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:**

August 11, 2015

3. **News Release:**

On August 11, 2015, a news release reporting the material change was issued through CNW 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 August 11, 2015, AHIP completed its previously announced public offering (the "**Offering**") of 3,800,000 limited partnership units (each a "**Unit**"), on a bought deal basis, at a price of Cdn$10.15 per Unit, for total gross proceeds of Cdn$38,570,000. The Offering is fully described in AHIP's short form prospectus dated August 5, 2015 (the "**Prospectus**"), which is available on SEDAR at www.sedar.com.

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

On August 11, 2015, AHIP completed its previously announced public offering of 3,800,000 Units, on a bought deal basis, at a price of Cdn$10.15 per Unit, for total gross proceeds of Cdn$38,570,000. The Offering is fully 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., RBC Dominion Securities Inc., Scotia Capital Inc., TD Securities Inc., Haywood Securities Inc., Dundee Securities Ltd. and Industrial Alliance Securities Inc. AHIP has granted to the underwriters an over-allotment option to purchase up to an additional 570,000 Units which option may be exercised in whole or in part at any time for a period of up to 30 days.

As described in the Prospectus, AHIP intends to use the net proceeds of the Offering to: (i) partially fund the potential acquisition of a strategic portfolio of five railway lodging facilities (the "**Railway Portfolio**") that is currently under preliminary review and subject to various conditions; (ii) partially fund potential expansion, conversion and new-build opportunities for railway lodging facilities (collectively, the "**Additional Railway Hotels**"); and (iii) as to the balance, if any, to fund working capital and for general corporate purposes.

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Upon completion of the Railway Portfolio and other rail-related transactions that are in the pipeline, AHIP will have seven additional rail properties with significant railway occupancy guarantees and two expanded Oak Tree Inn hotels. These transactions reinforce AHIP's commitment to continue with its strategic rail initiative for more high-occupancy, steady railway hotels in its portfolio.

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 34,383,740 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.

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 Railway Portfolio and the potential conversion, expansion and new-build opportunities for the Additional Railway Hotels; and AHIP's intention to continue with its strategic rail initiative for more high-occupancy, steady railway hotels in its portfolio. 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 those with respect to: the acquisition, expansion, conversion, opening and successful integration, as applicable, of the Railway Portfolio and the Additional Railway Hotels; capitalization rates; fees and reserves; targeted completion dates; pro forma leverage; and payout ratios. 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 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.

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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 acquisitions, expansions and conversions described in this material change report are indicative only, as these potential transactions are being evaluated and negotiated with the applicable sellers. In addition, each transaction, if it proceeds, would be subject to conditions, including satisfactory completion of AHIP's due diligence and negotiation or assignment of railway contracts, as applicable, and negotiation of formal legal documents. For example, AHIP cautions that there can be no assurance that any such transaction will complete, or what the terms of such a transaction, if any, may be. AHIP undertakes no obligation to update investors on the status of any potential transactions described in this material change report unless and until all key conditions are satisfied 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.

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:**

August 11, 2015

SCHEDULE A

NEWS RELEASE
DATED AUGUST 11, 2015

AMERICAN HOTEL INCOME PROPERTIES REIT LP ANNOUNCES CLOSING OF CDN$38.6 MILLION BOUGHT DEAL

"Strategic Rail Initiative Continues"

VANCOUVER, B.C. (August 11, 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 3,800,000 limited partnership units (each a "**Unit**"), on a bought deal basis, at a price of Cdn$10.15 per Unit, for total gross proceeds of Cdn$38,570,000. The Offering is fully described in AHIP's short form prospectus dated August 5, 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, RBC Capital Markets, Scotiabank, TD Securities Inc., Haywood Securities Inc., Dundee Securities Ltd. and Industrial Alliance Securities Inc. AHIP has granted to the underwriters an over-allotment option to purchase up to an additional 570,000 Units which option may be exercised in whole or in part at any time for a period of up to 30 days.

As described in the Prospectus, AHIP intends to use the net proceeds of the Offering to: (i) partially fund the potential acquisition of a strategic portfolio of five railway lodging facilities (the "**Railway Portfolio**") that is currently under preliminary review and subject to various conditions; (ii) partially fund potential expansion, conversion and new-build opportunities for railway lodging facilities (collectively, the "**Additional Railway Hotels**"); and (iii) as to the balance, if any, to fund working capital and for general corporate purposes.

Rob O'Neill, AHIP's CEO stated, "I am pleased to report that upon completion of the acquisition of the Railway Portfolio and other rail-related transactions that are in the pipeline, we will have seven additional rail properties with significant railway occupancy guarantees and two expanded Oak Tree Inn hotels. These transactions reinforce our commitment to continue with our strategic rail initiative for more high-occupancy, steady railway hotels in our portfolio."

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 34,383,740 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.

FORWARD-LOOKING STATEMENTS

This news release 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

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is not limited to: the use of proceeds from the Offering, including, without limitation, to partially fund the potential acquisition of each of the Railway Portfolio and the expansion of potential conversion, expansion and new-build opportunities for the Additional Railway Hotels; and AHIP's intention to continue with its strategic rail initiative for more high-occupancy, steady railway hotels in its portfolio. Actual events or results may differ materially.

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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 news release 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 acquisitions, expansions and conversions described in this news release are indicative only, as these potential transactions are being evaluated and negotiated with the applicable sellers. In addition, each transaction, if it proceeds, would be subject to conditions, including satisfactory completion of AHIP's due diligence and negotiation or assignment of railway contracts, as applicable, and negotiation of formal legal documents. For example, AHIP cautions that there can be no assurance that any such transaction will complete, or what the terms of such a transaction, if any, may be. AHIP undertakes no obligation to update investors on the status of any potential transactions described in this news release unless and until all key conditions are satisfied 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 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 currently owns 73 hotels including 38 hotels serving the U.S. rail industry pursuant to long-term railway contracts and 35 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

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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:

Andrew Greig, Investor Relations
American Hotel Income Properties REIT LP
Suite 1660 – 401 West Georgia Street
Vancouver, B.C. V6B 5A1
Phone: (604) 633-2857
Email: agreig@ahipreit.com

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