



AMERICAN HOTEL
INCOME PROPERTIES REIT LP

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Notice of Annual and Special Meeting
of Unitholders to be held on May 8, 2019

and

Information Circular

Dated: April 5, 2019



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 Rosewood Hotel Georgia, 801 West Georgia Street, Vancouver, British Columbia at 9:00 am (Pacific Time), on May 8, 2019, for the following purposes:

1. to receive the financial statements of the REIT for the financial year ended December 31, 2018 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 re-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, an ordinary resolution for the renewal and amendment and restatement of the amended and restated securities-based compensation plan of the REIT adopted on May 12, 2016, all as more particularly described in, and subject to, the accompanying information circular of the REIT dated April 5, 2019 (the “**Information Circular**”);
5. to consider, and if thought fit, to approve with or without variation, an ordinary resolution for the reconfirmation and amendment and restatement of the amended and restated unitholder rights plan agreement made as of May 12, 2016 between the REIT and Computershare Investor Services Inc., all as more particularly described in, and subject to, the accompanying Information Circular; and
6. 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 are entitled to vote at the Meeting either in person or by proxy. Unitholders who are unable to attend the Meeting in person are requested to read, complete, sign and deliver the accompanying Form of Proxy. 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 (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.

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.

DATED at Vancouver, British Columbia, this 5th day of April, 2019.

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 April 5, 2019 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 Rosewood Hotel Georgia, 801 West Georgia Street, Vancouver, British Columbia at 9:00 am (Pacific Time), on May 8, 2019, 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 (as 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.

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.

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 (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 of Computershare Investor Services Inc. (“**Computershare**”) or access Computershare’s dedicated voting website (each as noted on the accompanying Form of Proxy) 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 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 taking advantage of National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer*, which permits it 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 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.

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 February 20, 2013, as amended on June 9, 2015 (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* 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 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. 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 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 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. 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 not submitted a Nomination Letter for the selection of SOHMI nominees as part of the group of nominees to be considered for election as a Director at the Meeting within the required 14 days after receiving a notification from the General Partner.

VOTING UNITS AND PRINCIPAL HOLDERS THEREOF

As of April 5, 2019, there are 78,119,336 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 April 4, 2019, the record date established by the Directors, are entitled to vote at the Meeting.

To the knowledge of the Directors and the General Partner’s executive officers, no person beneficially owns, directly or indirectly, or exercises control or direction over, Units carrying more than 10% of the voting rights attached to all the issued and outstanding Units.

ADVANCE NOTICE POLICY

At the annual and special meeting of Unitholders held on June 9, 2015, the Unitholders resolved to approve an amendment to the LP Agreement to implement a policy requiring 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**”). Following such approval by the Unitholders, the LP Agreement was amended effective on June 9, 2015 in order to implement 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 Chair Atlanta, GA, USA	Head of Lodging and Leisure Capital Markets, First Fidelity Mortgage Corporation	Since October 11, 2012	37,500
CHARLES W. VAN DER LEE ⁽²⁾⁽³⁾⁽⁴⁾ Lead Independent Director Vancouver, BC, Canada	President and CEO of Papa M Pizza Canada Inc.	Since May 12, 2016	27,837
MINAZ B. ABJI ⁽²⁾⁽⁵⁾ Independent Director Bellevue, WA, USA	Corporate Director	Since May 10, 2017	17,500
STEPHEN J. EVANS Director North Vancouver, BC, Canada	COO of Sunstone Realty Advisors Inc. CEO of Pure Multi-Family REIT LP	Since October 11, 2012	106,645 462,065 ⁽⁶⁾
RICHARD FRANK ⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾ Independent Director Dallas, TX, USA	Principal, Frank Solutions	Since January 4, 2016	25,000
TAMARA L. LAWSON ⁽³⁾⁽⁵⁾ Independent Director Toronto, ON, Canada	CFO of QuadReal Property Group	Since December 14, 2012	22,500
ROBERT F. O'NEILL Director West Vancouver, BC, Canada	Director of the General Partner	Since September 6, 2012	462,065 ⁽⁶⁾ 1,265,491 ⁽⁷⁾ 305,000 ⁽⁸⁾
ELIZABETH WALTERS ⁽³⁾⁽⁴⁾⁽⁵⁾ Independent Director Vancouver, BC, Canada	President, BWC Consulting	Since January 4, 2016	18,250

- (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. All 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. All members of the Nominating and Governance Committee are independent.
- (4) Member of the investment committee of the Board of Directors (the "**Investment Committee**"). Ms. Elizabeth Walters is currently the Chair of the Investment Committee. All members of the Investment Committee are independent.
- (5) Member of the audit, finance and risk committee of the Board of Directors (the "**Audit Committee**"). Ms. Tamara Lawson is currently the Chair of the Audit Committee. All members of the Audit Committee are independent.
- (6) Mr. Evans and Mr. Robert O'Neill, along with Mr. John O'Neill (the Chief Executive Officer of the General Partner) and the estate of one other individual, share control and direction of 462,065 Units held by the Developer (as defined below) and SunOne Developments General Partnership pursuant to agreements entered into March 10, 2015.
- (7) Owns or has control or direction over 1,265,491 Units (excluding 103,636 unvested Units of Restricted Stock (as defined below) awarded under the SBC Plan (as defined below) and US\$149,200 principal amount of convertible debentures).
- (8) Mr. Robert F. O'Neill and Mr. John O'Neill (the 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: 73). 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 has been Co-Chairman of the Industry Real Estate Finance Advisory Council (IREFAC) five times and currently serves as President of the board of the Atlanta Hospitality Alliance. Mr. Murphy is currently a director of Ashford Inc., listed on the NYSE under the symbol AINC, and he previously served as a director of Ashford Hospitality Prime, Inc., listed on the NYSE under the symbol AHP and as Lead Director of Ashford Hospitality Trust, listed on the NYSE under the symbol 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: 65). 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.

Minaz B. Abji (Age: 65). Mr. Abji served as Executive Vice President Asset Management for Host Hotels and Resorts (“**Host**”), an S&P and Fortune 500 lodging focused real estate investment trust listed on the NYSE from 2003 to 2017. Prior to joining Host, Mr. Abji held various roles at Canadian Hotel Income Properties REIT, a Canadian REIT located in Vancouver, British Columbia including President and Executive Vice President and Chief Operating Officer. Mr. Abji also gained significant hotel operating experience with Starwood Hotels and Resorts as Area Managing Director in Canada. He has also been involved with the American Hotel and Lodging Association in various leadership capacities including as a board member and Chair of the Audit Committee. He has an undergraduate degree in hotel administration from George Brown College, an MBA from Rockhurst University and completed the Advanced Management Program at Harvard University.

Stephen J. Evans (Age: 55). 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 is also a co-founder, CEO and director of Pure Multi-Family REIT LP, which owns and operates a portfolio of high quality apartment communities in the U.S. sunbelt growth markets having a total portfolio value over US\$1.0 billion (TSXV: RUF.U, RUF.UN). Mr. Evans is the principal of Sunstone, 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: 64). Mr. Frank is currently a principal at Frank Solutions, a hospitality and real estate consulting 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. from 2013 to 2014; 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 from 2006 to 2012; 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 30 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).

Tamara L. Lawson (Age: 61). 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: 69). Mr. O'Neill is a co-founder of the REIT and served as its Chief Executive Officer from February 2013 through September 2018, and has been in the hotel and property management industry 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. Concurrently 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.

Elizabeth Walters (Age: 66). Ms. Walters is currently the president of BWC Consulting, a hospitality and real estate advisory and consulting firm. Ms. Walters has substantial experience in the hotel industry, since mid 2013 as President of hospitality consulting company BWC Consulting and having previously served as a National PKF Consulting Canada Director and Director for Western Canada for over 21 years. Based in Vancouver, Ms. Walters provides advisory services, strategic planning, feasibility analysis and development support as well as valuations and appraisals for hotels and other hospitality related businesses. Ms. Walters' experience includes a wide variety of public and private sector projects for a myriad of property types, franchises, ownership and management structures and in these capacities has provided advisory services for hotel industry assets valued in the billions of dollars. Ms. Walters holds a Bachelor of Arts degree from the University of Alberta.

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 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 *Canada Business Corporations Act*, 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 (as 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. John O’Neill (Chief Executive Officer from and after October 1, 2018); Mr. Robert F. O’Neill (Chief Executive Officer until and including September 30, 2018); Mr. Ian McAuley (former President); Mr. Azim Lalani (Chief Financial Officer); and Ms. Anne Yu (Vice President, Finance). Mr. Chris Cameron was appointed as the Chief Investment Officer effective February 11, 2019; accordingly, he did not receive any compensation from the REIT during or in respect of the financial year ended December 31, 2018.

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 (as defined below), long-term incentives in the form of Units or other Unit-based compensation issued under the LTIP (as defined below) and/or the SBC Plan (as 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 (as 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.

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 interest 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), Minaz B. Abji and Charles van der Lee. 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. Each member of the Compensation Committee is independent and 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 and the Chief Investment Officer, recommends (or recommended in the case of the former President) 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 Chief Financial Officer, Chief Investment Officer and the Vice President, Finance and previously made such recommendations to the Compensation Committee in the case of the former President. 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 and Chief Investment Officer is, and in the case of the former President was, recommended by the Chief Executive Officer for approval by the Compensation Committee. Compensation of the Vice President, Finance is approved at the discretion of the Chief Executive Officer after review with the Chief Financial Officer; however, all securities-based compensation paid to the 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 and Vice President, Finance's, and previously set the former President's, individual performance goals and compensation targets.

The results of the Chief Executive Officer's, Chief Financial Officer's, Chief Investment Officer's and Vice President, Finance's performance and compensation review by the Compensation Committee are, and was in the case of the former President, 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 \$61,000 (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 and Chief Investment Officer is, and for the former President was, 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 and Vice President, Finance are, and former President was, 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).

The performance goals for the other Named Executive Officers 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, such as contribution to the development of employee talent for future management potential.

The current Named Executive Officers' overall remuneration is (or was in the case of the former President) also based on the individuals' efforts in completing certain corporate strategic initiatives, as follows:

- Chief Executive Officer (Mr. John O'Neill): 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 Master Hotel Manager (defined below) to achieve the REIT's annual operating and capital budgets.
- Former President (Mr. Ian McAuley): negotiating and executing business acquisitions, overseeing property performance and operations, capital investment and brand relations for both of the premium branded hotel portfolio and economy lodging hotel portfolio, investor and franchise relations and facilitating growth in FFO per Unit and the price of the Units, margin improvement and achieving the REIT's annual operating and capital budgets.
- Chief Financial Officer (Mr. Azim Lalani): 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 and asset sales.
- Vice President, Finance (Ms. Anne Yu): 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 taxation matters.

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 identified by the Compensation Committee in consultation with Hugessen (as defined below) in 2017 and was revisited and revised by the Compensation Committee in conjunction with the Chief Executive Officer following the completion of the 2018 financial year. The group consists of public issuers with business operations that are comparable to the REIT, based on the following criteria: (i) cross-border publicly listed real estate investment trusts listed in Canada; (ii) enterprise value, market capitalization and competitive yields; (iii) hospitality REITs in the U.S.; and (iv) internalized asset management and externalized property management. The full list of issuers identified is listed in alphabetical order below:

2018 Peer Group

Chatham Lodging Trust
Chesapeake Lodging Trust
Hersha Hospitality Trust
InterRent Real Estate Investment Trust
Killam Apartment Real Estate Investment Trust
Northview Apartment Real Estate Investment Trust
Pure Industrial Real Estate Investment Trust
Pure Multi-Family REIT LP
Summit Hotel Properties, Inc.

2019 Peer Group

Apple Hospitality REIT, Inc.
Chatham Lodging Trust
Condor Hospitality Trust, Inc.
Pure Multi-Family REIT LP
RLJ Lodging Trust
Summit Hotel Properties, Inc.

The Compensation Committee believes 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 2013 after the REIT's initial public offering, the Compensation Committee retained Hugessen Consulting Inc. ("**Hugessen**") to provide the Compensation Committee with independent advice with regard to the competitiveness and the appropriateness of the design of the incentive compensation programs for the Named Executive Officers.

The REIT did not engage a compensation consultant or advisor at any time during 2014, 2015 or 2016. Accordingly, no fees were paid by the REIT to any compensation consultants or advisors during such years.

In 2017, the Compensation Committee re-engaged 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 changes in size and strategic focus since 2013. 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 in 2017, 2018 or the year to date.

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 in 2017, 2018 or the current year to date.

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.

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**") was implemented in November 2013 and 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 and previously the former President. The amount of cash bonuses awarded to the Vice President, Finance is currently approved at the discretion of the Chief Executive Officer after review with the Chief Financial Officer. 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 (see "*Executive Compensation – Compensation Discussion and Analysis – Recent Grants of Awards – STIP Grants*"). 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.

2018 STIP

Awards granted under the STIP were based on the following metrics for the 2018 financial year:

- 50% based collectively on (i) FFO per Unit⁽¹⁾ relative to budget, (ii) year-over-year same-property net operating income⁽¹⁾ growth, and (iii) total Unitholder return compared to the Bloomberg REIT Hotel Index for the 2018 financial year;
- 25% on strategic objectives; and
- 25% on personal objectives.

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

For the 2018 financial year, target values were set for each of the Chief Executive Officer, former President, Chief Financial 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 Chief Executive Officer, former President, Chief Financial Officer and Vice President, Finance and were reviewed by the Compensation Committee and Board. The target STIP bonuses for the Chief Executive Officer, former President, Chief Financial Officer and Vice President, Finance were set at 50.0%, 40.0%, 35.0% and 30.0% of base salary for the 2018 financial year, respectively.

The target incentive was multiplied by the individual score (in relation to the above metrics) and the respective base salary of each of the Chief Executive Officer, former President, Chief Financial Officer and Vice President, Finance, as applicable, to determine the 2018 annual cash bonus under the STIP. The payout under the 2018 STIP was: (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 target bonus at an above target performance level.

2019 STIP

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 incentive 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 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, awards granted under the 2019 STIP, and in turn the base value of the associated LTIP awards, will be based 75% on the financial results of the REIT (2018 STIP – 50%) and 25% on strategic and personal objectives (2018 STIP – 50%).

Awards granted under the STIP are based on the following metrics for the 2019 financial year:

- 75% based collectively on (i) FFO per Unit⁽¹⁾ relative to budget, (ii) NOI margin⁽¹⁾ relative to budget, and (iii) total Unitholder return compared to the average total return for the U.S. listed issuers that form part of the 2019 peer group identified above for the 2019 financial year⁽²⁾; 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 (as 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.

For the 2019 financial year, target values have been set for each of the Chief Executive Officer, Chief Financial Officer, Chief Investment 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 Chief Executive Officer, Chief Financial Officer, Chief Investment Officer and Vice President, Finance and were reviewed by the Compensation Committee and Board. The target STIP bonuses for the Chief Executive Officer, Chief Financial Officer, Chief Investment Officer and Vice President, Finance were set at 70.0%, 50.0%, 50.0% and 40.0% of base salary for the 2019 financial year, respectively. The Compensation Committee reviews the annual financial and operational metrics and target payouts under the STIP each year, and has revised such metrics and target payouts for the 2019 financial year as noted above.

For STIP awards granted in respect of the 2019 financial year, the target incentive will be multiplied by the individual score (in relation to the above metrics) and the respective base salary of each of the Chief Executive Officer, Chief Financial Officer, Chief Investment Officer and Vice President, Finance, as applicable, to determine the 2019 annual cash bonus under the STIP. The payout under the 2019 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 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.

Long-Term Incentive Plan

The REIT's Long-Term Incentive Plan ("LTIP") was implemented in November 2013 and 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 (as 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 200% for the Named Executive Officers for the LTIP awards granted in 2019 (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. Following the recent LTIP grants referred to above, the Compensation Committee, in conjunction with the Chief Executive Officer, reduced the grant date value of the LTIP awards to be issued in 2020, if any, to 100% of the base cash STIP bonus award the Named Executive Officers earn in respect of the 2019 financial year, if any. The percentage was reduced to ensure an appropriate level of overall compensation given the increase in the STIP target payout percentages that will take effect in respect of the 2019 financial year. See "*Executive Compensation – Compensation Discussion and Analysis – Elements of Compensation – Short-Term Incentive Plan – 2019 STIP*" above for further details.

LTIP awards for the first year of service of any Named Executive Officer are awarded at the discretion of the Compensation Committee and the Board. LTIP awards for Directors, if any, are awarded at the discretion of the Compensation Committee and the Board.

LTIP awards will typically be provided in the form of Units of Restricted Stock (as defined below) (40%) and Performance Awards (as defined below) in the form of Units of Restricted Stock (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 (as defined below).

Units of Restricted Stock 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 granted prior to 2017 are subject to a performance multiplier computed based on the REIT's three-year total Unitholder return ("TUR") relative to the S&P/TSX Capped REIT Index (the "Index") for the same period, which will be adjusted, to include the impact from distributions, as follows:

TUR Value Relative to the Index

Vesting of Performance Awards

TUR < the Index	No Performance Awards will vest
TUR = the Index	50% of the Performance Awards will vest
TUR > the Index by 2%	75% of the Performance Awards will vest
TUR > the Index by 4%	100% of the Performance Awards will vest
TUR > the Index by 6%	150% of the Performance Awards will vest
TUR > the Index by 8% or more	200% of the Performance Awards will vest

The final payout of the Performance Awards granted in 2017, 2018 and 2019 are subject to a performance multiplier computed based on the REIT's three-year 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 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

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 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 12, 2016. 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 Chief Financial Officer of the REIT at Suite 800, 925 West Georgia Street, Vancouver, British Columbia V6C 3L2, by telephone at (604) 630-3134 or by fax at (604) 629-0790.

The REIT is seeking approval from the Unitholders at the Meeting for the renewal and amendment and restatement of the SBC Plan and all unallocated Awards, subject to certain amendments. See “*Particulars of Other Matters to be Acted Upon – Renewal and Amendment and Restatement of the SBC Plan*”.

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 (as 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**”), 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.

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. As at April 5, 2019: (i) up to 170,341 Units were issuable pursuant to outstanding Awards granted under the SBC Plan, representing 0.22% of the REIT’s issued and outstanding Units on a non-diluted basis; and (ii) 7,641,592 Units were eligible to be issued under the SBC Plan representing 9.78% of the REIT’s issued and outstanding Units on a non-diluted basis.

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; or
- (b) issued within any one-year period under all securities-based compensation arrangements of the REIT exceeding 10% 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 Participant's purchase price, 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. No Awards have been granted under the SBC Plan to non-executive directors of the General Partner to date.

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, either 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; (vi) extend the term of any Award for Units held by non-insiders of the REIT; and (vii) 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 held by an insider of the REIT or (B) cancel any Award for Units held by an insider of the REIT 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; (vi) 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; and (vii) grant any Award if the SBC Plan is suspended or has been terminated.

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.

Burn Rate

The REIT's annual "burn rate", as described in Section 613(p) of the TSX Company Manual, was 0.16% for the year ended December 31, 2018, 0.22% for the year ended December 31, 2017 and 0.24% for the year ended December 31, 2016. The 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 Units of Restricted Stock that were granted as Performance Awards and vest subject to a multiplier of 0% to 200% are included in the calculation of the burn rate based on their maximum payout (see "*Executive Compensation – Elements of Compensation – Long-Term Incentive Plan*" above for a description of the multipliers).

Unit Purchase Policy

In December 2016, the Board implemented a unit purchase policy (the "**Unit Purchase Policy**") 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 were permitted to be reimbursed the purchase price for up to a maximum of 1,500 Units acquired through Eligible Purchases in the 2018 calendar year (which number of units has been increased to 2,500 Units for the 2019 calendar year), 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 any given calendar year, or such maximum dollar value of Units, as the Compensation Committee may approve from time to time.

For the 2018 calendar year the maximum number of Units eligible to be purchased under the Unit Purchase Policy by the Named Executive Officers was as follows: (i) 10,000 by the Chief Executive Officer; (ii) 5,000 by the former President; (iii) 3,000 by the Chief Financial Officer; and (iv) 1,500 by the Vice President, Finance. There has been no change in these allocations for the 2019 financial year, other than to provide the Chief Investment Officer with the ability to purchase up 3,000 units under the Unit Purchase Policy during the 2019 financial year.

Recent Grants of Awards

On March 5, 2019, the Board determined the cash value of the (i) STIP awards to be granted to the Named Executive Officers in 2019 in respect of their performance in 2018 (other than in respect of the former President, the cash value of the STIP for whom was determined in January, 2018 in connection with his resignation effective February 1, 2019), and (ii) the LTIP awards to be granted to the Named Executive Officers in 2019, the primary purpose of which is to retain and incentivize the future performance of the Named Executive Officers.

The number of Units of Restricted Stock that the Named Executive Officers will be entitled to receive under their respective STIP awards and 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 2019. Given the Unit component of these awards has not yet been determined and 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 in respect of each Named Executive Officer's performance in 2018) has been included in the body of any of the compensation tables set out under the heading "*Executive Compensation*" in this Information Circular.

STIP Grants

The Named Executive Officers were awarded the following cash STIP awards in 2019 for their performance during the financial year ended December 31, 2018 and were given the option by the Board to receive their STIP awards: (i) in cash; or (ii) in that number of Units of Restricted Stock representing 125% of the cash amount of their STIP award vesting over approximately three years in equal annual installments starting in December 2019.

SBC Plan Participant	Cash STIP Award
John O'Neill	\$39,075 ⁽¹⁾
Robert F. O'Neill	Nil ⁽²⁾
Ian McAuley	92,895
Azim Lalani	70,300
Anne Yu	36,600

- (1) Mr. John O'Neill was appointed as the Chief Executive Officer of the General Partner effective October 1, 2018; accordingly, he received a pro-rated award under the STIP in respect of the financial year ended December 31, 2018. Mr. John O'Neill elected to receive his pro-rated STIP award in the form of Units of Restricted Stock. Unvested Units of Restricted Stock, once issued, are 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 Units of Restricted Stock 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 Units of Restricted Stock are cancelled or otherwise fail to vest, the entitlement to distributions accrued on thereon will also be cancelled and forfeited by the holder thereof.
- (2) Mr. Robert F. O'Neill retired from the position of Chief Executive Officer of the General Partner effective October 1, 2018; accordingly, he did not receive an award under the STIP in respect of the financial year ended December 31, 2018.

LTIP Grants

On March 5, 2019, 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⁾
John O'Neill	\$78,150 ⁽⁴⁾
Robert F. O'Neill	Nil ⁽⁵⁾
Ian McAuley	Nil ⁽⁶⁾
Azim Lalani	140,600
Anne Yu	73,200

- (1) The number of Units of Restricted Stock 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 2019.
- (2) Unvested Units of Restricted Stock, 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 Units of Restricted Stock 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 Units of Restricted Stock 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 Units of Restricted Stock, which such units of Restricted Stock will vest over approximately three years in equal annual installments, and 60% of their respective LTIP awards will be granted in the form of Units of Restricted Stock as Performance Awards, respectively, which such Units of Restricted Stock: 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. John O'Neill was appointed as the Chief Executive Officer of the General Partner effective October 1, 2018; accordingly, he received a pro-rated award under the LTIP in 2019.
- (5) Mr. Robert F. O'Neill retired from the position of Chief Executive Officer of the General Partner effective October 1, 2018; accordingly, he did not receive an award under the LTIP in 2019.
- (6) Mr. Ian McAuley resigned from the position of President of the REIT effective February 1, 2019; accordingly, he did not receive an award under the LTIP in 2019.

Summary Compensation Table

The following table summarizes the compensation of the Named Executive Officers for the years ended December 31, 2018, 2017 and 2016:

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			
John O'Neill	2018	125,000	—	—	39,075 ⁽²⁾	—	—	—	164,075
Chief Executive Officer ⁽¹⁾	2017	—	—	—	—	—	—	—	—
	2016	—	—	—	—	—	—	—	—
Robert F. O'Neill	2018	379,500 ⁽¹⁾	91,996 ⁽⁴⁾	—	—	—	—	472,846 ⁽⁵⁾⁽⁶⁾	944,342
Director and Former Chief Executive Officer ⁽³⁾	2017	460,000	130,993 ⁽⁷⁾	—	115,000 ⁽⁸⁾	—	—	138,867 ⁽⁵⁾⁽¹²⁾	844,860
	2016	400,000	111,997 ⁽⁹⁾	—	163,750 ⁽¹⁰⁾	—	—	11,909 ⁽⁵⁾	687,657
Ian McAuley	2018	412,500	59,998 ⁽⁴⁾	—	92,895 ⁽²⁾	—	—	100,418 ⁽⁵⁾⁽¹¹⁾	665,811
Former President	2017	375,000	82,851 ⁽⁷⁾	—	75,000 ⁽⁸⁾	—	—	55,626 ⁽⁵⁾⁽¹²⁾	588,147
	2016	281,667	—	—	103,163 ⁽¹⁰⁾	—	—	715 ⁽⁵⁾	385,544
Azim Lalani	2018	321,200	40,875 ⁽⁴⁾	—	70,300 ⁽²⁾	—	—	14,357 ⁽⁵⁾	446,732
Chief Financial Officer	2017	292,000	55,180 ⁽⁷⁾	—	51,100 ⁽⁸⁾	—	—	45,520 ⁽⁵⁾⁽¹²⁾	443,801
	2016	253,000	49,063 ⁽⁹⁾	—	68,979 ⁽¹⁰⁾	—	—	4,744 ⁽⁵⁾	375,786
Anne Yu	2018	195,000	17,994 ⁽⁴⁾	—	36,600 ⁽²⁾	—	—	8,361 ⁽⁵⁾	257,955
Vice President, Finance	2017	180,000	13,681 ⁽⁷⁾	—	22,500 ⁽⁸⁾	—	—	26,287 ⁽⁵⁾⁽¹²⁾	242,468
	2016	167,200	30,393 ⁽⁹⁾	—	34,224 ⁽¹⁰⁾	—	—	2,691 ⁽⁵⁾	234,508

- (1) Mr. John O'Neill was appointed as the Chief Executive Officer of the General Partner effective October 1, 2018. The compensation amounts included for Mr. John O'Neill in respect of the 2018 financial year reflect compensation for a partial period. The annualized salary for Mr. John O'Neill for the 2018 financial year was \$500,000, and he elected to receive his base salary for the 2018 financial year in the form of Units, which was facilitated through secondary market purchases completed under an individual automatic purchase plan.
- (2) 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, 2018. See "Executive Compensation – Recent Grants of Awards – STIP Grants" above for further details.
- (3) Mr. Robert F. O'Neill retired from the position of Chief Executive Officer of the General Partner effective October 1, 2018. The compensation amounts included for Mr. Robert F. O'Neill in respect of the 2018 financial year reflect compensation for a partial period. The annualized salary for Mr. Robert F. O'Neill for the 2018 financial year was \$506,000, and he elected to receive his base salary for the 2018 financial year in the form of Units, which was facilitated through secondary market purchases completed under an individual automatic purchase plan.
- (4) Awards of Units of Restricted Stock were granted on May 17, 2018 at \$8.0115 per Unit. Mr. Robert F. O'Neill was granted 28,708 Units of Restricted Stock, of which 11,483 vested on January 2, 2019 on an accelerated basis in connection with his retirement and 17,225 will vest subject to a one-third proration and a multiplier of 0% to 200% 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 2019. Mr. McAuley was granted 18,723 Units of Restricted Stock, of which 7,489 vested on February 1, 2019 on an accelerated basis and 11,234 expired in connection with Mr. McAuley's resignation. Mr. Lalani was granted 12,756 Units of Restricted Stock with 1,700 vested on March 15, 2019, 1,700 vesting on March 13, 2020, 1,702 vesting on December 15, 2020 and 7,654 vesting, subject to a multiplier of 0% to 200%, on May 17, 2021. Ms. Yu was granted 5,616 Units of Restricted Stock with 748 vested on March 15, 2019, 748 vesting on March 13, 2020, 750 vesting 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 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. 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.
- (5) Number includes the sum of the aggregate of the cash payments made by the REIT to the Named Executive Officer upon the vesting of Units of Restricted Stock 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.
- (6) Number also includes the aggregate of: (i) \$92,956 in cash payments made by the REIT for reimbursement of 50% of the cost of Units acquired by Mr. Robert F. O'Neill under the Unit Purchase Policy (see "Executive Compensation – Elements of Compensation – Unit Purchase Policy"); (ii) \$13,750 in director fees received by Mr. Robert F. O'Neill in 2018 following his resignation as Chief Executive Officer of the General Partner effective October 1, 2018; (iii) \$84,000, being the value of the certain U.S. and Canadian medical and extended health benefits which were permitted to continue following Mr. O'Neill's retirement effective October 1, 2018; and (iv) the value of 38,080 outstanding Units of Restricted Stock held by Mr. O'Neill which were to vest between March 15, 2019 and December 15, 2020 that vested in full on an accelerated basis on January 2, 2019 in connection with his retirement (with the aggregate value on the date of vesting equal to \$244,854, based on the closing price on the TSX of \$6.43 per Unit on such date, as well as a cash payment of \$37,420 made by the REIT to Mr. O'Neill upon the vesting of such Units of Restricted Stock 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).

- (7) Awards of Units of Restricted Stock were granted on March 16, 2017 at \$10.63 per Unit. Mr. O'Neill was granted 30,809 Units of Restricted Stock, of which 4,107 vested on April 5, 2018, 8,216 vested on January 2, 2019 on an accelerated basis in connection with his retirement and 18,486 will vest subject to a two-thirds proration and a multiplier of 0% to 200% 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 2019. Mr. McAuley was granted 19,409 Units of Restricted Stock, of which 2,587 vested on April 5, 2018 and 5,176 vested on February 1, 2019 on an accelerated basis and 11,646 expired in connection with Mr. McAuley's resignation. Mr. Lalani was granted 12,978 Units of Restricted Stock with 1,730 vested on April 5, 2018, 1,730 vested on March 15, 2019, 1,731 vesting on December 13, 2019 and 7,787 vesting, subject to a multiplier of 0% to 200%, on March 13, 2020. Ms. Yu was granted 3,219 Units of Restricted Stock with 429 vested on April 5, 2018, 429 vested on March 15, 2019, 429 vesting on December 13, 2019 and 1,932 vesting, subject to a multiplier of 0% to 200%, on March 13, 2020. The grant date fair value of \$10.63 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. 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.
- (8) 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, 2017. However, Mr. O'Neill elected to receive his STIP award earned in 2017 in that number of Units of Restricted Stock representing 125% of the cash amount of his STIP award divided by the grant date fair value of \$8.0115 per Unit (rounded down to the nearest whole unit) vesting over approximately three years starting on December 14, 2018. The remaining 11,962 Units of Restricted Stock received by Mr. O'Neill under this award that did not vest on December 14, 2018, vested on January 2, 2019 on an accelerated basis in connection with his retirement. The grant date fair value of \$8.0115 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.
- (9) Awards of Units of Restricted Stock were granted on March 30, 2016 at \$10.43 per Unit. Mr. O'Neill was granted 26,845 Units of Restricted Stock with 3,579 vested on March 15, 2017, 3,579 vested on April 5, 2018, 3,580 vested on December 14, 2018 and 16,107 vesting, subject to a multiplier of 0% to 200%, 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 2019. Mr. Lalani was granted 11,760 Units of Restricted Stock with 1,568 vested on March 15, 2017, 1,568 vested on April 5, 2018, 1,568 vested on December 14, 2018 and 7,056 vesting, subject to a multiplier of 0% to 200%, 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 2019. Ms. Yu was granted 2,914 Units of Restricted Stock with 388 vested on March 15, 2017, 388 vested on April 5, 2018 and 2,138 vested on December 14, 2018. The grant date fair value of \$10.43 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. 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, 2016. However, each of Mr. O'Neill, Mr. McAuley, Mr. Lalani and Ms. Yu elected to receive their STIP awards earned in 2016 in that number of Units of Restricted Stock representing 125% of the cash amount of their STIP award divided by the grant date fair value of \$10.63 per Unit (rounded down to the nearest whole unit) vesting over approximately three years starting on December 15, 2017. The remaining 6,419 Units of Restricted Stock received by Mr. O'Neill under this award vested on January 2, 2019 on an accelerated basis in connection with his retirement. The remaining 4,045 Units of Restricted Stock received by Mr. McAuley under this award vested on February 1, 2019 on an accelerated basis in connection with his resignation. The grant date fair value of \$10.63 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.
- (11) Number also includes the aggregate value of: (i) \$9,250 in cash payments made by the REIT to Mr. McAuley for reimbursement of 50% of the cost of Units acquired by Mr. Ian McAuley under the Unit Purchase Policy. See "*Executive Compensation – Elements of Compensation – Unit Purchase Policy*"; (ii) a \$45,500 moving expense reimbursement provided to Mr. McAuley in respect of certain moving expenses he incurred in connection with moving his residence from Calgary, Alberta to Vancouver, British Columbia; and (iii) a \$37,000 housing subsidy.
- (12) 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*").

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, 2018 for the Named Executive Officers:

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
	(#)	(\$)		(\$)	(#)	(\$)	(\$)
John O'Neill Chief Executive Officer ⁽¹⁾	—	—	—	—	—	—	—
Robert F. O'Neill Director and Former Chief Executive Officer ⁽²⁾	—	—	—	—	89,898 ⁽³⁾⁽⁴⁾	\$275,318 ⁽⁶⁾	—
Ian McAuley Former President	—	—	—	—	39,590 ⁽³⁾⁽⁵⁾	\$120,813 ⁽⁶⁾	—
Azim Lalani Chief Financial Officer	—	—	—	—	33,765 ⁽³⁾	\$81,468 ⁽⁶⁾	—
Anne Yu Vice President, Finance	—	—	—	—	9,748 ⁽³⁾	\$32,145 ⁽⁶⁾	—

(1) Mr. John O'Neill was appointed as the Chief Executive Officer of the General Partner effective October 1, 2018.

(2) Mr. Robert F. O'Neill retired from the position of Chief Executive Officer of the General Partner effective October 1, 2018.

(3) As at December, 31, 2018, Mr. Robert F. O'Neill, Mr. McAuley, Mr. Lalani and Ms. Yu held 51,818, 22,880, 22,497 and 5,302 Units of Restricted Stock, respectively which are subject to a multiplier of 0% to 200% on vesting based on the achievement of certain performance goals.

(4) Of the 51,818 Units of Restricted Stock held by Mr. Robert F. O'Neill that vest subject to the multiplier, 18,486 Units of Restricted Stock and 17,225 Units of Restricted Stock will be subject to a two-thirds and one third proration, respectively, upon vesting. 38,080 Units of Restricted stock held by Mr. Robert F. O'Neill vested on an accelerated basis on January 2, 2019 in connection with his retirement.

(5) The 22,880 Units of Restricted Stock held by Mr. McAuley that were subject to the multiplier of 0% to 200% on vesting expired upon his resignation on February 1, 2019. 16,710 Units of Restricted stock held by Mr. McAuley vested on an accelerated basis on February 1, 2019 upon his resignation.

(6) The market values of Unit-based awards that did not vest during 2018 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 \$7.23 as at April 5, 2019. 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.

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 2018 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
	(\$)	(\$)	(\$)
John O’Neill Chief Executive Officer ⁽¹⁾	—	—	39,075 ⁽²⁾
Robert F. O’Neill Director and Former Chief Executive Officer ⁽³⁾	—	203,070 ⁽⁴⁾	—
Ian McAuley Former President	—	54,769 ⁽⁵⁾	92,895 ⁽²⁾
Azim Lalani Chief Financial Officer	—	70,884 ⁽⁶⁾	70,300 ⁽²⁾
Anne Yu Vice President, Finance	—	36,976 ⁽⁷⁾	36,600 ⁽²⁾

(1) Mr. John O’Neill was appointed as the Chief Executive Officer of the General Partner effective October 1, 2018.

(2) 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, 2018. See “*Executive Compensation – Recent Grants of Awards – STIP Grants*” above for further details.

(3) Mr. Robert F. O’Neill retired from the position of Chief Executive Officer of the General Partner effective October 1, 2018.

(4) The market value of the Unit-based awards that vested during 2018 were calculated as the sum of: the number of Unit-based awards that vested on April 5, 2018 (7,686) multiplied by the closing price of the Units on the TSX of \$8.43 as at April 5, 2018; and (ii) the number of Unit-based awards that vested on December 14, 2018 (21,572) multiplied by the closing price of the Units on the TSX of \$6.41 as at December 14, 2018.

(5) The market value of the Unit-based awards that vested during 2018 were calculated as the sum of: the number of Unit-based awards that vested on April 5, 2018 (2,587) multiplied by the closing price of the Units on the TSX of \$8.43 as at April 5, 2018; and (ii) the number of Unit-based awards that vested on December 14, 2018 (5,142) multiplied by the closing price of the Units on the TSX of \$6.41 as at December 14, 2018.

(6) The market value of the Unit-based awards that vested during 2018 were calculated as the sum of: the number of Unit-based awards that vested on April 5, 2018 (3,298) multiplied by the closing price of the Units on the TSX of \$8.43 as at April 5, 2018; and (ii) the number of Unit-based awards that vested on December 14, 2018 (6,721) multiplied by the closing price of the Units on the TSX of \$6.41 as at December 14, 2018.

(7) The market value of the Unit-based awards that vested during 2018 were calculated as the sum of: the number of Unit-based awards that vested on April 5, 2018 (817) multiplied by the closing price of the Units on the TSX of \$8.43 as at April 5, 2018; and (ii) the number of Unit-based awards that vested on December 14, 2018 (4,694) multiplied by the closing price of the Units on the TSX of \$6.41 as at December 14, 2018.

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, 2018:

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	—	—	7,531,582 ⁽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, 2018 was 78,070,805.
- (2) The number of Units remaining available for future issuance under the SBC Plan, as at December 31, 2018, was calculated as the difference of (X) 10% of the number of Units issued and outstanding as at December 31, 2018 (7,807,080), less (Y) the aggregate number of Units (275,498 Units) underlying the outstanding Restricted Stock awards (275,498) that were granted to various Named Executive Officers that had not vested as at December 31, 2018. The number of Units underlying outstanding Units of Restricted Stock presumes the maximum payout of 200% on the 102,497 Units of Restricted Stock previously granted as Performance Awards which were outstanding on December 31, 2018.

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 as they arise, including a review of the acquisition 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 Units of Restricted Stock 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, 2014 until December 31, 2018. During the period, the total cumulative Unitholder return for \$100 invested in Units was \$93.20 as compared to \$122.00 for the S&P/TSX Composite Index and \$144.20 for the S&P/TSX REIT Index.



A portion of the 2019 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

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

Termination of Employment, Change in Responsibilities and Employment Contracts

Effective January 1, 2016, AHIP Management Ltd. (“**AML**”), a wholly-owned direct subsidiary of American Hotel Income Properties REIT Inc. (the “**U.S. REIT**”), 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.

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.

John O'Neill, Chief Executive Officer

A formal employment agreement is in place between AML and Mr. John O'Neill. 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. O'Neill without cause by providing him with written notice and paying Mr. O'Neill his total remuneration over 12 months plus six months for each full calendar year Mr. O'Neill 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. O'Neill 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. O'Neill will be entitled to receive benefits for a period of 12 months after termination. The termination amount for Mr. O'Neill if terminated without cause on December 31, 2018 would have been approximately \$670,000.

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

If Mr. O'Neill 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. O'Neill has given notice of his resignation. Mr. O'Neill 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. O'Neill 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 six months for each full calendar year Mr. O'Neill 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) 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. O'Neill if terminated with good reason in connection with a change of control on December 31, 2018 would have been approximately \$1.2 million. Mr. O'Neill will also be entitled to an additional cash payment in connection with a change of control in the event that certain prescribed conditions are satisfied, which are intended to further align Mr. O'Neill's interests with that of unitholders in connection with a change of control transaction.

Azim Lalani, Chief Financial Officer

A formal employment agreement is in place between AML and Mr. Azim Lalani. 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. 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 will be entitled to receive benefits during the severance period after termination. The termination amount for Mr. Lalani if terminated without cause on December 31, 2018 would have been approximately \$710,000 (including the value of 11,268 Units of Restricted Stock, based on the closing price of the Units on December 31, 2018 of \$6.34 per Unit which would have vested immediately upon his termination without cause).

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

If Mr. Lalani resigns, he must first provide AML with at least 30 days' prior written notice. AML may elect to waive the notice period at any time after Mr. Lalani has given notice of his resignation. Mr. Lalani 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. Lalani 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. Lalani 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. Lalani if terminated with good reason in connection with a change of control on December 31, 2018 would have been approximately \$750,000 (including the value of 11,268 Units of Restricted Stock, based on the closing price of the Units on December 31, 2018 of \$6.34 per Unit which would have vested immediately upon his termination without cause).

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.

Until September 30, 2019, AML is entitled to terminate the employment of Mr. Cameron without cause by providing him with written notice and paying Mr. Cameron \$75,000 and allowing Mr. Cameron to continue to receive benefits, subject to certain exceptions, for a period of 90 days after termination. From and after October 1, 2019, 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. Assuming Mr. Cameron's current employment agreement was in place on December 31, 2018, the termination amount for Mr. Cameron, if terminated without cause on December 31, 2018, would have been approximately \$75,000; however, if he was assumed to be terminated on or after October 1, 2019, then the termination amount would have been approximately \$400,000.

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 on or after January 1, 2020, 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.

Assuming Mr. Cameron's current employment agreement was in place on December 31, 2018, the termination amount for Mr. Cameron, if terminated with good reason in connection with a change of control on December 31, 2018, would have been approximately \$75,000; however, if he was assumed to be terminated on or after January 1, 2020, then the termination amount would have been approximately \$600,000.

Anne Yu, Vice President, Finance

Effective January 1, 2017, 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, 2018 would have been approximately \$190,000 (including the value of 4,446 Units of Restricted Stock, based on the closing price of the Units on December 31, 2018 of \$6.34 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, 2018 would have been approximately \$310,000 (including the value of 4,446 Units of Restricted Stock, based on the closing price of the Units on December 31, 2018 of \$6.34 per Unit which would have vested immediately upon his termination without cause).

Treatment of Unvested Units of Restricted Stock on Termination without Cause and Change of Control

The Award agreements governing the outstanding Units of Restricted Stock held by Mr. Lalani and Ms. Yu granted in 2016, 2017 and 2018 provide for immediate vesting of all Units of Restricted Stock evidenced by such Awards (excluding any Units of Restricted Stock 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 for “good reason” (as defined in such Award agreements) within 180 days of a change of control of the REIT.

The vesting of Units of Restricted Stock granted as Performance Awards to Mr. Azim Lalani in 2016 upon: (i) the termination of Mr. Lalani without cause; or (ii) Mr. Lalani resigning his employment under his employment agreement with AML for “good reason” (as defined in such Award agreement) within 180 days of a change of control of the REIT, in each case, is at the discretion of the Compensation Committee.

As part of the review of the REIT’s compensation practices completed with the assistance Hugessen in 2017, the Compensation Committee determined it was appropriate for the value of Units of Restricted Stock 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 Units of Restricted Stock granted as Performance Awards in 2017 and 2018 to Mr. Lalani and Ms. Yu 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 Units of Restricted Stock granted as Performance Awards in 2017 and 2018 to Mr. Lalani and Ms. Yu 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.

Payments made to Former Executive Officers

Robert F. O’Neill, Former Chief Executive Officer

Mr. Robert F. O’Neill retired from the position of Chief Executive Officer of the General Partner and AML effective October 1, 2018, but remains a Director. In connection with Mr. O’Neill’s retirement, he received the following gross compensation: (i) 38,080 outstanding Units of Restricted Stock held by Mr. O’Neill, which were to vest between March 15, 2019 and December 15, 2020, were permitted to vest in full on an accelerated basis on January 2, 2019 (having an aggregate value on the date of vesting equal to \$244,854, based on the closing price on the TSX of \$6.43 per Unit on such date, as well as a cash payment of \$37,420 made by the REIT to Mr. O’Neill upon the vesting of such Units of Restricted Stock 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); (ii) 16,107 outstanding Units of Restricted Stock granted as a performance award on March 30, 2016 will vest, subject to a multiplier of 0% to 200%, 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 2019; (iii) 18,486 outstanding Units of Restricted Stock granted to Mr. O’Neill as a Performance Award on March 16, 2017 will vest, subject to a multiplier of 0% to 200% and a two-thirds proration, 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 2019; (iv) 17,225 outstanding Units of Restricted Stock granted to Mr. O’Neill as a Performance Award on May 17, 2018 will vest, subject to a multiplier of 0% to 200% and a one-third proration, 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 2019; (v) the continuation of certain U.S. medical benefits until December 31, 2018 having an aggregate cost of \$77,000, and (vi) the continuation of Mr. O’Neill’s participation under the REIT’s medical and extended health plans until the earlier of the date that he ceases to be a member of the Board and three years from the date of his retirement. The foregoing compensation was paid subject to statutory holdings and deductions and was conditional on Mr. O’Neill providing the REIT and its subsidiaries and affiliates with a standard release. The 38,080 Units of Restricted Stock that vested January 2, 2019 were permitted to vest on an accelerated basis given such compensation was considered by the Board to have been previously earned by Mr. O’Neill. In addition, Mr. O’Neill’s outstanding Performance Awards will be permitted to vest on a prorated basis, as noted above, to approximate the portion of the applicable performance period in respect of which Mr. O’Neill served as Chief Executive Officer of the General Partner.

Ian McAuley, Former President

Mr. McAuley resigned from the position of President of the General Partner and AML effective February 1, 2019. In connection with Mr. McAuley's resignation he received the following gross compensation in accordance with the terms of his employment agreement with AML: (i) an aggregate lump sum cash payment equal to \$861,316, comprised of 15 months base salary, a pro-rated bonus payment, his STIP bonus in respect of the 2018 financial year and his unpaid vacation entitlement; (ii) 16,710 outstanding Units of Restricted Stock held by Mr. McAuley which were to vest between March 15, 2019 and December 15, 2020 vested in full on an accelerated basis on February 1, 2019 (having an aggregate value on the date of vesting equal to \$123,654, based on the closing price on the TSX of \$7.40 per Unit on such date, as well as a cash payment of \$20,150 made by the REIT to Mr. McAuley upon the vesting of such Units of Restricted Stock in lieu of cash distributions that would have otherwise been paid to Mr. McAuley from the date of grant to the date of vesting); (iii) a lump sum cash payment of \$5,500 in respect of the continuation of Mr. McAuley's rental subsidy for his housing in Vancouver until March 31, 2019; and (iv) the continuation of Mr. McAuley's participation under the REIT's medical and extended health plans, which participation ceased effective March 31, 2019. The foregoing compensation was paid subject to statutory holdings and deductions and was conditional on Mr. McAuley providing the REIT and its subsidiaries and affiliates with a standard release.

In addition, in connection with Mr. McAuley's resignation, the REIT agreed to cause the U.S. REIT to extend the guarantee it previously provided in respect of the \$900,000 loan granted to Mr. McAuley by a Canadian chartered bank for purposes of Mr. McAuley purchasing Units until the earlier of the date of the repayment of the loan by Mr. McAuley and December 16, 2019. See "*Indebtedness of Directors and Officers*" below.

All 22,880 outstanding Units of Restricted Stock previously granted to Mr. McAuley as performance Awards expired on February 1, 2019 upon Mr. McAuley's resignation. In addition, the non-competition, non-solicitation and confidentiality covenants in favour of AML under Mr. McAuley's employment agreement with AML were confirmed to continue for a specified period following his resignation.

Compensation of Directors

The annual compensation for each Director for the year ended December 31, 2018 was \$55,000. The additional annual compensation for the Chair of the Board and the Lead Independent Director for the year ended December 31, 2018 was \$45,000 and \$20,000, 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, 2018 was \$16,000, \$12,000, \$10,000 and \$10,000, respectively. The annual compensation for the Directors has been increased by a non-material amount for the 2019 financial year.

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 be reimbursed for reasonable expenses incurred by them in connection with their services.

None of the non-executive Directors of the REIT received any Awards under the SBC Plan during the financial year ended December 31, 2018.

Director Compensation Table

The following table summarizes the compensation of the Directors for the year ended December 31, 2018:

Name	Fees earned (\$)	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	100,000	—	—	—	—	—	13,883 ⁽¹⁾	113,883
Charles van der Lee ⁽²⁾	121,000	—	—	—	—	—	13,920 ⁽¹⁾	134,920
Minaz B. Abji	70,000	—	—	—	—	—	11,953 ⁽¹⁾	81,953
Stephen J. Evans	57,000	—	—	—	—	—	14,192 ⁽¹⁾	71,192
Richard Frank ⁽²⁾	131,000	—	—	—	—	—	13,777 ⁽¹⁾	144,777
Robert F. O'Neill ⁽³⁾	13,750	—	—	—	—	—	—	13,750
Tamara L. Lawson ⁽²⁾	105,000	—	—	—	—	—	13,970 ⁽¹⁾	118,970
Elizabeth Walters	87,000	—	—	—	—	—	13,061 ⁽¹⁾	100,061

(1) Amount represents cash reimbursement for 50% of the cost of Units acquired under the Unit Purchase Policy. See “Executive Compensation – Elements of Compensation – Unit Purchase Policy”.

(2) Includes fees received as a result of being a member of an ad-hoc special committee formed to review and oversee the transition of hotel management duties from the Former Master Hotel Manager to the Current Master Hotel Manager. See “Interests of Informed Persons in Material Transactions – Master Hotel Management Agreement and Hotel Management Agreements”.

(3) Mr. O'Neill commenced receiving compensation as a Director effective October 1, 2018. Prior to his retirement, Mr. O'Neill did not receive any compensation in his capacity as a Director and was solely compensated in his capacity as the Chief Executive Officer of the General Partner, which compensation including the director fees reflected in this table is set forth above under “Executive Compensation – Summary Compensation Table”.

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 and the REIT's other direct and indirect subsidiaries had no indebtedness to the REIT, the General Partner, AML or their subsidiaries as at April 5, 2019. 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 (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.

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 guarantee's 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 or AML, 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 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 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 or that is disclosed in the following table.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Other than as set forth below and in the REIT's consolidated financial statements for the financial year ended December 31, 2018, 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, 2018 or in any proposed transaction which has materially affected or would materially affect the REIT, the General Partner or their subsidiaries.

Master Hotel Management Agreement and Hotel Management Agreements

Until April 26, 2018, the properties comprising the REIT's portfolio of hotels were externally managed by a wholly-owned subsidiary of One Lodging Management, Inc. (formerly Tower Rock Hotels & Resorts Inc.) (the "**Former Master Hotel Manager**") pursuant to the master hotel management agreement between the REIT and the Former Master Hotel Manager dated February 20, 2013, as amended on September 30, 2016 (as so amended, the "**Master Hotel Management Agreement**"), and individual hotel management agreements made thereunder between wholly-owned subsidiaries of the REIT and the Former Master Hotel Manager.

On April 26, 2018, One Lodging Holdings LLC (the "**Current Master Hotel Manager**"), a subsidiary of Aimbridge Hospitality ("**Aimbridge**"), a leading U.S.-based hotel management company, assumed the hotel management responsibilities for all of the REIT's hotels from the Former Master Hotel Manager. The terms of the Master Hotel Management Agreement and the individual hotel management agreements remained unchanged following the transition in hotel management duties from the Former Master Hotel Manager to the Current Master Hotel Manager.

The hotel managers manage and operate the REIT's hotel properties and provide customary hotel management services, including strategic planning, employment of hotel staff, preparation of annual operating and capital budgets and marketing plans, accounting and financial reporting, supervision of rooms and food and beverage operations, supervision of sales and marketing, revenue management, reservation systems, human resource management, purchasing/bulk buying programs, placement of insurance, banking management and supervision of construction and technical services, information technology, franchise relations and evaluations, supervision of

property repairs and maintenance and supervision of compliance with material contracts relating to the properties and leasing.

The Former Master Hotel Manager is a wholly-owned subsidiary of O'Neill Hotels & Resorts Ltd., an entity in which Mr. Robert F. O'Neill, formerly the Chief Executive Officer and currently a Director of the General Partner, has a material indirect ownership interest. Mr. John O'Neill, the current Chief Executive Officer of the General Partner, also holds a material indirect ownership interest in O'Neill Hotels and Resorts Ltd., and thus the Former Master Hotel Manager. Accordingly, Messrs. Robert F. O'Neill and John O'Neill each had a material indirect interest in the Master Hotel Management Agreement and the individual hotel management agreements made thereunder until such time as the Current Master Hotel Manager assumed responsibility for the management of the REIT's hotels on April 26, 2018. However, Mr. John O'Neill was not an officer, director or employee of the REIT or any of its subsidiaries or affiliates during any period which the Former Master Hotel Manager or any of its affiliates provided hotel management services in respect of the REIT's hotel properties. The Former Master Hotel Manager and Messrs. Robert F. O'Neill and John O'Neill do not have any interest in the Current Master Hotel Manager or Aimbridge.

The REIT recorded aggregate management and administration fees of approximately US\$4.0 million charged by the Former Master Hotel Manager and its subsidiaries in corporate and administrative expenses for the year ended December 31, 2018, all of which were recorded during the period from January 1, 2018 to April 26, 2018.

For the year ended December 31, 2018, capital management fees of approximately US\$281 thousand were paid to the Former Master Hotel Manager and capitalized to property, buildings and equipment.

A copy the Master Hotel Management Agreement is available on SEDAR at www.sedar.com, and the material terms thereof are summarized in the Annual Information Form of the REIT dated March 22, 2019 (the "**Annual Information Form**"), a copy of which is also available on SEDAR at www.sedar.com.

Master Development Agreement

Through the Master Development Agreement dated February 20, 2013 (the "**Master Development Agreement**") by and among the REIT, SunOne Developments Inc. (the "**Developer**") and SOHMI, the REIT, through its subsidiaries, previously entered into development agreements with the Developer for the development of properties from time to time. No fees have been charged by the Developer to the REIT or its subsidiaries in connection with the relationship, other than in relation to third-party developments. The Developer is controlled by Mr. Robert F. O'Neill (the former Chief Executive Officer and a Director of the General Partner), Mr. John O'Neill (the current Chief Executive Officer of the General Partner), Mr. Stephen J. Evans (a Director of the General Partner) and the estate of one other individual. Accordingly, Mr. Robert F. O'Neill, Mr. John O'Neill and Mr. Stephen Evans had a material interest in the Master Development Agreement and the development agreements entered into thereunder.

In connection with the transition of hotel management responsibilities from the Former Master Hotel Manager to the Current Master Hotel Manager, the REIT's independent Directors approved the termination of the Master Development Agreement with the Developer. The termination of the Master Development Agreement was without cost to the REIT.

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.

RE-APPOINTMENT OF AUDITORS

At the Meeting, the Unitholders will be called upon to re-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 re-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 re-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

Renewal and Amendment and Restatement of the SBC Plan

At an annual and special meeting of Unitholders held on May 12, 2016, the Unitholders approved the SBC Plan in its current form. The TSX Company Manual provides that all unallocated options, rights or other entitlements under a securities-based compensation plan of an issuer must be approved by its securityholders every three years after such plan’s institution if the plan does not have a fixed maximum number of securities issuable thereunder, which is the case with the SBC Plan. At the Meeting, Unitholders will be asked to consider and, if thought advisable, pass, with or without variation, an ordinary resolution approving the renewal and amendment and restatement of the SBC Plan and all unallocated Awards. The text of this ordinary resolution is provided below (the “**SBC Plan Resolution**”). For the SBC Plan to be amended and restated and continue in effect after the Meeting, the SBC Plan Resolution must be approved by a simple majority of votes (50% plus one) cast by Unitholders at the Meeting. If the SBC Plan Resolution is passed, the SBC Plan will require renewal again three years from the date of the Meeting, on or before May 8, 2022. For a discussion of the current terms of the SBC Plan, see “*Executive Compensation – Compensation Discussion and Analysis – Elements of Compensation – Securities-Based Compensation Plan*”, above.

In the event that the SBC Plan Resolution is not passed by the requisite number of votes cast at the Meeting, the REIT will not have an operative securities-based compensation plan. All unallocated Awards will be cancelled and the REIT will not be permitted to grant further Awards under the SBC Plan until such time as the SBC Plan is approved by Unitholders. Previously allocated Awards under the SBC Plan will continue unaffected by the approval or disapproval of the SBC Plan renewal resolution. Any Awards that have been terminated, cancelled or that have expired will not be available for re-granting.

Proposed Amendments

As part of the renewal of the SBC Plan, the REIT proposes to make the following amendments to the SBC Plan:

- Currently, the SBC Plan provides that 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 is required to not exceed 10% of the issued and outstanding Units on a “rolling” basis (the “**Existing Plan Cap**”). See “*Executive Compensation – Compensation Discussion and Analysis – Securities-Based Compensation Plan – Number of Units Issuable*” above for further details with respect to how the Existing Plan Cap is calculated.

The REIT recognizes that 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) are full value awards (collectively, “**Full Value Awards**”) Full Value Awards, unlike Options, vest at full value with no cost to the holder. Accordingly, the Board has determined that it is appropriate to set a lower limit with respect to the number of Units reserved for issuance under the SBC Plan in respect of Full Value Awards.

Specifically, the REIT proposes to amend the SBC Plan to provide that 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 Full Value Awards shall not, in the aggregate, exceed 5% of the issued and outstanding Units on a “rolling basis”. This restriction will be specific to Full Value Awards and

in addition to the overall Existing Plan Cap that applies to all Awards including Full Value Awards. In addition, the REIT proposes to amend the SBC Plan to require the REIT to obtain disinterested Unitholder approval 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: (i) 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 (ii) 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.

- Under the terms of the current 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 current SBC Plan does not explicitly require Unitholder approval prior to any amendments being made to the SBC Plan to increase the Non-Executive Director Participation Limit. The REIT proposes to amend the SBC Plan to require the REIT to obtain disinterested Unitholder approval prior to making any amendment to the SBC Plan to increase the Non-Executive Director Participation Limits.
- The SBC Plan currently permits the term of any Award for Units held by non-Insiders of the REIT to be extended without Unitholder approval, provided that, the term is not extended beyond a period of 10 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. The REIT proposes to amend the SBC Plan to: (i) require Unitholder approval prior to extending the term of any 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); and (ii) to clarify that no grant of any Award for Units, or extension of the term of any Award for Units, may provide for a term beyond a period of 10 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, in each case, regardless of whether the Awards are held by insiders or non-insiders of the REIT.
- Awards granted under the SBC Plan are currently 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). However, the SBC Plan does not explicitly prohibit amendments to the provisions of the SBC Plan that impose these transfer restrictions. The REIT proposes to amend the SBC Plan to require Unitholder approval prior to making any amendments to the terms of the SBC Plan that impose the aforementioned transfer restrictions.
- Subject to terms of the SBC Plan and any applicable requirements of the TSX, the Compensation Committee currently has the right at any time to amend the SBC Plan or any Award agreement for Units thereunder, subject only to certain stated limitations (see “*Executive Compensation – Compensation Discussion and Analysis – Securities-Based Compensation Plan – Procedure for Amending*”). The SBC Plan is currently silent on whether the provisions of the SBC Plan that govern amendments require Unitholder approval prior to being amended. In order to provide greater clarity, the REIT proposes to amend the SBC Plan to require Unitholder approval prior to making any amendments to the provisions of the SBC Plan governing amendments to the SBC Plan.

A copy of the SBC Plan, as proposed to be amended, along with a blackline to the current SBC Plan may be obtained by a Unitholder or any other interested party by contacting the Chief Financial Officer of the REIT at Suite 800, 925 West Georgia Street, Vancouver, British Columbia V6C 3L2, by telephone at (604) 630-3134 or by fax at (604) 629-0790, or by accessing the investor relations page of the REIT’s website at www.ahipreit.com.

Unallocated Awards

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 Shares on a “rolling” basis. As at April 5, 2019, the total number of Units reserved for issuance pursuant to the SBC Plan was 170,341, representing approximately 0.22% of the issued and outstanding Units. As a result, as of April 5, 2019, there were approximately 9.78% of the issued and outstanding Units, being 7,641,592 Units, available for issuance under the SBC Plan.

Approval

The Board has determined that the proposed renewal and amendment and restatement of the SBC Plan are in the best interests of the REIT and its Unitholders. **The Directors recommend that the Unitholders vote FOR the SBC Plan 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 SBC Plan Resolution.** The text of the SBC Plan 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 renewal and amendment and restatement of the Securities-Based Compensation Plan (the “**SBC Plan**”) of American Hotel Income Properties REIT LP (the “**REIT**”), substantially as described in the information circular of the REIT dated April 5, 2019, be and is hereby authorized and approved.
2. All unallocated Awards issuable pursuant to the SBC Plan are hereby approved and authorized until May 8, 2022, the third anniversary date of the adoption of this resolution by the unitholders (the “**Unitholders**”) of the REIT.
3. Notwithstanding that this resolution has been duly passed by the Unitholders, the board of directors of American Hotel Income Properties REIT (GP) Inc. (the “**General Partner**”), the general partner of the REIT, may revoke these resolutions before they are acted upon, without further notice to, or approval of, the Unitholders.
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.”

Reconfirmation and Amendment and Restatement of the Unitholder Rights Plan

The REIT adopted a unitholder rights plan (the “**Original Rights Plan**”) effective June 17, 2013 pursuant to the unitholder rights plan agreement between the REIT and Computershare Investor Services Inc., as rights agent, which Original Rights Plan was reconfirmed and amended and restated on May 12, 2016 (the “**Rights Plan**”). At the Meeting, Unitholders will be asked to consider and, if deemed appropriate, approve an ordinary resolution to reconfirm and amend and restate the Rights Plan. The text of this ordinary resolution is provided below (the “**Rights Plan Resolution**”). For the Rights Plan to be amended and restated and continue in effect after the Meeting, the Rights Plan Resolution must be approved by a simple majority of votes (50% plus one) cast by Unitholders at the Meeting. If the Rights Plan Resolution is not passed, the Rights Plan will terminate May 8, 2019. If the Rights Plan Resolution is passed, the Rights Plan will require reconfirmation by Unitholders at the 2022 annual meeting of Unitholders.

Proposed Amendments

The proposed amendments to the Rights Plan are administrative and technical in nature and are not substantive and include the following (collectively, the “**Rights Plan Amendments**”):

- amending Section 5.10(a) to reflect the updated contact information for the REIT;
- amending the definition of “controlled” in section 1.1(1) of the Rights Plan to include the concept of control of a partnership and limited partnership in order to better align the definition of “controlled” in the Rights Plan with the concept of control as defined in Multilateral Instrument 62-104 – *Take-Over Bids and Issuer Bids*; and
- certain additional non-substantive, technical and administrative amendments, including updating the date of the Rights Plan.

The purpose and principal terms of the Rights Plan, including the Rights Plan Amendments, are set forth in Schedule C to this Circular. A copy of the Rights Plan, as proposed to be amended by the Rights Plan Amendments, along with a blackline to the Rights Plan may be obtained by a Unitholder or any other interested party by contacting the Chief Financial Officer of the REIT at Suite 800, 925 West Georgia Street, Vancouver, British Columbia V6C 3L2, by telephone at (604) 630-3134 or by fax at (604) 629-0790, or by accessing the investor relations page of the REIT’s website at www.ahipreit.com.

The Board believes that the Rights Plan, as amended by the Rights Plan Amendments, complies with applicable securities laws, is consistent with current Canadian corporate best practices and addresses institutional investor guidelines. The Rights Plan, as amended by the Rights Plan Amendments, is not intended to prevent a take-over of the REIT. Reconfirmation of the Rights Plan and the Rights Plan Amendments are not being sought in response to, or in anticipation of, any pending or threatened take-over bid and the Board is not aware of any third party considering or preparing any proposal to acquire control of the REIT.

The Rights Plan, as amended by the Rights Plan Amendments, does not affect in any way the financial condition of the REIT. The issuance of rights (the “**Rights**”) to the Unitholders under the Rights Plan, as amended by the Rights Plan Amendments, is not dilutive and does not affect reported earnings or cash flow per Unit until the Rights separate from the underlying Units and become exercisable. The Rights Plan, as amended by the Rights Plan Amendments, does not diminish or detract from the duty of the Board to act honestly, in good faith and with a view to the best interests of the REIT, nor does the Rights Plan, as amended by the Rights Plan Amendments, alter the proxy mechanism to change the Board or change the way in which Units trade.

Approval

The Board has determined that the proposed reconfirmation and amendment and restatement of the Rights Plan are in the best interests of the REIT and its Unitholders. **The Directors recommend that the Unitholders vote FOR the Rights Plan 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 Rights Plan Resolution.** The text of the Rights Plan 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 Amended and Restated Unitholder Rights Plan Agreement to be dated as of May 8, 2019 between American Hotel Income Properties REIT LP (the “**REIT**”) and Computershare Investor Services Inc., which amends and restates the Amended and Restated Unitholder Rights Plan Agreement dated May 12, 2016, and continues the rights issued thereunder, in each case, substantially as described in the information circular of the REIT dated April 5, 2019, be and is hereby authorized and approved.
2. Notwithstanding that this resolution has been duly passed, the board of directors of American Hotel Income Properties REIT (GP) Inc. (the “**General Partner**”), the general partner of the REIT, may revoke these

resolutions before they are acted upon, without further notice to, or approval of, the unitholders of the REIT.

3. 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 or AML, 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.

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, 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, Finance and Risk 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 5th day of April, 2019.

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. Six 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, finance and risk committee (“**Audit Committee**”), a standing nominating and governance committee (“**Nominating and Governance Committee**”), a standing compensation committee (the “**Compensation Committee**”) and a standing investment committee (the “**Investment Committee**”) consisting of independent directors.

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 Independent Director), Minaz B. Abji, Richard Frank, Tamara L. Lawson and Elizabeth Walters 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 Mr. Robert F. O’Neill and Mr. Stephen J. Evans 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 was the Chief Executive Officer of the General Partner until the end of September, 2018.</p> <p>Mr. Evans has been determined by the Board not to be independent because Mr. John O’Neill (the Chief Executive Officer of the General Partner) served as a member of the compensation committee of Pure Multi-Family REIT LP within the last three years, an entity in respect of which Mr. Evans is the Chief Executive Officer.</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. Mr. Evans is also a director of the general partners of each of Sunstone Opportunity Fund (2005) Limited Partnership and Sunstone Opportunity Fund (2006) Limited Partnership. Mr. Evans is a director of the governing general partner of Pure Multi-Family REIT LP. Mr. Evans is a Trustee of REALnorth Opportunities Fund, a Canadian non-listed reporting issuer.</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 Lead Independent Director.</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 Lead Independent Director'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 Lead Independent Director 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 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 1112 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>Minaz B. Abji</td><td>5/6</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>6/6</td></tr> </table> <p><u>Meetings of the Audit Committee:</u></p> <table data-bbox="784 745 1112 865"> <tr><td>Tamara L. Lawson</td><td>4/4</td></tr> <tr><td>Minaz B. Abji</td><td>3/4</td></tr> <tr><td>Richard Frank</td><td>4/4</td></tr> <tr><td>Elizabeth Walters</td><td>4/4</td></tr> </table> <p><u>Meetings of the Compensation Committee:</u></p> <table data-bbox="784 928 1112 1050"> <tr><td>Richard Frank</td><td>3/3</td></tr> <tr><td>Minaz B. Abji</td><td>3/3</td></tr> <tr><td>*Stephen J. Evans</td><td>2/2</td></tr> <tr><td>Charles van der Lee</td><td>3/3</td></tr> </table> <p><u>Meetings of the Nominating and Governance Committee:</u></p> <table data-bbox="784 1113 1112 1234"> <tr><td>Charles van der Lee</td><td>4/4</td></tr> <tr><td>Richard Frank</td><td>4/4</td></tr> <tr><td>Tamara L. Lawson</td><td>4/4</td></tr> <tr><td>Elizabeth Walters</td><td>4/4</td></tr> </table> <p><u>Meetings of the Investment Committee:</u></p> <table data-bbox="784 1297 1112 1386"> <tr><td>Elizabeth Walters</td><td>1/1</td></tr> <tr><td>Richard Frank</td><td>1/1</td></tr> <tr><td>Charles van der Lee</td><td>1/1</td></tr> </table> <p>* Stephen Evans ceased to be a member of the Compensation Committee effective September 30, 2018.</p>	W. Michael Murphy	6/6	Charles van der Lee	6/6	Minaz B. Abji	5/6	Stephen J. Evans	5/6	Richard Frank	6/6	Tamara L. Lawson	6/6	Robert F. O'Neill	6/6	Elizabeth Walters	6/6	Tamara L. Lawson	4/4	Minaz B. Abji	3/4	Richard Frank	4/4	Elizabeth Walters	4/4	Richard Frank	3/3	Minaz B. Abji	3/3	*Stephen J. Evans	2/2	Charles van der Lee	3/3	Charles van der Lee	4/4	Richard Frank	4/4	Tamara L. Lawson	4/4	Elizabeth Walters	4/4	Elizabeth Walters	1/1	Richard Frank	1/1	Charles van der Lee	1/1
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<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 April 5, 2019.</p>																																														

CORPORATE GOVERNANCE DISCLOSURE REQUIREMENT	OUR CORPORATE GOVERNANCE PRACTICES
<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>
<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>

CORPORATE GOVERNANCE DISCLOSURE REQUIREMENT	OUR CORPORATE GOVERNANCE PRACTICES
<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”) 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 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 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 and that, to the best of his or her knowledge, information or belief, no breach of the Code 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 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.</p>
<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 of 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>

CORPORATE GOVERNANCE DISCLOSURE REQUIREMENT	OUR CORPORATE GOVERNANCE PRACTICES
<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 entirely of independent directors.</p>
<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 and the REIT's disclosure policy.</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 of the REIT dated April 5, 2019.</p>

CORPORATE GOVERNANCE DISCLOSURE REQUIREMENT	OUR CORPORATE GOVERNANCE PRACTICES
<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 entirely of independent directors. The Chair of the 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.</p>
<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 of the REIT dated April 5, 2019.</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 entirely of independent directors. The Investment Committee’s primary duties and responsibilities include:</p> <p>(a) reviewing and approving or rejecting proposed acquisitions and dispositions of investments by the REIT for transactions with a value of up to US\$10.0 million (including any broker fees or similar acquisition or disposition costs), and any related financing arrangements;</p> <p>(b) when requested by the Board, making recommendations to the Board to approve or reject proposed acquisitions or dispositions with a value over US\$10.0 million (including broker fees or similar acquisition or disposition costs); and</p> <p>(c) ensuring all acquisitions and dispositions comply with the Investment Guidelines and Operating Policies of the REIT as set out in the REIT’s amended and restated limited partnership agreement.</p> <p>The Board may review and modify the limits of the authority delegated to the Investment Committee from time to time.</p> <p>The Audit Committee has also formed a sub-committee to assist the Audit Committee and ultimately the Board in fulfilling its oversight responsibilities with respect to the cybersecurity programs of, and risks to, the REIT.</p>

CORPORATE GOVERNANCE DISCLOSURE REQUIREMENT	OUR CORPORATE GOVERNANCE PRACTICES
<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>
<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>

CORPORATE GOVERNANCE DISCLOSURE REQUIREMENT	OUR CORPORATE GOVERNANCE PRACTICES
<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> <p>(i) a short summary of its objectives and key provisions,</p> <p>(ii) the measures taken to ensure that the policy has been effectively implemented,</p> <p>(iii) annual and cumulative progress by the REIT in achieving the objectives of the policy, and</p> <p>(iv) whether and, if so, how the Board or its Nominating and Governance Committee measures the effectiveness of the policy.</p>	<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>
<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>

CORPORATE GOVERNANCE DISCLOSURE REQUIREMENT	OUR CORPORATE GOVERNANCE PRACTICES
<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 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>
<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 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>Two of the eight directors of the General Partner are women, representing 25% of the Board.</p>

CORPORATE GOVERNANCE DISCLOSURE REQUIREMENT	OUR CORPORATE GOVERNANCE PRACTICES
(b) Disclose the number and proportion (in percentage terms) of executive officers of the REIT, including all subsidiaries of the REIT, who are women.	One of the four executive officers of the General Partner is a woman, representing 25% of the General Partner's executive officers.

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. It is the overall responsibility of the Board that the GP meets its obligations on an ongoing basis and operates in a reliable and safe manner. 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 approving 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 the identification of the principal risks of the business of 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, on at least 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 directors of 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 directing management to ensure that 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 pay a commission to any person in consideration of that person purchasing or agreeing to purchase shares of the GP or procuring or agreeing to procure purchasers for any such shares;
 - (7) to approve a management proxy circular;
 - (8) to approve a take-over bid circular or directors' circular;
 - (9) to approve any financial statements, management's discussion and analysis or annual information form; and
 - (10) 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) fulfil 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 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) respect confidentiality;

- (v) advise the CEO, Chair and/or 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, Lead Independent Director and CEO between meetings;
 - (ix) demonstrate a willingness and availability for one on one consultation with the Chair, 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;¹ 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.

¹ The target is 100% attendance. Anything less than 75%, without extenuating circumstances, would create considerable concern for the Board.

- (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 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 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 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 when 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. Each director will have the later of three years from November 12, 2015 and 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, 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 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 5, 2019.

AMERICAN HOTEL INCOME PROPERTIES REIT (GP) INC.

Board Forward Agenda

Meeting Timing Agenda Items:	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			

SCHEDULE C

PURPOSE AND PRINCIPAL TERMS OF THE RIGHTS PLAN

Capitalized terms used but not defined in this Schedule C have the meanings ascribed to them in the body of the information circular of American Hotel Income Properties REIT LP (the “**REIT**”) dated April 5, 2019 to which this Schedule C is attached (the “**Information Circular**”).

Purpose of the Rights Plan

The Rights Plan encourages a potential acquiror to proceed with their bid in accordance with Canadian takeover bid rules, which requires that the bid satisfy certain minimum standards intended to promote fairness or have the approval of the Board, by:

- protecting against “creeping bids” (i.e. the accumulation of more than 20% of the Units through purchases exempt from Canadian take-over bid rules, such as (i) purchases from a small group of Unitholders under private agreements at a premium to the market price not available to all Unitholders, (ii) acquiring control through the slow accumulation of Units over a stock exchange without paying a control premium, or (iii) through transactions outside of Canada not subject to Canadian take-over bid rules), and requiring the bid to be made to all Unitholders; and
- preventing a potential acquiror from entering into lock-up agreements with existing Unitholders prior to launching a take-over bid, except for permitted lock-up agreements as specified in the Rights Plan.

By encouraging bids in accordance with Canadian take-over bid rules, the Board wants to allow all Unitholders to benefit from the acquisition of a control position of 20% or more of the Units, and allow the Board to have sufficient time to explore and develop all options for maximizing Unitholder value in the event a person tries to acquire a control position in the REIT. Under the Rights Plan, potential acquirors are prevented from accumulating effective control of the REIT or a blocking position against other bidders except by way of a Permitted Bid (as defined below).

Summary of the Rights Plan

Principal terms of the Rights Plan are summarized below. This summary is qualified in its entirety by reference to the text of the Rights Plan. A copy of the Rights Plan, as proposed to be amended by the Rights Plan Amendments, along with a blackline to the Rights Plan may be obtained by a Unitholder or any other interested party by contacting the Chief Financial Officer of the REIT at Suite 800, 925 West Georgia Street, Vancouver, British Columbia V6C 3L2, by telephone at (604) 630-3134 or by fax at (604) 629-0790, or by accessing the investor relations page of the REIT’s website at www.ahipreit.com.

The Rights Plan Amendments are all non-substantive and technical or administrative in nature and are summarized in the Information Circular.

Term

The Rights Plan must be reconfirmed by a simple majority of votes cast by Unitholders at every third annual meeting of Unitholders. The Rights Plan, including the Rights Plan Amendments, is therefore presented at the Meeting for reconfirmation and approval. If not approved, the Rights Plan will expire and cease to have effect May 8, 2019. If it is approved at the Meeting, the Rights Plan will require reconfirmation by Unitholders at the 2022 annual meeting of Unitholders.

Issue of Rights

Upon the Original Rights Plan becoming effective, one right (“**Right**”) was issued and attached to each Unit. One Right also attaches to each subsequently issued Unit.

How the Rights Plan Works and Effect of the Rights Plan

Notwithstanding the effectiveness of the Rights Plan, the Rights are not exercisable until the Separation Time (as defined in the Rights Plan). Unless waived or deferred by the Board of Directors in the circumstances permitted by the Rights Plan, the Separation Time would generally be the close of business on the tenth trading day after the earliest to occur of:

- (a) a public announcement that a person or a group of affiliated or associated persons has acquired beneficial ownership of 20% or more of the outstanding Units (an “**Acquiring Person**”) other than as a result of, among other things: (i) a reduction in the number of Units outstanding; (ii) a “Permitted Bid” or a “Competing Permitted Bid” (each as defined below); (iii) certain specified “Exempt Acquisitions” (as defined below); (iv) an acquisition by a person of Voting Units (as defined below) pursuant to a stock dividend or other “Pro Rata Acquisition” (as defined in the Rights Plan); and (v) an acquisition by a person of Voting Units upon the exercise, conversion or exchange of a security convertible, exercisable or exchangeable into a Voting Unit received by a person pursuant to (ii), (iii) or (iv), above;
- (b) the date of commencement, or the first public announcement, of an intention of any person (other than the REIT or any of its subsidiaries) to commence a take-over bid (other than a Permitted Bid or a Competing Permitted Bid) where the Voting Units that are subject to the bid (including the Voting Units into which securities subject to the bid are convertible) together with the Voting Units beneficially owned by that person (including affiliates, associates and others acting jointly or in concert therewith) would constitute 20% or more of the outstanding Voting Units at such date; and
- (c) the date upon which a Permitted Bid or a Competing Permitted Bid ceases to be such.

An “**Exempt Acquisition**” would include the acquisition of Voting Units or securities convertible into Voting Units: (i) in respect of which the Board of Directors has waived the application of the Rights Plan (to the extent permitted by the Rights Plan); (ii) pursuant to a regular distribution reinvestment or similar plan made available to all holders of Units where such plan permits the holder to direct that distributions paid in respect of such Units be used to purchase from the REIT further Units; (iii) pursuant to a distribution of Voting Units or securities convertible into Voting Units made under a prospectus or private placement provided that the person does not increase his, her or its ownership percentage (eg. pursuant to a rights offering); (iv) pursuant to an amalgamation, arrangement or other statutory procedure requiring Unitholder approval; and (v) pursuant to certain equity incentive plans of the REIT, provided, however, that the participant in such plan does not become a beneficial owner of more than 25% of the Voting Units outstanding prior to the distribution under such plan.

An Acquiring Person does not include a holder of 20% or more of the outstanding Voting Units on the date the Original Rights Plan was implemented (a “**Grandfathered Person**”), provided that such Grandfathered Person acquires no more Voting Units, other than through one of the exemptions set out in the Rights Plan. As of the date of the Information Circular, there are no Grandfathered Persons.

Promptly following the Separation Time, separate certificates evidencing the Rights (“**Rights Certificates**”) will be mailed to the Unitholders as of the Separation Time and the Rights Certificates alone will evidence the Rights.

After the Separation Time, each Right entitles the holder thereof to purchase one Unit at the Exercise Price. The initial “**Exercise Price**” under each Right is five times the Market Price at the Separation Time. “**Market Price**” is generally defined as the average of the daily closing prices per unit of such securities on each of the 20 consecutive trading days through and including the trading day immediately preceding the Separation Time.

Following a transaction that results in a person becoming an Acquiring Person (a “**Flip-in Event**”), each Right entitles the holder thereof to receive, upon exercise, such number of Units as have an aggregate Market Price (as of the date of the Flip-in Event) equal to twice the then Exercise Price of the Rights for an amount in cash equal to the Exercise Price. In such event, however, any Rights beneficially owned by an Acquiring Person (including affiliates, associates and others acting jointly or in concert therewith), or certain transferees of any such person, will be void. A Flip-in Event does not include acquisitions approved by the Board of Directors (to the extent permitted by the Rights Plan) or acquisitions pursuant to a Permitted Bid or Competing Permitted Bid.

By way of example, assume that the Units have a Market Price of \$20.00 at the date relevant for determination. Following the Separation Time but prior to a Flip-in Event, a Unitholder would be entitled to exercise a Right and acquire one additional Unit in exchange for a cash payment of \$100.00. Following a Flip-in Event, the same Unitholder (unless it has become an Acquiring Person) would be entitled to exercise the Right and acquire 10 additional Units for the Exercise Price of \$100.00 (ie. one-half of the Market Price).

It is not the intention of the Board of Directors to entrench themselves or avoid a bid for control that is fair and in the best interest of Unitholders. For example, Unitholders may tender to a bid that meets the Permitted Bid criteria without triggering the Rights Plan, regardless of the acceptability of the bid to the Board.

Lock-Up Agreements

A bidder may enter into lock-up agreements with Unitholders whereby such Unitholders agree to tender their Voting Units to the take-over bid (the “**Subject Bid**”) without a Flip-in Event occurring. Such agreement must be publicly disclosed and allow the Unitholder to withdraw the Voting Units to tender to another take-over bid or to support another transaction that exceeds the value of the Subject Bid either on an absolute basis or by as much or more than a specified amount, which specified amount may not be greater than 7%. The definition of “**Permitted Lock-up Agreement**” provides that no “break-up” fees, “top-up” fees or other penalties that exceed, in the aggregate, the greater of the cash equivalent of 2.5% of the price or value of the consideration payable under the Subject Bid and 50% of the increase in the consideration resulting from another take-over bid transaction shall be payable by the Unitholder if the Unitholder fails to deposit or tender its Voting Units to the Subject Bid, withdraws Voting Units previously tendered to the Subject Bid or supports another transaction.

Trading of Rights

Notwithstanding the effectiveness of the Rights Plan, the Rights are not exercisable until the Separation Time and certificates representing the Rights will not be sent to the Unitholders until after the Separation Time. Until the Separation Time, or earlier termination or expiry of the Rights, the Rights are evidenced by and transferred with the associated Units and the transfer of any Units will also constitute the transfer of the Rights associated with those Units. After the Separation Time, the Rights will become exercisable and begin to trade separately from the associated Units.

Permitted Bids

The Rights Plan includes a “Permitted Bid” concept whereby a take-over bid will not trigger a separation of the Rights (and will not cause the Rights to become exercisable) if the bid meets certain conditions. A “**Permitted Bid**” is defined as an offer to acquire “**Voting Units**” (which means Units and any other units in the capital of the REIT entitled to vote generally in the election of all directors of the General Partner, or securities that are eligible to be converted into Voting Units for cash or securities other than Rights) made by means of a take-over bid circular where the Voting Units (including the Voting Units into which securities subject to the bid are convertible) subject to the offer, together with Voting Units beneficially owned by the offeror at the date of the offer (including its affiliates, associates and others acting jointly or in concert therewith), constitute 20% or more of the outstanding Voting Units at the date of the offer and that also complies with the following additional provisions:

1. the bid must be made to all holders of Voting Units other than the offeror; and
2. the bid must also contain the following irrevocable and unqualified conditions: (i) no Voting Units will be taken up or paid for prior to the close of business on the 105th day following the date of the bid or such shorter period that a take-over bid must remain open for deposit of securities, in the applicable circumstances, pursuant to Canadian securities laws, and then only if at such date more than 50% of the Voting Units held by Independent Unitholders (as defined below) have been deposited or tendered to the bid and not withdrawn; (ii) Voting Units may be deposited pursuant to the bid, unless it is withdrawn, at any time prior to the date units are first taken up or paid for under the bid; (iii) Voting Units deposited pursuant to the bid may be withdrawn until taken up or paid for; and (iv) if the deposit condition referred to in (i) above is satisfied, the offeror will make public announcement of that fact and extend the bid for deposit of Voting Units for at least 10 days from the date such extension is publicly announced and, if such bid is a partial bid, not take up any Voting Units under the bid until the expiry of such 10 day period.

“Independent Unitholders” means all holders of Voting Units, other than: (i) an Acquiring Person; (ii) any offeror making a take-over bid; (iii) any affiliate or associate of an Acquiring Person or offeror; (iv) persons acting “jointly or in concert” with an Acquiring Person or offeror; and (v) employee benefit, stock purchase or certain other plans or trusts for employees of the REIT or the General Partner or their wholly-owned subsidiaries unless the beneficiaries of such plans or trusts direct the voting and tendering to a take-over bid of the Voting Units.

Competing Permitted Bids

A **“Competing Permitted Bid”** is a take-over bid made after a Permitted Bid has been made and prior to expiry of such Permitted Bid that satisfies all of the provisions of a Permitted Bid, except that it must remain open for acceptance until at least the later of: (i) 35 days after the date of the bid; and (ii) the earliest date on which Voting Units may be taken up or paid for under another Permitted Bid then in existence, and only if at that date more than 50% of the Voting Units owned by Independent Unitholders have been deposited to the Competing Permitted Bid and not withdrawn.

Redemption and Waiver

Under the Rights Plan, the Board can: (i) waive the application of the Rights Plan to enable a particular take-over bid made by means of a take-over bid circular to proceed, in which case the Rights Plan will be deemed to have been waived with respect to any other take-over bid made by means of a take-over bid circular prior to the expiry of any bid subject to such waiver; or (ii) with the prior approval of the holders of Voting Units or Rights, as the case may be, redeem the Rights at a redemption price of \$0.00001 per Right at any time prior to a Flip-in-Event. Rights are deemed to have been redeemed if a bidder successfully completes a Permitted Bid or a Competing Permitted Bid.

Protection Against Dilution

The Exercise Price, the number and nature of securities which may be purchased upon the exercise of Rights and the number of Rights outstanding are subject to adjustment from time to time to prevent dilution in the event of stock dividends, subdivisions, consolidations, reclassifications or other changes in the outstanding Units, pro rata distributions to holders of Units and other circumstances where adjustments are required to appropriately protect the interests of the holders of Rights.

Amendment

The Board may amend the Rights Plan with the approval of a majority of the votes cast by the Independent Unitholders (or the holders of Rights if the Separation Time has occurred) voting in person or by proxy at a meeting duly called for that purpose. The Board, without such approval, may correct clerical or typographical errors and, subject to approval as noted above at the next meeting of the holders of Units (or the holders of Rights if the Separation Time has occurred), may make amendments to the Rights Plan to maintain its validity due to changes in applicable legislation.

Board

The Rights Plan will not detract from or lessen the duty of the Board to act honestly and in good faith with a view to the best interests of the REIT. The Board, when a Permitted Bid is made, will continue to have the duty and power to take such actions and make such recommendations to Unitholders as are considered appropriate.