



**AMERICAN HOTEL**  
INCOME PROPERTIES REIT LP

**AMERICAN HOTEL INCOME PROPERTIES REIT (GP) INC.**  
(the “GP”)

**TERMS OF REFERENCE AND GUIDELINES FOR DIRECTORS**

**A. TERMS OF REFERENCE FOR THE BOARD OF DIRECTORS**

**1. Purpose**

- (a) These terms of reference are for the board of directors (the “**Board**”) of the GP.
- (b) The Board has the responsibility to oversee the conduct of the business of American Hotel Income Properties REIT LP (the “**REIT**”) and to supervise management, which is responsible for the day-to-day conduct of business. A key objective of the Board is to generate stable and growing cash distributions for unitholders of the REIT. In performing its functions, the Board also considers the legitimate interests that other stakeholders such as employees, suppliers, customers and communities may have in the REIT. In supervising the conduct of business, the Board through the Chief Executive Officer (“**CEO**”) shall set the standards of conduct for the GP.

**2. Organization and Procedures**

- (a) The Board is to be composed of a majority of individuals who are “independent” within the meaning of Section 1.4 of National Instrument 52-110 *Audit Committees*, as amended from time to time. Generally, a director is independent if he or she has no direct or indirect material relationship with the REIT, the GP or any of their respective direct and indirect affiliates and subsidiaries. A “material relationship” is a relationship, which could, in the view of the Board, be reasonably expected to interfere with the exercise of the director’s independent judgment.
- (b) The Board operates by delegating certain of its authorities, including spending authorizations, to management and by reserving certain powers to itself.
- (c) The Board retains the responsibility for managing its own affairs including by:
  - (i) selecting its Chair;
  - (ii) if the Chair is not independent, selecting a Lead Independent Director or otherwise developing a procedure to provide leadership for its independent directors;
  - (iii) nominating candidates for election to the Board, after considering the recommendations of the Nominating and Governance Committee;
  - (iv) constituting committees of the Board;
  - (v) determining director compensation; and
  - (vi) holding regularly scheduled meetings at which members of management are not in attendance.

- (d) Subject to the By-laws of the GP and the *Canada Business Corporations Act*, the Board may constitute, seek the advice of and delegate powers, duties and responsibilities to committees of the Board.

### 3. Duties and Responsibilities

- (a) Selection of Management. With respect to the selection of management:
  - (i) the Board has the responsibility: (i) to appoint and replace the CEO; (ii) to monitor the CEO's performance; (iii) to approve the CEO's compensation; (iv) to provide advice and counsel in the execution of the CEO's duties; and (v) to the extent feasible, to satisfy itself as to the integrity of the CEO and other executive officers in order to create a culture of integrity throughout the organization;
  - (ii) acting upon the advice of the CEO, and the recommendation of the Compensation Committee, the Board has the responsibility for establishing and overseeing parameters for the appointment and remuneration of all corporate officers; and
  - (iii) the Board has the responsibility for ensuring that plans have been made for succession of executive management, including appointing, training and monitoring senior management.
- (b) Orientation and Continuing Education. With respect to orientation and continuing education:
  - (i) the Board shall ensure that all new directors receive a comprehensive orientation. All new directors should fully understand the role of the Board and its committees, as well as the contribution individual directors are expected to make (including, in particular, the commitment of time and energy that the Board expects from its directors); and
  - (ii) the Board shall provide continuing education opportunities for all directors through a formal education policy or otherwise, so that individuals may maintain or enhance their skills and abilities as directors, as well as to ensure their knowledge and understanding of the business of the REIT remains current.
- (c) Monitoring and Acting. The Board has the responsibility:
  - (i) for monitoring the progress of the GP towards its goals, and to revise and alter its direction through management in light of changing circumstances;
  - (ii) for approving distributions by the GP to unitholders of the REIT;
  - (iii) for approving financing by the GP on behalf of the REIT;
  - (iv) for oversight in the identification and assessment of the principal risks of the business and affairs of the REIT including, without limitation, risks arising from cybersecurity and from environmental, social, governance and other public policy (ESG) matters relevant to the REIT, and taking all reasonable steps to ensure the implementation of appropriate systems to manage these risks;
  - (v) for directing management to ensure systems are in place for the implementation and integrity of the internal control and management information systems of the GP; and
  - (vi) for directing management to ensure appropriate disclosure controls and procedures are in place to enable information to be recorded, processed, summarized and reported within the time periods required by law.

- (d) Strategy Determination. The Board has the responsibility:
- (i) to adopt a strategic planning process and approve, at least on an annual basis, a strategic plan which takes into account, among other things, the opportunities and risks of the business of the REIT;
  - (ii) to review with management the mission of the business, as well as objectives and goals, and the strategy by which it proposes to reach those goals; and
  - (iii) to review progress in respect to the achievement of the goals established in the strategic plans.
- (e) Policies and Procedures. The Board has the responsibility:
- (i) to approve and monitor compliance with all significant policies and procedures by which the GP is operated; and
  - (ii) to direct management to implement systems which are designed to ensure that the GP operates at all times within applicable laws and regulations, and to the highest ethical and moral standards.
- (f) Compliance Reporting and Corporate Communications. The Board has the responsibility:
- (i) to ensure that the financial performance of the REIT is adequately reported to unitholders and other security holders in order that the GP can meet its responsibilities to report the financial performance to unitholders of the REIT and regulators on a timely and regular basis;
  - (ii) to ensure that the financial results are reported fairly and in accordance with generally accepted accounting principles;
  - (iii) to ensure that the GP has appropriate disclosure controls and procedures that enable information to be recorded, processed, summarized and reported within the time periods required by law;
  - (iv) to ensure the timely reporting of any developments that are required to be disclosed by applicable law;
  - (v) to provide information to enable the GP to report annually to unitholders of the REIT on the stewardship of the directors of the GP for the preceding year (the Annual Report); and
  - (vi) to assist the GP to enable it to communicate effectively with unitholders of the REIT, stakeholders and the public generally.
- (g) General Legal Obligations of the Board of Directors. With respect to the general legal obligations of the Board:
- (i) The Board is responsible for confirming its ongoing expectation that management will ensure all applicable legal requirements have been met, and that documents and records have been properly prepared, approved and maintained.
  - (ii) The *Canada Business Corporations Act* identifies the following as legal requirements for the Board and individual directors:

- (A) to manage the affairs and business of the GP including the relationships with the direct and indirect subsidiaries of the REIT, their members or security holders, directors and officers;
- (B) to act honestly and in good faith with a view to the best interests of the GP;
- (C) to exercise the care, diligence and skill of a reasonably prudent person; and
- (D) in particular, the following matters must be considered by the Board as a whole:
  - (1) to submit to the unitholders of the REIT any question or matter requiring the approval of the unitholders;
  - (2) to fill a vacancy among the directors or in the office of the auditor of the REIT;
  - (3) to issue securities except in the manner and on the terms authorized by the directors;
  - (4) to declare distributions by the REIT;
  - (5) to purchase, redeem or otherwise acquire shares issued by the GP or units issued by the REIT;
  - (6) to approve a management proxy circular;
  - (7) to approve a take-over bid circular or directors' circular;
  - (8) to approve any financial statements, management's discussion and analysis or annual information form; and
  - (9) to adopt, amend or repeal By-laws of the GP.

## **B. TERMS OF REFERENCE FOR A DIRECTOR**

### **1. Goals and Objectives**

As a member of the Board, each of the directors shall:

- (a) fulfill the legal requirements and obligations of a director which includes a comprehensive understanding of the statutory and fiduciary roles;
- (b) represent the interests of all unitholders of the REIT in the governance of the REIT ensuring that the best interests of the REIT are paramount; and
- (c) participate in the review and approval of the REIT's and GP's policies and strategy and in monitoring their implementation.

### **2. Duties and Responsibilities**

- (a) Board Activity. As a member of the Board, each director shall:
  - (i) exercise good judgment and act with integrity;
  - (ii) use his or her abilities, experience and influence constructively;

- (iii) be an available resource to management and the Board;
  - (iv) maintain the confidentiality of information acquired by virtue of being a member of the Board;
  - (v) advise the CEO, Chair, any Vice Chair and/or any Lead Independent Director when introducing significant and/or previously unknown information or material at a Board meeting;
  - (vi) understand the difference between governing and managing, and not encroach on management's area of responsibility;
  - (vii) identify potential conflict areas (real or perceived) and ensure they are appropriately identified and reviewed;
  - (viii) when appropriate, communicate with the Chair, any Vice Chair, any Lead Independent Director and the CEO between meetings;
  - (ix) demonstrate a willingness and availability for one-on-one consultation with the Chair, any Vice Chair, any Lead Independent Director and/or the CEO;
  - (x) evaluate the performance of the CEO as well as the GP and the REIT; and
  - (xi) assist in maximization of the distribution of available cash to unitholders of the REIT while maintaining the long-term objectives of the REIT.
- (b) Preparation and Attendance. To enhance the effectiveness of Board and committee meetings, each director shall:
- (i) prepare for Board and committee meetings by reading reports and background materials prepared for each meeting;
  - (ii) maintain an excellent Board and committee meeting attendance record; and
  - (iii) have acquired adequate information necessary for decision making.
- (c) Communication. Communication is fundamental to Board effectiveness and therefore each Board member shall:
- (i) participate fully and frankly in the deliberations and discussions of the Board;
  - (ii) encourage free and open discussion of the affairs of the GP by the Board and its members;
  - (iii) ask probing questions, in an appropriate manner and at proper times; and
  - (iv) focus inquiries on issues related to strategy, policy, implementation and results rather than issues relating to the day to day management of the GP.
- (d) Independence. Recognizing that the cohesiveness of the Board is an important element in its effectiveness, each director shall:
- (i) be a positive force with a demonstrated interest in the long-term success of the REIT; and
  - (ii) speak and act independently.

- (e) Board Interaction. As a member of the Board, each director shall strive to establish an effective, independent and respected presence and a collegial relationship with other Board members.
- (f) Committee Work. In order to assist Board committees in being effective and productive, each director shall:
  - (i) participate on committees and become knowledgeable with the purpose and goals of the committee; and
  - (ii) understand the process of committee work, and the role of management and staff supporting the committee.
- (g) Business, Corporate and Industry Knowledge. Recognizing that decisions can only be made by well-informed Board members, each director shall:
  - (i) become generally knowledgeable of the REIT's business and industry in which it operates;
  - (ii) develop an understanding of the unique role of the REIT within its various communities;
  - (iii) maintain an understanding of the regulatory, legislative, business, social and political environments within which the GP operates;
  - (iv) become acquainted with the officers of the GP;
  - (v) remain knowledgeable about the REIT's facilities and visit them when appropriate; and
  - (vi) be an effective ambassador and representative of the REIT and the GP.

#### **C. ADMINISTRATIVE GUIDELINES FOR THE BOARD OF DIRECTORS**

1. The Board assumes the responsibility for the stewardship of the business of the REIT. While, in law, the Board is called upon to manage the business, this is done by proxy through the CEO who is charged with the day-to-day leadership and management of the business of the REIT.
2. The Board has the authority and obligation to protect and enhance the assets of the REIT in the interest of all unitholders. Although directors are elected to bring special expertise or a point of view to Board's deliberations, the best interests of the business of the REIT must be paramount at all times.
3. Terms of reference for the Board, the Chair, the Vice Chair, the Lead Independent Director, committees and the CEO are annually reviewed by the Nominating and Governance Committee, or other committee where applicable, and any changes are recommended to the Board for approval.
4. Every year the Board reviews and approves a long range strategic plan and one-year operating and capital plans for the business of the REIT.
5. The Board has concluded that the appropriate current size for the Board is not less than seven and not more than nine members.
6. All directors stand for election every year.
7. The Board does not believe that directors who retire from or otherwise change their current position responsibilities should necessarily retire from the Board. There should, however, be an opportunity for the Board, through the Nominating and Governance Committee, to review the appropriateness of continued Board membership.

8. The Board believes there should be a majority of independent directors on the Board.
9. The Board currently supports the concept of the separation of the role of Chair from that of the CEO. The Board is able to function independently of management when necessary and the Chair's role, along with the Vice Chair and/or the Lead Independent Director, is to effectively manage and provide leadership to the Board and to interface with the CEO.
10. The Board will evaluate the performance of the CEO at least annually. The evaluation will be based on criteria that include the performance of the business of the REIT, the accomplishment of long-term strategic objectives and other non-quantitative objectives established at the beginning of each year.
11. The CEO has the special responsibility to manage and oversee the required interfaces between the REIT, the GP and the public and to act as the principal spokesperson for the REIT, the GP and the direct and indirect affiliates and subsidiaries of the REIT. This includes the responsibility for managing the equity and other financial market interfaces on behalf of the business of the REIT.
12. The Chair of the Board, with the assistance of any Vice Chair, any Lead Independent Director and the CEO, will establish the agenda for each Board meeting. Each Board member is free to suggest the inclusion of items on the agenda.
13. The Board will meet at least four times per year and schedule meetings one year in advance. In addition, the Board will consider resolutions in order to enable the GP to declare any distributions to the unitholders of the REIT as frequently as monthly.
14. Materials should be delivered at least three days in advance of meetings for items to be acted upon. Presentations on specific subjects at director and Board meetings will only briefly summarize the material sent to directors so that discussion can be focused on issues relevant to the material.
15. The Board encourages the CEO to bring employees into Board meetings who can provide additional insight into the items being discussed because of personal involvement in these areas, and/or employees representing future potential whom the CEO wishes to bring to the attention of the Board.
16. The Board is responsible, in fact as well as in procedure, for selecting candidates as directors or for Board membership. The Board delegates the screening process to the Nominating and Governance Committee.
17. The Nominating and Governance Committee will annually assess the effectiveness of the Board and its committees.
18. Committees established by the Board analyze in-depth policies and strategies, usually developed by management, which are consistent with their terms of reference. They examine proposals and, where appropriate, make recommendations to the full Board. Committees do not take action or make decisions on behalf of the Board unless specifically mandated to do so.
19. From time to time the Board may create ad hoc committees to examine specific issues on behalf of the Board.
20. Committee members and committee chairs are appointed by the Board, and, where possible, consideration is given to having directors rotate their committee assignments.
21. Succession and management development plans will be reviewed by the Nominating and Governance Committee and reported annually by the CEO to the Board.
22. The Board ensures new directors are appropriately introduced to the GP and the industry of the REIT and that directors receive the necessary ongoing industry training and development.

23. Unless otherwise exempted in whole or in part by the Board, each director will have three years from the date he or she was appointed to the Board (the “**Original Grace Period**”), to own units of the REIT at least equal to a threshold value of not less than three times (3X) the annual base fees received by the director for his or her participation on the Board (the “**Threshold Value**”), with the applicable annual base fees being those in place at the end of the Original Grace Period. The value ascribed to any units of the REIT acquired by a director is equal to the greater of the acquisition cost and the market value of such units. After the Original Grace Period for each director, he or she is expected, on a timely basis, to increase his or her ownership of units of the REIT to at least maintain the Threshold Value in the event annual base fees increase from time to time. For greater certainty, the annual base fees do not include, without limitation, any additional fees a director receives for acting as Chair of the Board, Vice Chair, Lead Independent Director or chair of any committee or subcommittee of the Board or for acting as a member of any committee or subcommittee of the Board.
24. The Board may meet during each meeting on an “in camera” basis without management present, as required.
25. The Board and committees may engage separate independent counsel and/or advisors at the expense of the GP. An individual director may engage separate independent counsel and/or advisors at the expense of the GP in appropriate circumstances with the approval of the Chair, the Vice Chair or the Lead Independent Director.
26. Attached to these Administrative Guidelines is the forward agenda for the Board.
27. These Guidelines are reviewed and approved annually by the Board.

**These Terms were approved by the Board on February 27, 2024.**



AMERICAN HOTEL INCOME PROPERTIES REIT (GP) INC.

Board Forward Agenda

Meeting Timing Agenda Items:	March	May	August	November
<b>A. Governance</b>				
CEO Performance Review	X			X (Begin)
Board Performance Review	X			
Director Nominating Report	X			
Appoint Officers		X		
Appoint Board Committees		X		
Review Terms of Reference of Committees	X			
Review disclosure controls and procedures			X	
Annual certification of Code of Conduct	X			
<b>B. Financial</b>				
Quarterly Results	X	X	X	X
Year End Results	X			
<b>C. Plans and Strategies</b>				
Strategic Plan		X		
Operating Plan, Capital Budgets				X
Succession Plan				X
Compensation Plans				X
<b>D. Operations</b>				
CEO Report	X	X	X	X
Review of Key Corporate Policies	X			