

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

**TERMS OF REFERENCE FOR COMPENSATION COMMITTEE**

**A. PURPOSES**

The purpose of the Committee is also to establish a plan of continuity for executives and other key employees, and to ensure a broad plan of executive compensation is established that is competitive and motivating in order to attract, hold and inspire the executive management (“**Executive Management**”) and other key employees of American Hotel Income Properties REIT (GP) Inc. (the “**GP**”) and to oversee compliance by Executive Management with the American Hotel Income Properties’ Code of Conduct.

For the purposes hereof, “Executive Management” means all members of the executive of the GP and such other officers of direct and indirect subsidiaries of the American Hotel Income Properties REIT LP (the “**REIT**”) as may be designated by the board of directors (the “**Board**”) of the GP.

**B. COMPOSITION AND TERMS OF OFFICE**

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

The Committee Chair shall be appointed by the Board who, unless otherwise approved by the Board, shall be an independent director.

If the Committee is not composed entirely of independent directors, it shall develop procedures to ensure an objective process is in place for determining compensation and nominees, and otherwise discharging the duties of the Committee.

Any 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 GP. Each member shall hold office until the close of the next annual meeting of unitholders of the REIT or until the member resigns or is replaced, whichever first occurs.

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

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.

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 Secretary of the Committee shall be such person as it deems appropriate.

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) Review with the Chief Executive Officer of the GP (“CEO”) the GP’s policies and strategies in determining the compensation of its Executive Management.
- (e) Engage, on behalf of the Committee and the Board, independent consultants to advise the Committee on the compensation strategies and policies of the GP.
- (f) Appoint a secretary to take minutes of the meetings of the Committee.
- (g) Ensure that the Committee meetings are conducted in an efficient, effective and focused manner.

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

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) Review the organizational structure and report any significant organizational changes, along with the Committee’s recommendations, to the Board.
- (b) Review and approve corporate goals and objectives relevant to CEO compensation, evaluating the CEO’s performance in light of those corporate goals and objectives, and determining (or making recommendations to the Board with respect to) the CEO’s compensation level based on this evaluation.
- (c) Review the compensation philosophy and guidelines for Executive Management, for recommendation to the Board for its consideration and approval.
- (d) Review and recommend the compensation of each member of Executive Management, and report its broad conclusions to the Board for its consideration and approval.
- (e) Recommend to the Board for consideration and approval any short term incentive plan, long term incentive plan, securities-based compensation or other incentive plan, pension plan or employee benefit plan to be granted to Executive Management and guidelines with respect thereto.
- (f) With respect to the granting of securities-based compensation to Executive Management:
  - (i) in conjunction with management, administer such incentive plans or other benefit plans as determined and established by the Board to be granted to Executive Management;
  - (ii) review management’s recommendations for and, subject to confirmation by the Board, approve the granting of securities-based awards under any incentive plan to Executive Management and other key employees of the GP and its direct and indirect subsidiaries; and

- (iii) suggest and review any amendments which the Committee considers necessary to any incentive plan and make recommendations to the Board with respect to those amendments; provided, however, that all amendments to such plans shall be subject to the consideration and approval of the Board.
- (g) Recommend the directors` compensation plan to the Board.
- (h) Within any guidelines established by the Board:
  - (i) in conjunction with management, administer the matching contribution plan; and
  - (ii) suggest and review any amendments which the Committee considers for the matching contribution plan and make recommendations to the Board for the consideration and approval of the Board; provided, however, that all amendments to such plans be subject to the consideration and approval of the Board.
- (i) Subject to the approval of the Board, review and approve benefits other than those applicable to employees generally to be granted to Executive Management including levels and types of benefits.
- (j) Approve and recommend to the Board any changes in the benefit provisions of any pension plan.
- (k) Consider and make recommendations to the Board for its approval all matters concerning incentive awards, perquisites and other remuneration matters with respect to Executive Management.
- (l) Oversee the selection of and terms of reference for outside consultants to review the Executive Management and Board compensation programs as appropriate.
- (m) With respect to board of directors of unrelated corporations which operate for profit and which compensate members of their board and/or significant commitments with respect to non-profit organizations:
  - (i) review a limit on the number of such board on which individual members of senior management may participate;
  - (ii) receive notice of proposed membership by a member of senior management and upon consultation with the CEO have a right to object to such membership; and
  - (iii) confirm in writing, through the CEO, to such member of senior management that the GP shall not indemnify the employee nor be exposed to liability with respect to the employee`s participation on such board.
- (n) Review and approve executive and Board compensation disclosure in the annual information circular and other disclosure documents before such information is publicly disclosed.
- (o) Have such other powers and duties as delegated to it by the Board.

## **E. ACCOUNTABILITY**

The Committee shall report to the Board at its next regular meeting all such action it has taken since the previous report.

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. FORWARD AGENDA**

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

**These Terms were last updated on October 11, 2016.**

AMERICAN HOTEL INCOME PROPERTIES REIT (GP) INC.

Compensation Committee Forward Agenda

Compensation Timetable:

Meeting Timing <i>Agenda Item</i>	February	November
<b>A. Human Resource Systems</b>		
1. Review compensation philosophy	X	
2. Review organization structure	X	
3. Select and retain outside review of compensation as required	X	
<b>B. Reports</b>		
1. Review and approve executive and Board compensation disclosure in the annual information circular and other disclosure documents before such information is publicly disclosed	X	
<b>C. Executive Compensation Policies</b>		
1. Consider new incentive, pension or benefit plans for Executive Management		X
2. Consider amendments to existing incentive, pension or benefit plans for Executive Management		X
3. Approve benefits other than those applicable to employees generally, to be granted to Executive Management		X
<b>D. Policy Administration</b>		
1. Recommend compensation of each Member of Executive Management	X	
2. Review the adequacy and form of director compensation and make recommendations when appropriate	X	
3. Administer Matching Contribution Plan	X	
4. Review key human resources policies	X	
<b>E. Other</b>		
1. Review limits for senior management participation on outside boards		X
2. Receive notice of proposed memberships on outside boards		X
3. Confirm in writing non-indemnification of senior management on outside boards		X
4. Review Committee Terms of Reference		X