

SCHEDULE “A”- AUDIT COMMITTEE MANDATE

I. Audit Committee Purpose

The Audit Committee (the “**Committee**”) is a committee of the Board of Directors (the “**Board**”) of Holloway Lodging Corporation (the “**Company**”) whose primary function is to manage and maintain the effectiveness of the financial aspects of Holloway.

The Committee shall report the results of its activities and associated recommendations to the Board and to Management (“**Management**”) with respect to the financial statements of Holloway (which are the responsibility of Management).

II. Committee Composition, Appointment and Procedures

1. Composition of Committee

The Committee shall be comprised of not less than three Directors, all of whom must be a qualified Director, as defined by the By-Laws of Holloway and in accordance with applicable regulatory and stock exchange requirements.

All members of the Committee shall have the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the financial statements of Holloway.

2. Appointment of Committee Members

Members of the Committee shall be appointed from time to time and shall hold office at the pleasure of the Board.

3. Vacancies

Where a vacancy occurs at any time in the membership of the Committee, it may be filled by the Board. The Board shall fill any vacancy if the membership of the Committee is less than three Directors.

4. Committee Chairman

The Board shall appoint a Chairman for the Committee. The Chair:

- (a) provides leadership to the Committee with respect to its functions as described in this Mandate and as otherwise may be appropriate, including overseeing the logistics of the operations of the Committee;
- (b) chairs meetings of the Committee, unless not present;
- (c) ensures that the Committee meets on a regular basis and at least four times per year;
- (d) reviews in advance the agenda and supporting material for Committee meetings as prepared by the CFO or other members of Management appointed by the CFO;
- (e) in consultation with the Chair of the Board and the Committee members, establishes a calendar for holding meetings of and sets the agendas for the meetings of the Committee;
- (f) acts as liaison and maintains communication with the Chair of the Board and the Board to optimize and co-ordinate input from Directors, and to optimize effectiveness of the Committee. This includes reporting to the full Board on all proceedings and deliberations of the Committee at

the first meeting of the Board after each Committee meeting and at such other times and in such manner as the Board or By-Laws of Holloway may require or as the Committee considers advisable;

- (g) ensures that the Committee receives adequate and regular updates from Management on all issues relating to audits, financial statements, MD&A, annual and interim earnings, press releases, procedures for disclosure of financial information and disclosure controls;
- (h) meets separately as required with external auditors to ensure that the Committee has the information required to perform its role of oversight in line with its mandate;
- (i) pre-approves non-audit services not prohibited by law to be performed by external auditors in conformity with the terms of any authorization delegated to him by the Committee;
- (j) reports annually to the Committee on the role of the Chair and the effectiveness of the Chair role in contributing to the objectives and responsibilities of the Committee as a whole;
- (k) serves as a contact person for Holloway's Whistleblowing Policy and Code of Conduct; and
- (l) reports annually to the Board on the role of the Committee and the effectiveness of the Committee role in contributing to the objectives and responsibilities of the Board as a whole.

5. Absence of Committee Chairman

If the Chairman of the Committee is not present at any meeting of the Committee, one of the other members of the Committee who is present at the meeting shall be chosen by the Committee to preside at the meeting.

6. Secretary of Committee

The Secretary of Holloway shall serve as a secretary of the Committee.

7. Meetings

- (a) The Chairman of the Committee or the Chairman of the Board or any member of the Committee may call a meeting of the Committee. The Committee shall meet at such times during each year as it deems appropriate. The Committee will ordinarily meet in camera at the end of each of its formal meetings.
- (b) Notice of the time and place of every meeting shall be given in writing (including by way of facsimile communication or email) to each member of the Committee and the Chief Executive Officer of Holloway at least 48 hours prior to the time fixed for such meeting; provided, however, that a member may in any manner waive a notice of a meeting. Attendance of a member at a meeting constitutes a waiver of notice of the meeting except where a member attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

8. Quorum

A majority of the members of the Committee shall constitute a quorum.

9. Auditors of Holloway

The auditors of Holloway are entitled to receive notice of every meeting of the Committee and, at the expense of Holloway, to attend and be heard there at and, if so requested by a member of the Committee, shall attend any meeting of the Committee held during the term of office of the auditors of Holloway. The auditors of Holloway may call a meeting of the Committee on not less than 48 hours prior notice.

10. Review of Terms of Reference

The Committee shall review its performance and these Terms of Reference annually or otherwise as it deems appropriate and propose recommended changes to the Board.

III. Responsibilities of the Committee

1. The Committee shall:

- (a) review Holloway's procedures for internal control with Holloway's auditors and CFO;
- (b) review and approve the engagement of the auditors;
- (c) review annual and quarterly financial statements as well as all other material continuous disclosure documents, such as Holloway's annual information form and management's discussion and analysis;
- (d) assess Holloway's financial and accounting personnel;
- (e) assess Holloway's accounting policies;
- (f) review Holloway's risk management procedures; and
- (g) review any significant transactions outside Holloway's ordinary course of business and any pending litigation involving Holloway.

2. Other Responsibilities

The Committee shall:

- (a) review public disclosure related to financial reporting issues; and
- (b) investigate, at the request of the Board, such other matters as the Board considers appropriate in the circumstances.

IV. Resources, Meetings and Reports

1. The Committee shall have adequate resources to discharge its responsibilities. The Committee may, for and on behalf of Holloway and at Holloway's sole expense, engage such consultants as it considers in its sole discretion necessary to assist it in fulfilling its duties and responsibilities.
2. The Committee shall meet not less than four times per year.
3. The meetings of the Committee shall ordinarily include the Chief Executive Officer and Chief Financial Officer (provided that the Committee may meet in private at any time it chooses) and the Chairman of the Board shall be an ex officio member of the Committee if not otherwise appointed as a member of the Committee. The Committee may request the attendance of other officers at its meetings from time to time.
4. The Board shall be kept informed of the Committee's activities by a report presented at the Board meeting following each Committee meeting.
5. The Committee shall keep minutes of its meetings in which shall be recorded all actions taken by the Committee which minutes shall be made available to the Board.

6. The members of the Committee shall have the right, for the purposes of discharging the powers and responsibilities of the Committee, to inspect any relevant records of Holloway and its subsidiaries.