



FOR IMMEDIATE RELEASE

November 8, 2018

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HOLLOWAY LODGING CORPORATION REPORTS Q3 2018 RESULTS AND DECLARES QUARTERLY DIVIDEND

Halifax, NS – Holloway Lodging Corporation (TSX: HLC, HLC.DB, HLC.DB.A) (“Holloway”) today announced financial results for the three and nine months ended September 30, 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 September 30, 2018 and its management discussion and analysis which are available on Holloway’s website at www.hlcorp.ca and on SEDAR at www.sedar.com.

Third Quarter Review and Outlook

Hotel Performance

In the third quarter of 2018, hotel revenue and operating income increased 3.1% and 4.4%, respectively compared to the third quarter of 2017 and our operating income margin increased 0.5 percentage points to 40.2%. The changes in hotel revenue, operating income and certain other financial metrics are shown in the tables below for the three and nine months ended September 30, 2018.

	Three Months Ended September 30			Nine Months Ended September 30		
	2018	2017	Variance	2018	2017	Variance
Hotel revenue	\$ 32,980	\$ 31,986	3.1%	\$ 83,050	\$ 80,804	2.8%
Operating income ⁽¹⁾	13,243	12,687	4.4%	26,815	25,121	6.7%
Operating income margin	40.2%	39.7%	0.5 ppt	32.3%	31.1%	1.2 ppt
Net income attributable to shareholders	3,557	3,658		1,853	6,075	
per basic and diluted share	0.20	0.19		0.10	0.32	
Funds from operations ⁽¹⁾	9,342	9,879	(5.4%)	15,248	13,453	13.3%
per basic share	0.52	0.52		0.84	0.71	
Adjusted funds from operations ⁽¹⁾	8,525	9,106	(6.4%)	13,636	12,023	13.4%
per basic share	0.48	0.48		0.75	0.64	
Dividends declared per share	0.035	0.035		0.105	0.105	

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

	Three Months Ended September 30				Nine Months Ended September 30			
	Hotel Revenue		Operating Income ⁽¹⁾		Hotel Revenue		Operating Income ⁽¹⁾	
2017	\$ 31,986	100%	\$ 12,687	100%	\$ 80,804	100%	\$ 25,121	100%
Hotels sold or temporarily closed ⁽²⁾	1,003		689		1,552		1,556	
Ontario hotels	239		(107)		712		(176)	
Atlantic hotels	(368)		(321)		(205)		(289)	
Western hotels	(170)		(45)		(114)		43	
Northern hotels	290		340		301		560	
2018	\$ 32,980	103%	\$ 13,243	104%	\$ 83,050	103%	\$ 26,815	107%

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

(2) Three months ended September 30 represents two hotels (leased - former Travelodge in Slave Lake, AB in Q1 2018; and closed - Super 8 in Grande Prairie, AB in Q2 2017)

Nine months ended September 30 represents four hotels (sold - Travelodge in Belleville, ON and Holiday Inn in Oakville, ON in Q1 2017; leased - former Travelodge in Slave Lake, AB in Q1 2018; and closed - Super 8 in Grande Prairie, AB in Q2 2017)

Our operating results improved in the third quarter due primarily to (i) the results of the Super 8 in Grande Prairie, AB, which was closed in the third quarter of 2017 for post-flood renovations (included in "hotels sold or temporarily closed" in the table above), (ii) the leasing of the former Travelodge® in Slave Lake, AB, which previously generated negative cash flow, and (iii) improvements in room rates at our Northern hotels. The reduction in operating income at our Ontario hotels was largely due to \$277 received in the third quarter of 2017 for settlement of a business interruption claim at one hotel. The performance of our Atlantic hotels was largely the result of less summer tourism to the region. Additionally, the Dartmouth, NS and St. John's, NL markets are being impacted by additional hotel supply. Our Western hotels continue to experience mixed results as strength from our Grande Prairie market hotels was offset by weaker performance from our hotels in smaller markets.

Funds from operations and adjusted funds from operations decreased by 5.4% and 6.4%, respectively. This decrease was due primarily to the receipt of net insurance proceeds of \$1,228 in the third quarter of 2017. Funds from operations and adjusted funds from operations would have increased by \$691 and \$647, respectively if this non-recurring item was removed from the 2017 comparatives. This revised calculation represents increases of 8.0% and 8.2% respectively.

Management Business Performance

This is the first quarter we have broken out the performance of our hotel management business on our financial statements. We believe we can grow this business significantly in the coming years. At September 30, 2018, we had fee-paying management agreements or letters of intent ("LOI") for four hotels and as of the date of this MD&A, this has increased to six hotels in addition to two LOIs not yet earning fees due to conditions not yet being met.

Balance Sheet and Capital Allocation

At September 30, 2018, the Company had \$203,755 of debt compared to \$205,386 at December 31, 2017, representing a decrease of \$1,631. Our convertible debentures comprise 44.2% of the debt and have no financial covenants. Our weighted average cost of debt at the end of the third quarter was 5.72%.

During the third quarter, Holloway repurchased 785,413 common shares at an average price of \$6.09 per share for a total cost of \$4,785. During the nine months ended September 30, 2018, Holloway repurchased and cancelled 982,313 common shares at an average price \$6.05 per share for a total cost of \$5,942.

On October 11, 2018, the Company sold the Super 8 in High Level, AB for gross proceeds of \$4,750. After closing costs, the net cash proceeds were \$4,568. The sale of this property, located in a market with minimal liquidity, will allow us to redeploy capital to other uses such as share repurchases and debt reduction.

Outlook

For the balance of the year, we anticipate the performance of our Atlantic, Ontario and Northern hotels to remain steady. We expect our Western hotels to continue to improve.

We are encouraged by recent large-scale project approvals in Western Canada such as LNG Canada's LNG plant in Kitimat, BC and numerous natural gas related facilities in the Grande Prairie, AB area. These projects are anticipated to have a positive impact on several of our hotels. The new Ontario government's introduction of legislation to repeal much of the labour legislation enacted by the former government last year should reduce labour cost escalation and increase our labour flexibility.

Dividend Declaration

On November 8, 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 December 14, 2018 to shareholders of record on November 30, 2018.

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 32 hotels with 3,683 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. Holloway does not intend to update or revise any such forward-looking information should its assumptions and estimates change.