

Attention Business Editors:

Holloway Lodging Real Estate Investment Trust acquires four hotels for approximately \$32 million

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TORONTO, Aug. 4 /CNW/ - Holloway Lodging Real Estate Investment Trust (TSXV: HLR.UN) ("Holloway" or the "REIT") announced today that it has closed four of its previously announced acquisitions for \$31.7 million ("Acquired Properties").

The Acquired Properties included two Holiday Inn Express hotels located in Halifax, Nova Scotia and Moncton, New Brunswick, the Radisson Suite Hotel Halifax and the Super 8 Motel in Drayton Valley, Alberta and represent a total of 415 rooms. The overall occupancy rate of the Acquired Properties is approximately 77% and the overall average daily rate is approximately \$116, well above Canadian limited service averages (source: PKF Consulting).

The 99 room Holiday Inn Express Hotel Halifax is located in an expanding commercial area in the western section of Halifax and was purchased for \$6.0 million, including the assumption of \$3.8 million in mortgage debt. The REIT also intends to spend \$1.0 million in targeted capital improvements for this hotel, bringing the total expected cost of this acquisition to \$7.0 million.

The 152 room Holiday Inn Express Hotel and Suites Moncton was purchased for \$7.8 million, including the assumption of \$5.9 million in mortgage debt. The REIT also intends to spend \$2.5 million in targeted capital improvements

for this hotel, bringing the total expected cost of this acquisition to \$10.3 million. Holloway believes that the Moncton property offers significant expansion potential on excess lands acquired with the hotel.

The 104 suite Radisson Halifax was purchased for \$11.2 million, including the assumption of \$6.4 million in mortgage debt. The Radisson is located in the heart of the business district in downtown Halifax and was converted into an all-suite property in 1996 from an office building.

The 60 room Super 8 Motel in Drayton Valley was purchased for \$6.7 million in cash. Holloway expects to refinance \$3.7 million of this cost through a mortgage debt financing. Holloway believes that the Drayton Valley property also offers expansion opportunities in a very strong lodging market in Alberta.

"The four acquired properties have consistently out-performed their market peers and each offer organic growth opportunities for Holloway. Each of the acquired properties meet Holloway's stated strategy of generating stable cash distributions, expanding Holloway's asset base through accretive acquisitions and internal growth initiatives and enhancing the value of its assets through active management," said Mr. Glenn Squires, Holloway's Chief Executive Officer.

Holloway is continuing to work towards completion of its two other previously announced acquisitions, both of which are expected to close on or prior to September 1, 2006 and is also currently negotiating a number of other potential acquisitions that could be completed as early as September 2006.

Holloway is a real estate investment trust listed as a Tier 2 issuer on the TSX Venture Exchange with the objective of acquiring and

improving a growing portfolio of lodging properties with stable cash distributions.

This press release contains forward-looking information within the meaning of applicable securities laws. Forward-looking information may relate to the Trust's future outlook and anticipated events or results and may include statements regarding the future financial position, property acquisition strategies and opportunities, business strategy, financial results and plans and objectives of the Trust. Particularly, statements regarding the Trust's future operating results, property acquisition strategies and opportunities and economic performance are forward-looking statements. 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 the Trust 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 the management information circular of Holloway Capital Corporation dated May 4, 2006. Other risks and uncertainties include the risk that the Trust may not be able to complete the proposed acquisition of properties on the terms described herein or at all.

The TSX Venture Exchange does not accept responsibility for the adequacy or accuracy of this press release.

For further information: please contact Mr. Glenn Squires, Chief Executive Officer of the REIT, at (902) 457-1907.

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