



FOR IMMEDIATE RELEASE

May 14, 2018

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**HOLLOWAY LODGING CORPORATION REPORTS Q1 2018 RESULTS, DECLARES QUARTERLY DIVIDEND AND ANNOUNCES ELECTION OF DIRECTORS**

Halifax, NS – Holloway Lodging Corporation (TSX: HLC, HLC.DB, HLC.DB.A) (“Holloway”) today announced financial results for the three months ended March 31, 2018. All amounts are presented in thousands of Canadian dollars, except earnings per share amounts, unless otherwise indicated. Readers should refer to Holloway’s unaudited condensed consolidated financial statements as at March 31, 2018 and its management discussion and analysis which are available on Holloway’s website at [www.hlcorp.ca](http://www.hlcorp.ca) and on SEDAR at [www.sedar.com](http://www.sedar.com).

**First Quarter Overview and Outlook**

**Hotel Performance**

In the first quarter of 2018, hotel operating income increased 9.1% on approximately the same amount of revenue generated in the first quarter of 2017. The changes in revenue, hotel operating income and certain other financial metrics are shown in the tables below for the three months ended March 31, 2018.

	Three Months Ended March 31		
	2018	2017	Variance
Hotel revenue	\$ 23,436	\$ 23,454	(0.1%)
Operating income <sup>(1)</sup>	5,300	4,860	9.1%
Operating income margin	22.6%	20.7%	1.9 ppt
Net income (loss) attributable to shareholders <sup>(2)</sup>	(2,129)	3,511	
per basic and diluted share	(0.12)	0.19	
Funds from operations <sup>(1)</sup>	1,107	550	101.3%
per basic share	0.06	0.03	
Adjusted funds from operations <sup>(1)</sup>	918	170	440.0%
per basic share	0.05	0.01	
Dividends declared per share	0.035	0.035	

(1) Refer to "Non-IFRS Financial Measures" section of our MD&A

(2) Three months ended March 31, 2017 includes the net gain on sale of the Holiday Inn hotel in Oakville, ON and the Travelodge hotel in Belleville, ON for \$7,689

	Three Months Ended March 31			
	Hotel Revenue		Operating Income <sup>(1)</sup>	
2017	\$ 23,454	100%	\$ 4,860	100%
Hotels sold or temporarily closed <sup>(2)</sup>	(534)		129	
Ontario hotels	390		177	
Atlantic hotels	(83)		(123)	
Western hotels	54		57	
Northern hotels	155		200	
2018	\$ 23,436	100%	\$ 5,300	109%

(1) Refer to "Non-IFRS Financial Measures" section of our MD&A

(2) Represents three hotels (sold - Travelodge in Belleville, ON and Holiday Inn in Oakville, ON; and leased - former Travelodge in Slave Lake, AB)

## First Quarter Review

Holloway recorded a strong first quarter. Total revenue remained consistent with the prior year despite the sale of two hotels in the first quarter of 2017. Operating income increased by 9.1% and our operating income margin increased 1.9 percentage points to 22.6%. Funds from operations and adjusted funds from operations (both of which exclude non-cash items) increased by over 100% and 400%, respectively.

The continuing improvement across the portfolio was evident in the first quarter, as all regions except the Atlantic region increased their revenues and hotel operating income over the first quarter of 2017.

The Ontario region performed well. The Holiday Inn® in Ottawa, ON increased its revenue and hotel operating income by 10.2% and 16.7%, respectively while the DoubleTree® in London, ON increased its revenue 6.9% and hotel operating income 5.4%.

The performance of our Western Canada hotels continued their modest improvement. Although our hotels in smaller markets have continued to have subdued results, we are pleased with the results of our four hotels in Grande Prairie, AB.

The Northern region increased revenue by \$155 and hotel operating income by \$200. The Quality Inn® in Yellowknife, NT was a key contributor to this result, increasing revenue by 12.8% and its operating income by more than 100%.

The decrease in revenue and operating income in the Atlantic region is largely a result of an increase in room supply affecting the Travelodge® hotel in Dartmouth, NS as two hotels were closed for renovations in the prior year period but have since reopened. In addition, a portion of the rooms at our Travelodge hotel in New Glasgow, NS were closed for part of the quarter as the hotel undergoes significant renovations.

In January 2018 we leased the former Travelodge hotel in Slave Lake, AB to a third party. The lease has a two year term and the tenant has an option to purchase the property at any time during or at the end of the term. As this property has been closed for much of the last two years, the lease will allow us to convert a negative cash flow property to a positive cash flow property.

We continue to work on growing our hotel management business. During the first quarter, we entered into one management agreement and one letter of intent for the management of two new-build hotels. The development of these hotels (and therefore potential management services revenue) will depend on financing and other factors that are outside of our control.

## Balance Sheet and Capital Allocation

At March 31, 2018, the Company had \$205,718 of debt compared to \$212,500 at March 31, 2017, representing a decrease of \$6,782 or 3.2%. Our convertible debentures comprise 43.6% of the debt and have no financial covenants. Our weighted average cost of debt at the end of the first quarter was 5.62% compared to 6.29% for the same period in 2017.

During the first quarter, Holloway repurchased 91,000 (not in thousands) common shares at an average price of \$5.71 per share for a total cost of \$520.

## Outlook

For the remainder of 2018, we expect the performance of our hotels in Atlantic and Northern Canada to remain steady. In Ontario and Alberta, we are continuing with initiatives to mitigate the impact of higher than usual minimum wage increases, including cost reduction, productivity and revenue management strategies. With three of our four Grande Prairie, AB hotels having been renovated within the past two years and ongoing signs of recovery, we expect growth in this market. We expect our smaller Western Canada hotels to continue to experience volatile and generally more modest recoveries.

Our capital program, including several energy management projects and the renovation of our Travelodge hotel in New Glasgow, NS, is underway. Our capital requirements and budget for 2018 is less than in the last few years.

We continue working on the redevelopment of the Travelodge hotel in Ottawa, ON. In April 2018, we filed with the City of Ottawa the documents required for the City's technical review of the project. We anticipate the demolition of the non-operated structures to be completed by the end of May 2018 or shortly thereafter.

With stable to improving operating results, lower debt service costs due to the refinancing transactions completed in 2017 and a smaller capital budget, we anticipate our free cash flow will increase during the balance of the year. This free cash flow can be used for debt reduction, share and debenture repurchases, dividend distributions and to take advantage of acquisition opportunities as they arise.

## Dividend Declaration

On May 11, 2018, 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 June 15, 2018 to shareholders of record on May 31, 2018.

## Election of Directors

Holloway is pleased to announce that the director nominees listed in the Management Information Circular dated March 29, 2018, were elected as directors of Holloway. The detailed results of the vote for the election of directors held at Holloway's Annual General Meeting of Shareholders held on May 11, 2018 in Toronto, Ontario are set out below.

Nominee	Votes in Favour	% in Favour	Votes Against	% Withheld
Michael Rapps	12,688,317	97.9%	273,402	2.1%
Dustin Haw	12,688,427	97.9%	273,292	2.1%
Richard Grimaldi	12,688,520	97.9%	273,199	2.1%
Marc Staniloff	12,688,432	97.9%	273,287	2.1%
David Wood	12,956,120	99.9%	5,599	0.1%

Shareholders also approved the reappointment of PricewaterhouseCoopers LLP as auditors and the adoption of an ordinary resolution to approve the unallocated options under Holloway's Stock Option Plan. Final voting results on all matters voted on at the Annual General Meeting of Shareholders held on May 11, 2018 are filed on the Company's issuer profile on SEDAR at [www.sedar.com](http://www.sedar.com).

## 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 3,764 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, 2017 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.*