outstanding common shares. During the six months ended June 30, 2017, the Company has repurchased and cancelled a total of 12,800 shares at a cost of $74 (average price of $5.76 per share).

Dividends

The Company currently pays dividends on a quarterly basis at the discretion of the Company's Board of Directors, which reviews the Company's dividend policy on a regular basis. At the present time, the Board of Directors believes in paying a modest dividend to shareholders while allocating the majority of the Company's free cash flow to other uses that offer higher returns to shareholders and result in the compounding of shareholder capital over time. These alternative uses include acquisitions, upgrades and/or expansions of existing hotels, share repurchases and discounted convertible debenture repurchases and/or regular debt repayment.

The following table shows the Company's payout ratio based on various earnings metrics.

	Three Months Ended June 30		Six Months Ended June 30	
	2017	2016	2017	2016
Dividends declared	$ 661	$ 661	$ 1,322	$ 1,322
Net income (loss) attributable to shareholders	(1,095)	(139)	2,416	(3,576)
Payout ratio	(60.4%)	(475.5%)	54.7%	(37.0%)
Funds from operations	3,023	3,804	3,573	1,798
Payout ratio	21.9%	17.4%	37.0%	73.5%
Adjusted funds from operations	2,848	3,442	3,093	919
Payout ratio	23.2%	19.2%	42.7%	143.9%

Other Information

Balance Sheet

The following table outlines significant balances or changes in the consolidated balance sheet from December 31, 2016 to June 30, 2017:

	June 30, 2017	December 31, 2016	Increase (Decrease)	Explanation
Assets				
Trade and other receivables	4,731	3,580	1,151	The increase in receivables is a result of the seasonality of the business.
Prepaid expenses and deposits	2,769	2,819	(50)	The decrease in prepaids is a result of an increase in prepaid property taxes due to timing offset by a reduction in the property tax reserves from the hotel refinancings.
Property and equipment	287,060	305,624	(18,564)	Change is due to the following: - sale of Travelodge hotel in Belleville, ON ($6,869); - sale of Holiday Inn hotel in Oakville, ON ($11,393); - renovations and other capital additions $8,561; - depreciation ($7,727).
Deferred income tax assets	27,246	28,172	(926)	Deferred tax assets decreased primarily as the result of generating taxable income.
Liabilities				
Secured credit facilities	39,964	17,630	22,334	Secured credit facilities increased as a result of the new financing.
Trade payables and accrued liabilities	10,641	9,640	1,001	Trade payables and accrued liabilities have increased primarily due to the hotel renovation projects.
Current portion of mortgages payable	8,766	94,166	(85,400)	The decrease is related to the refinancing completed in May as well as regular principal repayments during the year.
Mortgages payable	71,404	33,130	38,274	The increase is primarily a result of the refinancing.
Equity				
Equity attributable to shareholders of the Company	104,138	103,118	1,020	Increase represents comprehensive income for the year offset by dividends paid and the repurchase of common shares.

Portfolio of Hotels

The following table details the hotels in which the Company had an interest at June 30, 2017. The Company owns 32 hotels and held a 62% interest in another hotel in Canada, with a total of 3,763 guest rooms.

Property	Location	No. of Rooms
Alberta		
Best Western®	Grande Prairie	99
Days Inn®	Whitecourt	79
Holiday Inn®	Grande Prairie	145
Quality Inn® and Suites	Grande Prairie	152
Super 8®	Drayton Valley	60
Super 8®	Grande Prairie	148
Super 8®	High Level	81
Super 8®	Slave Lake	58
Super 8®	Whitecourt	59
Travelodge®	Slave Lake	99
		980
British Columbia		
Super 8®	Fort Nelson	142
Super 8®	Fort St. John	112
		254
New Brunswick		
Days Inn®	Moncton	151
Travelodge®	Moncton	75
Travelodge®	Saint John	58
		284
Newfoundland and Labrador		
Super 8® (1)	St. John's	**81**
Northwest Territories		
Quality Inn® and Suites	Yellowknife	129
Super 8®	Yellowknife	66
		195
Nova Scotia		
Holiday Inn Express®	Stellarton	125
Super 8®	Truro	50
Super 8®	Windsor	66
Travelodge®	Dartmouth	75
Travelodge®	New Glasgow	63
Travelodge®	Sydney	117
		496
Ontario		
Airlane	Thunder Bay	155
DoubleTree by Hilton®	London	323
Holiday Inn®	Ottawa	261
Super 8®	Timmins	73
Travelodge®	Ottawa	196
Travelodge®	Thunder Bay	93
Travelodge®	Timmins	92
		1,193
Yukon		
Days Inn®	Whitehorse	99
Westmark® Hotel and Conference Center	Whitehorse	181
		280
Total Rooms		**3,763**

(1) Holloway holds a 62% ownership interest in this property.

Non-IFRS Financial Measures

Funds from Operations ("FFO")

FFO is a common measure of performance for publicly-traded real estate companies. FFO assumes that the value of real estate investments does not necessarily decrease on a systematic basis over time, an assumption inherent in IFRS, and it adjusts for items included in net income that do not necessarily provide the best indicator of operating performance, such as gains or losses on the sale of assets, provisions for impairment (and impairment reversals) of assets and depreciation and amortization of real estate assets which may not necessarily occur and is based on historical cost accounting. The Real Property Association of Canada defines FFO as net income excluding depreciation and amortization on real property, extraordinary items, gains or losses on the sale of assets, provisions for impairment and income taxes. The Company calculates FFO in accordance with this definition. Other entities may calculate FFO differently. FFO should not be considered a substitute for net income or cash flow from operating activities determined in accordance with IFRS. The Company believes the best metric of its performance is free cash flow.

	Three Months Ended June 30		Six Months Ended June 30	
	2017	2016	**2017**	2016
Net income (loss) attributable to shareholders	**$ (1,095)**	$ (139)	**$ 2,416**	$ (3,576)
Add / (deduct):				
Depreciation and amortization of real estate assets	**3,911**	3,892	**7,713**	7,514
Reversal of impairment of hotel properties	**-**	-	**-**	(1,100)
Loss (gain) on disposals of property and equipment and repurchase of convertible debentures	**207**	18	**(7,482)**	149
Provision for (recovery of) income taxes	**-**	33	**926**	(1,189)
FFO	**$ 3,023**	$ 3,804	**$ 3,573**	$ 1,798
per basic share	**0.16**	0.20	**0.19**	0.10

Adjusted Funds from Operations ("AFFO")

AFFO is another common measure of performance for publicly-traded real estate companies. AFFO is generally considered reflective of the Company's ability to earn income and pay cash dividends to shareholders. The Company calculates AFFO as FFO adjusted for: share-based expense (recovery), depreciation and amortization of corporate assets, accretion on debt and reserve for replacement of FF&E. Other entities may calculate AFFO differently. AFFO should not be considered a substitute for net income or cash flow from operating activities determined in accordance with IFRS. The Company believes the best metric of its performance is free cash flow.

	Three Months Ended June 30		Six Months Ended June 30	
	2017	2016	**2017**	2016
FFO	**$ 3,023**	$ 3,804	**$ 3,573**	$ 1,798
Add / (deduct):				
Share-based expense (recovery)	**222**	104	**281**	(37)
Depreciation and amortization of corporate assets	**18**	15	**35**	34
Accretion on debt	**358**	359	**691**	634
FF&E reserve	**(773)**	(840)	**(1,487)**	(1,510)
AFFO	**$ 2,848**	$ 3,442	**$ 3,093**	$ 919
per basic share	**0.15**	0.18	**0.16**	0.05

Other Non-IFRS Metrics

Throughout this MD&A, the Company refers to the following metrics that do not have a standardized meaning under IFRS but that are commonly used by hospitality companies.

Occupancy: Occupancy represents the number of rooms sold in a hotel compared to the total number of rooms available for sale in the hotel.

Average daily rate or "ADR": ADR is defined as room revenue divided by the number of rooms occupied or sold.

Revenue per available room or "RevPAR": RevPAR is defined as total room revenue divided by the total number of rooms in the hotel multiplied by the number of days in the period. RevPAR is the most commonly used indicator of market performance for hotels and represents the combination of the ADR and the average occupancy rate achieved during a period. RevPAR does not include food and beverage or other ancillary revenues generated by a hotel.

Hotel operating income before depreciation: Hotel operating income before depreciation is defined as hotel revenue less hotel expenses. Hotel operating income measures hotel results before interest, depreciation and amortization.

Base portfolio: Hotels that have been owned and operating for the current and prior reporting period(s).

Legal Proceedings

In the course of the Company's ordinary activities, the Company is involved in administrative proceedings, litigation and claims. In September 2015, the Company was served with a personal injury claim in the Alberta Court of Queen's Bench seeking over $10,000 in damages. The Company believes the claims are without merit, there are valid defences to any actions or the outcomes will not have a material impact on the Company's consolidated financial position or results of operations. The Company intends to fully defend its interests. The outcome of the claims is subject to future court proceedings, and it is not practicable to determine an estimate of the possible financial effect, if any, at this time with sufficient reliability. Accordingly, no amounts have been recorded in the accounts of the Company related to these claims.

Significant Accounting Policies and New Standards

The significant accounting policies of Holloway are described in note 3 of the Company's December 31, 2016 audited consolidated financial statements. There have been no material changes to the Company's accounting policies.

New Standards and Interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning on or after January 1, 2018, and have not been applied in preparing the June 30, 2017 interim condensed consolidated financial statements. None of the new standards are expected to have a significant effect on the consolidated financial statements of the Company, except for the following:

IFRS 15, Revenue from Contracts and Customers

IFRS 15, "Revenue from Contacts and Customers" ("IFRS 15") is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. IFRS 15 establishes a new control-based revenue recognition model and replaces IAS 18, "Revenue" and IAS 11, "Construction Contracts", and some revenue related interpretations. The underlying principle is that an entity will recognize revenue to depict the transfer of goods and services to customers at an amount the entity expects to be entitled to in exchange for those goods and services. The Company is currently evaluating the new standard and does not expect there to be a material impact on its consolidated financial statements. The Company has not yet selected a transition method for this standard.

IFRS 9, Financial Instruments

IFRS 9, “Financial Instruments” (“IFRS 9”) will replace IAS 39, “Financial instruments: recognition and measurement”. The standard is effective for annual periods beginning on or after January 1, 2018. IFRS 9 includes requirements for recognition and measurement, impairment, derecognition and general hedge accounting. The Company is currently evaluating the impact of the new standard.

IFRS 16, Leases

IFRS 16, “Leases” (“IFRS 16”), will replace IAS 17, “Leases”. The new standard results in substantially all leases being recorded on the consolidated statement of financial position of the lessee. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted. The Company is currently evaluating the impact of this new standard on its consolidated financial statements.

Critical Accounting Estimates and Judgments

The discussion and analysis of Holloway’s financial position and results of operations are based on its consolidated financial statements, which have been prepared in accordance with IFRS. The preparation of financial statements requires management to use judgment in applying its accounting policies and make estimates and assumptions about the future. Estimates and other judgments are continuously evaluated and are based on management’s experience and other factors, including expectations about future events that are believed to be reasonable under the circumstances. Actual results may differ from management’s estimates and expectations. Information regarding the Company’s critical accounting estimates is disclosed in note 4 of the Company’s December 31, 2016 audited financial statements and its MD&A dated March 9, 2017. There have been no material changes to the Company’s critical accounting estimates and judgments.

Financial Instruments and Risk Management

Financial Instruments

The Company’s financial instruments consist of cash, trade and other receivables, loan receivable, capital reserve – restricted, secured credit facilities, trade payables and accrued liabilities, accrued interest on convertible debentures, mortgages payable and convertible debentures.

The following financial instruments have fair values that differ from their carrying value:

	June 30, 2017		December 31, 2016	
	Carrying value	Fair value	Carrying value	Fair value
Mortgages payable	$ 80,170	$ 80,114	$ 127,296	$ 126,172
Convertible debentures	90,317	91,992	89,815	88,207

The methods and assumptions used in estimating the fair values are as follows:

- Mortgages payable: The fair values are determined using internal valuation techniques which incorporate the discounted future cash flows using discount rates that reflect current market conditions for debt instruments with similar interest rates, terms and risk. The fair values do not necessarily represent the amounts the Company might pay in actual market transactions.

- Convertible debentures: The convertible debentures have two components of value: the conventional debentures and the redemption option. The fair value of the convertible debentures is based on the quoted market price for the debentures. The redemption option has been accounted for as an embedded derivative that is required to be bifurcated from the underlying debentures, valued using an option pricing model and accounted for as a financial

asset with the amount of any redemption option being added to the carrying value of the convertible debentures. Any change in the fair value of the redemption option is recorded in interest and accretion on debt in the interim condensed consolidated statement of income (loss).

Risk Management

The Company's activities expose it to a variety of financial risks: interest rate risk, credit risk, currency risk and liquidity risk. Senior management is responsible for setting acceptable levels of risk and reviewing risk management activities as necessary. The Company's overall risk management program seeks to minimize potential adverse effects on the Company's financial performance. Please refer to the Company's annual MD&A dated March 9, 2017 for further discussion of these risks.

Controls and Procedures

Management is responsible for establishing and maintaining internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. In addition, the Company maintains disclosure controls and procedures that are designed to provide reasonable assurance that information required to be disclosed in reports filed or submitted under applicable securities legislation is accumulated and communicated to management, including the acting Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO"), as appropriate to allow timely decisions regarding required public disclosure.

It is important to note that all systems of internal controls and procedures can only provide reasonable, rather than absolute assurance that all control issues will be detected. Misstatement and errors may not be detected and controls can be circumvented by collusion among individuals or management override. In addition, the design of any system of internal control is also based upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future events.

The Company continually reviews its controls and updates its documentation of its disclosure controls and procedures, including its internal controls over financial reporting so as to enhance the effectiveness of its systems of controls and procedures.

There have been no changes in the Company's internal controls over financial reporting that occurred during the most recent interim period ended June 30, 2017 that have materially affected or are reasonably likely to materially affect the Company's internal controls over financial reporting.

Risks

There are a number of risk factors associated with the Company. These include risks related to real property ownership, risks related to the business of the Company, including the hotel industry, competition, customer concentration, franchised hotels, potential labour disruptions, potential conflicts of interest, availability of additional capital, debt financing, acquisitions and risks relating to the structure of the Company. Information on these risks and uncertainties are described under "Risk Factors" in the Company's Annual Information Form dated March 9, 2017 which is available on Holloway's profile on the SEDAR website at www.sedar.com.