

**AMENDMENT TO
MASTER HOTEL MANAGEMENT AGREEMENT**

THIS AGREEMENT is made with effect on and as of the 30th day of September, 2016

BETWEEN:

TOWER ROCK HOTELS & RESORTS INC., a company incorporated under the laws of Nevada (the “**Master Hotel Manager**”)

AND:

AMERICAN HOTEL INCOME PROPERTIES REIT LP, an Ontario limited partnership (“**AHIP**”)

WHEREAS:

- A. The Master Hotel Manager and AHIP are parties to a Master Hotel Management Agreement dated as of the 20th day of February, 2013 (the “**Master Agreement**”);
- B. Since the Master Agreement was executed, AHIP’s portfolio of Hotels managed by the Master Hotel Manager has grown significantly, and accordingly the parties have reviewed the terms of the Master Agreement;
- C. The Master Hotel Manager and AHIP have agreed to amend certain terms and provisions of the Master Agreement on the terms and conditions set out in this Amendment;

NOW THEREFORE THIS AGREEMENT WITNESSETH that in consideration of the mutual covenants and agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the parties, the parties covenant and agree as follows:

**ARTICLE 1
INTERPRETATION**

1.1 Definitions

Any capitalized terms that are used in this Amendment which are not otherwise defined herein shall have the meaning ascribed to such term in the Master Agreement.

1.2 Continuation of Master Agreement

AHIP and the Master Hotel Manager have agreed to amend certain provisions of the Master Agreement, and they acknowledge and confirm that nothing contained herein shall be read or construed as a termination or novation of the Master Agreement. Other than as expressly set forth in this Agreement, the parties hereto confirm that all other provisions of the Master Agreement remain in full force and effect.

ARTICLE 2 AMENDMENTS TO MASTER AGREEMENT

2.1 Amendments

AHIP and the Master Hotel Manager hereby agree to amend the Master Agreement as follows, effective as and from July 1, 2016, and with effect as of such date across all Hotels currently owned or operated by Subsidiaries of AHIP, as well as New Hotels:

- (a) Section 1.1(a) shall be amended by deleting Section 1.1(a) in its entirety and replacing it with the following:

“Administration Fee” means a fee for accounting, administration and purchasing services, payable monthly in advance, that shall be (i) in relation to each IPO Hotel, \$15,000 in the first and second years following the Closing Date, \$20,000 in the third year following the Closing Date, \$25,000 in the fourth year following the Closing Date, and \$25,000 for each successive year thereafter, subject to an inflation adjustment for each year thereafter relative to 2018 based on the All Items U.S. Consumer Price Index for all Urban Consumers (CPI-U); and (ii) in relation to each New Hotel, \$25,000 per year, subject to an inflation adjustment relative to 2018, for each year thereafter, based on the All Items U.S. Consumer Price Index for all Urban Consumers (CPI-U) provided, however, that for any New Hotel with greater than 100 rooms that is managed by the Master Hotel Manager and the Hotel Managers pursuant to an initial Management Agreement entered into after July 1, 2016, no Administration Fee shall be payable to the Master Hotel Manager or the Hotel Managers;

- (b) Section 1.1(j) shall be amended by deleting Section 1.1(j) in its entirety and replacing it with the following:

“Base Fee” means for the period prior to July 1, 2016, a base fee of 3.5% of Gross Revenue and for the period from and after July 1, 2016, a base fee of 3.0% of Gross Revenue;

- (c) Section 1.1(y) shall be amended by deleting Section 1.1(y) in its entirety and inserting “Intentionally deleted”.

- (d) Section 1.1 shall be amended by inserting Section 1.1(nnn)(A) after Section 1.1(nnn):

“Trailing Twelve Month Fees Amount” means the aggregate amount of Fees paid or payable to the Master Hotel Manager and/or the Hotel Managers pursuant to Section 4.1 of the Master Agreement in relation to the 12 full calendar months preceding the applicable termination date, including Base Fees, Incentive Fees, Capital Expenditure Fees, Administration Fees and Compensatory Fees, as applicable in each case. For further clarity, (1) any costs or expenses paid or reimbursed to the Master Hotel Manager or the Hotel

Managers during such period shall not be included in the Trailing Twelve Month Fees Amount; and (2) there shall be no double counting of Fees in the calculation of the Trailing Twelve Month Fees Amount (such that any Incentive Fee payment shall only be included once, and not more than 12 months of Administration Fees shall be included, in the calculation of the Trailing Twelve Month Fees Amount).

- (e) Section 2.3 shall be amended by deleting the first sentence and replacing it with the following:

The parties hereby agree that the Master Hotel Manager, together with the Hotel Managers, shall be the exclusive managers for all Hotels and Hotel Businesses owned or controlled by AHIP through any Subsidiary of AHIP for a period from the date hereof until February 20, 2023 (the “**Exclusivity Period**”).

- (f) Section 10.4 shall be amended by deleting Section 10.4 in its entirety and replacing it with the following:

10.4 Termination Fee

(a) In the event of a termination by AHIP pursuant to Section 10.2(c), AHIP shall cause the AHIP Operating Subsidiaries to pay to the Master Hotel Manager a termination fee in satisfaction of all termination liabilities of AHIP, AHIP’s Operating Subsidiaries or any of their respective successors (the “**Termination Fee**”) equal to:

(i) for any termination date occurring on or prior to July 1, 2021, the product of 5 *multiplied by* the Trailing Twelve Month Fees Amount;

(ii) for any termination date occurring after July 1, 2021 and on or prior to July 1, 2026, the product of 4.5 *multiplied by* the Trailing Twelve Month Fees Amount; and

(iii) for any termination date occurring after July 1, 2026, the product of 4 *multiplied by* the Trailing Twelve Month Fees Amount.

(b) For any Hotel that has been owned by a Subsidiary of AHIP for less than twelve months as at the applicable termination date, the Trailing Twelve Month Fees Amount shall be adjusted on a *pro rata* basis to a full 12 month period based on the period during which the Hotel has been owned by a Subsidiary of AHIP.

(c) Except as set forth in Section 10.4(b), no adjustments shall be made to the Trailing Twelve Month Fee Amount in relation to any special facts or circumstances arising during such period, except as may be mutually agreed in writing by AHIP and the Master Hotel Manager, acting reasonably.

- (g) Section 10.5 shall be amended to add, at the end of the provision:

Notwithstanding anything to the contrary in this Section 10.5, in the event that more than 2/3rds of the aggregate number of Hotels owned by Subsidiaries of AHIP are sold to third parties within any 12 month period prior to the applicable termination date, calculated on a rolling basis, based on the completion dates for the sales and net of any completed acquisitions of New Hotels by Subsidiaries of AHIP during such 12 month period (where such New Hotels are managed by the Master Hotel Manager and/or the Hotel Managers), then a Termination Fee shall be payable in accordance with Section 10.4; provided, however, that the Trailing Twelve Month Fees Amount shall be calculated based solely on the actual Fees paid or payable in relation to the Hotels sold during such period.

ARTICLE 3 MISCELLANEOUS

3.1 Further Assurances

The parties 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 commercial arrangements described in this Agreement (including, without limitation, any such actions as may be required to give effectiveness to the amendments set forth in Section 2.1 as of July 1, 2016).

3.2 Governing Law

This Agreement shall be governed by and construed and enforced in accordance with the laws of the Province of British Columbia, which shall be deemed to be the proper law hereof, and the courts of British Columbia shall have exclusive jurisdiction in connection with all matters under this Agreement and the interpretation and enforceability hereof.

3.3 Interpretation

The Master Agreement shall, effective as and from the date hereof, be read and construed together with this Amendment and the provisions of the Master Agreement shall be amended and modified as set forth herein. The Master Agreement, as supplemented and amended hereby, shall continue in full force and effect without any changes or amendments other than as expressly set forth herein.

3.4 Counterparts

This Amendment may be executed in any number of counterparts, each of which will be deemed to be an original and all of which, taken together, will be deemed to constitute one and the same instrument. Counterparts may be executed in the original, faxed, or sent in other electronic form, and parties adopt any signature received by a receiving fax machine or computer as original signatures of the parties.

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IN WITNESS WHEREOF the parties have executed this Amendment as of the date set forth above.

**TOWER ROCK HOTELS & RESORTS
INC.**

By: *“Robert Pratt”*

Robert Pratt
President

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

By: *“Ian McAuley”*

Ian McAuley
President