PLEASE READ THIS MATERIAL CAREFULLY AS YOU ARE REQUIRED TO MAKE A DECISION PRIOR TO 5:00 P.M. (TORONTO TIME) ON DECEMBER 14, 2016.

*This rights offering circular (this "**Circular**") is prepared by management. No securities regulatory authority or regulator has assessed the merits of these securities or reviewed this Circular. Any representation to the contrary is an offence. The securities offered hereunder have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**") and they will not be offered or sold in the United States or to U.S. Persons (as defined in Regulation S of the U.S. Securities Act), except in exempt transactions under the U.S. Securities Act. This offering does not constitute an offer to sell or a solicitation of an offer to buy any of those securities in the United States. In addition, this offering is not being made in jurisdictions where the Corporation is not eligible to make such offer.*

*This is the circular we referred to in the November 7, 2016 rights offering notice (the "**Notice**"), which you should have already received. Your rights certificate and relevant forms were enclosed with the Notice. This Circular should be read in conjunction with the Notice and our continuous disclosure prior to making an investment decision.*

Rights Offering Circular November 7, 2016

TEMPLE Hotels Inc.

Offering of 77,753,524 Rights to Subscribe for up to 73,866,155 Common Shares at a Subscription Price of $0.6769 per Common Share

Why are you reading this Circular?

Temple Hotels Inc. (the "**Corporation**") is issuing to holders ("**Shareholders**") of its common shares ("**Common Shares**") of record as at 5:00 p.m. (Toronto time) on November 15, 2016 (the "**Record Date**") an aggregate of 77,753,524 rights ("**Rights**") to subscribe for an aggregate of 73,866,155 Common Shares on the terms set forth herein (the "**Offering**").

This Circular provides details about the Offering and supplements the Notice. Enquiries relating to the Offering should be directed to CST Trust Company (the "**Rights Agent**") by telephone at 1-800-387-0825 or (416) 682-3860.

This Circular may contain certain forward-looking statements that reflect management's expectations regarding the Corporation's future growth, results of operations, performance and business prospects and opportunities. All statements other than statements of historical fact contained in this Circular are forward-looking statements, including, without limitation, statements regarding future financial position, business strategy and plans and objectives of or involving the Corporation. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. Such forward-looking statements reflect management's current beliefs and are based on information currently available to management. Forward-looking statements involve significant risks and uncertainties. A number of factors could cause actual results to differ materially from the results discussed in forward-looking statements including, but not limited to, risks associated with economic conditions, the percentage of the Corporation's portfolio in Fort McMurray, Alberta, oil and gas prices, the oil sands industry, debt financing risk, interest rate fluctuations and financing risk, fluctuations in dividends, public market risk, real property ownership, liquidity, potential adverse changes in laws, potential labour disruptions, the hotel industry, franchised hotels, seasonality, competition, diversification, lack of available growth opportunities, acquisition risks, integration of additional hotel properties, failure to obtain additional financing, dilution, general uninsured losses, environmental matters, potential conflicts of interest, dependence on and relationships with

Morguard Corporation and Atlific Hotels and Resorts, securities investment risks, change of control risks, risks relating to disclosure controls and procedures, conversion of apartment properties to extended stay hotels, land leases, consumer privacy and data use and guest demands and satisfaction. Although the forward-looking statements contained or incorporated by reference herein are based upon what management believes to be reasonable assumptions, no assurance is or can be given that actual results will be consistent with these forward-looking statements.

The forward-looking statements contained herein are expressly qualified in their entirety by this cautionary statement. The forward-looking statements contained herein are made as of the date of this Circular and neither the Corporation nor any other person undertakes any obligation to update or release any revisions to any forward-looking statements to reflect events or circumstances after the date of this Circular or to reflect the occurrence of unanticipated events.

What is being offered?

An aggregate of 77,753,524 Rights are being offered by the Corporation to purchase an aggregate of 73,866,155 Common Shares. Each Shareholder of record as at 5:00 p.m. (Toronto time) on the Record Date, being November 15, 2016, will receive one Right for each Common Share held. Only holders of Common Shares are eligible to receive Rights. Holders of debentures or other securities of the Corporation are not entitled to receive Rights.

What does one Right entitle you to receive?

Every 1.0526272 Rights will entitle the holder thereof to purchase one Common Share at the Subscription Price (as hereinafter defined) (the "**Basic Subscription Privilege**"). No fractional Common Shares will be issued pursuant to the Offering. Holders of Rights who exercise their Rights in full pursuant to the Basic Subscription Privilege will be entitled to subscribe, pro rata, to the extent available, for Additional Shares (as hereinafter defined) at the Subscription Price pursuant to the Additional Subscription Privilege (as hereinafter defined).

What is the Subscription Price?

The subscription price is $0.6769 per Common Share (the "**Subscription Price**"). On November 4, 2016, being the last trading day prior to the announcement of the Offering, the closing price of the Common Shares on the Toronto Stock Exchange (the "**TSX**") was $0.80.

When does the Offering expire?

The Offering will expire at 5:00 p.m. (Toronto time) on December 14, 2016 (the "**Expiry Time**"). Rights not exercised prior to the Expiry Time will be void and of no value and will no longer be exercisable for any Common Shares.

What are the significant attributes of the Rights issued under the Offering and the Common Shares to be issued upon the exercise of the Rights?

Rights

Every 1.0526272 Rights will entitle the holder thereof to purchase one Common Share at the Subscription Price. The Rights are transferable, see "*How does a Rights holder sell or transfer Rights?*". A Right does not entitle the holder thereof to any rights whatsoever as a security holder of the Corporation other than the right to subscribe for and purchase Common Shares on the terms and conditions described herein.

For more information on how to exercise your Rights, see the answers under "*How does a Shareholder that is a registered holder participate in the Offering?*" and "*How does a Shareholder who is not a registered holder participate in the Offering?*" below.

Common Shares

The Corporation is authorized to issue an unlimited number of Common Shares. The following is a summary of the rights, privileges, restrictions and conditions of the Common Shares. As at the date hereof, 77,753,524 Common Shares are issued and outstanding.

Shareholders are entitled to receive dividends, if, as and when declared by the board of directors of the Corporation, out of the assets of the Corporation properly applicable to the payment of dividends in such amounts and payable at such times and at such place or places in Canada as the board of directors of the Corporation may from time to time determine.

Shareholders are entitled to receive notice of and to attend all annual and special meetings of the Shareholders, and to one vote at all such meetings in respect of each Common Share held.

In the event of the liquidation, dissolution or winding-up of the Corporation or other distribution of assets of the Corporation among the Shareholders for the purpose of winding up its affairs, the Shareholders shall be entitled to participate rateably in any distribution of the assets of the Corporation.

The Common Shares do not have any: (i) pre-emptive rights; (ii) conversion or exchange rights; (iii) redemption, retraction, purchase for cancellation or surrender provisions; (iv) sinking or purchase fund provisions; (v) provisions permitting or restricting the issuance of additional securities or any other material restrictions; or (vi) provisions requiring a Shareholder to contribute additional capital.

The currently outstanding Common Shares are listed and posted for trading on the TSX under the symbol "TPH".

What are the minimum and maximum number or amount of Common Shares that may be issued under the Offering?

A total of 77,753,524 Rights will be issued. Assuming the exercise of all Rights, a maximum of 73,866,155 Common Shares will be issued in connection with the Offering, generating gross proceeds of $50,000,000.

The Offering is not subject to any minimum number of Rights being exercised. However, certain insiders of the Corporation have indicated that they will be participating in the Offering and exercising their full Basic Subscription Privilege. If these insiders exercise their full Basic Subscription Privilege, greater than 50% of the Offering will be completed. See "*Will insiders be participating"*.

Where will the Rights and the Common Shares issuable upon exercise of the Rights be listed for trading?

The Rights will be listed on the TSX under the symbol "TPH.RT" and will be posted for trading on the TSX until 12:00 noon (Toronto time) on December 14, 2016 (the "**Expiry Date**"), at which time they will be halted from trading.

The TSX has approved the listing of the Common Shares issuable upon the exercise of the Rights. The currently outstanding Common Shares are listed and posted for trading on the TSX under the symbol "TPH".

What will the Corporation's available funds be upon closing of the Offering?

Assuming the exercise of all Rights, the maximum net proceeds to the Corporation from the Offering will be approximately $49,600,000, after deducting estimated expenses of the Offering of approximately $400,000.

		Assuming 50% of the Offering (2)	Assuming 75% of the Offering	Assuming 100% of the Offering
A	Amount to be raised by the Offering	$25,000,000	$37,500,000	$50,000,000
B	Selling commissions and fees (1)	$200,000	$200,000	$200,000
C	Estimated Offering costs (e.g. legal, Rights Agent, translation, TSX)	$150,000	$175,000	$200,000
D	Available funds: D = A – (B+C)	$24,650,000	$37,125,000	$49,600,000
E	Additional sources of funding required	N/A	N/A	N/A
F	Working capital deficiency	$0	$0	$0
G	Total: G = (D+E) - F	$24,650,000	$37,125,000	$49,600,000

Notes:

(1) The Managing Dealer (as hereinafter defined) will receive a fee of $200,000 on closing of the Offering. See "*Who is the Managing Dealer and what are its fees?*".

(2) Certain insiders of the Corporation have informed the Corporation that they will be participating in the Offering and exercising their full Basic Subscription Privilege. If these insiders exercise their full Basic Subscription Privilege, greater than 50% of the Offering will be completed. See "*Will insiders be participating*".

How will the Corporation use the available funds?

Description of intended use of available funds listed in order of priority.	Assuming 50% of the Offering (2)	Assuming 75% of the Offering	Assuming 100% of the Offering
Repayment of the 5 Year 8% Series C Convertible Redeemable Unsecured Subordinated Debentures of the Corporation due December 31, 2016	$22,773,000	$22,773,000	$22,773,000
Repayment of debt, general corporate purposes and working capital (1)	$1,877,000	$14,352,000	$26,827,000
Total (Equal to G in the above table)	$24,650,000	$37,125,000	$49,600,000

Notes:

(1) Certain of the available funds may be used by the Corporation to repay mortgage indebtedness on various properties of the Corporation or other indebtedness incurred in the past two years.

(2) Certain insiders of the Corporation have informed the Corporation that they will be participating in the Offering and exercising their full Basic Subscription Privilege. If these insiders exercise their full Basic Subscription Privilege, greater than 50% of the Offering will be completed. See "*Will insiders be participating*".

The Corporation intends to spend the available funds as stated. The Corporation will reallocate funds only for sound business reasons.

How long will the available funds last?

The Corporation anticipates that after the completion of the Offering, it will have sufficient funds to satisfy its anticipated expenses and payment obligations for at least 12 months. The Corporation anticipates that it will be able to generate sufficient cash in the short term and the long term to fund its operations.

Will insiders be participating?

To the knowledge of the Corporation, after reasonable inquiry, the insiders of the Corporation who will be participating in the Offering are set forth below.

Insider	Number of Common Shares Owned or Controlled	Number of Common Shares Entitled to Purchase Pursuant to the Basic Subscription Privilege
Morguard Corporation	30,237,889 Common Shares	28,726,114 Common Shares
Burgundy Asset Management Ltd.	12,349,780 Common Shares	11,732,339 Common Shares
Peter Aghar	573,698 Common Shares	545,015 Common Shares
David J. Nunn	1,067,000 Common Shares	1,013,654 Common Shares

Each of the foregoing insiders intends to exercise or cause to be exercised their Basic Subscription Privilege in full which shall entitle them to purchase the number of Common Shares set forth above. The insiders set forth above are entitled to subscribe for Additional Shares under the Additional Subscription Privilege but each of the insiders set forth above have informed the Corporation that they do not intend to subscribe for any Additional Shares under the Additional Subscription Privilege. The foregoing information as to the intentions of the persons mentioned above is not within the Corporation's knowledge and has been furnished by such persons. No assurance can be given by the Corporation that such persons will subscribe for Common Shares in the amounts set out above or at all.

Who are the holders of 10% or more of the Common Shares before and after the Offering?

To the knowledge of the Corporation, after reasonable inquiry, as at the date hereof, no person currently (or will following the Offering) beneficially owns, directly or indirectly, or controls or directs more than 10% of the issued and outstanding Common Shares, other than as set out below.

Shareholder	Holdings before the Offering	Holdings after the Offering
Morguard Corporation	30,237,889 Common Shares (38.89%)	58,964,003 Common Shares (38.89%)[(1)]
Burgundy Asset Management Ltd.	12,349,780 Common Shares (15.88%)	24,082,119 Common Shares (15.88%)[(1)]

Note:
(1) Assuming full exercise of the Basic Subscription Privilege and the Offering being fully subscribed.

If you do not exercise your Rights, by how much will your security holdings be diluted?

If you wish to retain your current percentage ownership of the Common Shares, you should exercise your Rights and pay the Subscription Price for the Common Shares to which you are entitled to subscribe for under the Basic Subscription Privilege. If you do not exercise your Rights or elect to sell or transfer your Rights, the value of the Common Shares currently held by you will be diluted as a result of the exercise of Rights by others.

In the event that the Offering is fully subscribed for, a Shareholder that does not subscribe for any Rights pursuant to the Offering will suffer dilution of approximately 48.72% on closing of the Offering.

Who is the stand-by guarantor and what are the fees?

The Offering will not have a stand-by guarantor.

Who is the Managing Dealer and what are its fees?

The Corporation has retained National Bank Financial Inc. (the "**Managing Dealer**") to act as managing dealer in connection with the Offering. On closing of the Offering, the Managing Dealer will receive a fee of $200,000. The fee paid to the Managing Dealer will not be based on the number of Rights exercised pursuant to the Rights Offering or any specific solicitation of the exercise of Rights by the Managing Dealer.

Does the Managing Dealer have a conflict of interest?

The Managing Dealer is not a "connected issuer" or a "related issuer" of the Corporation as contemplated by National Instrument 33-105 *Underwriting Conflicts*.

How does a Shareholder that is a Registered Shareholder participate in the Offering?

The Notice has been sent to Shareholders in the Qualified Jurisdictions (as hereinafter defined). For Common Shares held in registered form, a rights certificate ("**Rights Certificate**") evidencing the number of Rights the applicable registered Shareholder ("**Registered Shareholder**") is entitled to has been included with the Notice.

In order to exercise the Basic Subscription Privilege (in full or in part), Registered Shareholders must complete Form 1 on the Rights Certificate and deliver the Rights Certificate, together with payment in full of the Subscription Price for each whole Common Share subscribed for, to the Rights Agent at or before the Expiry Time. The Subscription Price for each whole Common Share subscribed for is payable in Canadian funds to the order of "CST Trust Company" by bank draft, certified cheque or such other means as may be acceptable to the Rights Agent. Subscriptions and payments should be hand delivered or sent by courier to the Rights Agent at: CST Trust Company, 320 Bay Street, Basement Level (B1), Toronto, ON, M5H 4A6, Attention: Corporate Actions, or sent by mail to the Rights Agent at: CST Trust Company, P.O. Box 1036, Adelaide Street Postal Station, Toronto, ON, M5C 2K4, Attention: Corporate Actions.

In order to exercise the Additional Subscription Privilege, Registered Shareholders must complete Form 2 as well as Form 1 (the applicable Registered Shareholder's Basic Subscription Privilege must be exercised in full) on the Rights Certificate and deliver the Rights Certificate, together with payment in full of the Subscription Price for each whole Common Share (including any Additional Shares) subscribed for, to the Rights Agent at or before the Expiry Time. The Subscription Price for each whole Common Share subscribed for is payable in Canadian funds to the order of "CST Trust Company" by bank draft, certified cheque or such other means as may be acceptable to the Rights Agent. Subscriptions and payments should be hand delivered or sent by courier to the Rights Agent at: CST Trust Company, 320 Bay Street, Basement Level (B1), Toronto, ON, M5H 4A6, Attention: Corporate Actions, or sent by mail to the Rights Agent at: CST Trust Company, P.O. Box 1036, Adelaide Street Postal Station, Toronto, ON, M5C 2K4, Attention: Corporate Actions. Any excess funds will be returned by mail without interest or deduction.

Subscriptions for Common Shares made in connection with the Offering will be irrevocable and subscribers will be unable to withdraw their subscriptions for Common Shares once submitted.

Certificates for Common Shares issued upon exercise of Rights in accordance with the Offering, including Common Shares purchased through the Additional Subscription Privilege, will be registered in the name of the person to whom the Rights Certificate was issued or to whom the Rights were transferred in accordance with the terms thereof, and mailed to the address of the subscriber for the Common Shares as stated on the Rights Certificate, unless otherwise directed, as soon as practicable after the Expiry Date. Once mailed or delivered in accordance with the instructions of the subscriber, the Corporation assumes no further responsibility for the Common Share certificates.

All questions as to the validity, form, eligibility (including time of receipt) and acceptance of any subscription will be determined by the Corporation in its sole discretion, and any determination by the Corporation will be final and binding. The Corporation reserves the absolute right to reject any subscription if it is not in proper form or if the acceptance thereof or the issuance of Common Shares pursuant thereto could be deemed unlawful. The Corporation also reserves the right to waive any defect in respect of any particular subscription. The Corporation is not nor will it be under any duty to give any notice of any defect or irregularity in any subscription, nor will it be liable for the failure to give any such notice.

How does a Shareholder that is not a Registered Shareholder participate in the Offering?

Shareholders whose Common Shares are held through a securities broker or dealer, bank or trust company or other participant (a "**CDS Participant**") in the book-based system administered by CDS Clearing and Depository Services Inc. ("**CDS**") may subscribe for Common Shares pursuant to the Basic Subscription Privilege and the Additional Subscription Privilege as further set out below. For the purposes hereof, such Shareholders are "**Unregistered Shareholders**".

In order to exercise the Basic Subscription Privilege, an Unregistered Shareholder must instruct the CDS Participant holding its Rights to exercise all or a specified number of such Rights and forward the Subscription Price for each Common Share subscribed for to such CDS Participant sufficiently in advance of the Expiry Date (in order to allow the CDS Participant to properly exercise the Rights on its behalf). Unregistered Shareholders should contact their particular CDS Participant for complete details on how to exercise the Basic Subscription Privilege. The Subscription Price for each Common Share subscribed for is payable in Canadian funds by certified cheque, bank draft or money order drawn to the order of the CDS Participant, by direct debit from the subscriber's brokerage account or by electronic funds transfer or other similar payment mechanism. All payments must be forwarded to the offices of the applicable CDS Participant.

In order to exercise the Additional Subscription Privilege (provided that one's Basic Subscription Privilege has been exercised in full), an Unregistered Shareholder must instruct the CDS Participant holding its Rights as to the number of Additional Shares it would like to subscribe for and forward the Subscription Price for each Common Share (including any Additional Shares) subscribed for to the CDS Participant holding its Rights sufficiently in advance of the Expiry Date (in order to allow the CDS Participant to properly exercise the Rights on its behalf). Unregistered Shareholders should contact their particular CDS Participant for complete details on how to exercise the Additional Subscription Privilege. The Subscription Price for each Common Share subscribed for is payable in Canadian funds by certified cheque, bank draft or money order drawn to the order of the CDS Participant, by direct debit from the subscriber's brokerage account or by electronic funds transfer or other similar payment mechanism. All payments must be forwarded to the offices of the applicable CDS Participant. Any excess funds will be returned by mail, or credited to a subscriber's account with its CDS Participant, without interest or deduction.

Subscriptions for Common Shares made through a CDS Participant will be irrevocable and Unregistered Shareholders will be unable to withdraw their subscriptions for Common Shares once submitted.

Only Registered Shareholders will be provided with Rights Certificates. For all Unregistered Shareholders who hold their Common Shares through a CDS Participant in the book-based system administered by CDS, a global certificate representing the total number of Rights to which all such Unregistered Shareholders as at the Record Date are entitled will be issued in registered form to, and deposited with, CDS. The Corporation expects that each Unregistered Shareholder will receive a confirmation of the number of Rights issued to it from its CDS Participant in accordance with the practices and procedures of that CDS Participant. CDS will be responsible for establishing and maintaining book-entry accounts for CDS Participants holding Rights.

The Corporation will not have any liability for: (i) the records maintained by CDS or CDS Participants relating to the Rights or the book-entry accounts maintained by them; (ii) maintaining, supervising or reviewing any records relating to such Rights; or (iii) any advice or representations made or given by CDS or CDS Participants with respect to the rules and regulations of CDS or any action to be taken by CDS or CDS Participants.

Who is eligible to receive Rights?

Notwithstanding anything else herein, the Offering is only being made in the provinces and territories of Canada (the "**Qualified Jurisdictions**", all other jurisdictions being "**Ineligible Jurisdictions**", and Shareholders resident in Ineligible Jurisdictions being "**Ineligible Shareholders**"). Shareholders will be presumed to be resident in the place of their registered address, unless the contrary is shown to the satisfaction of the Corporation. No subscription under the Basic Subscription Privilege or under the Additional Subscription Privilege will be accepted from, and Rights Certificates will not be delivered to, any person, or such person's agent, who is, or appears to the Corporation or the Rights Agent to be, resident in an Ineligible Jurisdiction, except Qualified Shareholders (as hereinafter defined). Consequently, except in respect of Qualified Shareholders, no Rights or Common Shares issuable upon the exercise of Rights will be issued to any person who is resident in an Ineligible Jurisdiction.

Rights that would otherwise be delivered to an Ineligible Shareholder will be delivered by the Corporation to the Rights Agent for sale by the Rights Agent on behalf of the Ineligible Shareholder. The Rights Agent will attempt to sell such Rights through a selling agent retained for the purpose of effecting sales of Rights on behalf of Ineligible Shareholders (a "**Selling Agent**"). Such Shareholders of record who are Ineligible Shareholders will receive from the Rights Agent their pro rata share of the cash proceeds from the sale of such Rights, less brokerage fees, costs incurred and applicable withholding taxes. In exercising the sale of any Rights, the Selling Agent will exercise its sole judgment as to the timing and manner of sale and will not be obligated to seek or obtain a minimum price. None of the Corporation, the Rights Agent or the Selling Agent will be liable for any loss arising out of any sale of such Rights relating to the manner or timing of such sales, the prices at which Rights are sold or otherwise. The sale price of Rights sold on behalf of such persons will fluctuate with the market price of the Rights and no assurance can be given that any particular price will be received upon any such sale. Any proceeds received by the Selling Agent with respect to the sale of Rights, net of brokerage fees and costs incurred and, if applicable, tax required to be withheld, will be delivered (in Canadian funds without interest) as soon as practicable to such Ineligible Shareholders whose Rights were sold, at their last recorded addresses. There is a risk that the proceeds received from the sale of Rights will not exceed the brokerage fees and costs incurred by the Selling Agent in connection with the sale of such Rights and, if applicable, the tax required to be withheld. In such event, no proceeds will be forwarded.

CDS Participants receiving Rights on behalf of Ineligible Shareholders may not issue such Rights to such Ineligible Shareholders. Instead, they must advise such Ineligible Shareholders that their Rights will be held on their behalf by such CDS Participant, as agent for their benefit, who will, prior to the Expiry Time, attempt to sell such Rights in a manner similar to that described above.

For the purposes hereof, a "**Qualified Shareholder**" means any person in respect of which the Corporation recognizes, in its sole discretion, that the offering to and subscription by such person of the Rights and the Common Shares issuable upon the exercise of such Rights (as applicable) is lawful and in compliance with all securities and other laws applicable in the jurisdiction where such person is resident.

What is the Additional Subscription Privilege and how can you exercise this privilege?

Each holder of Rights who has initially subscribed for all of the Common Shares to which it is entitled pursuant to the Basic Subscription Privilege may apply to purchase additional Common Shares ("**Additional Shares**"), if available, at a price equal to the Subscription Price for each Additional Share (the "**Additional Subscription Privilege**"). The number of Additional Shares available for all additional subscriptions will be the difference, if any, between the total number of Common Shares issuable upon the exercise of all of the Rights and the total number of Common Shares subscribed and paid for pursuant to the Basic Subscription Privilege at the Expiry Time. Applications for Additional Shares will be received subject to allotment only and the number of Additional Shares, if any, which may be allotted to each applicant will be equal to the lesser of: (i) the number of Additional Shares which that applicant has subscribed for under the Additional Subscription Privilege; and (ii) the product (disregarding fractions) obtained by multiplying the number of Additional Shares available to be issued by a fraction, the numerator of which is the number of Rights exercised by that applicant under the Basic Subscription Privilege and the denominator of which is the aggregate number of Rights exercised under the Basic Subscription Privilege by holders of Rights that have subscribed for Additional Shares pursuant to the Additional Subscription Privilege. If any holder of Rights has subscribed for fewer Additional Shares than such holder's pro rata allotment of Additional Common Shares, the excess Additional Shares will be allotted in a similar manner among the holders who were allotted fewer Additional Shares than they subscribed for.

Please see "*How does a Shareholder that is a Registered Shareholder participate in the Offering?*" for details on how Registered Shareholders may exercise the Additional Subscription Privilege.

Please see "*How does a Shareholder that is not a Registered Shareholder participate in the Offering?*" for details on how Unregistered Shareholders may exercise the Additional Subscription Privilege.

How does a Rights holder sell or transfer Rights?

A holder of Rights, in lieu of exercising Rights to subscribe for Common Shares, may sell or transfer the Rights personally or through the usual investment channels (such as stockbrokers or investment dealers) to persons resident in Eligible Jurisdictions by completing Form 3 of the Rights Certificate and delivering the Rights Certificate to the purchaser (transferee) or, in the case of an Unregistered Shareholder, through the applicable CDS Participant. Any commission or other fee payable in connection with the exercise or any trade of Rights is the responsibility of the holder of such Rights. Depending on the number of Rights a holder may wish to sell, the commission payable in connection with a sale of Rights could exceed the proceeds received from such sale.

Trading in Rights on the TSX will terminate at 12:00 noon (Toronto time) on the Expiry Date at which time the Rights will be halted from trading.

When can you trade Common Shares issuable upon the exercise of your Rights?

The Common Shares issued upon exercise of the Rights will commence trading after the Expiry Date.

Are there restrictions on the resale of Rights and Common Shares?

The Rights being issued hereunder and the Common Shares issuable upon exercise of the Rights (collectively, the "**Securities**") are being distributed by the Corporation in the Qualified Jurisdictions pursuant to exemptions from the registration and prospectus requirements under securities legislation in the Qualified Jurisdictions. Resale of the Securities may be subject to restrictions pursuant to applicable securities legislation then in force. Set out below is a general summary of the restrictions governing first trades in the Securities in the Qualified Jurisdictions. Additional restrictions may apply to "insiders" of the Corporation and holders of the Securities who are "control persons" or the equivalent or who are deemed to be part of what is commonly referred to as a “control block” in respect of the Corporation for purposes of securities legislation. Each holder of Rights is urged to consult his or her professional advisors to determine the exact conditions and restrictions applicable to trades of the Securities.

Generally, the first trade of any of the Securities will be exempt from the prospectus requirements of securities legislation in the Qualified Jurisdictions if: (i) the Corporation is and has been a “reporting issuer” in a jurisdiction of Canada for the four months immediately preceding the trade; (ii) the trade is not a “control distribution” as defined in applicable securities legislation; (iii) no unusual effort is made to prepare the market or to create a demand for the Securities; (iv) no extraordinary commission or other consideration is paid in respect of such trade; and (v) if the seller is an insider or officer of the Corporation, the seller has no reasonable grounds to believe that the Corporation is in default of applicable securities legislation.

If such conditions have not been met, then the Securities may not be resold except pursuant to a prospectus or prospectus exemption, which may only be available in limited circumstances. As at the date hereof the Corporation has been a reporting issuer for more than four months in certain of the provinces and territories of Canada.

Neither the Rights nor the Common Shares issuable on exercise of the Rights have been or will be registered under the U.S. Securities Act and they may not be offered or re-offered or sold or re-sold within the United States except pursuant to an exemption from the registration requirements of the U.S. Securities Act.

The foregoing is a summary only and is not intended to be exhaustive. Holders of Rights should consult with their advisors concerning restrictions on resale, and should not resell their Securities until they have determined that any such resale is in compliance with the requirements of applicable legislation.

Will the Corporation issue fractional underlying Common Shares upon exercise of the Rights?

The Corporation will not issue fractional Common Shares upon the exercise of Rights. Where the issuance of Rights would otherwise entitle the holder of Rights to fractional Common Shares, the holder’s entitlement will be reduced to the next lowest whole number of Common Shares, with no additional compensation.

Who is the depository?

The depositary for the Offering is the Rights Agent.

What are the risk factors relating to the Offering and the Common Shares?

An investment in the Rights or the Common Shares issuable upon the exercise of the Rights is subject to a number of risks. You should review the continuous disclosure documents filed by the Corporation with securities regulatory authorities to gain an understanding of the material risks and uncertainties relating to the Corporation and the Common Shares. In particular, you are encouraged to review the section entitled “*Risk Factors*” set forth in the Corporation’s Annual Information Form dated February 24, 2016 and the section entitled “*Operating Risks and Uncertainties*” set forth in the Corporation’s management’s discussion and analysis for the year ended December 31, 2015.

The risks described in the Corporation’s continuous disclosure documents are not the only risks that affect the Corporation. Other risks and uncertainties that the Corporation does not presently consider to be material, or of which the Corporation is not presently aware, may become important factors that affect the Corporation’s future financial condition and results of operations.

In addition, there are material risks and uncertainties relating to the Offering, including those described below.

The Subscription Price is not an indication of value

The Subscription Price is not necessarily an indication of the value of the Common Shares. The Subscription Price represents the 5-day volume-weighted average price of the Common Shares on the TSX for each of the trading days on which there was a closing price during the five (5) trading days immediately preceding the date of this Circular, less a discount of 20%. Such price does not necessarily bear any relationship to the book value of the Corporation's assets, past operations, cash flows, losses, financial condition or any other established criteria for value. After the date of this Circular, the Common Shares may trade at prices above, below or equal to the Subscription Price.

A decline in the market price of the Common Shares may occur

The trading price of the Common Shares in the future may decline below the Subscription Price. The Corporation can make no assurance that the Subscription Price will remain below any future trading price for the Common Shares. Future prices of the Common Shares may adjust positively or negatively depending on various factors including the Corporation's future revenues, the Corporation's operations and overall conditions affecting the Corporation's business, economic trends, including interest rates, and the securities markets.

Exercises of Rights may not be revoked

If the Common Share price declines below the Subscription Price prior to the Expiry Time, subscribers may not revoke or change the exercise of Rights after they send in their subscription forms and payment.

Responsibilities of holders of Rights

Holders of Rights who wish to purchase Common Shares in the Offering must act promptly to ensure that all required forms and payments are actually received by the Rights Agent prior to the Expiry Time. If a holder of Rights fails to complete and sign the required subscription forms, sends an incorrect payment amount or otherwise fails to follow the subscription procedures that apply to the transaction in question, the Rights Agent may, depending on the circumstances, reject a subscription or accept it to the extent of the payment received. Neither the Corporation nor the Rights Agent undertakes to contact a holder of Rights concerning, or attempt to correct, an incomplete or incorrect payment or subscription form. The Corporation has the sole discretion to determine whether a subscription properly follows subscription procedures.

Dilution of existing Shareholders

If a Shareholder does not exercise all of its Rights pursuant to the Basic Subscription Privilege, such Shareholder's current percentage ownership in the Corporation will be diluted by the issuance of Common Shares upon the exercise of Rights by other holders of Rights.

No independent due diligence

The Offering is not underwritten. Therefore, there has not been an independent "due diligence" review of matters covered by this Circular, such as would customarily be conducted by an underwriter had one been affiliated with the Offering.

Entire investment may be lost

An investment in Common Shares is speculative and may result in the loss of an investor's entire investment.

No prior trading market exists for the Rights.

Even upon listing of the Rights on the TSX, holders may not be able to resell Rights acquired. There can be no assurance that an active trading market will develop in the Rights on the TSX or, if developed, that such market will be sustained. To the extent an active trading market for the Rights does not develop, the pricing of the Rights in the secondary market, the transparency and availability of trading prices and liquidity of the Rights would be adversely affected, which may have a material adverse impact on the Corporation and the price of the Common Shares.

If the Offering does not proceed, neither the Corporation nor the Rights Agent will have any obligation to you except to return any subscription payments received.

If the Offering does not proceed for any reason, although any subscription payments received in connection with the exercise of Rights would be returned promptly to subscribers without interest or deduction, all outstanding Rights would cease to be exercisable for Common Shares and would lose all of their value. In such circumstances, any person who had purchased Rights in the market would lose the entire purchase price paid to acquire such Rights.

A large number of Common Shares may be issued and subsequently sold upon the exercise of Rights.

To the extent that subscribers that exercise Rights sell the Common Shares underlying such Rights, the market price of the Common Shares may decrease due to the additional selling pressure in the market. The risk of dilution from issuances of Common Shares underlying the Rights may cause Shareholders to sell their Common Shares, which may have a material adverse impact on the Corporation and the price of the Common Shares. Sales by Shareholders might also make it more difficult for the Corporation to sell equity securities at a time and price that it deems appropriate.

Where can you find more information about the Corporation?

Further information regarding the Corporation, its activities and its financial results, including copies of financial statements and other continuous disclosure documents filed by the Corporation with applicable Canadian securities regulatory authorities, may be obtained under the Corporation's profile on SEDAR at www.sedar.com as well as on the website of the Corporation at www.templehotels.ca.

There is no material fact or material change about the Corporation that has not been generally disclosed.