

Report by an Eligible Institutional Investor under Part 4, S.4.7(2) of
National Instrument 62-103 – *The Early Warning System and Related
Take-over Bid and Insider Reporting Issues* (“**NI 62-103**”)

Re: Holloway Lodging Real Estate Investment Trust (the “**Issuer**”)

1. *The name and address of the eligible institutional investor:*

Name: Stornoway Portfolio Management Inc. (“**SPM**”)
Address: 30 St. Clair Avenue West
Suite 901
Toronto, Ontario
M4V 3A1

2. *The designation and number or principal amount of securities and the eligible institutional investor's securityholding percentage in the class of securities:*

This is a report under Part 4, S.4.7(2) of NI 62-103 filed by SPM in respect of the Issuer.

SPM is an “investment manager” as defined in NI 62-103, by virtue of (a) being registered as an adviser with the Ontario Securities Commission in the category of investment counsel and portfolio manager to provide investment counselling, portfolio management or similar advisory services, and (b) providing such advisory services for valuable consideration under contractual arrangements.

As at January 31, 2012, SPM exercises, or is deemed to exercise, control or direction over no trust units of the Issuer (“**Units**”). SPM therefore has a securityholding percentage of nil.

SPM had acquired control or direction over 104,921,743 Units (representing approximately 13.93% of the 753,454,513 Units outstanding) issued by the Issuer in satisfaction of the redemption price, and on redemption on January 23, 2012, of the 6.5% convertible unsecured subordinated debentures previously issued by the Issuer and held by Stornoway Recovery Fund LP and Ravensource Fund (the “**Funds**”), at a redemption price of \$0.0653 per Unit. SPM had exercised, or was deemed to exercise, control or direction, and held dispositional and voting authority, over the Units held by the Funds in SPM’s capacity as portfolio manager of the Funds and pursuant to investment advisory agreements between SPM and the Funds.

3. A statement that the eligible institutional investor is eligible to file reports under Part 4 of NI 62-103 in respect of the reporting issuer:

SPM is eligible to file reports under Part 4 of NI 62-103 in respect of the Issuer.

The filing of this report is not an admission that any entity named herein owns or controls any described securities or is a joint actor with another named entity.

DATED at Toronto, Ontario this 1st day of February, 2012.

STORNOWAY PORTFOLIO MANAGEMENT INC.

By: (signed) "Scott R. Reid"
Name: Scott R. Reid
Title: President
Tel: (416) 250-2845