TEMPLE HOTELS INC.

Press Release

TEMPLE HOTELS INC. ANNOUNCES CLOSING OF OVER-SUBSCRIBED RIGHTS OFFERING

MISSISSAUGA, ONTARIO (December 16, 2016) – Temple Hotels Inc. ("Temple") (TSX: TPH) is pleased to announce the successful completion of its previously announced rights offering (the "Rights Offering") in each of the provinces and territories of Canada.

Upon closing of the Rights Offering, Temple issued 73,866,155 common shares of Temple ("Common Shares") at a price of $0.6769 per Common Share for aggregate gross proceeds of $50,000,000. The Rights Offering was over-subscribed by approximately $14.7 million. Pursuant to the terms of the Rights Offering, each eligible securityholder was entitled to subscribe for one Common Share for every 1.0526272 rights held by such securityholder. There was no stand-by commitment for the Rights Offering.

Pursuant to the Rights Offering, Temple issued 45,207,688 Common Shares under the basic subscription privilege and 28,658,467 Common Shares under the additional subscription privilege. As soon as practicable, Temple will disclose the number of Common Shares issued under the Rights Offering to insiders of Temple as a group under the basic subscription privilege and additional subscription privilege, to the knowledge of Temple after reasonable inquiry, as required by applicable securities laws.

In addition, Temple today announced that pursuant to the Rights Offering and in accordance with the applicable conversion price adjustment formulas provided in the trust indenture dated February 15, 2007 between Temple's predecessor, Temple Real Estate Investment Trust and CIBC Mellon Trust Company, as supplemented pursuant to the applicable supplemental indentures (with respect to Temple's Series C Debentures, Series D Debentures, Series E Debentures), and the trust indenture dated February 12, 2013 between Temple and BNY Trust Company of Canada (with respect to Temple's Series F Debentures), the conversion prices of the Series C Debentures, Series D Debentures, Series E Debentures and Series F Debentures have been adjusted as follows:

Series of Debentures	Adjusted Conversion Price
Series C Debentures	$4.86
Series D Debentures	$5.88
Series E Debentures	$6.68
Series F Debentures	$6.52

The aforementioned adjustments to the conversion prices pursuant to the rights offering have been confirmed by Temple's auditors, Scarrow & Donald LLP.

Temple retained National Bank Financial Inc. as its managing dealer pursuant for the Rights Offering. National Bank Financial Inc. will be paid a fee of $200,000 due to the successful completion of the Rights Offering.

Temple intends to use the available funds from the Rights Offering for the purposes identified in the rights offering circular of Temple dated November 7, 2016. However, there may be circumstances where a reallocation of the available funds may be necessary. Temple will reallocate funds only for sound business reasons.

Following completion of the Rights Offering, Temple now has 151,619,679 Common Shares issued and outstanding.

ABOUT TEMPLE

Temple is a real estate investment company listed on the TSX under the symbols TPH (common shares), TPH.DB.C, TPH.DB.D, TPH.DB.E and TPH.DB.F (convertible debentures). Temple invests in hotel properties and assets across Canada, wholly-owning a portfolio of 29 hotel properties, comprising 3,870 rooms, and participating in 50% of the earnings from two additional hotels, comprising 299 rooms. For further information on Temple, please visit our website at www.templehotels.ca.

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This press release contains certain statements regarding the Rights Offering described herein that could be considered as forward-looking information. The forward-looking information is subject to certain risks and uncertainties, which could result in actual results differing materially from the forward-looking statements.