AMERICAN HOTEL INCOME PROPERTIES REIT LP

MATERIAL CHANGE REPORT

FORM 51-102F3

1. **Name and Address of Company:**

American Hotel Income Properties REIT LP ("**AHIP**")
Suite 1660, 401 West Georgia Street
Vancouver, BC V6B 5A1

2. **Date of Material Change:**

April 28, 2015

3. **News Release:**

On April 28, 2015, a news release reporting the material change was issued through Canada Newswire and filed on SEDAR at www.sedar.com. A copy of this news release is attached hereto as Schedule A.

4. **Summary of Material Change:**

On April 28, 2015, AHIP completed its previously announced public offering (the "**Offering**") of 6,181,250 limited partnership units (each a "**Unit**"), on a bought deal basis, at a price of Cdn$10.70 per Unit, for total gross proceeds of Cdn$66,139,375. Included in the closing were 806,250 Units (Cdn$8,626,875) from the full exercise of the over-allotment option described in AHIP's short form prospectus dated April 21, 2015 (the "**Prospectus**"), which is available on SEDAR at www.sedar.com.

5. **Full Description of Material Change:**

On April 28, 2015, AHIP completed its previously announced public offering of 6,181,250 Units, on a bought deal basis, at a price of Cdn$10.70 per Unit, for total gross proceeds of Cdn$66,139,375. Included in the closing were 806,250 Units (Cdn$8,626,875) from the full exercise of the over-allotment option described in the Prospectus.

The Offering was conducted through a syndicate of underwriters co-led by Canaccord Genuity Corp. and National Bank Financial Inc., and including CIBC World Markets Inc., TD Securities Inc., RBC Dominion Securities Inc., Scotia Capital Inc., Haywood Securities Inc., Dundee Securities Ltd. and GMP Securities L.P.

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As described in the Prospectus, AHIP intends to use the net proceeds of the Offering to: (i) partially fund the potential acquisition of a portfolio of hotels in the Midwestern U.S. (the "**Midwestern Portfolio**"); (ii) partially fund the potential acquisition of a portfolio of hotels in the Southeastern U.S. (the "**Southeastern Portfolio**"); (iii) partially fund the recently announced 24 room expansion of the Oak Tree Inn railway lodging facility in Dexter, Missouri (the "**Dexter, Missouri Oak Tree Inn**"); (iv) partially fund potential additional conversion, expansion and new-build opportunities for Oak Tree Inn railway lodging facilities in the next 12 months (the "**Additional Railway Hotels**"); (v) partially fund future acquisitions; and (vi) fund working capital and for general corporate purposes.

The Units sold pursuant to the Offering have been listed on the Toronto Stock Exchange under AHIP's existing trading symbol HOT.UN. AHIP now has 30,583,740 Units issued and outstanding.

These securities have not been, and will not be, registered under the United States Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements of such Act. This material change report does not constitute an offer for sale of these securities in the United States.

Full details of the Offering are described in the Prospectus, a copy of which is filed on SEDAR at www.sedar.com.

Forward-looking Information

This material change report contains forward-looking information within the meaning of applicable securities legislation, which reflects AHIP's current expectations regarding future events. Forward-looking information is identified by the use of terms and phrases such as "anticipate", "believe", "budget", "could", "estimate", "expect", "going-in", "intend", "may", "opportunities", "plan", "potential", "predict", "project", "will", "would" and similar terms and phrases, including references to assumptions. Such information includes, but is not limited to: the use of proceeds from the Offering, including, without limitation, to partially fund the potential acquisition of each of the Midwestern Portfolio and the Southeastern Portfolio, the expansion of the Dexter, Missouri Oak Tree Inn and the other potential conversion, expansion and new-build opportunities for the Additional Railway Hotels; and AHIP's business and growth strategies, including its strategy of participating in the growing U.S. economy and ongoing recovery of the U.S. hotel industry by acquiring accretive, branded, select service hotels at less than replacement cost, and further strengthening its network of industry leading railway hotels. Actual events or results may differ materially.

Forward-looking information contained in this material change report is based on certain key expectations and assumptions made by AHIP, including, without limitation: a reasonably stable North American economy and stock market; the acquisition, expansion, conversion, opening and successful integration, as applicable, of each of the Midwestern Portfolio, the Southeastern Portfolio, the Dexter, Missouri Oak Tree Inn and/or the

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Additional Railway Hotels; and the U.S. hotel and lodging industry, including competition for acquisitions, will be consistent with the economic climate. Although the forward-looking information contained in this material change report is based upon what AHIP's management believes to be reasonable assumptions, AHIP cannot assure investors that actual events or results will be consistent with such information. Forward-looking information reflects current expectations of management regarding future events and operating performance as of the date of this material change report. Such information involves significant risks and uncertainties, should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not such results will be achieved. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking information, and a description of these factors can be found under "Risk Factors" in the Prospectus, "Risk Factors" in AHIP's Annual Information Form dated March 27, 2015 and under "Risks and Uncertainties" in AHIP's Management's Discussion and Analysis for the year ended December 31, 2014, each of which is available on SEDAR at www.sedar.com.

The forward-looking information contained herein is expressly qualified in its entirety by this cautionary statement. The forward-looking information is made as of the date of this material change report and AHIP assumes no obligation to update or revise such information to reflect new events or circumstances, except as may be required by applicable law.

The potential acquisition of each of the Midwestern Portfolio, Southeastern Portfolio and the Additional Railway Hotels described in this material change report and the Prospectus is indicative only, as these potential transactions are being evaluated and negotiated with the applicable sellers. In addition, each acquisition, if it proceeds, would be subject to conditions, including satisfactory completion of AHIP's due diligence, negotiation of formal legal documents and approval from the board of directors of AHIP's general partner. For example, AHIP cautions that there can be no assurance that any transaction will result from the conditional purchase and sale agreement and non-binding letter of intent described in the Prospectus with respect to the Midwestern Portfolio and the Southeastern Portfolio, respectively, or what the terms of such transactions, if any, may be. AHIP undertakes no obligation to update investors on the status of any potential acquisitions described in this material change report or the Prospectus unless and until its acquisition due diligence is complete, all other applicable conditions are satisfied or waived and the board of directors of AHIP's general partner has approved the transaction, in each case.

6. **Reliance on subsection 7.1(2) of National Instrument 51-102:**

Not applicable.

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7. **Omitted Information:**

No significant facts otherwise required to be disclosed in this report have been omitted.

8. **Executive Officer:**

For further information, please contact:

Azim Lalani (Chief Financial Officer)
American Hotel Income Properties REIT LP
Phone: (604) 630-3134
Email: alalani@ahipreit.com

9. **Date of Report:**

April 28, 2015

SCHEDULE A

NEWS RELEASE
DATED APRIL 28, 2015

AMERICAN HOTEL INCOME PROPERTIES REIT LP ANNOUNCES CLOSING OF CDN$66.1 MILLION BOUGHT DEAL

VANCOUVER, B.C. (April 28, 2015) – American Hotel Income Properties REIT LP ("**AHIP**") (TSX: HOT.UN; OTCQX: AHOTF) announced today the closing of its previously announced public offering (the "**Offering**") of 6,181,250 limited partnership units (each a "**Unit**"), on a bought deal basis, at a price of Cdn$10.70 per Unit, for total gross proceeds of Cdn$66,139,375. Included in the closing were 806,250 Units from the full exercise of the over-allotment option described in AHIP's short form prospectus dated April 21, 2015 (the "**Prospectus**"), which is available on SEDAR at www.sedar.com.

The Offering was conducted through a syndicate of underwriters co-led by Canaccord Genuity Corp. and National Bank Financial Inc., and including CIBC World Markets Inc., TD Securities Inc., RBC Dominion Securities Inc., Scotia Capital Inc., Haywood Securities Inc., Dundee Securities Ltd. and GMP Securities L.P.

As described in the Prospectus, AHIP intends to use the net proceeds of the Offering to: (i) partially fund the potential acquisition of a portfolio of hotels in the Midwestern U.S. (the "**Midwestern Portfolio**"); (ii) partially fund the potential acquisition of a portfolio of hotels in the Southeastern U.S. (the "**Southeastern Portfolio**"); (iii) partially fund the recently announced 24 room expansion of the Oak Tree Inn railway lodging facility in Dexter, Missouri (the "**Dexter, Missouri Oak Tree Inn**"); (iv) partially fund potential additional conversion, expansion and new-build opportunities for Oak Tree Inn railway lodging facilities in the next 12 months (the "**Additional Railway Hotels**"); (v) partially fund future acquisitions; and (vi) fund working capital and for general corporate purposes.

Rob O'Neill, Chief Executive Officer of AHIP, commented, "With the completion of this offering, AHIP has the funds to continue its strategy of participating in the growing U.S. economy and ongoing recovery of the U.S. hotel industry by acquiring accretive, branded, select service hotels at less than replacement cost, and further strengthening its network of industry leading railway hotels."

According to data from STR Inc., the U.S. hotel industry's 12-month moving average for occupancy reached an all-time record of 64.9% in the first quarter of 2015. STR Inc. also reported rooms sold and revenue per available room ("**RevPAR**"), among other key performance indicators, were at all-time highs for this same period.

The Units sold pursuant to the Offering have been listed on the Toronto Stock Exchange under AHIP's existing trading symbol HOT.UN. AHIP now has 30,583,740 Units issued and outstanding.

These securities have not been, and will not be, registered under the United States Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements of such Act. This news release does not constitute an offer for sale of these securities in the United States.

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FORWARD-LOOKING STATEMENTS

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Forward-looking information contained in this news release is based on certain key expectations and assumptions made by AHIP, including, without limitation: a reasonably stable North American economy and stock market; the acquisition, expansion, conversion, opening and successful integration, as applicable, of each of the Midwestern Portfolio, the Southeastern Portfolio, the Dexter, Missouri Oak Tree Inn and/or the Additional Railway Hotels; and the U.S. hotel and lodging industry, including competition for acquisitions, will be consistent with the economic climate. Although the forward-looking information contained in this news release is based upon what AHIP's management believes to be reasonable assumptions, AHIP cannot assure investors that actual events or results will be consistent with such information. Forward-looking information reflects current expectations of management regarding future events and operating performance as of the date of this news release. Such information involves significant risks and uncertainties, should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not such results will be achieved. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking information, and a description of these factors can be found under "Risk Factors" in the Prospectus, "Risk Factors" in AHIP's Annual Information Form dated March 27, 2015 and under "Risks and Uncertainties" in AHIP's Management's Discussion and Analysis for the year ended December 31, 2014, each of which is available on SEDAR at www.sedar.com.

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acquisitions described in this news release or the Prospectus unless and until its acquisition due diligence is complete, all other applicable conditions are satisfied or waived and the board of directors of AHIP's general partner has approved the transaction, in each case.

ABOUT AMERICAN HOTEL INCOME PROPERTIES REIT LP

AHIP is a limited partnership formed under the *Limited Partnerships Act* (Ontario) to invest in hotel real estate properties located substantially in the United States and engaged primarily in the railroad employee accommodation, transportation, and contract-focused lodging sectors. AHIP's long-term objectives are to: (i) generate stable and growing cash distributions from hotel properties substantially in the U.S.; (ii) enhance the value of its assets and maximize the long-term value of the hotel properties through active management; and (iii) expand its asset base and increase its AFFO per Unit through an accretive acquisition program, participation in strategic development opportunities and improvements to its properties through targeted value-added capital expenditure programs.

Additional Information

Additional information relating to AHIP, including its other public filings, is available on SEDAR at www.sedar.com and on AHIP's website at www.ahipreit.com.

For further information, please contact:

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