

PURCHASE AND SALE AGREEMENT

By and Among

SUNSTONE (NO. 3) LIMITED PARTNERSHIP,

SUNSTONE U.S. HOTEL (NO. 3) INC.,

EST 2011 OPERATIONS LLC,

SUNSTONE U.S. NO. 3H (GP) LIMITED PARTNERSHIP,

SUNSTONE HOTEL ADVISORS (DELAWARE) NO. 3H INC.,

EST 2011 GP, LLC,

SUNSTONE (NO. 4) LIMITED PARTNERSHIP,

SUNSTONE U.S. HOTEL (NO. 4) INC.,

ESD DFW SOUTH 2011 OPERATIONS LLC,

SUNSTONE U.S. NO. 4H (GP) LIMITED PARTNERSHIP,

SUNSTONE HOTEL ADVISORS (DELAWARE) NO. 4H INC.,

ESD DFW SOUTH 2011 GP, LLC,

and

AMERICAN HOTEL INCOME PROPERTIES REIT LP

Dated: May 31, 2016

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PURCHASE AND SALE AGREEMENT

THIS PURCHASE AND SALE AGREEMENT (this “Agreement”) is made as of the Effective Date by and among Sunstone (No. 3) Limited Partnership, a Nevada limited partnership (“Master LP 3”); Sunstone U.S. Hotel (No. 3) Inc., a Delaware corporation (“TRS 3”); EST 2011 Operations LLC, a Delaware limited liability company (“Tempe Operations”); Sunstone U.S. No. 3H (G.P.) Limited Partnership, a Nevada limited partnership (“No. 3H Opportunity GP”); Sunstone Hotel Advisors (Delaware) No. 3H Inc., a Delaware corporation (“REIT 3H GP”); EST 2011 GP, LLC, a Delaware limited liability company (“Tempe GP”); Sunstone (No. 4) Limited Partnership, a Nevada limited partnership (“Master LP 4”); Sunstone U.S. Hotel (No. 4) Inc., a Delaware corporation (“TRS 4”); ESD DFW South 2011 Operations LLC, a Delaware limited liability company (“Dallas Operations”); Sunstone U.S. No. 4H (G.P.) Limited Partnership, a Nevada limited partnership (“No. 4H Opportunity GP”); Sunstone Hotel Advisors (Delaware) No. 4H Inc., a Delaware corporation (“REIT 4H GP”); ESD DFW South 2011 GP, LLC, a Delaware limited liability company (“Dallas GP”); and American Hotel Income Properties REIT LP (the “Purchaser”).

RECITALS

- A. Master LP 3 owns all of the limited partnership interests of Sunstone U.S. (No. 3H) Limited Partnership, a Delaware limited partnership (“US REIT 3H”). US REIT 3H owns all of the limited partnership interests of Sunstone U.S. Opportunity (No. 3H) Limited Partnership, a Nevada limited partnership (“No. 3H Opportunity LP”). No. 3H Opportunity LP owns all of the limited partnership interests of EST 2011 Limited Partnership, a Delaware limited partnership (“Tempe LP”). Tempe LP is the fee simple owner of real property located at 4400 S. Rural Rd., Tempe, AZ 85282 and the Improvements located thereon doing business as the Embassy Suites by Hilton Phoenix – Tempe (the “Tempe Hotel”);
- B. Master LP 3 owns 99% and US REIT 3H owns 1%, respectively, of the outstanding shares in the capital of TRS 3. TRS 3 owns 100% of the member’s interest in Tempe Operations. Tempe Operations owns all of the Tangible Personal Property and Intangible Personal Property associated with the Tempe Hotel;
- C. Master LP 4 owns all of the limited partnership interests of Sunstone U.S. (No. 4H) Limited Partnership, a Delaware limited partnership (“US REIT 4H”). US REIT 4H owns all of the limited partnership interests of Sunstone U.S. Opportunity (No. 4H) Limited Partnership, a Nevada limited partnership (“No. 4H Opportunity LP”). No. 4H Opportunity LP owns all of the limited partnership interests of ESD DFW South 2011 Limited Partnership, a Delaware limited partnership (“Dallas LP”, and together with Tempe LP, the “Owners”). Dallas LP is the fee simple owner of real property located at 4650 W. Airport Fwy, Irving, TX 75062 and the Improvements located thereon doing business as the Embassy Suites by Hilton DFW Airport South (the “DFW Hotel”, and together with the Tempe Hotel, the “Hotels”); and

- D. Master LP 4 owns 99% and US REIT 4H owns 1%, respectively, of the outstanding shares in the capital of TRS 4. TRS 4 owns 100% of the member's interest in Dallas Operations. Dallas Operations owns all of the Tangible Personal Property and Intangible Personal Property associated with the Tempe Hotel;
- E. If Purchaser is satisfied with the Hotels following the Inspection Period, Purchaser would be desirous of purchasing the Hotels and the related personal property from Sellers through the structure set forth in this Agreement, and each Seller would each be desirous of selling its respective Hotel and the related personal property to Purchaser through the structure set forth in this Agreement, for the Purchase Price and upon the terms and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the foregoing Recitals, the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. DEFINITIONS; SALE AND PURCHASE; INSPECTION PERIOD

1.1 Definitions

- (a) Master LP 3, TRS 3, Tempe Operations, No. 3H Opportunity GP, REIT 3H GP and Tempe GP shall be collectively referred to as the "Tempe Sellers". Master LP 4, TRS 4, Dallas Operations, No. 4H Opportunity GP, REIT 4H GP and Dallas GP shall be collectively referred to as the "DFW Sellers". US REIT 3H, No. 3H Opportunity LP, Tempe LP, US REIT 4H, No. 4H Opportunity LP and Dallas LP shall be collectively referred to as the "Purchased Entities." The Tempe Sellers and the DFW Sellers shall be collectively referred to as the "Sellers", and together with the Purchased Entities, the "Sunstone Entities", and together with their respective Affiliates, the "Sunstone Group".
- (b) Defined terms used in this Agreement shall have the meanings given to them in Annex A hereto.

1.2 Sale and Purchase

- (a) Based on the representations and warranties contained in this Agreement and subject to the terms and conditions set forth in this Agreement:
- (i) Master LP 3 agrees to sell, convey, assign, transfer and deliver all of the limited liability company interests of a newly-formed Delaware limited liability company ("New LLC 3") to Purchaser or its designees, and Purchaser agrees to acquire (or cause its designees to acquire) all of the limited liability company interests of New LLC 3 from Master LP 3. At Closing, New LLC 3 shall own all of the limited partnership units of US REIT 3H.

- (ii) TRS 3 and Tempe Operations each agrees to sell, convey, assign, transfer and deliver all of the Tangible Personal Property and Intangible Personal Property of TRS 3 and Tempe Operations to Purchaser or its designees, and Purchaser agrees to acquire (or cause its designees to acquire) the Tangible Personal Property and Intangible Personal Property of TRS 3 and Tempe Operations.
- (iii) No. 3H Opportunity GP agrees to sell, convey, assign, transfer and deliver all of its partnership interests in No. 3H Opportunity LP to a designee of Purchaser, and Purchaser agrees to cause its designee to acquire all such partnership interests in No. 3H Opportunity LP from No. 3H Opportunity GP.
- (iv) REIT 3H GP agrees to sell, convey, assign, transfer and deliver all of its partnership interests in US REIT 3H to a designee of Purchaser, and Purchaser agrees to cause its designee to acquire all such partnership interests in US REIT 3H from REIT 3H GP.
- (v) Tempe GP agrees to sell, convey, assign, transfer and deliver all of its partnership interests in Tempe LP to a designee of Purchaser, and Purchaser agrees to cause its designee to acquire all such partnership interests in Tempe LP from Tempe GP.
- (vi) Master LP 4 agrees to sell, convey, assign, transfer and deliver all of the limited liability company interests of a newly-formed Delaware limited liability company ("New LLC 4") to Purchaser or its designees, and Purchaser agrees to acquire (or cause its designees to acquire) all of the limited liability company interests of New LLC 4 from Master LP 4. At Closing, New LLC 4 shall own all of the limited partnership units of US REIT 4H.
- (vii) TRS 4 and Dallas Operations each agrees to sell, convey, assign, transfer and deliver all of the Tangible Personal Property and Intangible Personal Property of TRS 4 and Dallas Operations to Purchaser or its designees, and Purchaser agrees to acquire (or cause its designees to acquire) the Tangible Personal Property and Intangible Personal Property of TRS 4 and Dallas Operations.
- (viii) No. 4H Opportunity GP agrees to sell, convey, assign, transfer and deliver all of its partnership interests in No. 4H Opportunity LP to a designee of Purchaser, and Purchaser agrees to cause its designee to acquire all such partnership interests in No. 4H Opportunity LP from No. 4H Opportunity GP.
- (ix) REIT 4H GP agrees to sell, convey, assign, transfer and deliver all of its partnership interests in US REIT 4H to a designee of

Purchaser, and Purchaser agrees to cause its designee to acquire all such partnership interests in US REIT 4H from REIT 3H GP.

- (x) Dallas GP agrees to sell, convey, assign, transfer and deliver all of its partnership interests in Dallas LP to a designee of Purchaser, and Purchaser agrees to cause its designee to acquire all such partnership interests in Dallas LP from Dallas GP.
- (b) Sellers and Purchaser hereby acknowledge their intention to effect the transactions set forth in this Agreement in accordance with the steps set forth in the KPMG memorandum and steps plan set forth in Exhibit “C” (as it may be updated prior to the Closing Date). Notwithstanding the foregoing (including without limitation the provisions of Section 1.2(a)), Purchaser shall have the right, at any time prior to the Closing Date upon reasonable written notice to the Sellers, to purchase the Property (including without limitation the Real Property and the Tangible Personal Property) by means of an asset purchase transaction, provided that in such case, there shall be no Equity Consideration at Closing. If Purchaser delivers a notice of such election to Sellers, (i) Purchaser shall be deemed hereunder to be under an obligation to purchase the Property on the terms set forth in this Agreement (including without limitation the payment of consideration at Closing as contemplated by Section 2.2 of this Agreement, but with the portion of Equity Consideration payable in immediately available funds instead of AHIP Units), *mutatis mutandis*, but shall not be under any other obligation to purchase any of the shares, limited partnership units, limited liability company interests or other interests of the Sunstone Entities at Closing, and (ii) the parties shall enter into an amendment to this Agreement to give effect to such election, including without limitation provisions for the delivery of closing documents customary for an asset purchase transaction.
- (c) Liabilities of the Sunstone Entities relating to or arising from any period prior to Closing shall be Excluded Liabilities and shall remain the sole responsibility of, and shall be paid, performed and discharged by, Sellers, or reimbursed by Sellers to Purchaser, whether arising before or after the Closing Date. “Excluded Liabilities” shall include, without limitation, the following:
 - (i) any Liability relating to the operation of the Hotels prior to the Cut-Off Time, including without limitation any fees or interest payable to the Franchisor or the Management Company;
 - (ii) any Liability under any Hotel Contract that exists as of the Closing Date or that arises after the Closing Date but that, in each case, arises out of or relates to any breach of, or failure to perform or comply with, any covenant or obligation in such Hotel Contract before the Closing Date, or any event which with the passing of

time or the giving of notice, or both, would constitute such a breach of or failure under the terms of such Hotel Contract;

- (iii) any Liability for Taxes arising out of any operation of the Business or ownership of the Hotels prior to the Closing Date;
- (iv) any Liability pursuant to any Environmental Protection Laws arising out of the operation of the Business prior to the Closing Date;
- (v) any (A) Liability under any Employee Benefit Plans or (B) other Hotel Employee-related Liabilities arising out of, or relating to, any period prior to the Closing Date;
- (vi) any Liability of any Sunstone Entity to any shareholder, unitholder or investor (direct or indirect) of any member of the Sunstone Group;
- (vii) any Liability for Indebtedness, other than in relation to the DFW Loan to be assumed by Purchaser;
- (viii) any Liability in connection with any legal proceeding or claim arising out of, or relating to, any period prior to the Closing Date, including without limitation each of the matters set forth on Exhibit "F" or Exhibit "P"; and
- (ix) any Liability arising out of or resulting from non-compliance with any applicable Law or Permit prior to the Closing Date.

1.3 Inspection Period; Access; Review of Materials

- (a) Purchaser shall have until 6:00 p.m. Eastern Time on June 27, 2016 (the "Inspection Period") to evaluate the Hotels and the Purchased Entities, including legal, title and survey matters; physical, structural, mechanical and environmental condition; economic performance and prospects; franchise status; and such other matters as Purchaser deems appropriate. Notwithstanding the foregoing, provided that Purchaser has submitted its franchise applications to the Franchisors, Purchaser may extend the Inspection Period for an additional fifteen (15) day period as it deems necessary by written notice to Sellers delivered prior to the end of the Inspection Period, for the purpose of completing its due diligence review and obtaining Franchise Approvals from the Franchisors. Purchaser acknowledges that time is of the essence in the Inspection Period, and shall use commercially reasonable efforts to complete the Inspection Period prior to June 27, 2016.
- (b) Within five (5) Business Days following the Effective Date, Sellers shall make available or cause to be made available for Purchaser's review

(including review by Purchaser's attorneys, accountants and consultants), all relevant documentation and information in their possession or control pertaining to the Hotels or the Businesses and Property (collectively, the "Diligence Materials"). The Diligence Materials will include, without limitation, any and all documentation and information that is responsive to the requests set forth in Exhibit "L". For the avoidance of doubt, if Sellers do not have or are not aware of any Diligence Materials that are responsive to a request in Exhibit "L", a response of "none" will be deemed sufficient for the purposes of this Agreement. Each Seller shall have the right to amend and supplement the Diligence Materials as necessary to make them complete and accurate prior to the completion of the Inspection Period; provided, however, that if any Diligence Materials are amended or supplemented within three (3) Business Days prior to the end of the Inspection Period, the Inspection Period shall be deemed to be automatically extended by two (2) Business Days unless such extension is expressly waived by Purchaser.

- (c) During the Inspection Period, each Seller shall promptly provide or make available or cause to be made available to Purchaser such additional information relating to the Property and the Businesses in such Seller's direct or indirect possession or control as Purchaser may reasonably request. During the Inspection Period, Purchaser may, subject to the rights of any tenants and guests of the Hotels and the limitations set forth below, perform such physical inspections (including, without limitation, environmental site assessments), surveys and studies, and review such other matters related to the Hotels (including, without limitation, the Hotel Contracts, the property improvement plan reports provided by the Franchisors, the Environmental Reports, the Space Leases, the Permits, and the Books and Records), as Purchaser deems reasonably necessary for its review of the Property (collectively, the "Inspections and Studies"). In connection with the Inspections and Studies: (i) Purchaser shall have the right, at its sole risk, responsibility, cost and expense, to enter upon the Hotel properties at pre-arranged times and with at least twenty-four (24) hours advance notice to the applicable Hotel's General Manager for the purpose of conducting such Inspections and Studies; (ii) Purchaser and its agents, contractors and consultants shall not perform any drilling, coring or other invasive testing or sampling, without prior notice and approval of the Sellers, which approval shall not be unreasonably withheld; (iii) Sellers agree to authorize any such reasonable testing or sampling as is recommended by any third-party professional engaged by Purchaser to provide an environmental or engineering report regarding the condition of any area or portion of the Property or Improvements; and (iv) the Inspections and Studies shall not unreasonably interfere with any of the Businesses.
- (d) Prior to conducting any on site physical inspection of the Property, other than visual examinations, Purchaser shall obtain or shall cause its building

condition and environmental consultants to obtain, and during the period of such inspection or testing shall maintain, at its expense, commercial general liability insurance, including a contractual liability endorsement, and personal injury liability coverage, with each of the Owners named as an additional insured. The applicable insurance policies for such consultants are attached as Exhibit "O", and the policies for any other consultants shall be subject to the approval of Sellers, acting reasonably.

- (e) Purchaser may elect on or before the expiration of the Inspection Period, for any reason whatsoever or for no reason, in its sole and absolute discretion, not to proceed with the transaction contemplated by this Agreement by providing Sellers with written notice of its determination to terminate this Agreement. If Purchaser delivers written notice to Sellers and Escrow Agent of its election to waive its right to terminate this Agreement, Purchaser shall be deemed to have elected to proceed to Closing in accordance with the terms of this Agreement. If Purchaser does not deliver such written notice to Sellers and Escrow Agent on or before expiration of the Inspection Period, the Purchaser shall be deemed to have elected to proceed to Closing in accordance with the terms of this Agreement. In the event of a termination by Purchaser under this Section 1.3(e) prior to the expiration of the Inspection Period, (i) the Escrow Agent shall promptly release and return the Earnest Money to Purchaser and (ii) each party shall continue to be obligated under the indemnity and other provisions in the Agreement that survive termination, including, without limitation, those set forth in Section 1.3 (Inspection Period), Article 6 (Remedies), Section 7.6 (Real Estate Commissions), Article 9 (Indemnification) and Section 10.10 (Confidentiality).
- (f) If Purchaser does not acquire the Property for any reason whatsoever, Purchaser shall deliver to Sellers promptly upon written demand therefor by Sellers and at no cost to Sellers all materials and documents previously obtained by Purchaser from Sellers that have not been destroyed by Purchaser. Purchaser agrees that the information contained in the aforesaid documents shall be deemed Confidential Information subject to the terms and conditions set forth in Section 10.10 of this Agreement.
- (g) Sellers shall, at their cost, provide Purchaser with detailed financial statements for each Hotel for the years ended December 31, 2015, 2014 and 2013 and interim financial statements for the quarter ended March 31, 2016. Purchaser, together with its accountants and auditors, shall have the right to inspect and perform a review or audit of the books and records for each Hotel.
- (h) In connection with Purchaser's review of the Property during the Inspection Period, Purchaser may propose that the legal description of the Land set forth in Exhibit "A" be amended, updated or replaced to conform to the Updated Surveys and the Title Commitments, with such amended,

updated or replaced legal description to be reflected in Exhibit “A” by mutual written consent of Sellers and Purchaser.

- (i) In the event that Purchaser determines not to proceed with the acquisition of the Hotels pursuant to Section 1.3(e), Purchaser shall deliver or cause to be delivered to Sellers copies of the consultants’ reports procured by Purchaser during the Inspection Period, at no cost to Sellers; provided, however, that if Sellers request reliance letters from the applicable consultants, Purchaser shall use commercially reasonable efforts to procure such reliance letters and any additional fees in connection with such reliance letters shall be paid by Sellers.

2. CONSIDERATION

2.1 Purchase Price

Aggregate Purchase Price. The parties have agreed that the aggregate consideration payable (i) by Purchaser to the Tempe Sellers, shall be *[Dollar amount redacted.]*, and (ii) by Purchaser to the DFW Sellers, shall be *[Dollar amount redacted.]*, for an aggregate amount of US\$58,000,000 (the “Aggregate Purchase Price”). The apportionment of the Aggregate Purchase Price between the Sellers shall be mutually agreed by the parties prior to the Closing Date.

2.2 Payment

The Aggregate Purchase Price shall be paid by Purchaser as follows:

- (a) Initial Earnest Money. Within one Business Day following the execution of this Agreement by Purchaser and Sellers, Purchaser shall deposit with the Escrow Agent the sum of US\$580,000 as an initial earnest money deposit in relation to the purchase of the Hotels (the “Initial Earnest Money”).
- (b) Additional Earnest Money. If Purchaser elects to proceed to Closing in accordance with Section 1.3(e), then within one Business Day following the expiration of the Inspection Period, Purchaser shall deposit with the Escrow Agent the sum of US\$580,000 as an additional earnest money deposit (the “Additional Earnest Money”). The Initial Earnest Money and the Additional Earnest Money shall be collectively referred to herein as the “Earnest Money.”
- (c) Cash Payment at Closing. At the Closing, Purchaser agrees to deposit with the Escrow Agent or fund through new financing a cash amount of US\$21,200,000 less the Earnest Money (and interest thereon held in escrow).
- (d) Payment in Units at Closing. An amount of US\$17,800,000 (the “Equity Consideration”) shall be paid to Sellers at Purchaser’s option in the form

of cash and/or AHIP Units (subject to compliance by Purchaser and Sellers with all applicable securities laws and receipt of all regulatory, stock exchange and other required approvals). The number of AHIP Units payable shall be calculated by dividing (X) the Equity Consideration, in U.S. Dollars, by (Y) the dollar volume-weighted average Canadian Dollar price on the TSX for the AHIP Units during the ten (10) trading day period ending on the day prior to the Closing Date, multiplied by the ratio of the U.S. Dollar to the Canadian Dollar published by the Bank of Canada for the close on the business day immediately prior to the closing date. No fractional interest in AHIP Units shall be issued hereunder, with the difference between the value of the delivered AHIP Units and the Equity Consideration to be paid to Sellers in cash at Closing.

The parties have agreed that the following example is representative of the calculations set forth above: If the ratio of the U.S. Dollar to the Canadian Dollar as determined in accordance with the foregoing is 1.35 USD:CAD and the 10 day dollar volume weighted average price of the AHIP Units is \$10.50, then the Equity Consideration would be US\$17,800,000 *divided by C\$10.50 multiplied by 1.35 equals 2,288,571 AHIP Units and US\$3.33 in cash.*

- (e) Assumption of DFW Loan. As and from the Closing Date, and as a condition to Closing, Purchaser shall (or shall cause its designees to) assume and agree to observe, perform, be bound by and be liable under, as an obligation of Purchaser or its designees, each and every covenant, agreement and obligation of Dallas LP under the terms of the DFW Loan from and after the Closing Date, in a principal amount not to exceed US\$19,000,000.
- (f) Retained Funds. As set forth in Section 7.2(j), the DFW Retention Funds and the Tempe Retention Funds shall be contributed or credited to Purchaser or its designees at Closing (along with any rights thereto) without any corresponding adjustment to the Closing Statement or the Aggregate Purchase Price.
- (g) Manner of Payment; Disbursement. Other than pursuant to Section 2.2(d), all payments to Sellers that Purchaser is required to make at or prior to Closing under Section 2.1 and Section 2.2 shall be made by wire transfer of immediately available funds to the account of Escrow Agent.

2.3

Earnest Money

- (a) Disposition of Earnest Money. The Earnest Money shall be delivered to and held by Escrow Agent in escrow pursuant to the terms of this Agreement in a federally insured interest-bearing account that is subject to immediate withdrawal. Escrow Agent shall hold the same as Earnest Money under this Agreement. If the Closing occurs in accordance with

the terms and provisions of this Agreement, the Earnest Money (including all interest) shall be paid to Sellers and credited against the Aggregate Purchase Price at Closing in accordance with Section 2.2(c). If the Closing does not occur, the Earnest Money shall be held and delivered as provided in this Agreement, including for further clarity:

- (i) In the event of the termination of this Agreement by Sellers pursuant to Section 5.7 or 6.1 hereof, other than as a consequence of a default by Sellers, the Escrow Agent shall promptly release the Earnest Money to Sellers; and
 - (ii) In the event of the termination of this Agreement by Purchaser pursuant to Section 1.3(e), 3.1, 4.1, 5.3(b), 5.6, 6.2(b), 7.1, or 8.1 hereof, or by Sellers pursuant to Section 7.1 hereof, the Escrow Agent shall promptly release the Earnest Money to Purchaser.
- (b) Non-Refundable Nature of Earnest Money. Sellers and Purchaser acknowledge and agree that if Purchaser elects to proceed with the transaction contemplated by this Agreement as set forth in Section 1.3(e), the Earnest Money will be deemed earned by Sellers and non-refundable to Purchaser in the event of a material default by Purchaser hereunder.

2.4 Allocation

Prior to the expiration of the Inspection Period, Purchaser and Sellers will mutually agree on the allocation of the Aggregate Purchase Price for each Hotel between the Real Property and the remaining Property based on the independent appraisals obtained by Purchaser. Purchaser and each Seller agree to file federal, state and local Tax returns and any other documents required by Law, including, without limitation, IRS Form 8594 – Asset Acquisition Statement, with such allocations agreed upon between the parties.

2.5 Establishment of Escrow; Escrow Instructions

Immediately upon execution of this Agreement by the parties hereto, Purchaser will deliver a fully executed copy of this Agreement to Escrow Agent. An escrow for this transaction shall be established with Escrow Agent, and Escrow Agent shall be engaged to administer such escrow. This Agreement constitutes escrow instructions to the Escrow Agent in respect of the Earnest Money and the Closing (to be supplemented by a closing instruction letter). Should Escrow Agent require the execution of its standard form printed escrow instructions, Purchaser and each Seller agree to execute same; however, such instructions shall be construed as applying only to Escrow Agent's engagement, and if there are conflicts between the terms of this Agreement and the terms of the printed escrow instructions, the terms of this Agreement shall control.

2.6 Acceptance; Escrow Agent Not a Party

By accepting this escrow, Escrow Agent agrees to be bound by the terms of this Agreement as they relate to the duties of Escrow Agent in respect of the Earnest Money and the Closing. However, such agreement does not constitute Escrow Agent as a party to this Agreement and no

consent or approval from Escrow Agent shall be required to amend, extend, supplement, cancel or otherwise modify this Agreement except to the extent any such action increases the duties of Escrow Agent or exposes Escrow Agent to increased liability, in which case such action shall not be binding on Escrow Agent unless Escrow Agent has consented to the same in writing.

2.7 Cancellation Charges

If the transaction contemplated herein fails to close because of the default of one or more of the Sellers, Sellers shall be liable for all customary escrow cancellation charges. If the transaction contemplated herein fails to close because of Purchaser's default, Purchaser shall be liable for all customary escrow cancellation charges. If the transaction contemplated herein fails to close for any other reason, Sellers and Purchaser shall each be liable for one-half of all customary escrow cancellation charges.

2.8 IRS Reporting

Escrow Agent agrees to be the designated "reporting person" under Section 6045(e) of the U.S. Internal Revenue Code of 1986 as amended (the "Code") with respect to the real estate transaction described in this Agreement and to prepare, file and deliver such information, returns and statements as the U.S. Treasury Department may require by regulations or forms in connection with such requirements, including Form 1099-B.

3. SURVEY

3.1 Survey

- (a) On or before the Effective Date, Sellers shall deliver or cause to be delivered to Purchaser and its counsel a copy of the most recent plats and surveys, if any, in respect of such the Hotels (the "Existing Surveys").
 - (i) As soon as reasonably practicable following the Effective Date, Purchaser shall cause each of the Existing Surveys to be (A) re-certified as an ALTA survey ("Updated Surveys") addressed to Purchaser and to Purchaser's lender in such form as is reasonably required by Purchaser, and (B) updated or otherwise modified as reasonably required by Purchaser and so as to be sufficient to allow First American Title Insurance Company (the "Title Company") to issue at the Closing ALTA extended coverage owner's policies of title insurance in favor of Purchaser covering the Property and ALTA mortgagee policies of title insurance in favor of Purchaser's lender and subject only to the Permitted Encumbrances (together, the "Title Policies").
 - (ii) Purchaser shall, on or before the expiration of twenty (20) days following the later date of receipt by Purchaser of the Updated Surveys, or receipt by Purchaser of all the Title Commitments (the "Objection Period"), object in writing to any matters shown on the Updated Surveys. Purchaser shall notify Sellers and Escrow Agent

of any objections to matters shown on the Updated Surveys prior to expiration of the Objection Period, and if Purchaser so objects, then Sellers shall have the right, but not the obligation, to cure such objections or agree and acknowledge in writing that such objections will be cured prior to or upon Closing. Sellers shall have until 5:00 p.m. Eastern Time on the date which is five (5) Business Days after the Objection Period (the “Cure Date”) to cure such objections or agree and acknowledge in writing that such objections will be cured prior to or upon Closing. If Sellers timely cure or commit in writing to cure such objections, then the Updated Surveys shall be deemed conditionally approved subject to Seller(s) completing the cure. If Sellers do not timely cure or commit in writing to cure such objections prior to the Cure Date in a manner satisfactory to Purchaser in its sole discretion, then Purchaser shall, on or before the date five (5) Business Days after the Cure Date, either (A) terminate this Agreement by delivering to Sellers a written notice of termination, whereupon Escrow Agent shall disburse the Earnest Money to Purchaser, or (B) waive the objections that Sellers have not cured or committed to cure; provided, however, that Purchaser’s failure to deliver to Sellers and Escrow Agent a written notice of waiver with such five (5) Business Day period shall be deemed to constitute Purchaser’s election not to terminate this Agreement.

- (b) Purchaser shall have five (5) Business Days after receipt of any updates to any Updated Survey (including receipt of any documents referenced in such update) to object to or approve any matters disclosed therein which were not disclosed in the original Updated Survey, and the procedure for objecting and approving such matters and Purchaser’s right to terminate this Agreement, if applicable, shall be as set forth in Section 3.1(a) except that the “Objection Period” shall mean the five (5) Business Day period referred to in this clause (b).

4. TITLE INSURANCE

4.1 Title Commitments

- (a) Promptly following the Effective Date, Purchaser shall procure preliminary title commitments (and complete legible copies of all documents or items referenced therein as exceptions) for the Hotels from the Title Company providing for issuance by the Title Company of the Title Policies in respect of the Property (collectively, the “Title Commitments”). Purchaser shall, on or before the expiration of the Objection Period, object or approve in writing to any matters shown in any Title Commitment to which it wishes to object or approve; provided, however, that a failure by Purchaser to object to or approve of any such matters within the Objection Period shall be deemed to constitute Purchaser’s approval of same. If Purchaser timely objects to any item set

forth in any Title Commitment, then Sellers shall have the right, but not the obligation, to cure such objections or agree and acknowledge in writing that such objections will be cured prior to or upon Closing. Sellers shall have until 5:00 p.m. Eastern Time on the Cure Date to cure such objections or agree and acknowledge in writing that such objections will be cured prior to or upon Closing. If Sellers timely cure or commit in writing to cure such objections, then the Title Commitments shall be deemed approved conditionally (subject to the curing the applicable objections), and all other approved exceptions therein shall then become Permitted Encumbrances. If Sellers do not timely cure such objections prior to the Cure Date in a manner satisfactory to Purchaser in its sole discretion, then Purchaser shall, on or before five (5) Business Days after the Cure Date, either (i) terminate this Agreement by delivering to Sellers a written notice of termination, whereupon Escrow Agent shall disburse the Earnest Money to Purchaser, or (ii) waive its objection to the disapproved items that Sellers have not cured or committed to cure, which shall then become Permitted Encumbrances. Purchaser's failure to timely provide Sellers and Escrow Agent with a written notice of waiver shall be deemed to constitute Purchaser's election not to terminate this Agreement.

- (b) Purchaser shall have five (5) Business Days after receipt of any updates to any Title Commitment (including receipt of any documents referenced in such update) to object to or approve any matters disclosed therein which were not disclosed in the original Title Commitment, and the procedure for objecting and approving such matters and Purchaser's right to terminate this Agreement, if applicable, shall be as set forth in Section 4.1(a) except that the "Objection Period" shall mean the five (5) Business Day period referred to in this clause (b).
- (c) Notwithstanding the foregoing, Sellers shall cause all Encumbrances (other than the DFW Loan) to be released from the Property prior to Closing at Sellers' sole expense, such that the Property shall, at Closing, be free and clear of all Encumbrances other than the DFW Loan, any liens for current real property taxes and assessments not yet due and payable and any new liens placed on the Property by Purchaser at Closing.

5. REPRESENTATIONS, WARRANTIES, COVENANTS AND CONDITIONS PRECEDENT

5.1 Sellers' Representations and Warranties

Each Seller represents and warrants to Purchaser, as of the Effective Date and the Closing Date, that:

- (a) Status and Authority. Each Seller and Purchased Entity is duly formed, validly existing and in good standing in the state of its formation or incorporation and has the legal power, right and authority to enter into this

Agreement and, at Closing, the instruments referenced herein, and to consummate the transaction contemplated hereby. Each of the Sellers and the Purchased Entities is duly qualified, licensed and registered to do business and to own, lease and operate its properties and assets.

- (b) Due Authorization. The execution and delivery of this Agreement and all documents, instruments and agreements required to be executed and delivered by the Sunstone Entities pursuant to this Agreement, and the completion of the transactions contemplated by this Agreement, have been duly authorized by all necessary limited liability company or corporate action (as applicable) on the part of each Sunstone Entity (including all applicable action on the part of the general partner, limited partners, members or managers thereof). This Agreement (including any ancillary documents entered into in connection with this Agreement) has been duly executed and delivered by each of the Sellers and constitutes a legal, valid and binding obligation of Sellers enforceable in accordance with its terms.
- (c) No Conflicts. Neither the execution and delivery of this Agreement nor the completion and performance of the transactions and obligations contemplated by or contained in this Agreement shall, directly or indirectly (with or without notice or lapse of time) result in:
 - (i) a violation or breach of any provision of or constitute a default (or an event that with notice or lapse of time or both would become a default), or give to any Person the right to remove or take possession of any of the Property or any rights of termination, amendment, acceleration or cancellation, of or under (A) the charter or other organizational documents of any of the Sunstone Entities, (B) any applicable Law or (C) any of the Permits, Contracts or Space Leases relating to the Property, except to the extent that a violation, breach or default under clause (B) or (C) would not have a material adverse effect on the Business, or any Sunstone Entity's ability to consummate the transaction described in this Agreement;
 - (ii) the creation or imposition of any Encumbrance on the Property or any portion thereof; or
 - (iii) any fees, duties, Taxes, assessments or other amounts relating to any of the Property becoming due or payable that will not be fully paid by Sellers.
- (d) Solvency. None of the Sunstone Entities is insolvent, and have not: (i) committed an act of bankruptcy; (ii) proposed a compromise or arrangement to its creditors generally; or (iii) had any petition for a receiving order in bankruptcy filed against it. As used in this paragraph, "insolvent" means that the sum of the debts and other probable liabilities

of any entity exceed the present fair saleable value of the assets of such entity.

- (e) Possession of Real Property. The Owners are in full, complete and exclusive possession of the Real Property. To Sellers' knowledge, there are no real property leases, licenses, tenancy or occupancy arrangements (other than the Space Leases, provision of Hotel rooms and related facilities to Hotel guests in the Ordinary Course of Business or as otherwise disclosed in Exhibit "B") which relate to the Business, the Hotel or any part of the Real Property. There are no Space Leases affecting all or any portion of the Property except as set forth in Exhibit "B" to this Agreement. True and complete copies of the Space Leases (including all amendments), to the extent in Sellers' possession or control, have been made available to Purchaser or will be made available to Purchaser no later than five (5) Business Days after the Effective Date. All of the Space Leases described in Exhibit "B" are in full force and effect, and there are no material defaults by any party thereunder except as disclosed in Exhibit "B". There are no outstanding obligations for commissions, tenant improvements or other tenant concessions with respect to the Space Leases except as disclosed in Exhibit "B".
- (f) Contracts. True and complete copies of all Contracts (including all amendments thereto), have been made available to Purchaser or will be made available to Purchaser no later than ten (10) Business Days after the Effective Date. All of the Contracts provided are in full force and effect in accordance with their terms, and to Sellers' knowledge there are no defaults by any party thereunder.
- (g) Capitalization. The equity interests of the Purchased Entities are as follows:
 - (i) US REIT 3H has an unlimited number of Class A Units, each having a subscription price of US\$1,250, of which 16,237 are issued and outstanding to Master LP 3, and 1,000 Class B Units, each having a subscription price of US\$1,000, of which 125 are issued and outstanding;
 - (ii) No. 3H Opportunity LP has an unlimited number of units, each having a subscription price of US\$1,250, of which 16,128 are issued and outstanding to US REIT 3H;
 - (iii) No. 3H Opportunity LP owns 99.5% and Tempe GP owns 0.5% of the partnership interests in Tempe LP;
 - (iv) US REIT 4H has an unlimited number of Class A Units, each having a subscription price of US\$1,250, of which 4,234 are issued and outstanding to Master LP, and 1,000 Class B Units, each

having a subscription price of US\$1,000, of which 125 are issued and outstanding;

- (v) No. 4H Opportunity LP has an unlimited number of Units, each having a subscription price of US\$1,250, of which 4,175 are issued and outstanding to US REIT 4H; and
- (vi) No. 4H Opportunity LP owns 99.5% and Dallas GP owns 0.5% of the partnership interests in Dallas LP.

None of the units of the Purchased Entities have been issued in violation of, or are, subject to any pre-emption or subscription rights. There are no options for, rights to acquire, agreements to issue, or securities exercisable for or convertible into units or other equity of other ownership interests in the Purchased Entities.

- (h) Permits. To Sellers' knowledge, all Permits relating to the Hotel or the Business have been listed in Exhibit "D" to this Agreement. True and complete copies of the Permits for the operation of the Hotel have been made available to Purchaser or will be made available to Purchaser no later than ten (10) Business Days after the Effective Date. Except as otherwise disclosed to Purchaser in writing, the Sunstone Entities have not received any written notice of any uncured violations of any Permit, and to Sellers' knowledge, all of the Permits necessary for the operation of the Hotel are in full force and effect. To Sellers' knowledge, each such Permit is valid, subsisting and in good standing, and has been and is being complied with in all material respects, and no notice of breach or default or defect in respect of any of the terms of any such Permit has been received by the Sunstone Entities. To Sellers' knowledge, no proceeding is in progress, or pending or threatened, to revoke, amend, limit or refuse renewal of any such Permit, and there exists no state of facts which, after notice or the passage of time or both, would constitute a default or breach of the terms of any such Permit.
- (i) No Violations. Except as otherwise disclosed to Purchaser on Exhibit "E" to this Agreement, the Sunstone Entities have not received any written notice of uncured violations (or investigation of potential violation) of laws, ordinances, orders or regulations (collectively, "Laws") of governmental or quasi-governmental authorities with respect to the Property, nor have the Sunstone Entities received any written notice of any uncured violation of any CC&Rs.
- (j) Presence of Hazardous Substances. To Sellers' knowledge, other than (i) Hazardous Substances used in the ordinary course of maintaining, operating and cleaning the Hotel in commercially reasonable amounts and in accordance with all Hazardous Waste Laws, (ii) Hazardous Substances used as fuels, lubricants or otherwise in connection with vehicles,

machinery and equipment in commercially reasonable amounts and in accordance with all Hazardous Waste Laws, (iii) matters disclosed in the Environmental Reports, and (iv) matters disclosed in Exhibit "E", no Hazardous Substances are, or have been during any period of the applicable Owner's ownership of the applicable Hotel, present on, under or in the Improvements or Real Property in violation of any Hazardous Waste Laws. Sellers have provided to Purchaser true and complete copies of all environmental audits, reports, evaluations, assessments, studies or tests in its possession or control or which, to Sellers' knowledge, exist relating to the Business and the Real Property or regarding compliance by the Business and its employees, agents or independent contractors with Environmental Protection Laws or its obligations as a lessee. To Sellers' knowledge, none of the Real Property contains, and the Sunstone Entities have never caused or permitted the installation or use on any of the Real Property during the period of its ownership of the Hotel any (i) underground storage tanks, above-ground storage tanks, asbestos, asbestos-containing materials, polychlorinated biphenyls, solvents, toluene, or lead paint; (ii) underground injection wells; (iii) radioactive materials; or (iv) septic tanks or waste disposal pits which process wastewater or any Hazardous Substances or the discharge or disposal of any Hazardous Substances on or in the Improvements or the Real Property.

- (k) Investigations of Hazardous Substances. To Sellers' knowledge, no investigations have or are being conducted, taken or, to Sellers' knowledge, threatened by any Governmental Authority under or pursuant to any Environmental Protection Laws or in relation to Hazardous Substances with respect to the Business, any Real Property or other assets, properties and facilities (whether currently owned, leased, occupied, controlled or licensed or owned, leased, occupied, controlled or licensed, in relation to the Businesses, at any time prior to the date of this Agreement).
- (l) Adverse Proceedings. Except as otherwise set forth on Exhibit "F" to this Agreement, none of the Sunstone Entities are currently involved in or subject to any actions, claims, demands, lawsuits, assessments, arbitrations or mediations, judgments, awards, decrees, orders, injunctions, prosecutions and investigations, or other proceedings, litigation or investigations, nor have the Sunstone Entities received any written notice that any such litigation, investigations or other proceedings are to be instituted nor does any Seller have any knowledge that any such litigation, investigations or other proceedings are threatened. None of the Sunstone Entities are in default under any judgment, order or injunction of any court, arbitrator or Governmental Authority. The Sunstone Entities have not received written notice from any Governmental Authority of any pending or threatened condemnation action affecting any portion of the Property.

- (m) Financial Records. The Sunstone Entities have made available to Purchaser, or not later than five (5) Business Days following the Effective Date will make available or cause to be made available to Purchaser all existing financial statements and management accounts for the Owners for the years ended December 31, 2015, 2014 and 2013 and quarterly accounts for the period ended March 31, 2016 (when such accounts are available). All of the financial statements and accounts provided to Purchaser accurately set forth and fairly present all revenues, expenses and results of operations of the Business, and to Sellers' knowledge all financial transactions of the Business relating to any of the Property or the conduct of the Business and have been accurately recorded in the Books and Records in all material respects, all of which shall be made available to Purchaser pursuant to this Agreement. None of the Purchased Entities have any material obligations or liabilities other than (i) those set forth or adequately provided for in the balance sheets provided to Purchaser for each of the entities, (ii) those incurred in the ordinary course of business and not required to be set forth in the entities' respective balance sheets under generally accepted accounting principles, and (iii) those incurred in connection with the execution of this Agreement.
- (n) Ownership. Tempe Operations and Dallas Operations each own good and marketable title to the Consumables, Inventory and FF&E for its applicable Hotel, free and clear of all leases and Encumbrances. Except as set forth in the Permitted Encumbrances, each of the Owners is the sole legal and beneficial owner of, has sole possession of, and has good and marketable title to, the Real Property (other than any leased or licensed property or asset to which, in each case, Owner has an enforceable leasehold or licensee interest), free and clear of any and all Encumbrances, other than the Permitted Encumbrances. Each of the Sunstone Entities has the exclusive right to possess, use, occupy, sell, gift, transfer and otherwise dispose of the Property owned by it, subject only to the Permitted Encumbrances. There is no contract, option, commitment or other right in favor of, or held by, any Person other than Purchaser to acquire any of the Property, or to possess any of the Property or to occupy, subject to the Permitted Encumbrances, any part of the Real Property.
- (o) Tax Assessments. The Sunstone Entities have made available to Purchaser, or within ten (10) Business Days after the Effective Date will cause to be made available to Purchaser, true and complete copies of all bills for real estate and personal property Taxes and assessments for the current Tax year and the two (2) immediately preceding Tax years. To Sellers' knowledge, there are no reassessments, increases in such assessments, or appeals thereof that have been applied for, are in progress, have been discussed with legal or Tax advisors to the Sunstone Entities in the last six (6) calendar months or that are otherwise currently-pending that have not been disclosed to Purchaser.

- (p) FIRPTA. None of the Sunstone Entities are classified as a foreign corporation, foreign partnership, foreign trust or foreign estate (as those terms are defined in the Internal Revenue Code and Income Tax Regulations).
- (q) Taxes.
 - (i) Except as set forth in Exhibit “F”, all Taxes, rates, assessments, local improvements charges, development cost charges, other subdivision charges and costs, and other levies which are chargeable against the Real Property and due as of the Closing Date (or applicable to any period ending prior to the Closing Date) have been paid in full (or will be provided for at the Closing pursuant to the provisions of Section 7.2 below), and all required reports and returns relating thereto, to the extent required to be filed before the Closing Date, have been, or will be, timely filed as of the Closing Date.
 - (ii) None of the Sunstone Entities have received written notice of any special Tax assessment relating to any of the Hotels, the Property or any portion thereof, and there are no Tax agreements in place affecting either of the Hotels or any of the Property. There are no Tax liens upon any of the Real Property other than liens for sales and payroll Taxes not yet due and payable and liens for non-delinquent current real property Taxes; and there is no reasonable basis for the assertion of any claim relating or attributable to Taxes which, if adversely determined, would result in any lien on any of the Real Property.
 - (iii) Except as set forth in Exhibit “F”:
 - A. There are no pending or threatened actions or suits, whether in the form of an audit or an administrative, judicial or other proceeding, for the assessment or collection of Taxes against any of the Sunstone Entities or with respect to any of the Property.
 - B. None of the Sunstone Entities have received from any Governmental Authority any (A) notice indicating an intent to open an audit or other review, (B) request for information relating to Taxes, or (C) notice of deficiency or proposed adjustment for any amount of Tax proposed, asserted, or assessed against any of the Sunstone Entities or otherwise with respect to any of the Businesses or any of the Property.

- C. None of the Sunstone Entities have received any written notice of a proposed reassessment of any Real Property or other similar proposal that could increase the amount of any Tax payable on or in respect of such Real Property.
 - D. None of the Sunstone Entities is a party to any pending Tax appeal relating to any of the Property or the Business, and no such Tax appeal is currently contemplated by any of the Sunstone Entities.
- (iv) Each of the Purchased Entities has withheld and paid all Taxes required to have been withheld and paid in connection with any amounts paid or owing to any employee, independent contractor, creditor, stockholder, partner, member or other third party, and each of the Purchased Entities has timely and accurately complied with all reporting and record keeping requirements related thereto, including filing of Forms W-2 and 1099s (or other applicable forms). No claim has ever been made by an authority in a jurisdiction where any Purchased Entity does not file Tax Returns that such Purchased Entity is or may be subject to taxation by that jurisdiction.
 - (v) The Sellers have delivered to Purchaser complete and correct copies of all federal, state and local income Tax Returns, examination reports, and statement of deficiencies assessed against, or agreed to by the Purchased Entities for all taxable periods ended on or after December 31, 2011.
 - (vi) No Sunstone Entity has (A) waived, extended, or agreed to extend any applicable statute of limitations beyond the date hereof relating to any Tax assessment or deficiency of such Sunstone Entity, (B) agreed to any extension of time for filing any Tax Return of such Sunstone Entity which has not been filed, (C) after December 31, 2009, entered into any closing agreement, settled any Tax claim or assessment relating to such Sunstone Entity or surrendered any right to claim a refund of Taxes or (D) after December 31, 2009 made a change in any Tax accounting method or election or filed any amended Tax return.
 - (vii) No Sunstone Entity is a party to or bound by a Tax Sharing Agreement or any other Tax allocation, sharing, indemnity, or similar agreement.
 - (viii) Each of the Sunstone Entities has maintained the books and records required to be maintained pursuant to Section 6001 of the Code, and the rules and regulations thereunder, and any similar provision under state, foreign or local law.

- (ix) No Sunstone Entity (A) has been a member of an Affiliated Group filing a consolidated Tax Return or of any affiliated, consolidated, combined or unitary group, as defined under applicable state, local or foreign Law (other than a group the common parent of which is Master LP 3 or Master LP 4, respectively) or (B) has any Liability for the Taxes of any Person under Treasury Regulation Section 1.1502-6 (or any similar provision of state, local, or non-U.S. law), as a transferee or successor, by contract or otherwise, other than as follows:
 - A. US REIT 3H has filed a combined Arizona Form 120 “Arizona Corporation Income Tax Return” together with Tempe GP and TRS 3 for tax years 2012 and 2013; and
 - B. US REIT 4H has filed combined Texas Franchise Reports for Dallas LP, Dallas Operations and TRS 4 for tax years 2011 to 2015.
- (x) No Sunstone Entity has ever used the cash receipts and disbursements method of accounting for federal or applicable state, local or foreign income tax purposes. No Sunstone Entity has adopted as a method of accounting, or otherwise accounted for any advance payment or prepaid amount under, (A) the “deferral method” of accounting described in Rev. Proc. 2004-34, 2004-22 IRB 991 (or any similar method under state, local or foreign law) or (B) the method described in Treasury Regulation Section 1.451-5(b)(1)(ii) (or any similar method under state, local or foreign law).
- (xi) No Purchased Entity will be required to include any item of income in, or exclude any item of deduction from, taxable income for any taxable period (or portion thereof) ending after the Closing Date as a result of any (A) prepaid amount received or deferred revenue accrued on or prior to the Closing Date, (B) use of an improper method of accounting for a taxable period ending on or prior to the Closing Date, (C) “closing agreement” as described in Section 7121 of the Code (or any corresponding or similar provision of state, local, or non-U.S. income Tax Law) executed on or prior to the Closing Date, (D) installment sale or open transaction disposition made on or prior to the Closing Date, or (E) election by such Purchased Entity under Section 108(i) of the Code (or any corresponding or similar provision of state, local, or non-U.S. income Tax Law). No Purchased Entity is a party to any gain recognition agreement under Code Section 367 (or any corresponding or similar provision of income Tax Law).
- (xii) No Sunstone Entity has made or agreed to make, or is required to make, any change in method of accounting that would require it to

make any material positive adjustment to its taxable income pursuant to Section 481(a) of the Code (or any similar provision) in any Post-Closing Tax Period; and no application is pending with any taxing authority requesting permission for any Sunstone Entity to make any change in any accounting method that would require such an adjustment, nor has any Sunstone Entity received any notice that a taxing authority proposes to require a change in method of accounting that would require such an adjustment.

- (xiii) Except for US REIT 3H and US REIT 4H, both of which have made an election under U.S. Treasury Regulations Section 301.7701-3 to be classified as a corporation for US federal income tax purposes, no Purchased Entity has ever made an election under U.S. Treasury Regulations Section 301.7701-3. Each Purchased Entity other than US REIT 3H and US REIT 4H has been classified as a partnership for U.S. federal and applicable state and local income tax purposes since its formation.

- (r) Classification of Employees. All personnel employed at the Hotels (the “Hotel Employees”) are employees of Tower Rock Hotels & Resorts Inc. and its Affiliates (together, the “Management Company”). There are no employment agreements for the Hotel Employees with any of the Sunstone Entities. To Sellers’ knowledge, the Management Company has at all times been in material compliance with applicable Laws regarding the classification of employees and independent contractors. Sellers and the Purchased Entities do not employ any personnel at the Hotels or otherwise in connection with the operation of the Business.
- (s) Employees. To Sellers’ knowledge, each Hotel Employee is employed on an “at-will” basis such that his or her employment may be terminated at any time and for any reason (including no reason) without prior notice or compensation to such Hotel Employee in lieu thereof, and no commitments or contracts have been or entered into with respect to the period of notice, the payment of money or otherwise with respect to the termination of employment of any Hotel Employee. To Sellers’ knowledge, there are no unionized Hotel Employees and the Business is not subject to any collective agreement or other contract with any trade union currently in force or any associated or related company (within the meanings thereof under the applicable federal and state labor codes), whether or not the expiration date of such collective agreement or other contract has passed, and there are no voluntary recognitions relating to and no pending applications for certification. To Sellers’ knowledge, there are no current attempts to organize, establish or certify any labor union or employee association and the Business has at all times been in compliance in all material respects with all applicable employment Laws and all statutory employee plans, arrangements, policies, programs or practices with which the Business is required to comply.

- (t) Labor and Employment Disputes. Except as set forth on Exhibit “F”, since January 1, 2014, with respect to the Hotel Employees, to Sellers’ knowledge there has not been, there is not presently pending or existing, and there is not currently threatened any material charge, grievance, strike, walkout, legal proceeding or other claim against or affecting the Business or the Property (or any director, officer or Hotel Employee) relating to the actual or alleged violation of any applicable Law or otherwise pertaining to labor relations or employment matters, including, without limitation, any charge or complaint filed by any Hotel Employee, union or other employee or labor organization with the National Labor Relations Board, the Equal Employment Opportunity Commission or any other Governmental Authority.
- (u) Lawful Employment. To Sellers’ knowledge, each Hotel Employee is lawfully employed by the Management Company on the basis of such Hotel Employee being a United States citizen, a documented resident alien (i.e., “green card” holder) or a holder of a validly issued work visa or other authorization of a Governmental Authority.
- (v) Employee Benefit Plans. Except as set forth in Exhibit “Q”, to Sellers’ knowledge none of the Sunstone Entities provide any Employee Benefit Plans to the Hotel Employees.
- (w) Mechanics’ and Materialmen’s Liens. To Sellers’ knowledge, no work has been done on the Hotel since January 1, 2016 that could give rise to a mechanics’ or materialmen’s lien, other than repairs, maintenance and/or capital improvements in the Ordinary Course of Business for which payment has been made or will be made on or before the Closing Date.
- (x) Land Interests and Access Rights. To Sellers’ knowledge, subject to any amendment, update or replacement pursuant to Section 1.3(h), the descriptions set forth in Exhibit “A” accurately and completely describe all of the owned interests of each Owner in the Land. Access to the Land is over public roads and/or private roads pursuant to valid access easements. All such easements are appurtenant to the Land to which they relate and are freely assignable or transferable by Owners to Purchaser along with the Land to which they form an appurtenance, or are otherwise freely assignable or transferable by Owners to Purchaser.
- (y) Improvements. To Sellers’ knowledge, the Improvements (i) are structurally sound and have been built, maintained and operated in compliance with all applicable building codes and Laws, (ii) have been properly maintained in accordance with good industry standards, and (iii) are in good operating condition and repair, subject only to ordinary wear and tear of the Business. To Sellers’ knowledge, no Improvement requires any material deferred maintenance or is in need of material repairs. As of the Closing, there shall be no material outstanding work orders or other

directives from competent governmental authorities concerning the state and operation of any Improvements, including those under any Law related to zoning, parking regulations, environmental and fire or other safety matters.

- (z) No Encroachments. To Sellers' knowledge, (i) all buildings, fixtures and facilities located on any portion of the Land are wholly within the boundaries of such Land and do not infringe upon or contravene the provisions of any easement, right of way or Encumbrance registered against or otherwise affecting any of the Land, and (ii) there are no buildings, fixtures, improvements or facilities on any adjoining lands, whether public or private, that encroach on any Land.
- (aa) Personal Property. To Sellers' knowledge, all of the Tangible Personal Property is in good working order, ordinary wear and tear expected, and has been properly maintained generally in accordance with good industry standards, and no material repairs or maintenance are currently scheduled therefor. Except as disclosed to Purchaser in writing, no lease or other payments are due on any of the Tangible Personal Property set forth therein.
- (bb) Consumables. To Sellers' knowledge, all items included in the Consumables consist of a quality and quantity usable or saleable in the Ordinary Course of Business. To Sellers' knowledge, the levels of Consumables are maintained at such amounts as are reasonably required for the operation of the Business in the Ordinary Course of Business consistent with past practice.
- (cc) Insurance Policies. The Sunstone Entities will make available or cause to be made available to Purchaser within five (5) Business Days after the Effective Date (i) a complete list and description of all policies of insurance currently held by or on behalf of the Sunstone Entities relating to the Business or any of the Property, and (ii) a description of all self-insurance arrangements maintained over the past four years relating to the Property and/or the Business. Each such insurance policy is in good standing and all premiums required to be paid have been properly paid. Exhibit "P" also contains a complete summary description for all applicable periods dating back to January 1, 2011 of (i) the loss experience under any policy of insurance, including a statement describing each claim having a value in excess of \$50,000 (which statement includes the name of the claimant, the policy of insurance being claimed under, the factual basis of such claim and the status of such claim), and (ii) the loss experience for each claim during such period that was self-insured and having a value in excess of \$50,000, including the number and aggregate cost of such claims.

- (dd) Operation in Ordinary Course of Business. To Sellers' knowledge, since January 1, 2016, the Business has been conducted in the Ordinary Course of Business, and there has been no material damage, destruction, personal injury loss, or other event of loss, from any cause whatsoever, whether or not covered by insurance, of, to or affecting any of the Real Property or the Business or any change in the condition of any of the Real Property or in the organization, operations, affairs, business, assets, properties, prospects or financial condition or position of the Business which individually or in aggregate has, or could reasonably be expected to have, a material adverse effect on the Business, the Property or Purchaser's ability to operate the Businesses in the Ordinary Course of Business following Closing. The Sunstone Entities have not caused the Hotels or the Management Company to materially decrease Consumables or Inventory levels relating to the Business (including food, beverage and supply Inventory and operating stock such as towels, linen and cutlery).
- (ee) Promotions. To Sellers' knowledge, excluding any locally negotiated rate agreements, no issuance, distribution, offer or sale of any certificates, vouchers, coupons or other rights has been made to any Person providing an entitlement to a discount or reduced promotional rate, greater than \$10,000 in the aggregate for all Persons.

5.2 Purchaser Representations and Warranties

Purchaser represents and warrants to each Seller, as of the Effective Date and the Closing Date, that:

- (a) Status and Authority. Purchaser is a duly formed, validly existing limited partnership, is in good standing in the Province of Ontario and has the full legal power, right and authority to enter into this Agreement and, at Closing, the instruments referenced herein, and to consummate the transaction contemplated hereby.
- (b) Due Authorization. The execution and delivery of this Agreement and all documents, instruments and agreements required to be executed and delivered by Purchaser pursuant to this Agreement, and the completion of the transactions contemplated by this Agreement, have been duly authorized by all necessary corporate action on the part of Purchaser (including all applicable corporate action). This Agreement has been duly executed and delivered by Purchaser and constitutes a legal, valid and binding obligation of Purchaser enforceable in accordance with its terms.
- (c) Consents. No consent or approval of any person, entity, or Governmental Authority is required with respect to the execution and delivery of this Agreement by Purchaser or the consummation by Purchaser of the transactions contemplated hereby or the performance by Purchaser of its

obligations under this Agreement except for such consents as shall be obtained by Purchaser prior to the Closing.

- (d) Non-Reliance. In entering into this Agreement, Purchaser is relying solely upon (i) its own inspections, investigations, research and analyses of the Property and the Businesses, and (ii) the express representations, warranties, covenants and agreements of each Seller set forth in Section 5.1 and in any documents to be delivered by the Sunstone Entities at Closing, and Purchaser is not relying in any way upon any other representations, warranties, statements, or other information or material furnished by Sellers or their representatives to Purchaser or its representatives, whether oral or written, express or implied, of any nature whatsoever regarding any such matters.

5.3

Remedies Regarding Representations and Warranties

- (a) Notwithstanding anything to the contrary in this Agreement, each Seller shall have the right prior to the Closing to amend and supplement any exhibit to this Agreement with written notice to Purchaser to the extent that (i) such exhibit needs to be amended or supplemented to maintain the truth or accuracy of the applicable representation or warranty, and (ii) such Seller did not have any knowledge as of the Effective Date of the matter being disclosed in such amendment or supplement. If any Seller makes any such amendment or supplement after the expiration of the Inspection Period (a “Post Due Diligence Disclosure”) that Purchaser deems to be material to any Hotel or Business, acting reasonably, then such Post Due Diligence Disclosure shall constitute a failure of the conditions precedent to Purchaser’s obligations as set forth in Section 5.6.
- (b) By executing and delivering the documents listed in Section 7.4(a) below, each Seller shall be deemed to have made all of the representations and warranties of such Seller in Section 5.1 and elsewhere in this Agreement, as of the Effective Date and as of the Closing Date. Should any of such representations and warranties be found to be incorrect in any material respect prior to the Closing, Sellers shall have the option, but not the obligation, to cure same to the satisfaction of Purchaser on or prior to the Closing Date, and upon Sellers’ election to attempt such cure as evidenced by written notice to Purchaser, the Closing shall be postponed by up to five (5) days following Purchaser’s receipt of proof satisfactory to Purchaser that such matters have been cured; provided, however, that if Sellers are unable or unwilling to cure the same within such period, Purchaser shall have the option either to waive the same and close the transaction contemplated herein or to terminate this Agreement immediately upon written notice to Sellers. In the event Purchaser elects to terminate this Agreement pursuant to this Section 5.3(b), Escrow Agent shall return the Earnest Money to Purchaser and neither party to this Agreement shall thereafter have any further rights or liabilities under this

Agreement, except that (i) Sellers shall pay the expenses of escrow, and (ii) each party shall continue to be obligated by the provisions in this Agreement that survive termination, including, without limitation, those set forth in Section 1.3 (Inspection Period), Article 6 (Remedies) and Section 7.6 (Commissions), Article 9 (Indemnification) and Section 10.10 (Confidentiality). The foregoing shall not limit any rights or remedies of Purchaser pursuant to Article 6.

- (c) To the extent Purchaser seeks indemnification for a material breach of any Sellers' representations or warranties, Purchaser will be entitled to indemnification only for those matters as to which Purchaser has given written notice thereof to Sellers prior to the expiration of the twelve (12) month period following the Closing.

5.4

As-Is

- (a) SUBJECT TO THE EXPRESS REPRESENTATIONS AND WARRANTIES OF EACH SELLER SET FORTH IN SECTION 5.1 AND IN ANY CLOSING DOCUMENTS TO BE DELIVERED BY THE SUNSTONE ENTITIES, PURCHASER ACKNOWLEDGES AND AGREES THAT THE SALE OF THE PROPERTY AS PROVIDED HEREIN IS MADE ON AN "AS-IS" CONDITION AND BASIS "WITH ALL FAULTS", AND THAT SELLERS HAVE NO OBLIGATIONS TO MAKE REPAIRS, REPLACEMENTS OR IMPROVEMENTS, EXCEPT IN ACCORDANCE WITH THE REPRESENTATIONS, WARRANTIES, COVENANTS AND AGREEMENTS CONTAINED HEREIN OR IN THE CLOSING DOCUMENTS DELIVERED BY THE SUNSTONE ENTITIES. EACH SELLER SPECIFICALLY AND COMPLETELY DISCLAIMS, EXCEPT AS EXPRESSLY STATED IN THIS AGREEMENT OR IN THE CLOSING DOCUMENTS DELIVERED BY SUCH SELLER, ANY AND ALL WARRANTIES, INCLUDING, BUT NOT LIMITED TO, IMPLIED WARRANTIES, STATUTORY WARRANTIES, WARRANTIES ARISING BY OPERATION OF LAW, WARRANTIES OF MERCHANTABILITY, OR FITNESS FOR A PARTICULAR PURPOSE. NO PERSON ACTING ON BEHALF OF ANY SELLER IS AUTHORIZED TO MAKE ANY REPRESENTATION, AGREEMENT, STATEMENT, WARRANTY, GUARANTEE OR PROMISE REGARDING THE PROPERTY, OR THE TRANSACTION CONTEMPLATED HEREIN, OR THE ZONING, CONSTRUCTION, PHYSICAL CONDITION OR OTHER STATUS OF THE PROPERTY EXCEPT AS EXPRESSLY SET FORTH HEREIN OR IN THE CLOSING DOCUMENTS DELIVERED BY THE SUNSTONE ENTITIES. NO REPRESENTATION, WARRANTY, AGREEMENT, STATEMENT, GUARANTEE OR PROMISE, IF ANY, MADE TO PURCHASER BY ANY PERSON ACTING ON BEHALF OF ANY SELLER WHICH IS NOT CONTAINED IN THIS AGREEMENT OR IN THE CLOSING

DOCUMENTS DELIVERED BY OR AGREED WITH SELLERS WILL BE VALID OR BINDING ON SELLERS.

5.5 Covenants

- (a) Each Seller covenants and agrees to use commercially reasonable efforts to cause the applicable Hotel and its Business to be operated and maintained in the Ordinary Course of Business from the Effective Date to the Closing Date, including but not limited to the following:
 - (i) The Sunstone Entities shall cause the Property to be preserved intact and ensure that all necessary repairs and maintenance to the Property consistent with the Ordinary Course of Business for the relevant Hotel have been performed.
 - (ii) The Sunstone Entities shall cause the Hotel and the Business to be operated and maintained on a basis consistent with present standards, and pay and discharge all Liabilities of the Business when due and payable.
 - (iii) The Sunstone Entities shall assist Purchaser and Purchaser's agents, on or before Closing, in acquiring all information necessary to enable Purchaser's agents and Sellers' agents to perform the required calculations in Section 7.2.
 - (iv) The Sunstone Entities will not, without the prior approval of Purchaser, which approval shall not be unreasonably withheld or delayed, sell exchange, assign, transfer, convey, lease or otherwise dispose of, or enter into any agreement or negotiate any agreement to sell exchange, assign, transfer, convey, lease or otherwise dispose of, all or any part of the Property or any interest therein except for FF&E, Consumables and Inventory in the Ordinary Course of Business.
 - (v) Except as contemplated by Exhibit "C", the Sunstone Entities will not amend in any material respect or terminate any Space Leases, Contracts or Permits (except as required by the terms thereof) without the prior approval of Purchaser, which approval shall not be unreasonably withheld or delayed. Notwithstanding the foregoing, the Sunstone Entities will be allowed to (i) amend, extend or terminate Space Leases, Contracts and Permits in the Ordinary Course of Business, and (ii) enter into new Space Leases or Contracts if they are terminable by Purchaser without any termination fee upon not more than thirty (30) days notice. The Sunstone Entities will pay all charges prior to delinquency under such agreements, and will perform all of their respective obligations under such agreements. Sellers shall keep Purchaser

informed of and promptly provide Purchaser with copies of all amendments, extensions, terminations of and new Space Leases, Contracts and Permits entered into by the Sunstone Entities prior to Closing.

- (vi) The Sunstone Entities will not enter into any contracts, licenses, easements or other agreements relating to the Property which will obligate Purchaser or create a charge or lien against the Property (except those necessary to the Business and operation of the Hotels in the Ordinary Course of Business and which are terminable without penalty on no more than thirty (30) days notice), without the prior approval of Purchaser, which approval shall not be unreasonably withheld or delayed. Sellers shall promptly provide written notice to Purchaser of any new agreements entered into by the Sunstone Entities, along with a copy of any new agreements.
- (vii) The Sunstone Entities shall (or shall cause the Management Company to) maintain Inventory, FF&E and Consumables at levels consistent with the Ordinary Course of Business, and shall provide the Hotels with linen, terry and bedding in the quantities customarily maintained at the Hotels. Moreover, the Sunstone Entities shall not materially reduce its available supplies of linen and terry from the levels existing as at the date hereof prior to Closing.
- (viii) The Sunstone Entities shall maintain until the Closing Date the existing insurance coverage for the Property or insurance coverage consistent with the risk management policies of the Franchisor.
- (ix) The Sunstone Entities shall maintain their respective Books and Records in the Ordinary Course of Business, in accordance with accounting principles applied on a basis consistent with past periods.
- (x) Sellers shall promptly notify Purchaser of any event or circumstance that constitutes a material change to any of Sellers' representations and warranties set forth in this Agreement. Such notification will not, however, be considered a cure of any breach of representation or warranty by Sellers.
- (xi) The Sunstone Entities shall (or shall cause the Management Company to) continue to use commercially reasonable efforts to take guest room reservations and to book functions and meetings and otherwise to promote the Business in generally the same manner as has been done prior to the execution of this Agreement; and all Bookings shall be booked at rates, prices and charges heretofore customarily charged by them for such purposes.

- (xii) The Sunstone Entities shall not modify or release any warranties or guaranties applicable to the Property other than in the Ordinary Course of Business.
 - (xiii) The Sunstone Entities shall not cause any of the Purchased Entities to issue, deliver or sell, authorize or propose the issuance, delivery or sale of any units or any securities, options, warrants, conversion rights or commitments relating to its units, except with the prior written consent of Purchaser.
- (b) Purchaser covenants and agrees:
- (i) Commencing on the Effective Date and until the earlier to occur of (i) the termination of this Agreement and (ii) the execution by Purchaser of the New Franchise Agreements, to enter into and diligently pursue good faith negotiations with the Franchisor regarding the form, terms, conditions and provisions of the New Franchise Agreements.
 - (ii) After the Closing, Purchaser shall provide to Sellers reasonable access to (i) the Books and Records with respect to the Hotel, (ii) the Property, and (iii) the Hotel Employees, for any purpose deemed necessary or advisable by Sellers, including, without limitation, to prepare any documents required to be filed by the Sunstone Entities under applicable Laws or to investigate, evaluate and defend any claim, charge, audit, litigation or other proceeding made by any Person or insurance company involving the Sunstone Entities; provided, however, that (A) Sellers shall provide reasonable prior notice to Purchaser; (B) Purchaser shall not be required to provide such access during non-business hours; and (C) Purchaser shall have the right to accompany the officers, employees, agents or representatives of Sellers in providing access to the Books and Records, the Property or the employees of Purchaser (or Purchaser's manager). Purchaser, at its cost and expense, shall retain all Books and Records with respect to each Hotel for a period of not less than five (5) years after the Closing Date. This Section 5.5(b)(ii) shall survive the Closing.
 - (iii) Within 30 days following the Closing, Purchaser shall take such reasonable steps as may be required to remove the name "Sunstone" from use by Purchaser or its Affiliates.
- (c) Sellers further covenant and agree that following the Closing Date they shall not transfer, convey, sell, assign, distribute, dividend or pledge any of the AHIP Units forming part of the Equity Consideration prior to the date (the "Release Date") that is the later of (i) four months and one day following the Closing Date, and (ii) December 1, 2016, and Sellers shall

hold the AHIP Units in the names of the Sellers until the Release Date; provided, however, that the AHIP Units may be transferred by Sellers to the Realty Trust Entities (each of which shall be a party to the escrow agreement entered into with the Purchaser at Closing) prior to the Release Date on the basis that: (i) each of the Realty Trust Entities shall enter into an agreement with Purchaser prior to any such transfer covenanting that it will not transfer, convey, sell, assign, distribute, dividend or pledge any of the AHIP Units forming part of the Equity Consideration prior to the Release Date, and (ii) any such transfer to the Realty Trust Entities shall be completed in full compliance with any applicable securities laws and regulations, including applicable hold periods.

5.6 Conditions Precedent to Purchaser's Obligations

Purchaser's obligations under this Agreement are conditioned upon the satisfaction of the following conditions in respect of each of the Hotels:

- (a) Each Seller's representations and warranties set forth in this Agreement shall be true and accurate as of the date of the execution of this Agreement and continue to be true and accurate in all material respects as of the Closing Date as if made on the Closing Date.
- (b) Each Seller shall have duly complied with or performed all of its covenants and obligations under this Agreement in all material respects, including, without limitation, the delivery of the documents set forth in Section 7.4(a).
- (c) No material legal or regulatory action or proceeding shall be pending or threatened by any Person before any court or Governmental Authority to obtain damages in respect of this Agreement or to restrain or prohibit the completion of the transactions contemplated by this Agreement or the right of any Person to carry on one or more of the Businesses.
- (d) Subject to the provisions of Article 8 (Condemnation), the Property shall on the Closing Date be in the same condition as on the Effective Date except as attributable to ordinary wear and tear and depletion and replenishment of Consumables and Inventory in the Ordinary Course of Business.
- (e) There shall have been no Force Majeure Event between the date of this Agreement and the Closing Date (inclusive), the effects of which are subsisting as of the Closing Date and which, singly or together with any other Force Majeure Event, makes it impracticable to proceed with the transactions contemplated by this Agreement.
- (f) The transfer of the Sellers' ownership interest in Dallas LP, as the borrower under the DFW Loan, to Purchaser or an Affiliate of Purchaser shall have been approved by the applicable loan servicers.

- (g) On or prior to Closing, the Title Company shall irrevocably commit to issue the Title Policies in respect of each of the parcels of Real Property comprising the Property pursuant to marked Title Commitments or pro forma policies effective as of the Closing Date in the amount of the Purchase Price in each case, subject only to the Permitted Encumbrances.
- (h) Purchaser shall have entered into the New Franchise Agreements for each of the Hotels on or before the Closing Date on such terms as are satisfactory to Purchaser.
- (i) Sellers shall have terminated, or caused to be terminated, the hotel management agreements between the Management Company and the Sunstone Entities, and any payments due and payable to the Management Company shall have been paid in full prior to Closing or shall be paid with Sellers' proceeds at Closing.
- (j) Any approvals required in connection with the issuance of the Equity Consideration shall have been received.
- (k) To the knowledge of each of Sellers and Purchaser there shall be no impediment to the simultaneous completion at Closing of all of the purchase transactions contemplated by this Agreement.

The foregoing conditions are for the benefit of Purchaser only and accordingly Purchaser shall be entitled to waive compliance with any such conditions if it sees fit to do so, in its sole discretion. The duties and obligations of Purchaser to proceed to Closing under the terms of this Agreement are and shall be expressly subject to strict compliance with, and satisfaction or waiver of, each of the conditions and contingencies set forth in this Section 5.6, each of which shall be deemed material to this Agreement. If any of the foregoing conditions have not been satisfied or waived as of the Closing Date for reasons other than a Purchaser default, then Purchaser, subject to any applicable notice and cure periods as provided in other provisions of this Agreement (including, without limitation, Section 6.2), shall be entitled to terminate this Agreement by giving Sellers written notice to such effect, whereupon Escrow Agent shall disburse the Earnest Money as set forth in Section 2.3, and the parties shall thereafter have no further rights or Liabilities under this Agreement, except that (i) each party shall pay 50% of the expenses of escrow unless the termination is solely due to any Seller's failure to perform its obligations hereunder in which event Sellers shall pay the expenses of escrow, and (ii) each party shall continue to be obligated under the indemnity and other provisions in the Agreement that survive termination, including, without limitation, those set forth in Section 1.3 (Inspection Period), Article 6 (Remedies), Section 7.6 (Commissions), Article 9 (Indemnification) and Section 10.10 (Confidentiality).

5.7 Conditions Precedent to Sellers' Obligations

Sellers' obligations under this Agreement are conditioned upon the satisfaction of the following conditions:

- (a) Purchaser's representations and warranties set forth in this Agreement shall be true and accurate as of the date of the execution of this Agreement

and continue to be true and accurate in all material respects as if made on the Closing Date. For the purposes of this Section 5.7(a), any inaccuracy in or breach of any representation or warranty made by Purchaser in this Agreement shall be determined without regard to any materiality or other similar qualification contained in or otherwise applicable to such representation and warranty.

- (b) Purchaser shall have performed all of its obligations under this Agreement in all material respects, including, without limitation, the delivery of the documents set forth in Section 7.4(b). For the purposes of this Section 5.7(b), any breach of any covenant and obligation of Purchaser in this Agreement shall be determined without regard to any materiality or other similar qualification contained in or otherwise applicable to such covenant or obligation.
- (c) On or prior to the Closing, Purchaser or its Affiliates and Franchisors or their Affiliates shall have approved and executed New Franchise Agreements for the Hotels consistent with the provisions in this Agreement with respect to such New Franchise Agreements.
- (d) Sellers shall have terminated, or caused to be terminated, the hotel management agreements between the Management Company and the Sunstone Entities.
- (e) Any approvals required in connection with the issuance of the Equity Consideration shall have been received.

The foregoing conditions are for the benefit of Sellers only and accordingly Sellers shall be entitled to waive compliance with any such conditions as they see fit to do so, in their sole discretion. The duties and obligations of Sellers to proceed to Closing under the terms of this Agreement are and shall be expressly subject to strict compliance with, and satisfaction or waiver of, each of the conditions and contingencies set forth in this Section 5.7, each of which shall be deemed material to this Agreement. If the conditions set forth in Sections 5.7(a) and (b) have not been satisfied as of the Closing Date for reasons other than a default by a Seller or a failure to satisfy the conditions set forth in Section 5.6, then Sellers, subject to any applicable notice and cure periods as provided in other provisions of this Agreement (including Section 6.1), shall be entitled to terminate this Agreement by giving Purchaser written notice to such effect. Escrow Agent shall disburse the Earnest Money as set forth in Section 2.3, and the parties shall thereafter have no further rights or liabilities under this Agreement, except that (i) each party shall pay 50% of the expenses of escrow unless the termination is solely due to Purchaser's failure to perform its obligations hereunder in which event Purchaser shall pay the expenses of escrow, and (ii) each party shall continue to be obligated under the provisions in this Agreement that survive termination, including, without limitation, those set forth in Section 1.3 (Inspection Period), Article 6 (Remedies), Section 7.6 (Commissions), Article 9 (Indemnification) and Section 10.10 (Confidentiality).

6. REMEDIES

6.1 Sellers' Remedies

Prior to entering into this transaction, Purchaser and Sellers have discussed the fact that substantial damages will be suffered by Sellers if Purchaser shall fail to perform its obligations under this Agreement. Due to the fluctuation in land values, the unpredictable state of the economy and of governmental regulations, the fluctuating money market for real estate loans of all types, and other factors which directly affect the value and marketability of the Property, the parties recognize that it would be extremely difficult and impracticable, if not impossible, to ascertain with any degree of certainty the amount of damages which would be suffered by Sellers in the event of Purchaser's failure to perform its obligations under this Agreement to purchase the Property. Accordingly, the parties agree that a reasonable estimate of Sellers' damages in such event is the amount of the Earnest Money, and if Purchaser defaults by failing to close the purchase of the Property (excluding, for the avoidance of doubt, any refusal by Purchaser or Sellers to close pursuant to an exercise by Purchaser or Sellers of its or their right, as applicable, to terminate this Agreement in accordance with Section 1.3(e), 3.1(a)(ii), 4.1(a), 5.3(b), 6.2(b), 7.1 or 8.1, or on the basis of a failure of Seller to satisfy the conditions precedent set forth in Section 5.6), including, but not limited to, its obligations under Section 5.7 and Section 7.4(b), then Sellers, as their sole remedy, after delivery of written notice to Purchaser of such failure and the expiration of a five (5) Business Day cure period from delivery of such notice, shall be entitled to (i) immediately terminate this Agreement by giving Purchaser written notice to such effect and (ii) receive and retain the Earnest Money as liquidated damages. Following Sellers' receipt of the amount specified in clause (ii), neither party to this Agreement shall thereafter have any further rights or liabilities under this Agreement, except that (A) Purchaser shall pay the expenses of escrow, and (B) each party shall continue to be obligated under the provisions in this Agreement that survive termination, including, without limitation, those set forth in Section 1.3 (Inspection Period), this Article 6 (Remedies), Section 7.6 (Commissions), Article 9 (Indemnification) and Section 10.10 (Confidentiality).

6.2 Purchaser's Remedies

If any Seller defaults in any material respect in performing its obligations under this Agreement to close the sale of the Property, including but not limited to any of the Sellers' obligations under Section 5.6 and Section 7.4(a), then Purchaser shall have the right, after delivery of written notice to Sellers of such failure and the expiration of a five (5) Business Day cure period from delivery of such notice, to exercise any one of the following as Purchaser's sole and exclusive remedy:

- (a) proceed to Closing without any reduction in or set off against the Purchase Price, in which case Purchaser shall be deemed to have waived the default of such Seller or Sellers, as applicable, in performing its or their obligations and covenants under this Agreement, as applicable or Seller's or Sellers' incorrect representations and warranties, as applicable, and such waiver will be deemed to include any and all Claims associated with the same, including any related post closing survivability or post closing indemnity; or

- (b) terminate this Agreement by giving Sellers written notice of such election prior to or at the Closing whereupon (i) Escrow Agent shall promptly return the Earnest Money to Purchaser, (ii) Sellers shall reimburse Purchaser within ten (10) Business Days following written demand by Purchaser in an amount equal to Purchaser's reasonable out-of-pocket costs of the transaction actually incurred or due and payable to third parties (which such written demand shall be provided to Sellers no later than sixty (60) days after the date of the notice of termination referred to in this Section 6.2(b) and shall enclose supporting documentation reasonably evidencing such costs as having actually been so incurred), including reasonable attorney's fees and costs incurred in connection with this Agreement and the investigation of the Property, and (iii) following Purchaser's receipt of the amounts specified in clauses (i) and (ii), neither party to this Agreement shall thereafter have any further rights or liabilities under this Agreement, except that (A) Sellers shall pay the expenses of escrow, (B) each party shall continue to be obligated under the provisions in this Agreement that survive termination, including, without limitation, those set forth in Section 1.3 (Inspection Period) this Article 6 (Remedies), Section 7.6 (Commissions), Article 9 (Indemnification) and Section 10.10 (Confidentiality); or
- (c) compel specific performance on the Property on the part of Sellers under the terms of this Agreement.

6.3 Attorneys' Fees

If any litigation or other enforcement proceeding is commenced in connection with this Agreement, then the substantially prevailing party shall be entitled to receive payment of its reasonable attorneys' fees and expenses and court costs from the other party (in addition to any liquidated damages under Section 6.1 and in addition to any repayment of out-of-pocket expenses specified in Section 6.2).

6.4 Survival

The provisions of this Article 6 will survive the Closing or termination of this Agreement.

7. CLOSING MATTERS

7.1 Closing Date

The parties hereby acknowledge their mutual intention to complete the transaction contemplated by this Agreement on a date (the "Closing Date") as soon as possible following (i) the agreement of New Franchise Agreements and (ii) the arrangement of debt financing satisfactory to Purchaser, including approval by the relevant loan servicers of the transfer of the Sellers' ownership interest in Dallas LP, as the borrower under the DFW Loan, to Purchaser or an Affiliate of Purchaser. If the Closing has not occurred on or before September 30, 2016, either party may immediately terminate this Agreement by written notice to the other party; provided,

however that such terminating party must have complied in good faith with all of its obligations, agreements and covenants hereunder up to and including the date of the delivery of such notice.

7.2 Adjustments and Prorations

With respect to each Hotel, the matters and items set forth below shall be apportioned between Purchaser, on one hand, and the DFW Sellers and the Tempe Sellers, on the other hand, in one separate Closing Statement for each Hotel prepared in accordance with this Section 7.2, with amounts to be debited or credited to the parties accordingly:

- (a) Taxes. All real and personal property Taxes, special assessments, community facilities district or other improvement district assessments, if any, whether payable in installments or not, shall be prorated as of the Cut-Off Time and Sellers shall be responsible for all such amounts attributable to the period prior to the Cut-Off Time, and Purchaser shall be responsible for all such amounts attributable to the period after the Cut-Off Time. All such Taxes for calendar 2015 and prior years shall be paid in full by Sellers on or before Closing and all such Taxes for calendar 2016 shall be apportioned between Sellers and Purchaser on the basis set forth above. If any such Taxes have not been finally determined on the Closing Date, then such Taxes shall be prorated on an estimated basis using the most current information available (subject to Sellers' retention of any pre-Closing Tax liabilities in accordance with Section 1.2(c)). When such Taxes have been finally determined, the parties shall recalculate such prorations and any amount payable by Sellers or Purchaser shall be paid to the other party within fifteen (15) days after such Taxes are finally determined. All transfer Taxes assessed as a result of the transaction will be the responsibility of Purchaser. All personal property sales and use Taxes assessed as a result of the transaction will be the responsibility of Purchaser.
- (b) Room Rentals. In recognition of the cleaning costs to be incurred by Purchaser on the Closing Date, 50% of the room rental revenues attributable to the night prior to the Closing Date shall be the property of Sellers and the remaining 50% shall be the property of Purchaser (regardless of when the room rental is actually paid). Room rentals attributable to any night prior to the night prior to the Closing Date shall be the property of Sellers.
- (c) Reservation Deposits. Prepaid and unearned reservation deposits and other such third party prepaid items relating to periods after the Cut-Off Time shall be transferred to Purchaser, or the amounts thereof credited to Purchaser, at Closing.
- (d) Utility Charges. Sellers shall be responsible for the payment at Closing of all bills for utility charges up to and including the Cut-Off Time, and any unpaid amounts shall be credited to Purchaser.

- (e) Operating Expenses and Trade Accounts. Sellers shall be responsible for all operating expenses and trade accounts of the Hotels (including, without limitation, charges and fees payable under the Hotel Contracts and all hotel/motel sales and occupancy Taxes) accruing up to and including the Cut-Off Time. To the extent the amounts of such items are then known, Sellers shall pay the net amount of such items at the Closing. All operating expenses and trade accounts accruing after the Cut-Off Time shall be the responsibility of Purchaser.
- (f) Food, Beverage and Other Income. Revenues from food, beverage and banquet services, room service, public room revenues, health club revenues and other services rendered to guests of each Hotel and the expenses related thereto shall be recognized upon completion of such services, and any such revenues and expenses related thereto if attributable to the time prior to Cut-off Time shall be the property of Sellers, and if attributable to the time subsequent to Cut-off Time shall be the property of Purchaser. Any such revenues attributable to any period prior to the night preceding the Closing Date shall be the sole property of Sellers.
- (g) Rents. All rentals under the Space Leases (including fixed rents and charges in respect of electricity, operating expenses and Taxes) shall be prorated as of the Cut-Off Time if, as and when collected.
- (h) Employees. Sellers shall cause to be paid to the Hotel Employees, as provided in Section 7.7, all accrued vacation days and sick time, wages, benefits and expenses that any Hotel Employee is owed, as of the Closing Date, pursuant to statute or contract, including any collective bargaining agreement, if applicable, or shall credit Purchaser with an equivalent aggregate amount for any unpaid amounts as of Closing.
- (i) Security Deposits. Any unapplied security deposits under the Space Leases shall be assumed by Purchaser at the Closing without any additional expense.
- (j) Cash. All cash on hand in house banks (other than the General Manager's petty cash funds) as at the Cut-Off Time shall be retained by or credited to Sellers at the Closing, with the exception of the DFW Retention Funds and the Tempe Retention Funds, which shall be contributed or credited to Purchaser at Closing (along with any rights thereto) without any corresponding adjustment to the Aggregate Purchase Price. Purchaser shall cause new bank accounts to be opened at Closing, and cause the Purchased Entities to use only such new bank accounts in the operation of the Business. An additional \$50,000 in cash shall be credited to Sellers at Closing, such amount to be allocated to the Tempe Hotel.
- (k) Ledger and Other Receivables. All accounts receivable of any kind attributable to guests in each Hotel on the night preceding the Closing (the

“Ledger”) shall be prorated as provided in this Agreement, Sellers’ share shall be credited to Sellers at Closing and the Ledger shall become the property of Purchaser. All other accounts receivable of Sellers for the period prior to Closing shall remain the property of Sellers, and all other accounts receivable of the Purchased Entities shall be the property of Purchaser.

- (l) Closing Statement. Unless Sellers and Purchaser otherwise agree, the Closing Statement containing the adjustments and pro rations set forth in this Section 7.2 shall be prepared by Escrow Agent, Purchaser and Sellers in accordance with the provisions of this Agreement, the current edition of the Uniform System of Accounts for Hotels of the Hotels Association of New York City, Inc., as adopted by the American Hotel Association of the United States and Canada and otherwise in accordance with GAAP, provided that in the case of conflict in such provisions and the express terms of this Agreement, the provisions of this Agreement shall control. Escrow Agent, working with Purchaser’s and Sellers’ accountants or representatives, shall prepare and deliver to the parties (i) on the date that is no less than two (2) Business Days prior to the Closing, a “Preliminary Closing Statement” (herein so called) reflecting the projected prorations and adjustments to be made at the Closing with respect to the Hotels and (ii) on the date of Closing, a “Closing Statement” (herein so called) reflecting the actual prorations and adjustments to be made at the Closing, which Closing Statement shall be approved by Purchaser and Sellers.
- (m) Final Closing Statement. To the extent that any of the items included in the Closing Statement cannot be finally determined on the Closing Date, then such items shall be prorated on an estimated basis using the most current information. Within ninety (90) days after the Closing Date, Purchaser shall recalculate such prorations and adjustments and provide a final Closing Statement to Sellers (the “Final Closing Statement”). Subject to the dispute provisions of Section 7.3, any amount payable by Sellers or Purchaser pursuant to such final calculation and the Final Closing Statement shall be paid to the other party within fifteen (15) days after such recalculation.

The obligations set forth in this Section 7.2 will survive the Closing.

7.3 Dispute Resolution

In the event of a dispute between Sellers and Purchaser following the Closing Date regarding any matter relating to the Final Closing Statement, a disputing party shall submit its objection in writing to the other party. The party receiving notice of a dispute shall have the right within ten (10) days following receipt of such objections to advise the other party of any disagreement it has with the objections that have been raised. If the parties thereafter are unable to resolve their respective objections and disagreements within ten (10) days following notice of the parties’ disagreement with objections or with noticed objections, then the parties shall submit the matter

for final resolution to the Phoenix, AZ office of PricewaterhouseCoopers LLP (the “Accounting Firm”). The determination of the Accounting Firm shall be final and conclusive on the parties. The fees and expenses of the Accounting Firm shall be borne 50% by each of the parties. If the party owing funds to the other after the date of Closing pursuant to this section does not remit such funds on or prior to the date fifteen (15) days after the Accounting Firm has made a final determination regarding the Final Closing Statement, such funds shall thereafter bear interest from the day following the date due until paid at the rate of twelve percent (12%) per annum. The provisions of this Section 7.3 shall survive the Closing.

7.4 Closing Documents

- (a) On or before the Closing Date, each Seller shall deliver to Escrow Agent or to Purchaser, as appropriate, the following documents and materials, dated as of the Closing Date (as applicable). As contemplated by Section 10.2, Purchaser may assign its rights to purchase the Hotels and the respective components of the Property to one or more Affiliates of Purchaser. Alternatively, Purchaser may direct Sellers, prior to Closing by written instructions, to convey the Property to one or more of such Affiliates. Sellers agree to execute and deliver one or more of each of the conveyance documents described in this Section 7.4 pursuant to Purchaser’s written directions as required to convey the components of the Property pursuant to Purchaser’s written directions to Purchaser’s designated Affiliates:
 - (i) an instrument of assignment, in form and substance reasonably satisfactory to Purchaser, for the assignment and transfer to Purchaser or its designee of the limited liability company membership interests of New LLC 3 and the general partnership interests of each of the Purchased Entities, as contemplated by this Agreement;
 - (ii) if Purchaser has elected to purchase the Real Property by means of an asset purchase transaction pursuant to Section 1.2(b), a special warranty deed for each the Hotels conveying the fee simple title in the Real Property to Purchaser free and clear of all Encumbrances except the Permitted Encumbrances, duly authorized, executed and acknowledged by each Seller, such special warranty deed to be in a form customary in the jurisdiction of the Hotels, as applicable;
 - (iii) two (2) counterparts of an Assignment and Bill of Sale (the “Assignment and Bill of Sale”) for each of the Hotels in the form attached hereto as Exhibit “I” transferring to Purchaser all of the Personal Property, the Space Leases, the Hotel Contracts and the assignable Permits, duly authorized and executed by the applicable Sunstone Entity, together with original certificates of title for all vehicles that are part of the Property, endorsed to transfer same to

Purchaser (and any necessary governmental forms to effect the transfer of title);

- (iv) a certificate executed by each Seller in the form attached hereto as Exhibit "J" (the "Sellers' Certificate") stating that (i) each of the representations and warranties of such Seller set forth in this Agreement are, as of the Closing Date, true and accurate in all material respects as required by Section 5.6(a) hereof, and (ii) each of the covenants and agreements of Sellers set forth in Section 5.5(a) have been duly performed and complied with in all material respects as required by Section 5.6(b);
- (v) executed copies of the Non-Compete Agreements;
- (vi) guarantees of the obligations of Sellers from each of the Realty Trust Entities for a term of four months and one day after the Closing Date, which guarantees shall be proportionate to the respective portion of the Aggregate Purchase Price attributable to the DFW Hotel and the Tempe Hotel, respectively;
- (vii) certificates, as may reasonably be required by Purchaser or Purchaser's lenders, certifying certain matters relating to the operations and activities of the Purchased Entities prior to the Closing Date;
- (viii) possession of the Property and any and all keys, access codes and plans and specifications for the Improvements on the Property in Seller or Sellers' possession;
- (ix) a certified copy of such authorizations, approvals and incumbencies of each Seller, good standing certificates, and an owner's affidavit and indemnity agreement of each Seller as the Title Company shall reasonably require for issuance of the Title Policies, including non-imputation endorsements with respect to the owner's policies;
- (x) a FIRPTA Affidavit executed by each Seller in the form required by the Internal Revenue Service;
- (xi) a copy of the safe deposit inventory list and Baggage Inventory List executed by each Seller;
- (xii) a Closing Statement reflecting the parties' respective costs of Closing hereunder executed by each Seller;
- (xiii) such documents as Purchaser may reasonably request evidencing the payment or repayment by Sellers of any Indebtedness relating to the Property;

- (xiv) the Tax Certificates described in Section 7.5(c) of this Agreement, if such Tax Certificates have been obtained on or before the Closing Date;
 - (xv) to the extent not previously delivered to Purchaser, copies (or originals if available) of the Hotel Contracts, Space Leases and assignable Permits, and all Books and Records with respect to each Hotel, which shall be located at the applicable Hotel on the Closing Date and deemed to be delivered to Purchaser upon delivery of possession of each applicable Hotel;
 - (xvi) evidence reasonably acceptable to Purchaser and Title Company of termination of (i) the Franchise Agreements, (ii) the existing management agreements with the Management Company, (iii) any existing leases between Sunstone Entities relating to the Tempe Hotel and (iv) any leases between Sunstone Entities relating to the DFW Hotel;
 - (xvii) written resignations of all directors, officers, members and managers of the Purchased Entities;
 - (xviii) letters to each Tenant under a Space Lease notifying such tenants of the sale of the Property, such letters to be jointly signed by each applicable Seller and Purchaser or Purchaser's manager;
 - (xix) any documents required to be filed or recorded by applicable Laws in connection with this transaction, including any documents required to transfer any water rights appurtenant to the Property; and
 - (xx) any other agreements, documents and/or instruments as may be reasonably required or requested by the Title Company or Purchaser to consummate the transactions contemplated hereunder.
- (b) On or before the Closing Date, Purchaser shall deliver to Escrow Agent or to Sellers, as appropriate, the following, dated as of the Closing Date (as applicable):
- (i) a counterpart of each of the documents and instruments that are required to be executed and delivered by Seller under Section 7.4(a) which require execution by Purchaser or an Affiliate of Purchaser;
 - (ii) funds representing the Aggregate Purchase Price (as adjusted in accordance with Section 2.2(c)), plus or minus costs and prorations as provided in Section 7.2;

- (iii) such certificates of authorization, approvals and incumbency, and good standing certificates, as Sellers or the Title Company shall reasonably require;
- (iv) a certificate executed by Purchaser in the form of Exhibit “K” attached hereto (the “Purchaser’s Certificate”) stating that (i) each of the representations and warranties of Purchaser set forth in this Agreement are, as of the Closing Date, true and accurate in all material respects as required by Section 5.7(a) hereof and (ii) each of the covenants and agreements of Purchaser set forth in Section 5.5(b) have been duly performed and complied with in all material respects;
- (v) the Tax Certificates described in Section 7.5(c) of the Agreement, if such Tax Certificates have been obtained on or before the Closing Date;
- (vi) an executed copy of the safe deposit inventory list and Baggage Inventory List;
- (vii) a Closing Statement reflecting the parties’ respective costs of Closing hereunder;
- (viii) the New Franchise Agreements between the Franchisors or their Affiliates and Purchaser or its Affiliates;
- (ix) new management agreements with the Management Company and Purchaser or its Affiliate;
- (x) letters to each Tenant under a Space Lease notifying such tenants of the sale of the Property, such letters to be jointly signed by each applicable Seller and Purchaser;
- (xi) any documents required to be filed or recorded by applicable Laws in connection with this transaction, including any documents required to transfer any water rights appurtenant to the Property; and
- (xii) any other agreements, documents and/or instruments as may be reasonably required or requested by the Title Company or Sellers to consummate the transactions contemplated hereunder.

7.5

Closing Costs

- (a) In addition to the other costs and expenses to be paid by Sellers set forth elsewhere in this Agreement, Sellers shall pay for the following costs in connection with this transaction: (i) the fees and expenses of their own accountants and attorneys; (ii) the costs of the owner’s Title Policies and

all endorsements or modifications to the owner's Title Policies; (iii) closing costs, in accordance with the customs of the respective counties in which the individual Hotels are situated; (iv) except as otherwise provided herein, 50% of any escrow fees and costs and recording fees for the closing documents; and (v) all costs related to recording any documents to release all monetary liens on the Property.

- (b) In addition to the other costs and expenses to be paid by Purchaser set forth elsewhere in this Agreement, Purchaser shall pay for the following costs in connection with this transaction: (i) the fees and expenses of its own accountants and attorneys; (ii) the costs of the Updated Surveys; (iii) closing costs, in accordance with the customs of the respective counties in which the individual Hotels are situated; (iv) the fees, costs and expenses for recording any of Purchaser's financing documents; (v) the formation costs (including reasonable legal expenses) for New LLC 3 and New LLC 4; (vi) costs and expenses incurred in relation to the procurement of any approvals required in connection with the issuance of the Equity Consideration; and (vii) except as otherwise provided herein, 50% of any escrow fees and costs and recording fees for the closing documents.
- (c) All transfer Taxes due as a result of this transaction shall be paid by Purchaser, and Sellers and Purchaser shall execute and deliver such transfer and sales Tax returns, exemption certificates and/or occasional sales certificates (collectively, the "Tax Certificates") as may be required by law or deemed reasonably necessary by either party or Escrow Agent. Sellers shall be responsible for all sales, use, and gross receipts Taxes applicable to construction, repair and remodeling of the Hotels prior to Closing.
- (d) All other fees, costs and expenses not expressly addressed in this Section 7.5 or elsewhere in this Agreement shall be allocated between each Seller and Purchaser for the Property in accordance with local custom of the respective counties in which the applicable Hotel is situated for similar transactions.
- (e) The provisions of this Section 7.5 shall survive the Closing.

7.6 Real Estate Commissions

Each of the Sellers and Purchaser each represent and warrant to the other that it has not dealt with any broker or finder in the negotiation of this transaction. Each party agrees to and does hereby indemnify and hold the other harmless against the payment of any commission or finder's fee to any other Person claiming by, through or under such party, as applicable. The indemnities set forth in this Section 7.6 will survive the Closing or earlier termination of this Agreement.

7.7 Hotel Employees

The parties acknowledge that from and after the Closing, the Hotel Employees will continue to be employed by the Management Company or one or more of its Affiliates, subject to the terms of new management agreement documents to be entered into at Closing between the Management Company and Purchaser or its Affiliates. Sellers shall cause the existing agreements between Management Company and the Sunstone Entities to be terminated as of the Closing Date.

7.8 Disbursements and Other Actions by Escrow Agent

At the Closing, Escrow Agent shall promptly undertake all of the following:

- (a) Disburse all funds deposited with Escrow Agent by Purchaser as follows:
 - (i) Deduct and pay to the appropriate third party all items chargeable to the account of Sellers pursuant to Section 7.5;
 - (ii) Pay to the appropriate third party from additional funds deposited by Purchaser, if required, for all items chargeable to the account of Purchaser pursuant to Section 7.5;
 - (iii) Disburse the balance of the funds due to Sellers to or as directed by Sellers; and
 - (iv) Disburse any remaining funds to or as directed by Purchaser.

All amounts and payees with respect to the items listed above shall be shown on settlement statements executed at the Closing.

- (b) Issue to Purchaser the Title Policies (including any endorsements issued in connection therewith);
- (c) Deliver to Purchaser and Sellers the other applicable fully-executed documents; and
- (d) Take such other actions as Sellers and Purchaser may deem necessary or convenient for the consummation of the Closing.

7.9 Escrow Agent as Reporting Person

In order to assure compliance with the requirements of Section 6045 of the Code, and any related reporting requirements of the Code, the parties hereto agree as follows:

- (a) Escrow Agent agrees to assume all responsibilities for information reporting required under Section 6045(e) of the Code, and Seller and Purchaser hereby designate Escrow Agent as the Person to be responsible

for all information reporting under Section 6045(e) of the Code (the “Reporting Person”).

- (b) Sellers and Purchaser hereby agree (i) to provide to the Reporting Person all information and certifications regarding such party, as reasonably requested by the Reporting Person or otherwise required to be provided by a party to the transaction described herein under Section 6045 of the Code; (ii) to provide to the Reporting Person such party’s Taxpayer identification number and a statement (on Internal Revenue Service Form W-9 or an acceptable substitute form, or on any other form the applicable current or future Code sections and regulations might require and/or any form requested by the Reporting Person), signed under penalties of perjury, stating that the Taxpayer identification number supplied by such party to the Reporting Person is correct; and (iii) to retain this Agreement for not less than five (5) years from the end of the calendar year in which the Closing occurred, and to produce it to the Internal Revenue Service upon a valid request therefore.

7.10 Survival

The provisions of Article 7 shall survive the Closing.

8. CONDEMNATION AND RISK OF LOSS

8.1 Condemnation and Casualty

Sellers shall promptly notify Purchaser in writing of any condemnation proceeding filed or any casualty to the Property occurring prior to the Closing.

- (a) Condemnation. If any condemnation proceeding filed prior to the Closing results in the loss of all or any material portion of the Property, or materially and adversely affects one or more of the Businesses or access to one or more of the Hotels, or reduces the parking available at one or more of the Hotels below that is required by applicable Law, then this Agreement shall, at Purchaser’s sole election, either (i) continue in effect without modification of the terms thereof, in which event, upon the Closing, Purchaser shall be entitled to any compensation, awards, or other payments or relief resulting from such condemnation proceeding, or (ii) terminate by Purchaser’s written notice to Sellers and Escrow Agent delivered within ten (10) Business Days after receipt by Purchaser of notice of such condemnation, in which event Escrow Agent shall return the Earnest Money to Purchaser, and following Purchaser’s receipt of the Earnest Money, all obligations, duties, rights and entitlements of Sellers and Purchaser shall terminate, except that Sellers and Purchaser shall share equally the expenses of escrow, and the parties shall continue to be obligated under the applicable indemnity provisions of this Agreement which survive termination of this Agreement.

- (b) Casualty. In the event of fire, casualty or any other damage of any kind whatsoever (insured or uninsured) to the Property which is reasonably estimated to cost five percent (5%) of the Purchase Price or more to repair, replace or remediate (the “Casualty Threshold”), Purchaser may, at its option, terminate this Agreement by written notice to Sellers within thirty (30) days after Purchaser’s receipt of the notice of casualty referred to above or at Closing, whichever is earlier. If Purchaser does not elect to terminate this Agreement within such time period, or if any such occurrence costs less than the Casualty Threshold to repair, replace or remediate, then:
- (i) the parties shall proceed to the Closing pursuant to the terms and conditions hereof, without modification of the terms of this Agreement and without any reduction in the Purchase Price except as set forth in this Section 8.1(b); and
 - (ii) Each Seller shall assign to Purchaser at Closing all of such Seller’s direct or indirect interest in any insurance proceeds (except only, rent loss and business interruption insurance, and any similar insurance attributable to the period preceding the interruption insurance, and any similar insurance attributable to the period preceding the Closing Date) that may be payable on account of any such fire, casualty or other damage, and Purchaser will receive a credit against the Purchase Price for any such proceeds that are received and retained by any creditor of the Sunstone Entities and for the amount of any deductibles under any policies related to such proceeds, to the extent such deductibles or insurance proceeds.

9. INDEMNIFICATION

9.1 General Indemnity

- (a) Subject to the limitations set forth in this Section 9.1, the Sellers agree to indemnify and hold harmless Purchaser, its Affiliates and each of their respective directors, officers, employees and agents, and any successor to Purchaser, its Affiliates and their respective directors, officers, employees and agents (each of the foregoing, an “Indemnified Party”), from and against, on an after-Tax basis, all Losses suffered or incurred as a result of or arising directly or indirectly out of or in connection with:
- (i) any breach of any representation or warranty of Sellers contained in this Agreement or in any agreement, certificate or other document delivered pursuant hereto (but subject to Section 5.3(a) with respect to any such representation or warranty);

- (ii) any breach or non-compliance by such Sellers of any covenant or agreement in this Agreement or in any agreement, certificate or other document delivered pursuant hereto, including without limitation any amount due and owing to Purchaser following the Closing pursuant to Article 7 and failure by Sellers to pay, satisfy, perform or otherwise discharge any Excluded Liabilities in accordance with Section 1.2(c);
 - (iii) any Claims brought by any third party to the extent arising from acts, omissions or occurrences that occur or accrue in connection with the Business and the Property prior to the Closing Date, including, without limitation, with respect to the Hotel Contracts and Space Leases;
 - (iv) any breach by Sellers of any Tax representations or warranties set forth in Section 5.1; and
 - (v) any noncompliance with any Law relating to fraudulent conveyance or transfer in respect of the transactions contemplated by this Agreement to occur at Closing.
- (b) The aggregate liability of Sellers under this Article 9 shall not exceed an amount equal to five percent (5%) of the Aggregate Purchase Price; provided, however, that notwithstanding anything to the contrary herein, no limitations shall apply in relation to any claim by Purchaser hereunder based on or related to (A) title to the Property, (B) any misrepresentation of Seller or Sellers constituting deceit or fraud, (C) any Claim by Purchaser related to the representations and warranties in Sections 5.1(a), 5.1(b), 5.1(c) or 5.1(e), (D) any claim by Purchaser pursuant to Section 9.1(a)(iv), (E) any claim by Purchaser pursuant to Section 9.2 or (F) any Excluded Liabilities of Sellers pursuant to Section 1.2(c).
- (c) Sellers shall be obligated to indemnify and hold Purchaser harmless with respect to Claims only to the extent that the applicable Claims, individually or in the aggregate, exceed \$50,000 in estimated value or damages; provided, however, that (A) if any applicable Claims exceed such amount, individually or in the aggregate, the Indemnified Party shall be indemnified for the full amount of the applicable Claims up to the limit set forth in Section 9.1(b), and (B) no such threshold shall apply for any Excluded Liabilities of Sellers pursuant to Section 1.2(c).
- (d) The provisions of this Article 9 shall survive the Closing Date for a period of twelve (12) months (except with respect to Section 9.1(a)(iv), for which the survival period shall extend to the ninetieth (90th) day after the last date on which any legal or other action can be commenced by any Governmental Authority with respect to Taxes payable by Seller or Sellers for periods prior to the Closing Date).

- (e) Except with respect to claims of fraud or as otherwise specifically set forth in this Agreement, following Closing Purchaser's sole and exclusive rights and remedies against Seller and Sellers under this Agreement shall be those rights and remedies set forth in this Article 9.

9.2 Environmental Indemnity

- (a) Sellers shall indemnify and save harmless each of the Indemnified Parties from and against all Losses suffered or incurred as a result of or arising directly or indirectly out of or in connection with any: (i) event occurring or conditions existing at or prior to the Closing Date relating to the Business or the Property that constitutes a violation of, or gives rise to liability under, any Hazardous Waste Laws; or (ii) any generation, manufacture, processing, distribution, use, presence, treatment, storage, disposal, release, transport or handling of any Hazardous Substances in, on, under or from any of the Real Property or the Property, whether by Sellers or any other Person prior to the Closing Date.
- (b) The provisions of this Section 9.2 shall survive the Closing Date for a period ending ninety (90) days after the later of:
 - (i) the last date on which any legal or administrative action, investigation, review or other proceeding can be filed or otherwise commenced by any Person or Governmental Authority in respect of any matters arising from or in connection with the provisions of this Section 9.2; and
 - (ii) the date at which the period for appeal from any legal or administrative determination or decision of a court or other competent tribunal in respect thereof may be filed has expired and such appeal has not been filed.

9.3 Notice to Indemnifying Party

If any Indemnified Party receives notice of any Claim or other commencement of any action or proceeding with respect to which the other party (in such capacity, the "Indemnifying Party") is or may be obligated to provide indemnification pursuant to this Agreement, the Indemnified Party shall promptly give the Indemnifying Party written notice thereof, which notice shall specify in reasonable detail the amount or, to the extent of the Indemnified Party's knowledge, an estimate of the amount of the liability arising therefrom and the factual basis of the Claim. Such notice shall be a condition precedent to any liability of such Indemnifying Party for indemnification hereunder, but the failure of the Indemnified Party to give prompt notice of a Claim shall not adversely affect the Indemnified Party's right to indemnification hereunder unless the defense of that Claim is materially prejudiced by such failure or any Losses result from or are caused by such failure (and then solely to the extent such defense is materially prejudiced and to the extent of such Losses that result from or are caused by such failure). The Indemnified Party may settle, compromise or consent to entry of any judgment with respect to

any Claim by a third party for which it is entitled to indemnification hereunder and for which the Indemnifying Party has elected not to take control of pursuant to Section 9.4, provided that the Indemnifying Party consents in writing to any such settlement, compromise or judgment, which consent shall not be unreasonably withheld or delayed.

9.4 Defense by Indemnifying Party

In connection with any indemnification Claim arising out of a Claim by a Person who is not a party to this Agreement, the Indemnifying Party, may, upon written notice to the Indemnified Party, assume the defense of any such Claim, the costs and expenses of which shall be paid by the Indemnifying Party. Notwithstanding the foregoing, the Indemnifying Party may not assume the defense of any Claim if (i) a conflict of interest exists which, under applicable principles of legal ethics, would reasonably be expected to prohibit a single legal counsel from representing both the Indemnified Party and the Indemnifying Party in any proceeding reasonably likely to ensue from the Claim or (ii) the Claim requests relief in the form of an injunction or other equitable relief to be imposed upon the Indemnified Party. If Indemnifying Party assumes the defense of any such Claim, it may use counsel of its choice to prosecute such defense, subject to the approval of such counsel by the Indemnified Party, which approval shall not be unreasonably withheld or delayed. The Indemnified Party shall be entitled to participate in the defense of any such action. The Indemnifying Party shall be entitled to settle, compromise or consent to the entry of any judgment with respect to any such Claim with the prior written consent of the Indemnified Party, which consent shall not be unreasonably withheld or delayed.

10. MISCELLANEOUS

10.1 Entire Agreement

This Agreement (including the Exhibits attached hereto) constitutes the complete and final expression of the agreement of the parties relating to the Property and supersedes all previous contracts, agreements, and understandings of the parties, either oral or written, relating to the Property. This Agreement cannot be modified, or any of the terms hereof waived, except by an instrument in writing (referring specifically to this Agreement) executed by the party against whom enforcement of the modification or waiver is sought.

10.2 Binding Effect; Assignment

- (a) This Agreement shall inure to the benefit of and be binding upon the heirs, personal representatives, successors and assigns of each of the parties to this Agreement; provided, however, the same is not intended nor shall it be construed as creating any rights in or for the benefit of any Person other than the parties to this Agreement and their respective personal representatives, successors and permitted assigns.
- (b) Purchaser may assign its rights under this Agreement without Sellers' consent to one or more Affiliates of Purchaser provided that Purchaser provides written Notice of such assignment to Sellers at least five (5) Business Days prior to Closing together with directions regarding conveyance of the components of the property by Sellers to such

Affiliates, provided that Purchaser shall continue to be liable for the due performance of all of Purchaser's obligations under this Agreement.

10.3 Notices

Any notice, communication, request, reply or advice (collectively, "Notice") provided for or permitted by this Agreement to be made or accepted by either party must be in writing. Notice may, unless otherwise provided herein, be given or served (a) by depositing the same in the United States mail or Canada Post (as applicable), postage paid, registered or certified, and addressed to the party to be notified, with return receipt requested; or (b) by delivery by hand or overnight courier; or (c) by e mail, provided that such notice is also sent concurrently by registered or certified mail or overnight courier. Notice deposited in the mail in the manner herein above described shall be effective two (2) Business Days after such deposit. Notice by overnight courier shall be effective one Business Day after deposit with the courier service. Notice given by email shall be effective on the Business Day delivered as evidenced by the electronic records of the sender. Notwithstanding the foregoing, any Notice received after 5:00 p.m. local time of the recipient shall be deemed to have been delivered the following Business Day. For the purposes of Notice, the addresses of the parties shall be as set forth below:

SELLERS: Sunstone No. 3 Limited Partnership

Address: Suite 910 – 925 West Georgia Street
Vancouver, B.C.
Canada V6C 3L2

Attention: Samantha Adams
Telephone: (604) 449-7322
Email: sadams@sunstoneadvisors.com

Sunstone No. 4 Limited Partnership

Address: Suite 910 – 925 West Georgia Street
Vancouver, B.C.
Canada V6C 3L2

Attention: Samantha Adams
Telephone: (604) 449-7322
Email: sadams@sunstoneadvisors.com

**SELLERS'
ATTORNEY:**

Clark Wilson LLP
Address: 900 – 885 West Georgia Street
Vancouver, B.C.
Canada V6C 3H1

Attention: James Speakman
Telephone: (604) 891-7739
Email: jspeakman@cwilson.com

PURCHASER:

American Hotel Income Properties REIT Inc.
Address: 1660 – 401 West Georgia Street
Vancouver, B.C.
Canada V6B 5A1

Attention: Robert F. O'Neill
Telephone: (604) 630-3134
Email: roneill@ahipreit.com

Attention: Daniel M. Miller
Telephone: (972) 559-8000
Email: dmiller@ahipreit.com

**PURCHASER'S
ATTORNEYS:**

Farris, Vaughan, Wills & Murphy LLP
Address: 700 W. Georgia Street, 25th Floor
Vancouver, B.C.
Canada V7Y 1B3

Attention: Duncan J. Reid
Telephone: 604-661-1736
Email: dreid@farris.com

**ESCROW
AGENT:**

First American Title Insurance Company
Address: 2425 E. Camelback Road, #300
Phoenix, AZ 85016-9293

Attention: Brandon Grajewski
Telephone: *[Telephone number redacted.]*
Email: *[Email address redacted.]*

The parties shall have the right from time to time to change their respective addresses for notice by at least five (5) Business Days' written notice to the other party.

10.4 Governing Law, Jurisdiction and Venue

This Agreement shall be construed in accordance with the laws of the State of Arizona. The Parties hereby consent to exclusive jurisdiction and venue in the state and federal courts of the State of Arizona.

10.5 Section Headings

The section headings contained in this Agreement are for convenience only and shall in no way enlarge or limit the scope or meaning of the various and several sections of this Agreement.

10.6 Counterparts

This Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

10.7 Time of the Essence

Time is of the essence of this Agreement and of the obligations of the parties to purchase and sell the Property, it being acknowledged and agreed by and between the parties that any delay in effecting a closing pursuant to this Agreement may result in loss or damage to the party in full compliance with its obligations hereunder.

10.8 Invalid Provisions

If any one or more of the provisions of this Agreement, or the applicability of any such provision to a specific situation, shall be held invalid or unenforceable, such provision shall be modified to the minimum extent necessary to make it or its application valid and enforceable, and the validity and enforceability of all other provisions of this Agreement and all other applications of any such provision shall not be affected thereby.

10.9 Computation of Time

The time in which any act under this Agreement is to be done shall be computed by excluding the first day and including the last day. If the last day of any time period stated herein shall fall on a Saturday, Sunday or legal holiday, then the duration of such time period shall be extended so that it shall end on the next succeeding day which is not a Saturday, Sunday or legal holiday. Unless preceded by the word "business," the word "day" shall mean a calendar day. The phrase "Business Day" or "Business Days" shall mean those days on which the state courts of the county in which the Property is located is open for business and the days on which Escrow Agent is open for business. The word "legal holiday" shall mean a legal holiday of the state in which the Property is located or in the state in which Escrow Agent is located.

10.10 Confidentiality

- (a) The terms of the transfers contemplated in this Agreement, including the Aggregate Purchase Price and all other financial terms, as well as the non-public information discovered by, provided to or otherwise obtained by

Purchaser and Sellers and their respective agents either prior to or after the Effective Date in connection with the Property or the Business (the “Confidential Information”) shall remain confidential and shall not be disclosed by Purchaser or Sellers without the written consent of the other party except (i) to each party’s Affiliates and Related Parties of the party and its Related Parties (including legal counsel, accountants and similar professionals to the extent the party deems it reasonably necessary to inform such person(s), in which case they shall inform each of the foregoing persons of such party’s obligations under this Section 10.10 and shall secure the agreement of such persons to be bound by the terms hereof); or (ii) as otherwise required by law, rule or regulation, including the rules, regulations, instruments or policies promulgated by the Securities and Exchange Commission, the British Columbia Securities Commission, the Ontario Securities Commission or the Toronto Stock Exchange. For further clarity, the foregoing shall not preclude Purchaser from providing information regarding the terms of the transaction contemplated by this Agreement following the end of the Inspection Period (or, if earlier, following a waiver by Purchaser of its rights under Section 1.3(e)) to Purchaser’s direct or indirect owners, lenders and underwriters or in the public announcements or filings of Purchaser and its Affiliates.

- (b) The parties shall be entitled to an injunction restraining the other party or its agents or representatives from disclosing, in whole or in part, the Confidential Information governed by this Section 10.10 and any prior confidentiality agreement with the Broker. Nothing herein shall be construed as prohibiting a party from pursuing damages or any other available remedy at law or in equity for such breach or threatened breach by the other party; provided that no breaching party shall be liable to the other party for any special, indirect, incidental, punitive, exemplary or consequential damages.
- (c) Prior to the end of the Inspection Period (or, if earlier, the receipt by Sellers of a waiver by Purchaser of its rights under Section 1.3(e)), any press releases with respect to the sale contemplated herein that specifically identifies the parties or the Hotels or any matters set forth in this Agreement will be made only in the form approved by both Purchaser and Sellers, such approval not to be unreasonably withheld, conditioned or delayed. If a party fails to respond with specific comments or objections to the other party within two (2) Business Days after such party is notified of and has received the proposed press release, such failure to respond shall be deemed to constitute a party’s approval of such press release. Notwithstanding the foregoing, this Section 10.10(c) shall not restrict Seller or Purchaser from public announcements or filings required or permitted in accordance with Section 10.10(a).

- (d) The provisions of this Section 10.10 shall survive the termination of this Agreement.

10.11 Offers

Following the mutual execution of this Agreement and continuing until any termination of this Agreement, Sellers agree not to grant any other party a right to purchase the Property whether as a backup offer, Option or other purchase right.

10.12 Not used

10.13 Amendment to the Agreement/Waiver of Matters or Conditions

No term or condition of this Agreement will be deemed to have been amended or waived unless expressed in writing, and the waiver of any condition of the breach of any term will not be a waiver of any subsequent breach of the same or any other term or condition.

10.14 No-Offer

The delivery of this Agreement to Sellers shall not be deemed an offer by Purchaser to enter into any transaction or to enter into any other relationship with Sellers, whether on the terms contained in this Agreement or on any other terms. This Agreement shall not be binding upon Purchaser or Sellers, nor shall Purchaser or Sellers have any obligations or liabilities or any rights with respect hereto, unless and until both Purchaser and Sellers have executed and delivered this Agreement.

10.15 Further Assurances

From the Effective Date until the Closing or earlier termination of this Agreement, Sellers and Purchaser shall use commercially reasonable efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary, proper or advisable to consummate the transaction described in this Agreement, including, without limitation, (i) obtaining all necessary consents, approvals and authorizations required to be obtained from any Governmental Authority or other Person under this Agreement or applicable Laws, and (ii) effecting all registrations and filings required under this Agreement or applicable Laws. After the Closing, Sellers and Purchaser shall use commercially reasonable efforts (at no cost or expense to such party, other than any *de minimis* cost or expense or any cost or expense which the requesting party agrees in writing to reimburse) to further effect the transaction contemplated in this Agreement. The immediately preceding sentence of this Section 10.15 shall survive the Closing.

10.16 WAIVER OF TRIAL BY JURY

TO THE EXTENT PERMITTED BY APPLICABLE LAW, SELLERS AND PURCHASER EACH HEREBY WAIVE ITS RIGHT TO A TRIAL BY JURY IN ANY LITIGATION OR OTHER COURT PROCEEDING WITH RESPECT TO ANY MATTER ARISING FROM OR IN CONNECTION WITH THIS AGREEMENT. THE PROVISIONS OF THIS SECTION 10.16 SHALL SURVIVE THE CLOSING OR TERMINATION HEREOF.

10.17 Bulk Sales

Purchaser and Sellers agree to cooperate and take any actions reasonably necessary to comply with the bulk sales or other sales Tax statutes, if any, of the State in which the Property is located, in connection with the transactions contemplated by this Agreement. Sellers shall be fully responsible for payment of all bulk transfer, sales, use, transaction, privilege, transfer or other such Taxes related to conveyance of the Property or any component thereof to Purchaser. The provisions of this Section 10.17 shall survive the Closing.

10.18 E-mail Execution

For purposes of negotiating and finalizing this Agreement, any signed document transmitted by e-mail with confirmation of receipt shall be treated in all manners and respects as an original document. The signature of any party transmitted as aforesaid shall be considered for all purposes as an original signature and any such document shall be considered to have the same binding legal effect as an original document executed, delivered and exchanged between the parties. At the request of either party, any e-mail document shall be re-executed by both parties in original form. Sellers and Purchaser hereby agree that neither shall raise the use of an e-mail transmission of signatures as a defense to this Agreement and each hereby waives such a defense.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK.]

IN WITNESS WHEREOF, this Agreement has been duly executed in multiple counterparts by the parties hereto on the dates set forth below.

Date: May 31, 2016

SELLER:

SUNSTONE (NO.3) LIMITED PARTNERSHIP

By: "Samantha Adams"

Name: Samantha Adams

Title: Authorized Signatory

Date: May 31, 2016

SELLER:

SUNSTONE U.S. HOTEL (NO.3) INC.

By: "Samantha Adams"

Name: Samantha Adams

Title: Authorized Signatory

Date: May 31, 2016

SELLER:

EST 2011 OPERATIONS LLC

By: "Samantha Adams"

Name: Samantha Adams

Title: Authorized Signatory

Date: May 31, 2016

SELLER:

SUNSTONE U.S. NO. 3H (GP) LIMITED PARTNERSHIP

By: "Samantha Adams"

Name: Samantha Adams

Title: Authorized Signatory

Date: May 31, 2016

SELLER:

**SUNSTONE HOTEL ADVISORS
(DELAWARE) NO. 3H INC.**

By: "Samantha Adams"

Name: Samantha Adams

Title: Authorized Signatory

Date: May 31, 2016

SELLER:

EST 2011 GP, LLC

By: "Samantha Adams"

Name: Samantha Adams

Title: Authorized Signatory

Date: May 31, 2016

SELLER:

**SUNSTONE (NO.4) LIMITED
PARTNERSHIP**

By: "Samantha Adams"

Name: Samantha Adams

Title: Authorized Signatory

Date: May 31, 2016

SELLER:

SUNSTONE U.S. HOTEL (NO.4) INC.

By: "Samantha Adams"

Name: Samantha Adams

Title: Authorized Signatory

Date: May 31, 2016

SELLER:

ESD DFW SOUTH 2011 OPERATIONS LLC

By: "Samantha Adams"

Name: Samantha Adams

Title: Authorized Signatory

Date: May 31, 2016

SELLER:

**SUNSTONE U.S. NO. 4H (GP) LIMITED
PARTNERSHIP**

By: "Samantha Adams"

Name: Samantha Adams

Title: Authorized Signatory

Date: May 31, 2016

SELLER:

**SUNSTONE HOTEL ADVISORS
(DELAWARE) NO. 4H INC.**

By: "Samantha Adams"

Name: Samantha Adams

Title: Authorized Signatory

Date: May 31, 2016

SELLER:

ESD DFW SOUTH 2011 GP, LLC

By: "Samantha Adams"

Name: Samantha Adams

Title: Authorized Signatory

IN WITNESS WHEREOF, this Agreement has been duly executed in multiple counterparts by the parties hereto on the dates set forth below.

Date: May 31, 2016

PURCHASER:

**AMERICAN HOTEL INCOME
PROPERTIES REIT LP,**

**By its general partner,
AMERICAN HOTEL INCOME
PROPERTIES REIT (GP) INC.**

By: "Robert O'Neill"

Name: Robert O'Neill

Title: Chief Executive Officer

SIGNATURE BY ESCROW AGENT

The undersigned hereby acknowledges receipt of a fully-executed copy of this Agreement and agrees to accept, hold, deliver and disburse the Earnest Money strictly in accordance with the terms of the Agreement and to otherwise perform the obligations of Escrow Agent and Reporting Person as set forth in the Agreement.

Date: June 1, 2016

ESCROW AGENT:

**FIRST AMERICAN TITLE INSURANCE
COMPANY,**

a California corporation

By: "Brandon Grajewski"

Name: Brandon Grajewski

Title: Escrow Officer

ANNEX A

DEFINITIONS

Accounting Firm shall have the meaning set forth in Section 7.3.

Additional Earnest Money shall have the meaning set forth in Section 2.2(b).

Advance Deposits shall mean the aggregate amount of any deposits received by or on behalf of each Seller (whether paid in cash or by credit card) as a down payment for any Bookings.

Affiliate shall mean, with respect to any entity, any other Person directly or indirectly controlling, controlled by or under direct or indirect common control with such entity, or owning ten percent (10%) or more of the securities of such entity. For purposes of the foregoing, a Person shall be deemed to control another Person if it possesses, directly or indirectly, the power to direct or cause direction of the management and policies of such other Person, whether through the ownership of voting securities, by contract or otherwise.

Affiliated Group shall mean any affiliated group within the meaning of Code §1504(a) or any similar group defined under a similar provision of state, local or non-U.S. law.

Aggregate Purchase Price shall have the meaning set forth in Section 2.1.

Agreement shall have the meaning set forth in the first paragraph of this Agreement.

AHIP Units shall mean limited partnership units of Purchaser.

Assignment and Bill of Sale shall have the meaning set forth in Section 7.4(a)(iii).

Bookings shall mean for each Hotel, all contracts, reservations and sales files for the use or occupancy of guest rooms and/or the banquet facilities of such Hotel, to be provided to Purchaser at the Closing.

Books and Records shall mean for each Hotel, all title documents, files, ledgers and correspondence, all equipment, parts, price and supplier lists, customer lists, all manuals, reports, texts, notes, engineering, environmental and feasibility studies, books, records, files, computer data, memorandum, invoices, receipts, accounts, accounting records and books, financial statements, financial working papers, operating reports, plans and specifications, site plans, surveys, environmental and other records and documents of any nature or kind including, without limitation, those recorded, stored, maintained, operated, held or otherwise wholly or partly dependent on discs, tapes and other means of storage including, without limitation, any electronic, magnetic, mechanical, photographic or optical process, whether computerized or not (and all software, passwords and other information and means of or for access thereto), relating to the Business, the Property and the ownership and operation of such Hotel, including records relating to the Bookings, but excluding (i) the Employee Records, (ii) items that belong to or are

proprietary to any Franchisor or other third parties, (iii) internal memoranda regarding the sale, financing and/or valuation of such Hotel, and (iv) materials and information that are covered by the attorney-client privilege.

Business shall mean the lodging business and all activities related thereto conducted at each Hotel, including, without limitation, (i) the rental of any guest, conference or banquet rooms or other facilities at each Hotel, (ii) the operation of any restaurant or banquet services, together with all other goods and services provided at each Hotel, (iii) the rental of any commercial or retail space to tenants at each Hotel, (iv) the maintenance and repair of the Property, and (v) the payment of Taxes.

Business Day and Business Days shall have the meanings set forth in Section 10.9.

Casualty Threshold shall have the meaning set forth in Section 8.1(b).

CC&Rs shall mean any covenants, conditions and/or restrictions binding, restricting or benefiting the Property (including, without limitation, reciprocal easement agreements) which are set forth in the Title Commitments.

Claims shall mean any demands, claims, legal or administrative proceedings, losses, liabilities, damages, penalties, fines, liens, judgments, costs or expenses whatsoever (including, without limitation, reasonable attorneys' fees and expenses), whether direct or indirect, known or unknown, foreseen or unforeseen.

Closing shall mean the consummation of the purchase and sale of the Property pursuant to this Agreement.

Closing Date shall mean the date determined pursuant to Section 7.1.

Closing Statement shall have the meaning set forth in Section 7.2(l).

Code shall mean the Internal Revenue Code of 1986, as amended.

Confidential Information shall have the meaning set forth in Section 10.10(a).

Consumables shall mean for each Hotel, all opened and unopened food and beverages and other supplies whether in use or held in reserve storage for future use in connection with each of the Hotels.

Contract shall mean any material agreement, contract, lease, consensual obligation, promise or undertaking (whether written or oral and whether express or implied) relating to the Hotels or the Business.

Cure Date shall have the meaning set forth in Section 3.1(a)(ii).

Cut-off Time shall mean 11:59 p.m. on the date preceding the Closing Date.

Dallas GP shall have the meaning set forth in the first paragraph of this Agreement.

Dallas LP shall have the meanings set forth in the Recitals hereto.

Dallas Operations shall mean ESD DFW South 2011 Operations LLC.

DFW Hotel shall have the meanings set forth in the Recitals hereto.

DFW Loan shall mean the CMBS loan in the aggregate principal amount of \$19,000,000, identified as Wells Fargo loan number 310925419, securitized portfolio WFRBS 2014-C24.

DFW Retention Funds shall mean the amounts referenced in Part A of Exhibit "R".

DFW Sellers shall have the meaning set forth in Section 1.1(a)

Diligence Materials shall have the meaning set forth in Section 1.3(b).

Earnest Money shall have the meaning set forth in Section 2.2(b).

Effective Date shall mean the date this Agreement is last executed by any Seller or Purchaser as reflected by the dates set forth on the signature pages of this Agreement.

Employee Benefit Plans shall mean any "employee benefit plan" (as such term is defined in ERISA Section 3(3)) and any other material employee benefit plan, program or arrangement for the directors, officers, shareholders, consultants, independent contractors and Hotel Employees or former Hotel Employees of any Sunstone Entity.

Employee Records shall mean such employment information for all Hotel Employees as is provided to Purchaser by Sellers pursuant to this Agreement.

Encumbrances shall mean any mortgage, pledge, lien (statutory or otherwise), charge, hypothecation, security interest, encumbrance, assessment, charge, adverse right, interest, claim, license, covenant, title defect, option, right of first refusal or other restriction or limitation of any nature whatsoever.

Environmental Protection Laws shall mean all applicable Laws relating to the environment, health, pollution, occupational health and safety, the transportation of dangerous goods or the manufacture, processing, distribution, use, treatment, storage, disposal, discharge, emission, release, destruction, packaging, containment, transport, handling, clean-up or other remediation or corrective action with respect to any Hazardous Substances.

Environmental Reports shall mean all existing reports, studies or test results in each Seller's possession or control regarding environmental conditions of or relating to the Property and adjacent real property.

Equity Consideration shall have the meaning set forth in Section 2.2(d);

Escrow Agent shall mean the First American Title Insurance Company at the address specified in Section 10.3.

Excluded Liabilities shall have the meaning set forth in Section 1.2(c).

Existing Surveys shall have the meaning set forth in Section 3.1(a).

FF&E shall mean for each Hotel, all fixtures (other than those that constitute Improvements), furniture, fittings, equipment, machinery, computers, servers, apparatus, appliances, signs (whether on-site or off-site), vehicles, art work and other articles of tangible personal property (other than the Inventory, the Consumables and the Books and Records) located at or attached to the Hotels, ordered for future use at the Hotels or held in reserve storage for future use in connection with the Hotels, including all operating manuals, computer software, programs and databases subject to such depletions, substitutions and replacements as shall occur and be made in the Ordinary Course of Business prior to the Closing Date.

Final Closing Statement shall have the meaning set forth in Section 7.2(m).

Force Majeure Event shall mean any of the following events: (i) a suspension or material limitation to trading on, or by, as the case may be, either the Toronto Stock Exchange, the TSX Venture Exchange, or the New York Stock Exchange, (ii) any moratorium on commercial banking activities declared by Canadian or United States federal or state authorities, (iii) any earthquake, flood, fire, tornado, hurricane or other natural disaster or Act of God, (iv) any act of terrorism commencement or escalation of hostilities or war, or (v) any general economic disruptions or any domestic or international calamity or crisis. For the avoidance of doubt, any change in the traded price of AHIP Units after the Effective Date shall not constitute a Force Majeure Event.

Franchise Agreements shall mean the franchise or license agreements between Franchisors and Sellers in effect as of the date hereof.

Franchise Approvals shall mean approvals from the Franchisor of New Franchise Agreements for the Hotels, which shall be drafted to be effective as of the Closing Date and on terms acceptable to Purchaser, acting reasonably.

Franchisor shall mean Hilton Hotels and Resorts (or its relevant Affiliates).

GAAP shall mean generally accepted accounting principles set forth in the Accounting Standards Codification of the Financial Accounting Standards Board as in effect on the Effective Date.

General Manager shall mean for each Hotel, the then-current general manager of such Hotel.

Governmental Authority shall mean any domestic or foreign government, whether federal, state, county, provincial, municipal, local, territorial, regional or other political jurisdiction, and any agency or authority, instrumentality, court, tribunal, board, commission, bureau, arbitrator, arbitration tribunal or other tribunal, or any quasi-governmental or other entity, insofar as it exercises a legislative, judicial, regulatory, administrative, expropriation or taxing power or function of or pertaining to government.

Hazardous Substances shall mean any substance or material which (A) has been or is at any time determined by any state or federal court in a reported decision to be a waste, pollutant, contaminant, hazardous waste or hazardous substance, (B) has been or is determined by any Governmental Authority to be a waste, pollutant, contaminant, hazardous waste, hazardous

substance or hazardous material capable of posing a risk of injury to health, safety or property, or (C) is described as, or has been or is determined to be a waste, pollutant, contaminant, hazardous waste, hazardous substance, or hazardous material under any Hazardous Waste Law.

Hazardous Waste Law shall mean any law, statute, ordinance, code, rule, regulation, decree, resolution or requirement promulgated by any Governmental Authority with respect to Hazardous Substances, including, without limitation, the following: (A) the Resource Conservation and Recovery Act of 1976, as amended by the Hazardous and Solid Waste Amendments of 1984, 42 U.S.C. Section 6901 et seq.; (B) the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986, 42 U.S.C. Section 9601 et seq.; (C) the Clean Water Act, 33 U.S.C. Section 1251 et seq.; (D) the Safe Drinking Water Act, 42 U.S.C. Section 300f et seq.; (E) the Toxic Substances Control Act, 15 U.S.C. Sections 2601-2629; (F) the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801 et seq.; (G) the Clean Air Act, 42 U.S.C. Section 7401 et seq.; (H) the Federal Insecticide, Fungicide, and Rodenticide Act, 7 U.S.C. Section 136 et seq.; and (I) the Occupational Safety and Health Act of 1970, 29 U.S.C. Section 651 et seq.

Hotel and Hotels shall have the meanings set forth in the Recitals hereto.

Hotel Contracts shall mean for each Hotel, all service and maintenance contracts, supply contracts, employment agreements, equipment leases, signage contracts, leases, notes, binding engagements, transactions and binding commitments, other contracts or agreements, and all amendments thereto, whether written or oral, relating to the Business, the Property and the maintenance, operation, provisioning or equipping such Hotel, together with all related written warranties and guaranties, except for the Space Leases, if any.

Hotel Employees shall mean for each Hotel, the Persons employed by the Sunstone Group or the Management Company in connection with the operation of such Hotel. For the avoidance of doubt, the term "Hotel Employees" shall not include any employees that work at the Hotels on an arm's-length, contract basis.

Hotel Guest Data and Information shall mean for each Hotel, all guest or customer profiles, contact information (e.g., addresses, phone numbers, facsimile numbers and email addresses), histories, preferences and any other guest or customer information obtained or collected by Sellers in the Ordinary Course of Business from guests of any of the Hotels relating to such guests' stay at any of the Hotels. Hotel Guest Data and Information does not include (i) any information maintained by any of the Franchisors in their corporate databases that is not specific to guest stays at one or more of the Hotels including, without limitation, websites, central reservation databases, operational databases and preferred guest programs of any of the Franchisors, and (ii) any data and information collected by Sellers or any of the Franchisors the transfer or disclosure of which is prohibited or restricted by applicable Laws.

Improvements shall mean the buildings, structures (surface and sub-surface), installations and other improvements located on or affixed to the Land, including all fixtures on and appurtenances to the Land as shall constitute real property under applicable Laws.

Indebtedness shall mean any mortgage or other indebtedness whether unsecured or secured by any part of the Property and, with respect to any Person at any date, without duplication: (i) all obligations of such Person for borrowed money; (ii) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments; (iii) all obligations in respect of letters of credit, to the extent drawn, and bankers' acceptances issued for the account of such Person; (iv) all guarantees by such Person of indebtedness of any other Person; (v) all obligations of any other Person secured by an Encumbrance on the property of such first Person; (vi) all obligations with respect to capital leases and purchase money obligations; (vii) all commitments by which a Person assures a creditor against loss (including contingent reimbursement obligations regarding letters of credit); and (viii) any accrued interest, prepayment premiums, fees and expenses or penalties related to any of the foregoing.

Indemnified Party shall have the meaning set forth in Section 9.1(a).

Indemnifying Party shall have the meaning set forth in Section 9.3.

Initial Earnest Money shall have the meaning set forth in Section 2.2(a).

Inspection Period shall have the meaning set forth in Section 1.3(a).

Inspections and Studies shall have the meaning set forth in Section 1.3(c).

Intangible Personal Property shall mean each Seller's interest in all goodwill and other intangible personal property associated with or used in connection with the ownership, operation, leasing, occupancy or maintenance of the Property or the Hotels, including, without limitation, the following: (1) the Permits; (2) telephone numbers, post office boxes, warranties and guaranties, signage rights, utility and development rights and privileges, general intangibles and Books and Records pertaining in each case to the Business, the Property or the Hotels; (3) all assignable trade-names for one or more of the Hotels; and (4) all websites and domains used for one or more of the Hotels except any website and domain name used by an applicable Seller generally for its hotel and other businesses, including access to the FTP files of the websites to obtain website information and content pertaining to one or more of the Hotels (so long as not an Excluded Asset).

Inventory shall mean for each Hotel, all Consumables and supplies used in the operation of such Hotel, including, without limitation, all china, glassware, linens, towels, silverware, kitchen and bar small goods, paper goods, guest supplies, cleaning supplies, operating supplies, printing supplies, stationery, uniforms and similar items, whether in use or held in reserve storage for future use in connection with the operation of such Hotel.

Land shall mean, collectively, the land and all rights, privileges and appurtenances thereto, as more particularly described in Exhibit "A" to this Agreement, upon which the Hotels are situated.

Laws shall mean any, statute, code, law (including common law), bylaw, order, legislation, ordinance, rule or regulation of any Governmental Authority, which now or at any time prior to Closing is applicable to the Property, or any use, operation or condition thereof, and with respect to which compliance is mandatory.

Ledger shall have the meaning set forth in Section 7.2(k).

Liability shall mean with respect to any Person, any liability, debt or obligation of such Person of any kind, character or description, whether absolute or contingent, accrued or unaccrued, disputed or undisputed, liquidated or unliquidated, secured or unsecured, matured or unmatured, joint or several, due or to become due, vested or unvested, executory, determined, determinable or otherwise, and whether or not the same is, or is required to be, accrued on the financial statements (if any) of such Person.

Losses shall mean any loss, cost, damage, injury, Liability, Claim, demand, prosecution, fine, sanction, penalty, assessment, amounts paid as settlements, costs, damages or judgment or award available at law or in equity, all interest thereon and all expenses (including reasonable costs, fees and expenses of investigation and legal counsel on a full indemnity basis, without reduction for tariff rates or similar reductions and reasonable costs, fees and expenses of investigation) or diminution in value (including a diminution in value of the Property and/or the Business).

Management Company shall have the meaning set forth in Section 5.1(r);

Master LP 3 shall have the meaning set forth in the first paragraph of this Agreement.

Master LP 4 shall have the meaning set forth in the first paragraph of this Agreement.

New Franchise Agreements shall mean franchise agreements and associated property improvement plans to be entered into and agreed upon between Franchisors or their Affiliates and Purchaser or its Affiliates to operate the Hotels post-Closing as branded hotels with terms of not less than ten (10) years for the Tempe Hotel and fifteen (15) years for the DFW Hotel and otherwise on terms acceptable to Franchisors or their Affiliates and Purchaser or its Affiliates.

New LLC 3 shall have the meaning set forth in Section 1.2.

New LLC 4 shall have the meaning set forth in Section 1.2.

No. 3H Opportunity GP shall have the meaning set forth in the first paragraph of this Agreement.

No. 3H Opportunity LP shall have the meaning set forth in the Recitals hereto.

No. 4H Opportunity shall have the meaning set forth in the first paragraph of this Agreement.

No. 4H Opportunity LP shall have the meaning set forth in the Recitals hereto.

Non-Compete Agreements shall mean the non-competition agreements to be entered into by Purchaser and (i) each Seller, (ii) Steve Evans, on or prior to the Closing Date, substantially in the form attached hereto as Exhibit "M".

Notice shall have the meaning set forth in Section 10.3.

Objection Period shall have the meaning set forth in Section 3.1(a)(ii).

Ordinary Course of Business shall mean, with respect to an action taken by any Person, such action is consistent with custom and past practice, and is taken in the course of the normal day-to-day operations of the relevant business.

Owners shall have the meanings set forth in the Recitals hereto.

Permits shall mean all licenses, franchises, permits, certificates of occupancy, authorizations, registrations, declarations, consents, waivers, privileges, exemptions, orders, certificates, filings, rulings and approvals used in or relating to the ownership, maintenance, occupancy, operation or use of any part of the Hotels and/or the Property, including in relation to on-site or off-site signage for each Hotel and those Permits described in Exhibit “D” to this Agreement.

Permitted Encumbrances shall mean, collectively, (i) the Space Leases described in Exhibit “B” to this Agreement, (ii) any Encumbrance created by Purchaser at Closing in connection with Purchaser’s acquisition of the Property, (iii) any exceptions to title that are mutually agreed upon by Sellers and Purchaser in writing, and (iv) any title exceptions to which Purchaser does not object in accordance with Section 3.1 or Section 4.1, and any title exceptions to which Purchaser objects that are not cured and which Purchaser is deemed to have accepted and approved in accordance with Section 3.1 or Section 4.1; provided, however, that the following items will also be deemed Permitted Encumbrances: (A) the DFW Loan, (B) leases by Tempe Operations and Dallas Operations, respectively, of premises located within the Hotels, such leases having been provided to Purchaser in the Inspection Period, (C) zoning ordinances and regulations, (D) mechanic’s liens caused by Purchaser or its agents, and (E) standard printed title exceptions, other than those that may be removed by endorsement or deletion or by the execution and delivery of a customary affidavit of any Seller or Sellers, as applicable, (in form reasonably acceptable to the Title Company) in favor of the Title Company.

Person shall mean an individual, legal personal representative, corporation, body corporate, limited liability company, firm, partnership, limited partnership, trust, trustee, syndicate, joint venture, unincorporated organization or Governmental Authority.

Post-Closing Tax Period shall mean any Tax period beginning after the Closing Date and, with respect to a Straddle Period, the portion of such Tax period beginning after the Closing Date.

Post Due Diligence Disclosure shall have the meaning set forth in Section 5.3(a).

Preliminary Closing Statement shall have the meaning set forth in Section 7.2(l).

Property shall mean, collectively, all of the right, title and interest of the Sunstone Entities in and to all of the Hotels and their related assets, including without limitation the Real Property, the FF&E, the Consumables, the Inventory, the Hotel Contracts, the Space Leases, the Books and Records, the Hotel Guest Data and Information, the Bookings, the Advance Deposits, the assignable Permits (to the extent transferable by Sellers or any Seller, as applicable), the Intangible Personal Property and any Tangible Personal Property, but excluding any Excluded Liabilities.

Purchase Price shall have the meaning set forth in Section 2.1.

Purchased Entities shall have the meaning set forth in Section 1.1(a).

Purchaser shall have the meaning set forth in the first paragraph of this Agreement.

Purchaser's Certificate shall have the meaning set forth in Section 7.4(b)(iv).

Real Property shall mean the Land and Improvements.

Realty Trust Entities shall mean Sunstone U.S. Opportunity (No. 3) Realty Trust and Sunstone U.S. Opportunity (No. 4) Realty Trust.

REIT 3H GP shall have the meaning set forth in the first paragraph of this Agreement.

REIT 4H GP shall have the meaning set forth in the first paragraph of this Agreement.

Related Parties shall mean with respect to any Person the officers, directors, shareholders, partners, members, other equity owners, employees, agents, attorneys, successors, personal representatives, heirs, executors, or assigns of any such Person.

Release Date shall have the meaning set forth in Section 5.5(c).

Reporting Person shall have the meaning set forth in Section 7.9(a).

Sellers' Certificate shall have the meaning set forth in Section 7.4(a)(iv).

Sellers' knowledge (and references to "Seller has no knowledge" or any similar phrase implying a limitation on the basis of knowledge) shall mean the actual knowledge of Samantha Adams and Scott Shillington in relation to any of the Sunstone Entities or the Sunstone Group, the Hotels or the Business after making the enquiries to the Management Company set forth in Exhibit "S", provided that it is acknowledged that in connection with the Hotels and the Business, such individuals are relying upon information provided to them by the Management Company. For the avoidance of doubt, any representations and warranties not qualified by Sellers' knowledge shall remain absolute and not conditioned or qualified except as expressly set forth therein.

Sellers shall have the meaning set forth in Section 1.1(a), and "Seller" shall mean any of such Sellers.

Space Leases shall mean all leases and other agreements (written or oral) for the occupancy of office, retail, restaurant or other space at the Property (including, for the avoidance of doubt, any agreements for the use of the Property by third parties for cellular communication towers).

Straddle Period shall mean a taxable period that includes (but does not end on) the Closing Date.

Sunstone Entities shall have the meaning set forth in Section 1.1(a).

Sunstone Group shall have the meaning set forth in Section 1.1(a).

Tangible Personal Property shall mean each Seller's interest in all tangible personal property used in connection with the ownership, operating, leasing, occupancy or maintenance of the

Property or the Hotels (including the FF&E, the Consumables and the Inventory) and not otherwise included within definitions of Real Property, Hotel Contracts, Space Leases, Books and Records, Hotel Guest Data and Information, Bookings, Advance Deposits and Intangible Personal Property.

Tax or Taxes shall mean any and all income, gross receipts, license, payroll, employment, excise, severance, stamp, occupation, hotel, innkeeper, premium, property, environmental, windfall profit, customs, vehicle, airplane, boat, vessel or other title or registration, capital stock, franchise, employees' income withholding, foreign or domestic withholding, social security, unemployment, disability, real property (including annual ad valorem and special assessments), personal property, sales, use, transfer, value added, alternative, add-on minimum and other tax, payment for unclaimed property or escheatment, fee, assessment, levy, secondary Liability, tariff, charge or duty of any kind whatsoever and any surcharge, interest, penalty, addition to tax or additional amount with respect thereto thereon imposed, assessed or collected by or under the authority of any Governmental Authority or payable under applicable Laws or under any tax-sharing or other similar agreement.

Tax Certificates shall have the meaning set forth in Section 7.5(c).

Tax Returns shall mean returns, declarations, reports, claims for refund, information returns or other documents (including any related or supporting schedules, statements or information, and including any amendments thereof) filed or required to be filed in connection with the determination, assessment or collection of Taxes of any party or the administration of any laws, regulations or administrative requirements relating to any Taxes.

Tax Sharing Agreement shall mean any agreement or arrangement (whether or not written) entered into prior to the Closing binding on any Sunstone Entity that provides for the allocation, apportionment, sharing or assignment of any Tax liability or benefit, or the transfer or assignment of income, revenues, receipts, or gains for the purpose of determining any Person's Tax liability.

Tempe GP shall have the meaning set forth in the first paragraph of this Agreement.

Tempe Hotel shall have the meaning set forth in the Recitals hereto.

Tempe LP shall have the meaning set forth in the Recitals hereto.

Tempe Operations shall mean EST 2011 Operations LLC.

Tempe Retention Funds shall mean the amounts referenced in Part B of Exhibit "R".

Tempe Sellers shall have the meaning set forth in Section 1.1(a).

Title Commitments shall have the meaning set forth in Section 4.1(a).

Title Company shall have the meaning set forth in Section 3.1(a)(i).

Title Policies shall have the meaning set forth in Section 3.1(a)(i).

TRS 3 shall have the meaning set forth in the first paragraph of this Agreement.

TRS 4 shall have the meaning set forth in the first paragraph of this Agreement.

Updated Surveys shall have the meaning set forth in Section 3.1(a)(i).

US REIT 3H shall have the meaning set forth in the Recitals hereto.

US REIT 4H shall have the meaning set forth in the Recitals hereto.

EXHIBIT "A"

Legal Descriptions

DFW HOTEL – LEGAL DESCRIPTION OF THE LAND

Certain real property commonly known as "Embassy Suites -DFW International Airport South", located in Irving, Dallas County, Texas and legally described as follows:

TRACT I (Fee Estate)

BEING 6.646 acres of land located in Lot 1, Block 1, TOWNE LAKE, Phase I, an addition to the City of Irving, Dallas County, Texas, according to the plat recorded in Volume 83091 Page 1067 of the Deed Records of Dallas County, Texas, and being more particularly described by metes and bounds, as follows:

BEGINNING at a 1/2" iron rod at the Northwest corner of said Lot 1, Block 1, lying at the intersection of the East right-of-way line of Valley View Lane (a 100 foot wide right-of-way) and the new South right- of-way line of State Highway No. 183, as conveyed to the State of Texas, by the deed recorded in Volume 88189, Page 1985 of the Deed Records of Dallas County, Texas;

THENCE S 83° 17' 58" E 488.20 feet along the new South right-of-way line of said State Highway No. 183 and the North boundary line of said Lot 1, Block 1 , TOWNE LAKE to a 1/2" iron rod at the Northeast corner of said Lot 1;

THENCE S 13° 16' 12" W 612.11 feet along the East boundary line of said Lot 1 to a 1/2" iron rod in the East boundary line of a tract of land conveyed to Texas Power & Light Company by the deed recorded in Volume 75244, Page 1690 of the Deed Records of Dallas County, Texas;

THENCE N 01° 02' 53" E 74.89 feet along the East boundary line of said Texas Power & Light Company Tract to a 1/2" iron rod at the Northeast corner thereof;

THENCE N 89° 55' 23" W along the South boundary line of said Lot 1, Block 1 and the North boundary line of said Texas Power & Light Company Tract at 141.40 feet passing the Northwest corner of said Texas Power & Light Company Tract, and in all 157.40 feet to a 1/2" iron rod;

THENCE S 01° 15' 42" W 125.00 feet to a point;

THENCE S 46° 10' 28" W 22.00 feet to a 1/2" iron rod at the back of a concrete curb;

THENCE S 01° 16' 14" W 151.50 feet to a point in the South boundary line of said Lot 1, Block 1, TOWNE LAKE, Phase I;

THENCE S 89° 52' 34" W 187.91 feet along the South boundary line of said Lot 1 to a "X" cut in a concrete driveway at the Southwest corner of said Lot 1, and lying in the East right-of-way line of aforesaid Valley View Lane;

THENCE along the West boundary line of said Lot 1, Block 1 TOWNE LAKE, and the East right-of-way line of said Valley View Lane, as follows:

1. NORTHEASTERLY 229.62 feet along a curve to the left having a radius of 1482.40 feet, a central angle of 80° 52' 30" and a chord bearing N 04° 41' 24" E 229.39 feet to a 1/2" iron rod at the end of said curve;
2. N 00° 15' 06" E 641.09 feet to THE PLACE OF BEGINNING containing 6.646 acres (289,482 square feet) of land, more or less.

TRACT II (Easement Estate)

BERING a 45 foot wide strip of land indicated as an Access Easement identified in the Joint Access Easement document recorded in Volume 83156, Page 1086 of the Deed Records of Dallas County, Texas, which is a portion of Lot 1, Block 1 TOWNE LAKE, Phase I, an addition to the City of Irving, Dallas County, Texas, according to the plat recorded in Volume 83091 Page 1067 of the Deed Records of Dallas County, Texas. Said 45 foot wide strip of land being more particularly described by metes and bounds, as follows:

BEGINNING at an "X" cut in concrete at the Southwest corner of said Lot 1, Block 1, TOWNE LAKE ADDITION, lying in the East right-of-way line of Valley View Lane;

THENCE NORTHEASTERLY 31.36 feet, along the West boundary line of said Lot 1, and the East right-of-way line of said Valley View Lane, with a curve to the left, having a radius of 1482.40 feet, a central angle of 01° 12' 43", and a chord bearing N 08° 31' 05" E 31.36 feet, to a point at the Northwest corner of the aforesaid 45 foot wide access easement;

THENCE N 89° 52' 34" E 50.00 feet, along the North boundary line of said access easement to a point at the Northeast corner thereof;

THENCE S 00° 07' 26" E 45.00 feet, along the East boundary line of said access easement to a point at the Southeast corner thereof;

THENCE S 89° 52' 34" W 57.06 feet, along the South boundary line of said easement, to the Southwest corner thereof, lying in the East right-of-way line of said Valley View Lane;

THENCE NORTHEASTERLY 14.20 feet, along the West boundary line of said Lot 1, and the East right-of-way line of said Valley View Lane, with a curve to the left, having a radius of 1482.40 feet, a central angle of 00° 32' 55", and a chord bearing N 09° 23' 55" E 14.20 feet, to THE PLACE OF BEGINNING, containing 2,404 square feet of land, more or less.

Being and intended to be the same property as conveyed in that Special Warranty Deed dated April 23, 2003, and recorded on April 28, 2003, as Document No. 2310488, in the Official Deed Records, Dallas County, Texas.

TEMPE HOTEL – LEGAL DESCRIPTION OF THE LAND

Parcel No. 1:

A portion of the Southeast quarter of Section 34, Township 1 North, Range 4 East of the Gila and Salt River Base and Meridian, Maricopa County, Arizona, being further described as follows:

Commencing at a tie at the East quarter corner of said Section 34;

Thence South 00 degrees 59 minutes 59 seconds West along the East line of said Section 34, recorded in Book 119, page 46, Maricopa County Recorder's Office and the basis of bearings, and being also recorded as South 01 degrees 00 minutes 09 seconds West, 760.05 feet;

Thence North 89 degrees 00 minutes 01 seconds West, 55.00 feet to a point on the West line of Rural Road, as recorded in Docket 7085, page 633, records of Maricopa County, Arizona;

Thence North 00 degrees 59 minutes 59 seconds East, 10.24 feet to a point on the West line of Rural Road, as recorded in Docket 10538, page 487, records of Maricopa County, Arizona;

Thence North 00 degrees 34 minutes 21 seconds West (recorded North 00 degrees 35 minutes 46 seconds West), 19.55 feet to the True Point of Beginning;

Thence North 89 degrees 00 minutes 01 seconds West, 186.98 feet;

Thence North 00 degrees 59 minutes 59 seconds East, 15.24 feet;

Thence North 89 degrees 00 minutes 01 seconds West, 19.31 feet to a point of curve left;

Thence along said curve to the left, having a radial bearing of South 24 degrees 58 minutes 44 seconds West, a radius of 423.00 feet and a central angle of 12 degrees 52 minutes 09 seconds, an arc distance of 95.01 feet;

Thence North 89 degrees 0 minutes 01 seconds West, 174.96 feet; Thence South 00 degrees 59 minutes 59 seconds West, 5.25 feet;

Thence North 89 degrees 00 minutes 01 seconds West, 58.00 feet;

Thence North 00 degrees 59 minutes 59 seconds East, 5.25 feet;

Thence North 89 degrees 00 minutes 01 seconds West, 166.50 feet;

Thence North 00 degrees 59 minutes 59 seconds East, 18.00 feet;

Thence North 89 degrees 00 minutes 01 seconds West, 71.00 feet to a point on the East line of La Rosa Drive;

Thence North 00 degrees 59 minutes 59 seconds East along said East line, being 25 feet East of and parallel to the East line of Tempe Gardens Unit Ten, as recorded in Book 126, page 14, records of Maricopa County, Arizona, 343 .91 feet to the N01st line of Greenway Drive;

Thence North 89 degrees 00 minutes 01 seconds West along said North line, 25.00 feet to a point on the East line of the aforementioned Tempe Gardens Unit Ten;

Thence North 00 degrees 59 minutes 59 seconds East along said East line, 125.28 feet to a point on the South line of Superstition Freeway, as recorded in Docket 6539, page 217, records of Maricopa County, Arizona;

Thence South 85 degrees 07 minutes 22 seconds East (recorded South 85 degrees 07 minutes 11 seconds East), 759.63 feet to a point on the aforementioned West line of Rural Road, as recorded in Docket 10538, page 487, records of Maricopa County, Arizona;

Thence South 17 degrees 20 minutes 51 seconds East (recorded South 17 degrees 20 minutes 41 seconds East), 73.07 feet;

Thence South 00 degrees 34 minutes 21 seconds East (recorded South 00 degrees 35 minutes 46 seconds East, 410.62 feet), 410.44 feet to the True Point of Beginning;

Except any portion lying within the property as conveyed to the State of Arizona on Warranty Deed recorded in Document No. 2001-460523, described as follows:

That portion of the Northeast quarter of the Southeast quarter (NE1/4, SE1/4) of Section 34, Township 1 North, Range 4 East, Gila and Salt River Base and Meridian, Maricopa County, Arizona, described as follows:

Commencing at a brass cap in a handhole marking the East quarter corner of said Section 34, from which a brass cap in a handhole marking the Southeast corner of said Section 34 bears South 01 degrees 00 minutes 32 seconds West 2675.93 feet;

Thence along the East line of said Section 34, also being the construction and survey centerline of Rural Road, South 01 degrees 00 minutes 32 seconds West 256.63 feet;

Thence leaving said existing construction and survey centerline, North 88 degrees 59 minutes 28 seconds West 87.86 feet to the Westerly right of way line of Rural Road and the Point of Beginning;

Thence along said Westerly right of way line South 17 degrees 12 minutes 39 seconds East 60.09 feet;

Thence North 88 degrees 59 minutes 28 seconds West 21.83 feet;

Thence North 0 degrees 05 minutes 50 seconds East 37.71 feet;

Thence South 88 degrees 59 minutes 28 seconds East 3.64 feet;

Thence North 01 degrees 00 minutes 32 seconds East 19.38 feet to the Point of Beginning.

Parcel No, 2:

All right, title and interest in and to that certain easement for vehicular parking as granted in Easement Agreement recorded in Instrument No. 87-557505 and as further granted in Amendment to Easement Agreement recorded in Instrument No. 88-518610 and thereafter Second Amendment recorded in Instrument No. 92-0138931, records of Maricopa Comity, Arizona.

EXHIBIT “B”

Space Leases

Tempe Hotel None

DFW Hotel: Capistrano’s - F&B operator – January 2, 2005, amended in November 2012

Flight Car – Gift Shop space - Dated July 21, 2015, month to month lease with 30 days’ notice to terminate

EXHIBIT “C”

Steps Plan

Encl.

[Transaction steps plan redacted.]

EXHIBIT “D”

Permits

Tempe Hotel:

- Maricopa County – Public Accommodation Permit – Expires 9/30/16 – Permit No. NF-02225 – Non-Transferable
- Maricopa County – Retail Food Establishment Permit – Expires 9/30/16 – Permit No. FD-19775 – Non-Transferable
- Maricopa County – Eating and Dining Permit– Expires 9/30/16 – Permit No. FD-22413 – Non-Transferable
- Maricopa County – Bathing Permit – Expires 1/31/17 – Permit No. SP-09300 – Non-Transferable
- Maricopa County – Hydrotherapy Permit – Expires 1/31/17 – Permit No. SP-09301 – Non-Transferable
- City of Tempe – Certificate of Occupancy – Issued 10/15/97 – Permit No. 3P971423 (BLDG “A”)
- City of Tempe – Privilege Tax License – Expires 12/31/16 – Account No. 200319 – Non-Transferable
- City of Tempe – Hotel Motel Liquor License – Expires 12/31/16 – Account No. 200319 – Non-Transferable
- State of Arizona – Alcoholic Beverage License – 4/2/12 to 3/31/17 – License No. 11077020
- Arizona Department of Revenue – Transaction Privilege Tax License – 5/1/2011 to 12/31/16 – License No. 20701189 – Non-Transferable

Dallas Hotel:

- Texas Alcoholic Beverage Commission – Mixed Beverage Permit (Capistrano’s) – 6/20/15 to 6/19/17 – No. MB535063 – Non-Transferable
- Texas Alcoholic Beverage Commission – Beverage Cartage Permit (Capistrano’s) – 6/20/15 to 6/19/17 – No. MB535063 – Non-Transferable
- Texas Alcoholic Beverage Commission – Mixed Beverage Late Hours Permit (Capistrano’s) – 6/20/15 to 6/19/17 – No. MB535063 – Non-Transferable
- City of Irving – Food Establishment Permit (Capistrano’s) – Expires 5/17/17 – Permit No. HLTH-03900 – Non-Transferable
- City of Irving – Certificate of Occupancy – Issued 9/26/11 – Number H1107-0043
- City of Irving – Swimming Pool/Spa Permit – Expires 7/28/16 – Permit No. SP-1032926 – Non-Transferable
- City of Irving – Hotel/Motel License – 4/01/16 to 3/31/17 – License No. MH-204494
- Texas Department of Licensing & Regulation – Boiler Certificate of Operation (1) – 1/07/15 to 1/07/18 – Certificate No. 201502190033
- Texas Department of Licensing & Regulation – Boiler Certificate of Operation (2) – 1/07/15 to 1/07/18 – Certificate No. 201502190034
- Texas Department of Licensing & Regulation – Boiler Certificate of Operation (3) – 6/18/14 to 6/18/17 – Certificate No. 201407310006

- Texas Department of Licensing & Regulation – Boiler Certificate of Operation (4) – 6/18/14 to 6/18/17 – Certificate No. 201407310007
- Texas Department of Licensing & Regulation – Certificate of Compliance for Elevators, Escalators, and Related Equipment (1) – 6/05/15 to 6/05/16 – Decal No. 28646
- Texas Department of Licensing & Regulation – Certificate of Compliance for Elevators, Escalators, and Related Equipment (2) – 6/05/15 to 6/05/16 – Decal No. 28647
- Texas Department of Licensing & Regulation – Certificate of Compliance for Elevators, Escalators, and Related Equipment (3) – 6/05/15 to 6/05/16 – Decal No. 28648
- Texas Department of Licensing & Regulation – Certificate of Compliance for Elevators, Escalators, and Related Equipment (4) – 6/05/15 to 6/05/16 – Decal No. 28649
- Texas Department of Licensing & Regulation – Certificate of Compliance for Elevators, Escalators, and Related Equipment (5) – 6/05/15 to 6/05/16 – Decal No. 28650
- Texas Department of Licensing & Regulation – Certificate of Compliance for Elevators, Escalators, and Related Equipment (6) – 6/05/15 to 6/05/16 – Decal No. 82861

EXHIBIT “E”

Violation of Laws

None.

EXHIBIT “F”

Pending Litigation

None, other than:

- DFW Hotel - Slip and Fall in parking lot, July 2012. Claim number 003150022, legacy claim US0040825LI12. Claim reserve \$54k
- Annual DFW Hotel property tax appeal

EXHIBIT "I"

FORM OF ASSIGNMENT AND BILL OF SALE

THIS ASSIGNMENT AND BILL OF SALE (this "Agreement") is made as of _____, 2016, by and between _____, a _____ ("Seller"), and _____ a _____ ("Purchaser"), in furtherance of that certain Purchase and Sale Agreement dated _____, 2016, by and among Seller and Purchaser (the "Purchase Agreement").

- 1) Sale and Transfer of Assets. For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Seller hereby sells, conveys, transfers, assigns and delivers unto Purchaser, all of Seller's legal and beneficial right, title and interest in and to all of the FF&E, Inventory and Consumables, Tangible Personal Property, Intangible Personal Property, Bookings, Books and Records, the Space Leases listed on Exhibit "A" attached hereto, and the Hotel Contracts listed on Exhibit "B" attached hereto, and the assignable Permits listed on Exhibit "C" attached hereto, but excluding the Excluded Assets, all as described and defined in the Purchase Agreement (collectively, the "Purchased Assets").
- 2) Assumption and Indemnity. Seller agrees to perform all duties and obligations related to the Purchased Assets arising from or attributable to the period prior to the Closing Date, and except (i) may be the express obligation of Purchaser pursuant to an express provision of the Purchase Agreement, or (ii) for any item for which Purchaser received a credit at Closing (as defined in the Purchase Agreement) (to the extent of such credit), Seller agrees to indemnify, defend, and hold harmless Purchaser, on Purchaser's demand, for, from, and against any claims related to the Purchased Assets arising from or attributable to the period prior to the Closing Date. Purchaser assumes and agrees to perform all duties and obligations related to the Purchased Assets arising from or attributable to the period from and after the Closing Date, and except (a) may be the express obligation of Seller pursuant to an express provision of the Purchase Agreement and with respect to which Purchaser did not receive a credit at Closing, or (b) for any item for which Seller received a credit at Closing (to the extent of such credit), Purchaser agrees to indemnify, defend, and hold harmless Seller, on Seller's demand, for from, and against any claims related to the Purchased Assets arising from or attributable to the period from and after the Closing Date.
- 3) Purchase Agreement Governs. This Agreement is delivered pursuant to, and is subject to the express representations, warranties, covenants, and agreements set forth in the Purchase Agreement. This Agreement is only intended to effectuate the sale, transfer and conveyance to Purchaser of the Purchased Assets in accordance with the provisions of the Purchase Agreement, and nothing herein shall expand the rights, covenants, obligations, representations or warranties of Seller or Purchaser (express or implied) beyond what is provided for in the Purchase Agreement, and the terms of this Agreement shall be understood and construed accordingly. To the extent that any provision of this

Agreement is inconsistent with the provisions of the Purchase Agreement, the provisions of the Purchase Agreement shall govern.

- 4) Condition of Purchased Assets. Seller represents and warrants to Purchaser that (a) it possesses good and marketable title to the Purchased Assets, (b) the Purchased Assets are free and clear of all security interests, liens, title retention agreements and other Encumbrances, except that certain of the leasehold Improvements included in the Purchased Assets may be subject to the provisions of the Space Lease, and (c) it possesses full right, power and authority to transfer and assign the Purchased Assets to Purchaser. All of the Purchased Assets are transferred from Seller to Purchaser “as is.” Seller makes no implied warranty of merchantability and no warranty, either express or implied, concerning the Purchased Assets, except for the representations and warranties contained in this Agreement or in the Purchase Agreement, if any.
- 5) Terms Defined. Initially capitalized terms used but not defined herein have the respective meanings given to them in the Purchase Agreement.
- 6) Additional Assurances. Purchaser and Seller shall, as may be reasonably requested by the other party from time to time, provide such additional assurances, execute and deliver such instruments, assignments, certificates, or other documents, and take such actions as reasonably shall be necessary or desirable to evidence and to give full effect to the provisions of this Agreement.
- 7) Counterpart Execution. This Agreement may be executed in any number of original counterparts, each of which will be effective on delivery and all of which together will constitute one binding agreement of Seller and Purchaser. Any signature page of this Agreement may be detached from any executed counterpart of this Agreement without impairing the legal effect of any signatures and may be attached to another counterpart of this Agreement that is identical in form to the document signed (but that has attached to it one or more additional signature pages).
- 8) Attorneys’ Fees. In any litigation or other proceeding relating to this Agreement, the prevailing party shall be entitled to recover its costs and reasonable attorneys’ fees.
- 9) Successors and Assigns. This Agreement shall be binding upon the parties hereto, their successors, assigns and transferees.
- 10) Controlling Law. This Agreement and all questions relating to its validity, interpretation, performance, and enforcement shall be governed by and construed in accordance with the laws of the State of •.

[SIGNATURE PAGES TO FOLLOW]

EXHIBIT “J”

Sellers’ Warranty Certificate

The undersigned, on behalf of [*LIST SELLER ENTITIES*], hereby certifies to AMERICAN HOTEL INCOME PROPERTIES REIT LP, an Ontario limited partnership (“Purchaser”), pursuant to Section 5.1 of that certain Purchase and Sale Agreement dated _____, 2016 (the “Agreement”) as follows:

1. All of the representations and warranties of Seller set forth in Section 5.1 of the Agreement were true when made and are true and accurate in all material respects as of, and as if made on, the date set forth below.
2. All such representations and warranties will survive the “Closing” as defined in the Agreement, subject to the limitations set forth in the Agreement.
3. Each of the covenants and agreements of Seller set forth in Section 5.5(a) of the Agreement have been duly performed and complied with in all material respects.

IN WITNESS WHEREOF, Sellers have executed this Warranty Certificate as of the _____ day of _____, 2016.

SELLER:

•,
a •

By: _____

Name: _____

Title: _____

EXHIBIT “K”

Purchaser’s Warranty Certificate

The undersigned, on behalf of AMERICAN HOTEL INCOME PROPERTIES REIT LP, an Ontario limited partnership (“Purchaser”), hereby certifies to [*LIST SELLER ENTITIES*] (“Sellers”), pursuant to Section 5.2 of that certain Purchase and Sale Agreement dated _____, 2016 (the “Agreement”) as follows:

1. All of the representations and warranties of Purchaser set forth in Section 5.2 of the Agreement were true when made and are true and accurate in all material respects as of, and as if made on, the date set forth below.
2. All such representations and warranties will survive the “Closing” as defined in the Agreement, subject to the limitations set forth in the Agreement.
3. Each of the covenants and agreements of Purchaser set forth in Section 5.5(b) of the Agreement have been duly performed and complied with in all material respects.

IN WITNESS WHEREOF, Purchaser has executed this Warranty Certificate as of the _____ day of _____, 2016.

PURCHASER:

**AMERICAN HOTEL INCOME
PROPERTIES REIT LP**

By: _____

Name: _____

Title: _____

EXHIBIT “L”

Due Diligence Requests

Encl.

Exhibit A - AHIP Diligence Request List - for each property, as applicable. Additional items may be requested.

1	BUILDINGS
1.1	Legal descriptions of the owned real estate, together with copies of title reports, existing surveys and certificates of occupancy for each property.
1.2	Details of any known environmental risks, violations, proceedings, or lawsuits relating to the properties. Provide all Environmental Site Assessments (Phase I or Phase II), investigations, studies, reports, reviews and documentation.
1.3	All physical inspection reports for each property, including any Property Condition Assessments, ADA compliance, roof, mechanical system, fire and life safety, seismic, and soils reports.
1.4	Particulars of any defects or damage to any buildings situated on real property.
1.5	Summary disclosure of any assets used in the operations and/or located on each applicable property but excluded from the transaction.
1.6	All debt agreements, loan agreements, mortgages, trust deeds, lease, sublease and operating lease agreements and amendments.
1.7	Summary of and documentation on any security agreements which impact title on land, building, equipment, and inventory.
2	FINANCIAL
2.1	Financial statements for the past two calendar years (2014 and 2013) and for the six months ended June 30, 2015 and 2014.
2.2	All occupancy data for the past two calendar years (2014 and 2013) and for the six months ended June 30, 2015 and 2014 (e.g. rate, occupancy, guaranteed versus utilized, revenue sharing, etc.).
2.3	Provide budgets for 2014 and 2015.
2.4	Aging of accounts receivable as at December 31, 2014 and June 30, 2015 and 2014, with identification of bad debts, special cases and description of standard terms for credit.
2.5	Detail and descriptions of prepaid expenses.
2.6	Detail of linen & terry, food & beverage inventory (including most recent inventory count summary).
2.7	Detail the fixed asset purchases and schedule of depreciation.
2.8	Provide capital expenditure plans/budgets, including a summary of capital expenditure commitments.
2.9	List of 15 largest suppliers, include longevity and volume, if available.
2.10	Accounts payable aging for the last calendar year end and as at , June 30, 2015
2.11	Detail of unearned revenue as at December 31, 2014 and June 30, 2015 and 2014, along with the policy for recognizing and amortizing such revenue.
2.12	Provide details of any gift card/certificates outstanding (even if not recorded in financial statements).
2.13	Detail of any committed or outstanding purchase agreements.
2.14	All audit and/or review reports and correspondence with external accountants, including but not limited to management letters, special consulting projects, etc. over the last two years.
2.15	Description of any accounting policies and any changes over the last two calendar years (2014 and 2013) and the six months ended June 30, 2015 and 2014.
2.16	Summary of all year end financial statement entries/adjustments posted in each of the last two calendar year ends (2014 and 2013) and June 30, 2015 and 2014.
2.17	If available, summary of internal audit reports for the last two years.
2.18	Summary and details of unusual and non-recurring items for the last two calendar years (2013 and 2014) and the six months ended June 30, 2015 and 2014.
2.19	Summary of related party transactions included in the financial statements over the last two calendar years (2014 and 2013) and the six months ended June 30, 2015 and 2014.
2.20	Summary of revenue recognition policies, if not adequately disclosed in notes to the financial statements.
2.21	Summary of cash management processes and policies, including cash, petty cash, deposits, receipts, ACH, checks, reconciliations, etc.
2.22	Summary of all jurisdictions where the Company is registered and/or files tax returns (federal, state, municipal, etc.)
2.23	Copies of all federal, state, local and municipal tax returns (including all attachments, schedules, working papers, etc.)
2.24	Copies of all property tax statements, assessments and appeals. Copies of personal property tax returns.
2.25	Utility bills for the previous two calendar years (2013 and 2014) and for May 2015.
2.26	Details of any intercompany, related party or non-arm's length transactions, if not adequately disclosed in the financial information.
2.27	Monthly STR Trend reports for the past three calendar years (December 2012, 2013 and 2014) and the most recent months to date.
3	EMPLOYEES
3.1	Organizational chart, including functions and reporting responsibilities.
3.2	Provide employee list (showing employee name, title, current wage, base+bonus+benefits, banked vacation time, and start date. Identify hourly vs. salary, FT vs. PT. Identify whether each employee is eligible for FMLA coverage).
3.3	List of employees on layoff or disability, with descriptions.
3.4	Provide employee handbook and documentation and/or description of pension, 401k, benefit, incentive, commission and bonus plans (both formal and informal). Also provide most recent employee benefit plan filings.
3.5	Provide copies of management and employment agreements, including any severance or termination agreements, non-compete and non-solicit agreements.
3.6	Provide all agreements with independent contractors or consultants.
3.7	Provide history of employee dishonesty (theft and fraudulent activities).
3.8	Describe policy and provide evidence of compliance with applicable legislation relating to hiring and continued employment (e.g. E-Verify).
3.9	Description of employee time-tracking/attendance and payroll system, and any related human resource systems.
3.10	List all past, outstanding and/or active employment lawsuits, wage and hour claims, open investigations, etc. List employees requiring ADA accommodation and provide descriptions of requirements.
3.11	Provide payroll summary for the last two years as provided to tax authorities for all employees.
4	OPERATIONS
4.1	Copies of all agreements (that are not covered below).
4.2	Copies of all licenses, permits, registrations, approvals, consents, etc.
4.3	Copies of all franchise agreements, supplier/service arrangements, contracts, and leases.
4.4	Copies of all lodging facility agreements (including amendments) and customer contracts.
4.5	Copies of all equipment and roof warranties.
4.6	Copies of all insurance policies currently in effect (e.g. property, liability, workers compensation, boiler, crime, etc.), including brokers summary of coverages, and summary of all insurance claims made or pending on the properties.
4.7	Describe property/casualty/general liability claim process and list any accidents, injuries and claims.
4.8	Most recent inspection reports from brand Franchisor and any third party, if applicable.
4.9	Schedule and documents relating to all litigation, arbitration, administrative proceedings, or governmental investigations or inquiries related to non-compliance of laws, bylaws or regulations.
4.1	A list of personal and real property leased and, if available summary update, term and termination rights, assignability, renewal rights and rent.
4.11	A list of personal property owned, including motor vehicles (with vehicle identification numbers) and any liens, encumbrances or security interest thereon.
4.12	List of internet domain names used and owned and any advertising agreements (e.g. road signs, yellow pages).
4.13	List of all software used, associated cost, and describe whether owned or licensed.

EXHIBIT “M”

Form of Non-Compete Agreement

Encl.

FORM OF NON-COMPETE AGREEMENT

THIS NON-COMPETE AGREEMENT is made effective _____, 2016,

BETWEEN:

Sunstone (No. 3) Limited Partnership, a Nevada limited partnership; Sunstone U.S. Hotel (No. 3) Inc., a Delaware corporation; EST 2011 Operations LLC, a Delaware limited liability company; Sunstone U.S. No. 3H (G.P.) Limited Partnership, a Nevada limited partnership; Sunstone Hotel Advisors (Delaware) No. 3H Inc., a Delaware corporation; EST 2011 GP, LLC, a Delaware limited liability company; Sunstone (No. 4) Limited Partnership, a Nevada limited partnership; Sunstone U.S. Hotel (No. 4) Inc., a Delaware corporation; ESD DFW South 2011 Operations LLC, a Delaware limited liability company; Sunstone U.S. No. 4H (G.P.) Limited Partnership, a Nevada limited partnership; Sunstone Hotel Advisors (Delaware) No. 4H Inc., a Delaware corporation; ESD DFW South 2011 GP, LLC, a Delaware limited liability company; (each, a “**Covenantor**”, and collectively, the “**Covenantors**”)

AND:

American Hotel Income Properties REIT LP, an Ontario limited partnership, and/or its assignees (the “**Purchaser**”, and each of the Covenantors and Purchaser are a “**party**” and collectively, the “**parties**” to this Agreement)

WHEREAS:

- A. Pursuant to the purchase and sale agreement dated as of _____, 2016 (the “**Purchase Agreement**”), between Purchaser and each of the Covenantors, Purchaser and/or its assignees is acquiring the Embassy Suites Hotels in Tempe, Arizona and DFW Airport South, Texas; and
- B. This Agreement is a required delivery of each of the Covenantors on or before the Closing Date under the Purchase Agreement.

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration given by Purchaser and its assignees to the Covenantors, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. INTERPRETATION

1.1 Definitions.

All terms used but not defined herein shall have the meaning given to them in the Purchase Agreement.

In this Agreement, unless there is something in the subject matter or context inconsistent therewith, the following terms have the following meanings:

- (a) “**Affiliate**” means, with respect to any Person, any other Person directly or indirectly controlling, controlled by or under direct or indirect common control with such Person. For the purposes of the foregoing, a Person shall be deemed to “**control**” another Person if it possesses, directly or indirectly, the power to direct or cause direction of the management and policies of such other Person, whether through the ownership of voting securities, by contract or otherwise, and the terms “**controlling**” and “**controlled**” shall have meanings correlative to the foregoing;
- (b) “**Agreement**” means this agreement, as it may be amended from time to time by the parties hereto;
- (c) “**Competitive Business**” means any hotel or lodging facility of any kind operated or carried on within the Territory;
- (d) “**Confidential Information**” means all confidential or proprietary information, intellectual property and confidential facts and non-public information (including, without limitation, all budgets, forecasts, analyses, financial results, prospects, costs, margins, wages and salaries, bids and other business activities and all financial information, all customer and supplier lists and information, all prospective customer and supplier lists and information, pricing, sales, trade secrets, any secret or proprietary manufacturing technique, any formulae or other composition of any product, marketing techniques, procedures, operations, know-how and other aspects of the Business of each Hotel) relating to any of the Hotels or the Business of any Hotel, including, without limitation, any such confidential information owned by, held by, used by or obtained by any of the Covenantors or their respective agents prior to Closing;
- (e) “**Governmental Authority**” means any federal, state, municipal, county, local, or other government, or political subdivision thereof, or any agency, department, commission, board, bureau or instrumentality of such government or political subdivision thereof, or any self-regulated organization or other non-governmental regulatory authority or quasi-governmental authority (to the extent that the rules, regulations or orders of such organization or authority have the force of Law), or any arbitrator, court or tribunal of competent jurisdiction, in each case to the extent the same has jurisdiction over the Person or hotel in question;
- (f) “**Legal Requirement**” has the meaning set forth in Section 2.4(a);
- (g) “**Limitation Period**” has the meaning set forth in Section 2.1;
- (h) “**Person**” means an individual, partnership (general, limited or limited liability), corporation, limited liability company, joint stock company, trust, estate, association, joint venture, other entity or Governmental Authority; and
- (i) “**Territory**” means the area within *[Details of restricted area redacted.]* around each of the Hotels.

2. COVENANTS AND ACKNOWLEDGEMENTS OF THE COVENANTORS

2.1 Competition.

Each Covenantor covenants and agrees in favor of Purchaser that for a period commencing as and from the Closing Date and ending on the date which is *[Time period redacted.]* after the Closing Date (the “**Limitation Period**”), that he or it shall not and shall cause his or its Affiliates not to, without the prior written consent of Purchaser, either alone or in partnership or jointly or in conjunction with any Person or Persons, whether as principal, agent, partner, co-venturer, shareholder, investor, creditor, director, officer, employee, advisor, consultant or in any other capacity whatsoever:

- (a) carry on, own, manage, organize, control, develop or establish any undertaking or business, or be engaged in, serve as a director, officer, trustee of or consultant to, any undertaking or business, in each case, that is a Competitive Business; or
- (b) have any financial or ownership interest (including without limitation, an interest by way of royalty or other compensation arrangements) in, or in respect of, a business or undertaking that is a Competitive Business.

Notwithstanding the above, paragraph (b) shall only be deemed to apply to the extent that any such financial or ownership interest of the relevant Covenantor, together with Affiliates and family members, exceeds 5% of the total equity capital, members’ interests, share capital or other proportionate ownership interest in the relevant business or undertaking.

2.2 Non-Solicitation

Each Covenantor covenants and agrees in favour of Purchaser that during the Limitation Period he or it shall not and shall cause his or its Affiliates not to, without the prior written consent of Purchaser, either alone or in partnership or jointly or in conjunction with any Person or Persons, whether as principal, agent, partner, co-venturer, shareholder, investor, creditor, director, officer, employee, advisor, consultant or in any other capacity whatsoever:

- (a) contact any Person who is a customer of any of the Hotels (including of their respective Businesses) as of the Closing Date for the purpose of interfering with, or encouraging them to terminate, their business relationships with any of the Hotels (including with their respective Businesses) or for the purpose of otherwise soliciting any such customer for a Competitive Business; or
- (b) make offers or invitations of employment or retention as a consultant to, or hire, retain, solicit, interfere with, entice away, or otherwise attempt to obtain the withdrawal or encourage the resignation or retirement of any current employees of any of the Hotels (including of their respective Businesses).

2.3 Confidentiality

During the Limitation Period, each Covenantor shall keep in strict confidence, and shall not, directly or indirectly, disclose, furnish, disseminate, make available or use any Confidential

Information in violation of this Agreement, without limitation as to when or how such Covenantor may have acquired such information. Each Covenantor specifically acknowledges that, with respect to any Confidential Information whether reduced to writing, maintained on any form of electronic media, or maintained in the mind or memory of such Covenantor and whether compiled by the Purchaser and/or such Covenantor, such Confidential Information: (i) derives independent economic value from not being readily known to or ascertainable by proper means by others who can obtain economic value from its disclosure or uses; (ii) such information is and will remain the sole property of Purchaser, and (iii) any retention (other than through general knowledge maintained in the mind and memory of such Covenantor) and use of such information after the Closing Date will constitute a breach of this non-disclosure undertaking and/or misappropriation of the trade secrets of the Businesses of the Hotels, as applicable. Each Covenantor acknowledges and agrees that the Confidential Information shall at all times during the Limitation Period and thereafter remain the exclusive property of Purchaser. The obligations under this Section 2.3 shall be limited to the Limitation Period. Each Covenantor agrees that Purchaser and the Hotels (including their respective Businesses) would suffer great loss and injury if such Covenantor disclosed any Confidential Information, used such Confidential Information in contravention of this Section 2.3, or caused such Confidential Information to be used in contravention of this Section 2.3 during the Limitation Period.

2.4 Permitted Disclosure.

The restrictions on disclosure set forth in Section 2.3 shall not apply to the extent that:

- (a) disclosure is required by applicable Law or regulation or by judicial, administrative, legislative, regulatory, arbitral, investigative or other legal, governmental or regulatory proceeding, process or demand ("**Legal Requirement**");
- (b) disclosure is contemplated by, or required to enforce, the Purchase Agreement or related agreements between a Covenantor or any of his or its Affiliates and Purchaser or any of its Affiliates; or
- (c) the Confidential Information is or becomes generally available to the public other than as a result of an unauthorized disclosure by the relevant Covenantor.

In the event that a Covenantor is required to make a disclosure required by any Legal Requirement, such Covenantor shall, to the extent permitted by such Legal Requirement, promptly notify Purchaser prior to making such disclosure and shall permit Purchaser to seek a protective order or take other appropriate actions, and shall reasonably cooperate in Purchaser's efforts (at Purchaser's expense), to maintain the confidentiality of the Confidential Information.

2.5 Acknowledgement and Agreement.

- (a) Each Covenantor acknowledges and agrees that:
 - (i) this Agreement is an integral part of the transactions contemplated by the Purchase Agreement;

- (ii) the Covenantors are selling all of their right, title and interest in and to the Hotels in the transactions contemplated by the Purchase Agreement;
 - (iii) he or it has received or will receive, significant direct and indirect benefits as a result of the completion of the transactions contemplated by the Purchase Agreement; and
 - (iv) Purchaser is relying directly upon the covenants and acknowledgements given by the Covenantors in this Agreement in relation to such transactions.
- (b) Each Covenantor further acknowledges and agrees that:
 - (i) he or it is a sophisticated party and acknowledges that he or it has had full opportunity to seek independent legal advice prior to signing this Agreement;
 - (ii) all restrictions contained in this Agreement (including, without limitation, the restrictions as to time and geography contained in Sections 2.1, 2.2 and 2.3, as applicable) are reasonable in all respects and are valid in accordance with their terms; and
 - (iii) a breach or threatened breach by any Covenantor of any of the provisions contained in this Agreement will result in Purchaser and the Businesses of the Hotels suffering substantial and irreparable harm which may not be calculated or sufficiently compensated by monetary damages alone, and in the event of such breach (or the reasonable apprehension of such a breach) by a Covenantor of such provisions, the Covenantors hereby agree that Purchaser shall, in addition to all other remedies available to it in law or in equity, be entitled as a matter of right to an injunction restraining the relevant Covenantor from any breach or further breach of the said provisions, and the provisions of this Section 2.5(b)(iii) shall be in addition to, and not in substitution for, any other remedy which Purchaser may have in respect of such breach.

3. GENERAL

3.1 Severability.

Each section and subsection of this Agreement constitutes a separate and distinct provision of this Agreement. It is the intent of the parties that the provisions of this Agreement be enforced to the fullest extent permissible under the Laws and public policies applicable in each jurisdiction in which enforcement is sought. Accordingly, if any provision of this Agreement is adjudicated to be invalid, ineffective or unenforceable, the remaining provisions will not be affected by such adjudication. The invalid, ineffective or unenforceable provision will, without further action by the parties, be automatically amended to effect the original purpose and intent of the invalid, ineffective or unenforceable provision; provided, however, that such amendment will apply only with respect to the operation of such provision in the particular jurisdiction with respect to which

such adjudication is made. Without limiting the generality of the foregoing, the parties acknowledge and agree that each of Sections 2.1(a), 2.1(b), 2.2(a), 2.2(b) and 2.3 reflect separate and individual covenants that each such section shall be severable from the others.

3.2 Waiver.

No waiver of any provision of this Agreement is binding unless it is in writing and signed by the party entitled to grant the waiver. No failure to exercise, and no delay in exercising, any right or remedy under this Agreement will be deemed to be a waiver of that right or remedy. No waiver of any breach of any provision of this Agreement will be deemed to be a waiver of any subsequent breach of that provision.

3.3 Assignment.

Purchaser and its assignees may assign the benefit of this Agreement to (i) any Affiliate of Purchaser, its assignees or any Person to whom all or substantially all of the undertakings, properties and assets of Purchaser are transferred or (ii) any of its assignees to which Purchaser's obligations under the Purchase Agreement are assigned, in each case without obtaining the consent of the Covenantors. Each Covenantor acknowledges and agrees that his or its obligations under this Agreement are personal to him or it, that he or it shall not assign or transfer this Agreement or any of his or its obligations under this Agreement, and that any purported assignment or transfer of this Agreement by any Covenantor of his or its obligations under this Agreement shall be null and void.

3.4 Enurement.

This Agreement enures to the benefit of Purchaser and the Covenantors and binds the parties hereto, and in each case, their respective successors, heirs, executors, administrators and permitted assigns, as the case may be.

3.5 Amendment.

No amendment, supplement, restatement or termination of any provision of this Agreement is binding unless it is in writing and signed by each party to this Agreement.

3.6 Entire Agreement.

This Agreement and the other agreements referred to in this Agreement set forth the entire understanding of the parties regarding this subject matter and supersede all prior contracts, agreements, arrangements, communications, discussions, representations and warranties, whether oral or written, between the parties regarding this subject matter.

3.7 Notices.

All notices and other communications required or permitted under this Agreement will be in writing and will be deemed to have been duly given when delivered in person or when dispatched electronically (confirmed in writing by mail simultaneously dispatched) or one

business day after having been dispatched by a nationally recognized overnight courier service to the appropriate party at the address specified below:

If to Purchaser: American Hotel Income Properties REIT LP
401 West Georgia Street, Suite 1660
Vancouver, British Columbia V6H 5A1
Attn: Mr. Robert O'Neill
Fax: (604) 684-0482
Email: roneill@ahipreit.com

With a copy to: Farris, Vaughan, Wills & Murphy LLP
25th Floor, 700 W. Georgia Street
Vancouver, B.C. V7Y 1B3
Attn: Duncan Reid
Fax: (604) 661-9349
Email: dreid@farris.com

If to a Covenantor ☐

With copies to: ☐

3.8 Headings.

The headings in this Agreement are solely for convenience of reference and are not to be given any effect in the construction or interpretation of this Agreement.

3.9 Time of the Essence.

Time is of the essence of this Agreement.

3.10 Further Assurances.

Each of the parties will execute such further assurances and other documents and instruments and will do such further and other things as may be necessary to implement and carry out the intent of this Agreement.

3.11 Governing Law.

This Agreement shall be governed by and construed in accordance with the Laws of the State of Arizona, regardless of the Laws that might otherwise govern under applicable principles of conflict of laws. The parties expressly waive any right they may have, now or in the future, to demand or seek the application of a governing Law other than the State of Arizona.

3.12 Consent to Jurisdiction.

Each of the parties to this Agreement hereby consents to the jurisdiction of the courts of the State of Arizona with respect to any action or proceeding which arises out of or relates to this Agreement.

3.13 Interpretation and Enforcement.

If suit or action is filed to interpret or enforce this Agreement, the prevailing party shall be entitled to be awarded its reasonable attorneys' fees and disbursements solely relating directly to the litigation through all appeals in addition to other costs and disbursements allowed by Law, including those incurred on appeal.

3.14 Counterparts.

This Agreement and any amendment, supplement, restatement or termination of any provision of this Agreement may be executed and delivered in any number of counterparts, each of which when executed and delivered is an original but all of which taken together constitute one and the same instrument. A party's electronic transmission of a copy of this Agreement duly executed by that party shall constitute effective delivery by that party of an executed copy of this Agreement to the party receiving the transmission. A party that has delivered this Agreement electronically shall forthwith deliver an originally executed copy to the other party or parties.

[the remainder of this page left intentionally blank – Covenantor's signature page follows]

IN WITNESS WHEREOF this Agreement has been executed, to be effective as of the date first above written.

COVENANTORS:

[Signature blocks to be inserted]

[the remainder of this page intentionally left blank – Purchaser's signature page follows].

PURCHASER:

AMERICAN HOTEL INCOME PROPERTIES REIT LP,
an Ontario limited partnership

By: _____

Name:

Title:

EXHIBIT “O”

Inspection Insurance Policies

Encl.



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
11/23/2015

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER Aon Reed Stenhouse Inc. Suite 1200 401 West Georgia St. PO Box 3228 Vancouver, BC V6B 3X8 Aon Risk Solutions	1-206-749-4857	CONTACT NAME: PHONE (A/C, No, Ext): E-MAIL ADDRESS:	FAX (A/C, No):
INSURED Colliers International Valuation & Advisory Services, LLC 9820 Willow Creek Road Suite 300 San Diego, CA 92131		INSURER(S) AFFORDING COVERAGE INSURER A: Federal Insurance Company INSURER B: Chubb Insurance Company of Canada INSURER C: INSURER D: INSURER E: INSURER F:	

COVERAGES**CERTIFICATE NUMBER:** 45486232**REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	GENERAL LIABILITY <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input checked="" type="checkbox"/> PROJECT <input type="checkbox"/> LOC			74988647	12/01/15	12/01/16	EACH OCCURRENCE \$ 1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 1,000,000 MED EXP (Any one person) \$ 10,000 PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 2,000,000 PRODUCTS - COMP/OP AGG \$ 1,000,000 \$
B	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS			35268682	12/01/15	12/01/16	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000 BODILY INJURY (Per person) \$ 1,000,000 BODILY INJURY (Per accident) \$ 1,000,000 PROPERTY DAMAGE (Per accident) \$ 1,000,000 \$
B	<input checked="" type="checkbox"/> UMBRELLA LIAB <input checked="" type="checkbox"/> EXCESS LIAB <input type="checkbox"/> DED <input type="checkbox"/> RETENTION \$ <input type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS-MADE			79713858	12/01/15	12/01/16	EACH OCCURRENCE \$ 10,000,000 AGGREGATE \$ 10,000,000 \$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below		N/A				WC STATUTORY LIMITS E.L. EACH ACCIDENT \$ E.L. DISEASE - EA EMPLOYEE \$ E.L. DISEASE - POLICY LIMIT \$
B	Crime			8132-4965	12/01/15	12/01/16	2,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)

CERTIFICATE HOLDER**CANCELLATION**

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

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CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

09/03/2015

PRODUCER Green Insurance Exchange, LLC 184 High Street Suite 602 Boston, MA 02110		1-617-391-0245	THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.
INSURED EMG 10461 Mill Run Circle, Suite 1100 Owings Mills, MD 21117			
INSURERS AFFORDING COVERAGE			NAIC #
INSURER A: NAUTILUS INS CO			17370
INSURER B: GREAT DIVIDE INS CO			25224
INSURER C:			
INSURER D:			
INSURER E:			

COVERAGES

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR ADD'L LTR INSRD	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YYYY)	POLICY EXPIRATION DATE (MM/DD/YYYY)	LIMITS		
A	GENERAL LIABILITY	ECP2012618	09/03/15	09/03/16	EACH OCCURRENCE	\$ 1,000,000	
	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY				DAMAGE TO RENTED PREMISES (Ea occurrence)	\$ 500,000	
	<input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCUR				MED EXP (Any one person)	\$ 5,000	
					PERSONAL & ADV INJURY	\$ 1,000,000	
					GENERAL AGGREGATE	\$ 2,000,000	
					PRODUCTS - COMP/OP AGG	\$ 2,000,000	
	GEN'L AGGREGATE LIMIT APPLIES PER:						
	<input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC						
B	AUTOMOBILE LIABILITY	BAP2012616	09/03/15	09/03/16	COMBINED SINGLE LIMIT (Ea accident)	\$ 1,000,000	
	<input checked="" type="checkbox"/> ANY AUTO				BODILY INJURY (Per person)	\$	
	<input type="checkbox"/> ALL OWNED AUTOS				BODILY INJURY (Per accident)	\$	
	<input type="checkbox"/> SCHEDULED AUTOS				PROPERTY DAMAGE (Per accident)	\$	
	<input checked="" type="checkbox"/> HIRED AUTOS						
	<input checked="" type="checkbox"/> NON-OWNED AUTOS						
	<input checked="" type="checkbox"/> \$1,000 Comp Ded						
	<input checked="" type="checkbox"/> \$1,000 Coll Ded						
	GARAGE LIABILITY				AUTO ONLY - EA ACCIDENT	\$	
	<input type="checkbox"/> ANY AUTO				OTHER THAN EA ACC	\$	
					AUTO ONLY: AGG	\$	
A	EXCESS / UMBRELLA LIABILITY	FFX2012619	09/03/15	09/03/16	EACH OCCURRENCE	\$ 5,000,000	
	<input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE				AGGREGATE	\$ 5,000,000	
	<input type="checkbox"/> DEDUCTIBLE					\$	
	<input checked="" type="checkbox"/> RETENTION \$ 0					\$	
						\$	
B	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY	WCA2012614 - AOS	09/03/15	09/03/16	<input checked="" type="checkbox"/> WC STATUTORY LIMITS <input type="checkbox"/> OTH-ER		
	E.L. EACH ACCIDENT				\$ 1,000,000		
	E.L. DISEASE - EA EMPLOYEE				\$ 1,000,000		
	E.L. DISEASE - POLICY LIMIT				\$ 1,000,000		
A	OTHER Contractors Pollution & Professional Liability	ECP2012618	09/03/15	09/03/16	Each Claim	1,000,000	
				Annual Aggregate	2,000,000		

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS

CERTIFICATE HOLDER

CANCELLATION

Evidence of Insurance

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE

IMPORTANT

If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

DISCLAIMER

This Certificate of Insurance does not constitute a contract between the issuing insurer(s), authorized representative or producer, and the certificate holder, nor does it affirmatively or negatively amend, extend or alter the coverage afforded by the policies listed thereon.

EXHIBIT “P”

Insurance

DFW Hotel:

Slip and Fall in parking lot, July 2012. Claim number 003150022, legacy claim
US0040825LI12. Claim reserve \$54k

Claims history provided in the Diligence Materials.

EXHIBIT “Q”

Employee Benefit Plans

None.

EXHIBIT “R”

Retained Funds

Encl.

CASH AND RESERVE AMOUNTS
(ESTIMATED)

Sources of Funds

DFW

FF&E Reserves April to June	\$100,000	Approximate, to be escrowed with Wells Fargo
FF&E Reserve Balance	\$274,000	In Wells Escrows
TX Dept of Transportation Condemnation	\$162,000	DFW Route 183 widening. Need to deduct cost to move sign. Funds in escrow with Wells
Cost to move sign and rebuild curb	<u>-\$86,000</u>	
DFW Subtotal	<u>\$350,000</u>	

Tempe

Reserve Balance	\$462,000	
Unfunded Capital	<u>-\$26,000</u>	
FF&E Reserves April to June	<u>\$100,000</u>	Approximate, to be escrowed with Wells Fargo
Tempe Subtotal	<u>\$536,000</u>	

GRAND TOTAL - SOURCES

\$886,000

EXHIBIT “S”

Enquiries of Management Company

- **Possession of Real Property.** Are you aware of any facts or circumstances that would cause the representation in Section 5.1(e) to be inaccurate or incomplete?
- **Contracts.** Are you aware of any facts or circumstances that would cause the representation in Section 5.1(f) to be inaccurate or incomplete?
- **Permits.** Are you aware of any facts or circumstances that would cause the representation in Section 5.1(h) to be inaccurate or incomplete?
- **Hazardous Substances.** Are you aware of any facts or circumstances that would cause the representation in Section 5.1(j) to be inaccurate or incomplete?
- **Investigations of Hazardous Substances.** Are you aware of any facts or circumstances that would cause the representation in Section 5.1(k) to be inaccurate or incomplete?
- **Adverse Proceedings.** Are you aware of any facts or circumstances that would cause the representation in Section 5.1(l) to be inaccurate or incomplete?
- **Financial Records.** Are you aware of any facts or circumstances that would cause the representation in Section 5.1(m) to be inaccurate or incomplete?
- **Tax Assessments.** Are you aware of any facts or circumstances that would cause the representation in Section 5.1(o) to be inaccurate or incomplete?
- **Classification of Employees.** Are you aware of any facts or circumstances that would cause the representation in Section 5.1(r) to be inaccurate or incomplete?
- **Employees.** Are you aware of any facts or circumstances that would cause the representation in Section 5.1(s) to be inaccurate or incomplete?
- **Labor and Employment Disputes.** Are you aware of any facts or circumstances that would cause the representation in Section 5.1(t) to be inaccurate or incomplete?
- **Lawful Employment.** Are you aware of any facts or circumstances that would cause the representation in Section 5.1(u) to be inaccurate or incomplete?
- **Employee Benefit Plans.** Are you aware of any facts or circumstances that would cause the representation in Section 5.1(v) to be inaccurate or incomplete?
- **Mechanics’ and Materialmen’s Liens.** Are you aware of any facts or circumstances that would cause the representation in Section 5.1(w) to be inaccurate or incomplete?

- **Land Interest and Access Rights.** Are you aware of any facts or circumstances that would cause the representation in Section 5.1(x) to be inaccurate or incomplete?
- **Improvements.** Are you aware of any facts or circumstances that would cause the representation in Section 5.1(y) to be inaccurate or incomplete?
- **Encroachments.** Are you aware of any facts or circumstances that would cause the representation in Section 5.1(z) to be inaccurate or incomplete?
- **Personal Property.** Are you aware of any facts or circumstances that would cause the representation in Section 5.1(aa) to be inaccurate or incomplete?
- **Consumables.** Are you aware of any facts or circumstances that would cause the representation in Section 5.1(bb) to be inaccurate or incomplete?
- **Operation in the Ordinary Course of Business.** Are you aware of any facts or circumstances that would cause the representation in Section 5.1(dd) to be inaccurate or incomplete?
- **Promotions.** Are you aware of any facts or circumstances that would cause the representation in Section 5.1(ee) to be inaccurate or incomplete?

**FIRST AMENDMENT TO
PURCHASE AND SALE AGREEMENT**

THIS FIRST AMENDMENT TO PURCHASE AND SALE AGREEMENT (this “Amendment”) is made as of the 12th day of July, 2016 (the “Amendment Effective Date”) by and among the seller parties set forth on Annex A hereto (together, the “Sellers” and each individually a “Seller”), and AMERICAN HOTEL INCOME PROPERTIES REIT LP, an Ontario limited partnership (the “Purchaser”).

RECITALS

- A. The Sellers and the Purchaser have entered into that certain conditional Purchase and Sale Agreement dated as of May 31, 2016 (as extended, the “Agreement”); and
- B. The Sellers and the Purchaser have agreed to further amend and modify the terms and conditions of the Agreement as hereinafter set forth;

NOW, THEREFORE, in consideration of the foregoing Recitals, the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. DEFINED TERMS

1.1 All terms used but not defined herein shall have the meanings set forth in the Agreement.

2. AMENDMENTS

2.1 Waiver of Inspection Period. Upon signature by Purchaser and each of the Sellers of this Amendment, Purchaser hereby agrees to waive its right to terminate the Agreement pursuant to Section 1.3(e) thereof, effective July 12, 2016.

2.2 Purchase Price Adjustment. The Aggregate Purchase Price is hereby reduced by US\$425,000 to US\$57,575,000, which reduction will be allocated 100% to the DFW Hotel. Section 2.1 of the Agreement shall be deemed to be amended accordingly. To effect this reduction, the Equity Consideration payable pursuant to Section 2.2(d) of the Agreement shall be reduced to \$17,375,000.

2.3 Purchaser Bridge Loan. By way of a loan commitment dated July 12, 2016 (the “Loan Commitment”), the Purchaser has committed to lend to Tempe LP the sum of US\$10,200,000, the proceeds of which will be used repay the existing CMBS mortgage secured against the Tempe Hotel. As a result, Section 2.2 of the Agreement will be amended by the deletion of subsection (c) thereof and its replacement with the following:

“(c1) Set-Off of Bridge Loan. At the Closing, the Sellers will set-off against the Aggregate Purchase Price the principal amount and any accrued but unpaid interest

owing to the Purchaser by Tempe LP pursuant to the executed loan agreements and ancillary documents arising from the transaction contemplated in the Loan Commitment.

(c2) Cash Payment at Closing. At the Closing, Purchaser agrees to deposit with the Escrow Agent or fund through new financing a cash amount equal to the difference between US\$21,200,000 and the amount set-off pursuant to subsection 2.2(c1), less the Earnest Money (and interest thereon held in escrow).”

2.4 Allocation. Pursuant to Section 2.4 of the Agreement, the Purchaser and Sellers agree on the allocation of the Aggregate Purchase Price which is set out on **Annex B** hereto.

2.5 Transfer of 1% Interest in TRS Entities. Prior to Closing, US REIT 3H shall transfer to Master LP 3 an undivided 1% interest in TRS 3 and US REIT 4H shall transfer to Master LP 4 an undivided 1% interest in TRS 4.

2.6 Obligations of the Purchased Entities. Pursuant to the terms of the current limited partnership agreements of the Purchased Entities, and other constituent documents or agreements entered into by the Purchased Entities, certain obligations to other entities or persons (including without limitation entities within the Sunstone Group and their Affiliates) may arise at or after Closing. Such obligations include, without limitation, any obligation: (i) to make any payment to the general partner of any of the Purchased Entities as a consequence of their termination or removal as general partner, or the sale of their interest in the relevant Purchased Entity, (ii) to pay any disposition fee or other fee to any member of the Sunstone Group or any other third party as a result of or in connection with the transactions contemplated by the Agreement or (iii) any other obligations to any third parties under a services agreement, advisory agreement, cost sharing and recovery agreement or any other agreement of a Purchased Entity with a third party (any such obligations of the Purchased Entities at Closing, the “Purchased Entity Obligations”). Any services agreements, advisory agreements, cost sharing and recovery agreements or other similar agreements between any of the Purchased Entities, on the one hand, and any of (A) Sunstone Realty Advisors Inc., (B) Maverick Management Ltd. or (C) Sunstone O’Neill Hotel Management Inc. (or any of their respective Affiliates), on the other hand, shall be terminated at or prior to Closing by Sellers without any liability therefor attributable or accruing to the Purchased Entities or to Purchaser. Sellers hereby covenant to and agree with Purchaser that (i) any such Purchased Entity Obligations shall be solely discharged by Sellers from Sellers’ funds (which may, for the avoidance of doubt, include funds received from the payment of the Aggregate Purchase Price at Closing), (ii) any Purchased Entity Obligations shall be deemed to be an Excluded Liability pursuant to the terms of Section 1.2(c) of the Agreement and (iii) Purchaser shall not be required to make any payments in respect of any Purchased Entity Obligations at Closing or thereafter other than the payment of the Aggregate Purchase Price pursuant to Sections 2.1 and 2.2 of the Agreement (as amended).

2.7 Removal of General Partners. To the extent required by law to effect the complete dissociation of the Sellers from the Purchased Entities, each of the Sellers hereby withdraws or consents to the removal of REIT 3H GP, REIT 4H GP, No. 3H Opportunity GP, No. 4H Opportunity GP, Tempe GP and Dallas GP as general partners of the respective Purchased Entities, as appropriate in the discretion of Purchaser, pursuant to applicable law and the applicable provisions of the limited partnership agreements governing the Purchased Entities, effective as of Closing, and hereby waive any advance notice provisions relating thereto or any

other obligations of Purchaser in connection with such withdrawal or removal other than payment of the Aggregate Purchase Price.

2.8 No Other Interests. Each of the Sellers hereby represents and warrants, as of the date hereof and the Closing Date, that there are no partnership interests in the Purchased Entities outstanding other than (i) the limited partnership interests to be sold, conveyed, assigned, transferred and delivered pursuant to the Agreement, (ii) the general partnership interests to be terminated, withdrawn or removed as set forth in Section 2.6 and 2.7 herein, and (iii) the outstanding Class B units described in Section 2.10 of this Amendment.

2.9 SPE Back-up Certification. In accordance with Section 7.4(a)(vii) of the Agreement, at Closing Sellers shall provide a certification to Purchaser in respect of Tempe LP substantially in the form set forth on **Annex C** hereto.

2.10 Class B Unitholders. The Agreement provides in Section 1.2(a)(i) and Section 1.2(a)(vi) that all limited partnership units of US REIT 3H and US REIT 4H shall be held by New LLC 3 and New LLC 4, respectively, at Closing for transfer to Purchaser or its designees. In addition, Section 1.2(c)(vi) states that any liability of the Sunstone Entities to any unitholders shall be an Excluded Liability. Together, these provisions require the repayment of the capital of the Class B unitholders of US REIT 3H and US REIT 4H at or prior to Closing, as contemplated by the KPMG Steps Plan set forth in Exhibit “C” to the Agreement. Notwithstanding the foregoing, for structuring purposes the Purchaser may, upon notice to Sellers not less than five days prior to Closing, determine to retain the Class B unitholders at Closing for an interim period, and if it elects to do so, Purchaser shall indirectly assume the liability to such Class B unitholders at Closing and shall be credited in the settlement statements prepared in accordance with the provisions of Section 7.2 of the Agreement with an amount equal to the aggregate equity in each of US REIT 3H and US REIT 4H held by the Class B Unitholders thereof. As of the Closing Date, all payments and distributions due and payable to the Class B unitholders shall be fully paid or, if not fully paid, any amounts payable for periods prior to the Closing Date shall be pro rated and credited to Purchaser or its designees at Closing.

2.11 Securities Representation Letter. In accordance with Section 7.4(a)(xx) of the Agreement, in order to facilitate the delivery of Units at Closing pursuant to Section 2.2(d) of the Agreement, Sellers agree to provide a securities representation letter at Closing substantially in the form set forth on **Annex D** hereto. The parties shall also include satisfactory representations in respect of a Canadian exempt placement in the final Securities Representation Letter.

2.12 Exhibit “R”. Exhibit “R” to the Agreement shall be deemed to be replaced by the Exhibit “R” set forth on **Annex E** hereto. Purchaser shall not have any rights in respect of the FF&E reserve accruals accruing from July 1st until the Closing Date.

2.13 Roof Repairs. Sellers acknowledge that Purchaser has identified water penetration issues at the DFW Hotel, as more particularly identified in the report attached hereto as **Annex F** (together, the “DFW Roof Issues”). Sellers hereby covenant and agree, at their sole cost and expense, to repair and remedy in full the DFW Roof Issues prior to Closing; provided, however, Sellers’ obligations hereunder shall be limited to a maximum of US\$100,000, and to the extent that estimates for repairs and remediation exceed such amount then the parties mutually agree to discuss the estimates and determine next steps (acting reasonably). Nothing herein shall in any way prejudice or limit the representations, warranties, covenants and

agreements of Sellers set forth in the Agreement, which shall remain in effect as agreed by the parties.

2.14 Corrections and Clarifications. The following amendments shall be made to the Agreement:

(a) Recital D shall be deemed to be replaced by the following:

D. Master LP 4 owns 99% and US REIT 4H owns 1%, respectively, of the outstanding shares in the capital of TRS 4. TRS 4 owns 100% of the member's interest in Dallas Operations. Dallas Operations owns all of the Tangible Personal Property and Intangible Personal Property associated with the DFW Hotel;

(b) Section 1.2(a)(ix) shall be deemed to be replaced by the following:

REIT 4H GP agrees to sell, convey, assign, transfer and deliver all of its partnership interests in US REIT 4H to a designee of Purchaser, and Purchaser agrees to cause its designee to acquire all such partnership interests in US REIT 4H from REIT 4H GP.

(c) All references to Sunstone Hotel Advisors (Delaware) No. 3H Inc. in the Agreement shall be deemed to be replaced by references to Sunstone Advisors (Delaware) No. 3H Inc., and all references to Sunstone Hotel Advisors (Delaware) No. 4H Inc. in the Agreement shall be deemed to be replaced by references to Sunstone Advisors (Delaware) No. 4H Inc.

(d) The preamble to the Agreement shall be deemed to state that Tempe Operations is an Arizona limited liability company and not a Delaware limited liability company.

(e) Section 5.1(g) shall be deemed to be replaced by the following:

Capitalization. The equity interests of the Purchased Entities are as follows:

(i) US REIT 3H has an unlimited number of Class A Units, each having a subscription price of US\$1,250, of which 16,237 are issued and outstanding to Master LP 3, 1,000 Class B Units, each having a subscription price of US\$1,000, of which 125 are issued and outstanding, and the general partnership interest held by REIT 3H GP;

(ii) No. 3H Opportunity LP has an unlimited number of limited partnership units, each having a subscription price of US\$1,250, of which 16,128 are issued and outstanding to US REIT 3H, and the general partnership interest held by No. 3H Opportunity GP];

(iii) No. 3H Opportunity LP owns 99.5% and Tempe GP owns 0.5% of the partnership interests in Tempe LP;

- (iv) US REIT 4H has an unlimited number of Class A Units, each having a subscription price of US\$1,250, of which 4,234 are issued and outstanding to Master LP, 1,000 Class B Units, each having a subscription price of US\$1,000, of which 125 are issued and outstanding, and the general partnership interest held by REIT 4H GP];
- (v) No. 4H Opportunity LP has an unlimited number of limited partnership Units, each having a subscription price of US\$1,250, of which 4,175 are issued and outstanding to US REIT 4H, and the general partnership interest held by No. 4H Opportunity GP]; and
- (vi) No. 4H Opportunity LP owns 99.5% and Dallas GP owns 0.5% of the partnership interests in Dallas LP.

3. FURTHER ASSURANCES

3.1 In addition to the instruments, agreements and documents referenced herein and contemplated to be performed, executed and delivered by Purchaser and Sellers, Purchaser and Sellers shall perform, execute and deliver or cause to be performed, executed and delivered at the Closing or after the Closing, any and all further acts, deeds, instruments and agreements and provide such further assurances as the other party may reasonably require to consummate the transactions contemplated in the Agreement and this Amendment.

Except to the extent amended and modified herein, the Agreement remains in full force and effect. To the extent of any conflict between the Agreement and this Amendment, the terms and provisions of this Amendment shall govern and control. This Amendment may be executed in counterparts.

[Signature Pages to Follow.]

IN WITNESS WHEREOF, this Amendment has been duly executed in multiple counterparts by the parties hereto to be effective on the Amendment Effective Date.

Date: July 12, 2016

SELLER:

SUNSTONE (NO.3) LIMITED PARTNERSHIP

By: "Robert W. King"

Name: Robert W. King

Title: Authorized Signatory

Date: July 12, 2016

SELLER:

SUNSTONE U.S. HOTEL (NO.3) INC.

By: "Robert W. King"

Name: Robert W. King

Title: Authorized Signatory

Date: July 12, 2016

SELLER:

EST 2011 OPERATIONS LLC

By: "Robert W. King"

Name: Robert W. King

Title: Authorized Signatory

Date: July 12, 2016

SELLER:

SUNSTONE U.S. NO. 3H (GP) LIMITED PARTNERSHIP

By: "Robert W. King"

Name: Robert W. King

Title: Authorized Signatory

Date: July 12, 2016

SELLER:

**SUNSTONE ADVISORS (DELAWARE) NO.
3H INC.**

By: "Robert W. King"

Name: Robert W. King

Title: Authorized Signatory

Date: July 12, 2016

SELLER:

EST 2011 GP, LLC

By: "Robert W. King"

Name: Robert W. King

Title: Authorized Signatory

Date: July 12, 2016

SELLER:

**SUNSTONE (NO.4) LIMITED
PARTNERSHIP**

By: "Robert W. King"

Name: Robert W. King

Title: Authorized Signatory

Date: July 12, 2016

SELLER:

SUNSTONE U.S. HOTEL (NO.4) INC.

By: "Robert W. King"

Name: Robert W. King

Title: Authorized Signatory

Date: July 12, 2016

SELLER:

ESD DFW SOUTH 2011 OPERATIONS LLC

By: "Robert W. King"

Name: Robert W. King

Title: Authorized Signatory

Date: July 12, 2016

SELLER:

**SUNSTONE U.S. NO. 4H (GP) LIMITED
PARTNERSHIP**

By: "Robert W. King"

Name: Robert W. King

Title: Authorized Signatory

Date: July 12, 2016

SELLER:

**SUNSTONE ADVISORS (DELAWARE)
NO. 4H INC.**

By: "Robert W. King"

Name: Robert W. King

Title: Authorized Signatory

Date: July 12, 2016

SELLER:

ESD DFW SOUTH 2011 GP, LLC

By: "Robert W. King"

Name: Robert W. King

Title: Authorized Signatory

IN WITNESS WHEREOF, this Amendment has been duly executed to be effective as of 2:30 pm Pacific time on the Amendment Effective Date.

PURCHASER:

AMERICAN HOTEL INCOME
PROPERTIES REIT LP,
an Ontario limited partnership

By its general partner,
AMERICAN HOTEL INCOME
PROPERTIES REIT (GP) INC.

By: "Ian McAuley"

Name: Ian McAuley

Title: Executive Vice President – Asset
Management

ANNEX A – SELLER PARTIES

Sunstone (No.3) Limited Partnership

Sunstone U.S. Hotel (No. 3) Inc.

EST 2011 Operations LLC

Sunstone U.S. No. 3H (GP) Limited Partnership

Sunstone Hotel Advisors (Delaware) No. 3H Inc.

EST 2011 GP, LLC

Sunstone (No. 4) Limited Partnership

Sunstone U.S. Hotel (No. 4) Inc.

ESD DFW South 2011 Operations LLC

Sunstone U.S. No. 4H (GP) Limited Partnership

Sunstone Hotel Advisors (Delaware) No. 4H Inc.

ESD DFW South 2011 GP, LLC

ANNEX B – ALLOCATION OF AGGREGATE PURCHASE PRICE

[Table containing purchase price allocations redacted.]

ANNEX C – SPE CERTIFICATE

CERTIFICATE RE “RECYCLED” SINGLE-PURPOSE ENTITY

[NAME OF ENTITY]

In connection with a loan (the “*Loan*”) in the original principal amount of \$_____ made by **DEUTSCHE BANK AG, NEW YORK BRANCH** (the “*Lender*”), to EST 2011 LP, a _____ the “*Borrower*”), the undersigned, hereby certifies to _____ [*Borrower or name of purchaser entity*] as follows:

1. Borrower is and always has been duly formed and validly existing in the state in which it was formed and in any other jurisdictions where it is qualified to do business;
2. Borrower has no judgments or liens of any nature against it except for tax liens and liens created by any of the documents evidencing, securing or executed in connection with the Loan not yet due;
3. Borrower is in compliance with all laws, regulations and orders applicable to Borrower and has received all permits necessary for Borrower to operate and for which a failure to possess would materially and adversely affect the condition, financial or otherwise, of Borrower;
4. The undersigned is not aware of any pending or threatened litigation involving Borrower that, if adversely determined, might materially adversely affect the condition (financial or otherwise) of Borrower, or the condition or ownership of the property owned by Borrower;
5. Borrower is not involved in any dispute with any taxing authority, except with respect to any outstanding property tax appeals;
6. Borrower has paid or has caused to be paid all real estate taxes that are due and payable with respect to the property located at _____ (the “Property”);
7. Borrower has never owned any property other than the Property and has never engaged in any business except the ownership and operation of the Property;
8. Borrower is not now, nor has ever been party to any lawsuit, arbitration, summons or legal proceeding that, if adversely determined, might materially adversely affect the condition (financial or otherwise) of Borrower or the condition or ownership of the property owned by Borrower;
9. Borrower has provided to American Hotel Income Properties REIT LP historical financial statements for the Tempe Hotel that are being relied upon by the Lender, and Borrower confirms that such financial statements are complete and reflect a fair and accurate view of Borrower’s financial condition.

10. At all times since its formation, Borrower has complied with the separateness covenants referred to in the definition of “Single Purpose Bankruptcy Remote Entity” [***SPE provisions to track those in the existing Sunstone loan agreement***] ; and
11. Borrower has no contingent or actual obligations not related to the Property

ANNEX D – SECURITIES REPRESENTATION LETTER

SECURITIES REPRESENTATION LETTER

American Hotel Income Properties REIT LP

_____, 2016

Ladies and Gentlemen:

In connection with its agreement in the Purchase and Sale Agreement dated as of May 31, 2016 (the “**Purchaser and Sale Agreement**”), to receive limited partnership units (the “**Units**”) of American Hotel Income Properties REIT LP (the “**LP**”) as partial consideration, the undersigned party acknowledges, represents, warrants and covenants to the LP as follows:

1. It understands and acknowledges that the Units have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”) or the securities laws of any state of the United States and that the offer, sale and delivery of the Units is being made in reliance on exemptions from the registration or qualification requirements of applicable U.S. federal and state securities laws.
2. It acknowledges that it has not purchased the Units as a result of any “general solicitation” or “general advertising” in the United States (within the meaning of Rule 502(c) of Regulation D promulgated under the Securities Act), including advertisements, articles, notices or other communications published in any newspaper, magazine or similar media or on the Internet, or broadcast over radio, television or the Internet, or any seminar or meeting whose attendees have been invited by general solicitation or general advertising.
3. It understands that the Units are “restricted securities” within the meaning of Rule 144(a)(3) under the Securities Act and may be resold only (A) to the LP, (B) outside the United States in accordance with Rule 904 of Regulation S under the Securities Act, (C) pursuant to a registration statement that has been declared effective under the Securities Act, (D) pursuant to the exemption from registration under the Securities Act provided by Rule 144 thereunder, if available, or (E) pursuant to another exemption from the registration requirements of the Securities Act.
4. It is an institutional investor that is an accredited investor within the meaning of Rule 501(a) under the Securities Act (an “Institutional Accredited Investor”) and is acquiring the Units for its own account.
5. It has implemented, or shall immediately implement, adequate internal procedures to ensure that the Units will be properly identified as “restricted securities” and will only be resold in compliance with the resale restrictions set out herein.
6. It is relying solely on its own due diligence in making an investment decision with respect to the Units and acknowledges that, except as set forth in the Purchase and Sale Agreement, no representation or warranty is made by the LP as to the accuracy or

completeness of such information. It further acknowledges that, Except as set forth in the Purchase and Sale Agreement, the LP has not made any representation or given any information to it in respect of an investment in the Units.

7. It understands and acknowledges that the LP is not obligated to file and has no present intention of filing with the Securities and Exchange Commission or with any U.S. state securities administrator any registration statement in respect of resales of the Units in the United States.
8. It understands and acknowledges that it is making the representations, warranties and agreements contained herein with the intent that they may be relied upon by the LP in delivering the Units to the undersigned.
9. It has obtained its own independent tax, legal, accounting or other advice appropriate in connection with its purchase of the Units.
10. If required by applicable securities legislation, regulatory policy or order or by any securities commission, stock exchange or other regulatory authority, it will execute, deliver, file and otherwise assist the LP in filing reports, questionnaires, undertakings and other documents with respect to the ownership of the Units.

You are irrevocably authorized to produce this letter or a copy hereof to any interested party in any administrative or legal proceeding or official inquiry with respect to the matters covered hereby.

Date: _____, 2016

Name of the Purchaser (*please print*)

(Telephone Number)

by: _____
Authorized Signatory

(Purchaser's Address)

Name and Official Capacity or Title of
Authorized Signatory
(*please print*)

ANNEX E – RETAINED FUNDS

EXHIBIT “R”

Retained Funds

DFW Hotel

FF&E Reserve Balance (through June)	\$454,000
TX Condemnation Proceeds	\$162,000

Tempe Hotel

FF&E Reserve Balance (through June)	\$590,000
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ANNEX F – DFW ROOF ISSUES

[Report on DFW Roof Issues redacted.]