



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, B.C. V6B 5A1

2. Date of Material Change:

September 16, 2015

3. News Release:

On September 16, 2015, a news release 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 September 16, 2015, AHIP announced the completion of its previously announced strategic acquisition of a portfolio of five railway lodging facilities (the “**Railway Portfolio**”) for an aggregate purchase price of approximately US\$44.8 million, excluding closing and post-acquisition adjustments.

5. Full Description of Material Change:

On September 16, 2015, AHIP announced the completion of its previously announced strategic acquisition of the Railway Portfolio for an aggregate purchase price of approximately US\$44.8 million, excluding closing and post-acquisition adjustments.

The Railway Portfolio is comprised of 586 guestrooms across five hotels including a 160-room hotel in Belen, New Mexico; a 156-room hotel in Gillette, Wyoming; a 118-room hotel in Ravenna, Nebraska; a 96-room hotel in Guernsey, Wyoming; and a 56-room hotel in Edgemont, South Dakota.

The Railway Portfolio is secured by long term lodging contracts with one of the top three railway companies in the United States. The contracts guarantee in excess of 80% of the available guestrooms for contract terms averaging approximately nine years. AHIP already has an existing relationship with this railway company through the current operations of three existing Oak Tree Inn hotels. AHIP is now the sole dedicated crew lodging provider for this railway company.

The Railway Portfolio was acquired below management’s estimate of replacement cost and is expected to be immediately accretive to adjusted funds from operations (“**AFFO**”) per unit.

AHIP funded the acquisition of the Railway Portfolio with cash on hand from the proceeds of the bought deal completed on August 11, 2015 and a new US\$20.0 million mortgage. The new mortgage has a 10-year term and a fixed interest rate of 4.25% for the first five years. The mortgage is also interest only for the first year and is then amortized over a 17-year term.

There are few strategic hotel operators focussed on U.S. railway lodging. AHIP acquired the Railway Portfolio from a competitor that had been accommodating rail crews since 1973. AHIP expanded its position as the largest dedicated railway lodging provider in the United States with the acquisition of the Railway Portfolio from this competitor.

AHIP's diversified portfolio is now comprised of 78 hotels totaling 6,798 guest rooms, which includes 43 rail hotels totaling 3,467 guest rooms and 35 branded hotels totaling 3,331 guest rooms.

The Railway Portfolio is managed for AHIP by TR Lodging Enterprises Inc., a wholly owned subsidiary of AHIP's exclusive hotel manager Tower Rock Hotels & Resorts Ltd. ("**Tower Rock**"). Tower Rock is 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", "believe", "budget", "could", "estimate", "expect", "going-in", "intend", "may", "opportunities", "plan", "potential", "predict", "project", "should", "will", "would" 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, references to: post-acquisition adjustments to the purchase price for the Railway Portfolio; and management's expectation that the acquisition of the Railway Portfolio will be immediately accretive to AFFO per unit.

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 ability to secure debt financing and the ability to successfully integrate the Railway Portfolio and expectations and assumptions related to replacement costs. 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 August 12, 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:

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9. **Date of Report:**

September 24, 2015

SCHEDULE A
NEWS RELEASE
DATED SEPTEMBER 16, 2015

[AMERICAN HOTEL INCOME PROPERTIES REIT LP](#)

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AMERICAN HOTEL INCOME PROPERTIES REIT LP COMPLETES STRATEGIC PORTFOLIO ACQUISITION OF FIVE RAILWAY HOTELS

***“Largest owner of hotels serving the U.S. freight railway industry
with 43 dedicated railway hotels and 3,467 total railway guestrooms”***

VANCOUVER, B.C. (September 16, 2015) – American Hotel Income Properties REIT LP (“**AHIP**”) (TSX: HOT.UN; OTCQX: AHOTF) announced today the completion of its previously announced strategic acquisition of a portfolio of five railway lodging facilities (the “**Railway Portfolio**”) for an aggregate purchase price of approximately US\$44.8 million, excluding closing and post-acquisition adjustments.

The Railway Portfolio is comprised of 586 guestrooms across five hotels located in Belen, New Mexico; Edgemont, South Dakota; Gillette, Wyoming; Guernsey, Wyoming; and Ravenna, Nebraska.

The Railway Portfolio is secured by long term lodging contracts with one of the top three railway companies in the United States. The contracts guarantee in excess of 80% of the available guestrooms for contract terms averaging approximately nine years. AHIP already has an existing relationship with this railway company through the current operations of three existing Oak Tree Inn hotels.

AHIP funded the acquisition of the Railway Portfolio with cash on hand from the proceeds of the bought deal completed on August 11, 2015 and a new US\$20.0 million mortgage. The new mortgage has a 10-year term and a fixed interest rate of 4.25% for the first five years. The mortgage is also interest only for the first year and is then amortized over a 17-year term.

Rob O’Neill, AHIP’s Chief Executive Officer, commented, “I am pleased to report that AHIP has completed the acquisition of a substantial railway lodging portfolio. This acquisition has achieved a number of key objectives for us. We have now become this railway client’s sole dedicated crew lodging provider enabling us to move discussions forward on other new opportunities totaling more than 250 guestrooms in multiple states. By completing this acquisition, we have also firmly consolidated our leadership position within the industry as the largest and highest quality, dedicated railway lodging provider in the United States. The Railway Portfolio is an accretive acquisition, acquired below our estimate of replacement cost. We continue to pursue additional acquisitions in order to provide stable returns and create value for our unitholders. AHIP’s diversified portfolio is now comprised of 78 hotels totaling 6,798 guestrooms, which includes 43 rail hotels totaling 3,467 guestrooms and 35 branded hotels totaling 3,331 guestrooms.”

The Railway Portfolio will be managed for AHIP by TR Lodging Enterprises Inc., a wholly owned subsidiary of AHIP’s exclusive hotel manager Tower Rock Hotels & Resorts Inc. (“Tower Rock”). Tower Rock is a wholly owned subsidiary of O’Neill Hotels & Resorts Ltd.

FORWARD-LOOKING INFORMATION

Certain statements contained in this news release may constitute forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as “anticipate”, “believe”, “budget”, “could”, “estimate”, “expect”, “going-in”, “intend”, “may”, “opportunities”, “plan”, “potential”,

“predict”, “project”, “should”, “will”, “would” 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 news release include, without limitation, references to the following: post-acquisition adjustments to the purchase price for the Railway Portfolio; management’s estimate of the replacement cost for the Railway Portfolio; AHIP moving discussions forward on other new opportunities totaling more than 250 guestrooms in multiple states; the Railway Portfolio being an accretive acquisition; AHIP continuing to pursue additional acquisitions; and the management of the Railway Portfolio by TR Lodging Enterprises Inc.

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 ability to secure debt financing, the ability to successfully integrate the Railway Portfolio and expectations and assumptions related to capitalization rates and replacement costs, 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 August 12, 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.

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’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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