



FOR IMMEDIATE RELEASE

April 8, 2019

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**HOLLOWAY LODGING CORPORATION ANNOUNCES
PROPOSED DEBENTURE AMENDMENTS**

HALIFAX, NOVA SCOTIA – Holloway Lodging Corporation (TSX: HLC, HLC.DB) ("**Holloway**" or the "**Company**") today announced that it will seek the approval of 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 a serial meeting of the holders of Series B Debentures (the "**Series B Debentureholders**") to be held on April 26, 2019 (the "**Meeting**").

The proposed amendments to the Series B Debentures consist of:

- EXTENDING the maturity date for the Series B Debentures from February 28, 2020 to February 28, 2023;
- AMENDING the conversion price of the Debentures (the "**Conversion Price**") to \$12.50, being a conversion rate of 80 common shares of the Company ("**Common Shares**") per \$1,000 principal amount of the Debentures. The Debentures are currently convertible into \$285.71 in cash and 28.57 Common Shares per \$1,000 principal amount of the Debentures;
- AMENDING the redemption provision to, among other things, prohibit the Company from redeeming the Series B Debentures until June 1, 2020, except in connection with a change of control of the Corporation resulting in the acquisition of 100% of the voting or equity interests in the Corporation and except, for the 60 days following the effective date of the Series B Debenture amendments, to allow the Corporation to redeem up to 10% of the aggregate principal amount of the Series B Debentures at a price equal to the principal amount thereof, plus accrued and unpaid interest; and
- PROVIDING FOR consequential and other amendments of a housekeeping nature.

The Board of Directors and management of the Company believe that the proposed 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 B Debentures is February 28, 2020, the maturity date for the amended Series B Debentures will be extended to February 28, 2023, thereby affording Series B Debentureholders a longer period of time during which to receive interest at a favourable rate. The Company believes the 6.25% interest rate on the Series B Debentures represents an attractive yield in light of other reinvestment opportunities available.
- **Beneficial Change in the conversion rights of the Debentures:** Series B Debentureholders will have the right to convert the Series B Debentures into Common Shares at a more favourable conversion price. Additionally, the conversion price will be satisfied entirely in Common Shares

rather than in a combination of cash and Common Shares. Therefore, Series B Debentureholders will have more opportunity to participate in the growth of the Company's business. This conversion feature offers Series B Debentureholders the opportunity to generate capital appreciation from the Series B Debentures in addition to earning interest during the extended term.

- **Call Protection:** The amended redemption provision provides Series B Debentureholders with call protection until June 1, 2020, subject to certain exceptions. During this call protection period, Series B Debentureholders will benefit from regular semi-annual payments and any appreciation in the value of the Common Shares issuable upon conversion of the Series B Debentures.

The amendments to the Series B Debentures will only be effective if passed by an extraordinary resolution of the holders of at least 66⅔% of the principal amount of the Series B Debentures present in person or by proxy at the Meeting and entitled to vote in respect of the amendments.

The Meeting is scheduled to be held at 10:00 a.m. (Eastern Daylight Time) on April 26, 2019 at 3400 One First Canadian Place, Toronto, Ontario, M5X 1A4.

Series B Debentureholders may vote on or before 10:00 a.m. (Eastern Daylight Time) on April 24, 2019 by following the voting instructions set out in the management information circular for the Meeting. Only Series B Debentureholders of record at the close of business on March 25, 2019 will be entitled to vote at the Meeting.

Further particulars of the expected benefits of the proposed amendments will be described in the management information circular of the Company relating to the Meeting, which will be available under the Company's profile on SEDAR at www.sedar.com and which will be mailed to Series B Debentureholders in the coming days.

As of the close of business on April 5, 2019, there is \$50,866,000 principal amount of Series B Debentures outstanding.

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, except as required by law.