



**AMERICAN HOTEL**  
INCOME PROPERTIES REIT LP

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

**TERMS OF REFERENCE FOR NOMINATING AND  
GOVERNANCE COMMITTEE**

**A. PURPOSES**

The GP, as general partner of American Hotel Income Properties REIT LP (the “REIT”), shall appoint a Nominating and Governance Committee (the “Committee”) to assist the board of directors of the GP (the “Board”) in fulfilling its responsibilities in developing and improving the GP’s approach to governance issues, filling vacancies among the directors, periodically reviewing the effectiveness of the Board and the contributions of individual directors and such other duties as detailed in these Terms.

**B. COMPOSITION AND TERMS OF OFFICE**

The Committee shall be comprised of not less than three members, at least a majority of whom are “independent” within the meaning of Section 1.4 of National Instrument 52-110 *Audit Committees*, as amended from time to time.

Unless the Board appoints a Chair of the Committee, the members of the Committee shall designate a Chair by the majority vote of the full Committee membership.

A Committee member may be removed or replaced at any time by the Board and shall cease to be a member upon ceasing to be a director of the Board. Each member shall hold office until the close of the annual appointment of the directors or until the member resigns or is replaced whichever first occurs.

The Committee shall meet at least once per year. Additional meetings may be held as deemed necessary by the Committee Chair or as requested by any member of the Committee.

A quorum for the transaction of business at all meetings of the Committee shall be a majority of the authorized number of members. Questions arising at any meeting shall be determined by a majority of votes of the members present, and in case of an equality of votes, the Chair shall have a second casting vote.

The Committee may invite such directors, officers and employees of the GP as it may see fit from time to time to attend meetings and assist in the discussion and consideration of the business of the Committee, but without voting rights.

A resolution approved in writing by all the members shall be as valid and effective as if it had been passed at a meeting duly called and constituted. Such resolution may be in two or more counterparts, which together shall be deemed to constitute one resolution in writing. Such resolution shall be filed with the minutes of the proceedings of the Committee and shall be effective on the date stated thereon or on the latest date stated on any counterpart.

The Committee shall keep regular minutes of proceedings and shall cause them to be recorded in books kept for that purpose, and shall report the same to the Board at such times as the Board may, from time to time, require.

The Committee shall have the authority to engage and compensate any outside advisor that it determines to be necessary to permit it to carry out its duties.

The Committee shall have the authority to delegate any of its duties and responsibilities to individual members or subcommittees.

### **C. CHAIR OF THE COMMITTEE**

The Chair of the Committee shall:

- (a) Call and conduct the meetings of the Committee.
- (b) Be entitled to vote to resolve any ties.
- (c) Prepare and forward to members of the Committee the agenda for each meeting of the Committee, and include, in the agenda, any items proposed for inclusion in the agenda by any member of the Committee.
- (d) Appoint a Secretary to take minutes of the meetings of the Committee.
- (e) Act in a manner that the Committee meetings are conducted in an efficient, effective and focused manner.

### **D. DUTIES AND RESPONSIBILITIES**

#### **1. Nominations**

Subject to the powers and duties of the Board and in accordance with any Board diversity policy in place from to time, the Board hereby delegates to the Committee the following powers and duties to be performed by the Committee on behalf of and for the Board. The Committee shall:

- (a) Annually develop and update a long term plan for the composition of the directors that takes into consideration the current strengths, skills and experience of the existing directors, retirement dates and the strategic direction of the GP.
- (b) Prior to nominating or appointing individuals as directors, the Board should adopt a process involving the following steps:
  - (i) considering what competencies and skills the directors, as a whole, should possess; and
  - (ii) assessing what competencies and skills each existing director possesses, by considering the directors as a group and paying attention to the personality and other qualities of each director.
- (c) In consultation with the Chair of the Board and the Lead Independent Director (if any), recommend to the Board nominees for election and re-election as members of the Board, considering the following:
  - (i) the competencies and skills that the Board considers to be necessary for the directors, as a whole, to possess;
  - (ii) the competencies and skills that the Board considers each existing director to possess;

- (iii) the competencies and skills each new nominee shall bring to the Board; and
  - (iv) the time and energy of the proposed nominee to devote to the task and who understands the nature of the business and operation of the GP.
- (d) Review, monitor and make recommendations regarding new director orientation and the ongoing education and development of existing members of the Board.

## 2. Governance

Subject to the powers and duties of the Board, the Board hereby delegates to the Committee the following powers and duties to be performed by the Committee on behalf of and for the Board. The Committee shall:

- (a) Develop and monitor the GP's overall approach to corporate governance issues and, subject to approval by the Board, implement and administer the system, including responsibility for the following:
  - (i) adopting a communication policy in conjunction with the Chief Executive Officer of the GP (the "CEO");
  - (ii) developing an approach to corporate governance, including developing a set of governance principles and guidelines that are specifically applicable to the GP;
  - (iii) receiving unitholder feedback; and
  - (iv) setting out the expectations and responsibilities of the Board, including attendance at the meetings and advance review of meeting materials.
- (b) Advise the Board or any of the committees of the Board of any governance issues, which the Committee determines ought to be considered by the Board or any such committees.
- (c) Assess the independence and qualifications of the members of each of the committees of the Board as required by applicable law and make recommendations to the Board regarding the composition of such committees.
- (d) Review with the Board, on a regular basis, but not less than annually, the role of the Board, the terms of reference for each of the committees of the Board and for the Chair of the Board and the CEO.
- (e) In concert with the Chair of the Board and the Chair of the Compensation Committee, lead and implement the CEO's review process and report the results of the process to the full Board.
- (f) Review with the Board, on a regular basis, the methods and processes by which the Board fulfils its duties and responsibilities, including without limitation:
  - (i) the number and diversity of directors, with a view to facilitating effective decision making;
  - (ii) the number and content of meetings;
  - (iii) the annual schedule of issues to be presented to the Board at its meetings or those of its committees; and

- (iv) resources available to the directors.
- (g) Be responsible for the management and administration of a system, which enables a committee or an individual director to engage separate independent counsel and/or advisors at the expense of the GP, in appropriate circumstances.
- (h) Make recommendations to the Board regarding changes or revisions to any Board Information Manual.
- (i) Establish and administer a process (including a review by the directors and discussion with management) for assessing the effectiveness of the Board as a whole and committees of the Board.
- (j) Recommend to the Board an appropriate evaluation process for the Board as a whole, the Board committees and, at the appropriate time, directors individually.
- (k) When/if the Chair of the Board and the CEO are combined, function as a forum for concerns of individual directors about matters that are not readily or easily discussed at full meetings of the Board.
- (l) Prepare recommendations for the Board regarding any reports required or recommended on corporate governance (eg. public reports required to meet applicable stock exchange or securities commission guidelines).
- (m) Annually review and set the Board Forward Agenda.
- (n) Annually review and approve the discharge of the governance practices of the GP in accordance with the requirements of National Instrument 58-101 *Disclosure of Corporate Governance Practices*, as amended from time to time.
- (o) In concert with the Chair of the Board and the Lead Independent Director (if any), review management's succession and development plans for executive management of the GP and any direct and indirect affiliates and subsidiaries of the REIT including AHIP Management Ltd., particularly with respect to specific development plans and career planning for potential successors prior to their presentation to the Board by the CEO.
- (p) Annually review the code of conduct of the REIT (the "**Code of Conduct**") and make recommendations to the Board regarding changes or revisions to the Code of Conduct.
- (q) Oversee compliance with the Code of Conduct by executive management of the GP and any direct and indirect affiliates and subsidiaries of the REIT including AHIP Management Ltd.
- (r) Have such other powers and duties as delegated to it by the Board, the Chair of the Board or the Lead Independent Director (if any).

## **E. ACCOUNTABILITY**

1. The Committee shall report to the Board at its next regular meeting all such action it has taken since the previous report.
2. The Committee is authorized to request the presence at any meeting, but without voting rights, of a representative from the external advisors, senior management, legal counsel or anyone else it considers to be able contribute substantively to the subject of the meeting and assist in the discussion and consideration of the business of the Committee, including directors, officers and employees of the GP.

**F. REGULAR BOARD ASSESSMENTS**

The Board, its committees and each individual director should be assessed regarding his, her or its effectiveness and contribution. An assessment should consider:

- (a) in the case of the Board or a committee, its mandate or charter; and
- (b) in the case of an individual director, the applicable position description(s), as well as the competencies and skills each director is expected to bring to the Board.

**G. WRITTEN DISCLOSURE POLICY**

The Committee shall also be responsible for adopting and periodically reviewing and updating the REIT's written disclosure policy. This policy shall, among other things:

- (a) articulate the legal obligations of the GP, its affiliates and their respective directors, officers and employees with respect to the disclosure of material information;
- (b) identify spokespersons of the GP, who shall be the only persons authorized to communicate with third parties such as analysts, media and investors;
- (c) provide guidelines on the disclosure of forward-looking information;
- (d) require advanced review by senior executives of the GP of any selective disclosure of financial information and to ensure that information is not material, to prevent the selective disclosure of material information and to ensure that, if non-permitted selective disclosure does occur, a new release is issued immediately; and
- (e) establish "blackout" periods immediately prior to and following the disclosure of quarterly and annual financial results and immediately prior to the disclosure of certain material changes, during which period, the GP, its directors, officers, employees and consultants may not purchase or sell securities of the REIT.

**H. FORWARD AGENDA**

The attached forward agenda pages outline the Committee's schedule of activities during the year.

**These Terms were last updated on March 10, 2020.**

**AMERICAN HOTEL INCOME PROPERTIES REIT (GP) INC.**

**Nominating and Governance Committee Forward Agenda**

**Governance Timetable**

<b>Meeting Timing Agenda Item</b>	<b>November</b>	<b>February</b>
1. Director Composition		
(a) Review composition (including number) and succession		X
(b) Recommend nominees for election and re-election		X
2. Review independence and qualifications of Committee members		X
3. Conduct CEO's review process		X
4. Review succession and development plans for executive management		X
5. Review and evaluate the effectiveness and of the directors and the contribution of each director		X
6. Review director orientation and education programs	X	
7. Review Board Information Manual	X	
8. Set Board of Directors forward agenda	X	
9. Review Committee Terms of Reference		X
10. Review Code of Conduct	X	
11. Review Board, Chair and committee performance		X
12. Review the corporate governance practices of the GP against the National Instrument 58-101 <i>Disclosure of Corporate Governance Practices</i> , as amended from time to time		X
13. Approve statutory disclosure respecting governance		X