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, 401West Georgia Street
Vancouver, B.C. V6B 5A1

2. **Date of Material Change:**

June 15, 2015

3. **News Release:**

On June 15, 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 June 15, 2015, AHIP announced that it had agreed to acquire through various indirect subsidiaries a portfolio of three Marriott-branded, select-service hotels (the "**Acquisition Properties**") located in Ocala, Florida for an aggregate purchase price of US$30.8 million, excluding closing and post-acquisition adjustments. The purchase price does not include US$3.2 million for the completion of brand-mandated property improvement plans ("**PIPs**") and US$1.0 million for the defeasance of existing loans ("**Defeasance**").

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

On June 15, 2015, AHIP announced that it had agreed to acquire through various indirect subsidiaries the Acquisition Properties for an aggregate purchase price of US$30.8 million, excluding closing and post-acquisition adjustments. The purchase price does not include US$3.2 million for the completion of PIPs and US$1.0 million for Defeasance.

The Acquisition Properties are being purchased at a weighted-average capitalization rate of approximately 8.1% on trailing twelve months net operating income (after inclusion of all hotel management fees, brand franchise fees, a 4.0% furniture, fixtures and equipment ("**FF&E**") reserve contribution, PIPs and Defeasance costs).

The Acquisition Properties consist of three hotels containing 352 total guest rooms and are being acquired below management's estimate of replacement cost.

The three select-service hotels branded by Marriott International include an 87-room Residence Inn; a 96-room Fairfield Inn & Suites; and a 169-room Courtyard. All of the Acquisition Properties are strategically located in central Florida near a variety of demand generators

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including transportation hubs, industrial manufacturing, commercial distribution, agricultural, tourist attractions and retail centres.

AHIP will fund the purchase price for the Acquisition Properties, including the PIPs and Defeasance costs, using a combination of cash on hand and a new US$19.0 million commercial mortgage backed securities ("**CMBS**") loan. The new mortgage will be for a 10-year term, interest-only for the entire term and is expected to have a fixed interest rate of approximately 4.26%. In addition, the lender has agreed to provide an FF&E reserve waiver for the first two years.

AHIP has removed all due diligence conditions under the purchase and sale agreement for the Acquisition Properties and has informed the sellers of the Acquisition Properties of its intention to proceed to closing. This transaction is expected to close by the end of July 2015, subject to customary closing conditions and documentation.

The acquisitions are expected to be immediately accretive to AHIP's Adjusted Funds from Operations ("**AFFO**") per unit.

Upon the completion of the acquisition of the Acquisition Properties and the previously announced acquisition of the nine branded, select-service hotels, AHIP will have deployed all of the capital raised from its April 2015 bought deal offering. AHIP's portfolio will then consist of 73 hotels totaling 6,212 guest rooms with 35 branded hotels totaling 3,331 guest rooms and 38 rail hotels totaling 2,881 guest rooms.

The Acquisition Properties will be managed for AHIP by its exclusive hotel manager, Tower Rock Hotels & Resorts Inc., a wholly owned subsidiary of O'Neill Hotels and Resorts Ltd.

Forward-looking Information

Certain statements contained in this material change report may constitute forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "anticipate", "plan", "expect", "may", "will", "intend", "should", and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Forward-looking statements in this material change report include, without limitation, the following: references to the acquisition of the Acquisition Properties, including the purchase price and closing costs therefor; the timing of the completion of the acquisition of the Acquisition Properties; the estimated costs of PIPs and Defeasance for the Acquisition Properties; the degree to which the Acquisition Properties are expected to be accretive; the amount and terms of the CMBS financing for the Acquisition Properties; the deployment of all capital raised from AHIP's April 2015 bought deal offering; and the total number of hotels and rooms owned by AHIP after giving effect to the acquisition of the Acquisition Properties.

Forward-looking information is based on a number of key expectations and assumptions made by AHIP, including, without limitation: a reasonably stable North American economy and stock market; the continued strength of the U.S. lodging industry; the ability to defease the existing loans and secure new CMBS financing; the ability to successfully integrate the Acquisition Properties; the completion by AHIP of the acquisition of the portfolio of nine branded, select-service hotels previously announced in AHIP's news release dated June 1, 2015 prior to the completion of AHIP's acquisition of the Acquisition Properties; and expectations and assumptions related to capitalization rates, fees and reserves and replacement costs for the

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Acquisition Properties, as applicable. Although the forward-looking information contained in this material change report is based on what AHIP's management believes to be reasonable assumptions, AHIP cannot assure investors that actual results will be consistent with such information.

Forward-looking information reflects current expectations of AHIP's 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. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, without limitation, those factors that can be found under "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 dated May 13, 2015 both of which are available on SEDAR at www.sedar.com.

The forward-looking statements contained herein represent AHIP's expectations as of the date of this material change report, and are subject to change after this date. AHIP assumes no obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise, except as required by applicable law.

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

Not applicable.

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:**

June 16, 2015

SCHEDULE A

NEWS RELEASE
DATED JUNE 15, 2015

AMERICAN HOTEL INCOME PROPERTIES REIT LP ANNOUNCES ACQUISITION OF THREE MARRIOTT-BRANDED, SELECT-SERVICE HOTELS IN FLORIDA FOR US$30.8 MILLION

VANCOUVER, B.C. (June 15, 2015) – American Hotel Income Properties REIT LP ("**AHIP**") (TSX: HOT.UN; OTCQX: AHOTF) announced today that it has agreed to acquire through its subsidiaries a portfolio of three Marriott-branded, select-service hotels (the "**Acquisition Properties**") located in Ocala, Florida for an aggregate purchase price of US$30.8 million, excluding closing and post-acquisition adjustments. The purchase price does not include US$3.2 million for the completion of brand-mandated property improvement plans ("**PIPs**") and US$1.0 million for the defeasance of existing loans ("**Defeasance**").

The Acquisition Properties are being purchased at a weighted-average capitalization rate of approximately 8.1% on trailing twelve months net operating income (after inclusion of all hotel management fees, franchise fees, a 4.0% FF&E reserve contribution, PIPs and Defeasance costs).

Acquisition Highlights:

- The Acquisition Properties consist of three hotels containing 352 total guest rooms that are being acquired below management's estimate of replacement cost.
- The three select-service hotels branded by Marriott International include an 87-room Residence Inn; a 96-room Fairfield Inn & Suites; and a 169-room Courtyard. All of the Acquisition Properties are strategically located in central Florida near a variety of demand generators including transportation hubs, industrial manufacturing, commercial distribution, agricultural, tourist attractions and retail centres.
- The investment is expected to be immediately accretive to adjusted funds from operations ("**AFFO**") per unit.
- AHIP will fund the purchase price, including the PIPs and Defeasance costs, using a combination of cash on hand and a new US$19.0 million commercial mortgage backed securities ("**CMBS**") loan. The new mortgage will be for a 10-year term, interest-only for the entire term and is expected to have a fixed interest rate of approximately 4.26%. In addition, the lender has agreed to provide an FF&E reserve waiver for the first two years.
- This transaction is expected to close by the end of July 2015, subject to customary closing conditions and documentation.

Rob O'Neill, AHIP's Chief Executive Officer, commented, "This investment strengthens our presence in the Florida market and we are excited to acquire this portfolio of Marriott-branded hotels in Ocala, which is a major world thoroughbred center with over 1,200 horse farms and is the horse capital of the world." Mr. O'Neill continued, "The availability of long-term, low-cost, fixed-rate, interest-only CMBS debt highlights a key aspect of our conservative approach to leverage, aimed at providing highly stable returns and delivering value to unitholders. Upon the completion of this acquisition and the previously announced acquisition of the nine branded, select-service hotels, AHIP will have deployed all of the capital raised from its April 2015 bought deal offering. AHIP's portfolio will then consist of 73 hotels totaling 6,212 guest rooms with 35 branded hotels totaling 3,331 guest rooms and 38 rail hotels totaling 2,881 guest rooms."

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Forward-looking information is based on a number of key expectations and assumptions made by AHIP, including, without limitation: a reasonably stable North American economy and stock market; the continued strength of the U.S. lodging industry; the ability to defease the existing loans and secure new CMBS financing; the ability to successfully integrate the Acquisition Properties; the completion by AHIP of the acquisition of the portfolio of nine branded, select-service hotels previously announced in AHIP's news release dated June 1, 2015 prior to the completion of AHIP's acquisition of the Acquisition Properties; and expectations and assumptions related to capitalization rates, fees and reserves and replacement costs for the Acquisition Properties, as applicable. Although the forward-looking information contained in this news release is based on what AHIP's management believes to be reasonable assumptions, AHIP cannot assure investors that actual results will be consistent with such information.

Forward-looking information reflects current expectations of AHIP's 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. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, without limitation, those factors that can be found under "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 dated May 13, 2015, both of which are available on SEDAR at www.sedar.com.

The forward-looking statements contained herein represent AHIP's expectations as of the date of this news release, and are subject to change after this date. AHIP assumes no obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise, except as required by applicable law.

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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 is engaged primarily in the railroad employee accommodation, transportation-oriented, and select-service lodging sectors. AHIP's properties are mostly located in secondary and tertiary markets in the United States in close proximity to railroads, airports, highway interchanges, and other demand generators. AHIP owns hotels serving the U.S. rail industry pursuant to long-term railway contracts and hotels affiliated with leading national and international hotel brands. 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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THE TORONTO STOCK EXCHANGE HAS NOT REVIEWED AND DOES NOT ACCEPT RESPONSIBILITY FOR THE ADEQUACY OR THE ACCURACY OF THIS NEWS RELEASE.