Holloway
LODGING

Management’s Discussion and Analysis
for the Three and Nine Months Ended September 30, 2015

As at November 11, 2015

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 nine months ended September 30, 2015, and should be read in conjunction with the unaudited interim consolidated condensed financial statements of the Company and the notes thereto as at and for the three and nine months ended September 30, 2015, as well as the audited consolidated financial statements and MD&A thereon for the year ended December 31, 2014. 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 for share and per share amounts, unless otherwise noted. This MD&A is dated as at November 11, 2015.

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 the United States.

Hotels: At September 30, 2015, Holloway's portfolio consisted of 36 hotels with 4,132 rooms of which 27 hotels are limited service properties and 9 hotels are full service properties. Of the Company's 36 hotels, 32 are operated under internationally recognized hotel brands. Effective January 30, 2015, the Company internalized all of its hotel management.

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 note receivable resulting from the sale of the Travelodge® franchise business.

Third Quarter Overview and Outlook

	Three Months Ended September 30			Nine Months Ended September 30		
	2015	2014	Variance	2015	2014	Variance
Revenue	$ 30,311	$ 36,086	(16.0%)	$ 87,351	$ 65,823	32.7%
Operating income(1)	10,788	13,237	(18.5%)	26,646	23,951	11.3%
Operating income margin	35.6%	36.7%	(1.1 ppt)	30.5%	36.4%	(5.9 ppt)
Net income attributable to shareholders	2,354	13,562	(82.6%)	8,272	15,740	(47.4%)
per basic share	0.12	0.70	(82.9%)	0.43	0.86	(50.0%)
per diluted share	0.12	0.66	(81.8%)	0.43	0.85	(49.4%)
Funds from operations	6,434	7,390	(12.9%)	12,178	12,984	(6.2%)
per basic share	0.33	0.38	(13.2%)	0.63	0.71	(11.3%)
Adjusted funds from operations	5,615	6,825	(17.7%)	10,719	11,799	(9.2%)
per basic share	0.29	0.35	(17.1%)	0.55	0.64	(14.1%)
Dividends declared per share	0.035	0.035	-	0.105	0.105	-

(1) Before depreciation and amortization.

Hotel Performance

Holloway's third quarter results were below those achieved last year and were generally affected by two factors. First, our two largest hotels (representing 14% of total rooms) were either partially or fully closed for renovations during the quarter. Second, our hotels in Western Canada have been impacted by the lower energy prices that have persisted throughout 2015. To date, the weaker performance in Western Canada has been driven more by lower occupancy than lower rates which is better for us than the converse. Partially offsetting these factors was the performance of our hotels in Atlantic Canada which exceeded internal expectations.

Notwithstanding the above, there are many positive developments at Holloway, including the following:

- Our operating margins remained steady despite lower revenues. This is being accomplished through a rigorous focus on reducing fixed costs and constantly adjusting variable costs to our day-to-day revenue fluctuations. We have also closed or reduced the operating hours of several hotel food and beverage outlets which do not generate meaningful, if any, cash flow.

- We are a more diversified company now than during previous oil downturns with the majority of our NOI coming from markets other than Alberta and British Columbia.

- Our balance sheet is in excellent condition with 40% of our debt in the form of covenant-light debentures that mature between 2018 and 2020 and nine unencumbered properties available to be financed if needed or desired. Holloway currently has the lowest leverage level of any publicly-traded hotel company in Canada.

- Our two hotel renovations are nearing completion with full operations expected to resume by the second week of January 2016. This benefits us in two ways: our capital spending will decline beginning in 2016 and our cash flows will increase. To date, advance bookings at both hotels are being completed at substantially higher rates than the rates we obtained prior to the renovations, in some cases 50% higher.

- We continue to generate meaningful cash flow (especially in relation to our valuation), which we can deploy to various attractive uses, as described below. In recent months, we have seen many companies with operations in Western Canada cut their dividends, sometimes multiple times. We always preferred to deploy our capital to more accretive endeavours than dividends so that it may compound for the benefit of shareholders and, therefore, our dividend has been, and remains, modest and secure. In the third quarter our payout ratio was 29% based on net income and 10% based on funds from operations.

Balance Sheet

Holloway's debt level was $261.5 million immediately following the acquisition of Royal Host. This was reduced to $250.8 million at year-end and has since been reduced further to $230.5 million at September 30, 2015.

Capital Allocation

We continue to generate meaningful cash flow, which has been used in part on the following initiatives:

During the quarter, work progressed on our two hotel rebrandings and renovations, the DoubleTree by Hilton® in London, ON and the Holiday Inn® in Ottawa, ON. As discussed above, we expect the renovations to be completed by year-end and for the hotels to fully reopen within the first two weeks of 2016. These renovations represent a significant capital outlay for Holloway, equivalent to acquiring multiple hotels; we believe the renovations will significantly improve the performance and value of the properties in the coming years.

In September, we completed foreclosure proceedings and obtained ownership of the Days Inn® in Sydney, NS. We closed the property in mid-October following the completion of the summer travel season and expect to rebrand and renovate the property during the winter off-season. At present, we expect the total cost of the property (acquisition, foreclosure and renovation costs) to be approximately $3.3 million and we believe the hotel is capable of generating NOI in excess of $500 thousand annually.

Between July 1 and October 31, we repurchased 322,600 shares or 1.7% of our outstanding shares at an average price of $4.92 per share. During this time frame, we also repurchased $84 thousand of our 6.25% convertible debentures at an average cost of $90.34 per $100 of face value.

Finally, we paid our quarterly dividend of $0.035 per share in September. While we are capable of increasing our dividend given our low payout ratio, we believe our capital is better deployed by reinvesting in our core business or in our own shares.

Outlook

There continues to be considerable uncertainty regarding oil and gas activity in Western Canada as a result of lower energy prices and changes in the Alberta and Canadian governments. This will continue to impact our Western Canada hotels. However, we will continue to take all actions in our control to maximize revenues, including diversifying our sources of occupancy and actively managing our rates, and reducing our costs. We expect our Ontario and Atlantic Canada hotels to continue to perform well.

Dividend Declaration

On November 11, 2015, 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 15, 2015 to shareholders of record on November 30, 2015.

Operating Results

The following tables summarize the performance of Holloway's portfolio of hotels for the three and nine months ended September 30, 2015 compared to the same period in the prior year. The tables break out the performance of Holloway's base portfolio, meaning hotels that were owned in both the current and prior periods. The tables also break out the performance of acquired and sold hotels; the 2015 three month period will largely reflect the performance of acquired hotels while the 2014 three month period will largely reflect the performance of sold hotels.

For the three months ended September 30, 2015 and 2014, the base portfolio includes 34 hotels, including the Royal Host hotels acquired on July 1, 2014. The acquired hotels consist of the Days Inn® in Whitehorse, YT and the Days Inn® in Sydney, NS. The sold hotels consist of the Ramada® in Trenton, ON and the Travelodge® in Toronto, ON.

For the nine months ended September 30, 2015 and 2014, the base portfolio consists of 17 hotels and does not include the Royal Host hotels. The acquired hotels consist of 17 Royal Host hotels (including the Trenton and Toronto properties in the prior year period only), the Days Inn® in Whitecourt, AB, the Super 8® in St. John's, NL (controlling interest acquired), the Days Inn® in Whitehorse, YT and the Days Inn® in Sydney, NS. The sold hotels consist of the Holiday Inn Express® in Kamloops, BC, the Ramada® in Trenton, ON and the Travelodge® in Toronto, ON.

Hotel Performance

Three Months Ended September 30	Base Portfolio			Acquired/Sold Hotels(2)			Total		
	2015	2014	Variance	2015	2014	Variance	2015	2014	Variance
Hotel revenue	$ 29,160	$ 33,024	(11.7%)	$ 1,151	$ 2,299	(49.9%)	$ 30,311	$ 35,323	(14.2%)
Hotel operating income(1)	10,149	12,351	(17.8%)	644	283	127.6%	10,793	12,634	(14.6%)
Hotel operating income margin	34.8%	37.4%	(2.6 ppt)	56.0%	12.3%	43.7 ppt	35.6%	35.8%	(0.2 ppt)

(1) Before depreciation and amortization.
(2) Represents four hotels (Ramada® in Trenton, ON, Travelodge® in Toronto, ON, Days Inn® in Whitehorse, YT and Days Inn® in Sydney, NS).

Nine Months Ended September 30	Base Portfolio			Acquired/Sold Hotels(2)			Total		
	2015	2014	Variance	2015	2014	Variance	2015	2014	Variance
Hotel revenue	$ 42,911	$ 45,971	(6.7%)	$ 44,028	$ 19,089	130.6%	$ 86,939	$ 65,060	33.6%
Hotel operating income(1)	16,459	17,813	(7.6%)	9,856	5,535	78.1%	26,315	23,348	12.7%
Hotel operating income margin	38.4%	38.7%	(0.3 ppt)	22.4%	29.0%	(6.6 ppt)	30.3%	35.9%	(5.6 ppt)

(1) Before depreciation and amortization.
(2) Represents twenty-two hotels (the Royal Host Portfolio with subsequent sales of Ramada® in Trenton, ON and Travelodge® in Toronto, ON, as well as the Holiday Inn Express® in Kamloops, BC, Super 8® in St. John's, NL, Days Inn® in Whitecourt, AB, Days Inn® in Whitehorse, YT, and Days Inn® in Sydney, NS).

Three Months Ended September 30, 2015

Total revenue decreased $5.0 million or 14.2% during the third quarter; $1.1 million of revenue decline was due to hotels being sold from last year to this year. The revenue generated by the base portfolio declined $3.9 million or 11.7%. During the quarter, Holloway's two largest hotels were partially or fully closed for renovations and these hotels accounted for 62.6% of the quarterly revenue decline. In addition, revenue from our hotels in Western Canada was $2.3 million or 16.7% lower than the prior year due to the impact of lower energy prices. Most of the revenue decline in the region is attributed to reduced occupancy as room rates have remained steady. Revenue from our hotels in Atlantic Canada and South Carolina increased by $709 thousand or 10.0% and revenue at our hotels in Ontario, excluding those under renovation, increased by $182 thousand or 2.5%.

From a margin perspective, the total portfolio's operating margin was stable compared to last year. This is a very good result considering the larger revenue decline and the fixed cost nature of this business. Operating margins from the base portfolio declined from 37.4% to 34.8% or $2.2 million. Of this, the two hotels under renovation contributed $1.5 million or 66.8% of the decline. These two hotels generated $1.1 million in operating income for the third quarter of 2014 compared to losing $316 thousand in the third quarter of 2015. Although these hotels may be closed for part of the year, we are still paying a number of expenses, including property taxes, building insurance, security and key staff such as our general managers and sales personnel. Hotel operating income from our Western Canada hotels was $1.2 million lower than the prior year. Hotel operating income at the Atlantic Canada and South Carolina hotels increased $353 thousand with margins exceeding 40.0% during the quarter.

Nine Months Ended September 30, 2015

Total revenue increased $21.9 million or 33.6% during the nine month period due to the acquisition of the Royal Host hotels which were not owned during the first half of 2014. The base portfolio hotel revenue declined $3.1 million or 6.7%. This was comprised of a $4.2 million revenue decline at our Western Canada hotels, offset by revenue increases in the rest of the portfolio.

Hotel operating income for the portfolio increased $3.0 million or 12.7% due to the acquisition of the Royal Host hotels in 2014. In addition, the Company closed or reduced several food and beverage operations during the year; this had the effect of reducing revenue but increasing operating income. The closed food and beverage outlets were all located in former Royal Host hotels. Operating income from the base portfolio declined $1.4 million. The Western Canada hotels contributed $1.5 million of this decline while the remainder of our hotels contributed offsetting positive operating income.

From a margin perspective, total operating margins decreased compared to the prior year due to the lower margin profile of certain of the Royal Host hotels which have large food and beverage operations. However, the base portfolio of hotels performed very well, maintaining a stable margin despite lower revenues.

Three Months Ended September 30

	Base Portfolio			Acquired/Sold Hotels (1)			Total		
	2015	2014	Variance	2015	2014	Variance	2015	2014	Variance
Occupancy									
Atlantic Canada	80.6%	79.8%	0.8 ppt	34.3%	-	34.3 ppt	79.2%	79.8%	(0.6 ppt)
Western Canada	60.5%	74.1%	(13.6 ppt)	80.1%	-	80.1 ppt	61.8%	74.1%	(12.3 ppt)
Ontario	67.6%	68.3%	(0.7 ppt)	-	61.6%	(61.6 ppt)	67.6%	67.0%	0.6 ppt
United States	80.2%	81.6%	(1.4 ppt)	-	-	-	80.2%	81.6%	(1.4 ppt)
Total	67.9%	73.1%	(5.2 ppt)	71.2%	61.6%	9.6 ppt	68.0%	72.0%	(4.0 ppt)
ADR									
Atlantic Canada	$ 116.16	$ 106.89	$ 9.27	$ 86.04	$ -	$ 86.04	$ 115.76	$ 106.89	$ 8.87
Western Canada	135.81	137.22	(1.41)	130.48	-	130.48	135.35	137.22	(1.87)
Ontario	99.46	99.28	0.18	-	84.12	(84.12)	99.46	96.52	2.94
United States (in USD)	112.40	100.58	11.82	-	-	-	112.40	100.58	11.82
Total	$ 118.00	$ 115.19	$ 2.81	$ 126.38	$ 84.12	$ 42.26	$ 118.29	$ 112.76	$ 5.53
RevPAR									
Atlantic Canada	$ 93.62	$ 85.30	$ 8.32	$ 29.51	$ -	$ 29.51	$ 91.68	85.30	$ 6.38
Western Canada	82.17	101.68	(19.51)	104.51	-	104.51	83.65	101.68	(18.03)
Ontario	67.23	67.81	(0.58)	-	51.82	(51.82)	67.23	64.67	2.56
United States (in USD)	90.14	82.07	8.07	-	-	-	90.14	82.07	8.07
Total	$ 80.12	$ 84.20	$ (4.08)	$ 89.98	$ 51.82	$ 38.16	$ 80.44	$ 81.19	$ (0.75)

(1) Hotels include the following:
Atlantic Canada - Days Inn® in Sydney, NS
Western Canada - Days Inn® in Whitehorse, YT
Ontario - Ramada® in Trenton, ON and Travelodge® in Toronto, ON

	Nine Months Ended September 30								
	Base Portfolio			Acquired/Sold Hotels			Total		
	2015	2014	Variance	2015	2014	Variance	2015	2014	Variance
Occupancy									
Atlantic Canada	65.3%	62.6%	2.7 ppt	64.9%	80.4%	(15.5 ppt)	65.1%	67.0%	(1.9 ppt)
Western Canada	61.0%	72.8%	(11.8 ppt)	63.6%	68.8%	(5.2 ppt)	61.2%	72.6%	(11.4 ppt)
Ontario	-	-	-	59.4%	67.0%	(7.6 ppt)	59.4%	67.0%	(7.6 ppt)
United States	70.3%	70.1%	0.2 ppt	-	-	-	70.3%	70.1%	0.2 ppt
Total	63.4%	70.6%	(7.2 ppt)	59.9%	68.6%	(8.7 ppt)	61.5%	69.9%	(8.4 ppt)
ADR									
Atlantic Canada	$ 114.95	$ 110.93	$ 4.02	$ 99.13	$ 98.18	$ 0.95	$ 107.40	$ 107.17	$ 0.23
Western Canada	139.58	136.48	3.10	122.51	131.76	(9.25)	137.84	136.28	1.56
Ontario	-	-	-	100.40	96.52	3.88	100.40	96.52	3.88
United States (in USD)	98.71	93.62	5.09	-	-	-	98.71	93.62	5.09
Total	$ 133.11	$ 129.15	$ 3.96	$ 101.74	$ 98.16	$ 3.58	$ 116.91	$ 119.50	$ (2.59)
RevPAR									
Atlantic Canada	$ 75.06	$ 69.44	$ 5.62	$ 64.34	$ 78.94	$ (14.60)	$ 69.92	$ 71.80	$ (1.88)
Western Canada	85.14	99.36	(14.22)	77.92	90.65	(12.73)	84.36	98.94	(14.58)
Ontario	-	-	-	59.64	64.67	(5.03)	59.64	64.67	(5.03)
United States (in USD)	69.39	65.63	3.76	-	-	-	69.39	65.63	3.76
Total	$ 84.39	$ 91.18	$ (6.79)	$ 60.94	$ 67.34	$ (6.40)	$ 71.90	$ 83.53	$ (11.63)

During the three month period, base portfolio RevPAR declined approximately 4.8%, due entirely to lower RevPAR at our Western Canada hotels. Nonetheless, we are very pleased with our ability to maintain relatively stable rates in Western Canada. While the performance of the Ontario hotels may appear weak on the surface (particularly with respect to occupancy), this performance is skewed by the closure of our two largest hotels. When the hotels under renovation are excluded, the results of the Ontario hotels are much better:

	Ontario Base Portfolio		
	2015	2014	Variance
Occupancy	74.9%	69.9%	5.0 ppt
ADR	$ 95.77	$ 94.83	$ 0.94
RevPAR	$ 71.73	$ 66.29	$ 5.44

Also seen in the three month table above is the clear underperformance of the acquired Days Inn® in Sydney, NS compared to our base portfolio in Atlantic Canada. We are confident that we can improve the property's key metrics over time to be more in line with those of the base portfolio.

Franchise Business Performance

	Three Months Ended September 30			Nine Months Ended September 30		
	2015	2014	Variance	2015	2014	Variance
Franchise revenue	-	763	-	$ 412	763	$ (351)
Franchise operating income (loss) (1)	(5)	603	(608)	331	603	(272)
Franchise operating income margin	-	79.0%	(79.0 ppt)	80.3%	79.0%	1.3 ppt

(1) Before depreciation and amortization.

The franchise business was acquired on July 1, 2014 as part of the Royal Host acquisition and sold on March 31, 2015 for gross proceeds of $21.0 million, representing a gain on sale of $6.3 million.

Other Expenses

	Three Months Ended September 30			Nine Months Ended September 30		
	2015	2014	Variance	2015	2014	Variance
Interest and accretion on debt	$ 3,901	$ 4,384	$ (483)	$ 12,260	$ 7,958	$ 4,302
Corporate and administrative	621	886	(265)	2,055	1,787	268
Share-based payment expense (recovery), net of share based payments	(227)	74	(301)	(86)	225	(311)
Investment income	(160)	(115)	(45)	(309)	(277)	(32)
Gain on disposals of property and equipment, franchise business, minority interest investment in hotel property and repurchase of convertible debentures	(3)	(106)	103	(8,116)	(114)	(8,002)
Fair value adjustment and amounts reclassified to profit and loss on minority interest investments in hotel properties	-	-	-	-	(689)	689
Impairment (reversal of impairment) of hotel property	-	-	-	2,700	(1,217)	3,917
Acquisition and redevelopment costs	379	317	62	514	956	(442)
Unrealized foreign exchange gain	(264)	-	(264)	(264)	-	(264)
Provision for (recovery of) deferred income taxes	806	(9,924)	10,730	(924)	(9,124)	8,200

In general, other expenses have increased as a result of the acquisition of Royal Host, which doubled the size of the Company. Corporate and administrative expenses are lower for the third quarter than the combined companies' total expenses due to the realization of synergies, including the elimination of duplicative public company and other costs. Costs for the nine months ended September 30, 2015 are higher than the same period in the prior year as Royal Host's costs are only included for the third quarter of 2014.

Of note, interest expense has declined compared to the prior three month period due to repayment of higher cost debt using the proceeds of asset sales and internally generated cash flow.

Also of note, the Company recorded a recovery of $227 thousand related to share based compensation. This recovery is due to a change in accounting treatment; as the Company has elected to settle several option exercises through the payment of cash (as opposed to the issuance of shares). Therefore, it is necessary to reflect the aggregate in-the-money option value as a balance sheet liability on the assumption that the Company elects to settle all future option exercises in cash as well. Under this accounting treatment, the Company must increase or decrease the balance sheet liability at the end of each financial period based on fair value calculations. The change in this liability during the financial period is recorded on the company's income statement. It is important to note that this liability is entirely at the discretion of the Company as it is not required by the terms of the Company's Stock Option Plan to settle any options in cash.

During the nine months ended September 30, 2015, the Company recorded gains on sale of $8.1 million related to the sales of the Travelodge® franchise business, the Ramada® in Trenton, ON, the Travelodge® in Toronto, ON and a parcel of land in Orillia, ON. During the nine months ending September 30, 2014, the Company increased its partnership interest in the Super 8® hotel in St. John's, NL resulting in the recognition of a gain of $689 thousand on the increase to its fair value and the reclassification of previously recorded gains from other comprehensive income to the income statement.

During the nine months ended September 30, 2015, the Company recorded an impairment on one Ontario hotel property of $2.7 million. During the nine months ended September 30, 2014, the Company recorded a reversal of a previously recorded impairment on the Holiday Inn Express® in Kamloops, BC of $1.2 million which was sold on April 1, 2014.

This quarter, we have included a new line item in our income statement, acquisition and redevelopment costs, which is not included when calculating our hotel operating income. We have done this because costs of this nature are not related to the day-to-day operations of our properties and are only incurred by management when pursuing particular strategic transactions. In addition, it is likely that the Company will seek to develop certain parcels of land or redevelop existing hotel properties in coming years and we believe separating these costs from our regular operating expenses is most transparent and appropriate. During the nine months ended September 30, 2015, acquisition and redevelopment costs consisted primarily of legal fees, a franchise termination fee related to the acquisition of the Ramada® in Whitehorse, YT which was rebranded to a Days Inn® shortly thereafter and costs related to the renovation of the Chimo hotel that cannot be capitalized. Acquisition costs in 2014 consisted of fees related primarily to the Royal Host acquisition.

The Company recorded an unrealized foreign exchange gain of $264 thousand on a loan receivable denominated in US dollars obtained from the sale of the Travelodge® franchise business. During the nine months ended September 30, 2015, the Company recognized a deferred income tax recovery of $924 thousand as it expects there will be sufficient taxable income in the foreseeable future to allow the Company to use the full amount of its deferred tax assets of $22.7 million.

Quarterly Results

	Q3 2015	Q3 2014	Q2 2015	Q2 2014	Q1 2015	Q1 2014	Q4 2014	Q4 2013
Total revenue	$30,471	$36,201	$28,712	$14,485	$28,478	$15,411	$31,748	$14,451
Operating income(1)	10,788	13,237	8,793	5,179	7,066	5,534	9,269	4,880
Net income (loss)	2,444	13,680	(880)	606	6,816	1,559	11,487	2,862
Funds from operations	6,434	7,390	4,254	2,353	1,644	3,230	3,171	2,729
Adjusted funds from operations	5,615	6,825	3,764	2,060	1,329	2,903	2,406	2,445
Dividends declared	671	678	679	627	677	628	678	628
Per basic share:								
Net income (loss)	$ 0.12	$ 0.70	$ (0.05)	$ 0.03	$ 0.35	$ 0.09	$ 0.59	$ 0.16
Funds from operations	0.33	0.38	0.22	0.13	0.08	0.18	0.16	0.15
Adjusted funds from operations	0.29	0.35	0.19	0.11	0.07	0.16	0.12	0.14
Dividends declared	0.035	0.035	0.035	0.035	0.035	0.035	0.035	0.035
Occupancy	68%	72%	61%	66%	56%	69%	57%	65%
ADR	$118.29	$112.76	$114.59	$128.72	$117.53	$127.99	$116.15	$122.91
RevPAR	$80.44	$81.19	$69.44	$84.92	$66.17	$87.93	$65.97	$79.28

(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 in the summer months. The Company's revenues in the other three quarters are comparable to each other. 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 September 30			Nine Months Ended September 30		
	2015	2014	Variance	2015	2014	Variance
Cash flow provided by / (used in):						
Operating activities	$ 6,725	$ 8,015	$ (1,290)	$ 10,698	$ 13,930	$ (3,232)
Investing activities	(4,972)	(17,561)	12,589	12,391	(20,479)	32,870
Financing activities	(1,780)	6,961	(8,741)	(25,214)	8,146	(33,360)

Operating Activities

For the three and nine months ended September 30, 2015, operating activities generated $6.7 million and $10.7 million compared to the same periods in the prior year of $8.0 million and $13.9 million. This change was driven by lower revenue in Western Canada and the payment of $1.0 million to the Company's prior external manager, which is of a non-recurring nature.

Investing Activities

For the three months ended September 30, 2015, investing activities used $5.0 million compared to $17.6 million in the same period of 2014. For the three months ended September 30, 2015, capital additions to the properties were approximately $4.5 million. For the three months ended September 30, 2014, the Company acquired Royal Host for $16.0 million and spent $1.9 million on capital additions.

For the nine months ended September 30, 2015, investing activities generated $12.4 million compared to a use of $20.5 million in the same period of 2014. For the nine months ended September 30, 2015, the generation of cash consisted of the $16.0 million cash portion of the proceeds from the sales of the franchise business, the Ramada® in Trenton, ON for $4.0 million, the Travelodge® in Toronto, ON for $13.0 million and land in Orillia, ON for $1.1 million. These sources of cash were offset by capital additions at our properties of approximately $10.1 million, the purchase of Days Inn® in Whitehorse, YT for $8.2 million and the purchase of Days Inn® in Sydney, NS for $1.9 million. For the nine months ended September 30, 2014, the use of cash consisted of the acquisition of Royal Host for $16.0 million, the Days Inn® in Whitecourt, AB for $8.9 million, the acquisition of a controlling interest in the Super 8® in St. John's, NL for $1.8 million and additions and capital improvements of $3.4 million at its properties, offset by the sale of the Holiday Inn Express® in Kamloops, BC for $8.9 million.

Financing Activities

For the three and nine months ended September 30, 2015, financing activities used $1.8 million and $25.2 million compared to the same periods in the prior year which generated $7.0 million and $8.1 million, respectively. For the nine months ended September 30, 2015, the repayment of secured credit facilities consumed $21.0 million, which was funded principally from the proceeds received on sales of hotels and the franchise business and was offset by $5.0 million drawn on the secured credit facility. Mortgage principal payments consumed $5.9 million of which $4.9 million was regular principal payments and $1.0 million were voluntary payments. The payment of dividends to shareholders consumed $2.0 million. For the nine months ended September 30, 2014, $16.0 million was drawn from Holloway's secured credit facility and $5.8 million from the mortgage and promissory note on the Days Inn® in Whitecourt, AB. These sources of funds were offset by the repayment of $8.8 million on secured credit facilities, regular mortgage principal payments of $3.3 million and the payment of dividends to shareholders of $1.9 million.

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 business plan and permit opportunistic acquisitions, minimize its cost of financing and stagger its debt maturities to manage refinancing risks.

		September 30, 2015
Cash on hand	$	1,349
Capital expenditure reserves [1]		2,733
Secured credit facility availability		13,939
Total current liquidity [2]	$	18,021

(1) Contingent on capital expenditures being incurred.
(2) Excludes proceeds from financing unencumbered assets.

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 facility. In addition, the Company currently has nine unencumbered properties which can be mortgaged should circumstances warrant.

Secured Credit Facilities and Mortgages and Loan Payable

		September 30, 2015		December 31, 2014
Secured Credit Facilities				
Principal amount payable	$	11,061	$	27,007
Weighted average term to maturity		0.3 years		1.2 years
Weighted average interest rate		3.94%		6.11%
Mortgages and Loan Payable				
Principal amount payable	$	131,034	$	136,211
Weighted average term to maturity		2.7 years		3.2 years
Weighted average interest rate		5.92%		6.21%

Chartered Bank Credit Facility

Holloway has a revolving credit facility with a Canadian chartered bank with a maximum borrowing capacity of $25.0 million. The credit facility is 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 a hotel acquisition or hotel renovations. The credit facility is secured by a registered charge on seven hotels and is currently over-collateralized based on the terms of the credit facility. The interest rate under the credit facility is based on a spreads over banker's acceptance rates or the bank's prime rate plus 1.50%.

At September 30, 2015, Holloway had $11.1 million drawn under its credit facility with an interest rate of 3.94%. The revolving facility matures on December 31, 2015.

Clarke Inc. and Clarke Inc. Master Trust Credit Facilities

During the three months ended March 31, 2015, Holloway fully repaid the following secured credit facilities with Clarke Inc. ("Clarke") and Clarke Inc. Master Trust ("Clarke Pension Plan"):

- $16.0 million which bore interest at 6.50% and was to mature in March 2016;
- $3.0 million which bore interest at 7.00% and was to mature in December 2015; and
- $2.0 million which bore interest at 6.50% and was to mature in June 2016.

Mortgages and Loan Payable

The Company has incurred debt under nineteen mortgages and one promissory note with a weighted average interest rate of 5.92%. These various debt instruments mature between April 2016 and July 2029. The mortgages are secured with individual first charges on twenty hotel properties.

During the first quarter of 2015, the Company repaid one mortgage of $0.8 million in full. The Company also refinanced a mortgage with the same lender, extending the maturity date from July 2016 to February 2020 and reducing the interest rate from 6.00% to 4.25%. During the second quarter, the Company repaid $0.4 million representing one-half of the promissory note. Refinancings are part of the Company's strategy to extend its maturity profile and take advantage of the current low interest rate environment.

The Company is subject to financial covenants on certain of its mortgages payable and secured credit facilities, which include customary terms and conditions for borrowings of this nature. At September 30, 2015, the Company was in compliance with the covenants under all of its mortgages except one mortgage for which a waiver was obtained from the lender prior to September 30, 2015.

Convertible Debentures

At September 30, 2015, the Company had two series of convertible debentures outstanding. Effective October 31, 2014, the Company consolidated its Series B and Series D convertible debentures into a single series of convertible debentures (known as the Series B convertible debentures and trading under the symbol "HLC.DB"). The combined series of convertible debentures have an aggregate principal amount outstanding of $52.5 million, 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 $40.6 million, 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 September 30, 2015:

	Maturity	Interest Rate	September 30, 2015	December 31, 2014
Series B (HLC.DB)	2020	6.25%	$ 52,513	$ 52,621
Series C (HLC.DB.A)	2018	7.50%	40,593	40,601
			$ 93,106	$ 93,222
Weighted average term to maturity			3.8 years	4.6 years
Weighted average interest rate			6.79%	6.79%

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, 2015, the Company initiated normal course issuer bids (each, a "NCIB") to repurchase a maximum of $4.1 million principal amount of its Series B convertible debentures and $3.4 million principal amount of its Series C convertible debentures. These NCIBs will be in effect until January 12, 2016 unless terminated earlier by the Company. As of September 30, 2015, Holloway had repurchased $108 thousand face value of its Series B Debentures at a cost of $99 thousand (average cost of $91.47 per $100 face value) and had not repurchased any Series C Debentures.

Leverage

The Company assesses its leverage in the context of its ability to generate net operating income to service its debt. The Company's leverage increased after the acquisition of Royal Host but has since been reduced through recent sales of non-core assets and select hotels and the application of cash from operations to debt repayment.

Debt to gross book value is a financial metric historically used by real estate investment trusts. The Company's debt to gross book value is shown below:

	September 30, 2015	December 31, 2014
Debt to gross book value excluding convertible debentures	27.9%	32.0%
Debt to gross book value including convertible debentures	45.3%	49.3%

Contractual Obligations

The following table shows the Company's contractual obligations as at September 30, 2015:

	Remainder of 2015	2016	2017	2018	2019	Thereafter
Mortgages and loan payable						
Interest[(1)]	$ 1,971	$ 7,425	$ 4,445	$ 831	$ 518	$ 1,005
Principal[(2)]	1,480	11,274	94,175	10,936	5,441	7,728
Secured credit facilities						
Interest[(1)]	109	-	-	-	-	-
Principal	11,061	-	-	-	-	-
Convertible debentures						
Interest	1,582	6,327	6,327	5,565	3,282	1,094
Principal[(3)]	-	-	-	40,593	-	52,513
Operating leases	111	284	271	156	36	43
Total	$ 16,314	$ 25,310	$ 105,218	$ 58,081	$ 9,277	$ 62,383

(1) Interest on floating rate debt is based on interest rates prevailing at September 30, 2015.

(2) Principal includes regular amortization and repayments at maturity.

(3) Principal represents face value of debentures at maturity.

Commitments to Capital Spending

At September 30, 2015, the Company had entered into franchise agreements for the rebranding of five of its properties and had commenced the required renovations on two of the properties. The rebranding of the Hilton® in London, ON to a DoubleTree by Hilton® was completed subsequent to September 30, 2015 and the remaining projects are expected to be completed in late 2015 or early 2016.

Common Shares

At September 30, 2015, the Company had 19,163,666 shares outstanding.

On August 17, 2015, the Company initiated an NCIB to repurchase up to 967,683 of its outstanding common shares. For the nine months ended September 30, 2015, the Company has repurchased and cancelled 216,300 shares at a cost of $1.1 million (average price of $5.12 per share) under this NCIB and the one that expired on August 12, 2015.

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 September 30		Nine Months Ended September 30	
	2015	2014	2015	2014
Dividends declared	$ 671	$ 678	$ 2,027	$ 1,305
Net income attributable to shareholders	2,354	13,562	8,272	15,740
Payout ratio	28.5%	5.0%	24.5%	8.3%
Funds from operations	6,434	7,390	12,178	12,984
Payout ratio	10.4%	9.2%	16.6%	10.1%
Adjusted funds from operations	5,615	6,825	10,719	11,799
Payout ratio	12.0%	9.9%	18.9%	11.1%

Other Information

Balance Sheet

The following table outlines significant balances or changes in the consolidated balance sheet from December 31, 2014 to September 30, 2015:

	September 30, 2015	December 31, 2014	Increase (Decrease)	Explanation
Assets				
Cash	$ 1,349	$ 3,473	(2,124)	Refer to the "Cash Flow" section.
Prepaid expenses and deposits	3,170	2,258	912	Increase was due to higher prepaid property taxes.
Property and equipment	327,503	330,307	(2,804)	Change is due to the following: - sale of Travelodge® in Toronto, ON, Ramada® in Trenton, ON and parcel of land in Orillia, ON; - purchase of Days Inn® in Whitehorse, YT and Days Inn® in Sydney, NS; - renovations and other capital additions; and - depreciation.
Franchise business	-	14,700	(14,700)	The Travelodge® and Thriftlodge® franchise business was sold during the first quarter of 2015.
Loans receivable	5,342	-	5,342	Loan receivable resulting from the sale of the Travelodge® and Thriftlodge® franchise business during the first quarter of 2015.
Liabilities				
Trade payables and accrued liabilities	14,119	12,210	1,909	Trade payables have increased by $4,600 in relation to the revovations at two hotels and is offset by an accrual of $1,000 at year end for the termination payment of the management contract with the Company's prior external manager and a deposit of $750.
Current portion of mortgages and loan payable	11,240	6,248	4,992	A mortgage on a property has moved to current as it is due in the next 12 months.
Share-based payment liability	454	-	454	Liability recorded for outstanding options which can be cash-settled under the new option plan.
Secured credit facilities	-	18,000	(18,000)	Refer to secured credit facilities in the "Liquidity and Capital Structure" section.
Equity				
Equity attributable to shareholders of the Company	120,678	115,913	4,765	Increase primarily represents comprehensive income, net of dividends declared, as well as repurchases of common shares.

Portfolio of Hotels

The following table details the hotels in which the Company had an interest at September 30, 2015. The Company owned 34 hotels in Canada, 1 hotel in the United States and a 62% interest in another hotel in Canada, with a total of 4,132 guest rooms.

Property	Location	No. of Rooms	Interest
Alberta			
Best Western®	Grande Prairie	100	100%
Days Inn®	Whitecourt	79	100%
Holiday Inn®	Grande Prairie	145	100%
Holloway Inn and Suites	Grande Prairie	152	100%
Super 8®	Drayton Valley	60	100%
Super 8®	Grande Prairie	148	100%
Super 8®	High Level	81	100%
Super 8®	Slave Lake	58	100%
Super 8®	Whitecourt	59	100%
Travelodge®	Slave Lake	99	100%
		981	
British Columbia			
Super 8®	Fort Nelson	142	100%
Super 8®	Fort St. John	101	100%
		243	
New Brunswick			
Holiday Inn Express® and Suites	Moncton	151	100%
Travelodge®	Moncton	75	100%
Travelodge®	Saint John	58	100%
		284	
Newfoundland and Labrador			
Super 8®	St. John's	**81**	62%
Northwest Territories			
Super 8®	Yellowknife	66	100%
Yellowknife Inn	Yellowknife	129	100%
		195	
Nova Scotia			
Days Inn®	Sydney	167	100%
Holiday Inn Express®	Stellarton	125	100%
Super 8®	Truro	50	100%
Super 8®	Windsor	66	100%
Travelodge®	Dartmouth	75	100%
Travelodge®	New Glasgow	64	100%
		547	
Ontario			
Airlane	Thunder Bay	153	100%
Chimo	Ottawa	256	100%
Hilton® (Note 1)	London	323	100%
Holiday Inn®	Oakville	147	100%
Super 8®	Timmins	74	100%
Travelodge®	Barrie	130	100%
Travelodge®	Belleville	124	100%
Travelodge®	Ottawa	196	100%
Travelodge®	Thunder Bay	93	100%
Travelodge®	Timmins	92	100%
		1,588	
Yukon			
Days Inn®	Whitehorse	**99**	100%
South Carolina – USA			
Holiday Inn Express®	Myrtle Beach	**114**	100%
Total Rooms		**4,132**	

Note 1 - Property was rebranded to a DoubleTree® by Hilton on November 2, 2015.

Related Party Transactions

At September 30, 2015, Clarke owned 7,874,815 common shares of Holloway, representing approximately 41% of the Company's issued and outstanding shares; accordingly, Clarke is considered a related party of Holloway. During the three and nine months ended September 30, 2015, the Company incurred IT fees of $39 and $170 thousand, respectfully, for IT services supplied by Clarke. As of September 30, 2015, $14 thousand was owed in respect of these fees. The Company had borrowed money from Clarke pursuant to two secured credit facilities which were repaid during the first quarter. During the three and nine months ended September 30, 2015, the Company incurred interest expense under these facilities of $nil and $270 thousand which has been fully paid.

The Clarke Pension Plan is considered a related party of Holloway due to its affiliation with Clarke. The Company borrowed money from the Clarke Pension Plan pursuant to a mortgage and a secured credit facility. The mortgage of $2.45 million remains outstanding and the secured credit facility was repaid in full during the first quarter. During the three and nine months ended September 30, 2015, the Company incurred interest under these facilities of $40 and $123 thousand which has been fully paid.

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 deferred 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 September 30		Nine Months Ended September 30	
	2015	2014	**2015**	2014
Net income attributable to shareholders	**$ 2,354**	$ 13,562	**$ 8,272**	$ 15,740
Add / (deduct):				
Depreciation and amortization of real estate assets	**3,277**	3,858	**10,246**	8,388
Impairment (reversal of impairment) of hotel property	**-**	-	**2,700**	(1,217)
Gain on disposals of property and equipment, franchise business, minority interest investment in hotel property and repurchase of convertible debentures	**(3)**	(106)	**(8,116)**	(114)
Fair value adjustment and amounts reclassified to profit and loss on minority interest investments in hotel properties	**-**	-	**-**	(689)
Provision for (recovery of) deferred income taxes	**806**	(9,924)	**(924)**	(9,124)
FFO	**$ 6,434**	$ 7,390	**$ 12,178**	$ 12,984
per basic share	**0.33**	0.38	**0.63**	0.71

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 compensation expense (recovery), depreciation and amortization of corporate assets, change in fair value of embedded derivative, 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 September 30		Nine Months Ended September 30	
	2015	2014	**2015**	2014
FFO	**$ 6,434**	$ 7,390	**$ 12,178**	$ 12,984
Add / (deduct):				
Share-based compensation expense (recovery), net of share based payments	**(227)**	74	**(86)**	225
Depreciation and amortization of corporate assets	**59**	206	**292**	262
Accretion on debt	**272**	229	**980**	311
FF&E reserve	**(923)**	(1,074)	**(2,645)**	(1,983)
AFFO	**$ 5,615**	$ 6,825	**$ 10,719**	$ 11,799
per basic share	**0.29**	**0.35**	**0.55**	**0.64**

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.

Legal Proceedings

In the course of the Company's ordinary activities, the Company is involved in administrative proceedings, litigation and claims. The Company believes that either there are valid defences to any current actions or that the outcome will not have a material impact on the Company's consolidated financial position or results of operations.

Significant Accounting Policies

The significant accounting policies of Holloway are described in note 3 of the Company's December 31, 2014 consolidated financial statements and note 3 of the Company's September 30, 2015 consolidated financial statements. There have been no material changes to the Company's accounting policies except as noted in the September 30, 2015 consolidated financial statements.

Critical Accounting Estimates and Judgments

The discussion and analysis of Holloway's financial position and results of operations are based upon 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 3 of the Company's annual financial statements, in the September 30, 2015 consolidated financial statements and its MD&A dated March 11, 2015. 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, restricted cash, trade and other receivables, capital reserve – restricted, loan receivable, trade payables and accrued liabilities, accrued interest on convertible debentures, secured credit facilities, mortgages and loan payable and convertible debentures.

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

	September 30, 2015	
	Carrying Value	Fair Value
Mortgages and loan payable	130,662	124,456
Convertible debentures	88,781	85,163

Loan receivable, secured credit facilities and mortgages and loan 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 fair value is based on the quoted market price for the convertible debentures at September 30, 2015.

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 the Company's annual MD&A dated March 11, 2015 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 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. Holloway intends to transition to the updated 2013 internal control Integrated Framework published by the Committee of Sponsoring Organizations for the Treadway Commission (COSO 2013) for the 2015 year-end.

There have been no changes in the Company’s internal controls over financial reporting that occurred during the most recent interim period ended September 30, 2015 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, availability of additional capital and debt financing 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 11, 2015 which is available on Holloway’s profile on the SEDAR website at www.sedar.com.