

AMERICAN HOTEL INCOME PROPERTIES REIT LP

Notice of Annual and Special Meeting

of Unitholders to be held on June 9, 2015

and

Information Circular

Dated: May 8, 2015

AMERICAN HOTEL INCOME PROPERTIES REIT LP

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 Westin Grand Vancouver Hotel, 433 Robson Street, Vancouver, British Columbia at 9:00 am (Pacific Time), on June 9, 2015, for the following purposes:

1. to receive the financial statements of the REIT for the financial year ended December 31, 2014 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 approve a special resolution approving an amendment to the Amended and Restated Limited Partnership Agreement of the REIT dated February 20, 2013 (the "**LP Agreement**"), to implement a policy requiring advance notice to be given to the General Partner, on behalf of the REIT, of Unitholder proposals relating to the nomination of directors of the General Partner (the "**Advance Notice Policy**") and to make such further amendments to the LP Agreement as may be necessary or desirable to facilitate the implementation of the Advance Notice Policy, all as more particularly described in the accompanying information circular of the REIT dated May 8, 2015 (the "**Information Circular**"); and

5. to transact such further and other business as may properly come before the meeting or any adjournment or postponement thereof.

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

Unitholders of record 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 8th day of May, 2015.

BY ORDER OF THE BOARD OF DIRECTORS

(signed) Robert F. O'Neill
Director

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AMERICAN HOTEL INCOME PROPERTIES REIT LP

INFORMATION CIRCULAR

(Containing information as at May 8, 2015 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 Westin Grand Vancouver Hotel, 433 Robson Street, Vancouver, British Columbia at 9:00 am (Pacific Time), on June 9, 2015, 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 General Partner 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.

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 primarily in the U.S. The REIT is governed by its amended and restated limited partnership agreement dated February 20, 2013 (the "**LP Agreement**"), a copy of which is available on SEDAR at www.sedar.com.

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.

Pursuant to an initial public offering, effective February 20, 2013, the REIT's Units were listed for trading on the Toronto Stock Exchange (the "**TSX**") under the symbol HOT.UN. The REIT's Units were approved for trading in the United States on the OTCQX International marketplace under the symbol AHOTF on July 22, 2013.

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 1660, 401 West Georgia Street, Vancouver, British Columbia V6B 5A1.

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 of the General Partner 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. (the "**Sponsor**") dated February 20, 2013, the General Partner granted to the Sponsor the right to nominate for election as a Director at each meeting of Unitholders of the REIT at which Directors of the General Partner are to be considered for election (the "**Directors Election Meeting**"), a certain minority number of selected Sponsor nominees (based upon the holdings of Units by the Sponsor's principals and their affiliates from time to time).

The General Partner is required to provide the Sponsor with notice of each Directors Election Meeting informing the Sponsor of the date of the applicable meeting and the Sponsor 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 Sponsor 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 the Sponsor 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 Sponsor nominees as part of the group of nominees to be considered for election as a Director of the General Partner at such Directors Election Meeting (and for greater certainty, no obligation to include one or more Sponsor nominees in the information circular for such Directors Election Meeting) for which the notice was provided to the Sponsor.

The Sponsor has not submitted a Nomination Letter for the selection of Sponsor nominees as part of the group of nominees to be considered for election as a Director of the General Partner at the Meeting within the required 14 days after receiving a notification from the General Partner.

VOTING UNITS AND PRINCIPAL HOLDERS THEREOF

As of May 8, 2015, there are 30,583,740 Units issued and outstanding, each of which entitles the holder to one vote on a ballot.

Every question submitted to a meeting, other than a special resolution, shall, unless a ballot vote is demanded, be decided by a show of hands, on which every person present and entitled to vote will be entitled to one vote. Only registered holders of Units at the close of business on May 8, 2015, 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.

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)]
PETER ARMSTRONG[(2)(3)] Chairman and Lead Independent Director Vancouver, BC, Canada	Executive Chairman and Founder, Armstrong Group	Since October 11, 2012	131,050[(4)]
ROBERT F. O'NEILL Director and Chief Executive Officer West Vancouver, BC, Canada	Chief Executive Officer of the General Partner	Since September 6, 2012	590,790[(5)(6)]
STEPHEN J. EVANS[(7)] Director North Vancouver, BC, Canada	COO of Sunstone Realty Advisors Inc. Co-CEO of Pure Industrial Real Estate Trust CEO of Pure Multi-Family REIT LP	Since October 11, 2012	289,190[(6)(8)]
KEVIN GRAYSTON[(2)(7)] Director North Vancouver, BC, Canada	Corporate Director	Since October 11, 2012	10,000[(9)]
TAMARA L. LAWSON[(2)(3)] Director Toronto, ON, Canada	CFO of Starlight Investments Ltd.	Since December 14, 2012	5,000[(10)]
W. MICHAEL MURPHY[(3)(7)] Director Atlanta, GA, USA	Head of Lodging and Leisure Capital Markets, First Fidelity Mortgage Corporation	Since October 11, 2012	15,000[(11)]
ROBERT PRATT[(3)(7)] Director North Vancouver, BC, Canada	President of Coast Hotels	Since October 11, 2012	8,640[(12)]

(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 audit, finance and risk committee (the "**Audit Committee**"). All members of the Audit Committee are independent.
(3) Member of the nominating and governance committee (the "**Governance Committee**"). All members of the Governance Committee are independent.
(4) Directly owns 12,050 Units and is a principal of Invictus Maneo Investments Ltd., which owns 119,000 Units.
(5) Directly owns 59,900 Units (excluding: 15,000 unvested Units of Restricted Stock, awarded under the SBC Plan (as defined below), which become fully vested on December 31, 2015; 13,226 unvested Units of Restricted Stock awarded under the STIP (as defined below) pursuant to the SBC Plan which will vest over three years in equal annual installments starting on December 31, 2015 (see "*Executive Compensation – Recent Grants of Awards – STIP Grants*"); 8,465 unvested Units of Restricted Stock awarded under the LTIP (as defined below) pursuant to the SBC Plan which will vest over three years in equal annual installments starting on March 31, 2016 (see "*Executive Compensation – Recent Grants of Awards – LTIP Grants*"); and 12,697 Units of Restricted Stock which will vest, subject to a multiplier, on March 30, 2018 (see "*Executive Compensation – Recent Grants of Awards – LTIP Awards*"). Is a principal of Maverick Management Ltd., Bigwood Investments, Ltd. and National Caterers Registered Pension plan, which own 280,000 Units, 35,000 Units and 4,700 Units, respectively.
(6) Mr. O'Neill and Mr. Evans, along with two other individuals, share control and direction of 211,190 Units held by the Developer (as defined below) and SunOne Developments General Partnership pursuant to agreements entered into March 10, 2015.
(7) Member of the compensation committee (the "**Compensation Committee**"). All members of the Compensation Committee are independent.
(8) Is a principal of Triple E Investments Ltd., which owns 78,000 Units.
(9) 10,000 Units owned by spouse.
(10) Directly owns 5,000 Units.
(11) Directly owns 15,000 Units.
(12) Directly owns 8,640 Units.

Profile of the Board

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

Peter Armstrong (Age: 62). Mr. Armstrong is founder and the principal of the Armstrong Group, owner and operator of Rocky Mountaineer. In 1989, Mr. Armstrong assembled the successful team to bid on the fledgling Rocky Mountaineer service that was being operated by Via Rail, a subsidized federal crown corporation. The company's turnaround and subsequent success has been achieved without government subsidy. Rocky Mountaineer was named one of Canada's Best Managed Companies in 2014 for excellence in business performance. Sponsored by Deloitte, CIBC, National Post, Queen's School of Business and MacKay CEO Forums, the Best Managed Companies award recognizes Canadian owned and managed companies with revenues over $10 million for sustained growth, financial performance, management practices and the efforts of the entire organization. Mr. Armstrong contributes considerable time to business and community boards. He is the past Chair and a trustee for the Vancouver Police Foundation and Director of Public Private Partnership Board (P3 Canada). He is also a past Chair for the Board of St. George's School. Mr. Armstrong received an Honourary Doctor of Technology from BCIT, an Honourary Doctor of Law from Thompson Rivers University, an Honourary Doctor of Law from the Justice Institute of BC and is an Honorary Fellow of the Sauder School of Business. He is the recipient of the Canadian Venture Capital Associations Entrepreneur of the Year Award, Ernst & Young's Entrepreneur of the Year Award for Tourism and Hospitality and the Queen's Golden and Diamond Jubilee Medal for contribution to Canadian communities. He has also been inducted into the Canadian Railway Hall of Fame and was named the 2007 Tourism Leader of the Year by Tourism BC.

Robert F. O'Neill (Age: 65). Mr. O'Neill was the co-founder of Canadian Hotel Income Properties Real Estate Investment Trust ("**CHIP REIT**") 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.

Stephen J. Evans (Age: 51). Mr. Evans is the Co-Chief Executive Officer and a Trustee of Pure industrial Real Estate Trust ("**PIRET**"). PIRET is a publicly-listed real estate investment trust (TSX: AAR.UN) established for the purposes of acquiring, owning and operating a diversified portfolio of income-producing industrial properties in primary markets across Canada. Since 2007, PIRET has raised approximately Cdn$672 million in equity financing and acquired a portfolio of 156 industrial properties in Canada having a total value of approximately Cdn$1.3 billion. Mr. Evans is also the Chief Operating Officer of and indirectly owns 50% of the shares in Sunstone. Since 2003, Sunstone Realty has raised over Cdn$208 million and US$137 million in equity for its Sunstone series of funds. Sunstone Realty has participated in the negotiation, acquisition, redevelopment and asset management of over Cdn$493 million and US$288 million in commercial, residential and office properties in Canada and the U.S. Mr. Evans continues his active role in the management of the business of Sunstone Realty, with a focus on enhancing the value of the acquired properties on behalf of the investors. As well, Mr. Evans co-founded Pure Multi-Family REIT LP ("**Pure Multi**") in 2012. Pure Multi is a publicly-listed real estate investment trust (RUF.UN, RUF.DB.U) listed on the TSX Venture Exchange, established for the purposes of acquiring, owning and operating quality multi-family real estate properties in major markets in the United States. Since 2012, Pure Multi has raised approximately US$145.3 million through equity and debenture financings and acquired a portfolio of thirteen properties in the United States having a total value of approximately US$324.3 million. From June 2010 to

June 2013, Mr. Evans was a director and Secretary for Sunstone Investment Management Inc., the fund manager for the Morguard Sunstone Real Estate Income Fund; a fund that was created to invest in an actively managed, diversified portfolio consisting of publicly traded real estate securities. From September 15, 2008 to December 31, 2009, Mr. Evans was a director of IAT Air Cargo Facilities Income Fund and a director of International Aviation Terminals Inc. Mr. Evans commenced as a director of Huntingdon Capital Corporation (formerly Huntingdon Real Estate Investment Trust) on January 1, 2010 until September 26, 2012 and is currently a director of WesternOne Inc. whose shares trade on the TSX.

Kevin Grayston (Age: 59). Mr. Grayston served for 11 years as Executive Vice President and Chief Financial Officer of CHIP REIT. In this role, Mr. Grayston played a lead role in developing and implementing the financing and portfolio strategy of CHIP REIT and was responsible for many hotel acquisitions, dispositions and equity and debt financings. He played a lead management role in the sale of CHIP REIT to British Columbia Investment Management Corporation for Cdn$1.2 billion in 2007. Prior to joining CHIP REIT, Mr. Grayston was a senior executive with Canadian Airlines for 13 years in operating, business development and finance roles. He is also trustee and member of the audit, investment and governance, nomination and compensation committees of Northern Property REIT, and a past independent director at NorSerCo Inc. which traded on a stapled basis with Northern Property REIT. Mr. Grayston is a past Director of the Vancouver Board of Trade, the Hotel Association of Canada, the Air Transportation Association of Canada and a past Governor of the British Columbia Business Council. Mr. Grayston is a Chartered Accountant.

Tamara L. Lawson (Age: 57). Ms. Lawson is the Chief Financial Officer of Starlight Investments Ltd., a private real estate investment and asset management company focused primarily on residential and commercial assets. Prior to joining Starlight in June 2012, Ms. Lawson was the Chief Financial Officer and Corporate Secretary of InnVest Real Estate Investment Trust ("**InnVest**"), a TSX-listed real estate investment trust, and the Chief Financial Officer of Westmont Hospitality Group ("**Westmont**"), a privately-held hospitality organization. Ms. Lawson joined Westmont in 2001 as its Chief Financial Officer and became Chief Financial Officer of InnVest in 2002 when it went public. Ms. Lawson has over 25 years of financial management, acquisitions, corporate governance, investor relations and capital markets experience. Prior to joining Westmont in 2001, Ms. Lawson held senior executive positions at several major Canadian public companies. Ms. Lawson is on the Provincial Advisory Board for the Heart & Stroke Foundation. Ms. Lawson holds a Master of Business Administration degree from the Schulich School of Business at York University and is a member of the Chartered Professional Accountants of Canada.

W. Michael Murphy (Age: 69). Mr. Murphy serves as Head of Lodging and Leisure Capital Markets of the First Fidelity Mortgage Corporation and as a director of Ashford Hospitality Prime, Inc., listed on the NYSE under the symbol AHT. 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) three times and currently serves on the board of the Atlanta Hospitality Alliance. He holds a Bachelor of Science degree from the University of Memphis and a Master of Arts degree from the University of Iowa.

Robert Pratt (Age: 56). Mr. Pratt is President of Coast Hotels, responsible for leading the strategic direction, management and growth of the hotel chain's Canadian operations. Immediately prior to joining Coast Hotels, Mr. Pratt was Chief Operating Officer of Westmont where he oversaw operations of 160 hotels across Canada operating under 12 franchised brands and employing 10,000 people. Mr. Pratt is a director of the Hotel Association of Canada, the Tourism Industry Association of Canada and Destination British Columbia. After graduating from Cornell University School of Hotel Administration with a Bachelor of Science, Mr. Pratt spent 17 years with Westin Hotels and Resorts holding progressively senior roles in sales, marketing and hotel operations eventually serving as General Manager of the Westin Hotel properties in Ottawa and Edmonton. He then joined SilverBirch Hotels & Resorts (formerly CHIP Hospitality) ("**SilverBirch**") as the Regional Vice-President of the Pacific Northwest region. He also held positions as the Senior Vice President of Operations and Executive Vice

President at SilverBirch before being appointed President of SilverBirch in 2007, where he was responsible for operations of 40 hotels coast-to-coast operating under 12 franchised brands employing 4,500 staff.

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 Governance Committee will consider whether to accept the offer of resignation and recommend to the Board of Directors whether or not to accept it. Within 90 days following the applicable meeting of Unitholders, the Board of Directors is required to decide whether or not to accept the offer of resignation and to publicly disclose its decision. 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 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 over the long-term. Due to the competitive nature of the industry that the REIT operates in, executive talent 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, 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) (the "**Named Executive Officers**"): Mr. Robert F. O'Neill (Chief Executive Officer); Mr. Azim Lalani (Chief Financial Officer), Mr. Robert Hibberd (Executive Vice President); Ms. Anne Yu (Director of Finance) and Mr. Dan Miller (Chief Investment Officer of American Hotel Income Properties REIT Inc. ("**US REIT**")). Mr. Hibberd, ceased to be the Chief Financial Officer of the General Partner upon his appointment as the Executive Vice President of the General Partner and the appointment of Mr. Lalani as the new Chief Financial Officer of the General Partner, in each case, effective April 21, 2014.

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 individual and 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), and 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. 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 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. 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 personal performance of the Named Executive Officers and the performance of the REIT as a whole. 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. The Compensation Committee members are W. Michael Murphy (Chair), Stephen J. Evans, Kevin Grayston and Robert Pratt. None of the Compensation Committee members are current or former officers or employees of the REIT or the General Partner. Members of management, including the Chief Executive Officer, are invited to Compensation Committee meetings from time to time, but 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. All Compensation Committee members are independent and have 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 Board of Directors and executive officers (including the Named Executive Officers other than the Executive Vice President and the Chief Investment Officer). 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 of the Named Executive Officer's performance for the previous year, and, in the case of the Chief Financial Officer, recommends salary adjustments and short-term incentive awards to the Compensation Committee. The Chief Executive Officer also makes recommendations to the Compensation Committee with respect to securities-based compensation to be awarded to the Chief Financial Officer, Executive Vice President and the Director of Finance. The recommendations are reviewed and approved by the Compensation Committee after discussion and adjustment, if appropriate.

Process

The compensation of the Chief Executive Officer is recommended by the Compensation Committee for approval by the Board of Directors as a whole. The compensation of the Chief Financial Officer is recommended by the Chief Executive Officer for approval by the Compensation Committee. Cash compensation of the Executive Vice President and Director of 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 Executive Vice President and Director of Finance is recommended by the Chief Executive Officer for approval by the Compensation Committee. The compensation of the Chief Investment Officer is contractual (see "*Management Contracts*" below for further details).

Performance goals, for the purpose of compensation of the Chief Executive Officer and Chief Financial Officer, are reviewed and set by the Board of Directors 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 individual performance goals and compensation targets.

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

Benefits and Perquisites

The REIT offers only limited perquisites to the Named Executive Officers, and only where the REIT believes such perquisites promote the retention of the Named Executive Officers or promote the efficient performance of the Named Executive Officers' duties. The REIT does not believe that perquisites and benefits should represent a significant portion of the compensation package for Named Executive Officers. During the REIT's most recently completed financial year, Named Executive Officers' perquisites and benefits totalled $45,082 (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. 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 the Chief Executive Officer and the Chief Financial Officer is to increase the REIT's long-term cash flow and facilitate growth in the price of the REIT's Units. The Chief Executive Officer and Chief Financial Officer are incentivised to achieve this goal by means of grants under the REIT's LTIP and SBC Plan, along with a base salary and bonus (payable under the STIP).

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 operating costs;
- contribution to achievement of annual corporate initiatives (e.g. business practice improvements, integration of newly acquired business units and training program development); and
- individual objectives agreed to with the Chief Executive Officer, such as contribution to the development of employee talent for future management potential.

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

- Chief Executive Officer (Mr. Robert F. O'Neill): charting corporate strategies, identifying and negotiating business acquisitions, negotiating and securing financing through capital markets, facilitating growth in cash flow and the price of the Units and achieving the REIT's annual budget.
- Chief Financial Officer (Mr. Azim Lalani following his appointment on April 21, 2014 and Mr. Robert Hibberd up to April 21, 2014): executing business acquisitions, obtaining senior debt financing, enhancing internal controls over financial reporting for the REIT and its subsidiaries, implementing changes to financial reporting standards, facilitating growth in cash flow and the price of the Units and achieving the REIT's annual budget.
- Executive Vice President (Mr. Robert Hibberd following his appointment on April 21, 2014): executing business acquisitions, obtaining senior debt financing and assisting in securing financing through capital markets.
- Director of Finance (Ms. Anne Yu): managing public company compliance and reporting requirements including financial reporting, reporting to lenders and compliance with REIT regulations, executing internal controls over financial reporting, overseeing corporate office finance-related matters and overseeing taxation matters.

- Chief Investment Officer of US REIT (Mr. Dan Miller): sourcing, reviewing and underwriting prospective branded hotel investments, providing analytics and resources to assist with the underwriting, market research, valuation and due diligence process.

Benchmarking

Executive Compensation

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 data used by the Compensation Committee is a group of growth-oriented companies with similar operations, opportunities and risks. This proxy performance group consists of five public issuers with business operations that are closely comparable to the REIT, based on the following criteria: (i) comparable industry group as the REIT; and (ii) comparable scope of operations in both Canada and the U.S. The full list of issuers identified included:

- NorthWest International Properties Real Estate Investment Trust;
- Chatham Lodging Trust;
- InnVest Real Estate Investment Trust;
- InterRent Real Estate Investment Trust; and
- True North Apartment Real Estate Investment Trust.

The Compensation Committee believes the above group of data are relevant in that the proxy performance group provides 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, 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.

Hugessen was paid $67,879 in connection with the executive compensation consulting services it provided to the Compensation Committee in 2013. In 2013 and 2014, no other fees were paid by the REIT to Hugessen or to any other compensation consultant.

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 the Chief Executive Officer and Chief Financial Officer. The amount of cash bonuses awarded to the Executive Vice President and Director of Finance is currently approved at the discretion of the Chief Executive Officer after review with the Chief Financial Officer and not in relation to the performance metrics set out under the STIP, which are more particularly described below.

The STIP was designed to accurately capture and reward Named Executive Officers for incremental growth in the REIT's asset base and Unit distributions. Accordingly, awards granted under the STIP are based on the following two key annual financial and operational metrics:

- 50% on growth in total enterprise value; and
- 50% on adjusted funds from operations per Unit.

Under the STIP, the Board has the discretion to establish an annual target award for each of the Named Executive Officers and other senior management of the General Partner. Currently, target values are set for the Chief Executive Officer and Chief Financial Officer only. These target values are set in relation to the base salary of the Chief Executive Officer and Chief Financial Officer and are reviewed by the Compensation Committee and Board annually. The target STIP bonuses for the Chief Executive Officer and Chief Financial Officer of the General Partner have been set at 50% and 33% of base salary, respectively.

The target incentive is multiplied by the individual financial/operational score (in relation to the above metrics) and the base salary of the Chief Executive Officer and Chief Financial Officer, as applicable, to determine the annual cash bonus under the STIP. The financial/operational score for each of the Chief Executive Officer and Chief Financial Officer is set in relation to the respective values of the above noted metrics set out in the annual budget approved by the Board. The payout under the STIP is: (i) nil at a below threshold performance level; (ii) 50% of the target bonus at a threshold performance level; and (iii) 200% of target bonus at or above the maximum level of performance. 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. 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 – Recent Grants of Awards – STIP Grants*").

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 by the General Partner over the long-term.

Certain of the Named Executive Officer are eligible to receive LTIP awards with a grant date value equal to up to 200% of the STIP bonus award such Named Executive Officers earned in the prior year. 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 are awarded at the discretion of the Compensation Committee and the Board.

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

Restricted Stock issued under the LTIP will typically vest equally over three years from the grant date (one-third per year). Performance Awards, in the form of Units, issued under the LTIP will typically vest three years from the grant date. The final payout of the Performance Awards is 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, as necessary, 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

Named Executive Officers and other participants in the LTIP are not permitted to pledge or hedge any Restricted Stock or Performance Awards granted thereto under the LTIP.

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 provisions of the Securities-Based Compensation Plan ("SBC Plan") adopted by the Unitholders at the Annual and Special Meeting of the REIT held on June 17, 2013. 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.

The REIT is required by the TSX to seek approval from the Unitholders for the continuation of the SBC Plan every three years, the next such year being 2016.

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 May 8, 2015: (i) up to 86,299 Units were issuable pursuant to outstanding Awards granted under the SBC Plan, representing 0.28% of the REIT's issued and outstanding Units on a non-diluted basis; and (ii) 2,972,075 Units were eligible to be issued under the SBC Plan representing 9.72% of the REIT's issued and outstanding Units on a non-diluted basis.

The SBC Plan does not contain any maximum percentage of securities of the REIT available to its insiders or any maximum number of securities of the REIT any one person or company is entitled to, except as may otherwise be required by the TSX from time to time.

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.

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

Subject to terms of the SBC Plan and any applicable requirements of the TSX, the Compensation Committee has the right at any time to amend the SBC Plan or any Award agreement for Units thereunder, provided that approval of Unitholders has been obtained by ordinary resolution. Notwithstanding the foregoing, approval of Unitholders is not required for amendments of a clerical nature, amendments to reflect any regulatory authority requirements including the TSX, amendments to cancel Awards for Units or reduce the number of Units under an Award, amendments to increase the exercise price of an Award for Units, amendments to vesting provisions, amendments to the term of an Award held by non-insiders, amendments to reduce the exercise price of an Award held by non-insiders, and amendments to obtain, preserve or clarify the provision of desirable tax treatment to Participants in respect of Awards, as well as amendments which may be necessary or desirable in the interests of the Participants as a result of changes in taxation laws or in their interpretation or administration.

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.

Recent Grants of Awards

The grants of Awards under the STIP and LTIP pursuant to the SBC Plan described below were approved by the Board on May 6, 2015, after the end of the REIT's most recently completed financial year. Accordingly such grants have not been included in the body of any of the compensation tables set out under the heading "Executive Compensation" in this Information Circular.

STIP Grants

Certain Named Executive Officers and other senior management of the REIT receiving STIP awards in 2015 for their performance during the financial year ended December 31, 2014 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 three years in equal annual installments starting on December 31, 2015. Each of Mr. Robert F. O'Neill, Mr. Azim Lalani and Ms. Anne Yu elected to receive their STIP awards for their performance during the financial year ended December 31, 2014 in the form of Units of Restricted Stock. Accordingly, Mr. O'Neill, Mr. Lalani and Ms. Yu were granted 13,226, 5,038 and 3,488 Units of Restricted Stock on May 6, 2015, respectively, with a grant date fair value of $10.75 per Unit of Restricted Stock, or $142,180, $54,159 and $37,496, respectively. The grant date fair value of $10.75 per Unit of Restricted Stock was calculated using the volume weighted average price at which the Units had traded on the TSX during the five most recent trading days ending on the trading day immediately prior to the grant date. As noted above, these Units of Restricted Stock will vest over three years in equal annual installments starting on December 31, 2015. Unvested Units of Restricted Stock are entitled to receive distributions on the basis that any distributions made to Unitholders of the REIT on or after May 6, 2015 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.

LTIP Grants

On May 6, 2015 the Board approved the grant of LTIP Awards to each of Mr. Robert F. O'Neill, Mr. Azim Lalani and Ms. Anne Yu in the form of 21,162, 8,061 and 2,790 Units of Restricted Stock, respectively, with a grant date fair value of $10.75 per Unit of Restricted Stock, or $227,492, $86,656 and $29,993, respectively, as follows:

- Mr. O'Neill, Mr. Lalani and Ms. Yu were granted 8,465, 3,224 and 1,116 Units of Restricted Stock, respectively, which such Units of Restricted Stock represent 40% of their respective LTIP Awards and will vest over three years in equal annual installments starting on March 31, 2016.

- Mr. O'Neill and Mr. Lalani were also granted a further 12,697 and 4,837 Units of Restricted Stock, respectively, which such Units of Restricted Stock: (i) represent the remaining 60% of their respective LTIP Awards; (ii) will all vest on March 30, 2018; and (iii) on vesting, will be subject to a multiplier computed based on the REIT's three year TUR relative to the 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), which could result in Mr. O'Neill and Mr. Lalani receiving as few as zero Units and as many as 25,394 and 9,674 Units, respectively, as settlement for such Units of Restricted Stock.

- Ms. Yu was also granted a further 1,674 Units of Restricted Stock, which such Units of Restricted Stock represent the remaining 60% of her LTIP Award and all of which vest on March 30, 2018.

The grant date fair value of $10.75 per Unit of Restricted Stock was calculated using the volume weighted average price at which the Units had traded on the TSX during the five most recent trading days ending on the trading day immediately prior to the grant date. Unvested Units of Restricted Stock are entitled to receive distributions on the basis that any distributions made to Unitholders of the REIT on or after May 6, 2015 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.

Summary Compensation Table

The following table summarizes the compensation of the Named Executive Officers of the General Partner for the year ended December 31, 2014:

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			
Robert F. O'Neill	2014	350,000	—	—	113,750[3]	—	—	—	463,750
Chief Executive	2013	166,088	651,000[2]	—	—	—	—	—	817,088
Officer and Director	2012	—	—	—	—	—	—	—	—
Azim Lalani	2014	140,000	—	—	43,333[3]	—	—	—	183,333
Chief Financial	2013	—	—	—	—	—	—	—	—
Officer[1]	2012	—	—	—	—	—	—	—	—
Robert Hibberd	2014	263,983	—	—	140,000	—	—	—	403,983
Executive Vice	2013	136,111	598,500[2]	—	—	—	—	—	734,611
President[1]	2012	—	—	—	—	—	—	—	—
Anne Yu	2014	140,000	—	—	30,000[3]	—	—	—	170,000
Director of Finance	2013	120,000	25,200[2]	—	10,000	—	—	—	155,200
	2012	—	—	—	—	—	—	—	—
Dan Miller	2014	174,015[4]	—	—	—	—	—	450,061[6]	624,076
Chief Investment	2013	112,564[5]	—	—	—	—	—	117,926[7]	230,490
Officer of US REIT	2012	—	—	—	—	—	—	—	—

(1) Mr. Hibberd ceased to be the Chief Financial Officer of the General Partner upon his appointment as the Executive Vice President of the General Partner and the appointment of Mr. Lalani as the new Chief Financial Officer of the General Partner, in each case, effective April 21, 2014.

(2) Restricted stock awards were granted on December 30, 2013 at $10.50 per Unit. Mr. O'Neill was granted 62,000 Units of Restricted Stock with 32,000 Units vesting on the grant date, 15,000 Units vesting on December 30, 2014 and 15,000 Units vesting on December 30, 2015. Mr. Hibberd was granted 57,000 Units of Restricted Stock with 28,500 Units vesting on December 30, 2013 and 28,500 Units vesting on May 15, 2014. Ms. Yu was granted 2,400 Units of Restricted Stock which vested on December 30, 2013. The grant date fair value of $10.50 was calculated using the weighted average price at which the Units have 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 primary purpose of such grants was to retain and incentivize such Named Executive Officers.

(3) Number represents original cash amount of STIP award approved for grant to such Named Executive for his or her performance during the financial year ended December 31, 2014. However, each of Mr. O'Neill, Mr. Lalani and Ms. Yu were given the option by the Board to receive their STIP awards earned in 2014: (i) in cash; or (ii) in that number of Units of Restricted Stock representing 125% of the cash amount of their STIP award. Each of Mr. O'Neill, Mr. Lalani and Ms. Yu elected to receive their STIP awards for their performance during the financial year ended December 31, 2014 in the form of Units of Restricted Stock. See "*Executive Compensation – Recent Grants of Awards – STIP Grants*" above for further details.

(4) Lodging and Leisure Investment Advisors, LLC (a company wholly owned by Mr. Miller) entered into the Miller Services Agreement (as defined below) with the REIT for a minimum term of 12 months and for a monthly retainer of US$12,500. The amounts shown represent the amounts paid as a retainer during the fiscal year ended December 31, 2014 converted into Canadian Dollars using the U.S. Dollar to Canadian Dollar noon exchange rate of 1.1601 posted by the Bank of Canada for December 31, 2014. See "*Management Contracts*", below for the particulars of the Miller Services Agreement.

(5) The amounts shown represent the amounts paid as a retainer from April 17, 2013 to December 31, 2013 converted into Canadian Dollars using the U.S. Dollar to Canadian Dollar noon exchange rate of 1.0636 posted by the Bank of Canada for December 31, 2013.

(6) Pursuant to the terms of the Miller Services Agreement, a success fee is payable upon the closing of a transaction based on a percentage of the transaction value. The amounts shown represent the amounts paid as success fees during the fiscal year ended December 31, 2014 converted into Canadian Dollars using the U.S. Dollar to Canadian Dollar noon exchange rate of 1.1601 posted by the Bank of Canada for December 31, 2014.

(7) The amounts shown represent the amounts paid as success fees from April 17, 2013 to December 31, 2013 converted into Canadian Dollars using the U.S. Dollar to Canadian Dollar noon exchange rate of 1.0636 posted by the Bank of Canada for December 31, 2013.

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, 2014 for the Named Executive Officers:

	Option-based awards				Unit-based awards		
Name and principal position	**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 ($)**	**Market or payout value of vested Unit-based awards not paid out or distributed ($)**
Robert F. O'Neill Chief Executive Officer and Director	—	—	—	—	15,000	159,750[(1)]	—
Azim Lalani Chief Financial Officer[(2)]	—	—	—	—	—	—	—
Robert Hibberd Executive Vice President[(2)]	—	—	—	—	—	—	—
Anne Yu Director of Finance	—	—	—	—	—	—	—
Dan Miller Chief Investment Officer of US REIT	—	—	—	—	—	—	—

(1) The market values of Unit-based awards that did not vest during 2014 were calculated by multiplying the number of Unit-based awards that did not vest by the closing price of the Units on the TSX of $10.65 as at May 7, 2015.

(2) Mr. Hibberd ceased to be the Chief Financial Officer of the General Partner upon his appointment as the Executive Vice President of the General Partner and the appointment of Mr. Lalani as the new Chief Financial Officer of the General Partner, in each case, effective April 21, 2014.

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 2014 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 ($)
Robert F. O'Neill Chief Executive Officer and Director	—	151,500[(1)]	113,750[(2)]
Azim Lalani Chief Financial Officer[(3)]	—	—	43,333[(2)]
Robert Hibberd Executive Vice President[(3)]	—	304,380[(4)]	140,000
Anne Yu Director of Finance	—	—	30,000[(2)]
Dan Miller Chief Investment Officer of US REIT	—	—	—

(1) The market value of the Unit-based awards that vested during 2014 were calculated by multiplying the number of Unit-based awards that vested on December 30, 2014 by the closing price of the Units on the TSX of $10.10 as at December 30, 2014.

(2) Number represents original cash amount of STIP award approved for grant to such Named Executive for his or her performance during the financial year ended December 31, 2014. However, each of Mr. O'Neill, Mr. Lalani and Ms. Yu were given the option by the Board to receive their STIP awards earned in 2014: (i) in cash; or (ii) in that number of Units of Restricted Stock representing 125% of the cash amount of their STIP award. Each of Mr. O'Neill, Mr. Lalani and Ms. Yu elected to receive their STIP awards for their performance during the financial year ended December 31, 2014 in the form of Units of Restricted Stock. See "*Executive Compensation – Recent Grants of Awards – STIP Grants*" above for further details.

(3) Mr. Hibberd ceased to be the Chief Financial Officer of the General Partner upon his appointment as the Executive Vice President of the General Partner and the appointment of Mr. Lalani as the new Chief Financial Officer of the General Partner, in each case, effective April 21, 2014.

(4) The market value of the Unit-based awards that vested during 2014 were calculated by multiplying the number of Unit-based awards that vested on May 15, 2014 by the closing price of the Units on the TSX of $10.68 as at May 15, 2014.

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, 2014:

Plan Category	Number of Units to be issued upon exercise of outstanding Unit options, warrants and rights (a)	Weighted-average exercise price of outstanding Unit options, warrants and rights (b)	Number of Units remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plan approved by Unitholders	—	—	2,418,556[(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, 2014 was 24,335,563.

(2) The number of Units remaining available for future issuance under the SBC Plan, as at December 31, 2014, was calculated as the difference of (X) 10% of the number of Units issued and outstanding as at December 31, 2014 (2,433,556), less (Y) the aggregate number of Units (15,000 Units) underlying the Restricted Stock awards (15,000) that were granted to Mr. Robert F. O'Neill on December 30, 2013 that had not vested as at December 31, 2014.

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; and
- approval of business acquisitions as they arise, followed by rigorous review of the acquisition process including management's undertaking of due diligence.

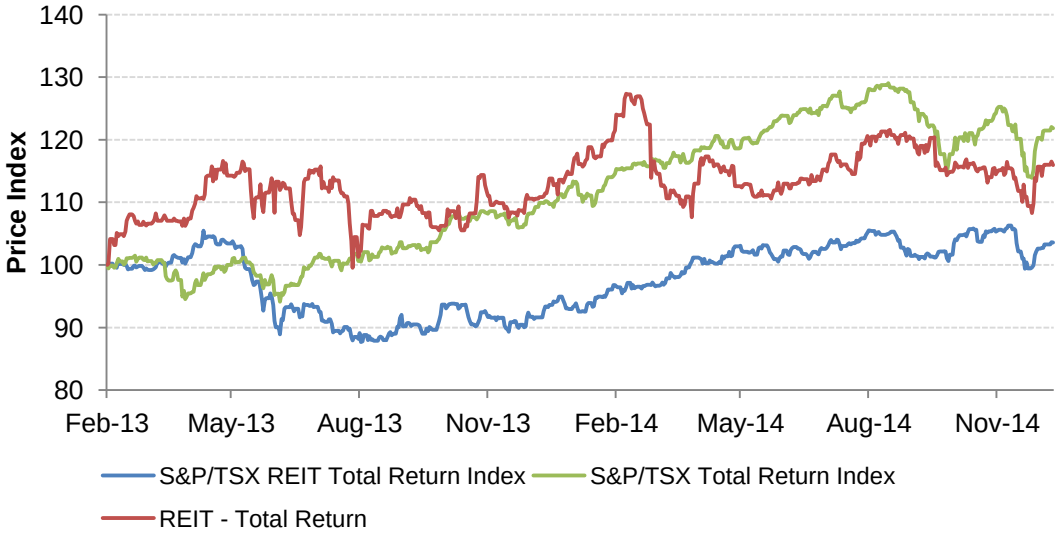
The Board of Directors' oversight helps to ensure proper monitoring of the level of risk-taking by management. This allows the Board to be responsive to management's potential bias towards achieving short-term goals at the expense of long-term sustainability and Unitholders' value. Furthermore, the Compensation 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

Other than as set out under the heading "*Executive Compensation – Elements of Compensation – Long-Term Incentive Plan*", the REIT has not placed a restriction on the purchase by the Named Executive Officers or Directors of financial instruments (including prepaid variable forward contracts, equity swaps, collars or units of exchange funds) that are designed to hedge or offset a decrease in the market value of equity securities granted as compensation or held, directly or indirectly, by the Named Executive Officers or Directors.

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 the REIT's initial public offering on February 20, 2013, until December 31, 2014. During the period, the total cumulative Unitholder return for $100 invested in Units was $115 as compared to $122 for the S&P/TSX Composite Index and $103 for the S&P/TSX REIT Index.



Other than with respect to a portion of Awards granted to the Chief Executive Officer and Chief Financial Officer under the LTIP (see "*Executive Compensation – Elements of Compensation – Long-Term Incentive Plan*"), compensation of the REIT's Named Executive Officers is not currently based on the market price of Units or the total return to Unitholders.

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

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 in 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 in 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.

A formal employment agreement is in place between the General Partner and Mr. Robert F. 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 the General Partner which apply during the term of employment and will continue for a specified period of time after termination.

During the term of the employment agreement, the General Partner 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 24 months. Total remuneration means the total salary payable to Mr. O'Neill plus any additional amounts he is entitled to in accordance with any money owing under 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 approximate termination amount for Mr. O'Neill is $826,000.

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 the General Partner with at least 90 days' prior written notice. The General Partner 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 in 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 30 months rather than 24 months. The employment agreement defines a "change in 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.

A formal employment agreement is in place between the General Partner 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 the General Partner which apply during the term of employment and will continue for a specified period of time after termination.

During the term of the employment agreement, the General Partner 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 the General Partner 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 any money owing under 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 approximate termination amount for Mr. Lalani is $312,000.

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 the General Partner with at least 30 days' prior written notice. The General Partner 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 in 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 the General Partner under his employment agreement up to a maximum of 18 months. The employment agreement defines a "change in 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.

Mr. Robert Hibberd is retained to provide services to the General Partner, in his role as Executive Vice President, on a monthly basis. No formal consulting services or employment agreement has yet been entered into between the General Partner and Mr. Hibberd. However, Mr Hibberd's current arrangements with the General Partner provide no termination or change of control benefits, and the General Partner may terminate its arrangements with Mr. Hibberd without penalty upon written notice to Mr. Hibberd.

No formal employment agreement has yet been entered into between the General Partner and Ms. Anne Yu.

Mr. Dan Miller is retained by the REIT's direct subsidiary US REIT on an annual basis pursuant to the terms of the Miller Services Agreement. The Miller Services Agreement provides no termination or change of control benefits to Mr. Miller, and US REIT may terminate the Miller Services Agreement without penalty upon 90 days prior written notice to Mr. Miller. See "*Management Contracts*", below for the particulars of the Miller Services Agreement.

Compensation of Directors

During 2014, the annual compensation for each Director was $25,000 plus $1,000 for each Board or committee meeting attended. The Chair of the Board of Directors also received additional annual compensation of $15,000 while the Chair of the Audit Committee, Chair of the Compensation Committee and the Chair of the Nominating and Governance Committee each received additional annual compensation of $5,000.

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.

Director Compensation Table

The following table summarizes the compensation of the Directors for the year ended December 31, 2014:

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			
Peter Armstrong	52,000	—	—	—	—	—	—	52,000
Robert F. O'Neill[(1)]	—	—	—	—	—	—	—	—
Stephen J. Evans	33,000	—	—	—	—	—	—	33,000
Kevin Grayston	43,000	—	—	—	—	—	—	43,000
Tamara L. Lawson	37,000	—	—	—	—	—	—	37,000
W. Michael Murphy	40,000	—	—	—	—	—	—	40,000
Robert Pratt	34,000	—	—	—	—	—	—	34,000

(1) Mr. O'Neill does not receive any compensation in his capacity as a director of the General Partner of the REIT; he is solely compensated in his capacity as the Chief Executive Officer of the General Partner.

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 and its direct and indirect subsidiaries had no indebtedness to the REIT or the General Partner or their subsidiaries as at May 8, 2015.

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, 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 or the General Partner 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 or the General Partner or any of their subsidiaries.

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, 2014, 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, 2014 or in any proposed transaction which has materially affected or would materially affect the REIT or the General Partner.

Master Hotel Management Agreement and Hotel Management Agreements

The properties acquired indirectly by the REIT on February 20, 2013 are externally managed by TR Lodging Enterprises Inc. (the "**IPO Hotel Manager**"), a wholly owned subsidiary of Tower Rock Hotels & Resorts Inc. (the "**Master Hotel Manager**"), pursuant to a Hotel Management Agreement (the "**IPO Hotel Management Agreement**") between the IPO Hotel Manager and Lodging Enterprises, LLC (an indirect subsidiary of the REIT) and a Master Hotel Management Agreement between the Master Hotel Manager and the REIT, both agreements being dated February 20, 2013. All properties acquired indirectly by the REIT since February 20, 2013 are managed by a subsidiary of the Master Hotel Manager pursuant to separate hotel management agreements all of which are in substantially the form of the form of hotel management agreement (the "**Form of Hotel Management Agreement**") attached as Annex A to the Master Hotel Management Agreement (the "**Additional Hotel Management Agreements**").

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, reservation systems, human resource management, purchasing/bulk buying programs, 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 Master Hotel Manager is a wholly owned subsidiary of O'Neill Hotels & Resorts Ltd., an entity in which Mr. Robert F. O'Neill (Chief Executive Officer and a Director of the General Partner) has a material ownership interest. Accordingly, Mr. O'Neill has an interest in the Master Hotel Management Agreement, the IPO Hotel Management Agreement and the Additional Hotel Management Agreements.

The REIT recorded the following aggregate fees charged by the Master Hotel Manager and its subsidiaries in corporate and administrative expenses for the years ended December 31, 2014:

(US$000s)	**Twelve months ended December 31, 2014**
Management fees	US$ 3,246
Administration fees	813
	US$ 4,059

For the year ended December 31, 2014, capital management fees of approximately US$400,000 were capitalized to property, buildings and equipment.

The Master Hotel Manager's head office and address for service is located at Suite 1690, 401 West Georgia Street, Vancouver, British Columbia V6B 5A1. The IPO Hotel Manager's head office and address for service is located at Suite 180, 8080 East Central Avenue, Wichita, Kansas 67206.

Copies of the Master Hotel Management Agreement (including the Form of Hotel Management Agreement) and the IPO Hotel Management Agreement are available on SEDAR at www.sedar.com, and the material terms thereof are summarized in the Annual Information Form of the REIT dated March 27, 2015 (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 Sunstone O'Neill Hotel Management, the REIT directly or indirectly enters into development agreements with the Developer for the development of properties from time to time, so as to reduce the risk of hotel development for the REIT, while ensuring that the overall portfolio of the REIT continues to grow as opportunities arise, based on market demand. There are no fees 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 (Chief Executive Officer and a Director of the General Partner) and Mr. Stephen J. Evans (a Director of the General Partner) along with two other individuals. Accordingly, Mr. O'Neill and Mr. Evans have a material interest in the Master Development Agreement.

Since the commencement of the REIT's most recently completed financial year, the REIT has acquired four Oak Tree Inns from the Developer, which were paid for as follows:

(US$000s)	Santa Teresa, New Mexico	Glendive, Montana	Brunswick, Maryland	Wellington, Kansas	Total
Property and equipment	US$ 5,156	US$ 4,951	US$ 2,827	US$7,410	US$ 20,344
Financed by:					
Cash	US$ 382	US$ 804	US$ 2,397	US$1,435	US$ 5,018
Holdback from the Developer	-	-	50	-	50
Mezzanine loan receivable	539	612	380	650	2,181
New Oak Tree Inn Hotel Loan	3,235	3,135	-	4,725	11,095
Issuance of the REIT's Units	1,000	400	-	600	2,000
	US$ 5,156	US$ 4,951	US$ 2,827	US$7,410	US$ 20,344

The purchase price of each of these Oak Tree Inns was calculated in accordance with the terms of the Master Development Agreement based on 95% of the fair market value of the property as determined by an independent appraisal.

The Developer's head office and address for service is located at Suite 1690, 401 West Georgia Street, Vancouver, British Columbia V6B 5A1.

A copy of the Master Development Agreement is available on SEDAR at www.sedar.com, and the material terms thereof are summarized in the Annual Information Form, a copy of which is also available on SEDAR at www.sedar.com.

Financial Advisory Services

Mr. W. Michael Murphy (a director of the General Partner) is the Head of Lodging and Leisure Capital of First Fidelity Mortgage Corporation which provides financial advisory services to certain of the REIT's subsidiaries on a non-exclusive basis in connection with arranging senior secured debt financing secured by such subsidiaries, from time to time, for the purposes of completing hotel acquisitions. Fees paid by the REIT's subsidiaries to First Fidelity Mortgage Corporation range from 100 basis points to 50 basis points (on a declining basis) of the principal value of the senior secured debt financing placed.

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.

MANAGEMENT CONTRACTS

Mr. Dan Miller is retained by US REIT on an annual basis pursuant to the terms of a services agreement dated April 17, 2013, between the REIT and Lodging and Leisure Investment Advisors, LLC, a company controlled by Mr. Miller, as amended pursuant to an amending agreement dated November 15, 2013, in order to cause US REIT to replace the REIT as a party to the agreement, and as extended pursuant to a services agreement first extension agreement dated April 17, 2014 (collectively, the "**Miller Services Agreement**"). Pursuant to the terms of the Miller Services Agreement, Mr. Miller assists the REIT, including its subsidiaries, in sourcing, reviewing, underwriting and in conducting due diligence, market analysis and negotiations for prospective hotel acquisitions.

Lodging and Leisure Investment Advisors, LLC is a Texas limited liability company and has a business address of 16135 Preston Road, Suite 119 Dallas, Texas 75248 USA. Mr. Miller resides in Texas.

Under the terms of the Miller Services Agreement, Mr. Miller is paid a monthly retainer of US$12,500 and is paid a success fee upon the closing of hotel acquisitions completed by the REIT and its direct and indirect subsidiaries based on a percentage of the transaction value. The amounts paid to Mr. Miller under the Miller Services Agreement for the most recently completed financial year of the REIT are included in the table under "*Executive Compensation – Summary Compensation Table*", above.

Mr. Miller and Lodging and Leisure Investment Advisors, LLC have no indebtedness to the REIT, the General Partner or any of their subsidiaries and have not entered into any transaction or arrangement with the REIT, the General Partner or any of their subsidiaries, other than the Miller Services Agreement, at any time since the start of the REIT's most recently completed financial year.

PARTICULARS OF OTHER MATTERS TO BE ACTED UPON

Approval of Advance Notice Policy

Overview

Subject to receiving requisite Unitholder approval, the Directors intend to amend 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**").

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 will allow the General Partner to receive adequate prior notice of Director nominations, as well as sufficient information on the nominees. The General Partner will thus be able to evaluate the proposed nominees' qualifications and suitability as Directors and communicate its views to Unitholders in a timely way. It will also facilitate an orderly and efficient meeting process. Accordingly, the General Partner is proposing to amend the LP Agreement (the "**LP Agreement Amendment**") to facilitate the implementation of the Advance Notice Policy.

Details of LP Agreement Amendment

It is proposed that, pursuant to the LP Agreement Amendment, Section 1.1 of the LP Agreement be amended by adding the following definitions:

"**Applicable Securities Laws**" means the applicable securities legislation of each relevant province and territory of Canada, as amended from time to time, the rules, regulations and forms made or promulgated under any such statute and the published national instruments, multilateral instruments, policies, bulletins and notices of the securities commission and similar regulatory authority of each province and territory of Canada;

"**Nominating Limited Partner**" has the meaning set forth in Section 11.18.1;

"**Notice Date**" has the meaning set forth in Section 11.18.1;

"**public announcement**" shall mean disclosure in a news release reported by a national news service in Canada, or in a document publicly filed by the Partnership under its profile on the System of Electronic Document Analysis and Retrieval at www.sedar.com.

It is proposed that, pursuant to the LP Agreement Amendment, Section 11.18 be deleted in its entirety and replaced by with the following Sections 11.18.1 and 11.18.2:

"11.18.1 **Nomination of Directors**

(a) Only persons who are nominated in accordance with the following procedures shall be eligible for election as directors of the Partnership GP. Nominations of persons for election to the Board of Directors may be made at any annual meeting of Limited Partners (and any special meeting of the Limited Partners at which directors of the Partnership GP are to be elected). Such nominations may be made in the following manner:

(i) by or at the direction of the Board of Directors, including pursuant to a notice of meeting;

(ii) by or at the direction or request of one or more Limited Partners pursuant to Section 11.1(b);

(iii) by the Sponsor in accordance with the Nomination Agreement; or

(iv) by any Person (a "**Nominating Limited Partner**"):

(1) who, at the close of business on the date of the giving of the notice provided for below in this Section 11.18.1 and on the record date for notice of such meeting, is entered in the Register as a holder of one or Units carrying the right to vote at such

meeting or who beneficially owns Units that are entitled to be voted at such meeting; and

(2) who complies with the notice procedures set forth below in this Section 11.18.1.

(b) In addition to any other applicable requirements, for a nomination to be made by a Nominating Limited Partner, the Nominating Limited Partner must have given timely notice thereof to the Partnership GP in proper written form in accordance with Section 12.1.

(c) To be timely, a Nominating Limited Partner's notice to the Partnership GP must be made:

(i) in the case of an annual meeting of Limited Partners, not less than 30 days prior to the date of the annual meeting of Limited Partners; provided, however, that in the event that the annual meeting of Limited Partners that is to be held on a date that is less than 50 days after the date on which the first public announcement (the "**Notice Date**") of the date of the annual meeting was made, notice by the Nominating Limited Partner may be made not later than the close of business on the 10th day following the Notice Date; and

(ii) in the case of a special meeting (which is not also an annual meeting) of Limited Partners called for the purpose of electing directors (whether or not called for other purposes), not 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 of Limited Partners was made.

In no event shall any adjournment or postponement of a meeting of Limited Partners or the announcement thereof commence a new time period for the giving of a Nominating Limited Partner's notice as described above.

(d) To be in proper form, a Nominating Limited Partner's notice to the Partnership GP must set forth:

(i) as to each person whom the Nominating Limited Partner proposes to nominate for election as a director: (1) the name, age, business address and residential address of the person; (2) the principal occupation or employment of the person, both present and within the five years preceding the notice; (3) the citizenship of the person; (4) the class or series and number of Units and other securities of the Partnership which are controlled or which are owned beneficially or of record by the person as of the record date for the meeting of Limited Partners (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice; and (5) any other information relating to the person that would be required to be disclosed in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to Applicable Securities Laws;

(ii) as to the Nominating Limited Partner giving the notice, any proxy, contract, arrangement, understanding or relationship pursuant to which such Nominating Limited Partner has a right to vote any Units and any other information relating to such Nominating Limited Partner that would be required to be made in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to Applicable Securities Laws; and

(iii) a written consent duly signed by each proposed director nominee to being named as a nominee for election to the Board of Directors and to serve as a director the Partnership GP, if elected.

(e) The Partnership GP may require any proposed director nominee to furnish such other information as may reasonably be required by the Partnership GP to determine the eligibility of such proposed director nominee to serve as an independent director of the Partnership GP or that would reasonably be expected to be material to a reasonable Limited Partner's understanding of the independent and/or qualifications, or lack thereof, of such proposed director nominee.

(f) No person shall be eligible for election as a director of the Partnership GP unless nominated in accordance with the provisions of this Section 11.18.1; provided, however, that nothing in this Section 11.18.1 shall be deemed to preclude discussion by a Limited Partner (as distinct from the nomination of directors) at a meeting of Limited Partners of any matter in respect of which it would have been entitled to submit a proposal in accordance with this Agreement. The chairperson of the meeting shall have the power and duty to determine whether a nomination was made in accordance with the procedures set forth in this Section 11.18.1 and, if any proposed nomination is determined by the chairperson not to be in compliance with this Section 11.18.1, to declare that such defective nomination shall be disregarded.

(g) Notwithstanding any provisions in this Section 11.18.1 to the contrary, in the event that the number of directors to be elected at an annual meeting of Limited Partners (or any special meeting of the Limited Partners at which directors of the Partnership GP are to be elected) is increased effective after the time period for which the Nominating Limited Partner's notice would otherwise be due under this Section 11.18.1, a notice with respect to nominees for the additional directorships required by this Section 11.18.1 shall be considered timely if it shall be given not later than the close of business on the 10th day following the day on which the first public announcement of such increase was made by the Partnership.

(h) Notwithstanding the foregoing provisions in this Section 11.18.1, the Board of Directors may, in its sole discretion, waive any requirement in this Section 11.18.1.

11.18.2 **Voting Rights in Respect of the Election of Directors of the Partnership GP**

Subject to Section 11.21 and the terms and conditions of the Voting Trust Agreement, the Limited Partners shall have the right to direct the Trustee with respect to the election of directors to the Board of Directors at annual meetings of the Limited Partners held in accordance with Section 11.1 (and any special meeting of the Limited Partners at which directors of the Partnership GP are to be elected). At each such meeting of the Limited Partners, the Limited Partners shall vote together as a single class for the persons to serve on the Board of Directors who are nominated in accordance with Section 11.18.1 (the "**Election of Directors LP Determination**"). Pursuant to the terms of the Voting Trust Agreement, the Trustee, as directed in writing by the Partnership GP, shall vote the common shares of the Partnership GP deposited with the Trustee in accordance with the Election of Directors LP Determination.

The Directors have unanimously approved, subject to Unitholder approval, the LP Agreement Amendment. Accordingly, at the Meeting, Unitholders will be asked to review and, if deemed appropriate, to adopt the special resolution of the Unitholders reproduced below to approve the LP Agreement Amendment. To be adopted, this resolution must be approved by two thirds of votes cast by Unitholders present in person or by proxy at the meeting.

BE IT RESOLVED, AS A SPECIAL RESOLUTION, THAT:

1. The amendment (the "**LP Agreement Amendment**") to the amended and restated limited partnership agreement of American Hotel Income Properties REIT LP (the "**REIT**") dated February 20, 2013, substantially as described in the management information circular of the REIT dated May 8, 2015, be and is hereby approved and any director or officer of American Hotel Income Properties REIT (GP) Inc. (the "**General Partner**") be and is hereby authorized to execute and deliver the LP Agreement Amendment with any and all such other additions, omissions and amendments thereto which such director or officer deems necessary to reflect the purposes of the LP Agreement Amendment and which are non-substantive or clerical in nature, such approval to be evidenced by their signing of the LP Agreement Amendment;

2. Notwithstanding that this resolution has been duly passed by the unitholders (the "**Unitholders**") of the REIT, the directors of the General Partner be and are hereby authorized and empowered, without further notice to, or approval of, the Unitholders, to:

   (a) decide on the timing of implementation all or any part of the LP Agreement Amendment; or

(b) decide not to proceed with all or any part of the LP Agreement Amendment and revoke the whole or part of these resolutions before they are acted on; and

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.

The Directors recommend that the Unitholders vote FOR the approval of the LP Agreement Amendment.

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 this resolution and the approval of the LP Agreement Amendment.

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, 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, for its most recently completed financial year 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 1660, 401 West Georgia Street, Vancouver, British Columbia V6B 5A1. 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 8th day of May, 2015.

BY ORDER OF THE DIRECTORS

(signed) Robert F. O'Neill
Director

SCHEDULE A

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

The directors are responsible for the governance of American Hotel Income Properties REIT LP (the "**REIT**"). Six of the seven directors of the general partner, American Hotel Income Properties REIT (GP) Inc. (the "**General Partner**") are "independent" as defined under *National Instrument 58-101 – Disclosure of Corporate Governance Practices*. The directors have established an audit, finance and risk committee ("**Audit Committee**"), a nominating and governance committee ("**Governance Committee**") and a compensation committee (the "**Compensation 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
1. Directors/Board	
(a) Disclose the identity of directors who are independent.	Peter Armstrong, Stephen J. Evans, Kevin Grayston, Tamara L. Lawson, W. Michael Murphy and Robert Pratt are independent directors.
(b) Disclose the identity of directors who are not independent, and describe the basis for that determination.	The Board has determined that Mr. Robert F. O'Neill is not an independent director as he is Chief Executive Officer ("**CEO**") of the General Partner. Mr. O'Neill cannot be considered to be "independent" as that term is defined under *National Instrument 58-101 – Disclosure of Corporate Governance Practices*.
(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.	A majority of the directors are independent.
(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.	None of the directors is presently a director of another reporting issuer except as follows: • Mr. Evans is a director of WesternOne Inc. and SRAI Capital Corp. Mr. Evans is also a director of the general partners of each of Sunstone Opportunity Fund (2005) Limited Partnership, Sunstone Opportunity Fund (2006) Limited Partnership, Sunstone Opportunity Fund (2008) Limited Partnership, Sunstone U.S. (2008) LP, Sunstone U.S. (No. 2) LP, Sunstone U.S. (No. 3) LP and Sunstone U.S. (No. 4) LP. Mr. Evans is a Director of Sunstone Investment Management Inc., in its capacity as Manager of Morguard Sunstone Real Estate Income Fund. Mr. Evans is a trustee of Pure Industrial Real Estate Trust. Mr. Evans is a director of the governing general partner of PURE Multi-Family REIT LP.

CORPORATE GOVERNANCE DISCLOSURE REQUIREMENT	OUR CORPORATE GOVERNANCE PRACTICES
	• Mr. Grayston is a trustee of Northern Property REIT, and a past independent director at NorSerCo Inc. which traded on a stapled basis with Northern Property REIT. • Mr. Murphy is a director of Ashford Hospitality Prime, Inc., a NYSE-listed hotel real estate investment trust.
(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.	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.
(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.	Peter Armstrong is the chair of the Board and lead independent director. The chair of the Board is responsible for providing leadership to the Board, coordinating with 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. The role and responsibilities for the chair of the Board and the lead independent director are set forth in written position descriptions, supplemented from time to time.
(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.	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. <u>Meetings of the Board</u>: Peter Armstrong 8/9 Robert F. O'Neill 9/9 Stephen J. Evans 8/9 Kevin Grayston 9/9 Tamara L. Lawson 8/9 W. Michael Murphy 9/9 Robert Pratt 9/9

CORPORATE GOVERNANCE DISCLOSURE REQUIREMENT	OUR CORPORATE GOVERNANCE PRACTICES
	Meetings of the Audit Committee: Peter Armstrong 4/4 Kevin Grayston 4/4 Tamara L. Lawson 4/4 Meetings of the Compensation Committee: Stephen J. Evans 2/2 Kevin Grayston 2/2 W. Michael Murphy 2/2 Robert Pratt 2/2 Meetings of the Governance Committee: Peter Armstrong 1/1 Tamara L. Lawson 1/1 W. Michael Murphy 1/1 Robert Pratt 1/1
2. Board Mandate 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.	The text of the mandate of the directors (called "**Terms of Reference for the Directors of American Hotel Income Properties REIT (GP) Inc.**") is attached as Schedule B to the information circular of the REIT dated May 8, 2015.
3. Position Descriptions (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.	The Board has developed written position descriptions for the chair of the Board, and the mandate for each committee of the Board contains written position descriptions for the chair of each committee.
(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.	The Board and the CEO have developed a written position description for the CEO.
4. Orientation and Continuing Education (a) Briefly describe what measures the Board takes to orient new directors regarding	
(i) the role of the Board, its committees and its directors; and	The Board has adopted a Board Information Manual which contains, among other things, the mandates 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.

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(ii) the nature and operation of the issuer's business.	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.
(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.	The Governance Committee is responsible for coordinating continuing director development programs to enable the directors to maintain or enhance their skills and abilities as directors as well as ensuring their knowledge and understanding of the REIT and its business remains current. Directors are also encouraged to participate in seminars and other continuing education programs for directors. The auditors may periodically review at meetings of the Audit Committee the emerging standards for corporate governance, and the Board meets with independent counsel to the REIT to review the governance practices of the directors and the obligations of the Board.
5. Ethical Business Conduct (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:	The REIT has adopted a written code of corporate ethics and behaviour (the "**Code**") for its directors, officers and senior employees.
(i) disclose how a person or company may obtain a copy of the code;	The Code is available on SEDAR at www.sedar.com.
(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	A copy of the Code is provided to each of the directors, officers and senior employees of the General Partner, 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 or senior employee.
(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.	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.
(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.	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

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	excuse himself or herself from the portion of any meeting at which such transaction of agreement is discussed.
(c) Describe any other steps the Board takes to encourage and promote a culture of ethical business conduct.	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.
6. Nomination of Directors	
(a) Describe the process by which the Board identifies new candidates for Board nomination.	The Governance Committee is mandated to identify new candidates for Board nomination. In making its recommendations, the Governance Committee considers the competencies and skills that the Board should possess as a group. Should the need arise to consider new candidates for Board nomination, the Governance Committee may consider criteria that include, but are not limited to, age, geographical representation, diversity (including gender diversity), disciplines, and other factors that the Governance Committee views appropriate.
(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.	The Governance Committee, which has the mandate of a nominating committee, is composed entirely of independent directors.
(c) If the Board has a nominating committee, describe the responsibilities, powers and operation of the nominating committee.	Under its terms of reference, the Governance Committee has the responsibility and power to review and make recommendations to the Board respecting compensation policies of the directors, administer and make recommendations respecting the overall approach for the REIT and its subsidiaries to corporate governance issues. In addition, the Governance Committee fills vacancies among the directors and periodically reviews the effectiveness of the directors as a whole and individually and oversees compliance with the Code.
7. Compensation	
(a) Describe the process by which the Board determines the compensation for the issuer's directors and officers.	The Board determines the compensation for the directors with reference to market rates for such services. The terms of reference of the Governance Committee includes 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

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	based compensation for similar based positions. For further details, see "*Executive Compensation – Setting Executive Compensation*" in the information circular of the REIT dated May 8, 2015.
(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.	The Compensation Committee is composed entirely of independent directors.
(c) If the Board has a compensation committee, describe the responsibilities, powers and operation of the compensation committee.	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. For further details, see "*Executive Compensation – Setting Executive Compensation*" in the information circular of the REIT dated May 8, 2015.
8. Other Board Committees If the Board has standing committees other than the audit, compensation and nominating committees, identify the committees and describe their function.	The Board has no other committees.
9. Assessments 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.	The 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. No review of the performance of individual directors, the Board as a whole and the individual committees occurred during the most recently completed financial year. The Audit Committee underwent an assessment after the completion of the financial year of the REIT ended December 31, 2014.
10. Term Limits 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.	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 Governance Committee is responsible for assessing the effectiveness of the Board and board renewal is one of the factors the Governance Committee utilizes in its evaluation.

CORPORATE GOVERNANCE DISCLOSURE REQUIREMENT	OUR CORPORATE GOVERNANCE PRACTICES
11. Policies Regarding the Representation of Women on the Board 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.	The General Partner has not adopted a formal written policy for the identification and nomination of women directors. The Governance Committee is required to annually develop and update a long term plan for the composition of the Board and one of the factors that it considers is diversity, including gender diversity. Other factors that the Governance Committee takes into consideration are the current strengths, skills and experience on the Board, any planned retirement dates and the strategic direction of the REIT. Accordingly, the Board does not believe a written policy relating solely to the identification of directors based upon gender is necessary.
12. Consideration of the Representation of Women in the Director Identification and Selection Process Disclose whether and, if so, how the Board or 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.	The 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. The other factors that the Governance Committee considers are: 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 tasks; and, the understanding by the proposed nominee of the nature of the business and operations of the REIT.
13. Consideration Given to the Representation of Women in Executive Officer Appointments 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.	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.

CORPORATE GOVERNANCE DISCLOSURE REQUIREMENT	OUR CORPORATE GOVERNANCE PRACTICES
14. The REIT's Targets Regarding the Representation of Women on the Board and in Executive Officer Positions	
(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.	The General Partner has not adopted a target regarding women on the Board. Diversity, including gender diversity, is one of the factors that the Governance Committee considers in identifying and nominating candidates for election or re-election to the Board. The other factors that the Governance Committee considers are described in part 12 above. The Governance Committee believes all of these factors are relevant to ensure high functioning Board members and that establishing targets based upon only gender may disqualify desirable director candidates.
(b) Disclose whether the REIT has adopted a target regarding women in executive officer positions of the General Partner. If the REIT has not adopted a target, disclose why it has not done so.	The General Partner has not adopted a target regarding women in executive officer positions of the General Partner. Diversity, including gender diversity, is one of the factors that the General Partner considers in identifying executive officers. The other factors that the General Partner considers are described in part 13 above. The General Partner believes all of these factors are relevant to ensure appropriate executive officers and that establishing targets based upon only gender may disqualify desirable executive officer candidates.
15. Number of Women on the Board and in Executive Officer Positions	
(a) Disclose the number and proportion (in percentage terms) of directors on the Board who are women.	One of the seven directors of the General Partner is a woman, representing approximately 14% of the Board.
(b) Disclose the number and proportion (in percentage terms) of executive officers of the REIT, including all major subsidiaries of the REIT, who are women.	None of the executive officers of the REIT or any of its major subsidiaries are currently women.

SCHEDULE B

TERMS OF REFERENCE FOR THE DIRECTORS OF AMERICAN HOTEL INCOME PROPERTIES REIT (GP) INC.

(the "**GP**")

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 businesses 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 *National Instrument 58-101 – Disclosure of Corporate Governance Practices*, as amended. A director is independent if he or she has no direct or indirect material relationship with the GP. 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, 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 management succession for 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, so that individuals may maintain or enhance their skills and abilities as directors, as well as to ensure their knowledge and understanding of the businesses 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 businesses 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 businesses of the REIT;

(ii) to review with management the mission of the businesses, 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; 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 and/or Chair 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 and CEO between meetings;

(ix) demonstrate a willingness and availability for one on one consultation with the Chair and CEO;

(x) evaluate the performance of the CEO and the GP; 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.

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[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 products, services 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 GP.

C. ADMINISTRATIVE GUIDELINES FOR THE BOARD OF DIRECTORS

1. The Board assumes the responsibility for the stewardship of the businesses of the REIT. While, in law, the Board is called upon to manage the businesses, this is done by proxy through the CEO who is charged with the day-to-day leadership and management of the businesses 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 businesses of the REIT must be paramount at all times.

3. Terms of reference for the Board, the Chair, 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 businesses of the REIT.

5. The Board has concluded that the appropriate size for the Board is seven 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.[2]

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 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 businesses 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 GP and the public and to act as the principal spokesperson for the GP and the direct and indirect subsidiaries of the REIT. This includes the responsibility for managing the equity and other financial market interfaces on behalf of the businesses of the REIT.

12. The Chair of the Board, with the assistance of 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 monthly resolutions in order to enable the GP to declare distributions to the unitholders of the REIT as frequently as monthly.

14. Materials will 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 whom represent future potential who 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 directors and the Board respectively, and where possible, consideration is given to having directors rotate their committee assignments.

21. Committees annually review their terms of reference and changes are recommended to the Board through the Nominating and Governance Committee for approval.

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[2] A director is independent if he or she has no direct or indirect material relationship with the GP or any of its subsidiaries. A "material relationship" is a relationship which could, in the view of the Board of Directors, be reasonably expected to interfere with the exercise of a director's independent judgment.

22. Succession and management development plans will be reviewed by the Compensation Committee and reported annually by the CEO to the Board.

23. 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.

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.

26. Attached to these Administrative Guidelines is the forward agenda for the Board.

27. These Guidelines are reviewed and approved annually by the Board.

AMERICAN HOTEL INCOME PROPERTIES REIT (GP) INC.

Board Forward Agenda

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