



AMERICAN HOTEL
INCOME PROPERTIES REIT LP

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Notice of Annual and Special Meeting
of Unitholders to be held on June 17, 2021

and

Information Circular

Dated: May 7, 2021



AMERICAN HOTEL
INCOME PROPERTIES REIT LP

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NOTICE OF ANNUAL AND SPECIAL MEETING OF UNITHOLDERS

NOTICE IS HEREBY GIVEN that an annual and special meeting (the “**Meeting**”) of the holders (“**Unitholders**”) of the limited partnership units (“**Units**”) of American Hotel Income Properties REIT LP (the “**REIT**”) will be held at the offices of Farris LLP at 2500-700 West Georgia Street, Vancouver, British Columbia at 9:00 am (Pacific Time), on June 17, 2021, with participation in the Meeting being made available to Unitholders via teleconference as set forth in detail below, for the following purposes:

1. to receive the financial statements of the REIT for the financial year ended December 31, 2020 and the report of the auditors thereon;
2. to elect directors of American Hotel Income Properties REIT (GP) Inc. (the “**General Partner**”) for the ensuing year;
3. to appoint KPMG LLP as auditors of the REIT for the ensuing year and to authorize the directors of the General Partner to fix their remuneration;
4. to consider, and if thought fit, to approve with or without variation, a special resolution authorizing and approving certain amendments to the Amended and Restated Limited Partnership Agreement of the REIT dated June 17, 2020 (the “**LP Agreement**”), in order to: (i) insert a 9.8% and certain other ownership limits with respect to the Units, intended to assist the ongoing qualification of the REIT’s direct subsidiary American Hotel Income Properties REIT Inc. (“**U.S. REIT**”) as a real estate investment trust under the United States Internal Revenue Code of 1986, as without such qualification the U.S. REIT would become subject to U.S. federal income tax, which may materially adversely impact the REIT and the amount of funds available for distribution to its Unitholders; (ii) adjust the income allocation provisions for periods in respect of which the REIT has earned income but has not paid any distributions to Unitholders and to adjust the loss allocation provisions, in each case, so as to be based on a weighted average number of Units held by each Unitholder at the end of each month during the fiscal year so as to provide for a more equitable allocation of such income and losses; and (iii) make certain clarifying amendments of a non-material nature, all as more particularly described in, and subject to, the accompanying information circular of the REIT dated May 7, 2021 (the “**Information Circular**”); and
5. to transact such further and other business as may properly come before the Meeting or any adjournment or postponement thereof.

Specific details of the above items of business are contained in the Information Circular that accompanies and forms a part of this Notice of Annual and Special Meeting.

Unitholders of record as of the close of business on May 4, 2021 are entitled to vote at the Meeting either in person or by proxy. However, due to the ongoing serious public health impact of the COVID-19 pandemic, in consideration of the health and safety of our Unitholders, colleagues, stakeholders and our broader community, we are requesting that Unitholders attend the Meeting by teleconference only. Accordingly, Unitholders are strongly encouraged to read, complete, sign and deliver the accompanying Form of Proxy well in advance of the Meeting. To be effective, the Form of Proxy must be received by Computershare Investor Services Inc., 100 University Avenue, 8th Floor, North Tower, Toronto, Ontario M5J 2Y1,

Attention: Proxy Department (facsimile: 1-866-249-7775) not less than 48 hours (excluding Saturdays, Sundays and holidays) prior to the time of the Meeting, or any adjournment or postponement thereof. Alternatively, registered Unitholders can call the toll-free telephone number (1-866-732-VOTE (8683)) of Computershare Investor Services Inc. or access its dedicated voting website www.investorvote.com in order to vote the Units held by them.

Beneficial Unitholders who hold their Units of the REIT through an intermediary/broker are not entitled, as such, to vote at the Meeting through a proxy. Regulatory policy requires intermediaries/brokers to seek voting instructions from Beneficial Unitholders in advance of the Meeting. Beneficial Unitholders should carefully follow the instructions of their intermediary/broker, including those on how and when voting instructions are to be provided, in order to have their Units voted at the Meeting.

Registered Unitholders and duly appointed proxy holders may participate in the Meeting via a live teleconference. Specifically, registered Unitholders and duly appointed proxy holders who have properly registered prior to the Meeting as outlined below will be able to ask questions of management via the live teleconference at the conclusion of the Meeting. All other Unitholders and stakeholders can attend the Meeting via teleconference without pre-registering as outlined below, but will not be permitted to ask questions at the Meeting.

In order to be permitted to ask questions at the Meeting, registered Unitholders and duly appointed proxy holders must register via the following link prior to the proxy cut-off time at 9:00 a.m. (Pacific Time) on Tuesday, June 15, 2021:

<http://services.choruscall.ca/DiamondPassRegistration/register?confirmationNumber=10014768&linkSecurityString=dce672630>

After such registration has been completed, such registered Unitholders and duly appointed proxy holders will be assigned a unique PIN and dial-in phone number. It is recommended that you attempt to connect at least ten minutes prior to the scheduled start time of the Meeting.

For all other Unitholders and stakeholders wishing to attend the Meeting by teleconference, but not ask questions, please dial the following toll free, or international toll number approximately five minutes prior to the commencement of the Meeting and ask the operator to join the Annual and Special Meeting of Unitholders of American Hotel Income Properties REIT LP:

Toll-free (Canada/U.S.): 1-800-319-4610, or

Toll (international): +1-604-638-5340.

The Meeting will be held as a hybrid meeting. Accordingly, certain of our officers and directors will be attending the Meeting in person for purposes of establishing quorum and voting the valid proxies received. In order to comply with current physical distancing protocols and restrictions on the size of indoor gatherings, we request that all Unitholders wishing to participate in the Meeting submit their proxies or voting instructions, as applicable, well in advance of the Meeting in order to have their Units voted, and participate in the Meeting via the teleconference line using one of the options set forth above as opposed to attending the Meeting in person. We look forward to seeing you in person next year.

DATED at Vancouver, British Columbia, this 7th day of May, 2021.

BY ORDER OF THE BOARD OF DIRECTORS

(signed) W. Michael Murphy
Chair

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AMERICAN HOTEL INCOME PROPERTIES REIT LP

INFORMATION CIRCULAR

(Containing information as at May 7, 2021 unless indicated otherwise)

(All amounts in Canadian dollars unless indicated otherwise)

SOLICITATION OF PROXIES

This Information Circular is furnished in connection with the solicitation of proxies by the board of directors (the “**Board of Directors**”, “**Board**” or the “**Directors**”) of American Hotel Income Properties REIT (GP) Inc. (the “**General Partner**”) on behalf of American Hotel Income Properties REIT LP (the “**REIT**”) for use at the annual and special meeting (the “**Meeting**”) of the holders (the “**Unitholders**”) of limited partnership units (the “**Units**”) of the REIT to be held at the offices of Farris LLP, 2500-700 West Georgia Street, Vancouver, British Columbia at 9:00 am (Pacific Time), on June 17, 2021, with participation in the Meeting being made available to Unitholders via teleconference as set forth in detail below under “*Telephonic Participation*”, or at any adjournments or postponements thereof, for the purposes set forth in the accompanying Notice of Annual and Special Meeting. Unless the context otherwise requires, all references to the “**Meeting**” in this Information Circular include all adjournments and postponements thereof.

It is expected that the solicitation of proxies for the Meeting will be primarily by mail, but proxies may be solicited personally, by telephone or by other means of communication by the Directors, officers and regular employees of the REIT and its subsidiaries who will not be specifically remunerated therefor. All costs of solicitation of proxies by or on behalf of the Directors will be borne by the REIT. The REIT has arranged for intermediaries/brokers to forward the Meeting materials to Beneficial Unitholders (defined below) of the REIT held of record by those intermediaries/brokers, and the REIT may reimburse the intermediaries for their reasonable fees and disbursements in that regard.

NOTICE AND ACCESS

The REIT is sending meeting materials for the Meeting to Registered Unitholders (defined below) and Beneficial Unitholders (defined below) using the “notice and access” provisions of National Instrument 54-101 – *Communication with Beneficial Owners* (“**NI 54-101**”), which allow for the REIT to provide Unitholders with electronic access to this Information Circular instead of sending a paper copy. This means that the Information Circular is posted online for Unitholders to access, rather than being mailed to Unitholders. Notice and Access is more environmentally friendly, as it helps reduce paper and energy use and also reduces printing and mailing costs.

Registered Unitholders and Beneficial Unitholders, will however, still receive a form of proxy or a voting instruction form in the mail so they can vote their Units. However, unless a Unitholder requests a paper copy, rather than receiving a paper copy of this Information Circular, a Unitholder will receive a notice that has instructions on how to access and review an electronic copy of this Information Circular and how to request a paper copy. The notice also provides instructions on voting your Units using the various different voting methods provided (internet, telephone, mail). If a Unitholder would like to receive a paper copy of our information circular and annual report, please follow the instructions in the notice.

TELEPHONIC PARTICIPATION

Unitholders of record as of the close of business on the Record Date (defined below) are entitled to vote at the Meeting either in person or by proxy. However, due to the ongoing serious public health impact of the COVID-19 pandemic, in consideration of the health and safety of our Unitholders, colleagues, stakeholders and our broader community, we are requesting that Unitholders attend the Meeting by teleconference only.

Registered Unitholders and duly appointed proxy holders may participate in the Meeting via a live teleconference. Specifically, registered Unitholders and duly appointed proxy holders who have properly registered prior to the Meeting as outlined below will be able to ask questions of management via the live teleconference at the conclusion of the Meeting. All other Unitholders and stakeholders can attend the Meeting via teleconference without pre-registering as outlined below, but will not be permitted to ask questions at the Meeting.

In order to be permitted to ask questions at the Meeting, registered Unitholders and duly appointed proxy holders must register via the following link prior to the proxy cut-off time at 9:00 a.m. (Pacific Time) on Monday, June 15, 2021:

<http://services.choruscall.ca/DiamondPassRegistration/register?confirmationNumber=10014768&linkSecurityString=dce672630>

After such registration has been completed, such registered Unitholders and duly appointed proxy holders will be assigned a unique PIN and dial-in phone number. It is recommended that you attempt to connect at least ten minutes prior to the scheduled start time of the Meeting. All Unitholders will be able to listen to, and ask questions at, the Meeting via teleconference instead of attending the Meeting in person.

For all other Unitholders and stakeholders wishing to attend the Meeting by teleconference, but not wishing to ask questions, please dial the following toll free, or international toll number approximately five minutes prior to the commencement of the Meeting and ask the operator to join the Annual and Special Meeting of Unitholders of American Hotel Income Properties REIT LP:

Toll-free (Canada/U.S.): 1-800-319-4610, or

Toll (international): +1-604-638-5340.

The Meeting will be held as a hybrid meeting. Accordingly, certain of our officers and directors will be attending the Meeting in person for purposes of establishing quorum and voting the valid proxies received. In order to comply with current physical distancing protocols and restrictions on the size of indoor gatherings, we request that all Unitholders wishing to participate in the Meeting submit their proxies or voting instructions, as applicable, well in advance of the Meeting in order to have their Units voted, and participate in the Meeting via the teleconference line using one of the options set forth above as opposed to attending the Meeting in person.

APPOINTMENT OF PROXIES

The persons named in the accompanying Form of Proxy are Directors. A Unitholder desiring to appoint some other person, who need not be a Unitholder, to attend and act on the Unitholder's behalf at the Meeting has the right to do so, either by inserting the desired person's name in the blank space provided in the Form of Proxy or by completing another proper Form of Proxy. However, as noted above under "*Telephonic Participation*", we request that all Unitholders wishing to participate in the Meeting submit their proxies or voting instructions, as applicable, well in advance of the Meeting in order to have their Units voted, and participate in the Meeting via the teleconference line using one of the options set forth above as opposed to attending the Meeting in person.

A Form of Proxy must be in writing and signed by the Unitholder or by the Unitholder's attorney duly authorized in writing or, if the Unitholder is a body corporate or association, under its seal or by an officer or attorney thereof duly authorized indicating the capacity under which such officer or attorney is signing. If an attorney executes the Form of Proxy, evidence of the attorney's authority must accompany the Form of Proxy. A proxy will not be valid unless the completed Form of Proxy is received by Computershare Investor Services Inc., 100 University Avenue, 8th Floor, North Tower, Toronto, Ontario M5J 2Y1, Attention: Proxy Department (facsimile: 1-866-249-7775) not less than 48 hours (excluding Saturdays, Sundays and holidays) prior to the time of the Meeting, or any adjournment or postponement thereof. Alternatively, registered Unitholders can call the toll-free telephone number (1-866-732-VOTE (8683)) of Computershare Investor Services Inc. ("**Computershare**") or access its dedicated voting website www.investorvote.com in order to vote the Units held by them.

Beneficial Unitholders who hold their Units of the REIT through an intermediary/broker are not entitled, as such, to vote at the Meeting through a proxy. Regulatory policy requires intermediaries/brokers to seek voting instructions from Beneficial Unitholders in advance of the Meeting. Beneficial Unitholders should carefully follow the instructions of their intermediary/broker, including those on how and when voting instructions are to be provided, in order to have their Units voted at the Meeting. See "*Beneficial Unitholders*".

REVOCATION OF PROXIES

A Unitholder who has given a Form of Proxy may revoke it by an instrument in writing that is signed and delivered to Computershare in the manner as described above so as to arrive at any time up to and including the last business day preceding the day of the Meeting, or any adjournment or postponement thereof, at which the Form of Proxy is to be used, or to the Chair of the Meeting on the day of the Meeting or any adjournment or postponement thereof, or in any other manner provided by law. A revocation of a Form of Proxy does not affect any matter on which a vote has been taken prior to the revocation.

VOTING OF PROXIES

The Director representatives designated in the accompanying Form of Proxy will vote or withhold from voting the Units in respect of which they are appointed proxy on any ballot that may be called for in accordance with the instructions of the Unitholder as indicated on the Form of Proxy and, if the Unitholder specifies a choice with respect to any matter to be acted upon, the Units will be voted accordingly. Where no choice is specified in the Form of Proxy, such Units will be voted “for” the matters described therein and in this Information Circular.

The accompanying Form of Proxy confers discretionary authority upon the person appointed proxy thereunder to vote with respect to amendments or variations of matters identified in the Notice of Annual and Special Meeting and with respect to other matters that may properly come before the Meeting. In the event that amendments or variations to matters identified in the Notice of Annual and Special Meeting are properly brought before the Meeting or any other business is properly brought before the Meeting, it is the intention of the Director representatives designated in the accompanying Form of Proxy to vote in accordance with their best judgement on such matters or business. At the time of the printing of this Information Circular, the Directors know of no such amendment, variation or other matter, which may be presented to the Meeting.

BENEFICIAL UNITHOLDERS

These meeting materials are being sent to both registered and non-registered Unitholders. If you are a non-registered Unitholder and the REIT or its agent has sent these materials directly to you, your name and address and information about your holdings of securities have been obtained in accordance with applicable securities regulatory requirements from the intermediary/broker holding Units on your behalf.

The information set forth in this section is important to all Unitholders. Unitholders who do not hold their Units in their own name are referred to in this Information Circular as “**Beneficial Unitholders**”. There are two kinds of Beneficial Unitholders — those who object to their names being made known to the issuers of securities which they own (called “**OBOs**” for Objecting Beneficial Owners), and those who do not object (called “**NOBOs**” for Non-Objecting Beneficial Owners). **Beneficial Unitholders should note that only a Unitholder whose name appears on the records of the REIT as of the close of business on the Record Date as a registered holder of Units or a person they appoint as a proxy can be recognized and vote at the Meeting.** Subject to limited exceptions that may exist from time to time, all issued and outstanding Units are in a book-based system administered by CDS Clearing and Depository Services Inc. (“**CDS**”). Consequently, all Units are, subject to limited exceptions that may exist from time to time, registered under the name of CDS & Co. (the registration name for CDS). CDS also acts as nominee for brokerage firms through which Beneficial Unitholders hold their Units. Units held by CDS can only be voted (for or against resolutions) upon the instructions of the Beneficial Unitholder.

The REIT is relying on the provisions of NI 54-101, which permit the REIT to deliver proxy-related materials directly to its NOBOs. As a result, NOBOs will receive Meeting materials from Computershare, including a voting instruction form. By choosing to send these materials to NOBOs directly, the REIT (and not the intermediaries holding Units on behalf of NOBOs) has assumed responsibility for: (i) delivering these materials to NOBOs; and (ii) executing NOBOs’ proper voting instructions. NOBOs are requested to return their voting instructions as specified in the request for voting instructions.

Proxy-related materials will be delivered indirectly to the REIT's OBOs. As a result, OBOs can expect to receive Meeting materials from their intermediary/broker, including a voting instruction form as more particularly described immediately below.

Applicable regulatory policy requires intermediaries/brokers to whom meeting materials have been sent to seek voting instructions from Beneficial Unitholders in advance of Unitholders' meetings. Every intermediary has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Unitholders in order to ensure that their Units are voted at the Meeting. Often, the voting instruction form supplied to a Beneficial Unitholder by its intermediary/broker is nearly identical to the Form of Proxy provided to registered Unitholders. However, its purpose is limited to instructing the registered Unitholder (the intermediary/broker) how to vote on behalf of the Beneficial Unitholder. The majority of intermediaries/brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**"). Broadridge typically prepares a special voting instruction form, mails those forms to the Beneficial Unitholders and asks for appropriate instructions respecting the voting of Units to be represented at the Meeting. Beneficial Unitholders are requested to complete and return the voting instruction form to Broadridge by mail or facsimile. Alternatively, Beneficial Unitholders can call a toll-free telephone number or access Broadridge's dedicated voting website (each as noted on the voting instruction form) to deliver their voting instructions and vote the Units held by them. Broadridge then tabulates the results of all voting instructions received and provides appropriate instructions respecting the voting of Units to be represented at the Meeting. A Beneficial Unitholder receiving a voting instruction form cannot use that voting instruction form to vote Units directly at the Meeting. The voting instruction form must be returned as directed by Broadridge well in advance of the Meeting in order to have the Units voted. Beneficial Unitholders who receive forms of proxies or voting materials from organizations other than Broadridge should complete and return such forms of proxies or voting materials in accordance with the instructions on such materials in order to properly vote their Units at the Meeting.

Beneficial Unitholders cannot be recognized at the Meeting for purposes of voting their Units in person or by way of depositing a Form of Proxy. If you are a Beneficial Unitholder and wish to vote in person at the Meeting, please see the voting instructions you received or contact your intermediary/broker well in advance of the Meeting to determine how you can do so. However, as noted above under "*Telephonic Participation*", we request that all Unitholders wishing to participate in the Meeting submit their proxies or voting instructions, as applicable, well in advance of the Meeting in order to have their Units voted, and participate in the Meeting via the teleconference line using one of the options set forth above as opposed to attending the Meeting in person.

Beneficial Unitholders should carefully follow the voting instructions they receive, including those on how and when voting instructions are to be provided, in order to have their Units voted at the Meeting.

REIT STRUCTURE

The REIT is a limited partnership formed under the *Limited Partnerships Act* (Ontario) to invest in hotel real estate properties located in the U.S. The REIT is governed by its amended and restated limited partnership agreement dated June 17, 2020 (the "**LP Agreement**"), a copy of which is available on SEDAR at www.sedar.com.

At the annual and special meeting of Unitholders held on May 10, 2017, the Unitholders approved a special resolution authorizing and approving certain amendments to the LP Agreement, including, without limitation, amendments which would authorize the creation and issuance of a new class of preferred units, which resolution gave the Board the discretion to determine the appropriate time for the implementation of such amendments. To date such amendments to the LP Agreement have not been implemented, but may be implemented in the future at the Board's discretion without further notice to the Unitholders.

The General Partner is the general partner of the REIT. The General Partner is a corporation incorporated under the *Canada Business Corporations Act* ("**CBCA**") and, as general partner of the REIT, has the authority to manage and control the business and affairs of the REIT. The affairs of the General Partner are supervised by the Board of Directors. A third party trustee holds all of the outstanding shares in the capital of the General Partner subject to the Voting Trust Agreement discussed below.

The REIT's Units are listed for trading on the Toronto Stock Exchange (the "TSX") in Canadian Dollars under the symbol HOT.UN and in U.S. dollars under the symbol HOT.U. The REIT's Units also trade in the U.S. on the OTCQX International marketplace under the symbol AHOTF. The REIT's 5.0% convertible unsecured subordinated debentures (the "Debentures") trade on the TSX in U.S. Dollars under the symbol HOT.DB.U.

The financial year end of the REIT is December 31. The reporting currency of the REIT is U.S. dollars.

The REIT's head office and address for service is located at Suite 800, 925 West Georgia Street, Vancouver, British Columbia V6C 3L2.

VOTING TRUST AGREEMENT

The following is a summary of certain material provisions of the Voting Trust Agreement (defined below). This summary does not purport to be complete and is subject to, and qualified in its entirety by reference to, the terms of the Voting Trust Agreement itself, a copy of which has been filed with the Canadian securities regulatory authorities and is available on SEDAR at www.sedar.com.

The General Partner and the REIT determined that the Unitholders should have control over the election of the Board of Directors and certain other fundamental matters relating to the General Partner. Accordingly, Maverick Management Corp., Darren Investments Inc. and Triple E Investments Ltd., which collectively beneficially own 100% of the outstanding shares of the General Partner, entered into a voting trust agreement with a third party trustee (the "Voting Trust Agreement") dated February 20, 2013 pursuant to which the Unitholders are provided with the right to vote for the election of the Board of Directors and in respect of certain other matters relating to the General Partner including, among others, the following:

- (a) any sale or transfer of the assets of the General Partner as an entirety or substantially as an entirety (other than as part of an internal reorganization of assets of the General Partner);
- (b) the combination, amalgamation or arrangement of the General Partner or its Subsidiaries with any other entity (other than as part of an internal reorganization that does not result in a change of control of the General Partner);
- (c) any plan or proposal for a complete or partial liquidation or dissolution, or any reorganization of the General Partner or any case, proceeding or action pursuant to which the General Partner is seeking relief under any existing laws or future laws relating to bankruptcy or insolvency;
- (d) any amendment to the charter documents of the General Partner to change the authorized minimum or maximum number of Directors;
- (e) any other matter required by an applicable securities regulator, by the TSX or by any other applicable stock exchange where the REIT's securities trade from time to time; or
- (f) any commitment or agreement to do any of the foregoing.

The Voting Trust Agreement also contains restrictions on transfers of the shares of the General Partner held beneficially by each of Maverick Management Corp., Darren Investments Inc. and Triple E Investments Ltd., subject to exceptions for transfer of such shares to affiliates.

NOMINATION AGREEMENT

The following is a summary of certain material provisions of the Nomination Agreement (defined below). This summary does not purport to be complete and is subject to, and qualified in its entirety by reference to, the terms of the Nomination Agreement itself, a copy of which has been filed with the Canadian securities regulatory authorities and is available on SEDAR at www.sedar.com.

Pursuant to the nomination agreement (the "Nomination Agreement") between the General Partner and Sunstone O'Neill Hotel Management Inc. ("SOHMI") dated February 20, 2013, the General Partner granted to SOHMI the right to nominate for election as a Director at each meeting of Unitholders at which Directors are to be

considered for election (each a “**Directors Election Meeting**”), a certain minority number of selected SOHMI nominees (based upon the holdings of Units by SOHMI’s principals and their affiliates from time to time).

The General Partner is required to provide SOHMI with notice of each Directors Election Meeting informing SOHMI of the date of the applicable meeting and SOHMI is required to deliver to the General Partner in writing, within 14 days after receiving such notice, the names of the applicable number of selected SOHMI nominees, together with the information regarding such selected nominees (including the number of common shares of the General Partner, the number of Units owned or controlled by each such nominee and a biography of each such nominee) as the REIT is required pursuant to the LP Agreement and applicable securities laws to include in the information circular of the REIT to be sent to Unitholders in respect of such Directors Election Meeting (a “**Nomination Letter**”).

If SOHMI fails to deliver a Nomination Letter to the General Partner within 14 days after receiving a notification from the General Partner in respect of a Directors Election Meeting, then the General Partner has no obligation to include one or more selected SOHMI nominees as part of the group of nominees to be considered for election as a Director at such Directors Election Meeting (and for greater certainty, no obligation to include one or more SOHMI nominees in the information circular for such Directors Election Meeting) for which the notice was provided to SOHMI.

SOHMI has delivered a Nomination Letter to the General Partner identifying Robert F. O’Neill as SOHMI’s nominee to be included as part of the group of nominees to be considered for election as a Director at the Meeting.

INVESTOR RIGHTS AGREEMENT

The following is a summary of certain material provisions of the Investor Rights Agreement (defined below) relating to the nomination of directors. This summary does not purport to be complete and is subject to, and qualified in its entirety by reference to, the terms of the Investor Rights Agreement itself, a copy of which has been filed with the Canadian securities regulatory authorities and is available on SEDAR at www.sedar.com.

The REIT, the General Partner, American Hotel Income Properties REIT Inc. (“**U.S. REIT**”), HCI-BGO Victoria JV LP (the “**Investor**”) and HCI-BGO Victoria JV GP LLC entered into an investor rights agreement dated January 28, 2021 (the “**Investor Rights Agreement**”) on closing of the Private Placement (defined below).

Pursuant to the Investor Rights Agreement, the Investor is entitled to designate one nominee (an “**Investor Nominee**”) for election to the Board, for so long as the Investor and its affiliates beneficially own, in the aggregate, (x) shares of Series C Cumulative Non-Voting Redeemable Preferred Stock of U.S. REIT (“**Series C Shares**”) with an aggregate liquidation preference of at least US\$15.0 million, or (y) at least 30.0% of the outstanding Series C Shares (defined as the “\$15M Beneficial Ownership Requirement” in the Investor Rights Agreement); provided that, in the event that, and for so long as, the Investor and its affiliates beneficially own, in the aggregate, (x) Series C Shares with an aggregate liquidation preference of at least US\$25.0 million, or (y) at least 50.0% of the outstanding Series C Shares (defined as the “\$25M Beneficial Ownership Requirement” in the Investor Rights Agreement), then the Investor shall be entitled to designate a second Investor Nominee for election to the Board of Directors. Each Investor Nominee must be an individual who is a senior officer of BentallGreenOak Real Estate Advisors LP, Highgate Hotels, L.P., Highgate Capital Investments LP or their respective affiliates or successors (or, in the case of a permitted assignee of the Investor, a senior officer of such permitted assignee or its affiliates or successors) and otherwise acceptable to the Nominating and Governance Committee of the Board, acting reasonably and applying the same principles in a like manner as applied to all independent directors of the Board. The nomination of each Investor Nominee to the Board shall be subject to the same conditions applicable to all independent directors of the Board.

In the event that an Investor Nominee ceases to serve as a director for any reason, the Investor will have the right to designate a replacement non-voting observer to the Board to serve in such role until the next meeting of Unitholders at which directors are put forth for election, at which time the Investor will again have the right to nominate an Investor Nominee subject to the criteria set forth in the Investor Rights Agreement (provided the Investor remains eligible to nominate an Investor Nominee). The non-voting observer will be subject to the same qualification criteria as an Investor Nominee. In addition, subject to certain requirements, for so long as an Investor

Nominee serves on the Board, the General Partner shall use commercially reasonable efforts to cause the Board to appoint one Investor Nominee designated in writing by the Investor to serve on each committee of the Board for which such Investor Nominee is qualified, other than any special or independent committee specifically formed for the purposes of considering a transaction which constitutes a “related party transaction” (as defined in Multilateral Instrument 61-101). Moreover, for so long as the Investor has the right to nominate one or more directors to the Board, the Investor shall have the right to designate in writing one Investor Nominee who serves on the Board of Directors for appointment as a non-voting observer of the U.S. REIT Board (which non-voting observer is currently Mahmood Khimji).

The Investor Nominees included as part of the group of nominees to be considered for election as a Director at the Meeting are Mahmood Khimji and Mark Van Zandt.

VOTING UNITS AND PRINCIPAL HOLDERS THEREOF

As of May 7, 2021, there are 78,553,030 Units issued and outstanding, each of which entitles the holder to one vote on a ballot.

Every question submitted to a meeting, other than a special resolution, shall, unless a ballot vote is demanded, be decided by a show of hands, on which every person present and entitled to vote will be entitled to one vote. Only registered holders of Units at the close of business on May 4, 2021, the record date established by the Directors (the “**Record Date**”), are entitled to vote at the Meeting.

To the knowledge of the Directors and General Partner’s executive officers, no person owns, directly or indirectly, more than 10% of the voting rights attached to the issued and outstanding Units. However, as part of the Private Placement, the Investor subscribed for and was issued 19,608,755 Warrants to acquire up to 19,608,755 Units at an exercise price of US\$3.20 per Unit by way of cashless exercise at any time prior to January 28, 2026. The number of Units underlying the Warrants represents 19.97% of the outstanding Units of the REIT as of May 7, 2021 on an as-exercised basis. However, the Warrants may only be exercised by means of cashless exercise, such that, in lieu of paying the exercise price in cash on an exercise of the Warrants, the holder will receive (subject to an exercise cap applicable in certain circumstances) a number of Units based on the difference between the then current market price per Unit and the exercise price which will lead to an exercised ownership position of the Investor in the REIT of less than 19.97%. The Investor has certain nomination rights described above under “*Investor Rights Agreement*”.

ADVANCE NOTICE POLICY

The LP Agreement includes provisions which require advance notice be given to the General Partner, on behalf of the REIT, of Unitholder proposals relating to the nomination of the Directors (the “**Advance Notice Policy**”).

Among other things, the Advance Notice Policy sets a deadline by which Unitholders must submit a notice of director nominations to the General Partner prior to any annual or special meeting of Unitholders where directors are to be elected and sets forth the information that a Unitholder must include in the notice for it to be valid.

In the case of an annual meeting of Unitholders, notice to the General Partner must be given no less than 30 days prior to the date of the annual meeting provided, however, that in the event that the annual meeting is to be held on a date that is less than 50 days after the date on which the first public announcement of the date of the annual meeting was made, notice may be given no later than the close of business on the 10th day following such public announcement.

In the case of a special meeting of Unitholders (which is not also an annual meeting), notice to the General Partner must be given no later than the close of business on the 15th day following the day on which the first public announcement of the date of the special meeting was made.

The Advance Notice Policy allows the General Partner to receive adequate prior notice of director nominations, as well as sufficient information on the proposed nominees. The General Partner is thus able to evaluate the proposed nominees’ qualifications and suitability as directors and communicate its views to Unitholders in a timely way. The Advance Notice Policy is intended to facilitate an orderly and efficient meeting process.

As at the date hereof, no Unitholder proposals have been received by the General Partner under the Advance Notice Policy for the Meeting.

ELECTION OF DIRECTORS

The term of office of each of the present Directors expires at the close of the Meeting. All Directors elected at the Meeting will hold office for a term expiring at the close of the next annual meeting of Unitholders or until their successors are appointed, unless a Director's office is earlier vacated in accordance with the LP Agreement.

The following table states the name of each person proposed to be nominated for election as a Director, the municipality in which he or she is ordinarily resident, all offices of the REIT now held by him or her, his or her principal occupation, the period of time for which he or she has been a Director of the REIT, and the number of Units beneficially owned by him or her, directly or indirectly, or over which he or she exercises control or direction, as at the date hereof.

All nominees have established their eligibility and willingness to serve as Directors.

Name, Position and Municipality of Residence ⁽¹⁾	Principal Occupation ⁽¹⁾	Service as a Director	Number of Units ⁽¹⁾
W. MICHAEL MURPHY ⁽²⁾⁽³⁾ Chair (Independent Director) Atlanta, GA, USA	Head of Lodging and Leisure Capital Markets, First Fidelity Mortgage Corporation	Since October 11, 2012	72,752 Units 50,000 options
CHARLES W. VAN DER LEE ⁽²⁾⁽³⁾⁽⁴⁾ Vice Chair (Independent Director) Vancouver, BC, Canada	President and CEO of Papa M Pizza Canada Inc.	Since May 12, 2016	63,238 Units 50,000 options
STEPHEN J. EVANS ⁽⁴⁾⁽⁵⁾ Director North Vancouver, BC, Canada	COO of Sunstone Realty Advisors Inc.	Since October 11, 2012	389,284 Units 462,065 ⁽⁶⁾ Units 50,000 options
RICHARD FRANK ⁽²⁾⁽⁴⁾⁽⁵⁾ Independent Director Dallas, TX, USA	Principal, Frank Solutions	Since January 4, 2016	68,286 Units 50,000 options
MAHMOOD KHIMJI ⁽³⁾⁽⁵⁾ Director New York, NY, USA	Co-Founder and Managing Principal, Highgate Hotels, L.P.	Since January 28, 2021	Nil
TAMARA L. LAWSON ⁽³⁾⁽⁴⁾⁽⁵⁾ Independent Director Toronto, ON, Canada	CFO of QuadReal Property Group	Since December 14, 2012	35,492 Units 50,000 options
ROBERT F. O'NEILL Director West Vancouver, BC, Canada	Director of the General Partner	Since September 6, 2012	462,065 ⁽⁶⁾ 1,458,419 ⁽⁷⁾ 305,000 ⁽⁸⁾ 50,000 options
MARK VAN ZANDT Director New York, New York, USA	Managing Partner and Portfolio Manager, BentallGreenOak	Since January 28, 2021	Nil

- (1) The information as to municipality of residence, principal occupation and number of Units beneficially owned or over which a Director exercises control or direction, not being within the knowledge of the REIT, has been furnished by the respective Directors individually.
- (2) Member of the compensation committee of the Board of Directors (the "**Compensation Committee**"). Mr. Richard Frank is currently the Chair of the Compensation Committee. The majority of the members of the Compensation Committee are independent.
- (3) Member of the nominating and governance committee of the Board of Directors (the "**Nominating and Governance Committee**"). Mr. Charles van der Lee is currently the Chair of the Nominating and Governance Committee. The majority of the members of the Nominating and Governance Committee are independent.
- (4) Member of the audit committee of the Board of Directors (the "**Audit Committee**"). Ms. Tamara L. Lawson is currently the Chair of the Audit Committee. All members of the Audit Committee are independent.
- (5) Member of the investment committee of the Board of Directors (the "**Investment Committee**"). Mr. Stephen J. Evans is currently the Chair of the Investment Committee. The majority of the members of the Investment Committee are independent.
- (6) Mr. Evans and Mr. Robert O'Neill, along with Mr. John O'Neill (the former Chief Executive Officer of the General Partner) and the estate of one other individual, share control and direction of 462,065 Units held by SunOne Developments Inc. and SunOne Developments General Partnership pursuant to agreements entered into on March 10, 2015.
- (7) Owns or has control or direction over 1,458,419 Units (excluding US\$149,200 principal amount of convertible debentures).
- (8) Mr. Robert F. O'Neill and Mr. John O'Neill (the former Chief Executive Officer of the General Partner) share control and direction of 305,000 Units held by Maverick Management Corp.

Profile of the Board

The following are brief profiles of the above-named Director nominees:

W. Michael Murphy (Age: 75). Mr. Murphy serves as Head of Lodging and Leisure Capital Markets of the First Fidelity Mortgage Corporation. From 1998 to 2002, Mr. Murphy served as the Senior Vice President and Chief Development Officer of ResortQuest International, Inc. (“**ResortQuest**”), a public, NYSE-listed company. Prior to joining ResortQuest, from 1995 to 1997, he was President of Footprints International, a company involved in the planning and development of environmentally friendly hotel properties. From 1994 to 1996, Mr. Murphy was a Senior Managing Director of Geller & Co., a Chicago-based hotel advisory and asset management firm. Prior to that Mr. Murphy was a partner in the investment firm of Metric Partners where he was responsible for all hospitality related real estate matters including acquisitions, sales and the company’s investment banking platform. Mr. Murphy served in various development roles at Holiday Inns, Inc. from 1973 to 1980. Mr. Murphy is currently in his sixth term as Co-Chairman of the Industry Real Estate Finance Advisory Council (IREFAC). He is the past President of the board of the Atlanta Hospitality Alliance. He is also currently a director of Ashford, Inc. (NYSE: AINC) and previously served as a director of Ashford Hospitality Prime, Inc., (NYSE: AHP) and as Lead Director of Ashford Hospitality Trust (NYSE: AHT). He is also a member of the advisory board of Radical Innovation. He holds a Bachelor of Science degree from the University of Memphis and a Master of Arts degree from the University of Iowa.

Charles van der Lee (Age: 67). Mr. van der Lee is currently the principal owner, President and Chief Executive Officer of Papa M Pizza Canada Inc., which has the master franchise for Papa Murphy’s restaurants in Canada. From May 1990 to September 2009, Mr. van der Lee served as President and Chief Executive Officer of Rogers Retail (a division of Rogers Communications Inc.) and during his tenure he was responsible for expanding the network of company stores from 33 to over 400 locations. From 2004 to 2015, Mr. Van der Lee also served as an independent director of Amica Mature Lifestyles Inc. culminating in the successful sale of this company in late 2015. Mr. van der Lee graduated with a Bachelor of Commerce and Business Administration Degree from the University of Alberta.

Stephen J. Evans (Age: 57). Mr. Evans has over 25 years of real estate experience in both Canada and the U.S. with an extensive track record in all areas of commercial real estate. His public companies have raised over \$1.8 billion of equity over the past decade. Mr. Evans was a co-founder, CEO and Trustee of Pure Industrial Real Estate Trust (“**PIRET**”), which was a publicly-listed real estate investment trust on the TSX with a diversified portfolio of income-producing industrial properties in major markets across Canada and the U.S. Since its initial public offering in 2007, PIRET grew from a small portfolio to a dominant industrial platform of industrial logistics assets and was successfully sold to Blackstone Property Partners for \$3.8 billion in 2018. Mr. Evans was also a co-founder, CEO and director of Pure Multi-Family REIT LP (“**Pure Multi**”), which was a publicly-listed real estate investment trust on the TSX and owned and operated a portfolio of high quality apartment communities in the U.S. sunbelt growth markets. Since its initial public offering, Pure Multi grew to over 7,000 apartments and was ultimately sold to an affiliate of Cortland Partners, LLC in September 2019 for approximately \$1.6 billion. Mr. Evans is the principal of Sunstone Realty Advisors Inc., which has acquired, redeveloped and drove asset management of over \$800 million in retail, industrial, residential and hotel properties in Canada and the U.S. Mr. Evans also co-founded the REIT.

Richard Frank (Age: 66). Mr. Frank is currently a principal at Frank Solutions, a hospitality and real estate advisory firm. Mr. Frank’s experience includes serving as Chief Investment Officer at Pillar Hotels and Resorts, one of the largest independent management companies in the U.S.; serving as Senior Vice President Hotel Investments at Behringer Harvard, a real estate investment management firm that has managed over US\$6 billion of equity; and serving as Vice President at AEW Capital Management and Olympus Real Estate Partners. Mr. Frank also gained considerable hotel operational experience at Starwood Hotels and ITT Sheraton Corporation. He began his hotel career over 35 years ago at Arthur Andersen, specializing in the real estate and hospitality industries. Based in Dallas, Mr. Frank also holds an undergraduate degree from the School of Hotel Administration at Cornell University and an MBA from Fordham University. Mr. Frank is a Certified Public Accountant (CPA).

Mahmood Khimji (Age: 61) Mr. Khimji is a founding Principal of Highgate, a leading real estate investment and hospitality management company and has been involved in all aspects of Highgate’s development since its founding in 1988. Prior to founding Highgate, Mr. Khimji practiced law at Paul, Weiss, Rifkind, Wharton

& Garrison. Mr. Khimji is a member of the Young Presidents' Organization (YPO), the Real Estate Forum and a member of the Board of Directors of Sagicor Financial Corporation Limited. He previously held board positions at MeriStar Hospitality Corporation (August 1998 to May 2001), Interstate Hotels (October 2000 to May 2005), and Morgans Hotel Group (May 2013 to June 2014). Mr. Khimji also serves on the National Committee of Aga Khan Foundation USA and is on the Boards of Aga Khan Museum, the Asia Society and Trinity School. Additionally, Mr. Khimji serves on the Board of Visitors for Columbia Law School. He attended the University of British Columbia, holds a B.A., summa cum laude, from the University of Houston and a J.D. from Columbia Law School.

Tamara L. Lawson (Age: 63). Ms. Lawson joined QuadReal Property Group, a Canadian real estate investment, development and management company operating on a global scale, as the Chief Financial Officer in September 2018. Previously, Ms. Lawson was Chief Financial Officer of Dream Global REIT, at TSX listed real estate investment trust. Prior to joining Dream Global REIT in 2016, Ms. Lawson was the Chief Financial Officer of Starlight Investments Ltd., a private real estate investment and asset management company focused primarily on residential and commercial assets, as well as the Chief Financial Officer of other Starlight managed public entities. Prior to joining Starlight in June 2012, Ms. Lawson was the Chief Financial Officer and Corporate Secretary of InnVest Real Estate Investment Trust, a TSX-listed real estate investment trust, and the Chief Financial Officer of Westmont Hospitality Group, a privately-held global hospitality organization. Ms. Lawson has over 30 years of financial management, acquisitions, corporate governance, investor relations and capital markets experience. Ms. Lawson holds a Master of Business Administration degree and is a Chartered Professional Accountant (CPA, CA).

Robert F. O'Neill (Age: 71). Mr. O'Neill is a co-founder of the REIT and served as the Chief Executive Officer from February 2013 through September 2018, and has been in the industry of hotels and property management for over 40 years. Mr. O'Neill was the co-founder of Canadian Hotel Income Properties Real Estate Investment Trust in 1997 and served as its President and Chief Executive Officer until September 1998. Mr. O'Neill was also a co-founder of the Coast Hotel chain in 1972. In 1988, he was instrumental in managing the sale of the Coast Hotel chain to OKABE Co. of Tokyo and was retained to manage it as the President and Chief Executive Officer until 1991. Concurrent with the development and management of the Coast Hotel chain, Mr. O'Neill was President and Chief Operating Officer of National Caterers Ltd. and O'Neill Railway Catering Ltd. from 1977 to 1991. National Caterers Ltd. was Canada's largest operator and supplier of remote site construction camps providing food, lodging and support services for construction workers. In that role, he also headed several Canadian Industry Associations including the Pipeline Contractors Association of Canada in 1988. O'Neill Railway Catering Ltd. served both the CP Railway in Western Canada and the BC Railway in British Columbia on and offline. Mr. O'Neill was nominated for Canada's Entrepreneur of the Year in 1998. In 2004, he received two awards: the Industry Entrepreneur Award from the Vancouver branch of the Canadian Foodservice Association; and the Distinguished Alumni Award for Entrepreneurial Innovation from the B.C. Institute of Technology. Mr. O'Neill is recognized as a leading authority in the hotel industry and is a regular speaker at industry conferences in Canada and the U.S. Mr. O'Neill is a graduate of the British Columbia Institute of Technology, Hotel and Foodservice Program, and received his diploma in Hotel Management in 1972. He is a former Secretary of the Canadian Council of the Young Presidents' Organization and a current member of the World Presidents' Organization.

Mark Van Zandt (Age: 41). Mr. Van Zandt is a Managing Partner and the Portfolio Manager for the U.S. Value-Add Funds at BentallGreenOak. Mr. Van Zandt is responsible for overseeing all aspects of the investment process for BGO's U.S. value add business. Since joining GreenOak Real Estate (predecessor to BentallGreenOak) at its founding in 2010, Mr. Van Zandt has been involved in all acquisition and asset management functions in BentallGreenOak's U.S. business. Prior to BentallGreenOak, Mr. Van Zandt was a Vice President of Morgan Stanley Real Estate Investing (MSREI) and a member of the team responsible for new investments in the United States on behalf of the Morgan Stanley Real Estate funds. From 2007 through 2008, Mr. Van Zandt was based in São Paulo, Brazil, as part of a team responsible for establishing MSREI's platform in South America. Prior to joining Morgan Stanley, Mr. Van Zandt worked in the real estate group of LaSalle Bank, based in Chicago. Mr. Van Zandt received a Bachelor of Science in Finance from the University of Illinois at Urbana-Champaign. He is a member of the Urban Land Institute (ULI) and the Professionals of Real Estate Forum (PREF), and he serves on the Board of Directors of Hudson River Park Friends.

Majority Voting Policy

The Board of Directors has adopted a policy (the "**Majority Voting Policy**") providing for majority voting in Director elections at any meeting where an "uncontested election" of Directors is held. An "uncontested election"

means an election where the number of nominees for election as Directors is equal to the number of Directors to be elected.

Pursuant to the Majority Voting Policy, the forms of proxy circulated in connection with a meeting of Unitholders at which an election of Directors is conducted will provide Unitholders with the ability to vote in favour of, or to withhold from voting for, each Director nominee. If the number of proxy votes withheld for a particular Director nominee is greater than the votes in favour of that nominee, the Director nominee is required to submit his or her resignation to the Chair of the Board of Directors. Following receipt of a resignation, the Nominating and Governance Committee will consider whether to accept the offer of resignation and recommend to the Board of Directors whether or not to accept it. Absent exceptional circumstances, the Board of Directors will accept the resignation of the Directors in question and will, in any case, publicly disclose the decision within 90 days following the applicable meeting of Unitholders. If a resignation is accepted, the Board of Directors may, in accordance with the LP Agreement, the General Partner's bylaws and the CBCA, appoint a new director to fill the vacancy created by the resignation, reduce the size of the Board of Directors, leave the vacancy open, call a special meeting to fill the vacancy, or any combination of the foregoing. In the event that any Director who received a greater number of proxy votes withheld than votes in favour of such Director's election does not tender his or her resignation in accordance with the Majority Voting Policy, he or she will not be re-nominated by the Board of Directors.

Cease Trade Orders, Bankruptcies, Penalties and Sanctions

Except as may otherwise be set forth below:

- (a) no proposed Director is, as at the date of this Information Circular, or has been, within 10 years before the date of this Information Circular, a director, chief executive officer or chief financial officer of any company (including the General Partner and the REIT) that:
 - (i) was subject to an order (defined below) that was issued while the proposed Director was acting in the capacity as director, chief executive officer or chief financial officer; or
 - (ii) was subject to an order that was issued after the proposed Director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer; or
- (b) no proposed Director is, as at the date of this Information Circular, or has been within 10 years before the date of this Information Circular, a director or executive officer of any company (including the General Partner and the REIT) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (c) no proposed Director, has, within the 10 years before the date of this Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed Director; or
- (d) no proposed Director has been subject to:
 - (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
 - (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable Unitholder in deciding whether to vote for a proposed Director.

For the purposes of (a) above, “**order**” means:

- (a) a cease trade order;
- (b) an order similar to a cease trade order; or
- (c) an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days.

The Directors recommend that the Unitholders vote FOR the election of each proposed Director.

Unless contrary instructions are indicated on the Form of Proxy or the voting instruction form, or such authority is withheld, the persons designated in the accompanying Form of Proxy or voting instruction form intend to vote “for” the election, as Director, of the persons whose names are set forth above and identified in the accompanying Form of Proxy or the voting instruction form, as applicable.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

General

The REIT is committed to strengthening its competitive position and to growing its business over the long-term. As a result of the competitive nature of the industry that the REIT operates in, executives have significant career mobility and, as a result, the competition for experienced executives is great. The existence of this competition and the need for talented and experienced executive officers to realize the REIT’s business objectives underlies the design and implementation of the REIT’s compensation programs. At the same time, the REIT seeks to keep its approach to compensation simple and streamlined to reflect the growing but still relatively moderate size of the REIT’s business.

For the REIT’s most recently completed financial year, the following individuals represent the General Partner’s and the REIT’s subsidiaries’ Named Executive Officers (as defined in Form 51-102F6 – *Statement of Executive Compensation* as the Chief Executive Officer, Chief Financial Officer, and each of the three most highly compensated executive officers of the REIT, including its subsidiaries, other than the Chief Executive Officer and Chief Financial Officer, at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000) (collectively, the “**Named Executive Officers**”): Mr. Jonathan Korol (Chief Executive Officer from and after October 7, 2020); Mr. John O’Neill (former Chief Executive Officer who retired as of October 7, 2020); Mr. Azim Lalani (former Chief Financial Officer who departed on March 18, 2021); Mr. Chris Cameron (Chief Investment Officer), Mr. Bruce Pittet (Chief Operating Officer), Ms. Anne Yu (currently the Interim Chief Financial Officer, and Vice President, Finance).

COVID-19 Impacts

The REIT, and the U.S. hotel industry as a whole, have been significantly impacted by the COVID-19 pandemic since March 2020. Following the onset of the COVID-19 pandemic the REIT implemented a comprehensive mitigation strategy to reduce costs and maximize liquidity, which strategy included various initiatives related to the REIT’s compensation program for its Named Executive Officers and Board. Generally, these initiatives intended to strike a balance between reducing the REIT’s cash costs while continuing to provide meaningful incentives to encourage continued performance of the REIT’s Named Executive Officers. Specifically, these initiatives included:

- no salary increases in 2020, or 2021 to date for the Named Executive Officers;
- Jonathan Korol (the REIT’s current CEO) agreeing to receive (i) 50% of his base salary in the form of RSUs (defined below), for the period from his commencement of employment until

December 31, 2021, which RSUs are priced, issued and vest in Units quarterly, (ii) 100% of his STIP (defined below) bonus for the 2020 and 2021 fiscal years in the form of RSUs, which RSUs are priced, issued and vest in Units at the end of each Fiscal Year, and (iii) the primary components of his onboarding compensation in the form of equity of the REIT;

- John O'Neill (the REIT's CEO during 2020 until his retirement on October 7, 2020) voluntarily reducing his base salary by 50% effective April 1, 2020 for the remainder of 2020, and receiving such salary in the form of RSUs, which vested at the end of each month;
- Azim Lalani (former Chief Financial Officer), Chris Cameron (Chief Investment Officer), Bruce Pittet (Chief Operating Officer) and Anne Yu (Interim Chief Financial Officer and Vice President, Finance) voluntarily reducing their respective base salaries by 15% effective April 1, 2020 for the remainder of 2020, which salaries returned to previously approved levels effective January 1, 2021 with no payment of the previous reductions;
- the members of the Board receiving their base, committee and chair retainers in the form of RSUs in lieu of cash effective April 1, 2020 for the remainder of 2020, which retainers returned to cash payment effective January 1, 2021 with no increases for 2021; and
- John O'Neill agreed to receive his STIP bonus for performance in 2019 in the form of RSUs in lieu of cash, and the REIT's other Named Executive Officers and members of senior management agreed to the deferral of the payment of their cash bonuses for performance in 2019 to July 2020, once occupancies had begun to recover.

In addition to the above, for 2020 the Compensation Committee and the Board recognized that due to the significant impacts of COVID-19 on the REIT and the broader hotel industry, that the bonus methodology adopted in early 2020 prior to the onset of the COVID-19 pandemic would fail to recognize the significant efforts necessary by management in 2020 to navigate the crisis and preserve long-term Unitholder value. Therefore, after numerous discussions, in June 2020, the Compensation Committee modified both the quantitative and individual performance goals under the STIP and LTIP (defined below) for 2020 to ensure that management remained properly incented during 2020, while retaining discretion in the final determination of any bonuses awarded.

Each of the above initiatives is discussed in further detail below in this Compensation Discussion and Analysis.

Objectives

The objectives of the REIT's compensation program are to:

- attract and retain qualified executive officers;
- motivate executive officers to deliver strong business performance;
- maintain competitive compensation levels for executive officers;
- ensure a significant portion of executive compensation is dependent upon overall business performance, aligning the interests of executive officers with the interests of Unitholders, to create Unitholder value; and
- ensure the executive compensation program is simple to communicate and administer.

While the REIT's objective is to pay for performance and remain competitive in the marketplace for executive talent, the REIT considers the expense of compensation and benefits in relation to the REIT's consolidated budget and financial strength as a significant factor in determining compensation levels. To this effect, the REIT carefully considers information relating to the anticipated costs that will be incurred in making any determination with respect to proposed compensation decisions.

The REIT intends to keep its compensation program simple to communicate and administer by focusing on base salary, short-term incentives in the form of a bonus paid in cash or as Unit-based compensation, in each case, provided under the STIP, long-term incentives in the form of Units or other Unit-based compensation issued under

the LTIP and/or the SBC Plan (defined below), and the Unit Purchase Policy (defined below) whereby directors and executive officers are encouraged to increase their ownership interest in the REIT in order to, among other things, better align their interests with those of Unitholders. See “*Executive Compensation – Elements of Compensation*”. The REIT does not currently have a pension plan.

Compensation Principles

The REIT’s overall approach to compensation is to provide senior executives with total compensation that is generally competitive with compensation provided to individuals working in similar positions in the industry and in Canadian and U.S. public issuers with a market capitalization similar in size to the REIT’s market capitalization. Senior executive compensation is comprised of a base salary, performance-based incentives and Unit and securities-based awards. Performance-based incentives include annual cash or securities-based bonuses and Awards (defined below) that reflect the REIT’s operating results as well as achievement of significant strategic initiatives and personal goals. Securities-based awards enable the REIT to attract and retain executive talent by aligning the executives’ interests with the REIT’s long-term corporate objectives and interests of Unitholders.

The REIT believes that compensation levels should reflect performance – both the performance of the REIT as a whole and the personal performance of the Named Executive Officers. The REIT provides fixed compensation, as well as compensation that is variable, or “at risk” in nature. This approach helps to link compensation to performance by making a significant portion of the Named Executive Officers’ compensation in any given year variable and thus subject to decrease or increase based on REIT and individual performance during the year. This approach is intended to align the interests of the Named Executive Officers with Unitholders.

Setting Executive Compensation

Roles and Responsibilities

The Compensation Committee is responsible for the administration of the REIT’s compensation programs for the Named Executive Officers and will typically review any compensation awards and changes in compensation with the Board. The Compensation Committee members are currently Richard Frank (Chair), W. Michael Murphy, Charles van der Lee and Mark Van Zandt. None of the Compensation Committee members are current or former officers or employees of the REIT, the General Partner or their respective subsidiaries. Members of management, including the Chief Executive Officer, are invited to Compensation Committee meetings from time to time, but are excused from discussions and decisions with respect to their particular compensation.

The REIT recognizes the importance of appointing knowledgeable and experienced individuals to the Compensation Committee. Three of the four members of the Compensation Committee are independent and each member has the necessary background and skills to provide effective oversight of executive compensation and ensure that sound risk management principles are being adhered to in order to align the REIT’s and Unitholders’ interests. More specifically, all of the Compensation Committee members have significant senior leadership experience from their tenures at public and private organizations, as well as operational or functional experience overseeing executive compensation in those organizations. For more information on the relevant experience and qualifications of each of the members of the Compensation Committee, see the biographies of such Directors under “*Election of Directors*”, above.

In fulfilling its duties and responsibilities, the Compensation Committee seeks periodic input, advice and recommendations from various sources, including the Board of Directors, executive officers and external independent compensation consultants with respect to the compensation of the executive officers (including the Named Executive Officers) of the REIT and the Board of Directors. The Compensation Committee retains discretion in its executive compensation decisions and is not bound by the input, advice and/or recommendations received from any external independent consultants.

The Chief Executive Officer is actively engaged in the REIT’s compensation programs (other than with respect to his own compensation package). The Chief Executive Officer conducts an annual evaluation of each Named Executive Officer’s performance for the previous year, and, in the case of each of the Chief Financial Officer, the Chief Investment Officer, the Chief Operating Officer and the Vice President, Finance recommends salary adjustments and short-term incentive awards to the Compensation Committee. The Chief Executive Officer

also makes recommendations to the Compensation Committee with respect to securities-based compensation to be awarded to each of the Chief Financial Officer, Chief Investment Officer, Chief Operating Officer and the Vice President, Finance. The recommendations are reviewed and approved by the Compensation Committee after discussion and adjustment, if appropriate.

Process

The compensation of the Chief Executive Officer is recommended by the Compensation Committee for approval by the Board of Directors as a whole. The compensation of the Chief Financial Officer, Chief Investment Officer, the Chief Operating Officer and Vice President, Finance is recommended by the Chief Executive Officer for approval by the Compensation Committee.

Performance goals, for the purpose of compensation of the Named Executive Officers, are reviewed and set by the Board and the Compensation Committee at meetings held each year. The Board, in consultation with management, sets the REIT's organizational wide performance goals, and the Compensation Committee, in consultation with the Chief Executive Officer sets the Chief Financial Officer's, Chief Investment Officer's, Chief Operating Officer's and Vice President, Finance's individual performance goals and compensation targets.

The results of the Chief Executive Officer's, Chief Financial Officer's, Chief Investment Officer's, Chief Operating Officer's and Vice President, Finance's performance and compensation review by the Compensation Committee are communicated to them each year.

Benefits and Perquisites

The REIT offers only limited perquisites to the Named Executive Officers, and only where the REIT believes such perquisites promote the retention of the Named Executive Officers or promote the efficient performance of the Named Executive Officers' duties. The REIT does not believe that perquisites and benefits should represent a significant portion of the compensation package for Named Executive Officers. During the REIT's most recently completed financial year, Named Executive Officers' perquisites and benefits totalled approximately \$128,000 (such amounts have not been included in the Summary Compensation Table below).

Compensation Clawback Policy

The Board of Directors has adopted an executive compensation clawback policy concerning awards made under the REIT's STIP, LTIP and SBC Plan and amounts paid under the Unit Purchase Policy. Under this policy, the Board may require reimbursement of annual and long-term incentive compensation paid to a senior executive or former senior executive if:

- (a) the incentive compensation received by the senior executive or former senior executive was calculated based upon the achievement of financial results that were subsequently materially restated or corrected, in whole or in part;
- (b) the senior executive or former senior executive engaged in gross negligence, fraud or intentional misconduct that caused the need for such restatement or correction, as admitted by the senior executive or former senior executive, or, in the absence of such admission, as determined by the Board acting reasonably; and
- (c) the incentive compensation paid to the senior executive or former senior executive would have been lower based on the restated or corrected results.

In such circumstances, reimbursement of all or a portion of the applicable incentive compensation paid to the senior executive or former senior executive will be sought as permitted by applicable laws and to the extent the Board determines, in its sole discretion, it is in the best interests of the REIT. For greater clarity, the compensation clawback policy will not apply where a material restatement or correction of financial results is required as a result of an act of negligence (excluding acts of gross negligence) of a senior executive or former senior executive where such senior executive or former senior executive satisfies the Board, acting reasonably, that the negligent act in question was carried out in good faith and/or in compliance with an applicable industry or professional standard.

Performance Goals

The primary performance goal for each of the Chief Executive Officer, the Chief Financial Officer, Chief Investment Officer, Chief Operating Officer and Vice President, Finance is to increase the REIT's long-term funds from operations ("FFO") per Unit and facilitate growth in the price of the REIT's Units. Each of the Chief Executive Officer, Chief Financial Officer, Chief Investment Officer, Chief Operating Officer and Vice President, Finance are incentivised to achieve this goal by means of grants under the REIT's LTIP and SBC Plan, along with a base salary and bonus (payable under the STIP). However, as noted above under "*Executive Compensation – Compensation Discussion and Analysis – COVID - 19 Impacts*", due to the significant impacts of COVID-19 and recognition that the bonus methodology adopted in early 2020 prior to the onset of the COVID-19 pandemic would fail to recognize the significant efforts necessary by management in 2020 to navigate the crisis and preserve long-term Unitholder value, the Compensation Committee modified the quantitative performance goals under the STIP and LTIP for 2020, which included modification to the REIT's FFO goals to ensure management remained properly incented during 2020, while retaining discretion in the final determination of any bonuses awarded.

The performance goals for the Named Executive Officers also include both REIT objectives and individual objectives. Key REIT objectives are described below under the headings "*Executive Compensation – Elements of Compensation – Short-Term Incentive Plan*" and "*Executive Compensation – Elements of Compensation – Long-Term Incentive Plan*". In addition, they also include such general objectives as the following:

- operating efficiency through diligent monitoring of revenues and operating costs;
- contribution to achievement of annual corporate initiatives (e.g. ongoing capital investments, business practice improvements, integration of newly acquired business units and training program development); and
- individual objectives agreed to with the Chief Executive Officer and approved by the Compensation Committee.

The Named Executive Officers' overall remuneration is, or was as applicable, also based on the individuals' efforts in completing certain corporate strategic initiatives, as follows:

- Chief Executive Officer (currently Mr. Jonathan Korol, and Mr. John O'Neill prior to his retirement effective October 7, 2020): charting corporate strategies, identifying business acquisitions and asset sales, overseeing property performance, capital investment and brand relations for the hotel portfolio, investor and franchise relations, facilitating growth in FFO per Unit and the price of the Units and managing the REIT's master hotel manager (defined below) to achieve the REIT's annual operating and capital budgets.
- Chief Financial Officer (currently Ms. Anne Yu, and Mr. Azim Lalani prior to his departure effective March 18, 2021): financial reporting, tax compliance and treasury activities for the REIT and its subsidiaries, capital markets transactions, including negotiating and sourcing financing, risk management, compliance with regulations, facilitating growth in FFO per Unit and the price of the Units and achieving the REIT's annual operating and capital budgets.
- Chief Investment Officer (Mr. Chris Cameron): identifying, negotiating and executing business acquisitions, asset sales and strategic financings and facilitating growth in FFO per Unit.
- Chief Operating Officer (Mr. Bruce Pittet): overseeing property performance and operations, capital investment and execution, brand relations, oversight of the hotel manager to improve margins and cash flows and facilitating growth in FFO per Unit.
- Vice President, Finance (Ms. Anne Yu, currently also Interim Chief Financial Officer): public company compliance and reporting requirements including financial reporting, lender reporting and compliance with taxation laws, maintaining internal controls over financial reporting, overseeing corporate office finance-related matters, human resources and facilitating growth in FFO per Unit.

Benchmarking

With respect to benchmarking, the Compensation Committee identifies relevant groupings and reviews their target incentive information to assist the Compensation Committee in evaluating competitive incentive structures and performance measures. The main source of benchmarking data used by the Compensation Committee is a group of growth-oriented companies with similar operations, opportunities and risks. The proxy performance group was originally identified by the Compensation Committee in consultation with Hugessen (defined below) in 2017 and is revisited and, if deemed appropriate, revised by the Compensation Committee in conjunction with the Chief Executive Officer following the completion of each financial year. The group currently consists of public issuers with business operations that are comparable to the REIT, based on the following criteria: (i) enterprise value, market capitalization and competitive yields; (ii) hospitality REITs in the U.S.; and (iii) internalized asset management and externalized property management. The full list of issuers identified is listed in alphabetical order below:

2020 Peer Group

Apple Hospitality REIT, Inc.
Chatham Lodging Trust
RLJ Lodging Trust
Summit Hotel Properties, Inc.

2021 Peer Group

Apple Hospitality REIT, Inc.
Chatham Lodging Trust
Condor Hospitality Trust, Inc.⁽¹⁾
RLJ Lodging Trust
Summit Hotel Properties, Inc.

(1) Condor Hospitality Trust, Inc. was removed from the peer group in 2019 following its announcement of a merger transaction with NexPoint Hospitality Trust, but was reinserted into the peer group in 2021 following the termination of such transaction.

The Compensation Committee believes that the above group of issuers are relevant in that they provide incentive and related governance data from companies with business operations that are closely comparable to the REIT in terms of business nature.

Executive Compensation – Related Fees

In 2017, the Compensation Committee engaged Hugessen Consulting Inc. (“**Hugessen**”) to conduct a review of the competitiveness of pay levels for the Named Executive Officers, including a view on the ongoing appropriateness of the incentive compensation framework and executive employment agreements. As part of this process, the Compensation Committee and Hugessen, with input from management of the REIT, refined the REIT’s pay peer group to reflect the REIT’s size and strategic focus. Hugessen benchmarked the following components of executive pay among the refined pay peer group:

- target total direct compensation levels for each Named Executive Officer;
- short-term and long-term incentive plan design;
- long-term incentive plan design; and
- employment provisions.

Following the competitive market review, Hugessen provided the Compensation Committee with recommendations to continue the alignment of the REIT’s pay programs with market practice. No other services were provided by Hugessen to the REIT since 2017.

Hugessen was paid \$52,311 in connection with the executive compensation consulting services it provided to the Compensation Committee in 2017. No other fees were paid by the REIT to Hugessen or to any other compensation consultant since 2017.

As noted below under “*Executive Compensation – CEO Compensation Package*”, the Board engaged an independent third party search firm, Watson Inc., to help identify a new Chief Executive Officer, which firm also assisted in the assessment and negotiation of Mr. Korol’s compensation package.

Elements of Compensation

Base Salary

The REIT pays salaries to attract and retain executive talent and provide fair and competitive compensation commensurate with experience and consistent effective performance in discharging day-to-day responsibilities. Base salary is important to give an individual financial stability for personal planning purposes.

In reviewing the base salary of each Named Executive Officer, the REIT considers the responsibilities, performance and experience of the Named Executive Officer, historical compensation and contractual commitments, and the recommendations of the Chief Executive Officer (for all Named Executive Officers other than the Chief Executive Officer). The Chief Executive Officer's base salary is reviewed and recommended for adjustment, if any, by the Compensation Committee. In considering base salary levels, the Compensation Committee does not utilize any specific weighting of the above factors.

As part of the REIT's comprehensive mitigation strategy to reduce costs and maximize liquidity following the onset of the COVID-19 pandemic, salaries of all then Named Executive Officers were reduced effective April 1, 2020, with the REIT's former Chief Executive Officer, Mr. John O'Neill, agreeing to an immediate 50% salary reduction for the remainder of 2020, and the other Named Executive Officers of the REIT along with the remainder of the REIT's senior management team agreeing to an immediate 15% salary reduction for the remainder of 2020. Prior to this adjustment, Mr. O'Neill had been receiving his compensation in Units acquired in the secondary market through an individual automatic purchase plan. As part of the REIT's cash preservation strategy, the automatic purchase plan was terminated in May 2020, following which, Mr. O'Neill received his salary for the remainder of 2020 in RSUs issued under the SBC Plan, which vested in the form of Units in equal monthly tranches for the remainder of 2020.

In addition, in order to support the REIT's liquidity position and create additional alignment with Unitholders, Jonathan Korol (the REIT's current CEO) agreed to receive 50% of his base salary in the form of RSUs, for the period from his commencement of employment on October 7, 2020 until December 31, 2021, which RSUs are priced, issued and vest in Units quarterly based.

Short-Term Incentive Plan

In addition to base salaries, the REIT provides the Named Executive Officers with non-equity incentive awards paid as cash (subject to the discretion of the Compensation Committee in a given year to permit the Named Executive Officers to opt to receive such awards as securities-based compensation). In the view of the Compensation Committee, non-equity incentives are key to motivating Named Executive Officers on job aspects that are performance-based.

The REIT's Short-Term Incentive Plan ("STIP") is used by the Compensation Committee and the Board to make informed decisions with respect to the amount of cash bonuses awarded to each of the Chief Executive Officer, Chief Financial Officer, Chief Investment Officer, Chief Operating Officer and Vice President, Finance. As noted above, the Board and Compensation Committee also retain the discretion to provide Named Executive Officers with the option of receiving their cash bonuses in the form of securities-based compensation. Named Executive Officers and other participants in the STIP are not permitted to pledge or hedge any securities-based compensation granted thereto under the STIP prior to the vesting and issuance of the underlying Units.

Under the STIP, the Board has the discretion to establish financial and operational metrics against which the performance of the Named Executive Officers and other senior management of the REIT and its subsidiaries will be measured as well as an annual target award for each of the Named Executive Officers and other senior management of the REIT and its subsidiaries. The Compensation Committee reviews the annual financial and operational metrics and target payouts under the STIP each year. The target incentive is multiplied by the individual financial/operational score (in relation to the below financial and operational metrics) and the respective base salary of each of the Named Executive Officers to determine the annual cash bonus under the STIP. The formula serves as a guideline only. The Board and Compensation Committee retain the discretion to apply informed judgment as necessary to vary the amount of the awards based on factors they deem relevant, such as the significant impacts of COVID-19 on the REIT and the related considerable efforts of management to navigate those impacts.

The Compensation Committee and Chief Executive Officer reviewed the financial and operational metrics for the STIP and LTIP following the conclusion of the 2018 financial year. Upon the completion of such review, the Compensation Committee determined in conjunction with the Chief Executive Officer that the balance between short-term incentives and long-term incentives required adjustment in order for the REIT to remain competitive in the marketplace for executive talent and to appropriately incentivize current management of the REIT. Accordingly, the target STIP bonus amounts were increased to provide additional short-term incentives, while the base cash value of the LTIP awards were reduced from 200% to 100% of the cash value of the STIP award to ensure an appropriate overall potential compensation package for the Named Executive Officers. In order to further align the interests of management and Unitholders, the Compensation Committee also determined as part of this review that the metrics against which the STIP is measured should be shifted to weigh more heavily on measurable financial results as opposed to the strategic objectives of the REIT and personal objectives. As a result, commencing with awards granted under the STIP in respect of the 2019 financial year, and in turn the base value of the associated LTIP awards, were based 75% on the financial results of the REIT (previously – 50%) and 25% on strategic and personal objectives (previously – 50%), subject in all cases to the discretion of the Compensation Committee and the Board to vary the amount of the awards based on factors they deem relevant.

For the 2020 financial year, targets were set for each of the former Chief Executive Officer, former Chief Financial Officer, Chief Investment Officer, Chief Operating Officer, Vice President, Finance and certain other senior management of the REIT and its subsidiaries who are not Named Executive Officers. These target values were set in relation to the respective base salary of each of the former Chief Executive Officer, former Chief Financial Officer, Chief Investment Officer, Chief Operating Officer, Vice President, Finance and certain other senior management of the REIT and its subsidiaries and were reviewed by the Compensation Committee and Board. The target STIP bonuses for the former Chief Executive Officer, former Chief Financial Officer, Chief Investment Officer, Chief Operating Officer and Vice President, Finance were set at 70.0%, 50.0%, 50.0%, 50.0% and 40.0% of base salary (without taking into account agreed reductions to base salary) for the 2020 financial year, respectively. The Compensation Committee reviews the annual financial and operational metrics and target payouts under the STIP each year. The target STIP bonus for the current Chief Executive Officer is 100% of base salary, as set forth in his employment agreement.

Awards granted under the STIP were initially set to be based on the following metrics for the 2020 financial year:

- 75% based collectively on (i) FFO per Unit⁽¹⁾ relative to budget, (ii) NOI margin⁽¹⁾ relative to the prior year, and (iii) total Unitholder return compared to the average total return for the 2020 peer group identified above for the 2019 financial year; and
- 25% based on strategic and personal objectives.

(1) The manner in which the REIT calculates each of FFO per Unit and NOI margin is described under the heading “*Non-IFRS Measures*” in its Annual Information Form (defined below). The method used by the REIT for calculating FFO per Unit and NOI margin may differ from the methods used by other issuers.

The cash bonus amount of each Named Executive Officer’s STIP award is determined as the target of the respective Named Executive Officer’s base salary multiplied by the individual performance score (in relation to the above metrics), subject to adjustment for those Named Executive Officers who were employed for partial periods. The payout under the STIP is: (i) nil to 50% of the target bonus at a below target performance level; (ii) 100% of the target bonus at the target performance level; and (iii) up to 200% of the target bonus at an above target performance level on financial objectives. As noted above, the formula serves as a guideline only, and the Board and Compensation Committee retain the discretion to apply informed judgment as necessary to vary the amount of the awards based on factors they deem relevant, such as the impact of the COVID-19 pandemic as discussed further below. See “*Executive Compensation – Recent Grants of Awards – STIP Grants*” for a summary of the awards granted to the Named Executive Officers under the STIP in respect of their performance in the 2020 financial year.

The Compensation Committee set the thresholds for the STIP in respect of the 2020 financial year under the above metrics prior to the onset of the COVID-19 pandemic. The Compensation Committee and the Board recognized that due to the significant impacts of COVID-19 on the REIT and the broader hotel industry, that the thresholds set in early 2020 would fail to recognize the significant impacts of the COVID-19 pandemic on the REIT and the efforts necessary by management in 2020 to navigate the crisis and preserve long-term Unitholder

value. Therefore, after numerous discussions, in June 2020, the Compensation Committee modified both the quantitative thresholds and individual performance goals under the STIP for 2020 to ensure management remained properly incented during 2020, while retaining discretion in the final determination of any bonuses awarded.

Following the conclusion of the 2020 financial year, the Compensation Committee, in consultation with the Chief Executive Officer, reviewed the performance of the REIT and the Named Executive Officers in relation to the revised quantitative thresholds and individual performance goals under the STIP for 2020. The Compensation Committee applied its discretion recommending the final award amounts to the Board for approval. As part of such process, the Compensation Committee and the Board recognized the significant efforts management put forth in 2020 and the accomplishments that were made to preserve long-term Unitholder value. However, the Compensation Committee and Board also acknowledged and recognized that FFO and Unitholder returns were negative, the REIT's suspension of its monthly distributions to Unitholders, and the ongoing challenges facing the business as a result of the COVID-19 pandemic and took all those factors into consideration to properly align compensation with its Unitholders. Accordingly, the Compensation Committee recommended, and the Board approved, a payout of cash bonuses under the STIP at 77.5% of the target amount for each of the Named Executive Officers and other members of senior management other than the current Chief Executive Officer. See "*Executive Compensation – Compensation Discussion and Analysis – Recent Grants of Awards – STIP Grants*" for the quantum of such awards. The current Chief Executive Officer's 2020 STIP bonus was awarded at 100% of target, subject to proration based on the number of days employed in the 2020 financial year, and was paid in the form RSUs, which were priced and vested in underlying Units at the end of December 2020, as required by the terms of his employment agreement. The current Chief Executive Officer's employment agreement also provides for the payment of his 2021 STIP bonus at 100% of target, which shall be paid in the form of RSUs and be priced and vest in underlying Units at the end of December 2021. The Compensation Committee provided the Chief Executive Officer with a pre-determined STIP bonus for 2020 and 2021 in the form of RSUs in lieu of any cash bonus in order to create alignment with Unitholders by incentivizing the Chief Executive Officer to drive long-term Unitholder value and to bolster the REIT's overall liquidity.

Long-Term Incentive Plan

The REIT's Long-Term Incentive Plan ("**LTIP**") is used by the Compensation Committee and the Board to make informed decisions with respect to the amount of Unit-based compensation awarded to Eligible Persons (defined below).

The LTIP was designed to incentivize and reward Eligible Persons for creating incremental, long-term Unitholder value. The Board and Compensation Committee believe the LTIP aligns the interests of Eligible Persons with Unitholders. The LTIP also supports the General Partner's and the REIT's subsidiaries' retention of the Named Executive Officers because the vesting periods, which are described below, encourage the Named Executive Officers to remain employed over the long-term.

The Named Executive Officers and other senior management members of the REIT and its subsidiaries are eligible to receive LTIP awards with a grant date value based on a percentage of the base cash STIP bonus award such Named Executive Officers earned in the prior year, which percentage was set at 100% for the Named Executive Officers for the LTIP awards granted in 2020 and 2021 (see "*Executive Compensation – Compensation Discussion and Analysis – Recent Grants of Awards*"). The percentage is reviewed annually by the Compensation Committee in conjunction with the Chief Executive Officer. The Compensation Committee, in conjunction with the former Chief Executive Officer, reduced the grant date value of the LTIP awards issued in 2020 to 100% (previously 200%) of the base cash STIP bonus award the Named Executive Officers earned in respect of the 2019 financial year. The percentage was reduced to ensure an appropriate level of overall compensation given the increase in the STIP target payout percentages that took effect in respect of the 2019 financial year. The grant date value of the LTIP awards to be issued in 2022, if any, has been set to be equal to 100% of the cash STIP bonus award the Named Executive Officers earn in respect of the 2021 financial year, if any. See "*Executive Compensation – Compensation Discussion and Analysis – Elements of Compensation – Short-Term Incentive Plan*" above for further details.

LTIP awards will typically be provided in the form of RSUs (40%) and Performance Awards (defined below) in the form of RSUs (60%), each of which will be issued under the SBC Plan. See "*Executive Compensation – Elements of Compensation – Securities-Based Compensation Plan – Restricted Stock*" and "*Executive*

Compensation – Elements of Compensation – Securities-Based Compensation Plan – Performance Awards”, below for the particulars of such forms of Awards (defined below).

RSUs issued under the LTIP will typically vest equally over an approximately three-year period from the grant date (one-third per year). Performance Awards, in the form of Units, issued under the LTIP will typically vest approximately three years from the grant date. The final payout of the Performance Awards are subject to a performance multiplier computed based on the REIT’s three-year total Unitholder return (“**TUR**”) relative 50% to the S&P/TSX Capped REIT Index (the “**TSX REIT Index**”) and 50% to the Bloomberg REIT Hotel Index (the “**Bloomberg Hotel Index**”) for the same period, which will be adjusted, to include the impact from distributions, as follows:

TUR Value Relative to the average⁽¹⁾ of TSX REIT Index and the Bloomberg Hotel Index	Vesting of Performance Awards
TUR < the average of the TSX REIT Index and the Bloomberg Hotel Index	No Performance Awards will vest
TUR = the average of the TSX REIT Index and the Bloomberg Hotel Index	50% of the Performance Awards will vest
TUR > the average of the TSX REIT Index and the Bloomberg Hotel Index by 2%	75% of the Performance Awards will vest
TUR > the average of the TSX REIT Index and the Bloomberg Hotel Index by 4%	100% of the Performance Awards will vest
TUR > the average of the TSX REIT Index and the Bloomberg Hotel Index by 6%	150% of the Performance Awards will vest
TUR > the average of the TSX REIT Index and the Bloomberg Hotel Index by 8% or more	200% of the Performance Awards will vest

- (1) For clarity, the vesting of Performance Awards is determined (i) first, by separate measurement of the TUR against each of the TSX REIT Index and the Bloomberg Hotel Index in order to determine the vesting level in respect of each such benchmark index by application of the above table, and (ii) second, by taking the simple average of such vesting levels and multiplying the average vesting level by the amount of the Performance Awards to determine the number of underlying vested Units.

The LTIP awards granted in 2021 based on the performance of the Named Executive Officers in the REIT’s 2020 financial year were provided on a basis consistent with the above construct. See “*Executive Compensation – Compensation Discussion and Analysis – Recent Grants of Awards*”.

The cash value of Unit-based awards granted under the LTIP are structured to be equal to the amount of cash bonuses under the STIP. Accordingly, the impacts of COVID-19 considered by the Compensation Committee and Board discussed above under “*Executive Compensation – Compensation Discussion and Analysis – Elements of Compensation – Short-Term Incentive Plan*” were equally applied in determining the LTIP awards.

Named Executive Officers and other participants in the LTIP are not permitted to pledge or hedge any securities-based compensation granted thereto under the LTIP prior to the vesting and issuance of the underlying Units.

The Board and Compensation Committee retain the discretion under the SBC Plan and LTIP to apply informed judgment as necessary to vary the amount of the Awards and any associated vesting periods based on factors they deem relevant.

Securities-Based Compensation Plan

The following is a summary of certain of the current provisions of the amended and restated securities-based compensation plan of the REIT (the “SBC Plan”) adopted by the Unitholders at the Annual and Special Meeting of the REIT held on May 8, 2019. It is not intended to be a comprehensive discussion of all of the terms and conditions of the SBC Plan and, in the case of any conflict or discrepancy between the summary set forth below and the terms of the SBC Plan, the terms of the SBC Plan govern.

A copy of the SBC Plan may be obtained by a Unitholder or any other interested party by contacting the interim Chief Financial Officer of the REIT at Suite 800, 925 West Georgia Street, Vancouver, British Columbia V6C 3L2, by telephone at 1-604-630-3134 or by facsimile at 1-604-629-0790.

Purpose

The purpose of the SBC Plan is to promote the REIT's interests and long-term success by providing directors, officers, employees and consultants of the REIT, the General Partner and their respective affiliates ("**Eligible Persons**") with greater incentive to further develop and promote the REIT's business and financial success, to further the alignment of interests of persons to whom Awards (defined below) may be granted with those of the Unitholders generally through a proprietary ownership interest in the REIT, and to assist the REIT in attracting, retaining and motivating such directors, officers, employees and consultants.

The SBC Plan allows the Compensation Committee flexibility in determining which of Unit options ("**Options**"), stock appreciation rights ("**Stock Appreciation Rights**"), restricted stock ("**Restricted Stock**"), restricted stock units ("**Restricted Stock Units**" or "**RSUs**"), performance awards ("**Performance Awards**") or other stock-based awards (collectively, "**Awards**") are best suited to be granted to Eligible Persons. The Compensation Committee has the power to administer the SBC Plan, where consistent with the general purpose and intent of the SBC Plan and subject to the specific provisions of the SBC Plan and any approvals or requirements of any regulatory authorities to which the REIT is subject, including the TSX. Such power includes, without limitation, determining the types of Awards to be granted, the times the Awards will be granted and the pricing, vesting and other terms of grant.

In determining which Eligible Persons shall receive an Award and the terms of any Award, the Compensation Committee may take into account the nature of the services rendered by the respective Eligible Persons, their present and potential contributions to the success of the REIT or such other factors as the Compensation Committee, in its discretion, deems relevant. Previous grants of option-based and Unit-based Awards may be taken into account by the Compensation Committee when considering new grants.

Number of Units Issuable

Subject to the adjustment provisions provided for in the SBC Plan and the applicable rules and regulations of all regulatory authorities to which the REIT is subject (including any stock exchange), the total number of Units reserved for issuance pursuant to the SBC Plan and all other securities-based compensation arrangements of the REIT shall not exceed 10% of the issued and outstanding Units on a "rolling" basis. In addition, the total number of Units issuable from treasury by the REIT pursuant to the SBC Plan and all other securities-based compensation arrangements of the REIT in respect of Awards granted as Restricted Stock, and Restricted Stock Units (including, for greater certainty, Performance Awards, issued in the form of Restricted Stock or Restricted Stock Units) (collectively, "**Full Value Awards**") shall not, in the aggregate, exceed 5% of the issued and outstanding Units on a "rolling basis".

The term "rolling" means that as the outstanding capital of the REIT increases from time to time by the issuance of Units, the number of Units eligible to be issued under the SBC Plan will automatically increase to 10% of the then issued and outstanding Units, or 5% of the then issued and outstanding Units in respect of Full Value Awards. As at May 7, 2021: (i) up to 2,789,046 Units were issuable pursuant to outstanding Awards granted under the SBC Plan, representing 3.55% of the REIT's issued and outstanding Units on a non-diluted basis, of which 489,046 are Full Value Awards and 2,300,000 are Options; and (ii) 5,066,257 Units were eligible to be issued under the SBC Plan representing 6.45% of the REIT's issued and outstanding Units on a non-diluted basis, of which 3,438,606 were eligible to be issued as Full Value Awards, representing 4.38% of the REIT's issued and outstanding Units on a non-diluted basis. Such amounts do not include the Awards granted under the LTIP in 2021, the quantum of which will be determined following in accordance with the SBC Plan following the end of the REIT's current blackout period, which is expected to complete following the release of the REIT's first quarter results in May 2021.

For greater certainty, the REIT must obtain approval from a requisite majority of Unitholders at a duly called meeting of Unitholders without counting the votes associated with Units held by insiders of the REIT or their associates if the total number of Units issuable pursuant to the SBC Plan and all other securities-based compensation arrangements of the REIT could result at any time in the number of Units:

- (a) reserved under all securities-based compensation arrangements of the REIT exceeding 10% of the issued and outstanding Units;
- (b) issued within any one-year period under all securities-based compensation arrangements of the REIT exceeding 10% of the issued and outstanding Units;
- (c) reserved under all securities-based compensation arrangements of the REIT in respect of Full Value Awards exceeding 5% of the issued and outstanding Units; or
- (d) issued within any one-year period under all securities-based compensation arrangements of the REIT in respect of Full Value Awards exceeding 5% of the issued and outstanding Units.

For purposes of the above, if an Award entitles the holder to receive or purchase Units, the number of Units covered by such Award or to which such Award relates is counted on the date of grant of such Awards against the aggregate number of Units available for granting Awards under the SBC Plan. Every Unit subject to an option is counted against the limit as one Unit. Every Unit subject to all other Awards is counted either as a whole Unit or such greater or lesser fraction thereof as is determined in the discretion of the REIT having due regard to such matters and considerations as it determines relevant, including any applicable rules or policies of the TSX.

If an outstanding Award for any reason expires or is terminated or cancelled without having been exercised or settled in full, or if Units acquired pursuant to an Award subject to forfeiture are forfeited by the REIT for an amount not greater than the purchase price for the applicable Participant (as defined below), the Units are again available for issuance under the SBC Plan. Units are not deemed to have been issued pursuant to the SBC Plan with respect to any portion of an Award that is settled in cash.

Under the terms of the SBC Plan: (i) the maximum value of Awards that may be granted pursuant to the SBC Plan and all other securities-based compensation arrangements of the REIT to non-executive directors of the General Partner in a fiscal year is limited to \$100,000 per non-executive director; and (ii) the maximum number of Units permitted to be reserved for issuance pursuant to the SBC Plan and all other securities-based compensation arrangements of the REIT to non-executive directors of the REIT is 1% of the issued and outstanding Units on a “rolling” basis (collectively, the “**Non-Executive Director Participation Limits**”). The REIT is required to obtain disinterested Unitholder approval prior to making any amendment to the SBC Plan to increase the Non-Executive Director Participation Limits.

Exercise Price of Options

The exercise price per Unit for Options is fixed by the Compensation Committee, in its sole discretion, having due regard to such matters and considerations as it determines relevant, including any applicable rules, regulations or policies of the TSX. Subject to the foregoing, the fair market value of any Units for the purposes of determining the exercise price for any Option is the weighted average price at which the Units have traded on the TSX during the period of five consecutive trading days ending on the trading day immediately prior to the date such Option is granted, where “weighted average price” means, for any period, the amount obtained by dividing the aggregate sale price of all of the Units traded on the TSX during such period by the total number of Units so traded.

Vesting Restrictions for Option Grants

Except as determined from time to time by the Compensation Committee, all Options cease to vest as at the date upon which the participating Eligible Person (a “**Participant**”) ceases to be an Eligible Person (which, in the case of an employee or consultant, is the date on which their employment or engagement, as applicable, terminates, specifically without regard to any period of reasonable notice or any salary continuance).

Term of Options

Subject to an extension in the case of a blackout period, the term of Options granted is determined by the Compensation Committee and specified in the Option agreement pursuant to which such Option is granted, provided that the date cannot be later than the earlier of: (i) the date which is the tenth anniversary of the date on which such Option is granted; and (ii) the latest date permitted under the applicable rules and regulations of all regulatory

authorities to which the REIT is subject. The SBC Plan provides for early termination of Options in certain circumstances, including death and termination for cause. See “*Causes of Cessation*”, below.

Transforming Options to Stock Appreciation Rights

The Compensation Committee has the discretion to transform an Option to a Stock Appreciation Right involving an issuance of REIT securities from treasury.

Stock Appreciation Rights

The Compensation Committee is authorized to grant Stock Appreciation Rights to Eligible Persons subject to the terms and conditions of the SBC Plan and the requirements of the TSX.

For Stock Appreciation Rights granted under the SBC Plan, the Participant, upon exercise of the Stock Appreciation Right, has the right to receive, as determined by the Compensation Committee, cash or a number of Units equal to the excess of: (i) the fair market value of one Unit on the date of exercise (or, if the Compensation Committee so determines at any time during a specified period before or after the date of exercise); and (ii) the grant price of the Stock Appreciation Right as determined by the Compensation Committee, which grant price cannot be less than 100% of the fair market value of one Unit on the date of grant of the Stock Appreciation Right.

Term of Stock Appreciation Rights

The term of each Stock Appreciation Right granted is determined by the Compensation Committee and specified in the Award agreement pursuant to which such Stock Appreciation Right is granted, provided that the date cannot be later than the earlier of: (i) the date which is the tenth anniversary of the date on which such Stock Appreciation Right is granted; and (ii) the latest date permitted under the applicable rules and regulations of all regulatory authorities to which the REIT is subject. The SBC Plan provides for early termination of Stock Appreciation Rights in certain circumstances, including death and termination for cause. See “*Causes of Cessation*”, below.

Restricted Stock

The Compensation Committee is authorized to grant Restricted Stock, in the form of Units to Eligible Persons subject to the terms and conditions of the SBC Plan and the requirements of the TSX. The Restricted Stock is subject to such restrictions as the Compensation Committee may impose and which comply with the requirements of the TSX which restrictions may lapse separately or in combination at such time or times, in such instalments or otherwise as the Compensation Committee determines.

Term of Restricted Stock

Subject to an extension in the case of a blackout period, the term of Restricted Stock granted is determined by the Compensation Committee and specified in the agreement pursuant to which such Award is granted, provided that the date cannot be later than the earlier of: (i) the date which is the tenth anniversary of the date on which such Restricted Stock is granted; and (ii) the latest date permitted under the applicable rules and regulations of all regulatory authorities to which the REIT is subject.

Restricted Stock Units

The Compensation Committee is authorized to grant Restricted Stock Units to Eligible Persons subject to the terms and conditions of the SBC Plan and the requirements of the TSX. Restricted Stock Units granted under the SBC Plan confer on the holder the right to receive a Unit (or cash payment equal to the fair market value of such security if the Compensation Committee so elects) at some future date.

Restricted Stock Units may also allow the Participant to receive a payment in cash or property equal to any dividend or other distribution paid on the underlying security, subject to the discretion of the Compensation Committee. Any amount so paid does not have to be repaid by the Participant if the Restricted Stock Units are

terminated or cancelled prior to vesting. Restricted Stock Unit Awards are subject to an Award agreement containing such terms and conditions, not inconsistent with the provisions of the SBC Plan, as the Compensation Committee determines and reflecting the mechanics of the Restricted Stock Unit component of the SBC Plan set forth below.

Term of Restricted Stock Units

Subject to an extension in the case of a blackout period, the term of Restricted Stock Units granted are determined by the Compensation Committee and specified in the agreement pursuant to which such Award is granted, provided that the date cannot be later than the earlier of: (i) the date which is the tenth anniversary of the date on which such Restricted Stock Unit is granted; and (ii) the latest date permitted under the applicable rules and regulations of all regulatory authorities to which the REIT is subject. The SBC Plan provides for early vesting of Restricted Stock Units in the event of the death of an Eligible Person and early termination of Restricted Stock Units in certain circumstances, including termination for cause. See “*Causes of Cessation*”, below.

Performance Awards

The Compensation Committee is authorized to grant Performance Awards to Eligible Persons subject to the terms and conditions of the SBC Plan and the requirements of the TSX. A Performance Award granted under the SBC Plan: (i) may be denominated or payable in cash, Units (including, without limitation, Restricted Stock and Restricted Stock Units), other securities, other Awards or other property; and (ii) confers on the holder thereof the right to receive payments, in whole or in part, upon the achievement of such performance goals during such performance periods as the Compensation Committee establishes. Subject to the terms of the SBC Plan, the performance goals to be achieved during any performance period, the length of any performance period, the amount of any Performance Award granted, the amount of any payment or transfer to be made pursuant to any Performance Award and any other terms and conditions of the Performance Award is determined by the Compensation Committee.

Other Securities-Based Awards

The Compensation Committee is authorized to grant to an Eligible Person, subject to the terms of the SBC Plan and the requirements of the TSX, such other Awards that are denominated or payable in, valued in whole or in part by reference to, or otherwise based on or related to, Units (including, without limitation, securities convertible into Units) as are deemed by the Compensation Committee to be consistent with the purpose of the SBC Plan provided the maximum number of Units (including, without limitation, securities convertible into Units) issuable during a calendar year under such Awards shall not exceed 500,000 Units.

Causes of Cessation

In the event the Participant ceases to be an Eligible Person for any reason, other than the death of the Participant or the termination of the Participant for cause, Options, Stock Appreciation Rights and Restricted Stock Units expire and terminate at such period of time after the date on which the Participant ceases to be an Eligible Person as may be specified by the Compensation Committee, which date shall not exceed three months following the date of termination of the Participant's directorship, employment or active engagement, as applicable.

In the event of the termination of the Participant as a director, officer, employee or consultant for cause, Options, Stock Appreciation Rights and Restricted Stock Units expire and terminate on the date of notice of such termination. In the event of the death of a Participant prior to: (i) the Participant ceasing to be an Eligible Person; or (ii) the date which is the number of days specified by the Compensation Committee pursuant to the paragraphs above from the date on which the Participant ceased to be an Eligible Person, Options, Stock Appreciation Rights and Restricted Stock Units expire on the date which is one year after the date of death of the Participant or such other earlier date specified by the Compensation Committee and which period is specified in the Award agreement with the Participant with respect to such Options, Stock Appreciation Rights and Restricted Stock Units. Except as otherwise determined by the Compensation Committee, upon a Participant's ceasing to be an Eligible Person (as determined under criteria established by the Compensation Committee) during the applicable restriction period, all applicable Units of Restricted Stock shall be forfeited and reacquired by the REIT.

Assignability

Awards granted under the SBC Plan are non-transferable and non-assignable to anyone other than to a “Permitted Assign” as defined in the SBC Plan (e.g. a spouse, RRSP or holding entity of a Participant).

Procedure for Amending

Without the approval of any of the securityholders of the REIT, unless required by the TSX, the Compensation Committee has the right, subject only to those limitations noted below, to at any time suspend, amend modify or terminate the SBC Plan or any Award agreement, including, without limitation, the right to make the following amendments to the SBC Plan or any Award agreement: (i) amendments of a clerical nature, including but not limited to the correction of grammatical or typographical errors or clarification of terms; (ii) amendments to reflect any requirements of any regulatory authorities to which the REIT is subject, including the TSX; (iii) cancel any Award for Units, reduce the number of Units under any Award or increase the exercise price of an Award for Units; (iv) amendments to the vesting provisions under any Award; (v) convert the SBC Plan to a fixed number plan at any time, provided that the fixed number does not exceed 10% of the then issued and outstanding Units, and the number of Units reserved under the fixed number plan and all other securities-based compensation arrangements of the REIT in respect of Full Value Awards, does not, in the aggregate, exceed 5% of the then issued and Outstanding Units; and (vi) amendments to obtain, preserve or clarify the provision of desirable tax treatment to Participants, the REIT or its subsidiaries in respect of Awards, as well as amendments which may be necessary or desirable in the interests of the Participants, the REIT or its subsidiaries as a result of changes in taxation laws or in their interpretation or administration (including changes in the administrative practices and assessing policies of the Canada Revenue Agency). Notwithstanding the foregoing, all procedures and necessary approvals required under the applicable rules and regulations of all regulatory authorities to which the REIT is subject, including the TSX, shall be complied with and obtained in connection with any such suspension, termination, amendment or other modification to the SBC Plan or amendments to any Award agreement.

The Compensation Committee will not have the right to: (i) without the prior approval of Unitholders by ordinary resolution and except as may be permitted under the SBC Plan: (A) extend the term of an Award for Units beyond its original expiry date (other than, for greater clarity, an extension provided in accordance with the terms of the SBC Plan in respect of a blackout period in effect on the expiry date); or (B) cancel any Award for Units and replace such Award within three months of the cancellation; (ii) reduce the exercise price per Unit under any Award held by an insider of the REIT or the General Partner without obtaining disinterested Unitholder approval; (iii) reduce the Exercise Price per Unit under any Award held by non-insiders of the REIT or replace such Award with a lower Exercise Price per Unit under such replacement Award without obtaining the approval of Unitholders by ordinary resolution; (iv) affect in a manner that is adverse or prejudicial to, or that impairs, the benefits and rights of any Participant under any Award previously granted under the SBC Plan (except as permitted pursuant to the SBC Plan and except for the purpose of complying with applicable securities laws or the bylaws, rules and regulations of any regulatory authority to which the REIT is subject, including the TSX) unless the consent of the affected Participants is first obtained; (v) decrease the number of securities which may be purchased pursuant to any Award (except as permitted under the SBC Plan) without the consent of such Participant; (vi) increase the exercise price at which securities may be purchased pursuant to any Award (except as permitted under the SBC Plan) without the consent of such Participant; (vii) grant any Awards for Units with, or extend the term of any Awards for Units beyond, a period of ten years or the latest date permitted under the applicable rules and regulations of all regulatory authorities to which the REIT is subject, including the TSX; (viii) grant any Award if the SBC Plan is suspended or has been terminated; or (ix) without the prior approval of Unitholders by ordinary resolution, amend any of the terms of the SBC Plan governing the transferability of Awards, or the terms of the SBC Plan governing amendments to the SBC Plan.

Financial Assistance

The REIT does not provide financial assistance to Participants to facilitate the purchase of Units upon the exercise of Awards granted under the SBC Plan.

Other Material Information

Appropriate adjustments to the SBC Plan and to Awards granted thereunder are to be made by the Compensation Committee to give effect to adjustments in the number and type of Units (or other securities or other property) resulting from subdivisions, consolidations, substitutions, or reclassifications of Units, payment of distributions in kind or other changes in the REIT's capital. In the event of any merger, acquisition, amalgamation, arrangement or other scheme of reorganization that results in a change of control, the Compensation Committee has the right, in an appropriate and equitable manner: (i) to determine the purchase price or exercise price with respect to any Award, provided, however, that the number of Units covered by any Award or to which such Award relates is always a whole number; (ii) to determine the manner in which all unexercised rights granted under the SBC Plan will be treated; (iii) to offer any Participant the opportunity to obtain a new or replacement Award over any securities into which the Units are changed or are convertible or exchangeable, on a basis proportionate to the number of Units under Award and the exercise price (and otherwise substantially upon the terms of the Award being replaced, or upon terms no less favourable to the Participant); and/or (iv) to commute for or into any other security or any other property or cash, any Award that is still capable of being exercised, upon giving to the Participant to whom the Award has been granted at least 30 days written notice of its intention to commute the Award, and during such period of notice, such Award, to the extent it has not been exercised, can be exercised by the Participant without regard to any vesting conditions attached thereto, and on the expiry of such period of notice, the unexercised portion of such Award will lapse and be cancelled.

Equity Compensation Burn Rate

The REIT's annual equity compensation "burn rate", as described in Section 613(p) of the TSX Company Manual, was 4.66% for the year ended December 31, 2020, was 0.14% for the year ended December 31, 2019, and 0.16% for the year ended December 31, 2018 and 0.22% for the year ended December 31, 2017. The equity compensation burn rate is calculated by dividing the number of equity-settled Awards granted under the SBC Plan during the applicable fiscal year by the weighted average number of Units outstanding for that year and is subject to change from time to time, based on the number of equity-settled Awards granted and the total number of Units issued and outstanding. For the purposes of the foregoing calculations, the RSUs that were granted as Performance Awards and vest subject to a multiplier of 0% to 200% are included in the calculation of the equity compensation burn rate based on their maximum payout (see "*Executive Compensation – Compensation Discussion and Analysis – Elements of Compensation – Long-Term Incentive Plan*" above for a description of the multipliers).

The equity compensation "burn rate" was abnormally high in 2020 due to several factors, including: (i) the REIT using the SBC Plan to issue equity based awards in lieu of salary and cash bonuses otherwise payable to both the former and current Chief Executive Officer, and in lieu of cash board retainers, in each case, as part of the REIT's liquidity strategy implemented in response to the COVID-19 pandemic; (ii) Unit prices being well below historical averages, resulting in a higher number of Units underlying equity awards, which are priced relative to market; and (iii) certain one-time awards granted to the Chief Executive Officer as part of his initial compensation package intended to align him with Unitholders by incenting the creation of long-term value for Unitholders. The REIT expects the equity compensation "burn rate" to be lower in 2021 than in 2020; however, as noted above, the CEO will receive 50% of his salary for 2021 and his 2021 STIP award in RSUs, and with Unit prices still below historical averages, the equity compensation "burn rate" may still be above pre-COVID-19 levels.

Unit Purchase Policy

The REIT has in place a unit purchase policy (the "**Unit Purchase Policy**"), which was implemented by the Board to: (i) promote increased ownership of Units by members of the Board and executive officers of the REIT, the General Partner and their respective affiliates with a view to greater aligning their interests with the interests of Unitholders; and (ii) assisting the REIT, the General Partner and their respective affiliates in attracting, retaining and motivating their respective directors and executive officers.

The Board has delegated to the Compensation Committee the responsibility of overseeing and ensuring the implementation and administration of the Unit Purchase Policy. The Compensation Committee is permitted to delegate certain clerical and back office support duties required for the implementation and facilitation of the Unit Purchase Policy to employees of the REIT, the General Partner and their affiliates.

Subject to the limitations noted below, participants in the Unit Purchase Policy are entitled to reimbursement for 50% of the purchase price for any “Eligible Purchase” of Units, subject to statutory withholdings. For the purposes of the Unit Purchase Policy an “Eligible Purchase” means a secondary market acquisition by a participant in the Unit Purchase Policy of at least 100 Units through the facilities of the TSX or the OTCQX or such other stock exchange in Canada or the U.S. on which the Units may trade from time to time and specifically excludes any acquisition of Units from treasury of the REIT or through any merger, arrangement, amalgamation or similar transaction. This right to reimbursement is subject to any applicable claw-back policy of the REIT which may be in place from time to time.

Under the terms of the Unit Purchase Policy: (i) directors are permitted to be reimbursed the purchase price for up to a maximum of 2,500 Units acquired through Eligible Purchases in respect of a given financial year of the REIT, or such other number or dollar value of Units as the Compensation Committee may approve from time to time; and (ii) each executive officer is permitted to be reimbursed the purchase price for up to that maximum number of Units acquired through Eligible Purchases in respect of a given financial year of the REIT, or such maximum dollar value of Units, as the Compensation Committee may approve from time to time.

The maximum number of Units eligible to be purchased under the Unit Purchase Policy by the Named Executive Officers in respect of a given financial year of the REIT is as follows: (i) 10,000 by the Chief Executive Officer; (ii) 5,000 by the Chief Financial Officer; (iii) 5,000 by the Chief Investment Officer; (iv) 5,000 by the Chief Operating Officer; and (v) 2,500 by the Vice President, Finance.

Recent Grants of Awards

On April 20, 2021, the Board, on the recommendation of the Compensation Committee, determined the cash value of the (i) STIP awards to be granted to the Named Executive Officers in 2021 in respect of their performance in 2020 (subject to certain exceptions noted below), and (ii) the LTIP awards to be granted to the Named Executive Officers in 2021, the primary purpose of which is to retain and incentivize the future performance of the Named Executive Officers. The number of RSUs that the Named Executive Officers will be entitled to receive under their LTIP awards will be determined in accordance with the SBC Plan following the release of the REIT’s first quarter results in May 2021. Given that these awards were granted after the end of the REIT’s most recently completed financial year, only the cash value of the STIP awards (which STIP awards were granted solely in respect of each Named Executive Officer’s performance in 2020) has been included in the body of any of the compensation tables set out under the heading “*Executive Compensation*” in this Information Circular.

For a discussion of the methodology applied by the Compensation Committee and the Board in determining the value of these awards, which included an assessment of the impacts of COVID-19 on the REIT, Unitholders and the Named Executive Officers, see “*Executive Compensation – Compensation Discussion and Analysis – Elements of Compensation – Short-Term Incentive Plan*” and “*Executive Compensation – Compensation Discussion and Analysis – Elements of Compensation – Long-Term Incentive Plan*”.

STIP Grants

The Named Executive Officers were awarded the below cash STIP awards in 2021 for their performance during the financial year ended December 31, 2020.

SBC Plan Participant	Cash STIP Award
Jonathan Korol ⁽¹⁾	\$116,848
John O'Neill ⁽²⁾	\$208,100
Azim Lalani ⁽³⁾	Nil
Bruce Pittet ⁽⁴⁾	\$182,042
Chris Cameron	\$126,000
Anne Yu	\$65,100

- (1) Mr. Korol was appointed as the Chief Executive Officer of the General Partner effective October 7, 2020; accordingly, he received a prorated award under the STIP in respect of the financial year ended December 31, 2020. Mr. Korol's award was paid in the form RSUs, which were priced and vested in underlying Units at the end of December 2020 as required by the terms of his employment agreement.
- (2) Mr. O'Neill retired as the Chief Executive Officer of the General Partner effective October 7, 2020; accordingly, he received a prorated award under the STIP in respect of the financial year ended December 31, 2020.
- (3) Mr. Lalani departed from the role of Chief Financial Officer of the General Partner on March 18, 2021. The REIT is in discussions with Mr. Lalani in respect of the provision of compensation in connection with his departure.
- (4) The amount shown represents the amount awarded to Mr. Pittet (US\$135,700), converted into Canadian Dollars using the average U.S. dollar to Canadian dollar daily rate of exchange of 1.3415 posted by the Bank of Canada for the period from January 1, 2020 to December 31, 2020.

LTIP Grants

On April 15, 2021, the Board approved the cash value of the following LTIP Awards for the Named Executive Officers:

SBC Plan Participant	Cash Value of LTIP Award⁽¹⁾⁽²⁾⁽³⁾
Jonathan Korol	\$116,848 ⁽⁴⁾
John O'Neill	Nil ⁽⁵⁾
Azim Lalani	Nil ⁽⁶⁾
Bruce Pittet	182,042 ⁽⁷⁾
Chris Cameron	126,000 ⁽⁶⁾
Anne Yu	65,100

- (1) The number of RSUs that the Named Executive Officers will be entitled to receive under their respective LTIP awards will be determined in accordance with the SBC Plan following the end of the current blackout period, which is expected to complete following the release of the REIT's first quarter results in May 2021.
- (2) Unvested RSUs, once issued, will be entitled to receive distributions on the basis that any distributions made to Unitholders on or after the grant date until the date of vesting of any RSUs will be accrued and then, at the time of vesting, paid to the holder in the form of cash equal to the aggregate amount of the then accrued distributions. If any RSUs are cancelled or otherwise fail to vest, the entitlement to distributions accrued on thereon will also be cancelled and forfeited by the holder thereof.
- (3) In the case of each Named Executive Officer, 40% of their respective LTIP awards will be granted in the form of RSUs, which such RSUs will vest over approximately three years in equal annual installments, and 60% of their respective LTIP awards will be granted in the form of RSUs as Performance Awards, respectively, which such RSUs: will be subject to a multiplier of 0% to 200% on vesting computed based on the REIT's three-year TUR relative 50% to the TSX REIT Index and 50% to the Bloomberg Hotel Index for the period from the grant date to the vesting date (see "*Executive Compensation – Elements of Compensation – Long-Term Incentive Plan*" above for details).
- (4) Mr. Korol was appointed as the Chief Executive Officer of the General Partner effective October 7, 2020; accordingly, he received a prorated award under the LTIP in respect of the financial year ended December 31, 2020.
- (5) Mr. O'Neill retired from the position of Chief Executive Officer of the General Partner effective October 7, 2020; accordingly, he did not receive an award under the LTIP in respect of the financial year ended December 31, 2020.
- (6) Mr. Lalani departed from the role of Chief Financial Officer of the General Partner on March 18, 2021. The REIT is in discussions with Mr. Lalani in respect of the provision of compensation in connection with his departure.
- (7) The amount shown represents the amount awarded to Mr. Pittet (US\$135,700), converted into Canadian Dollars using the average U.S. dollar to Canadian dollar daily rate of exchange of 1.3415 posted by the Bank of Canada for the period from January 1, 2020 to December 31, 2020.

Summary Compensation Table

The following table summarizes the compensation of the Named Executive Officers for the years ended December 31, 2020, 2019 and 2018:

Name and principal position	Fiscal year	Salary (\$)	Unit-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation (\$)	Total compensation (\$)
					Annual incentive plans	Long-term incentive plans			
Jonathan Korol Chief Executive Officer ⁽¹⁾	2020	117,332 ⁽¹⁾	650,000 ⁽²⁾	120,000 ⁽²⁾	116,848 ⁽³⁾	—	—	350,000 ⁽²⁾	1,354,180
	2019	—	—	—	—	—	—	—	—
	2018	—	—	—	—	—	—	—	—
John O'Neill Former Chief Executive Officer	2020	297,445 ⁽⁴⁾	103,320 ⁽⁵⁾	—	208,100 ⁽³⁾	—	—	372,127 ⁽⁶⁾⁽⁷⁾⁽⁸⁾	980,993
	2019	500,000	31,257 ⁽⁹⁾	—	258,300 ⁽¹⁰⁾	—	—	67,348 ⁽⁶⁾⁽⁷⁾	856,904
	2018	125,000 ⁽⁴⁾	—	—	39,075 ⁽¹¹⁾	—	—	—	164,075
Azim Lalani Former Chief Financial Officer	2020	301,750 ⁽¹²⁾	50,200 ⁽⁵⁾	—	— ⁽¹⁴⁾	—	—	8,295 ⁽⁶⁾	360,245
	2019	340,000	56,239 ⁽⁹⁾	—	125,500 ⁽¹⁰⁾	—	—	13,691 ⁽⁶⁾	535,430
	2018	321,200	40,875 ⁽¹³⁾	—	70,300 ⁽¹¹⁾	—	—	14,357 ⁽⁶⁾	446,732
Chris Cameron Chief Investment Officer ⁽¹⁵⁾	2020	288,438 ⁽¹²⁾	44,280 ⁽⁵⁾	—	126,000 ⁽³⁾	—	—	34,825 ⁽⁶⁾⁽⁷⁾	493,543
	2019	190,341	—	—	110,700 ⁽¹⁰⁾	—	—	34,848 ⁽⁷⁾	335,889
	2018	—	—	—	—	—	—	—	—
Bruce Pittet Chief Investment Officer ⁽¹⁶⁾	2020	544,057	46,242 ⁽⁵⁾	—	182,042 ⁽³⁾	—	—	46,318 ⁽⁶⁾⁽⁷⁾	818,659
	2019	343,208	—	—	114,149 ⁽¹⁰⁾	—	—	34,135 ⁽⁷⁾	491,492
	2018	—	—	—	—	—	—	—	—
Anne Yu Interim Chief Financial Officer, and Vice President, Finance	2020	186,375 ⁽¹²⁾	24,800 ⁽⁵⁾	—	65,100 ⁽³⁾	—	—	6,510 ⁽⁶⁾⁽⁷⁾	282,785
	2019	210,000	29,276 ⁽⁹⁾	—	62,000 ⁽¹⁰⁾	—	—	20,395 ⁽⁶⁾⁽⁷⁾	321,671
	2018	195,000	17,994 ⁽¹³⁾	—	36,600 ⁽¹¹⁾	—	—	8,361 ⁽⁶⁾	257,955

- (1) Mr. Korol was appointed as the Chief Executive Officer of the General Partner effective October 7, 2020. The compensation amounts included for Mr. Korol in respect of the 2020 financial year reflect compensation for a partial period. The annualized salary for Mr. Korol for the 2020 financial year was \$500,000. Mr. Korol agreed to receive 50% of his base salary in the form of RSUs, for the period from his appointment until December 31, 2021, which RSUs are priced, issued and vest in Units quarterly.
- (2) Mr. Korol received a make-whole payment as part of his initial compensation package comprised of: (i) \$650,000 in RSUs; (ii) \$120,000 in Options having a strike price of \$5.00 and a five year term and (iii) a cash payment of \$350,000, all of which are discussed further below under “Executive Compensation – Summary Compensation Table – CEO Compensation Package”. The Options are exercisable on a net cashless basis only and had a grant date fair value of \$0.06 per Option based on a Black-Scholes valuation. The grant date fair value of the Options was determined at the time of grant using the Black-Scholes Option Pricing Model, using the following assumptions: a term of five years; volatility of 25%; dividend yield of 3.0%; and risk-free interest rate of 0.42%.
- (3) Number represents cash amount of the STIP award approved for grant to such Named Executive Officer for his or her performance during the financial year ended December 31, 2020. See “Executive Compensation – Recent Grants of Awards – STIP Grants” above for further details. Pursuant to the terms of Mr. Korol’s employment agreement his STIP award was paid in the form of RSUs, which were priced and vested in underlying Units at the end of December 2020.
- (4) Mr. John O’Neill was appointed as the Chief Executive Officer of the General Partner effective October 1, 2018 and retired effective October 7, 2020. The compensation amounts included for Mr. John O’Neill in respect of the 2018 and 2020 financial years reflect compensation for a partial period. Mr. O’Neill elected to receive his base salary for the 2018, 2019 and 2020 financial years in the form of Units, which was facilitated through secondary market purchases completed under an individual automatic purchase plan; however, after April 1, 2020, Mr. O’Neill received his salary for the remainder of 2020 in RSUs issued under the SBC Plan, which vested in the form of Units in equal monthly tranches for the remainder of 2020. As noted above Mr. O’Neill voluntarily agreed to a 50% reduction of his base salary effective April 1, 2020 for the remainder of 2020.
- (5) Awards of RSUs were granted on March 30, 2020 at \$1.7207 per Unit. Mr. O’Neill was granted 150,112 RSUs with 20,015 vested on March 15, 2021 and 130,097 expired in connection with his retirement. Mr. Lalani was granted 72,936 RSUs with 9,724 vested on March 15, 2021, and the treatment of the remaining RSUs is subject to ongoing discussions between the REIT and Mr. Lalani in connection with his departure as Chief Financial Officer. Mr. Cameron was granted 64,333 RSUs with 8,577 vested on March 15, 2021, 8,577 vesting on March 15, 2022, 8,579 vesting on December 15, 2022 and 38,600 vesting, subject to a multiplier of 0% to 200%, on March 30, 2023. Mr. Pittet was granted 71,515 RSUs with 9,535 vested on March 15, 2021, 9,535 vesting on March 15, 2022, 9,536 vesting on December 15, 2022 and 42,909 vesting, subject to a multiplier of 0% to 200%, on March 30, 2023. Mr. Pittet’s award was subject to a two third pro-ration given his appointment on May 1, 2019. Ms. Yu was granted 36,031 RSUs with 4,804 vested on March 15, 2021, 4,804 vesting on March 15, 2022, 4,804 vesting on December 15, 2022 and 21,619 vesting, subject to a multiplier of 0% to 200%, on March 23, 2023. The grant date fair value of \$1.7207 per Unit of Restricted Stock was calculated using the weighted average price at which the Units traded on the TSX during the period of the five most recent trading days ending on the trading day immediately prior to the grant date. Bruce Pittet is compensated in U.S. dollars; accordingly, the grant date fair value of the RSUs issued to him, was calculated to be US\$1.2050 per Unit. This figure was calculated by multiplying the Canadian dollar grant date fair value of \$1.7202 per Unit by the average Canadian dollar to U.S. dollar exchange rate (Cdn\$1.00 = US\$0.7003) posted by the Bank of Canada for the five most recent trading days prior to the grant date. In accordance with Form 51-102F6 – *Statement of Executive Compensation*, the value of Unit-based awards that vest subject to a multiplier of 0% to 200% are calculated based on the minimum payout of zero dollars. The primary purpose of such grants was to retain and incentivize the future performance of such Named Executive Officers.

- (6) Number includes the sum of the aggregate of the cash payments made by the REIT to the Named Executive Officer upon the vesting of RSUs held thereby in lieu of cash distributions that would have otherwise been paid to the Named Executive Officer from the date of grant to the date of vesting.
- (7) Number includes the aggregate of the cash payments made by the REIT to the Named Executive Officer for reimbursement of 50% of the cost of Units acquired such Name Executive Officer under the Unit Purchase Policy (see “*Executive Compensation – Elements of Compensation – Unit Purchase Policy*”).
- (8) Number includes: (i) the vesting date value of 16,101 RSUs which had been issued in lieu of his salary (at a 50% reduction to base and on a net of taxes basis (taxes of \$29,808 having been deducted on the initial grant date)) for the remainder of 2020, which were permitted to vest after Mr. O’Neill’s retirement in equal amounts in accordance with their original monthly vesting schedule in October, November and December 2020 (having an aggregate value on the vesting dates of \$50,557.14, based on the closing price on the TSX of \$2.30, \$3.65 and \$3.47 per Unit on October 30, November 30 and December 15, 2020, respectively); and (ii) the vesting date value of 71,073 RSUs originally issued on a net of taxes basis (taxes of \$135,586.37 having been deducted on the initial grant date) in lieu of past cash STIP awards that were to vest between December 15, 2020 and December 15, 2022, were permitted to vest in full on an accelerated basis on December 15, 2020 (having an aggregate value on the date of vesting equal to \$246,623, based on the closing price on the TSX of \$3.47 per Unit on such date, as well as a cash payment of \$4,383.05 made by the REIT to Mr. O’Neill upon the vesting of such RSUs in lieu of cash distributions that would have otherwise been paid to Mr. O’Neill from the date of grant to the date of vesting).
- (9) Awards of RSUs were granted on August 19, 2019 at \$6.7831 per Unit. Mr. O’Neill was granted 11,521 RSUs with 1,536 vested on March 13, 2020, 1,536 vested on March 15, 2021, and 8,449 expired in connection with his retirement. Mr. Lalani was granted 20,727 RSUs with 2,763 vested on March 13, 2020, 2,763 vested on March 15, 2021, and the treatment of the remaining RSUs is subject to ongoing discussions between the REIT and Mr. Lalani in connection with his departure as Chief Financial Officer. Ms. Yu was granted 10,791 RSUs with 1,438 vested on March 13, 2020, 1,438 vested on March 15, 2021, 1,440 vesting on December 15, 2021 and 6,475 vesting, subject to a multiplier of 0% to 200%, on August 19, 2022. The grant date fair value of \$6.7831 per RSU was calculated using the weighted average price at which the Units traded on the TSX during the period of the five most recent trading days ending on the trading day immediately prior to the grant date. In accordance with Form 51-102F6 – *Statement of Executive Compensation*, the value of Unit-based awards that vest subject to a multiplier of 0% to 200% are calculated based on the minimum payout of zero dollars. The primary purpose of such grants was to retain and incentivize the future performance of such Named Executive Officers.
- (10) Number represents original cash amount of the STIP award approved for grant to such Named Executive Officer for his or her performance during the financial year ended December 31, 2019. However, Mr. O’Neill elected to receive his STIP award earned in 2019 in that number of RSUs representing 125% of the cash amount of his STIP award divided by the grant date fair value of \$2.4421 per Unit and \$3.0827 per Unit (in each case, rounded down to the nearest whole Unit) for the initial 100%, and additional 25% of the cash amount of his STIP Award, all of which vested on an accelerated basis in connection with his retirement. The grant date fair value of \$2.4421 for the initial 100% and \$3.0827 for the additional 25% of the cash amount of the STIP award were calculated using the weighted average price at which the Units traded on the TSX during the period of the five most recent trading days ending on the trading day immediately prior to the respective grant dates. Mr. Pittet’s award was subject to a two third pro-ration given his appointment on May 1, 2019.
- (11) Number represents original cash amount of the STIP award approved for grant to such Named Executive Officer for his or her performance during the financial year ended December 31, 2018. However, Mr. O’Neill elected to receive his STIP award earned in 2018 in that number of Units of RSUs representing 125% of the cash amount of his STIP award divided by the grant date fair value of \$6.7831 per Unit (rounded down to the nearest whole unit) vesting over approximately three years starting on December 13, 2019. The grant date fair value of \$6.7831 per RSU was calculated using the weighted average price at which the Units traded on the TSX during the period of the five most recent trading days ending on the trading day immediately prior to the grant date.
- (12) The Named Executive Officer’s base salary for the 2020 financial year reflects a 15% reduction agreed to by the Named Executive Officer for the period from April 1, 2020 to December 31, 2020. See “*Executive Compensation – Compensation Discussion and Analysis – Elements of Compensation – Base Salary*”.
- (13) Awards of RSUs were granted on May 17, 2018 at \$8.0115 per Unit. Mr. Lalani was granted 12,756 RSUs with 1,700 vested on March 15, 2019, 1,700 vested on March 13, 2020, 1,702 vested on December 15, 2020, and the treatment of the remaining RSUs is subject to ongoing discussions between the REIT and Mr. Lalani in connection with his departure as Chief Financial Officer. Ms. Yu was granted 5,616 RSUs with 748 vested on March 15, 2019, 748 vested on March 13, 2020, 750 vested on December 15, 2020 and 3,370 vesting, subject to a multiplier of 0% to 200%, on May 17, 2021. The grant date fair value of \$8.0115 per RSU was calculated using the weighted average price at which the Units traded on the TSX during the period of the five most recent trading days ending on the trading day immediately prior to the grant date. In accordance with Form 51-102F6 – *Statement of Executive Compensation*, the value of Unit-based awards that vest subject to a multiplier of 0% to 200% are calculated based on the minimum payout of zero dollars. The primary purpose of such grants was to retain and incentivize the future performance of such Named Executive Officers.
- (14) Mr. Lalani departed from the role of Chief Financial Officer of the General Partner on March 18, 2021. The REIT is in discussions with Mr. Lalani in respect of the provision of compensation in connection with his departure.
- (15) Mr. Cameron was appointed as the Chief Investment Officer of the General Partner effective February 11, 2019. The compensation amounts included for Mr. Cameron in respect of the 2019 financial year reflect compensation for a partial period.
- (16) Mr. Bruce Pittet was appointed as the Chief Operating Officer of the General Partner effective May 1, 2019. The compensation amounts included for Mr. Pittet in respect of the 2019 financial year reflect compensation for a partial period. Mr. Pittet receives all compensation in U.S. dollars; accordingly, his compensation has been converted to Canadian dollars using the average U.S. dollar to Canadian dollar daily rate of exchange of (i) 1.3415 posted by the Bank of Canada for the period from January 1, 2020 to December 31, 2020, in respect of compensation for the 2020 financial year, and (ii) 1.3246 posted by the Bank of Canada for the period from May 1, 2019 to December 31, 2019, in respect of compensation for the 2019 financial year.

CEO Compensation Package

The Chair of the Nominating and Governance Committee in consultation with the Chair of the Board and Chair of the Compensation Committee and an independent third party search firm, Watson Inc., negotiated the compensation package for Mr. Korol and recommended it for approval by the Compensation Committee. In designing and negotiating the compensation package for Mr. Korol, the key considerations of such Board representatives and the Compensation Committee were: (i) structuring the compensation package to incent Mr.

Korol to generate long term Unitholder value in order to immediately align his interests with that of Unitholders; (ii) minimize the REIT's short to medium term cash expense, in order to support the REIT's liquidity position as it continued to deal with the impacts of the COVID-19 pandemic; (iii) recognition of the significant forgone cash compensation by Mr. Korol as a result of leaving his prior employment; (iv) relative compensation amounts for the most senior executives in the REIT's peer group; and (v) compensation that would not have to be paid to the former Chief Executive Officer as a result of his retirement, including the absence of any cash severance type payments. The REIT believes these objectives and considerations were appropriately balanced by providing Mr. Korol with a compensation package comprised of: (i) an annualized base salary of \$500,000 (consistent with the base salary of the prior Chief Executive Officer), which was agreed to be paid 50% in RSUs which are priced and vest in Units at the end of each quarter until December 31, 2021; (ii) STIP and LTIP targets of 100% of base salary and a commitment to award same at the full amount of target on a pro-rated basis for 2020 and for the full amount in 2021, with each such STIP award to be paid in RSUs (as opposed to cash) that are priced and vest in Units at the end of each such year, with the LTIP awards to be issued as RSUs with 40% as time-based RSUs vesting in equal tranches over approximately three years and 60% as performance based awards cliff vesting after three years subject to performance over the period; (iii) make whole compensation having a total value of approximately \$1.12 million comprised of a one time: (A) cash payment of \$350,000 (which was ultimately paid into trust under the RCA Plan (defined below)); (B) grant of \$650,000 RSUs which were priced and vested in October 2020; and (C) 2,000,000 options having a strike price of \$5.00 and term of five years, which are exercisable on a net cashless basis and had a grant date fair value of \$120,000, with the sum of such compensation package being commensurate in value with the cash compensation forgone by Mr. Korol in 2020 as a result of leaving his prior employment.

Incentive Plan Awards

Outstanding Option-Based and Unit-Based Awards

The following table sets out the option-based and Unit-based awards outstanding at December 31, 2020 for the Named Executive Officers:

Name and principal position	Number of securities underlying unexercised options	Option-based awards		Value of unexercised in-the-money options	Number of Units that have not vested	Unit-based awards	
		Option exercise price	Option expiration date			Market or payout value of Unit-based awards that have not vested	Market or payout value of vested Unit-based awards not paid out or distributed
	(#)	(\$)		(\$)	(#)	(\$)	(\$)
Jonathan Korol Chief Executive Officer ⁽¹⁾	2,000,000	5.00	October 7, 2025	—	—	—	—
John O'Neill Former Chief Executive Officer ⁽²⁾	—	—	—	—	21,551	\$92,023 ⁽³⁾	—
Azim Lalani Former Chief Financial Officer	—	—	—	—	34,702 ⁽⁴⁾	\$148,178 ⁽³⁾	—
Chris Cameron Chief Investment Officer	—	—	—	—	25,733 ⁽⁴⁾	\$109,880 ⁽³⁾	—
Bruce Pittet, Chief Operating Officer	—	—	—	—	28,606 ⁽⁴⁾	\$122,148 ⁽³⁾	—
Anne Yu Interim Chief Financial Officer, and Vice President, Finance	—	—	—	—	17,290 ⁽⁴⁾	\$73,828 ⁽³⁾	—

(1) Mr. Korol was appointed as the Chief Executive Officer of the General Partner effective October 7, 2020.

(2) Mr. O'Neill retired from the office of Chief Executive Officer of the General Partner effective October 7, 2020.

(3) The market values of Unit-based awards that did not vest during 2020 were calculated by multiplying the number of Unit-based awards (less any Unit-based awards that vest subject to a multiplier of 0% to 200% based on the achievement of performance goals) that did not vest by the closing price of the Units on the TSX of \$4.27 as at May 7, 2021. In accordance with Form 51-102F6 – *Statement of Executive Compensation* all Unit-based awards that vest subject to a multiplier of 0% to 200% based on the achievement of performance goals are calculated based on the minimum payout, in this case zero dollars.

(4) As at December 31, 2020, Mr. Lalani, Mr. Cameron, Mr. Pittet and Ms. Yu held 63,852, 38,600, 42,909 and 31,464 RSUs, respectively which are subject to a multiplier of 0% to 200% on vesting based on the achievement of certain performance goals.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets out the value vested or earned with respect to option-based and Unit-based awards during 2020 for the Named Executive Officers:

Name and principal position	Option-based awards – Value vested during the year (\$)	Unit-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Jonathan Korol Chief Executive Officer ⁽¹⁾	Nil ⁽²⁾	651,141 ⁽³⁾	116,848 ⁽⁴⁾
John O’Neill Former Chief Executive Officer	—	251,554 ⁽⁵⁾	208,100 ⁽⁴⁾
Azim Lalani Former Chief Financial Officer	—	20,232 ⁽⁶⁾	Nil ⁽⁷⁾
Chris Cameron Chief Investment Officer	—	—	126,000 ⁽⁴⁾
Bruce Pittet Chief Operating Officer	—	—	182,042 ⁽⁴⁾⁽⁸⁾
Anne Yu Interim Chief Financial Officer, and Vice President, Finance	—	9,620 ⁽⁹⁾	65,100 ⁽⁴⁾

- (1) Mr. Korol was appointed as the Chief Executive Officer of the General Partner effective October 7, 2020.
- (2) Mr. Korol was issued 2,000,000 options that vested on October 7, 2020; however, such options have a strike price of \$5.00 and were out of the money on the vesting date; therefore, no value is included.
- (3) The market value of the Unit-based awards that vested during 2020 was calculated as the number of Unit-based awards that vested on October 13, 2020 (248,527) multiplied by the closing price of the Units on the TSX of \$2.62 as at October 13, 2020. RSUs that were issued to Mr. Korol in lieu of cash salary and cash STIP awards that vested in 2020 have not been included in this amount.
- (4) Number represents cash amount of the STIP award approved for grant to such Named Executive Officer for his or her performance during the financial year ended December 31, 2020. Mr. Korol received his STIP award in the form of RSUs that were priced and vested in units at the end of December 2020. See “*Executive Compensation – Recent Grants of Awards – STIP Grants*” above for further details.
- (5) Mr. O’Neill retired from the office of Chief Executive Officer of the General Partner effective October 7, 2020. The market value of the Unit-based awards that vested during 2020 was calculated as the sum of: (i) the number of Unit-based awards that vested on March 13, 2020 (1,536) multiplied by the closing price of the Units on the TSX of \$3.21 as at March 13, 2020; and (ii) December 15, 2020 (71,073 which RSUs were issued on a net of taxes basis (taxes of \$135,586.37 having been deducted on the initial grant date)) multiplied by the closing price of the Units on the TSX of \$3.47 as at December 15, 2020. RSUs that were originally issued to Mr. O’Neill in lieu of cash salary that vested in 2020 have not been included in this amount.
- (6) The market value of the Unit-based awards that vested during 2020 was calculated as the sum of: (i) the number of Unit-based awards that vested on March 13, 2020 (4,463) multiplied by the closing price of the Units on the TSX of \$3.21 as at March 13, 2020; and (ii) December 15, 2020 (1,702) multiplied by the closing price of the Units on the TSX of \$3.47 as at December 15, 2020.
- (7) Mr. Lalani departed from the role of Chief Financial Officer of the General Partner on March 18, 2021. The REIT is in discussions with Mr. Lalani in respect of the provision of compensation in connection with his departure.
- (8) The amount shown represents the amount awarded to Mr. Bruce Pittet (US\$135,700), converted into Canadian Dollars using the average U.S. dollar to Canadian dollar daily rate of exchange of 1.3415 posted by the Bank of Canada for the period from January 1, 2020 to December 31, 2020.
- (9) The market value of the Unit-based awards that vested during 2020 was calculated as the sum of: (i) the number of Unit-based awards that vested on March 13, 2020 (2,186) multiplied by the closing price of the Units on the TSX of \$3.21 as at March 13, 2020; and (ii) December 15, 2020 (750) multiplied by the closing price of the Units on the TSX of \$3.47 as at December 15, 2020.

The following table sets out the number of Units to be issued upon the exercise of outstanding Options under the SBC Plan, the weighted-average exercise price of the outstanding Options, and the number of Units remaining available for future issuance under the SBC Plan, as at December 31, 2020:

Plan category	Number of Units to be issued upon exercise of outstanding Unit options, warrants and rights	Weighted-average exercise price of outstanding Unit options, warrants and rights	Number of Units remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
	(a)	(b)	(c)
Equity compensation plan approved by Unitholders	2,300,000	\$5.00	5,066,875 ⁽¹⁾⁽²⁾
Equity compensation plan not approved by Unitholders	N/A	N/A	N/A

- (1) The maximum number of Units that are available for grant under the SBC Plan is determined based on 10% of the issued and outstanding number of Units on a “rolling” basis, which means that as the outstanding capital of the REIT increases from time to time by the issuance of Units, whether due to the exercise of Options or otherwise, the number of Units eligible to be issued under Options or other Awards pursuant to the SBC Plan will automatically increase to 10% of the then number of Units issued and outstanding. The number of Units issued and outstanding as at December 31, 2020 was 78,484,068.
- (2) The number of Units remaining available for future issuance under the SBC Plan, as at December 31, 2020, was calculated as the difference of (X) 10% of the number of Units issued and outstanding as at December 31, 2020 (7,848,406), less (Y) the aggregate number of Units 2,781,532 underlying the outstanding: (i) RSUs 481,532 that were granted to various Named Executive Officers and other senior management of the REIT that had not vested as at December 31, 2020; and (ii) Options (2,300,000) that were granted to the Chief Executive Officer and certain directors of the General Partner that had vested but not been exercised as at December 31, 2020. The number of Units underlying outstanding RSUs presumes the maximum payout of 200% on the 176,825 RSUs previously granted as Performance Awards which were outstanding on December 31, 2020.

Management of Compensation Risk

The Board of Directors and the Compensation Committee have not formally considered the implications of the risks associated with the REIT’s compensation policies and practices. Such risks, however, are mitigated by the Board’s active involvement at the strategic level of the REIT’s businesses, including:

- annual approval of the REIT’s operational and capital budgets and ongoing review of variances between actual and budgeted operational results, including at regularly scheduled quarterly board meetings;
- approval of business acquisitions and dispositions as they arise, including a review of the acquisition or disposition process and undertaking of due diligence; and
- the ability of the REIT to require reimbursement of annual and long-term incentive compensation paid to its current and former senior executives pursuant to its compensation clawback policy (see “*Executive Compensation – Compensation Clawback Policy*”).

The Board of Directors’ oversight helps to ensure proper monitoring of the level of risk-taking by management. This allows the Board to be responsive to management’s potential bias towards achieving short-term goals at the expense of long-term sustainability and Unitholders’ value. Furthermore, the Compensation Committee and the Board can use their discretion when assessing both an individual Named Executive Officer’s and the REIT’s overall performance.

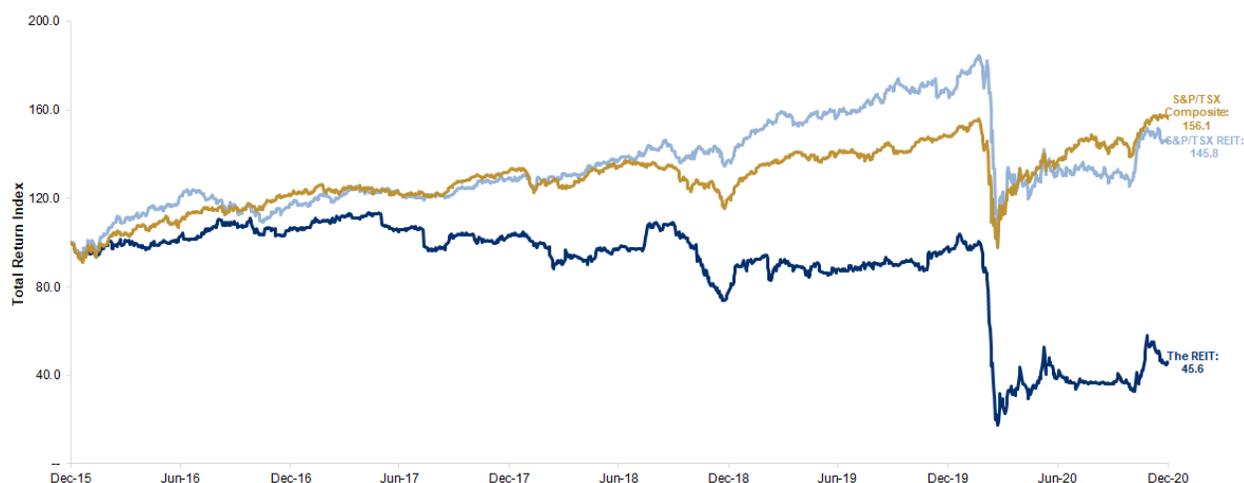
Financial Instruments

The Board has adopted a formal Anti-Hedging Policy in order to prohibit Directors and senior management of the REIT from directly or indirectly engaging in hedging against future declines in the market value of any equity-based securities of the REIT through the purchase of financial instruments (including, without limitation, prepaid variable forward contracts, equity swaps, collars, puts, calls or other derivative securities) designed to offset such risk. It is the Board’s view that the policy is appropriate as purchases of such financial instruments may undermine the purpose for which such securities are granted to such persons.

In addition, Named Executive Officers and other participants in the STIP and LTIP are not permitted to pledge or hedge any RSUs or Performance Awards granted thereto under the STIP or LTIP, as applicable.

Performance of Units

The following graph and chart compares the total cumulative Unitholders return for \$100 invested in Units with the cumulative total return of the S&P/TSX Composite Index and the S&P/TSX REIT Index since January 1, 2016 until December 31, 2020. During the period, the total cumulative Unitholder return for \$100 invested in Units was \$45.60 as compared to \$156.10 for the S&P/TSX Composite Index and \$145.8 for the S&P/TSX REIT Index.



A portion of the 2020 STIP Awards and Performance Awards granted under the LTIP are based on the total return to Unitholders relative to the performance of certain defined peer groups and benchmark indices. See “Executive Compensation – Elements of Compensation – Short-Term Incentive Plan” and “Executive Compensation – Elements of Compensation – Long-Term Incentive Plan”).

Pension Plan Benefits and Deferred Compensation Plans

During the REIT’s most recently completed financial year, the REIT and its direct and indirect subsidiaries did not have a defined benefit plan or pension plan.

The REIT has established a retirement compensation arrangement for Mr. Jonathan Korol, the purpose of which is to provide Mr. Korol with additional benefits on or after his retirement, termination of employment with the REIT or substantial change in services provided by Mr. Korol to the REIT (the “RCA Plan”). In accordance with the RCA Plan, an actuary was retained to complete a valuation report and establish the maximum contribution amounts for purposes of the RCA Plan. The RCA Plan sets maximum employer and employee contributions for the 2020 through 2023 financial years, which are in equal amounts for each of the employer and employee for each year (2020 – \$363,400; 2021 – \$230,500; 2022 – \$232,500; 2023 – \$251,000). The minimum contribution by Mr. Korol for each year is \$100,000. The RCA Plan provides for the contribution limits to be reviewed and reset by an actuary at regular intervals, with the first re-assessment required after the 2022 calendar year.

The RCA Plan was arranged so as to be of no additional cost to the REIT. Accordingly, to the extent the REIT makes any contributions under the RCA Plan, such contributions shall reduce the REIT’s obligations to pay other compensation to Mr. Korol on a dollar for dollar basis. Accordingly, the RCA Plan was established to provide Mr. Korol with flexibility in his long-term personal tax and financial planning by allowing him to direct elements of his compensation, primarily salary and cash bonuses but also Unit-based awards, to be paid into the RCA Plan in lieu of to him directly.

On termination of Mr. Korol’s employment for any reason, excluding death, the funds then held in trust under the RCA Plan can be paid out in: (i) periodic lifetime income adjusted annually for the consumer price index in amounts to be determined by an actuary; (ii) periodic payments over a fixed period of time and adjusted annually

for the consumer price index; or (iii) as a lump sum. In the event of death, similar options for payout are granted to Mr. Korol's estate.

The REIT has no obligations under the RCA Plan following the termination of Mr. Korol's employment, other than Mr. Korol may direct a portion of his severance payments, if applicable, to be paid into the RCA Plan.

During the 2020 financial year, the REIT contributed \$175,000 to the RCA Plan (with a corresponding payment of \$175,000 concurrently made to the Canada Revenue Agency in accordance with the RCA Plan) in satisfaction of the \$350,000 cash payment required to be made to Mr. Korol upon the commencement of his employment. See "*Executive Compensation – CEO Compensation Package*" above.

Funds contributed to the RCA Plan are paid into a trust which is managed by a trustee who has appointed an investment adviser to manage the funds in trust as may be directed by Mr. Korol from time to time.

Termination of Employment, Change in Responsibilities and Employment Contracts

Effective January 1, 2016, AHIP Management Ltd. ("**AML**"), a wholly-owned direct subsidiary of U.S. REIT (defined below), replaced the General Partner as the employer of the executive officers of the REIT and of its other staff. AML provides the services of such persons to the REIT and its subsidiaries through: (i) a services agreement between AML and the REIT; (ii) a services agreement between AML and the U.S. REIT; and (iii) a secondment agreement between AML and the U.S. REIT. Under the terms of their employment arrangements with AML, the REIT's executive officers and all other employees are provided with full credit for past service under their previous employment arrangements with the General Partner. Notwithstanding the foregoing, Mr. Bruce Pittet is employed directly by the U.S. REIT, and his services are provided by the U.S. REIT to the REIT and AML through a secondment agreement between such entities.

The REIT believes that severance and change of control benefits can be necessary in order to attract and retain high calibre executive talent. Severance benefits are appropriate, particularly with respect to a termination without cause since in that scenario, both the REIT and the Named Executive Officer will have a mutually agreed upon severance package that is in place prior to any termination event which provides certainty and the flexibility to make changes in executive management if such change is in the best interests of the REIT. Change of control benefits are intended to ensure stability of leadership at a time of heightened uncertainty and to better enable Named Executive Officers to advise the Board of Directors whether an ownership change proposal is in the best interests of the REIT's owners without such officers being unduly influenced by the possibility of employment termination. Severance and change of control benefits are negotiated and set with regard to the experience level of the individual, the complexity of the position and other relevant market factors.

Jonathan Korol, Chief Executive Officer

A formal employment agreement is in place between AML and Mr. Jonathan Korol. The employment agreement is for an indefinite term. Subject to limited exceptions, it contains non-competition, non-solicitation and confidentiality covenants in favour of AML which apply during the term of employment and will continue for a specified period of time after termination.

During the term of the employment agreement, AML is entitled to terminate the employment of Mr. Korol without cause by providing him with written notice and paying Mr. Korol his total remuneration over 12 months plus one month for each full calendar year Mr. Korol has been employed by AML under his employment agreement up to a maximum of 24 months. Total remuneration means the total salary payable to Mr. Korol plus any additional amounts he is entitled to in accordance with applicable bonus, profit sharing or other incentive or compensation programs. Subject to certain exceptions, Mr. Korol will be entitled to receive benefits for a period of 12 months after termination. Further, Mr. Korol would also be entitled a lump sum of any bonus the Board, in its sole discretion acting reasonably, determines within 90 days after the end of the fiscal year in which Mr. Korol's termination occurs, to pay Mr. Korol a bonus in respect of such year under the STIP and/or LTIP. The termination amount for Mr. Korol if terminated without cause on December 31, 2020 would have been approximately \$624,000.

If the employment of Mr. Korol is terminated for cause, Mr. Korol will not be entitled to any notice and will not be entitled to any compensation or benefits beyond the date of termination.

If Mr. Korol resigns, he must first provide AML with at least 90 days' prior written notice. AML may elect to waive the notice period at any time after Mr. Korol has given notice of his resignation. Mr. Korol will be entitled to receive his base salary for the remainder of the notice period, as well as any benefits he remains eligible for.

If there is a change of control, Mr. Korol may, at his option where good reason exists, terminate his employment by giving appropriate notice and receive compensation equivalent to that from termination without cause noted above except that the relevant period is 24 months, rather than 12 months plus one month for each full calendar year Mr. Korol has been employed by AML under his employment agreement up to a maximum of 24 months. The employment agreement defines a "change of control" as:

- (a) any person, or group of persons becomes the beneficial holder, directly or indirectly, of securities of the REIT representing 50.1% or more of the combined voting power of the REIT's then outstanding securities;
- (b) any sale or transfer of the assets of the REIT as an entirety or substantially as an entirety (other than as part of an internal reorganization of assets of the REIT as approved by the General Partner), or the REIT is dissolved or liquidated;
- (c) the General Partner ceasing for any reason to be the general partner of the REIT;
- (d) any transaction or series of transactions (whether by sale, merger, amalgamation, consolidation, reorganization, plan or arrangement or otherwise) that would have substantially the same effect as a change of control under the foregoing provisions is undertaken or the Board approves and/or recommends that Unitholders accept, approve or adopt any such transaction or series of transactions; or
- (e) any acquisition, directly or indirectly, by any person or group of persons acting jointly or in concert of the right to appoint a majority of the directors of the General Partner or the right or ability to otherwise directly or indirectly control the management, affairs and business of the REIT.

The termination amount for Mr. Korol if terminated with good reason in connection with a change of control on December 31, 2020 would have been approximately \$1,248,000.

Azim Lalani, Former Chief Financial Officer

The actual amounts to be paid to Mr. Lalani in connection with his departure as Chief Executive Officer of the General Partner effective March 18, 2021 remain under discussion as between Mr. Lalani and the REIT. No estimates are included below, as the matter is under discussion and disclosure of any estimate may be prejudicial to the REIT in such discussions. A summary of certain of the key terms of Mr. Lalani's employment agreement are included below.

A formal employment agreement was in place between AML and Mr. Azim Lalani prior to his departure. The employment agreement was for an indefinite term. Subject to limited exceptions, it contains non-competition, non-solicitation and confidentiality covenants in favour of AML which apply during the term of employment and will continue for a specified period of time after termination.

During the term of the employment agreement, AML was entitled to terminate the employment of Mr. Lalani without cause by providing him with written notice and paying Mr. Lalani his total remuneration over 12 months plus one month for each full calendar year Mr. Lalani has been employed by AML under his employment agreement up to a maximum of 18 months. Total remuneration means the total salary payable to Mr. Lalani plus any additional amounts he is entitled to in accordance with applicable bonus, profit sharing or other incentive or compensation programs. Subject to certain exceptions, Mr. Lalani would be entitled to receive benefits during the severance period after termination.

If the employment of Mr. Lalani was terminated for cause, Mr. Lalani would not be entitled to any notice and would not be entitled to any compensation or benefits beyond the date of termination.

Chris Cameron, Chief Investment Officer

A formal employment agreement is in place between AML and Mr. Chris Cameron. The employment agreement is for an indefinite term. Subject to limited exceptions, it contains non-competition, non-solicitation and confidentiality covenants in favour of AML which apply during the term of employment and will continue for a specified period of time after termination.

During the term of the employment agreement, AML is entitled to terminate the employment of Mr. Cameron without cause by providing him with written notice and paying Mr. Cameron his total remuneration over 12 months plus one month for each full calendar year Mr. Cameron has been employed by AML under his employment agreement up to a maximum of 18 months. Total remuneration means the total salary payable to Mr. Cameron plus any additional amounts he is entitled to in accordance with applicable bonus, profit sharing or other incentive or compensation programs. Subject to certain exceptions, Mr. Cameron will be entitled to receive benefits during the severance period after termination. The termination amount for Mr. Cameron, if terminated without cause on December 31, 2020 would have been approximately \$549,000 (including the value of 25,733 RSUs, based on the closing price of the Units on December 31, 2020 of \$3.12 per Unit which would have vested immediately upon such termination).

If the employment of Mr. Cameron is terminated for cause, Mr. Cameron will not be entitled to any notice and will not be entitled to any compensation or benefits beyond the date of termination.

If Mr. Cameron resigns, he must first provide AML with at least 90 days' prior written notice. AML may elect to waive the notice period at any time after Mr. Cameron has given notice of his resignation. Mr. Cameron will be entitled to receive his base salary for the remainder of the notice period, as well as any benefits he remains eligible for.

If there is a change of control, Mr. Cameron may, at his option where good reason exists, terminate his employment by giving appropriate notice and receive compensation equivalent to that from termination without cause noted above except that the relevant period is 18 months, rather than 12 months plus one month for each full calendar year Mr. Cameron has been employed by AML under his employment agreement up to a maximum of 18 months. The employment agreement defines a "change of control" as:

- (a) any person, or group of persons becomes the beneficial holder, directly or indirectly, of securities of the REIT representing 50.1% or more of the combined voting power of the REIT's then outstanding securities;
- (b) all or substantially all of the assets or undertaking of the REIT is sold or otherwise disposed of, or the REIT is dissolved or liquidated;
- (c) the General Partner ceasing for any reason to be the general partner of the REIT; or
- (d) any transaction or series of transactions (whether by sale, merger, amalgamation, consolidation, reorganization, plan or arrangement or otherwise) that would have substantially the same effect as a change of control under the foregoing provisions is undertaken or the Board approves and/or recommends that Unitholders accept, approve or adopt any such transaction or series of transactions.

The termination amount for Mr. Cameron, if terminated with good reason in connection with a change of control on December 31, 2020, would have been approximately \$823,000 (including the value of 25,733 RSUs, based on the closing price of the Units on December 31, 2020 of \$3.12 per Unit which would have vested immediately upon such termination).

Bruce Pittet, Chief Operating Officer

A formal employment agreement is in place between the U.S. REIT and Mr. Bruce Pittet. The employment agreement is for an indefinite term. Subject to limited exceptions, it contains non-competition, non-solicitation and

confidentiality covenants in favour of the U.S. REIT which apply during the term of employment and will continue for a specified period of time after termination.

During the term of the employment agreement, the U.S. REIT is entitled to terminate the employment of Mr. Pittet without cause by providing him with written notice and paying Mr. Pittet his total remuneration over 12 months plus one month for each calendar year (in whole or in part) Mr. Pittet has been employed by the U.S. REIT under his employment agreement up to a maximum of 18 months. Total remuneration means the total salary payable to Mr. Pittet plus any additional amounts he is entitled to in accordance with applicable bonus, profit sharing or other incentive or compensation programs. Subject to certain exceptions, Mr. Pittet will be entitled to receive benefits during the severance period after termination. The termination amount for Mr. Pittet, if terminated without cause on December 31, 2020 would have been approximately \$787,000 (including the value of 28,606 RSUs, based on the closing price of the Units on December 31, 2020 of \$3.12 per Unit which would have vested immediately upon his termination without cause).

If the employment of Mr. Pittet is terminated for cause, Mr. Pittet will not be entitled to any notice and will not be entitled to any compensation or benefits beyond the date of termination.

If Mr. Pittet resigns, he must first provide the U.S. REIT with at least 60 days' prior written notice. The U.S. REIT may elect to waive the notice period at any time after Mr. Pittet has given notice of his resignation. Mr. Pittet will be entitled to receive his base salary for the remainder of the notice period, as well as any benefits he remains eligible for.

If there is a change of control, Mr. Pittet may, at his option where good reason exists, terminate his employment by giving appropriate notice and receive compensation equivalent to that from termination without cause noted above except that the relevant period is 18 months, rather than 12 months plus one month for each calendar year (in whole or in part) Mr. Pittet has been employed by the U.S. REIT under his employment agreement up to a maximum of 18 months. In addition, Mr. Pittet's total remuneration will be adjusted by subjecting his bonus entitlement to a 1.5X multiplier. The employment agreement defines a "change of control" as:

- (a) any person, or group of persons becomes the beneficial holder, directly or indirectly, of securities of the REIT representing 50.1% or more of the combined voting power of the REIT's then outstanding securities;
- (b) all or substantially all of the assets or undertaking of the REIT is sold or otherwise disposed of, or the REIT is dissolved or liquidated;
- (c) the General Partner ceasing for any reason to be the general partner of the REIT; or
- (d) any transaction or series of transactions (whether by sale, merger, amalgamation, consolidation, reorganization, plan or arrangement or otherwise) that would have substantially the same effect as a change of control under the foregoing provisions is undertaken or the Board approves and/or recommends that Unitholders accept, approve or adopt any such transaction or series of transactions.

The termination amount for Mr. Pittet, if terminated with good reason in connection with a change of control on December 31, 2020, would have been approximately \$1,181,000 (including the value of 28,606 RSUs, based on the closing price of the Units on December 31, 2020 of \$3.12 per Unit which would have vested immediately upon his termination without cause).

The above termination amounts for Mr. Pittet have been converted into Canadian Dollars using the average U.S. dollar to Canadian dollar daily rate of exchange of 1.3415 posted by the Bank of Canada for the period from January 1, 2020 to December 31, 2020.

Anne Yu, Interim Chief Financial Officer, and Vice President, Finance

A formal employment agreement is in place between AML and Ms. Anne Yu. The employment agreement is for an indefinite term. Subject to limited exceptions, it contains non-competition, non-solicitation and

confidentiality covenants in favour of AML which apply during the term of employment and will continue for a specified period of time after termination.

During the term of the employment agreement, AML is entitled to terminate the employment of Ms. Yu without cause by providing her with written notice and paying Ms. Yu her total remuneration over four months plus one month for each full calendar year Ms. Yu has been employed by AML under her employment agreement up to a maximum of 12 months. Total remuneration means the total salary payable to Ms. Yu plus any additional amounts she is entitled to in accordance with applicable bonus, profit sharing or other incentive or compensation programs. Subject to certain exceptions, Ms. Yu will be entitled to receive benefits during the severance period after termination. The termination amount for Ms. Yu if terminated without cause on December 31, 2020 would have been approximately \$346,000 (including the value of 17,290 RSUs, based on the closing price of the Units on December 31, 2020 of \$3.12 per Unit which would have vested immediately upon his termination without cause).

If the employment of Mr. Yu is terminated for cause, Ms. Yu will not be entitled to any notice and will not be entitled to any compensation or benefits beyond the date of termination.

If Ms. Yu resigns, she must first provide AML with at least 30 days' prior written notice. AML may elect to waive the notice period at any time after Ms. Yu has given notice of her resignation. Ms. Yu will be entitled to receive her base salary for the remainder of the notice period, as well as any benefits she remains eligible for.

If there is a change of control, Ms. Yu may, at her option where good reason exists, terminate her employment by giving appropriate notice and receive compensation equivalent to that from termination without cause noted above except that the relevant period is 12 months, rather than four months plus one month for each full calendar year Ms. Yu has been employed by AML under her employment agreement up to a maximum of 12 months. The employment agreement defines a "change of control" as:

- (a) any person, or group of persons becomes the beneficial holder, directly or indirectly, of securities of the REIT representing 50.1% or more of the combined voting power of the REIT's then outstanding securities;
- (b) all or substantially all of the assets or undertaking of the REIT is sold or otherwise disposed of, or the REIT is dissolved or liquidated;
- (c) the General Partner ceasing for any reason to be the general partner of the REIT; or
- (d) any transaction or series of transactions (whether by sale, merger, amalgamation, consolidation, reorganization, plan or arrangement or otherwise) that would have substantially the same effect as a change of control under the foregoing provisions is undertaken or the Board approves and/or recommends that Unitholders accept, approve or adopt any such transaction or series of transactions.

The termination amount for Ms. Yu if terminated with good reason in connection with a change of control on December 31, 2020 would have been approximately \$346,000 (including the value of 17,290 RSUs, based on the closing price of the Units on December 31, 2020 of \$3.12 per Unit which would have vested immediately upon his termination without cause).

Treatment of Unvested RSUs on Termination without Cause and Change of Control

The Award agreements governing the outstanding RSUs held by Mr. Lalani, Mr. Cameron, Mr. Pittet, Ms. Yu and other senior management members of the REIT granted in 2018, 2019 and 2020, as applicable, provide for immediate vesting of all RSUs evidenced by such Awards (excluding any RSUs granted as Performance Awards that vest subject to a multiplier based on the achievement of certain performance goals) upon: (i) the termination of such person without cause; or (ii) such person resigning his or her employment under his or her respective employment agreement or arrangement with AML or the U.S. REIT, as applicable, for "good reason" (as defined in such Award agreements) within 180 days of a change of control of the REIT.

As part of the review of the REIT's compensation practices completed with the assistance of Hugessen in 2017, the Compensation Committee determined it was appropriate for the value of RSUs granted as Performance Awards to be set upon: (i) the termination of an executive officer without cause; or (ii) a change of control of the REIT. Accordingly, the RSUs granted as Performance Awards in 2018, 2019 and 2020 to Mr. Lalani, Mr. Cameron, Mr. Pittet, Ms. Yu and other senior management members of the REIT, as applicable, will vest immediately upon termination of such person without cause and will be paid out based on the REIT's three-year TUR relative 50% to the TSX REIT Index and 50% to the Bloomberg Hotel Index over the three-year period up to the date of termination (see "*Executive Compensation – Elements of Compensation – Long-Term Incentive Plan*"). In addition, the value of the RSUs granted as Performance Awards in 2018, 2019 and 2020 to Mr. Lalani, Mr. Cameron, Mr. Pittet, Ms. Yu and other senior management members of the REIT, as applicable will be set upon the completion of a change of control of the REIT based on the REIT's three-year TUR relative 50% to the TSX REIT Index and 50% to the Bloomberg Hotel Index over the three-year period up to the date of the completion of the change of control and will be paid out in cash: (a) at the end of the ordinary three-year vesting period if such person continues to be employed following the change of control; or (b) immediately upon such person being terminated without cause or resigning his or her employment under his or her respective employment agreement for "good reason" within 180 days of the change of control of the REIT.

Notwithstanding the foregoing, the Board and Compensation Committee retain the discretion under the SBC Plan and LTIP to apply informed judgment as necessary to vary the amount of the Awards and any associated vesting periods based on factors they deem relevant.

The REIT is in discussions with Mr. Lalani in respect of the treatment of his outstanding performance awards in connection with his departure as Chief Financial Officer effective March 18, 2021.

Payments made to Former Executive Officer

Mr. O'Neill retired from the position of Chief Executive Officer of the General Partner and AML effective October 7, 2020. In connection with Mr. O'Neill's retirement he received the following gross compensation: (i) 16,101 RSUs which had been issued in lieu of his salary (at a 50% reduction to base and on a net of taxes basis (taxes of \$29,808 having been deducted on the initial grant date)) for the remainder of 2020 were permitted to vest in equal amounts in accordance with their original monthly vesting schedule in October, November and December 2020 (having an aggregate vesting date value of \$50,557.14, based on the closing price on the TSX of \$2.30, \$3.65 and \$3.47 per Unit on October 30, November 30 and December 15, 2020, respectively); (ii) 71,073 RSUs originally issued on a net of taxes basis (taxes of \$135,586.37 having been deducted on the initial grant date) in lieu of past cash STIP awards that were to vest between December 15, 2020 and December 15, 2022, were permitted to vest in full on an accelerated basis on December 15, 2020 (having an aggregate value on the date of vesting equal to \$246,623, based on the closing price on the TSX of \$3.47 per Unit on such date, as well as a cash payment of \$4,383.05 made by the REIT to Mr. O'Neill upon the vesting of such RSUs in lieu of cash distributions that would have otherwise been paid to Mr. O'Neill from the date of grant to the date of vesting); and (iii) 21,551 RSUs originally issued as time-based RSUs as part of past LTIP awards were permitted to vest on their original vesting date of March 15, 2021 (having an aggregate value on the date of vesting equal to \$69,181, based on the closing price on the TSX of \$4.50 per Unit on such date, as well as a cash payment of \$1,383.61 made by the REIT to Mr. O'Neill upon the vesting of such RSUs in lieu of cash distributions that would have otherwise been paid to Mr. O'Neill from the date of grant to the date of vesting). In recognition of Mr. O'Neill's significant efforts in guiding the REIT through the challenges posed by the COVID-19 pandemic, Mr. O'Neill was also permitted to be considered for a pro-rated STIP award in respect of the 2020 financial year, which was subsequently awarded to him in the amount of \$208,100 in April 2021.

The remaining 41,566 RSUs originally issued to Mr. O'Neill as time-based RSUs as part of past LTIP awards expired upon his retirement. In addition, 96,980 outstanding RSUs previously granted to Mr. O'Neill as Performance Awards expired on October 7, 2020 upon Mr. O'Neill's retirement.

Compensation of Directors

The annual compensation for each Director for the year ended December 31, 2020 was \$60,000. The additional annual compensation for the Chair of the Board and the Lead Independent Director (now Vice Chair) for the year ended December 31, 2020 was \$90,000 and \$30,000, respectively. Further, the additional annual

compensation paid to the Chair of each of the Audit Committee, Compensation Committee, Nominating and Governance Committee and Investment Committee for the year ended December 31, 2020 was \$25,000, \$20,000, \$15,000 and \$10,000, respectively.

As noted above, as part of the REIT's liquidity strategy implemented following the onset of the COVID-19 pandemic, the directors agreed to receive their retainer fees for the second, third and fourth quarter of 2020 in RSUs issued under the SBC Plan. In addition, Board, Chair, Vice Chair, committee chair and committee retainers have been left unchanged in 2021 with cash payment thereof reinstated effective January 1, 2021.

On September 30, 2020, each of the then Board members received a grant of 50,000 Options, which options immediately vested, have a strike price of \$5.00 and a term of five years. These options are exercisable on a net cashless basis only and had a grant date fair value of \$0.06 per Option based on a Black-Scholes valuation. The Options were granted to further align the Board with Unitholders to incentivize the creation of long-term Unitholder value.

No Director compensation is paid to Directors who are members of management of the REIT. In addition to the above noted compensation, Directors are also entitled to participate in the REIT's Unit Purchase Policy and to be reimbursed for reasonable expenses incurred by them in connection with their services.

Director Compensation Table

The following table summarizes the compensation of the Directors for the year ended December 31, 2020:

Name	Fees earned ⁽¹⁾ (\$)	Unit-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation (\$)	Total compensation (\$)
				Annual incentive plans	Long-term incentive plans			
W. Michael Murphy ⁽²⁾	214,500	—	3,000 ⁽³⁾	—	—	—	31,800 ⁽⁴⁾⁽⁵⁾	249,300
Charles van der Lee ⁽²⁾	165,000	—	3,000 ⁽³⁾	—	—	—	22,279 ⁽⁴⁾⁽⁵⁾	190,279
Minaz B. Abji ⁽⁷⁾	37,750	—	—	—	—	—	10,962 ⁽⁵⁾	48,712
Stephen J. Evans	70,000	—	3,000 ⁽³⁾	—	—	—	20,438 ⁽⁴⁾⁽⁵⁾	93,438
Richard Frank	96,250	—	3,000 ⁽³⁾	—	—	—	26,632 ⁽⁴⁾⁽⁵⁾	125,882
Robert F. O'Neill	61,235	—	3,000 ⁽³⁾	—	—	—	22,531 ⁽⁴⁾⁽⁵⁾⁽⁶⁾	86,586
Tamara L. Lawson ⁽²⁾	141,500	—	3,000 ⁽³⁾	—	—	—	—	144,500
Elizabeth Walters ⁽⁷⁾	38,750	—	—	—	—	—	5,794 ⁽⁴⁾⁽⁵⁾	44,544

- (1) As noted above, as part of the REIT's liquidity strategy implemented following the onset of the COVID-19 pandemic, the directors agreed to receive their retainer fees for the second, third and fourth quarter of 2020 in RSUs issued under the SBC Plan. Such fees are included in the above table on the basis of their original cash amount. The number of RSUs issued to each applicable director in lieu of their cash retainers was determined by dividing the aggregate remaining amount of their cash retainer by the grant date fair value of \$3.0827 per Unit (rounded down to the nearest whole Unit) based on the five day volume weighted average price of the Units on the TSX prior to the grant date of June 24, 2020.
- (2) The "Fees earned" column for such director includes fees earned as a result of being a member of an ad-hoc special committee formed to review and oversee the strategic financing process undertaken by the REIT that culminated in the completion of the Private Placement.
- (3) On September 30, 2020, each of the then Board members received a grant of 50,000 Options, which options immediately vested, have a strike price of \$5.00 and a term of five years. These Options are exercisable on a net cashless basis only and had a grant date fair value of \$0.06 per Option based on a Black-Scholes valuation. The grant date fair value of the Options was determined at the time of grant using the Black-Scholes Option Pricing Model, using the following assumptions: a term of five years; volatility of 25%; dividend yield of 3.0%; and risk-free interest rate of 0.42%.
- (4) Amount includes cash reimbursement for 50% of the cost of Units acquired under the Unit Purchase Policy. See "Executive Compensation – Elements of Compensation – Unit Purchase Policy".
- (5) Amount includes reimbursement of expenses under the General Partner's director education policy.
- (6) Amount includes payment of certain health insurance premiums on behalf of the director.
- (7) Minaz B. Abji and Elizabeth Walters did not stand for re-election at the annual and special meeting of Unitholders held on June 17, 2020 and ceased to be directors of the General Partner as of such date.

Note that no amounts are included in the above table for Mahmood Khimji or Mark Van Zandt as each was first appointed to the Board subsequent to year end on January 28, 2021.

Incentive Plan Awards

Outstanding Option-Based and Unit-Based Awards

The following table sets out the Option-based and Unit-based awards outstanding at December 31, 2020 for the Directors:

Name and principal position	Option-based awards				Unit-based awards		
	Number of securities underlying unexercised options	Option exercise price	Option expiration date	Value of unexercised in-the-money options	Number of Units that have not vested	Market or payout value of Unit-based awards that have not vested	Market or payout value of vested Unit-based awards not paid out or distributed
	(#)	(\$)		(\$)	(#)	(\$)	(\$)
W. Michael Murphy	50,000 ⁽¹⁾	5.00	September 30, 2025	—	—	—	—
Charles van der Lee	50,000 ⁽¹⁾	5.00	September 30, 2025	—	—	—	—
Minaz B. Abji ⁽²⁾	—	—	—	—	—	—	—
Stephen J. Evans	50,000 ⁽¹⁾	5.00	September 30, 2025	—	—	—	—
Richard Frank	50,000 ⁽¹⁾	5.00	September 30, 2025	—	—	—	—
Tamara L. Lawson	50,000 ⁽¹⁾	5.00	September 30, 2025	—	—	—	—
Robert F. O'Neill	50,000 ⁽¹⁾	5.00	September 30, 2025	—	—	—	—
Elizabeth Walters ⁽²⁾	—	—	—	—	—	—	—

(1) The Options are exercisable on a net cashless exercise basis only.

(2) Minaz B. Abji and Elizabeth Walters did not stand for re-election at the annual and special meeting of Unitholders held on June 17, 2020 and ceased to be directors of the General Partner as of such date.

Incentive Plan Awards – Value Vested or Earned During the Year

As noted above, as part of the REIT's liquidity strategy implemented following the onset of the COVID-19 pandemic, the directors agreed to receive their retainer fees for the second, third and fourth quarter of 2020 in RSUs issued under the SBC Plan. The number of RSUs issued to each applicable director in lieu of their cash retainers was determined by dividing the aggregate remaining amount of their cash retainer by the grant date fair value of \$3.0827 per Unit (rounded down to the nearest whole Unit) based on the five day volume weighted average price of the Units on the TSX prior to the grant date of June 24, 2020. The RSUs vested at the end of each of the second, third and fourth quarter of 2020. These grants were in lieu of the original cash compensation and not additional awards, accordingly tabular disclosure as to the value vested during the year is not provided.

Directors' and Officers' Liability Insurance

The REIT carries directors' and officers' liability insurance. Under this insurance coverage, the REIT will be reimbursed for payments made under indemnity provisions on behalf of the General Partner's directors and officers contained in the LP Agreement, subject to a deductible for each loss. Individual directors and officers will also be reimbursed for losses arising during the performance of their duties for which they are not indemnified by the REIT, subject to a deductible, which will be paid by the REIT. Excluded from insurance coverage are illegal acts, acts which result in personal profit and certain other acts. The LP Agreement provides for the indemnification in certain circumstances of directors and officers of the General Partner from and against liability and costs in respect of any action or suit against them in respect of the execution of their duties of office.

INDEBTEDNESS OF DIRECTORS AND OFFICERS

The Directors, executive officers, employees and former executive officers, Directors and employees of the General Partner, AML, U.S. REIT and the REIT's other direct and indirect subsidiaries had no indebtedness to the REIT, the General Partner, AML, U.S. REIT or their subsidiaries as at May 15, 2020. However, the U.S. REIT has provided limited guarantees to a Canadian Chartered Bank in respect of loans in the aggregate amount of \$3.0 million made by such bank to certain of the REIT's current and former executive officers for purposes of such executive officers acquiring additional Units in the secondary market. In aggregate, such executive officers acquired 326,700 Units with the proceeds of such loans.

Specifically, the U.S. REIT provided limited guarantees to a Canadian Chartered Bank in respect of loans in the amount of \$1.5 million made by such bank to Mr. Robert O'Neill (formerly the Chief Executive Officer and currently a Director of the General Partner), \$0.9 million made to Mr. Ian McAuley (formerly the President of the General Partner) and \$0.6 million to Mr. Azim Lalani (formerly the Chief Financial Officer of the General Partner) at the request of such individuals for purposes of those individuals acquiring additional Units in the secondary market. Mr. O'Neill, Mr. McAuley and Mr. Lalani acquired 164,000 Units, 97,800 Units and 64,900 Units, respectively, with the proceeds from their respective loans. Each loan is secured by the Units acquired with the proceeds of the loan and each guarantee provided by the U.S. REIT is limited to the principal amount of the corresponding loan.

The guarantees were provided by the U.S. REIT subject to all Units being acquired with the proceeds from the loan being subject to the REIT's Anti-Hedging Policy, Insider Trading Policy and other applicable policies, the applicable Named Executive Officer personally agreeing to indemnify the U.S. REIT in respect of any amounts paid by the U.S. REIT under the guarantee and agreeing to repay the loan by the earlier of: (i) 90 days of termination of the Named Executive Officer's employment with the REIT, the General Partner or any of their respective affiliates; and (ii) the period of time for repayment required by the Canadian Chartered Bank. Notwithstanding the foregoing, in connection with Mr. McAuley's resignation effective February 1, 2019, the REIT agreed to keep the guarantee in place in respect of Mr. McAuley's loan until the earlier of the date of the repayment of the loan by Mr. McAuley and December 16, 2019. This guarantee was most recently extended to December 15, 2021 following Mr. McAuley paying down the outstanding principal amount of the loan to \$800,000.

On June 25, 2020, U.S. REIT entered into an agreement with Mr. Lalani whereby the U.S. REIT agreed, subject to Mr. Lalani paying down outstanding principal amount of the loan to \$500,000, to only seek recourse against Mr. Lalani up to an amount of the value of the 64,900 Units secured as collateral for Mr. Lalani's loan plus an amount equal to 50% of the difference between the loan amount and the value of such Units in the event the U.S.

REIT was required to pay under its guarantee. Such agreement further provided that if Mr. Lalani: (i) remained employed with the REIT as of May 15, 2021; (ii) was terminated without cause; or (iii) resigned for good reason following a change of control of the REIT, then the U.S. REIT would only seek recourse to the value of the 64,900 Units secured as collateral for Mr. Lalani's loan in the event the U.S. REIT was required to pay under its guarantee.

Each of the forgoing guarantees remains outstanding as of the date of this Information Circular.

Neither the REIT nor any of its subsidiaries is a party to the applicable loan agreements and as such does not have access to the amounts outstanding thereunder from time to time. As noted above, the U.S. REIT's liability under the guarantees is limited to a maximum aggregate amount of \$3.0 million.

Except as set forth above, no individual who is, or was at any time during the most recently completed financial year, a Director or executive officer of the General Partner, AML, U.S. REIT, a proposed Director, or an associate of any such Director, executive officer or proposed Director, is, or was at any time since the beginning of the most recently completed financial year, indebted to the REIT, the General Partner, AML, U.S. REIT or any of their direct and indirect subsidiaries, or to another entity where such indebtedness is, or at any time since the beginning of the most recently completed financial year has been, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the REIT, the General Partner, AML, U.S. REIT or any of their subsidiaries, except, in each case, any indebtedness that has been entirely repaid on or before the date of this Information Circular.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Other than as set forth in the REIT's consolidated financial statements for the financial year ended December 31, 2020, no insider of the REIT nor any proposed nominee for election as a Director, nor any associate or affiliate of the foregoing, has any material interest, direct or indirect, in any transaction in the financial year ended December 31, 2020 or in any proposed transaction which has materially affected or would materially affect the REIT, the General Partner or their subsidiaries.

STATEMENT OF CORPORATE GOVERNANCE

Pursuant to National Instrument 58-101 - *Disclosure of Corporate Governance Practices*, disclosure of the General Partner's governance system is attached to this Information Circular as Schedule A.

APPOINTMENT OF AUDITORS

At the Meeting, the Unitholders will be called upon to appoint KPMG LLP as auditors of the REIT, to hold office until the next annual meeting of the REIT, at a remuneration to be fixed by the Directors. KPMG LLP has acted as the auditors of the REIT since the REIT's formation date of October 12, 2012.

The Directors recommend that the Unitholders vote FOR the appointment of KPMG LLP as auditors of the REIT, at a remuneration to be fixed by the Directors.

Unless contrary instructions are indicated on the Form of Proxy or the voting instruction form, the persons designated in the accompanying Form of Proxy or voting instruction form intend to vote "for" the appointment of KPMG LLP as auditors of the REIT, to hold office until the next annual meeting of the REIT, at a remuneration to be fixed by the Directors.

PARTICULARS OF OTHER MATTERS TO BE ACTED UPON

Amendments to the LP Agreement

The Board, in consultation with management of the REIT, has reviewed the LP Agreement and determined that it would be appropriate to make certain amendments to the LP Agreement in order to: (i) insert a 9.8% and certain other ownership limits with respect to the Units, intended to assist the ongoing qualification of the REIT's direct subsidiary American Hotel Income Properties REIT Inc. ("U.S. REIT") as a real estate investment trust under

the United States Internal Revenue Code of 1986 (the “Code”), as without such qualification the U.S. REIT would become subject to U.S. federal income tax, which may materially adversely impact the REIT and the amount of funds available for distribution to its Unitholders; (ii) adjust the income allocation provisions for periods in respect of which the REIT has earned income but has not paid any distributions to Unitholders and to adjust the loss allocation provisions, in each case, so as to be based on a weighted average number of Units held by each Unitholder at the end of each month during the fiscal year so as to provide for a more equitable allocation of such income and losses; and (iii) make certain clarifying amendments of a non-material nature. The nature and substance of the material amendments to the LP Agreement are summarized in further below.

The below summary of certain material provisions of the proposed amendments to the LP Agreement do not purport to be complete and are subject to, and qualified in their entirety by reference to, the terms of the LP Agreement as proposed to be amended and restated. A copy of the LP Agreement, as proposed to be amended and restated, along with a blackline to the current LP Agreement may be obtained in advance of the Meeting by a Unitholder or any other interested party by contacting the interim Chief Financial Officer of the REIT at Suite 800, 925 West Georgia Street, Vancouver, British Columbia V6C 3L2, by telephone at 1-604-630-3134 or by facsimile at 1-604-629-0790, or by accessing the investor relations page of the REIT’s website at www.ahipreit.com where such documents will be posted in advance of the Meeting.

Unit Ownership Limit

Overview

The U.S. REIT has elected to be treated as a real estate investment trust for purposes of the Code. As a result, to the extent it meets the qualification requirements for a real estate investment trust under the Code, the U.S. REIT is not required, except in certain limited circumstances, to pay U.S. federal income taxes on the income and capital gains it earns and distributes to its shareholders (i.e. to the REIT). Accordingly, the ongoing qualification of the U.S. REIT as a real estate investment trust under the Code is critical to the REIT’s structure and value of its Units and Debentures as the exemption from the requirement to pay U.S. federal income taxes on the income and capital gains earned by the U.S. REIT materially increases the amount of cash available for distribution to Unitholders in years where the U.S. REIT earns income or has capital gains. If the U.S. REIT ceased to qualify as a real estate investment trust under the Code, it may materially adversely impact the REIT (by reducing the funds the REIT has available to satisfy its various payment obligations, including principal and interest payments to the holders of the Debentures) and the amount of funds available for distribution to Unitholders.

To qualify as a real estate investment trust under the Code, the U.S. REIT must meet certain organizational, operational, income, asset and distribution requirements. Such qualification criteria include a requirement that not more than 50% of the value of the U.S. REIT’s outstanding equity interests are owned, directly or indirectly, through certain constructive ownership rules, by five or fewer “individuals” (which may also include certain entities, as defined in the Code), at any time during the last half of a taxable year (the “**Not-Closely Held Requirement**”). The sections of the Code and regulations made thereunder relating to qualification and operation as a real estate investment trust, including the application of the Not-Closely Held Requirement are highly technical.

The Not-Closely Held Requirement, although assessed and applied in respect of the U.S. REIT, looks through to the ultimate beneficial owners of the outstanding equity interests of the U.S. REIT. The REIT holds all of the issued and outstanding shares of common stock and the sole issued and outstanding series A preferred share of the U.S. REIT. Accordingly, the application the Not-Closely Held Requirement is assessed in relation to not only the outstanding capital stock of the U.S. REIT but also in relation to the holders of the REIT’s outstanding Units and other securities convertible into and exchangeable for Units as the indirect owners of the REIT’s equity interests in the U.S. REIT. As a result, concentrated ownership positions in the REIT could cause the U.S. REIT to fail to satisfy the Not-Closely Held Requirement. In addition, an entity that becomes disqualified as a real estate investment trust under the Code cannot generally elect again to become a real estate investment trust under the Code prior to the fifth taxable year beginning after the first taxable year for which the termination is effective. Therefore, if the Not-Closely Held Requirement was breached, and unless the U.S. REIT is entitled to relief under the specific statutory provisions, it is expected that the U.S. REIT would cease to qualify as a real estate investment trust for five years or more and be subject to tax on its taxable income as a regular U.S. corporation.

As has previously been disclosed, the articles of incorporation of the U.S. REIT contain certain restrictions on the ownership and transfer of its capital stock to assist U.S. REIT in satisfying the requirements for qualification as a real estate investment trust, including the Not Closely-Held Requirement. However, these restrictions have no impact or contractual force on Unitholders and there is currently no ownership limitation contained in the LP Agreement, so there can be no guarantee that the REIT or the U.S. REIT will be able to effectively prevent individuals from acquiring Units or securities exchangeable for or exercisable into Units that could cause the U.S. REIT to violate the Not Closely-Held Requirement, which would negatively impact all Unitholders. Public issuers, including other issuers listed on the TSX, that have elected to be classified as a real estate investment trust under the Code typically include a 9.8% equity ownership limit and certain other customary ownership limits as part of their organizational documents.

Historically, it was not deemed necessary for the REIT to prescribe an ownership limit in respect of its Units as the Units were widely held with no person holding a significant position. The REIT's Units have traded at a significant discount to historical averages for a prolonged period of time following the outbreak of the COVID-19 pandemic. During this period, the REIT has seen various parties acquire meaningful ownership positions in its Units. In addition, in January 2021 the U.S. REIT and the REIT completed a strategic private placement with the Investor pursuant to which the Investor subscribed, on a private placement basis, for: (i) 50,000 shares of newly-created Series C Cumulative Non-Voting Redeemable Preferred Stock of U.S. REIT, with each Series C Share having an initial liquidation preference US\$1,000; and (ii) 19,608,755 warrants of the REIT to acquire up to 19,608,755 Units of the REIT at an exercise price of US\$3.20 per Unit by way of cashless exercise at any time prior to January 28, 2026 (together, the "**Private Placement**"). On the closing date of the Private Placement, the U.S. REIT and the Investor entered into an ownership limit waiver (the "**Ownership Limit Waiver**") whereby the U.S. REIT approved and granted an exemption from the Ownership Limit (as such term is defined in Article VI, Section 1 of the Articles of Incorporation of U.S. REIT) in respect of the securities the Investor acquired in the Private Placement and those securities the Investor may acquire in the future as a result of certain rights granted to the Investor as part of the Private Placement. The U.S. REIT completed diligence in respect of the Investor's ownership structure in relation to the Not-Closely Held Requirement in advance of granting the Ownership Limit Waiver and determined there was limited risk and thus appropriate to grant such waiver.

Given the forgoing, the Board, in consultation with management of the REIT, believes it is in the best interest of the REIT to amend the LP Agreement to include a 9.8% ownership limit and certain other customary ownership limits (for publicly listed entities that have elected to be classified as a real estate investment trust under the Code) in respect of its Units, the details of which limit are set forth below.

Ownership Limits

The LP Agreement is proposed to be amended to include restrictions on the ownership and transfer of Units intended to assist the U.S. REIT in continuing to comply with the Not Closely Held Requirement. The relevant sections of the proposed form of amended and restated LP Agreement provide that, subject to the exceptions described below, no person or entity may actually or beneficially own, or be deemed to own by virtue of the applicable constructive ownership provisions of the Code, more than 9.8% of the Units, excluding any Units that are not treated as outstanding for U.S. federal income tax purposes. Each of these restrictions is referred to as an "ownership limit" and collectively as the "ownership limits." A person or entity that would have acquired actual, beneficial or constructive ownership of the Units but for the application of the ownership limits or any of the other restrictions on ownership and transfer of the Units is referred to as a "purported transferee."

The constructive ownership rules under the Code are complex and may cause Units owned actually, beneficially or constructively by a group of related individuals and/or entities to be deemed to be owned beneficially or constructively by one individual or entity. As a result, the acquisition of less than 9.8% of the Units (or the acquisition of an interest in an entity that owns, actually, beneficially or constructively, the Units) by an individual or entity could, nevertheless, cause that individual or entity, or another individual or entity, to own beneficially or constructively in excess of 9.8% of the Units and thereby violate the applicable ownership limit.

The LP Agreement as proposed to be amended would further prescribe ownership limits that provide that no person would be permitted to own, directly or indirectly, Units (which includes securities exchangeable for or exercisable into Units) that would or would be reasonably likely to result in the U.S. REIT being "closely held"

within the meaning of the Code, or otherwise failing to qualify as a real estate investment trust, including but not limited to beneficial or constructive ownership of Units that would result in:

- (a) the REIT owning, actually or constructively, an interest in a “tenant” (as defined in the Code) of the REIT (or a tenant of any entity owned in whole or in part by the REIT) if the income derived by the U.S. REIT (either directly or indirectly through one or more subsidiaries) from such tenant (taking into account any other income of the U.S. REIT that would not qualify) would or would be reasonably likely to cause the U.S. REIT to fail to satisfy any of the gross income requirements of the Code; or
- (b) any manager or operator of a “qualified lodging facility” (as defined in the Code) leased by the U.S. REIT (or any subsidiary of the U.S. REIT) to one of the U.S. REIT’s taxable REIT subsidiaries failing to qualify as an “eligible independent contractor” (as defined in the Code) if the income derived by the U.S. REIT from such taxable REIT subsidiary (taking into account any other income of the U.S. REIT) would not qualify under the gross income requirements of the Code, and would, or would be reasonably likely to, cause the U.S. REIT to fail to satisfy any of such gross income requirements.

The LP Agreement as proposed to be amended would provide that the Board, subject to certain conditions, with the discretion to retroactively or prospectively exempt a person from the ownership limits and, if necessary, establish a different limit on ownership for such person if the Board determines necessary if the person’s ownership in excess of the ownership limit would not result in the U.S. REIT being “closely held” within the meaning of Section 856(h) of the Code or otherwise would not result in the U.S. REIT failing to qualify as a real estate investment trust.

As a condition of the exception, the Board may require an opinion of counsel or an IRS ruling, in either case in form and substance satisfactory to the Board, in its sole and absolute discretion, in order to determine or ensure the U.S. REIT’s status for U.S. federal income tax purposes, and such representations, covenants and/or undertakings as are necessary or prudent to make the determinations above. Notwithstanding the receipt of any ruling or opinion, the Board may impose such conditions or restrictions as it deems appropriate in connection with such an exception.

In connection with a granting a waiver of an ownership limit or at any other time, the Board may, in its sole and absolute discretion, increase or decrease Unit ownership limits for one or more persons, except that a decreased ownership limit will not be effective for any person whose actual, beneficial or constructive ownership of the Units exceeds the decreased ownership limit at the time of the decrease until the person’s actual, beneficial or constructive ownership of the Units equals or falls below the decreased ownership limit, although any further acquisition of the Units will violate the decreased ownership limit. The Board may not increase or decrease any ownership limit if the new ownership limit would allow five or fewer Individuals (as defined in the LP Agreement, as proposed to be amended) to actually or beneficially own more than 49% in value of the Units.

Any person who acquires or attempts or intends to acquire actual, beneficial or constructive ownership of Units that will or may violate the ownership limits or any of the other restrictions on ownership and transfer of the Units described above must give written notice immediately to the REIT or, in the case of a proposed or attempted transaction, provide the REIT at least 15 days prior written notice, and provide the REIT with such other information as the REIT may request in order to determine the effect of such transfer on the U.S. REIT’s status as a real estate investment trust for U.S. federal income tax purposes.

The ownership limits and other restrictions on ownership and transfer of the Units described above will not apply if the Board determines that it is no longer in the best interests of the REIT for the U.S. REIT to continue to qualify as a real estate investment trust.

The proposed amendments to the LP Agreement also provide that, each person who is a beneficial or constructive owner of Units and each person (including the Unitholder of record) who is holding Units for a beneficial or constructive owner shall, on demand, provide to the REIT in writing such information that the REIT may request, in good faith, in order to determine the effect, if any, of such beneficial or constructive ownership on the U.S. REIT’s status as a real estate investment trust and to ensure compliance with the 9.8% ownership limit and

the other restrictions related thereto in Article 4 of the proposed amended form of the LP Agreement, and to comply with the requirements of any taxing authority or governmental authority or to determine such compliance.

The proposed ownership limits could have the effect of discouraging a takeover or other transaction in which Unitholders might receive a premium for their Units over the then-prevailing market price or which holders might believe to be otherwise in their best interests; although, the Not-Closely Held Requirement may have similar effects absent any ownership limit waiver. However, as noted above, the Board will have the discretion to waive the application of the 9.8% ownership limit, which the Board may do in the context of a takeover or other transaction which is determined to be in the best interests of the REIT and Unitholders.

The implications of a Unitholder exceeding the ownership limits are discussed below under “– *Excess Units*”, which provisions are in a customary form for a publicly listed entity that has elected to be classified as a real estate investment trust under the Code.

Excess Units

The proposed amendments to the LP Agreement provide that, if any purported transfer of the Units or any other event would otherwise result in any person violating the ownership limits described immediately above under “– *Ownership Limits*” or such other limit established by the Board or would otherwise cause the U.S. REIT to fail to qualify as a real estate investment trust under the Code, then the number of Units that exceeds the applicable ownership limit (rounded up to the nearest whole Unit) will be automatically transferred to, and held by, a charitable trust for the exclusive benefit of one or more charitable beneficiaries selected by the REIT. The purported transferee will have no rights in Units held by the charitable trustee. The automatic transfer will be effective as of the close of business on the business day prior to the date of the relevant transfer or other event that results in the transfer to the charitable trust. Any distribution paid to the purported transferee, prior to the REIT’s discovery that the Units had been automatically transferred to a charitable trust, must be repaid to the charitable trustee upon demand. If the transfer to the charitable trust as described above is not automatically effective, for any reason, to prevent violation of the applicable restriction on ownership and transfer of the Units, then the transfer of the number of Units that otherwise would cause any person to violate the above restrictions will be void and of no force or effect and the intended transferee will acquire no rights in the Units.

Units transferred to the charitable trustee would be deemed offered for sale to the REIT, or the REIT’s designee (subject to the approval of such designee by the TSX), at a price per Unit equal to the lesser of: (i) the price per Unit in the transaction that resulted in the transfer of the Units to the charitable trust (or, if the event that resulted in the transfer to the charitable trust did not involve the purchase of Units at market price, the last sale price reported on the TSX on the day of the transfer or other event that resulted in the transfer of such Units to the charitable trust); and (ii) the last sale price reported on the TSX on the date the REIT accepts, or the REIT’s designee accepts, such offer. The REIT must reduce the amount payable to the purported transferee by the distributions paid to the purported transferee and owed by the purported transferee to the charitable trustee and pay the amount of such reduction to the charitable trustee for the benefit of the charitable beneficiary. The REIT has the right to accept such offer until the charitable trustee has sold the Units held in the charitable trust. Upon a sale to the REIT, the interest of the charitable beneficiary in the Units sold terminates and the charitable trustee must distribute the net proceeds of the sale to the purported transferee and any distributions held by the charitable trustee with respect to such Units will be paid to the charitable beneficiary.

If the REIT does not buy the Units, the charitable trustee would be required, within 20 days of receiving notice from the REIT of the transfer of Units to the charitable trust, sell the Units to a person or persons designated by the charitable trustee who could own the Units without violating the ownership limits or other restrictions on ownership and transfer of the Units. Upon such sale, the charitable trustee must distribute to the purported transferee an amount equal to the lesser of (i) the price paid by the purported transferee for the Units (or, if the event that resulted in the transfer to the charitable trust did not involve the purchase of Units at market price, the last sale price reported on the TSX on the day of the transfer or other event that resulted in the transfer of such Units to the charitable trust), and (ii) the sales proceeds (net of commissions and other expenses of sale) received by the charitable trustee for the Units. The charitable trustee must reduce the amount payable to the purported transferee by the distributions paid to the purported transferee and owed by the purported transferee to the charitable trustee. Any net sales proceeds in excess of the amount payable to the purported transferee will be immediately paid to the charitable beneficiary, together with any distributions thereon. In addition, if prior to discovery by the REIT that

Units have been transferred to the charitable trustee, such Units are sold by a purported transferee, then such Units shall be deemed to have been sold on behalf of the charitable trust and, to the extent that the purported transferee received an amount for or in respect of such Units that exceeds the amount that such purported transferee was entitled to receive, such excess amount shall be paid to the charitable trustee upon demand.

Pursuant to the proposed amendments to the LP Agreement, subject to Ontario law, effective as of the date that the Units have been transferred to the charitable trust, the charitable trustee may, at the charitable trustee's sole discretion to: (i) rescind as void any vote cast by a prohibited owner prior to the REIT's discovery that the Units have been transferred to the charitable trust; and (ii) recast the vote in accordance with the desires of the charitable trustee acting for the benefit of the beneficiary of the charitable trust. However, if the REIT has already taken irreversible corporate action, then the charitable trustee may not rescind and recast the vote.

The proposed amendments to the LP Agreement provide that if the Board determines in good faith that a proposed transfer or other event has taken place that violates the restrictions on ownership and transfer of the Units set forth in the LP Agreement (as proposed to be amended), the Board may take such action as it deems advisable in its sole discretion to refuse to give effect to or to prevent such transfer or other event, including, but not limited to, causing the REIT to redeem Units, refusing to give effect to the transfer on the REIT's books or instituting proceedings to enjoin the transfer.

If the proposed amendments to the LP Agreement are adopted, Unit certificates and DRS advices evidencing ownership of units would be engrossed with a legend noting the existence of the above noted ownership restrictions and deemed transfer provisions; however, such legend would not preclude the settlement of any transaction for Units entered into through the facilities of the TSX or any other national securities exchange or automated inter-dealer quotation system or over-the-counter market. However, the fact that settlement of any transaction occurs would not negate the effect of the above noted ownership restrictions and deemed transfer provisions and any transferee would be subject to such provisions in the LP Agreement (as amended).

Ownership Limit Waiver for the Investor

As noted above, the U.S. REIT entered into the Ownership Limit Waiver with the Investor upon closing of the Private Placement. If the LP Agreement Amendment Resolution (defined below) is passed at the Meeting, the REIT, the U.S. REIT and the Investor intend to enter an amended and restated Ownership Limit Waiver to exempt the Investor from the ownership limits in the LP Agreement on a basis consistent with the existing Ownership Limit Waiver. As noted above, the U.S. REIT completed diligence in respect of the Investor's ownership structure in relation to the Not-Closely Held Requirement in advance of granting the Ownership Limit Waiver and determined there was limited risk and thus appropriate to grant such waiver, which assessment remains unchanged as at the date of this Information Circular.

Income Allocation and Loss Allocation Provisions

The current income allocation provisions in the LP Agreement for periods in respect of which the REIT has earned income but has not paid any distributions to Unitholders and loss allocation provisions, provide for the allocation of income (in such circumstances) and losses, as applicable, in equal monthly amounts which are then allocated to persons who were Unitholders at the end of each month during the fiscal year *pro rata* based on the number Units issued and outstanding at the end of each such month. In the event that the number of Units issued and outstanding changes during the year, these current income and loss allocation provisions result in a different allocation of income or losses per Unit depending on the period during the year in which a Unit was held. For example, in a year where a large number of additional Units is issued as a result of an equity raise, acquisition or other reason, those persons who held Units in advance of such events would generally be allocated more income or loss per Unit than a person holding Units after such event given the same amount of income or loss allocation per month is divided amongst a lower number of Units outstanding for the months in a given fiscal year that precede such events.

The proposed amendments to the LP Agreement would adjust the income allocation provisions for periods in respect of which the REIT has earned income but has not paid any distributions to Unitholders and adjust the loss allocation provisions, in each case, so as to be based on a weighted average number of Units held by each Unitholder at the end of each month during the fiscal year calculated for each month with reference to the number of Units

issued and outstanding as of the end of the REIT's fiscal year. This would result in an equivalent allocation of such income and losses on a per Unit per month basis, so that the amounts allocated per Unit to each person who held Units at the end of each month during a particular fiscal year would be consistent.

The Board believes these amendments would provide for a more equitable allocation to Unitholders of the REIT's: (i) income for periods in respect of which the REIT has earned income but has not paid any distributions; and (ii) losses, which would be in the best interest of the REIT and its Unitholders.

Clarifying Amendments

The REIT also proposes to make certain clarifying amendments of a non-material nature, which can be viewed in advance of the Meeting by obtaining a copy of the LP Agreement, as proposed to be amended and restated, along with a blackline to the current LP Agreement from the interim Chief Financial Officer of the REIT by contacting her at Suite 800, 925 West Georgia Street, Vancouver, British Columbia V6C 3L2, by telephone at 1-604-630-3134 or by facsimile 1-604-629-0790, or by accessing the investor relations page of the REIT's website at www.ahipreit.com where such documents will be posted in advance of the Meeting.

Approval

At the Meeting, Unitholders will be asked to review and, if deemed appropriate, to adopt the special resolution of the Unitholders reproduced below to approve the foregoing amendments to the LP Agreement (the "**LP Agreement Amendment Resolution**"). To be adopted, the LP Agreement Amendment Resolution must be approved by two-thirds of votes cast by Unitholders present in person or by proxy at the Meeting. **The Directors recommend that the Unitholders vote FOR the approval of the LP Agreement Amendment Resolution. Unless contrary instructions are indicated on the Form of Proxy or the voting instruction form, the persons designated in the accompanying Form of Proxy or voting instruction form intend to vote "for" the LP Agreement Amendment Resolution.** The text of the LP Agreement Amendment Resolution, subject to such amendments, variations or additions as may be approved at the Meeting, is set forth below:

"BE IT RESOLVED THAT:

1. The amendments to the amended and restated limited partnership agreement of American Hotel Income Properties REIT LP (the "**REIT**") dated June 17, 2020 (the "**LP Agreement**"), substantially as described in the management information circular of the REIT dated May 7, 2021 (the "**Information Circular**"), together with any additional and/or alternative amendments to the LP Agreement that the directors of American Hotel Income Properties REIT (GP) Inc. (the "**General Partner**") determine to be necessary or desirable for effecting the substance of the changes described in the Information Circular, be and are hereby authorized and approved.
2. Any one director or officer of the General Partner be and is hereby authorized and directed to execute or cause to be executed on behalf of the REIT an amended and/or restated limited partnership agreement of the REIT reflecting the foregoing changes and amendments.
3. Notwithstanding that the foregoing resolutions have been duly passed by the unitholders (the "**Unitholders**") of the REIT, the directors of the General Partner be and are hereby authorized and empowered, without further notice to, or approval of, the Unitholders, to:
 - (a) decide on the timing of implementation of all or any part of the amendment and/or restatement of the LP Agreement;
 - (b) modify the amendment and/or restatement of the LP Agreement, provided that any modification will not be materially prejudicial to Unitholders; or
 - (c) decide not to proceed with all or any part of the amendment and/or restatement of the LP Agreement and revoke the whole or part of these resolutions before they are acted on.

4. Any one or more of the directors or officers of the General Partner be and are hereby authorized for and on behalf of the General Partner, in its capacity as general partner of the REIT, to take all such actions, do such things and execute and deliver all such agreements, disclosure documents, instruments, statements, forms and other documents as they may deem appropriate in connection with the foregoing resolutions, and the execution thereof by any one or more of such directors or officers shall be conclusive proof of their authority to act on behalf of the General Partner or the REIT.”

No Other Matters

The Directors know of no matters to come before the Meeting other than those referred to in the Notice of Annual and Special Meeting accompanying this Information Circular. However, if any other matters properly come before the Meeting, it is the intention of the Director representatives named in the Form of Proxy accompanying this Information Circular to vote the same in accordance with their best judgment of such matters.

INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON

No Director or executive officer of the General Partner, AML, or U.S. REIT nor any person who has held such a position since the beginning of the last completed financial year of the REIT, nor any proposed nominee for election as a Director of the General Partner, nor any associate or affiliate of any of the foregoing persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted on at the Meeting other than the election of Directors and as otherwise set out herein.

The REIT and the U.S. REIT propose to provide the Investor with an amended and restated Ownership Limit Waiver if Unitholders approve the LP Agreement Amendment Resolution. Mr. Mahmood Khimji and Mark Van Zandt are the director nominees of the Investor under the Investor Rights Agreement and are officers or directors of certain indirect equity owners of the Investor. Accordingly, they may have an indirect interest in such waiver being provided if the LP Agreement Amendment Resolution is approved.

ADDITIONAL INFORMATION

Additional information relating to the REIT may be found on SEDAR at www.sedar.com. Additional information in respect of the Audit Committee is contained in the Annual Information Form of the REIT dated March 15, 2021 (the “**Annual Information Form**”), a copy of which is available on SEDAR at www.sedar.com, under the heading “*Audit Committee Information*”. In addition, the full text of the “Terms of Reference for the Audit Committee” is set out in Schedule A to the Annual Information Form. Additional financial information is provided in the REIT’s audited consolidated financial statements and management’s discussion and analysis for the REIT’s most recently completed financial year. A copy of the REIT’s financial statements and management’s discussion and analysis is available, free of charge, upon written request to the Chief Financial Officer of American Hotel Income Properties REIT (GP) Inc., Suite 800, 925 West Georgia Street, Vancouver, British Columbia V6C 3L2. These documents are also available on SEDAR at www.sedar.com.

APPROVAL OF CIRCULAR

The undersigned hereby certifies that the contents and the sending of this Information Circular have been approved by the Directors.

DATED at Vancouver, British Columbia, this 7th day of May, 2021.

BY ORDER OF THE DIRECTORS

(signed) W. Michael Murphy
Chair

SCHEDULE A

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

The board of directors (the “**Board**”) of American Hotel Income Properties REIT (GP) Inc. (the “**General Partner**”) is responsible for the governance of American Hotel Income Properties REIT LP (the “**REIT**”). Unless the context otherwise requires, references to the REIT in this Schedule A include the REIT and its direct and indirect subsidiaries. Five of the eight current directors the General Partner are “independent” as defined under *National Instrument 58-101 – Disclosure of Corporate Governance Practices*. The directors have established a standing audit committee consisting of independent directors (“**Audit Committee**”), a standing nominating and governance committee consisting of independent directors (“**Nominating and Governance Committee**”), a standing compensation committee consisting of independent directors (the “**Compensation Committee**”) and a standing investment committee consisting of a majority of independent directors (the “**Investment Committee**”).

The directors and the Board consider good governance to be central to the effective and efficient operation of the REIT and its subsidiaries and are committed to reviewing and adapting their governance practices so that they meet the REIT’s and its direct and indirect subsidiaries’ changing needs and to ensure compliance with regulatory requirements.

CORPORATE GOVERNANCE DISCLOSURE REQUIREMENT	OUR CORPORATE GOVERNANCE PRACTICES
<p>1. Directors/Board</p> <p>(a) Disclose the identity of directors who are independent.</p>	<p>W. Michael Murphy (Chair), Charles van der Lee (Lead Vice Chair), Stephen J. Evans, Richard Frank and Tamara L. Lawson are independent directors.</p>
<p>(b) Disclose the identity of directors who are not independent, and describe the basis for that determination.</p>	<p>The Board has determined that each of Mahmood Khimji, Robert F. O’Neill and Mark Van Zandt is not an independent director as that term is defined under <i>National Instrument 58-101 – Disclosure of Corporate Governance Practices</i>.</p> <p>Mr. O’Neill is not independent as he was the Chief Executive Officer of the General Partner until the end of September, 2018.</p> <p>Mr. Khimji and Mr. Mark Van Zandt have been determined by the Board not to be independent due to the fact that each is a principal, director or officer of the indirect owners of HCI-BGO Victoria JV LP (the “Investor”), which Investor completed a strategic private placement in the REIT and its direct subsidiary American Hotel Income Properties REIT Inc. on January 28, 2021.</p>
<p>(c) Disclose whether or not a majority of directors are independent. If a majority of directors are not independent, describe what the Board does to facilitate its exercise of independent judgement in carrying out its responsibilities.</p>	<p>A majority of the directors are independent.</p>

CORPORATE GOVERNANCE DISCLOSURE REQUIREMENT	OUR CORPORATE GOVERNANCE PRACTICES
<p>(d) If a director is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the director and the other issuer.</p>	<p>None of the directors is presently a director of another reporting issuer except as follows:</p> <p>Mr. Murphy is a director of Ashford Inc.</p> <p>Mr. Evans is a director of SRAI Capital Corp., a director of the general partner of Sunstone Opportunity Fund (2005), and a Trustee of REALnorth Opportunities Fund, each of which are Canadian non-listed reporting issuers.</p> <p>Mr. Khimji is a director of Sagicor Financial Company Ltd.</p>
<p>(e) Disclose whether or not the independent directors hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance. If the independent directors hold such meetings, disclose the number of meetings held since the beginning of the issuer's most recently completed financial year. If the independent directors do not hold such meetings, describe what the Board does to facilitate open and candid discussion among its independent directors.</p>	<p>The majority of directors are independent. Members of management may be excluded from a portion of each regularly scheduled meeting of the Board, as required. Meetings where non-independent directors are not in attendance may be held as required by the Board; this is considered appropriate given the REIT's overall governance, and in particular, the majority of the directors being independent.</p>
<p>(f) Disclose whether or not the chair of the Board is an independent director. If the Board has a chair or lead director who is an independent director, disclose the identity of the independent chair or lead director, and describe his or her role and responsibilities. If the Board has neither a chair that is independent nor a lead director that is independent, describe what the Board does to provide leadership for its independent directors.</p>	<p>Mr. W. Michael Murphy is currently the Chair of the Board and is independent. Mr. Charles van der Lee is currently the Vice Chair and is independent.</p> <p>The Chair of the Board is responsible for, among other things, providing leadership to the Board, coordinating with the Chief Executive Officer of the General Partner (the "CEO") to ensure that management strategy, plans and performance are appropriately represented to the Board, Unitholders, and other stakeholders as appropriate, assisting the directors in reviewing and monitoring the aims, strategy, policy and directions of the REIT and the achievement of its objectives, among other duties.</p> <p>The Vice Chair's primary focus is to provide leadership for the independent directors and to ensure that the Board's agenda meets the needs of the General Partner and the independent directors.</p> <p>The role and responsibilities for the Chair of the Board and the Vice Chair are set forth in written position descriptions, as supplemented from time to time, the current versions of which are available on the REIT's website at www.ahipreit.com.</p>

CORPORATE GOVERNANCE DISCLOSURE REQUIREMENT	OUR CORPORATE GOVERNANCE PRACTICES																																																
<p>(g) Disclose the attendance record of each director for all Board meetings held since the beginning of the issuer's most recently completed financial year.</p>	<p>The following attendance records relate to meetings of the Board and the standing committees thereof held during the most recently completed financial year of the REIT.</p> <p><u>Meetings of the Board:</u></p> <table data-bbox="784 436 1109 682"> <tr><td>W. Michael Murphy</td><td>6/6</td></tr> <tr><td>Charles van der Lee</td><td>6/6</td></tr> <tr><td>Stephen J. Evans</td><td>5/6</td></tr> <tr><td>Richard Frank</td><td>6/6</td></tr> <tr><td>Tamara L. Lawson</td><td>6/6</td></tr> <tr><td>Robert F. O'Neill</td><td>6/6</td></tr> <tr><td>Elizabeth Walters*</td><td>4/4</td></tr> <tr><td>Minaz B. Abji*</td><td>4/4</td></tr> </table> <p><u>Meetings of the Audit Committee:</u></p> <table data-bbox="784 745 1109 898"> <tr><td>Tamara L. Lawson</td><td>4/4</td></tr> <tr><td>Richard Frank</td><td>4/4</td></tr> <tr><td>Minaz B. Abji*</td><td>2/2</td></tr> <tr><td>Elizabeth Walters*</td><td>2/2</td></tr> <tr><td>Charles van der Lee**</td><td>2/2</td></tr> </table> <p><u>Meetings of the Compensation Committee:</u></p> <table data-bbox="784 961 1109 1081"> <tr><td>Richard Frank</td><td>3/3</td></tr> <tr><td>Charles van der Lee</td><td>3/3</td></tr> <tr><td>Minaz B. Abji*</td><td>1/1</td></tr> <tr><td>W. Michael Murphy***</td><td>2/2</td></tr> </table> <p><u>Meetings of the Nominating and Governance Committee:</u></p> <table data-bbox="784 1144 1109 1264"> <tr><td>Charles van der Lee</td><td>2/2</td></tr> <tr><td>Richard Frank</td><td>2/2</td></tr> <tr><td>Tamara L. Lawson</td><td>2/2</td></tr> <tr><td>Elizabeth Walters*</td><td>2/2</td></tr> </table> <p><u>Meetings of the Investment Committee:</u></p> <table data-bbox="784 1348 1109 1432"> <tr><td>Richard Frank</td><td>2/2</td></tr> <tr><td>Stephen J. Evans</td><td>2/2</td></tr> <tr><td>Tamara L. Lawson</td><td>2/2</td></tr> </table> <p>* The membership of the Board decreased in size from 8 to 6 as Elizabeth Walters and Minaz B. Abji did not stand for re-election at the annual and special meeting of Unitholders held on June 17, 2020.</p> <p>** The membership of the Audit Committee was reconstituted to include Charles van der Lee on June 17, 2020.</p> <p>*** The membership of the Compensation Committee was reconstituted to include W. Michael Murphy on June 17, 2020.</p>	W. Michael Murphy	6/6	Charles van der Lee	6/6	Stephen J. Evans	5/6	Richard Frank	6/6	Tamara L. Lawson	6/6	Robert F. O'Neill	6/6	Elizabeth Walters*	4/4	Minaz B. Abji*	4/4	Tamara L. Lawson	4/4	Richard Frank	4/4	Minaz B. Abji*	2/2	Elizabeth Walters*	2/2	Charles van der Lee**	2/2	Richard Frank	3/3	Charles van der Lee	3/3	Minaz B. Abji*	1/1	W. Michael Murphy***	2/2	Charles van der Lee	2/2	Richard Frank	2/2	Tamara L. Lawson	2/2	Elizabeth Walters*	2/2	Richard Frank	2/2	Stephen J. Evans	2/2	Tamara L. Lawson	2/2
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CORPORATE GOVERNANCE DISCLOSURE REQUIREMENT	OUR CORPORATE GOVERNANCE PRACTICES
<p>2. Board Mandate</p> <p>Disclose the text of the Board’s written mandate. If the Board does not have a written mandate, describe how the Board delineates its role and responsibilities.</p>	<p>The text of the mandate of the directors (called “Terms of Reference for the Directors of American Hotel Income Properties REIT (GP) Inc.”) is attached as Schedule B to the information circular of the REIT dated May 7, 2021 (the “Information Circular”).</p>
<p>3. Position Descriptions</p> <p>(a) Disclose whether or not the Board has developed written position descriptions for the chair and the chair of each Board committee. If the Board has not developed written position descriptions for the chair and/or the chair of each Board committee, briefly describe how the Board delineates the role and responsibilities of each such position.</p>	<p>The Board has developed written position descriptions for the Chair of the Board, and the terms of reference for each committee of the Board contains written position descriptions for the Chair of each committee, as supplemented from time to time, the current versions of which are available on the REIT’s website at www.ahipreit.com.</p>
<p>(b) Disclose whether or not the Board and CEO have developed a written position description for the CEO. If the Board and CEO have not developed such a position description, briefly describe how the Board delineates the role and responsibilities of the CEO.</p>	<p>The Board and the CEO have developed a written position description for the CEO, as supplemented from time to time, the current version of which is available on the REIT’s website at www.ahipreit.com.</p>
<p>4. Orientation and Continuing Education</p> <p>(a) Briefly describe what measures the Board takes to orient new directors regarding:</p>	
<p>(i) the role of the Board, its committees and its directors; and</p>	<p>The Board has adopted a Board Information Manual which contains, among other things, the terms of reference of the Board and each of the committees of the Board. This manual has been reviewed by the directors, and a copy of the manual has been provided to each of the directors.</p>
<p>(ii) the nature and operation of the issuer’s business.</p>	<p>The CEO reviews with the Board at each meeting the nature and operations of the business of the REIT and its subsidiaries. The Board meets with other members of senior management of the REIT periodically to review each of their specific operations.</p>

CORPORATE GOVERNANCE DISCLOSURE REQUIREMENT	OUR CORPORATE GOVERNANCE PRACTICES
<p>(b) Briefly describe what measures, if any, the Board takes to provide continuing education for its directors. If the Board does not provide continuing education, describe how the Board ensures that its directors maintain the skill and knowledge necessary to meet their obligations as directors.</p>	<p>The Nominating and Governance Committee is responsible for administering the Director Education Policy, which policy was adopted by the Board of Directors to encourage all members of the Board to attend such director education programs as they deem appropriate (given their individual experience and backgrounds) to stay abreast of developments in corporate governance and “best practices” relevant to their contribution to the Board generally and to their specific committee assignments. This policy not only encourages directors of the General Partner to stay abreast of emerging corporate governance topics but also broader topics such as accounting, finance, general business and human resource management. The REIT reimburses directors for all reasonable costs of attending director education programs under the Director Education Policy (subject to an annual limit per director as set forth in the policy).</p>
<p>5. Ethical Business Conduct</p> <p>(a) Disclose whether or not the Board has adopted a written code for the directors, officers and employees. If the Board has adopted a written code:</p>	<p>The REIT has adopted a written code of conduct (the “Code of Conduct”) for the General Partner’s, the REIT’s and its subsidiaries’ respective directors, officers and employees.</p>
<p>(i) disclose how a person or company may obtain a copy of the code;</p>	<p>The Code of Conduct is available on SEDAR at www.sedar.com and on the REIT’s website at www.ahipreit.com.</p>
<p>(ii) describe how the Board monitors compliance with its code, or if the Board does not monitor compliance, explain whether and how the Board satisfies itself regarding compliance with its code; and</p>	<p>A copy of the Code of Conduct is provided to each of the directors, officers and senior employees of the General Partner, the REIT and its subsidiaries, and each is requested to certify that he or she has read the Code of Conduct and that, to the best of his or her knowledge, information or belief, no breach of the Code of Conduct has occurred except those instances reported by him or her for remedial action. This certification is to be provided annually. A copy of the Code of Conduct is provided to each new director, officer and employee.</p>
<p>(iii) provide a cross-reference to any material change report(s) filed since the beginning of the issuer’s most recently completed financial year that pertains to any conduct of a director or executive officer that constitutes a departure from the code.</p>	<p>No material change reports have been filed by the REIT since the beginning of its most recently completed financial year that pertain to the conduct of a director, officer or senior employee that constitutes a departure from the Code of Conduct.</p>

CORPORATE GOVERNANCE DISCLOSURE REQUIREMENT	OUR CORPORATE GOVERNANCE PRACTICES
<p>(b) Describe any steps the Board takes to ensure directors exercise independent judgement in considering transactions and agreements in respect of which a director or executive officer has a material interest.</p>	<p>A director is required to disclose to the Board information regarding any transaction or agreement in respect of which a director or executive officer has a material interest and to abstain from voting on any matter in respect of such transaction or agreement. The Board may request the director to excuse himself or herself from the portion of any meeting at which such transaction or agreement is discussed. In addition, the Board may form, and has in the past formed, an ad-hoc special committee to review and approve, or provide recommendations to the Board in respect of, transactions involving the REIT or its subsidiaries or affiliates in respect of which a director or executive officer has a material interest.</p>
<p>(c) Describe any other steps the Board takes to encourage and promote a culture of ethical business conduct.</p>	<p>The Board encourages and promotes a culture of ethical business conduct and requires the CEO to conduct himself in a manner that exemplifies ethical business conduct. Each director is entitled to engage an outside advisor at the REIT's expense in appropriate circumstances.</p>
<p>6. Nomination of Directors</p> <p>(a) Describe the process by which the Board identifies new candidates for Board nomination.</p>	<p>The Nominating and Governance Committee is mandated to, among other things, identify new candidates for Board nomination. In making its recommendations, the Nominating and Governance Committee considers the competencies and skills that the Board should possess as a group. When new candidates for Board nomination are reviewed, the Nominating and Governance Committee considers criteria that include, but are not limited to, age, geographical representation, diversity (including gender diversity), disciplines, and other factors that the Nominating and Governance Committee views appropriate.</p>
<p>(b) Disclose whether or not the Board has a nominating committee composed entirely of independent directors. If the Board does not have a nominating committee composed entirely of independent directors, describe what steps the Board takes to encourage an objective nomination process.</p>	<p>The Nominating and Governance Committee is composed of a majority of independent directors. The Chair of the committee, who is an independent director, is responsible for, among other things, setting the agenda for Nominating and Governance Committee Meetings, and has a casting vote. As noted above, each director is required to disclose to the Board information regarding any transaction or agreement in respect of which a director or executive officer has a material interest and to abstain from voting on any such matter. In addition, the Nominating and Governance Committee may engage independent third party consultants from time to time to assist it in carrying out its mandate.</p>

CORPORATE GOVERNANCE DISCLOSURE REQUIREMENT	OUR CORPORATE GOVERNANCE PRACTICES
<p>(c) If the Board has a nominating committee, describe the responsibilities, powers and operation of the nominating committee.</p>	<p>Under its terms of reference, the Nominating and Governance Committee has the responsibility and power to, among other things, administer and make recommendations respecting the overall approach for the REIT and its subsidiaries to corporate governance issues. In addition, the Nominating and Governance Committee assists the Board in determining nominees for election and re-election to the Board, filling vacancies among the directors and periodically reviews the effectiveness of the directors as a whole and individually and oversees compliance with the Code of Conduct and the REIT's disclosure policy.</p> <p>The General Partner has adopted a written terms of reference for the Nominating and Governance Committee, which sets forth further details of the Nominating and Governance Committee's duties and responsibilities, a copy of which is available on the REIT's website at www.ahipreit.com.</p>
<p>7. Compensation</p> <p>(a) Describe the process by which the Board determines the compensation for the issuer's directors and officers.</p>	<p>The Board determines the compensation for the directors with reference to market rates for such services. The Compensation Committee has the responsibility to review and recommend adjustments for compensation to directors as warranted in the future. Compensation for officers and other key employees is reviewed annually by the Compensation Committee of the Board with reference to contributions of each officer to business results achieved and to market-based compensation for similar based positions.</p> <p>For further details, see "<i>Executive Compensation – Setting Executive Compensation</i>" in the Information Circular.</p>
<p>(b) Disclose whether or not the Board has a compensation committee composed entirely of independent directors. If the Board does not have a compensation committee composed entirely of independent directors, describe what steps the Board takes to ensure an objective process for determining such compensation.</p>	<p>The Compensation Committee is composed of a majority of independent directors. The Chair of the Compensation Committee, who is an independent director, is responsible for, among other things, setting the agenda for Compensation Committee Meetings, engaging independent consultants to assist the Compensation Committee in formulating effective compensation strategies and policies for the REIT and has a casting vote. As noted above, each director is required to disclose to the Board information regarding any transaction or agreement in respect of which a director or executive officer has a material interest and to abstain from voting on any such matter.</p>

CORPORATE GOVERNANCE DISCLOSURE REQUIREMENT	OUR CORPORATE GOVERNANCE PRACTICES
<p>(c) If the Board has a compensation committee, describe the responsibilities, powers and operation of the compensation committee.</p>	<p>Under its terms of reference, the Compensation Committee has the responsibility and power to review and make recommendations to the Board respecting the compensation of officers and other key employees.</p> <p>For further details, see “<i>Executive Compensation – Setting Executive Compensation</i>” in the Information Circular. The General Partner has adopted a written terms of reference for the Compensation Committee, which sets forth further details of the Compensation Committee’s duties and responsibilities, a copy of which is available on the REIT’s website at www.ahipreit.com.</p>
<p>8. Other Board Committees</p> <p>If the Board has standing committees other than the audit, compensation and nominating committees, identify the committees and describe their function.</p>	<p>As noted above, the Board also has an Investment Committee comprised of a majority of independent directors. The Investment Committee’s primary duties and responsibilities include:</p> <p>(a) reviewing and making recommendations to the Board to approve or reject any proposed acquisition or disposition, including any related financing arrangements; and</p> <p>(b) ensuring any proposed acquisitions and dispositions comply with the Investment Guidelines and Operating Policies of the REIT set out in the LP Agreement.</p> <p>The General Partner has adopted a written terms of reference for the Investment Committee, which sets forth further details of the Investment Committee’s duties and responsibilities, a copy of which is available on the REIT’s website at www.ahipreit.com.</p>
<p>9. Assessments</p> <p>Disclose whether or not the Board, its committees and individual directors are regularly assessed with respect to their effectiveness and contribution. If assessments are regularly conducted, describe the process used for the assessments. If assessments are not regularly conducted, describe how the Board satisfies itself that the Board, its committees, and its individual directors are performing effectively.</p>	<p>The Nominating and Governance Committee has the responsibility to ensure that a process is in place for the annual review of the performance of individual directors, the Board as a whole and the individual committees. Specifically, the Nominating and Governance Committee is responsible for and conducts annual surveys of the Board on Board effectiveness and of each committee on committee effectiveness. A review of the performance of the individual directors and Board as a whole was completed with respect to the REIT’s most recently completed financial year. The Audit Committee completes a self assessment after the completion of each financial year.</p>

CORPORATE GOVERNANCE DISCLOSURE REQUIREMENT	OUR CORPORATE GOVERNANCE PRACTICES
<p>10. Term Limits</p> <p>Disclose whether or not the REIT has adopted term limits for the directors on the Board or other mechanisms of Board renewal and, if so, include a description of those director term limits or other mechanisms of Board renewal. If the REIT Partner has not adopted director term limits or other mechanisms of Board renewal, disclose why it has not done so.</p>	<p>The General Partner has not adopted term limits for the directors on the Board because the Board believes the imposition of arbitrary term limits may result in an effective director being disqualified and discounts the value of experience and continuity. The Nominating and Governance Committee is responsible for assessing the effectiveness of the Board and board renewal is one of the factors the Nominating and Governance Committee utilizes in its evaluation.</p>
<p>11. Policies Regarding the Representation of Women on the Board</p> <p>Disclose whether the REIT has adopted a written policy relating to the identification and nomination of women directors. If the REIT has not adopted such a policy, disclose why it has not done so. If the REIT has adopted such a policy, disclose the following in respect of the policy:</p> <ul style="list-style-type: none"> (i) a short summary of its objectives and key provisions, (ii) the measures taken to ensure that the policy has been effectively implemented, (iii) annual and cumulative progress by the REIT in achieving the objectives of the policy, and (iv) whether and, if so, how the Board or its Nominating and Governance Committee measures the effectiveness of the policy. 	<p>The General Partner has adopted a written Board Diversity Policy in order to define the General Partner's policy with respect to diversity on its Board and to set out the guidelines by which the Board endeavours to maintain a diverse Board. Responsibility for overseeing and ensuring the implementation of the Policy has been delegated to the Nominating and Governance Committee. The Policy articulates the Board's desire to promote better corporate governance and performance and effective decision-making by having a diverse range of views and considerations represented at the Board level. In considering directors for election to the Board, the Policy requires the Nominating and Governance Committee to consider diversity criteria generally, with factors such as gender, ethnicity, age, religion, education, experience, geographical representation, political belief and disability all being considered. As such, the Policy does not focus solely on promoting gender diversity. Under the Policy, the Nominating and Governance Committee is required to annually assess the diversity initiatives that may be established by the Board from time to time under the Policy and the progress in achieving them. Other factors that the Nominating and Governance Committee takes into consideration when considering the composition of the Board include the current strengths, skills and experience on the Board, any planned retirement dates and the strategic direction of the REIT. The Board does not believe a written policy relating solely to the identification of directors based upon gender is necessary.</p>

CORPORATE GOVERNANCE DISCLOSURE REQUIREMENT	OUR CORPORATE GOVERNANCE PRACTICES
<p>12. Consideration of the Representation of Women in the Director Identification and Selection Process</p> <p>Disclose whether and, if so, how the Board or Nominating and Governance Committee considers the level of representation of women on the Board in identifying and nominating candidates for election or re-election to the Board. If the REIT does not consider the level of representation of women on the Board in identifying and nominating candidates for election or re-election to the Board, disclose the REIT's reasons for not doing so.</p>	<p>The Nominating and Governance Committee considers the diversity of the Board, including the level of representation of women, as one of the factors in identifying and nominating candidates for election or re-election to the Board pursuant to its Board Diversity Policy. The other factors that the Nominating and Governance Committee considers include: the competencies and skills that the Board considers to be necessary for the Board, as a whole, to possess; the competencies and skills that the Board considers each existing director to possess; the competencies and skills each new nominee will bring to the Board; the time and energy of the proposed nominee to devote to the task, and the understanding by the proposed nominee of the nature of the business and operations of the REIT.</p>
<p>13. Consideration Given to the Representation of Women in Executive Officer Appointments</p> <p>Disclose whether and, if so, how the REIT considers the level of representation of women in executive officer positions when making executive officer appointments. If the REIT does not consider the level of representation of women in executive officer positions when making executive officer appointments, disclose the REIT's reasons for not doing so.</p>	<p>The General Partner considers diversity in its executive officer positions, including the level of representation of women, as one of the factors in making executive officer appointments. The General Partner also considers the skills and experience necessary for the position.</p>
<p>14. The REIT's Targets Regarding the Representation of Women on the Board and in Executive Officer Positions</p> <p>(a) Disclose whether the REIT has adopted a target regarding women on the Board. If the REIT has not adopted a target, disclose why it has not done so.</p>	<p>The General Partner has not adopted a target regarding women on the Board. Diversity, including gender diversity, is one of the factors that the Nominating and Governance Committee considers in identifying and nominating candidates for election or re-election to the Board. The other factors that the Nominating and Governance Committee considers are described in part 12 and 13 above. The Nominating and Governance Committee believes all of these factors are relevant to ensure that the General Partner has a high functioning Board and that establishing targets based upon only gender may disqualify desirable director candidates.</p>

CORPORATE GOVERNANCE DISCLOSURE REQUIREMENT	OUR CORPORATE GOVERNANCE PRACTICES
<p>(b) Disclose whether the REIT has adopted a target regarding women in executive officer positions of the General Partner and of the Subsidiaries of the REIT. If the REIT has not adopted a target, disclose why it has not done so.</p>	<p>The General Partner has not adopted a target regarding women in executive officer positions of the General Partner or of the REIT's subsidiaries. Diversity, including gender diversity, is one of the factors that the General Partner and the REIT's subsidiaries consider in identifying executive officers. The other factors that the General Partner and the REIT's subsidiaries consider are described in part 12 and 13 above. The General Partner believes all of these factors are relevant to ensure appropriate executive officers are hired and retained, and that establishing targets based upon only gender may disqualify desirable executive officer candidates.</p>
<p>15. Number of Women on the Board and in Executive Officer Positions</p> <p>(a) Disclose the number and proportion (in percentage terms) of directors on the Board who are women.</p>	<p>One of the eight current directors of the General Partner is a woman, representing 12.5% of the Board as currently constituted.</p>
<p>(b) Disclose the number and proportion (in percentage terms) of executive officers of the REIT, including all subsidiaries of the REIT, who are women.</p>	<p>One of the four executive officers of the General Partner is a woman, representing 25% of the General Partner's executive officers.</p>

SCHEDULE B

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 the 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 last updated on March 9, 2021.

AMERICAN HOTEL INCOME PROPERTIES REIT (GP) INC.

Board Forward Agenda

Meeting Timing <i>Agenda Items:</i>	March	May	August	November
A. Governance				
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. Financial				
Quarterly Results	X	X	X	X
Year End Results	X			
C. Plans and Strategies				
Strategic Plan		X		
Operating Plan, Capital Budgets				X
Succession Plan				X
Compensation Plans				X
D. Operations				
CEO Report	X	X	X	X
Review of Key Corporate Policies	X			