

CLARKE

CLARKE INC. ANNOUNCES CLOSING OF ACQUISITION OF HOLLOWAY LODGING CORPORATION AND PROVIDES CORPORATE UPDATE

Halifax, Nova Scotia; October 1, 2019 – Clarke Inc. (“Clarke”) is pleased to announce that it completed the acquisition (the “Acquisition”) of Holloway Lodging Corporation (“Holloway”) and the assumption of Holloway’s Series B 6.25% convertible unsecured debentures due February 28, 2023 (the “Debentures”).

As consideration for the Acquisition, Clarke issued 4,799,455 common shares (the “Clarke Shares”) and now has issued and outstanding 16,609,284 Clarke Shares.

The Debentures are no longer convertible into Holloway shares and are instead convertible into 52 Clarke Shares for each \$1,000 principal amount of Debentures at a conversion price of \$19.23 per Clarke Share. Clarke currently has \$50,866,000 principal amount of Debentures outstanding.

Investment Strategy

Clarke’s approach to investing remains the same following the acquisition of Holloway. Clarke will continue to be an opportunistic investor that takes a concentrated, long-term, hands-on and value-add approach. Clarke’s strategy allows it to invest in any industry and asset class and in any part of a company’s capital structure. This flexible but focused approach allows Clarke to seek out value wherever it may exist at a particular time.

Clarke’s goal is to compound its capital at attractive rates over a long period of time, thereby generating significant returns (without fees) for our shareholders. Since January 2002, the year George Armoyan, Executive Chairman, joined the company:

- Clarke’s book value per share plus cumulative dividends paid has grown at a compounded annual rate of 13.2%; and
- Clarke has delivered a total shareholder return (assuming the reinvestment of dividends) of 1,360% compared to 325% for the TSX and 303% for the S&P 500. This represents a compounded annual growth rate of 17.1%.

Clarke’s goal is to generate even better returns for our shareholders in the future than we have delivered in the past.

Following the Acquisition, Clarke will focus on the following asset classes. In each case, we expect to be an active and engaged participant in the businesses and real estate in which we invest.

Engaged investments in public companies. Clarke has consistently generated attractive returns by acquiring meaningful interests in public companies and working with the boards and management teams of those companies to increase shareholder value. This has been at the core of Clarke’s operations over the last 15 years and we expect this type of investment to remain critical to Clarke in the future.

Full or partial ownership of businesses. Clarke has also generated attractive returns historically through the ownership of operating businesses. We may seek to start, acquire or partner with companies that we believe offer long runways to grow their cash flows and compound their intrinsic values.

Value-add real estate. While Clarke has not historically invested in real estate, several of Clarke's officers and directors have considerable real estate experience. We expect that any real estate investments we make will be focused on value-add opportunities. We also intend to explore redevelopment opportunities within Holloway's hotel portfolio.

Additional information regarding Clarke's business strategy, investments and historical returns can be found in Clarke's new corporate presentation posted on its website at www.clarkeinc.com.

Current Portfolio

Following the Acquisition, Clarke's asset base consists of the following:

Public Company Investments. We own \$104 million of public company securities, consisting principally of our 31% ownership of TerraVest Industries with a market value of \$70 million and our 11% ownership of Trican Well Service with a market value of \$31 million.

Private Company Investments. We own 100% of Holloway, which owns and operates 18 hotels across Canada and has a book value of \$175 million; 100% of Holloway Lodging Management Services, which currently manages 40 hotels on behalf of Holloway and third parties and has nil book value; and 100% of a car and passenger ferry operating in Quebec and has a book value of \$1.2 million.

Real Estate Investments. We own three office properties in Houston, TX and a parcel of land in Moncton, NB with an aggregate cost basis of \$18 million.

Other Investments. We administer two pension plans for current and former employees of Clarke, which has a surplus of \$27 million.

On a consolidated basis, Clarke has \$129 million of debt of which \$72 million is parent level debt (\$21 million of revolving debt and \$51 million of Debentures).

On a preliminary basis, we estimate that our book value per share at the end of the third quarter is approximately \$14.75 compared to our current share price of \$12.50.

Clarke Management Update

Clarke Inc. is pleased to announce the appointment of Paola Calce as Vice President & General Counsel. Ms. Calce joins Clarke from her previous role as General Counsel & Corporate Secretary of Holloway.

At Clarke, Ms. Calce will take on expanded management responsibilities in the company's operations and investment business, reporting to the President & Chief Executive Officer.

Ms. Calce was called to the Bar of Ontario in 2002. Prior to joining Holloway, she was Senior Counsel and then Director, Litigation with BlackBerry Limited, where her responsibilities included overall

responsibility for managing the company's worldwide trade mark portfolio, and its significant patent, securities-related and other commercial litigation in various jurisdictions. Prior to that, Ms. Calce was a commercial litigation lawyer with Lenczner Slaght LLP, Canada's preeminent litigation firm, where her practice focused on complex litigation matters, including securities, finance, class actions, real estate & other transaction-related litigation matters.

Clarke Board Update

Clarke is pleased to announce the appointment of Marc Staniloff as a director of Clarke. Mr. Staniloff is President and Chief Executive Officer, and the founding Partner, of Superior Lodging Corp., a privately owned, vertically-integrated hotel company, focused on the development, investment, and management of nationally franchised, limited service hotels in Canada. Mr. Staniloff received his Bachelor of Commerce degree from the University of Calgary. Mr. Staniloff was previously a director of Holloway and will bring significant hotel industry experience to Clarke.

About Clarke Inc.

Clarke invests in public businesses, private businesses and real estate and participates actively in such investments to enhance their performance and maximize its return. Clarke's shares and debentures trade on the Toronto Stock Exchange under the symbols "CKI" and "CKI.DB". For more information about Clarke Inc., please visit our website at www.clarkeinc.com.

Forward-Looking Statements

This press release may contain or refer to certain forward-looking statements relating, but not limited, to Clarke's expectations, intentions, plans and beliefs with respect to Clarke. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "does not expect", "is expected", "budgets", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", "believes", or equivalents or variations of such words and phrases, or state that certain actions, events or results, "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Forward-looking statements include, without limitation, those with respect to the listing of the Debentures of the Toronto Stock Exchange, the estimated book value per share of Clarke at the end of the third quarter and Clarke's anticipated investment strategy following the Acquisition.

Forward-looking statements rely on certain underlying assumptions that, if not realized, can result in such forward-looking statements not being achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that could cause the actual results of Clarke to be materially different from the historical results or from any future results expressed or implied by such forward-looking statements. Such risks and uncertainties include, among others, Clarke's investment strategy, legal and regulatory risks, general market risk, potential lack of diversification in Clarke's investments, interest rates, foreign currency fluctuations, the sale of Clarke investments, the fact that dividends from investee companies are not guaranteed, reliance on key executives, commodity market risk, risks associated with investment in derivative instruments and other factors.

Although Clarke has attempted to identify important factors that could cause actions, events or results not to be as estimated or intended, there can be no assurance that forward-looking statements will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements. Other than as

required by applicable Canadian securities laws, Clarke does not update or revise any such forward-looking statements to reflect events or circumstances after the date of this document or to reflect the occurrence of unanticipated events. Accordingly, readers should not place undue reliance on forward-looking statements.

For further information, please contact:

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