

**SONESTA INTERNATIONAL HOTELS CORPORATION AND SUBSIDIARIES 401(K) PLAN**  
**Summary Plan Description**  
July, 2017

Este documento contiene un resumen en inglés de los derechos y beneficios del plan bajo el Plan 401 (k) de Sonesta. Si tiene dificultad para entender cualquier parte de este documento, por favor comuníquese con Principal al 800-547-7754 de Lunes a Viernes entre las 7:00 a.m. a las 9:00 p.m. (horario de la zona central) para asistencia.

## **PLAN HIGHLIGHTS**

This Plan Highlights summary briefly describes the Sonesta International Hotels and Subsidiaries 401(k) (the “Plan”). The rest of this booklet explains in greater detail how the Plan works.

The Plan –

- Lets you defer a percentage of your Pay by making 401(k) elective deferral contributions under the Plan.
- Matches a percentage of your 401(k) elective deferral contributions. That’s extra money for you.
- May provide more money for you through employer discretionary contributions.
- Provides that your Account resulting from any money you contribute and our contributions for you always belong to you.
- Allows your contributions to grow on a tax-deferred basis until you receive them as benefits. If you choose to make Roth elective deferral contributions, earnings on such contributions will not be taxable if received in a qualified distribution (see Part 2).
- Offers different ways to receive your benefits, including the opportunity to obtain a loan and/or a hardship withdrawal while you remain employed. You choose the right way for you.

If you are already making 401(k) elective deferral contributions, you are on your way to a more secure future. If you aren’t making 401(k) elective deferral contributions, there’s still time to start.

## **ABOUT THIS BOOKLET**

This booklet is the Summary Plan Description. It explains how the Plan currently works, when you qualify for benefits, and other information.

If any part of this Summary Plan Description conflicts with the terms of the Plan document, the terms of the Plan document will be followed.

The terms “your Account” and “your vested Account” refer to the Account that has been set up for you under the Plan. This Account includes the amounts contributed to the Plan on your behalf and any investment gains and losses. Use of these terms does not give you any rights to the Account or any assets of the Plan other than those described in this booklet.

The terms “in writing” and “written” generally refer to paper documents. These terms may also refer to an electronic means of sending or receiving information that is acceptable to the Plan Administrator and is allowable by law.

Certain capitalized terms used in this booklet are defined in Part 7.

Ask the Plan Administrator if you have questions. Part 7 of this booklet lists the Plan Administrator’s name and address.

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## **PART 1 JOINING THE PLAN**

### **When You Join**

You are eligible to join the Plan as an active participant as long as you:

- Are employed by Sonesta International Hotels Corporation (“Sonesta” or the “Company”) or a participating affiliate of the Company;
- Have worked for Sonesta and its affiliates for at least three months; and
- Are an eligible employee.

As of the date of this SPD, ABP Trust is the only participating affiliate with Sonesta in this Plan.

You are an eligible employee unless you are any of the following –

- A union employee. However, employees represented by the International Brotherhood of Teamsters Local No. 463 are eligible employees under the Plan.
- A nonresident alien.
- A leased employee.
- A Puerto Rico resident employee.
- A contractor or independent contractor, including an individual who is later determined to be an employee for any federal, state or local law purpose.

If you become an employee as a result of an acquisition of the assets of your prior employer (or any similar transaction), you may be excluded from the Plan for a period of time, as determined by Sonesta and in accordance with requirements of the Internal Revenue Code. This exclusion will only apply during the transition period (the period beginning on the date of the transaction and ending on the last day of the next Plan Year following the date of the transaction) or an earlier date as required by law or as elected by Sonesta.

The Plan Administrator may provide that service with a predecessor employer is treated as service for purposes of the Plan. If you were employed with any of the following entities, you should contact the Plan Administrator to see whether you are entitled to prior service credit: Sonesta International Hotels Corporation; Sonesta of Massachusetts, Inc.; Royal Sonesta, Inc.; Sonesta Beach Resort Limited Partnership (formerly Key Biscayne Limited Partnership); 800 Canal Street Limited Partnership; Sonesta Coconut Grove Inc.; InterContinental Hotels Group; InterContinental Hotels Puerto Rico, Inc.; InterContinental Hotels Group Operating Corp.; Six Continents Hotels, Inc.; InterContinental Hotels Group Resources, Inc.; IHG Management (Maryland) LLC; Marriott International, Inc.; REIT Management & Research LLC; RMR Advisors, Inc.; Crestline Hotels and Reports, Inc.; Sonesta Fort Lauderdale, previously B Ocean Hotel; Huntington Hospitality management; First Hospitality Group; and Hilton Corporation.

**401(k) elective deferral contributions:** If you are an otherwise eligible employee, you may begin to make 401(k) elective deferral contributions as of the January 1, April 1, July 1 or October 1 coinciding with or next following your completion of three months of service.

**Matching contributions:** If you are an otherwise eligible employee, you will begin to receive matching contributions as of the January 1, April 1, July 1 or October 1 coinciding with or next following your completion of eleven months of service.

**Rollover contributions:** If you are an otherwise eligible employee, you may make a rollover contribution to the Plan at any time.

## **Signing Up**

To make 401(k) elective deferral contributions, you enroll online at [www.principal.com](http://www.principal.com) or by calling the Principal Financial Group® at 1-800-547-7754. Once you are logged in, you will see a welcome screen with directions on how to enroll in the Plan online. Part 2 of this document tells you more about 401(k) elective deferral contributions.

**Important:** Once you enroll, you need to name the person(s) (also known as a beneficiary(ies)) who will receive any death benefit if you die before retirement. If you name someone other than your spouse, your spouse must agree in writing to your selection.

You will also need to tell us how you wish to allocate your Account among the investment options available within the Plan (see Part 3).

## **Changes in Your Participation**

You become an inactive participant on the date you are no longer an eligible employee.

You stop being a participant on the date you are not an eligible employee and your Account is zero.

You rejoin the Plan as an active participant for purposes of the contributions for which you have had an entry date when you work another hour for us as an eligible employee.

## **PART 2 CONTRIBUTIONS TO THE PLAN**

Plan contributions create an Account for you. That Account holds your money. Contributions share in investment earnings or losses. You don't pay taxes on any earnings until later—when you receive a distribution of some or all of your Account. If you choose to make Roth elective deferral contributions, earnings on such contributions will not be taxable if received in a qualified distribution.

### **401(k) Elective Deferral Contributions**

When you sign up (see Part 1), you tell us how much of your Pay you want to defer. Your 401(k) elective deferral contributions will be pre-tax elective deferral contributions unless you designate all or a portion as Roth elective deferral contributions by completing an elective deferral agreement. Whether pre-tax or Roth, your aggregate elective deferral contributions are

limited to \$18,000 (for 2017; as adjusted from time to time) or \$24,000 (for 2017; as adjusted from time to time) if you will be at least age 50 by the end of the calendar year.

**Pay** means your total compensation from the Company or a participating affiliate reported in Box 1 of Form W-2, but is determined before deductions for 401(k) elective deferral contributions, salary reduction contributions pursuant to a cafeteria plan, and any pre-tax qualified transportation fringe benefit arrangements. Your Pay also includes differential wage payments (amounts Sonesta or a participating affiliate pays to you while you are on military duty that are in addition to your military pay).

Your 401(k) elective deferral contributions will begin or change as soon as administratively feasible following your entry date or any following date. You may also make a separate 401(k) elective deferral contribution election out of extraordinary pay (such as a bonus).

Your agreement to stop your deferrals may be made on any date and will be effective as soon as administratively feasible following that date.

Unless you affirmatively elect otherwise, your 401(k) elective deferral contributions are made on a pre-tax basis. These contributions reduce your total taxable income, which reduces your current federal (and likely state) income taxes. However, your 401(k) elective deferral contributions, whether pre-tax or Roth, are subject to Social Security and Medicare ("FICA") tax at the time of deferral. Your 401(k) elective deferral contributions and any earnings will be taxed later when received as a benefit.

You may designate all or a portion of your 401(k) elective deferral contributions as Roth elective deferral contributions instead of pre-tax elective deferral contributions. Such designation must be made before the deferral is made and cannot be changed except for future contributions. Roth elective deferral contributions do not reduce your total taxable income and do not reduce your current taxes. Because you pay taxes on these contributions when they are made, these contributions will not be taxed later when received as a benefit. If these contributions are received in a qualified distribution, any earnings will not be taxed. If these contributions are not received in a qualified distribution, any earnings will be taxed when received as a benefit. A distribution will be a qualified distribution if the following conditions are met:

- The distribution is made on or after the date you attain age 59½, on or after the date of your death or as a result of you becoming disabled (as defined in the Internal Revenue Code); and
- The distribution is made after the end of the five-taxable-year period beginning with the first taxable year in which you make a Roth elective deferral contribution to this Plan.

Because each person's tax situation or need for an early distribution is different, you should check with your tax advisor before designating your 401(k) elective deferral contributions as Roth elective deferral contributions.

Your 401(k) elective deferral contributions –

- **Give** you an additional return on your dollars through our matching contributions.
- **Build** income for your retirement years.
- **Reduce** your income taxes, letting you save for the future with dollars you would otherwise pay in current taxes. However, you do pay income taxes on Roth elective deferral contributions when they are made to the Plan, but you do not pay any taxes on a qualified distribution from the Roth portion of your Account (including earnings).
- **May provide** investment earnings that aren't taxed until you get your benefits. However, any investment earnings on the Roth portion of your Account will never be subject to tax if certain conditions are met.

You may make catch-up contributions in a taxable year if you will be at least age 50 by the end of that year. Catch-up contributions are 401(k) elective deferral contributions (pre-tax or Roth) in excess of any limit on such contributions under the Plan. The maximum catch-up contribution is \$6,000 (for 2017; as adjusted from time to time).

As noted, FICA taxes are based on your income before your 401(k) elective deferral contributions. That means your Social Security benefits stay the same no matter how much you defer and whether your deferrals are pre-tax or Roth.

Federal law limits the amount you can defer under all Plans. You can find information about the limits at the end of Part 2.

### **Matching Contributions**

Our matching contributions give you an additional return on the amount you defer. Sonesta and its participating affiliates will make a matching contribution equal to 100% of your 401(k) elective deferral contributions that are not over 3% of your Pay, plus 50% of your 401(k) elective deferral contributions that are over 3% of your Pay, but are not over 5% of your Pay. Your 401(k) elective deferral contributions are matched, whether your deferrals are pre-tax or Roth and including any catch-up contributions.

Matching contributions are calculated based on your Pay and 401(k) elective deferral contributions for each payroll period. Matching contributions are made for all persons who were active participants at any time during that payroll period.

### **Qualified Nonelective Contributions**

Sonesta and the participating affiliates may, in their discretion, make a qualified nonelective contribution each Plan Year. Qualified nonelective contributions will not take into account Pay for any period, or portion of a period, in which you were not an active participant.



Any qualified nonelective contributions will be allocated among participants other than participants who are highly compensated employees.<sup>1</sup>

To figure your share, we multiply our qualified nonelective contributions by this fraction:

- a) your Pay for the Plan Year divided by;
- b) the total Pay for the Plan Year of all participants participating in the allocation.

This amount will not exceed the maximum amount that may be contributed for you under Federal law.

### **Makeup Contributions**

You can make up missed 401(k) elective deferral contributions when you return to work for us after a period of qualified military service as required by law. If you make up such 401(k) elective deferral contributions, Sonesta and the participating affiliates will make any matching contributions that apply. You should contact the Plan Administrator if this provision might apply to your situation.

### **Rollover Contributions**

Under certain circumstances, you may roll over an amount from another retirement arrangement to this Plan. Any amount you roll into this Plan will always be fully vested. A rollover may include an outstanding Plan loan balance if you are affected by a business event that results in a change of employer. (The Plan Administrator can provide you with more information about rolling over outstanding Plan loans.)

A “direct” rollover (a distribution paid directly to the Plan) may come from:

- Other qualified plans (including after-tax employee contributions and any portion of a designated Roth Account);
- Tax sheltered annuity plans (including after-tax employee contributions and any portion of a designated Roth Account); and
- Governmental 457 plans (including any portion of a designated Roth Account).

A participant rollover (a distribution first paid to you) may come from:

- Other qualified plans (excluding after-tax employee contributions and including any portion of a designated Roth Account that would be included in gross income);
- Tax sheltered annuity plans (excluding after-tax employee contributions and including any portion of a designated Roth Account that would be included in gross income);

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<sup>1</sup> In general, you are a highly compensated employee for 2017 if you earned from Sonesta and its affiliates more than \$120,000 in 2016 (as adjusted from time to time).

- Governmental 457 plans (including any portion of a designated Roth Account that would be included in gross income); and
- Traditional IRAs if the amounts would be included in gross income.

Rollover contributions must meet federal rules so ask the Plan Administrator if you are interested in making a rollover into this Plan.

## **Limits**

### *401(k) Elective Deferral Contribution Limits*

The Internal Revenue Code limits the amount you may defer in any tax year and the same limits apply whether you make pre-tax or Roth 401(k) elective deferral contributions.

For 2017, the limit under all plans of our type is \$18,000 (as adjusted from time to time). If you are also a participant in a 401(k) or 403(b) plan of an unrelated employer, this limit applies to the total amount you defer under all such arrangements.

The limit on deferrals (under the Plan or under multiple plans) is increased by an additional \$6,000 (for 2017; as adjusted from time to time) if you will be at least age 50 by the end of the year.

If you are over either limit (\$18,000 or \$24,000 if at least age 50 by year-end), you should request one or both plans to pay any excess to you. Only amounts over the limit may be paid to you, but you may choose whether it is paid from one or both plans. If you don't have the excess paid to you, it is taxable to you, but stays in the plan(s) to be taxed again later when you receive it. Under our Plan, you must tell the Plan Administrator by March 1 of the year following the deferrals if you want any excess paid to you. If excess 401(k) elective deferral contributions are paid to you, any matching contributions made because of those 401(k) elective deferral contributions will be forfeited. Excess 401(k) elective deferral contributions paid to you may include Roth elective deferral contributions. This will not be treated as a qualified distribution and earnings on returned Roth elective deferral contributions will be treated as regular taxable income.

As long as this Plan remains a "safe harbor" plan, elective deferral contributions should not be limited for so-called highly compensated employees.

### *Pay Limits*

The Internal Revenue Code also limits the amount of Pay that may be used to determine contributions each year. The limit is \$270,000 for 2017 (as adjusted from time to time). You may defer on Pay over this limit provided your 401(k) elective deferral contributions otherwise satisfy any applicable limit. Matching contributions and qualified nonelective contributions can never be based on Pay in excess of the annual limit.

## 415 Limits

Finally, the Internal Revenue Code limits the amount of contributions that can be made for or by you to the Plan in a year to the lesser of 100% of Pay or a dollar limit. This limit applies to all defined contribution plans of ours and any related employers. The dollar amount is \$54,000 for 2017 (as adjusted from time to time).

Ask the Plan Administrator if you want to know more about any of these limits.

## **PART 3 VESTING AND GENERAL INFORMATION**

### **Your Account**

Your Account in the Plan equals the current value of all of the contributions made by you or on your behalf to the Plan.

### **Investing Your Account**

Contributions made to your Account are invested to provide benefits under the Plan. The Plan Administrator is responsible for adding, monitoring, and removing investment options available under the Plan, but you choose how to invest your Account among the available funds offered. If you do not provide (or do not timely provide) instructions, the Plan Administrator will direct the investment of your Account in an age-appropriate target date fund.

The Plan is intended to constitute a plan described in Section 404(c) of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), and Title 29 of the Code of Federal Regulations Section 2550.404c-1, including the qualified default investment arrangement (or “QDIA”) provisions with respect to our default investment (the target date fund series). The earnings and losses of the investments you select determines the value of your Account and the amount of benefits you will eventually receive from the Plan. Federal law provides that the Trustee of the Plan’s related trust, the Plan Administrator, and any other fiduciaries of the Plan may be relieved of liability for any losses that are the direct and necessary result of the investment instructions that are given by you. In other words, you assume responsibility for the investment decisions made with respect to your Account.

Many investment options have charges and restrictions that apply when you remove money or transfer funds. The dollar amount that can be removed or transferred may be restricted along with the dates on which such transactions can be made. The Plan Administrator can tell you more about these charges and restrictions and when they will apply.

From time to time the Plan Administrator may add, remove or change the investment options available to you. If this happens, you will be notified of the changes and the investment options available to you at that time. You must then provide instructions as to how you want your Account invested based on the available investment options. If you do not provide (or do not timely provide) instructions, the Plan Administrator will direct the investment.

## **Vesting in Your Account**

The part of your Account to which you always have a right is called your vested Account. Under this Plan, you are always 100% vested in all amounts in your Plan Account.

## **You Can Borrow From Your Account**

Loans are available under the Plan. As rules issued by the Department of Labor emphasize, however, the Plan's primary purpose is to provide retirement income for you. These rules help make sure your money is available when you retire.

You must be a "party-in-interest" (as defined in ERISA) to receive a loan. Active participants and beneficiaries are generally parties-in-interest but most terminated participants will cease to be parties-in-interest when they stop working for us.

Loans are made on a reasonably equal basis under the Plan's loan policy. That means the limits and rules summarized below apply in the same way to all participants.

The loan will be limited to the amount you may borrow without the loan being treated as a taxable distribution to you. Generally, the loan may not be more than 50% of your vested Account, reduced by any outstanding loan balance, or \$50,000, reduced by any outstanding loan balance, if any during the one-year period ending on the day before your new loan is made, if less. The minimum loan is \$1,000. You may originate up to three loans during any one-year period but only two loans may be outstanding at a time. Your vested Account will provide the security for the loan. You may not use your Account as a security for a loan outside the Plan.

A charge or restriction might apply for some investment options if you are granted a loan.

The interest rate will be based on the rates available for similar loans from commercial lending institutions. Once a loan is granted, the interest rate on that loan will not change.

When you are granted a loan, you will need to sign a "promissory note." A promissory note is your written promise to repay the loan. The note will contain information about your loan such as the amount loaned to you, the interest charged, and any processing fees or late charges. Your Account will be assigned as security for the loan when the loan is granted.

As you repay the loan, the principal and interest are credited to your Account. A loan to a participant does not affect the Account of any other participant.

Payment due dates and the length of the repayment period will be set out in the promissory note. Payments will be due at least quarterly. The repayment period won't be longer than five years unless the loan is used to buy a principal residence for yourself. The repayment period for a loan used to buy a principal residence won't be longer than 10 years or the repayment period currently in effect for a commercial home loan. Payroll deduction will be used to repay the loan if available. You may repay the loan before it is due.

If any amount remains unpaid for more than 90 days after due the loan will be in default. Upon default the entire principal balance and interest will become immediately due and payable. The amount of the outstanding loan will be treated as a distribution and will be taxable to you. To recover the amount due, the Plan may use any part of your vested Account available for distribution to you.

Processing fees, late charges or any other extra costs incurred by the Plan if you default on a loan will be charged to your Account.

However, no default will occur if payments are not made while you are actively serving in the military or for a period up to one year during an approved unpaid leave of absence, other than military leave. The Plan Administrator has established guidelines for making up these past payments after you return to work following such period of active military service or approved unpaid leave of absence.

Sixty days after you stop working for us and are not a party-in-interest, the balance of any outstanding loan is due. This does not apply if you are affected by a business event that results in a change of employer and your new employer's plan will accept the outstanding loan as part of a direct rollover (see Part 6).

The balance of any outstanding loan is due 60 days after the Plan terminates.

You may request a loan by calling the Principal Financial Group® at 1-800-547-7754 and using the interactive voice response system, logging on to [www.principal.com](http://www.principal.com) (if available), or contacting the Plan Administrator for instructions.

#### **PART 4 WHEN THE PLAN PAYS BENEFITS**

Your vested Account will be used to provide benefits. If you stop working for us and your vested Account is \$5,000 or less, your benefits will be paid to you at that time. See Part 5 for how the Plan pays benefits.

##### **At Retirement**

Benefits will start on or after your normal retirement date (age 65) if you are not working for us, you have a vested Account under the Plan, and you have elected the form of benefit to be paid to you. You may choose to have benefits paid on this date even if you are still working for us.

Late retirement date means, if you continue working for us after your normal retirement date, any day on or after the date you stop working. You may choose to have your benefits start on any day after your normal retirement date and before you stop working. If you do, that date becomes your late retirement date. Your benefits may begin after your late retirement date.

## **Required Beginning Date**

Under the law you must begin receiving benefits by your required beginning date. Your required beginning date is the April 1 following the later of the calendar year in which you reach age 70½ or stop working for us. However, if you are a more than 5% owner, your benefits must begin by the April 1 following the calendar year in which you reach age 70½.

## **Withdrawals From Your Account**

Your request for withdrawal can be made by calling the Principal Financial Group® at 1-800-547-7754, by logging on to [www.principal.com](http://www.principal.com) (if available) or by contacting the Plan Administrator for instructions. Withdrawal paperwork (if any) must be completed and returned before the date of withdrawal.

A charge or restriction might apply for some investment options if you make a withdrawal. Talk with the Plan Administrator before you complete the form.

You may withdraw all or any part of your vested Account resulting from rollover contributions. You may make such a withdrawal at any time.

If you are age 59½ or older, you may withdraw all or any part of your vested Account at any time.

If you are a member of a reserve unit of the United States Armed Forces and were called to active duty after September 11, 2001 for a period of time that exceeds 179 days, you may withdraw all or any part of your vested Account resulting from 401(k) elective deferral contributions during your period of active duty.

## **Financial Hardship**

If you have a financial hardship, you may be able to withdraw all or any part of your vested Account resulting from 401(k) elective deferral contributions (but none of the income earned on such contributions).

Financial hardship means hardship due to immediate and heavy financial need. Federal rules allow hardship withdrawals for these reasons:

- To pay medical expenses that would be tax deductible (without regard to whether the expenses exceed the stated limit on adjusted gross income), and that may also apply to your primary beneficiary;
- To purchase your primary home, stop your eviction from your primary home, or stop foreclosure on a mortgage on your home;
- To pay tuition, related educational fees, and room and board expenses, for up to the next 12 months of post-secondary education for you, your spouse, your children, your primary beneficiary or dependents (as defined in the Plan);

- To pay funeral or burial expenses for your parents, your spouse, your children, your primary beneficiary, or your dependents (as defined in the Plan); and
- To pay expenses to repair damage to your primary home that would be tax deductible (without regard to whether the expenses exceed 10% of adjusted gross income).

You may have a withdrawal for financial hardship only if you have received all other withdrawals or loans available to you under our Plan(s). You may not withdraw more than the amount of your immediate and heavy financial need. The amount of the withdrawal may include the amount of taxes that will result from the withdrawal. After the withdrawal, you may not make 401(k) elective deferrals or other contributions to our Plan(s) for six months.

### **At Termination**

If you stop working for us before you are eligible to retire, you may choose to have all or any part of your vested Account paid to you at any time.

You may leave your Account under the Plan if your vested Account is more than \$5,000 until your required beginning date.

### **At Death**

If you die before benefits start, your vested Account will be paid to your spouse or beneficiary under one or more of the forms available under the Plan (see Part 5). If you die after you start receiving benefits, death benefits (if any) will be paid according to the form you chose.

### **Tax Considerations**

Benefits you receive are normally subject to income taxes. You may be able to postpone or reduce the taxes that would otherwise be due by deferring a distribution. In addition, benefits you receive before age 59½ may be subject to a 10% penalty tax.

Each person's tax situation differs. Your tax advisor can help you decide the best way for you to receive benefits and you will receive additional information from the Plan Administrator when you request a distribution.

## **PART 5 HOW THE PLAN PAYS BENEFITS**

You make an important choice when you decide how to receive your benefit. One thing to consider is your tax situation.

If your vested Account is more than \$5,000, you may choose to have your vested Account paid under any of the optional forms available under the Plan. Your tax advisor may be able to help you make your choice. You may also call Principal Financial Group® at 1-800-547-7754 for answers to your benefit questions.

The amount of the payments will depend on the amount of your vested Account and the optional form chosen.

## At Termination or Retirement

If your vested Account is \$5,000 or less, your vested Account will be paid to you in a single sum. Federal law requires the Plan to automatically roll your vested Account to an IRA in a direct rollover (see Part 6) if:

- your vested Account is more than \$1,000;
- you have not reached age 65; and
- you do not elect to have your vested Account paid to you in a single sum or rolled to another retirement plan or an IRA of your choice in a direct rollover.

For more information regarding the designated IRA for automatic rollovers see Part 7. For questions regarding the automatic rollover rules, contact the Plan Administrator or call Principal Financial Group® at 1-800-547-7754.

If your vested Account is more than \$5,000, you may choose from the forms of benefit described in Forms to Choose below. You may change or cancel your choice at any time before benefits start.

If you don't choose a form, your vested Account will be paid to you in a single sum.

## Death Benefits Before Benefits Begin

You may name a beneficiary at any time. You need your spouse's written consent to choose someone other than your spouse as your beneficiary. If you marry after naming a beneficiary who is not the person you marry, the beneficiary you had named will no longer be your beneficiary, unless your current spouse's written consent is obtained. See **A Spouse's Rights** below. You may change your beneficiary at any time although spousal consent may again be required.

If your vested Account is \$5,000 or less, your vested Account will be paid to your beneficiary in a single sum.

If your vested Account is more than \$5,000, you may choose an optional form of death benefit for a beneficiary. If you don't choose, that beneficiary may choose an optional form. Generally, a beneficiary can elect a single sum or any income payment that is available to you at retirement. Any choice of the form of payment by your beneficiary must be made before benefits begin.

If an optional form of death benefit is not chosen, your vested Account will be paid to your beneficiary in a single sum including in the form of an annuity contract.

Because of Federal tax rules regarding when death benefits must begin and how death benefits can be paid, your beneficiary should contact the Plan Administrator to determine what options are available and when elections must be made.



## **Forms to Choose**

You may receive a distribution from the Plan in the form of a single lump sum payment in cash or an annuity contract. Effective September 15, 2017, you may also elect to receive distributions in the form of a fixed period or fixed payment installment option.

A fixed period installment option allows you to elect to receive substantially equal annual, semi-annual, quarterly or monthly installments over a fixed period of whole years. You may also elect to receive additional payments.

A fixed payment installment option allows you to elect to receive a specified dollar amount each year, payable in annual, semi-annual, quarterly or monthly installments. You may also elect to receive additional payments.

A charge or restriction might apply for some investment options. The Plan Administrator can provide you with more information.

Distributions paid directly to you may be subject to federal and state income tax withholding.

## **Direct Rollovers**

Certain benefits that are payable to you may be paid directly to another retirement plan or IRA. Such a direct rollover may avoid income tax withholding. The Plan Administrator will give you more specific information about this option when it applies.

## **A Spouse's Rights**

You will need your spouse's written consent to change the beneficiary you name for death benefits that are payable if you die before your benefit payments start.

Your spouse may also consent to let you make future changes without his or her consent. If not, you will need a new consent to make a new choice. You do not need your spouse's consent to cancel a beneficiary designation that reinstates your spouse as the beneficiary.

Your spouse may revoke consent at any time before your death. A spouse's consent is not valid for a former or a future spouse of yours.

## **PART 6 IMPORTANT INFORMATION FOR YOU**

### **Your Rights**

As a participant, you are entitled to certain rights and protections under ERISA. ERISA provides that all Plan participants are entitled to receive information about the Plan and benefits available under the Plan including the right to –

- Examine, without charge, at the Plan Administrator's office and at other specified locations, such as worksites and union halls, all documents governing the Plan, including insurance contracts and, if applicable, collective bargaining agreements that include provisions to establish, operate or govern the Plan, and a copy of the latest

annual report (Form 5500 Series) filed by the Plan with the U.S. Department of Labor and available at the Public Disclosure Room of the Employee Benefits Security Administration.

- Obtain, upon written request to the Plan Administrator, copies of all documents governing the Plan, including insurance contracts and, if applicable, collective bargaining agreements that include provisions to establish, operate or govern the Plan, and copies of the latest annual report (Form 5500 Series) and updated Summary Plan Description. The Plan Administrator may make a reasonable charge for the copies.
- Receive a summary of the Plan's annual financial report. The Plan Administrator is required by law to furnish each participant with a copy of this Summary Annual Report.
- Obtain a statement of your Account values and what part of these values would be yours if you stop working under the Plan now. If you do not have a right to these values, the statement will tell you how many more years you have to work to get a right to all or a part of these values. This statement will be provided to you in writing at least once each calendar year quarter. The Plan must provide the statement free of charge.

#### *Prudent actions by Plan fiduciaries*

In addition to creating rights for plan participants ERISA imposes duties upon the people who are responsible for the operation of the Plan. The people who operate the Plan, called "fiduciaries" of the Plan, have a duty to do so prudently and in the interest of you and other Plan participants and beneficiaries. No one, including your employer, your union (if applicable) or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a pension benefit or exercising your rights under ERISA.

#### *Enforce your rights*

If your claim for a pension benefit is denied or ignored, in whole or in part, you have a right to know why this was done, to obtain copies of documents relating to the decision without charge, and to appeal any denial, all within certain time schedules.

Under ERISA, there are steps you can take to enforce the above rights. For instance, if you request a copy of Plan documents or the latest annual report from the Plan and do not receive them within 30 days, you may file suit in a federal court. In such a case, the court may require the Plan Administrator to provide the materials and pay you up to \$110 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the Plan Administrator. If you have a claim for benefits which is denied or ignored, in whole or in part, you may file suit in a state or federal court. In addition, if you disagree with the Plan's decision or lack thereof concerning the qualified status of a domestic relations order, you may file suit in federal court. If it should happen that Plan fiduciaries misuse the Plan's money, or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in a federal court. The court will decide who should pay court costs and legal fees. If you are successful the court may order the person you have

sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees, for example, if it finds your claim is frivolous.

### *Assistance with your questions*

If you have any questions about the Plan, you should contact the Plan Administrator. If you have any questions about this statement or about your rights under ERISA, or if you need assistance in obtaining documents from the Plan Administrator, contact the nearest office of the Employee Benefits Security Administration, U.S. Department of Labor, listed in your telephone directory or the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue N.W., Washington D.C. 20210. You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Employee Benefits Security Administration.

### **Qualified Domestic Relations Order**

A domestic relations order is a judgment, decree or order that provides child support, alimony payments or marital property rights. A domestic relations order may give all or part of your Plan benefits to an alternate payee if it is determined by the Plan Administrator to be a qualified domestic relations order ("QDRO"). An alternate payee is your spouse, former spouse, child or dependent. In order to be a QDRO, the domestic relations order must include certain information and meet other requirements.

The Plan Administrator is required to set up detailed procedures for determining if a domestic relations order is a QDRO. You and the alternate payee may get a copy of these procedures, without charge, from the Plan Administrator.

Under the Plan, the alternate payee may elect to receive a distribution, even if you are not yet eligible to receive a distribution.

### **The Plan Administrator**

The Plan Administrator has the full power: to decide what the Plan provisions mean; to answer all questions about the Plan, including those about eligibility and benefits; and to supervise the administration of the Plan. The Plan Administrator's decisions are final.

### **Processing Distributions and Other Transactions**

Distributions, investment directions, trades, and similar transactions will be completed as soon as administratively possible once the information needed to complete such transaction has been received from you or whoever is providing the information. The time it takes to complete a transaction is not guaranteed by the Plan, Plan Administrator, Trustee, any insurer or us.

The Plan Administrator and the Trustee reserve the right not to value an investment option on any given valuation date for any reason deemed appropriate by the Plan Administrator or the Trustee.

Factors such as failure of systems or computer programs, failure of transmission of data, forces that can't be controlled or anticipated, failure of a service provider to timely receive values or prices, and corrections of errors will be used to determine how soon it is possible to complete a transaction. While it is anticipated that most transactions will be completed in a short period of time, in no event will the time needed to process a transaction be deemed to be less than 14 days. The processing date of a transaction will be binding for all purposes under the Plan and considered the applicable valuation date for any transaction.

### **Assigning Your Benefits**

Benefits under the Plan cannot be assigned, transferred or pledged to someone else. The Plan does make the following exceptions:

- Qualified domestic relations orders such as alimony payments or marital property rights to a spouse or former spouse; and
- Any offset to your benefit per a judgment, order, decree or settlement agreement because of a conviction of a crime against the Plan or a violation of ERISA.

The Plan Administrator will tell you if either of these exceptions applies to you.

### **Your Social Security Benefits**

Your benefits from this Plan are in addition to any benefits to which you are entitled to from Social Security.

### **Claiming Benefits Under the Plan**

In the event you (or your beneficiary) believe(s) you did not receive the benefits you are entitled to under the Plan, you may make a claim for benefits. Your claim will be reviewed and a decision made within 90 days. In some cases the decision may be delayed for an additional 90 days. If so, you will be notified in writing before the end of the initial 90-day period. The notice will include the reason for the delay and the date when the decision is expected to be made.

If you make a claim and all or part of it is refused, you will be notified in writing. You will be told:

- The specific reason or reasons why your claim was refused;
- References to specific provisions of the Plan governing the decision;
- What additional information is needed, if any, and why it is needed; and
- What steps you should take to have your claim reviewed, including time limits on requesting a review, and that you have a right to sue under Section 502(a) of ERISA if upon review your claim is refused.

You have 60 days after you receive written notice your claim is refused to make a written appeal to the Plan Administrator. If you appeal, you may also submit written comments,

documents, records, and other information relating to the claim. You may request free of charge, access to, and copies of, all documents, records, and other information on which the determination was based. The Plan Administrator will review the claim taking into Account all comments, documents, records, and other information submitted by you relating to the claim, without regard to whether such information was submitted or considered in the initial benefit determination.

A decision will be made on your appeal within 60 days. In some cases the decision may be delayed for an additional 60 days. If so, you will be notified in writing before the end of the initial 60-day period. The notice will include the reason for the delay and the date when the decision will be made.

If you make an appeal and all or part of your claim is refused, you will be notified in writing. You will be told:

- The specific reason or reasons why your claim was refused;
- References to specific provisions of the Plan governing the decision;
- You may request and receive free copies of all documents, records, and other information on which the determination was based; and
- You have a right to sue under Section 502(a) of ERISA.

Any civil action must be filed no later than one year after the date listed on the latest notice you received that your claim was refused.

You may authorize a representative to act on your behalf with respect to a benefit claim or an appeal. You will have to complete the necessary forms to designate an authorized representative to act on your behalf. In that case, all information and notices will be given to the representative unless you direct otherwise.

The Plan Administrator will perform periodic examinations, reviews or audits of benefit claims to determine whether determinations have been made in accordance with Plan documents and Plan provisions have been consistently applied.

## **Plan Expenses**

ERISA allows certain expenses directly related to operating the Plan to be paid from your Account. Also, specific fees may be charged directly to your Account in response to transactions that you request under the Plan. Plan expenses could include any of the following:

- Investment management fees and other expenses that apply to specific investments in which your Account and the Accounts of other Plan participants are invested;
- Expenses related to the operation of the Plan; and

- Per-use fees, including:
  - Loan administration fees – fees associated with taking a loan from the Plan.
  - Withdrawal processing fees – fees associated with an in-service withdrawal (that may or may not apply to a hardship withdrawal).
  - Distribution processing fees – fees associated with taking a distribution from the Plan.
  - QDRO qualification fees – fees charged to determine whether a domestic relations order (a “DRO”) is qualified (a “QDRO”) and to implement the order if a portion of your Account is assigned to an alternate payee. Typically, this is an assignment to a former spouse in the context of a divorce.

You may contact the Plan Administrator for more information on Plan expenses.

### **Changing or Stopping the Plan**

The Plan can be changed at any time. Sonesta will notify you of any changes that affect your benefits.

Benefits you have earned as of the date the Plan is changed may not be reduced except as required by law. If the Plan is changed, the Plan Administrator can tell you which benefits and forms of payment are preserved for you.

An earlier version of the Plan may continue to apply in certain situations. For example, participants who stop working for us have their eligibility for benefits determined under the version in effect when they stopped working.

The Plan can be terminated (stopped). If the Plan is terminated, your Account will be (if not already) 100% vested and nonforfeitable. Your Account will be held under the Plan and continue to be credited with investment earnings until it is paid to you.

### **The Pension Benefit Guaranty Corporation (“PBGC”)**

Because the Plan is a defined contribution plan, we keep individual Accounts for all participants. The PBGC does not provide benefit guarantees for defined contribution plans.

### **Military Service**

You may be entitled to certain benefits under the Uniformed Services Employment and Reemployment Rights Act of 1994, as amended (“USERRA”). The benefits you are entitled to will be determined at the time you return to work for us based on your period of military service and whether or not you returned to work during the period of time in which you have reemployment rights.

You or your survivor may be entitled to additional benefits under the Heroes Earnings Assistance and Relief Tax Act of 2008 (“HEART”). Under HEART, you may choose to have all or any part of your vested Account resulting from 401(k) elective deferral contributions paid to you while you are on active military duty for more than 30 days. After you receive such contributions, you may not make 401(k) elective deferrals or other contributions to our Plan(s) for six months.

### **Saver’s Credit**

Participants with adjusted gross income on a jointly filed return of not more than \$62,000, or \$31,000 if single or married filing separately for 2017 may be eligible under current federal law for an income tax credit with respect to a portion of their 401(k) elective deferral contributions (and contributions to an IRA). The credit is generally available if the individual is at least age 18 by the end of the taxable year (and not a full-time student or claimed as a dependent) and is equal to the lesser of up to 50% (depending on income level) of contributions or \$2,000 per year. For more information about the credit, please ask the Plan Administrator for a copy of the “Notice to Employees Regarding Saver’s Credit.”

### **IRA Contributions**

The federal income tax deduction for the amount contributed to a traditional IRA may be limited as a result of participation in the Plan. Participants should consult their tax advisors for additional information concerning traditional IRAs and Roth IRAs.

## **PART 7 FACTS ABOUT THE PLAN**

The terms of the Plan do not guarantee your employment with us.

### **Plan Sponsor and Identification Number**

Sonesta International Hotels Corporation  
Two Newton Place  
255 Washington Street, Suite 230  
Newton, MA 02458-1637  
EIN: 45-3784316

### **Participating Affiliates**

ABP Trust  
Two Newton Place  
255 Washington Street  
Newton, MA 02458-1637

### **Plan Name and Plan Number**

Sonesta International Hotels Corporation and Subsidiaries 401(k) Plan  
Plan Number: 002

**Type of Plan**

Defined Contribution 401(k) Profit Sharing Plan

**Plan Administrator**

Sonesta Plan Administration Committee  
Two Newton Place  
255 Washington Street, Suite 230  
Newton, MA 02458-1637  
Telephone: (617) 219-1498

**Plan Year**

January 1 through December 31

**Designated IRA for Automatic Rollovers**

The IRA designated for automatic rollovers is with Principal Financial. The assets will be invested in an interest-bearing savings account and fees and expenses will be paid by you. For more information about the designated IRA and related fees, contact:

The Principal Client Contact Center  
Principal Life Insurance Company  
710 9th Street  
Des Moines, IA 50309  
Telephone: (800) 547-7754

**Funding Medium(s)**

The Company and its participating affiliates make contributions to the Plan. Those contributions are held under a trust fund (see Trustee information below) and an annuity contract for purposes of providing benefits for participants of the Plan.

The annuity contract is issued by:

Principal Life Insurance Company  
711 High Street  
Des Moines, IA 50392-0001

**Trustee(s) of the Plan**

Delaware Charter Guarantee & Trust  
Company d/b/a Principal Trust Company<sup>sm</sup>  
1013 Centre Road  
Wilmington, DE 19805-1265



## **Agent for Service of Legal Process**

General Counsel  
Sonesta International Hotels Corporation  
Two Newton Place  
255 Washington Street  
Newton, MA 02458-1637

Service of legal process may also be made on the Plan Administrator or the Plan trustee.

Legal action may not be brought more than two years following the date such cause of action or proceeding arose.

## **Additional Information**

For more information about the Principal Financial Group® or the Plan, you may access The Principal® website at [www.principal.com](http://www.principal.com) or call the interactive voice response system at 1-800-547-7754.

The following are member companies of the Principal Financial Group®:

- Principal Life Insurance Company; and
- Delaware Charter Guarantee & Trust Company d/b/a Principal Trust Company<sup>sm</sup>.