



INDEPENDENCE GUIDELINES

Conflict of Interest Restrictions and Provisions

The Declaration of Trust contains "conflict of interest" provisions that are intended to provide certain protections to Unitholders without creating undue limitations on the REIT. Given that the Trustees are engaged in a wide range of activities, the Declaration of Trust contains provisions, similar to those contained in the *Canada Business Corporations Act*, that require each Trustee or officer to disclose to the REIT any interest in a material contract or transaction or proposed material contract or transaction with the REIT (including a contract or transaction involving the making or disposition of any investment in real property or a joint venture arrangement) or the fact that such person is a director or officer of or otherwise has a material interest in any person who is a party to a material contract or transaction or proposed material contract or transaction with the REIT. Such disclosure is required to be made at the first meeting at which a proposed contract or transaction is considered. In the event that a material contract or transaction or proposed material contract or transaction is one that in the ordinary course would not require approval by the Trustees, a Trustee or an officer of the REIT is required to disclose in writing to the REIT, or request to have entered into the minutes of meetings of Trustees, the nature and extent of his or her interest forthwith after the Trustee or officer becomes aware of the contract or transaction or proposed contract or transaction. In any case, a Trustee or officer who has made disclosure to the foregoing effect is not entitled to vote on any resolution to approve the contract or transaction unless the contract or transaction is one relating primarily to his or her remuneration as a Trustee, officer, employee or agent of the REIT or one for indemnity under the provisions of the Declaration of Trust or liability insurance.

The Declaration of Trust contains provisions to address potential conflicts of interest arising between the REIT and any Related Party. Among other things, the REIT must obtain a valuation in respect of any property that it intends to purchase from or sell to a Related Party by a valuator engaged by, and prepared under the supervision of, a committee of two or more Independent Trustees who have no interest in such transaction. In addition, each transaction between the REIT and a Related Party must be on commercially reasonable terms and requires the approval of at least 66 2/3% of Independent Trustees who have no interest in such transaction.

Independent Trustee Matters

In addition to requiring the approval of a majority of the Trustees, approval of not less than 66 2/3% of the Independent Trustees who have no interest in the matter is required with respect to any decision:

- (a) to make a material change to the Master Hotel Management Agreement or administrative services agreements (described below), change the fees payable to the Manager, renew the Master Hotel Management Agreement or the administrative services agreements at the end of their respective terms or appoint a substitute for the Manager after the end of the term of the Master Hotel Management Agreement;
- (b) to enter into any agreement or transaction in which any Related Party has a material interest or make a material change to any such agreement or transaction;
- (c) relating to a claim by or against any Related Party;
- (d) relating to a claim in which the interests of a person referred to in paragraph (c) above differ from the interests of the REIT;
- (e) to increase the number of Trustees by no more than one-third in accordance with the Declaration of Trust and to appoint Trustees to fill the vacancies so created;
- (f) to recommend to the Unitholders that the number of Trustees be increased, where a vote of Unitholders thereon is required, and to nominate individuals as Trustees to fill the vacancies so created;
- (g) to acquire any real or other property in which a Related Party has an interest or to sell any interest in any real or other property to a Related Party;
- (h) to make any changes in compensation of an employee who is also an employee of a Related Party;
- (i) to grant options to purchase Units under any Unit option plan approved by the Trustees or to award any right to acquire or other right or interest in Units or securities convertible into or exchangeable for Units under any plan approved by the Trustees; and
- (j) to approve or enforce any agreement entered into by the REIT with a Trustee who is not an Independent Trustee or an associate thereof, with a Related Party, or with the Manager or any successor as hotel manager under the Master Hotel Management Agreement.