

**TEMPLE HOTELS INC.
Press Release**

TEMPLE HOTELS INC. REPORTS 2018 FINANCIAL RESULTS

Mississauga, Ontario, February 20, 2019 – Temple Hotels Inc. ("Temple" or the "Company") (TSX: TPH) today reported its financial results for the year ended December 31, 2018. The following comments in regard to the financial position and operating results of Temple should be read in conjunction with Management's Discussion & Analysis and the financial statements for the year ended December 31, 2018, which may be obtained from the Temple website at www.templehotels.ca or the SEDAR website at www.sedar.com.

Monetary data in the tables of this press release, unless otherwise indicated, are in thousands of Canadian dollars, except for per common share, average daily rate ("ADR"), and revenue per available room ("RevPar") amounts.

2018 KEY POINTS/HIGHLIGHTS

- Revenue increased by \$0.2 million during the year ended December 31, 2018 compared to 2017, primarily due to an increase in revenue within the Other Canada portfolio of \$3.1 million (3%), partially offset by decreases in revenue within the Fort McMurray and Sold Property portfolios of \$2.8 million (12%) and \$1.9 million, respectively.
- Hotel operating income decreased by \$3.0 million or 7% during the year ended December 31, 2018 compared to 2017, primarily due to a decrease in hotel operating income within the Fort McMurray and Sold Property portfolios of \$3.3 million and \$0.5 million, respectively, offset by an increase in hotel operating income within the Other Alberta and Other Canada portfolios of \$0.4 million and \$0.4 million, respectively.
- *Net Loss* - Temple completed 2018 with a net loss of \$31.9 million or \$1.27 per common share, compared to a net loss of \$23.0 million or \$0.91 per common share during 2017. The increase in net loss is mainly due to an increase in provision for impairment of \$9.1 million, a decrease in hotel operating income of \$3.0 million and a decrease in other income of \$0.4 million, partially offset by an increase in deferred income tax recovery of \$2.3 million, a decrease in interest expense of \$0.9 million and a decrease in depreciation of \$0.5 million.
- *Funds from Operations ("FFO")* – During 2018, FFO decreased by \$2.8 million, compared to 2017. The decrease in FFO mainly reflects a decrease in hotel operating income due to the factors noted above, and a decrease in other income, partially offset by a decrease in interest expense. On a basic per common share basis, FFO decreased by \$0.10 per common share compared to 2017.
- *Asset Impairment* – During 2018, a non-cash provision for impairment of \$27.7 million was recorded to reflect the impact of the economic condition on the carrying value at ten of Temple's hotel properties located in Alberta.
- On February 23, 2018, the Company entered into a credit facility with Morguard Corporation ("Morguard"), a related party, in the amount of \$35.0 million ("Credit Facility B"), for a term of three years, and bears interest at the rate of 6.5% per annum. As at December 31, 2018, the amount drawn on Credit Facility B was \$35.0 million.
- On April 2, 2018, the Company fully repaid the 7% Series F convertible debentures in the amount of \$34.4 million.
- On December 6, 2018, the Company refinanced a three-loan mortgage portfolio with the incumbent lender for additional mortgage proceeds amounting to \$16.2 million. The mortgage portfolio is secured by three hotels located in Nova Scotia bearing interest at bankers' acceptance plus 3.35% for a three year term.

OPERATING RESULTS

	Year Ended December 31	
	2018	2017
Total revenue	\$165,809	\$165,612
Hotel operating income	\$39,865	\$42,885
Provision for impairment	(\$27,695)	(\$18,607)
Net loss	(\$31,924)	(\$23,033)
Cash flow provided by operating activities	\$11,332	\$11,873
Funds from operations	\$11,227	\$14,051
Per common share		
- Net loss - basic and diluted	(\$1.27)	(\$0.91)
- Funds from operations	\$0.45	\$0.55
Weighted average number of common shares	25,197,471	25,348,718
Occupancy	62%	62%
ADR	\$141.37	\$138.88
RevPar	\$87.06	\$85.70

Debt Covenants

At December 31, 2018, the Company was not in compliance with debt service covenants affecting seven mortgage loans in the aggregate amount of \$104.5 million. The loan covenant breaches are expected to be resolved by debt refinancings, loan modification agreements and/or a waiver of the covenant requirements. None of the lenders have demanded payment of the mortgage loans, however, IFRS requires that the loan balance of mortgage loans in breach of debt covenants be included in the current portion of debt. Subsequent to December 31, 2018, the Company received a waiver in regard to one mortgage loan with an aggregate principal balance of \$14.5 million.

Room Revenue Statistics

As disclosed in the following chart, for the year ended December 31, 2018, RevPar for the Same Property portfolio was \$87.06, compared to \$85.81 for the year ended December 31, 2017.

RevPar for Same Property portfolio results generally reflect an increase in ADR within the Other Canada segment and an increase in occupancy in the Other Alberta segment, partially offset by reduced occupancy levels in the Fort McMurray segment.

Room Revenue Statistics						
	Year Ended December 31					
	2018			2017		
	Occ	ADR	RevPar	Occ	ADR	RevPar
Same Property						
Fort McMurray	44%	\$ 138.94	\$ 61.42	48%	\$ 138.35	\$ 65.92
Other Alberta	53%	\$ 119.79	\$ 63.90	52%	\$ 120.09	\$ 61.98
Other Canada	71%	\$ 147.65	\$ 105.18	71%	\$ 144.04	\$ 101.93
Total – Same Property	62%	\$ 141.37	\$ 87.06	62%	\$ 139.00	\$ 85.81
Sold Property	-	\$ -	\$ -	60%	\$ 131.42	\$ 79.01
Overall Portfolio	62%	\$ 141.37	\$ 87.06	62%	\$ 138.88	\$ 85.70

The above chart excludes the Cortona Residence, which commenced operating as a hotel on October 22, 2018.

Other Hotel Revenue

During the year ended December 31, 2018, other hotel revenue in the Same Property portfolio increased by \$1.9 million or 4%, compared to 2017, mainly comprised of an increase of \$1.3 million and \$0.6 million from the Other Alberta and Other Canada portfolios, respectively. The increase at the Other Alberta portfolio was a result of higher food and beverage revenues during the year.

Notwithstanding the above, the Sheraton Red Deer was the most significant contributor to other hotel revenue in the Same Property portfolio during 2018, accounting for \$15.3 million or 33% of other hotel revenue.

Operating Income and Profit Margin

	Year Ended December 31			
	Operating Income		Operating Profit Margin	
	2018	2017	2018	2017
Same Property				
Fort McMurray	\$ 5,006	\$ 8,298	24%	35%
Other Alberta	5,377	4,986	15%	14%
Other Canada	29,482	29,118	27%	28%
Total - Same Property	\$ 39,865	\$ 42,402	24%	26%
Sold Property	-	483	-	26%
Total portfolio	\$ 39,865	\$ 42,885	24%	26%

After accounting for the increase in total revenues and the increase in hotel operating costs, total operating income decreased by \$3.0 million or 7% in 2018, compared to 2017, comprised of decrease of \$2.5 million or 6% for the Same Property portfolio and a decrease of \$0.5 million due to the Sold Property. The decrease in Same Property operating income reflects a \$3.3 million, or 40%, decrease in operating income for the Fort McMurray segment (of which \$1.8 million was due to the expiry of a long-term lease at the Cortona Residence) offset by a \$0.4 million, or 8%, increase in operating income for the Other Alberta segment and a \$0.4 million, or 1%, increase in operating income for the Other Canada segment.

As disclosed in the preceding chart, the overall profit margin of the entire hotel portfolio decreased 2% from 26% to 24% for 2018 as compared to 2017.

NON-IFRS MEASURES

The Company's consolidated financial statements are presented in accordance with International Financial Reporting Standards ("IFRS"). The following measures, NOI, FFO, operating profit margin, occupancy, ADR, and RevPar (collectively, the "non-IFRS measures") as well as other measures discussed elsewhere in this press release, do not have a standardized meaning prescribed by IFRS and are, therefore, unlikely to be comparable to similar measures presented by other reporting issuers in similar or different industries. The Company uses these measures to better assess the Company's underlying performance and financial position and provides these additional measures so that investors may do the same. Details on non-IFRS measures are set out in the Company's Management Discussion and Analysis for the year ended December 31, 2018 and available on the Company's profile on SEDAR at www.sedar.com.

ABOUT TEMPLE

Temple is a growth oriented hotel investment company with hotel properties located across Canada. Temple is listed on the Toronto Stock Exchange under the symbols TPH (common shares) and TPH.DB.E (convertible debentures). The primary long-term investment objectives of the Company are to yield stable and growing cash flows and to maximize the long-term share value of the Company through the active management of its assets, accretive acquisitions, and the performance of value-added capital improvement programs on selected properties, as deemed appropriate. For further information on Temple, please visit our website at www.templehotels.ca.

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This press release contains certain statements 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.