AMERICAN HOTEL
INCOME PROPERTIES

AMERICAN HOTEL INCOME PROPERTIES REIT LP

**MANAGEMENT'S DISCUSSION AND ANALYSIS
OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION**

For the three months and year ended December 31, 2019
(Expressed in U.S. Dollars)

Dated: March 10, 2020

Residence Inn, Woodbury, MN

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PART I

FORWARD-LOOKING INFORMATION

This Management's Discussion and Analysis of Results of Operations and Financial Condition ("**MD&A**") contains forward-looking information within the meaning of applicable securities laws (also known as forward-looking statements). Forward-looking statements generally can be identified by words such as "anticipate", "believe", "continue", "expect", "estimates", "intend", "may", "outlook", "objective", "plans", "should", "will" and similar expressions suggesting future outcomes or events. Forward-looking statements include, but are not limited to, statements made or implied relating to the objectives of American Hotel Income Properties REIT LP ("**AHIP**"), AHIP's strategies to achieve those objectives and AHIP's beliefs, plans, estimates, projections and intentions and similar statements concerning anticipated future events, results, circumstances, performance or expectations that are not historical facts. Some specific forward-looking statements in this MD&A include, but are not limited to, statements with respect to: expectations with respect to the performance of the U.S. economy and its impact on the U.S. hotel industry; AHIP management's expectation that the seasonal nature of the lodging industry, as well as other factors beyond AHIP's control including overall economic cycles and weather conditions, will cause quarterly fluctuations in occupancy rates, room rates, revenues, operating expenses, cash flows, earnings and payout ratios; AHIP management's expectations with respect to how it will pay expenses, service debt and pay distributions to unitholders if cash flow from operations is insufficient to cover such obligations in a given quarter; the expectation that AHIP's expenses will grow at, or greater than, the general rate of inflation; the possibility that competition could limit the ability of AHIP's hotel manager to raise room rates and adversely affect AHIP's occupancy rates and RevPAR, and may require AHIP to provide additional amenities or make capital improvements, which may reduce AHIP's profitability; AHIP's expectation that its transformation into a pure-play premium branded hotel company will simplify its business structure and enhance its operating performance; AHIP's expectation that the renovations completed at its five larger Embassy Suites hotels will generate market leading RevPAR growth during 2020; AHIP's focus on asset management to drive ADR-related revenue growth, coupled with procurement savings along with improved productivity in key business processes should help maintain margins and offset some of the impacts of rising labor costs; AHIP's belief that its properties are better suited to withstand the impacts of the disruption from the coronavirus outbreak than other hotel REITs, and the reasons for that belief; AHIP starting to see slowdowns in future guestroom and meeting room reservations; the impact of the coronavirus on the hotel industry, the overall U.S. economy and AHIP's income levels being difficult to predict; the adjustment to AHIP's distribution policy effective with the March 2020 distribution, payable in April 2020, the reasons for such adjustment and the expected strategic impacts of such adjustment, including the estimated cost savings and the objectives that AHIP intends to achieve through the deployment of such cost savings; the expected timing for AHIP's 2020 renovation program, and the expectation that some guest displacement may result, which may impact quarterly results; AHIP's intention to repay maturing debt and its expected means of doing so; the expected maturities and amortization periods on future long term debt; the timing and amount of payments under term loans and revolving credit facilities, Debentures (as defined below), finance and operating leases, purchase obligations and deferred compensation; AHIP's expectation that fixed rate mortgages will be primarily first charge mortgages; AHIP's intention to maintain total indebtedness of approximately 55% of AHIP's Gross Book Value (as defined below); management's intention to obtain additional equity financing and/or debt financing with similar interest rates and terms as past financings to meet AHIP's planned growth strategy; the expected timing of the payment of the February 2020 distribution; AHIP's intention to complete the design of DC&P and ICFR for the 12 Premium Branded hotels acquired on December 3, 2019 by December 31, 2020; the modification of AHIP's annual distribution policy commencing with AHIP's March 2020 distribution to be paid in April 2020; AHIP's stated long-term objectives; AHIP's intention to declare monthly cash distributions and the expected timing of the record and payment dates for such distributions; AHIP management's intention to continue to operate AHIP in such a manner to remain exempt from the SIFT Measures (as defined below) on a continuous basis in the future; the possibility that the U.S. REIT may be subject to certain state and local income, franchise and property taxes even if it continues to qualify as a real estate investment trust under the Code (as defined below); the possibility that future regulations and interpretations to be issued by U.S. authorities may also impact AHIP's estimates and assumptions used in calculating its income tax provisions; and the potential risks set forth under "Risk Factors".

Although AHIP believes that the expectations reflected in the forward-looking information contained in this MD&A are reasonable, AHIP can give no assurance that these expectations will prove to have been correct, and since forward-looking information inherently involves risks and uncertainties, undue reliance should not be placed on such information. The estimates and assumptions, which may prove to be incorrect, include, but are not limited to, the various assumptions set forth in this MD&A as well as the following: critical accounting estimates; capital markets will provide AHIP with readily available access to equity and/or debt financing on terms acceptable to AHIP; AHIP's future level of indebtedness and its future growth potential will remain consistent with AHIP's current expectations; there will be no changes to tax laws adversely affecting AHIP's financing capability, operations, activities, structure or distributions; the useful lives of AHIP's assets being consistent with management's estimates therefor; AHIP will be able to successfully integrate properties acquired into its portfolio; AHIP management's estimates with respect to replacement costs are accurate; the accuracy of third party reports with respect to lodging industry data; renovations will be completed with timing currently expected and on budget and AHIP will realize the expected benefits of such renovations; AHIP will realize the expected benefits of its transformation to a pure-play premium branded hotel company; the coronavirus outbreak will negatively impact the U.S. economy, U.S. hotel industry and AHIP's business, and the extent and duration of such impact; AHIP's properties will be better suited to withstand the impacts of the disruption from the coronavirus outbreak than other hotel REIT's; the cost savings from the adjustment to AHIP's distribution will be available to be deployed in pursuit of AHIP's stated objectives; actions taken by AHIP in light of the coronavirus outbreak, including the reduction of its distribution, will achieve their intended strategic effects and better position AHIP for future long-term accretive growth; the U.S. REIT will continue to qualify as a real estate investment trust for U.S. federal income tax purposes; the SIFT Measures in the Tax Act (as defined below) will continue to not apply to AHIP; AHIP will retain and continue to attract qualified and knowledgeable personnel as AHIP expands its portfolio and business; the impact of the current economic climate and the current global financial conditions on AHIP's operations, including AHIP's financing capability and asset value, will remain consistent with AHIP's current expectations; there will be no material changes to government and environmental regulations adversely affecting AHIP's operations; and conditions in the international and, in particular, the U.S. hotel and lodging industry, including competition for acquisitions, will be consistent with the current economic climate. Forward-looking statements are provided for the purpose of presenting information about management's current expectations and plans relating to the future and readers are cautioned that such statements may not be appropriate for other purposes.

Forward-looking statements involve significant risks and uncertainties and should not be read as guarantees of future performance or results as actual results may differ materially from those expressed or implied in such forward-looking statements. Those risks and uncertainties include, among other things, risks related to: the impact of the coronavirus outbreak on the U.S. economy, the hotel industry, and AHIP's business is currently unknown, and may be significant and may materially and adversely affect AHIP's investments, results of operations, financial condition and AHIP's ability to obtain additional equity or debt financing, or re-finance existing debt, or make distributions to Unitholders and interest and principal payments to its lenders and to holders of Debentures, and may cause AHIP to be in non-compliance with the financial covenants under its existing credit facilities and cause a default thereunder; the pace of recovery following the coronavirus outbreak cannot be accurately predicted and may be slow; AHIP's properties may not perform better than those of other hotel REIT's during the coronavirus outbreak or thereafter; the adjustment of AHIP's distribution policy may cause the price of AHIP's securities to decline and AHIP may not achieve the intended strategic objectives of such adjustment; AHIP may not realize the expected benefits of its transformation to a pure-play premium branded hotel company; AHIP may not realize the expected benefits of renovations and such renovations may not be completed in accordance with expected timing or budgets; renovations completed in 2020 may be more disruptive than expected; the possibility that AHIP's financial performance may not improve to the extent expected by AHIP management; general economic conditions and consumer confidence; the growth in the U.S. hotel and lodging industry; prices for the Units and Debentures; liquidity; tax risks; ability to access debt and capital markets; financing risks; changes in interest rates; the financial condition of, and AHIP's relationships with, its external hotel manager and franchisors; declaration of distributions is subject to the discretion of the Board of Directors of the General Partner and is evaluated periodically and may be revised or suspended at any time; real property risks, including environmental risks; the degree and nature of competition; ability to acquire accretive hotel investments; ability to integrate new hotels; environmental matters; and changes in legislation. Additional information about risks and uncertainties is contained in this MD&A and in AHIP's annual information form ("**AIF**") dated March 22, 2019 for the year ended December 31, 2018, a copy of which is available on SEDAR at www.sedar.com.

The forward-looking information contained in this MD&A is expressly qualified in its entirety by these cautionary statements. All forward-looking statements in this MD&A are made as of March 10, 2020. AHIP does not undertake any obligation to update any such forward looking information, resulting from new information, future events or otherwise, except as required by applicable law.

APPROVAL BY THE BOARD OF DIRECTORS

The Board of Directors of AHIP's General Partner, upon recommendation of its Audit Committee, approved the contents of this MD&A on March 10, 2020. AHIP does not undertake any obligation to update any forward-looking information, future events or otherwise, except as required by applicable law.

PART II

OVERVIEW OF AHIP

AHIP is a limited partnership formed under the *Limited Partnerships Act* (Ontario) to invest in hotel real estate properties in the United States ("**U.S.**") and engaged primarily in growing a portfolio of premium branded, select-service hotels in larger secondary markets with diverse and stable demand generators.

AHIP was established pursuant to the terms of AHIP's Limited Partnership Agreement dated October 12, 2012, which was subsequently amended and restated on February 20, 2013 and further amended on June 9, 2015 (the "**Limited Partnership Agreement**"). AHIP's general partner is American Hotel Income Properties REIT (GP) Inc. (the "**General Partner**"). AHIP's head office and address for service is Suite 800 – 925 West Georgia Street, Vancouver, B.C., Canada V6C 3L2.

The principal business of AHIP is to issue limited partnership units ("**Units**") and to acquire and hold shares of American Hotel Income Properties REIT Inc. (the "**U.S. REIT**"). The U.S. REIT was established for the purposes of indirectly acquiring and owning hotel real estate properties in the U.S.

AHIP's long-term objectives are to:

(i) generate monthly cash distributions from hotel properties located in the U.S.;

(ii) enhance the value of its assets and maximize the long-term value of its hotel properties through active asset management; and

(iii) expand its asset base and increase its FFO per Unit through an accretive acquisition program and improvements to the properties through targeted value-added capital expenditure programs.

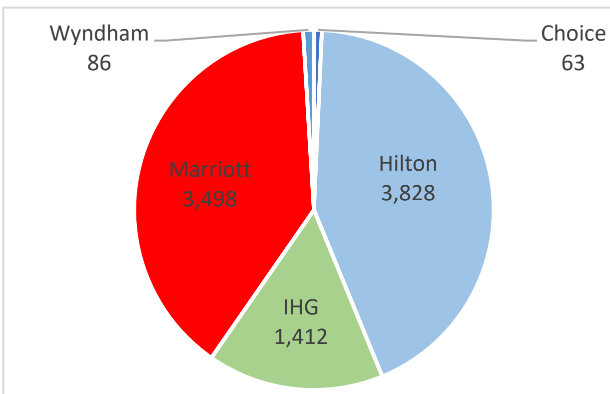
AHIP's Units trade on the Toronto Stock Exchange ("**TSX**") under the symbol HOT.UN (Canadian dollar ticker) and HOT.U (U.S. dollar ticker) as well as on the OTCQX International Marketplace in the U.S. under the symbol AHOTF (U.S. dollar ticker). AHIP's Debentures (defined below) trade on the TSX under the symbol HOT.DB.U (U.S. dollar ticker).

AHIP's operations and portfolio changed significantly during the fourth quarter of 2019, after the successful completion of the sale of its 45 Economy Lodging hotels ("**Economy Lodging Portfolio**") on November 27, 2019. AHIP's hotel portfolio now consists of only "Premium Branded hotels", which are select-service hotel properties that have franchise agreements with international hotel brands, such as Marriott International Inc. ("**Marriott**"), Hilton Worldwide ("**Hilton**"), InterContinental Hotels Group ("**IHG**"), Choice Hotels International Inc. ("**Choice**") and Wyndham Hotel Group ("**Wyndham**") which provide global distribution channels, targeted brand segmentation, strong loyalty programs, and premier information technology system standards. As of March 10, 2020, AHIP owns 79 Premium Branded hotels with a total of 8,887 guestrooms located in 22 states across the United States. These hotels are geographically located primarily in secondary markets with diverse and stable demand generators.

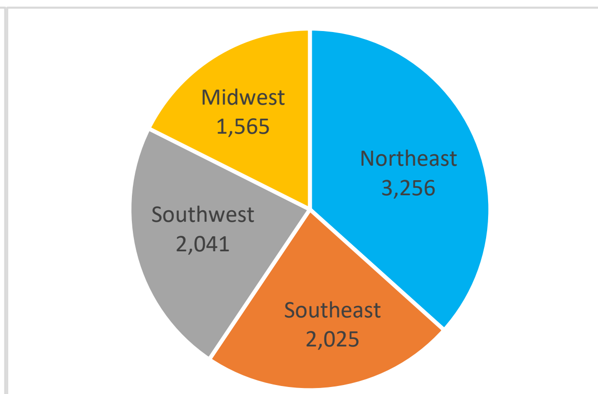
AHIP's distribution of Premium Branded hotels by chain scale segment is shown below:

Chain Scale Segments	AHIP's Premium Branded Hotels	Number of Hotels	Number of Rooms	Room Percentage by Segment
Upper Upscale	Embassy Suites	5	1,311	15%
Upscale	Courtyard, Hilton Garden Inn, Homewood Suites, Residence Inn, Springhill Suites, Staybridge Suites	29	3,263	36%
Upper Midscale	Fairfield Inn, Hampton Inn, Holiday Inn, Holiday Inn Express, TownePlace Suites, Home2 Suites	43	4,164	47%
Midscale	Sleep Inn, Wingate by Wyndham	2	149	2%
TOTAL PREMIUM BRANDED HOTELS		**79**	**8,887**	**100%**

Rooms by Brand



Rooms by Region



Midwest includes Illinois, Iowa, Kansas, Kentucky, Michigan, Minnesota, Missouri, North Dakota, and Ohio. Northeast includes Connecticut, Maryland, New Jersey, New York, Pennsylvania, and Virginia. Southeast includes Florida, Georgia, North Carolina, and Tennessee. Southwest includes Arizona, Oklahoma, and Texas.

TAXATION

AHIP is not subject to tax under Part I of the *Income Tax Act* (Canada) (the "**Tax Act**"). Accordingly, no provision has been made for Canadian income taxes thereunder in respect of the partnership. The Tax Act also contains rules regarding the taxation of certain types of publicly listed or traded trusts and partnerships and their investors (the "**SIFT Measures**"). Management believes that AHIP is not a "SIFT partnership" as defined in the Tax Act and therefore not subject to the SIFT Measures. Accordingly, no provision has been made for Canadian income taxes. Management intends to continue to operate AHIP in such a manner to remain exempt from the SIFT Measures on a continuous basis in the future.

AHIP's indirect Canadian subsidiary, AHIP Management Ltd., is a taxable Canadian corporation subject to Canadian income tax. AHIP's indirect U.S. subsidiaries, AHIP Cargo Enterprises LLC, and AHIP Enterprises LLC, are taxable REIT subsidiaries ("**TRS**") of the U.S. REIT that are treated as U.S. corporations subject to U.S. income tax.

The U.S. REIT elected to be taxed as a real estate investment trust ("**REIT**") for U.S. federal income tax purposes under the Internal Revenue Code ("**Code**"). As a result, the U.S. REIT generally is not subject to U.S. federal income tax on its taxable income to the extent such income is distributed to its stockholders annually. A REIT is subject to numerous organizational and operational requirements including a requirement to make annual dividend distributions equal to a minimum of 90% of its taxable income each year. Even if the U.S. REIT continues to qualify as a REIT under the Code, nonetheless it may be subject to certain state and local income, franchise and property taxes. For the U.S. REIT to qualify as a REIT under the Code, the U.S. REIT cannot operate any of its hotels. Therefore, the U.S. REIT and its qualifying REIT subsidiaries lease the hotels to its TRS lessees who in turn engage a professional, third-party hotel management company to manage its hotels.

Effective January 1, 2018, the Tax Cuts and Jobs Act ("**TCJA**") reduced the U.S. federal corporate income tax rate from 35% to 21%. Future regulations and interpretations to be issued by U.S. authorities may also impact AHIP's estimates and assumptions used in calculating its income tax provisions.

BASIS OF PRESENTATION

This MD&A for the three months and year ended December 31, 2019 includes material financial information as of March 10, 2020. This MD&A should be read in conjunction with AHIP's audited consolidated financial statements for the years ended December 31, 2019 and 2018, prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board. Historical results, including trends which might appear, should not be taken as indicative of future operations or results. Additional information relating to AHIP, including its AIF for the year ended December 31, 2018, is available on SEDAR at www.sedar.com.

All amounts presented in this MD&A are in United States dollars ("**U.S. dollars**"), unless otherwise noted.

On November 27, 2019, AHIP completed the sale of its Economy Lodging Portfolio. Therefore, AHIP applied IFRS 5 – Discontinued Operations and classified the Economy Lodging Portfolio as discontinued operations for the three months and year ended December 31, 2019, and the related comparative prior periods, as applicable. For the purposes of discussing AHIP's operating results in this MD&A, management has presented the financial information based on AHIP's continuing operations for the Premium Branded hotels, and has excluded the Economy Lodging Portfolio operations, unless otherwise noted.

THIRD PARTY INFORMATION

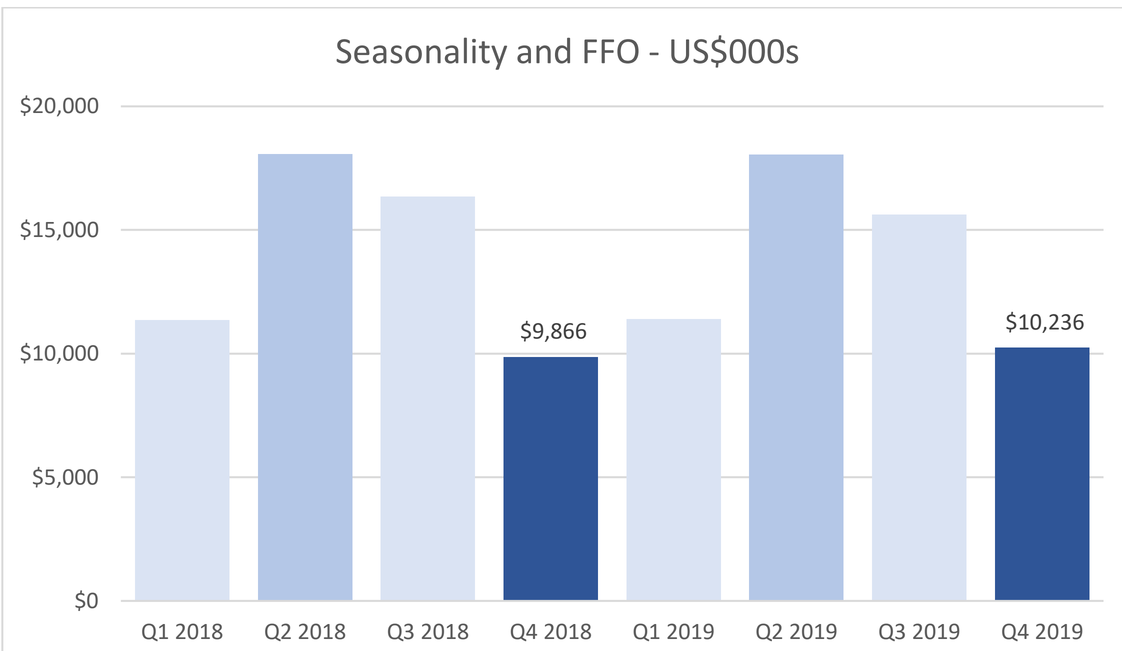
This MD&A includes market information, industry data and forecasts obtained from independent industry publications, market research and analyst reports, surveys and other publicly available sources. Although AHIP believes these sources to be generally reliable, market and industry data is subject to interpretation and cannot be verified with complete certainty due to limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties inherent in any statistical survey. Accordingly, the accuracy and completeness of this data are not guaranteed. AHIP has not independently verified any of the data from third party sources referred to in this MD&A nor ascertained the underlying assumptions relied upon by such sources.

INFLATION

AHIP relies on the performance of its hotel portfolio and the ability of its hotel manager to increase revenues to keep pace with inflation. AHIP's hotel manager can change room rates quickly, but competitive pressures may limit the hotel manager's ability to raise room rates. AHIP's expenses are subject to inflation and are expected to grow at, or greater than, the general rate of inflation.

SEASONALITY

The lodging industry is seasonal in nature, which can be expected to cause quarterly fluctuations in occupancy rates, room rates, revenues, operating expenses, and cash flows. Historically, occupancies, revenues, and cash flows tend to be higher in the second and third quarters and lower in the first and fourth quarters. Quarterly earnings may also be influenced by factors beyond AHIP's control including overall economic cycles and weather conditions. To the extent cash flow from operations is insufficient during any quarter, due to temporary or seasonal fluctuations in revenues, AHIP expects to utilize cash on hand or borrowings under its revolving credit facility to pay expenses, service debt, or to make distributions to unitholders. The quarterly fluctuations in AHIP's FFO, which highlight the seasonality of its operations, are shown in the following table:



(1) All figures reflect combined continuing and discontinued operations.

As a result of the impact of seasonal fluctuations in FFO in any period, management considers a rolling four quarter FFO Payout Ratio more relevant for the purposes of assessing AHIP's distribution paying capacity than a payout ratio in any given quarter.

COMPETITION

The lodging industry is highly competitive. AHIP's hotels compete with other hotels and alternative accommodations for guests in their respective markets, which includes competition from existing and new hotels. Competition could adversely affect AHIP's occupancy rates, RevPAR and may require AHIP to provide additional amenities or make capital improvements, which may reduce AHIP's profitability.

RECENT DEVELOPMENTS

(a) *Completion of Economy Lodging Portfolio sale:*

On November 27, 2019, AHIP completed the sale of its Economy Lodging Portfolio for gross proceeds of $215.5 million excluding closing and post-closing adjustments. Approximately $7.0 million of the gross proceeds are subject to an earn-out provision to be settled in 12 months following the completion of the sale based on the achievement of certain criteria. In addition, $7.4 million of gross proceeds were utilized by AHIP to pre-fund the completion of Wyndham's brand mandated property improvement plans for the Economy Lodging Portfolio with a potential credit to AHIP for any cost savings.

(b) *Acquisition of a portfolio of 12 hotels for $191.0 million:*

On December 3, 2019, AHIP completed the acquisition of 12 Premium Branded Marriott, Hilton and IHG hotels (the "**Acquisition**") located across Texas and the Midwest for an aggregate purchase price of $191.0 million excluding post-closing adjustments. The Acquisition was partially funded by the proceeds from the sale of the Economy Lodging Portfolio and a new $105.0 million term loan (as described below). AHIP was required to pay $173.5 million of the aggregate purchase price for the Acquisition at Closing, with the remaining $17.5 million (the "**Deferred Purchase Price**") payable in two tranches: (A) $7.0 million plus all accrued and unpaid interest on the entire Deferred Purchase Price at a rate of 8.00% per annum is payable on or before March 31, 2020, and (B) $10.5 million plus all accrued and unpaid interest thereon at rate of 8.00% per annum is payable on or before December 31, 2020. AHIP is entitled to prepay all or any part of the Deferred Purchase Price plus all accrued interest thereon at any time, in its sole discretion without penalty.

(c) *Amended and Restated $165 million Credit Facility:*

On December 3, 2019, AHIP entered into an amended and restated credit agreement with a syndicate of banks to obtain a new term loan for purposes of partially financing the purchase price for the Acquisition, and to increase the size of its existing revolving credit facility from $40 million to $60 million (collectively, the "**Credit Facility**"). The Credit Facility had an initial aggregate size of $165 million, secured by 16 hotel assets and included an accordion feature that will allow AHIP to increase the aggregate size of the Credit Facility to $300 million, subject to certain conditions. At completion, the Credit Facility was comprised of a (i) $105 million term loan (the "**Credit Facility Term Loan**") with an initial term of five years, which was used to partially finance the purchase price for the Acquisition, and (ii) $60 million revolving credit facility (the "**Credit Facility Revolver**") with an initial term of four years, with two six-month extensions, of which $39.3 million had been drawn as of December 31, 2019. The Credit Facility bears interest at LIBOR plus a margin determined by a leverage-based pricing grid. AHIP simultaneously entered into a $105 million swap agreement to fix LIBOR at 1.415% for four years for the Credit Facility Term Loan. The maximum fixed interest rate on this tranche of the Credit Facility Term Loan will be 3.52%, assuming the maximum LIBOR-spread. On December 20, 2019, AHIP entered into a $25 million interest rate swap agreement to fix LIBOR at 1.609% for four years with respect to a portion of amounts currently drawn under the Credit Facility Revolver. The maximum fixed interest rate on this tranche of the Credit Facility Revolver will be 3.71%, assuming the maximum LIBOR-spread. On February 14, 2020, the maximum availability under the Credit Facility was increased to $225 million (see Subsequent Events section). As at March 10, 2020, AHIP had drawn $125 million on the Credit Facility Term Loan and $33.2 million on the Credit Facility Revolver.

(d) *Defeasance of term loan:*
On December 6, 2019, AHIP refinanced a $5.7 million term loan that was secured by two Premium Branded hotels using proceeds from the Credit Facility Revolver. AHIP incurred approximately $0.8 million of defeasance costs which were recorded in finance costs in the consolidated statements of net income (loss) and comprehensive income (loss) for the three months and year ended December 31, 2019.

(e) *Completion of renovations at four properties:*
During the fourth quarter of 2019, AHIP completed approximately $10.9 million of renovations in aggregate at the Embassy Suites by Hilton Cleveland Rockside (Ohio), TownePlace Suites Chattanooga near Hamilton Place (Tennessee), Holiday Inn Express & Suites Fort Myers East (Florida) and Holiday Inn Express & Suites Sarasota I-75 (Florida).

MARKET ENVIRONMENT

The U.S. lodging industry's performance is generally correlated to the performance of the U.S. economy as measured by key metrics such as GDP growth, employment levels and corporate profits. During the fourth quarter of 2019, U.S. GDP grew by 2.1% driven by strong consumer demand, increased government spending and higher exports. During the year ended December 31, 2019, GDP also increased by 2.3% for the reasons stated above. GDP growth combined with a healthy labor market generally bodes well for the U.S. hotel industry.

According to STR, Inc. ("**STR**"), during the fourth quarter of 2019, U.S. hotel RevPAR grew by 0.7% with ADR increasing by 0.7% and occupancy remaining stable. During the year ended December 31, 2019, U.S. hotel RevPAR grew by 0.9% with ADR increasing by 1.0% and occupancy remaining stable. The following table summarizes RevPAR growth in the U.S. hotel industry by chain scale (according to STR):

Chain Scale Segments	Representative Hotels in AHIP's Premium Branded Hotel Portfolio	Q4 2019 RevPAR Growth	YTD 2019 RevPAR Growth
Upper upscale	Embassy Suites	1.0%	0.8%
Upscale	Courtyard, Hilton Garden Inn, Homewood Suites, Residence Inn, Springhill Suites, Staybridge Suites	-0.6%	0.1%
Upper midscale	Fairfield Inn, Hampton Inn, Holiday Inn, Holiday Inn Express, TownePlace Suites, Home2 Suites	-1.0%	0.2%
Midscale	Sleep Inn, Wingate by Wyndham	-2.7%	-0.2%

OUTLOOK

During the fourth quarter of 2019, AHIP completed the sale of its legacy Economy Lodging Portfolio and acquired a portfolio of newer Premium Branded hotels. As a result, AHIP has now transformed itself into a pure-play premium branded hotel company that will simplify AHIP's business structure and is expected to enhance AHIP's operating performance.

Over the past two years, AHIP has completed renovations at a majority of its Premium Branded hotels, including its five larger Embassy Suites hotels, which alone make up 15% of its Premium Branded hotel segment. These fully renovated, larger hotels are expected to generate market leading RevPAR growth during 2020.

AHIP will continue to focus on asset management to drive ADR-related revenue growth. This coupled with procurement savings along with improved productivity in key business processes should help maintain margins and offset some of the impacts of rising labor costs.

AHIP believes its properties are better suited to withstand the impacts of coronavirus compared to other U.S. hotel REITs, as its properties are located in secondary markets – not gateway cities, and have a rooms-only focus with limited meeting facilities. As such, AHIP has not seen any material impact from coronavirus on its operations so far. However, AHIP is now starting to see a slowdown in future guestroom and meeting room reservations. The effect of the coronavirus on the hotel industry, the overall U.S economy and our income levels are difficult to predict at this time. As a result, AHIP's board of directors approved adjusting our distribution as a prudent measure to preserve capital in this changing environment by way of a 29.6% reduction to AHIP's monthly cash distribution from $0.054 per Unit (or $0.648 per Unit annualized) to $0.038 per Unit (or $0.456 per Unit annualized). AHIP will retain approximately $15 million annually through this adjustment, which may be used for, among other things, strengthening the balance sheet, reducing leverage, further investing in AHIP's hotel properties to drive FFO growth or fund potential opportunistic accretive acquisitions. Please see "Distribution Policy" below for further information.

Our simplified and substantially renovated portfolio, revamped management agreement and new Credit Facility support our long-term objective to deliver a monthly U.S. dollar denominated income stream to unitholders.

FOURTH QUARTER HIGHLIGHTS AND KEY PERFORMANCE INDICATORS

(US$000s unless noted and except Units and per Unit amounts)	Three months ended December 31, 2019	Three months ended December 31, 2018	Twelve months ended December 31, 2019	Twelve months ended December 31, 2018
TOTAL PORTFOLIO INFORMATION (1)				
Number of rooms (2)	8,887	11,523	8,887	11,523
Number of properties (2)	79	112	79	112
Number of restaurants (2)	16	40	16	40
Occupancy rate	70.5%	72.5%	74.5%	76.0%
Average daily room rate	$ 102.52	$ 93.96	$ 99.79	$ 96.43
Revenue per available room	$ 72.28	$ 68.12	$ 74.34	$ 73.29
Revenues	$ 76,091	$ 79,555	$ 335,188	$ 338,561
Net operating income (3)	$ 23,913	$ 23,948	$ 111,792	$ 113,613
NOI Margin %	31.4%	30.1%	33.4%	33.6%
Net income (loss) and comprehensive income (loss)	$ (14,519)	$ (6,109)	$ (6,992)	$ 8,353
Diluted net income (loss) per Unit	$ (0.19)	$ (0.08)	$ (0.09)	$ 0.11
EBITDA (3)	$ 19,913	$ 19,341	$ 93,742	$ 93,839
EBITDA Margin %	26.2%	24.3%	28.0%	27.7%
FUNDS FROM OPERATIONS (FFO) (1)				
Funds from operations	$ 10,236	$ 9,866	$ 55,307	$ 55,648
Diluted FFO per Unit (4)(5)	$ 0.13	$ 0.13	$ 0.70	$ 0.70
FFO Payout Ratio - rolling four quarters	91.5%	91.0%	91.5%	91.0%
ADJUSTED FUNDS FROM OPERATIONS (AFFO) (1)				
Adjusted funds from operations	$ 9,236	$ 9,220	$ 49,905	$ 51,483
Diluted AFFO per Unit (4)(5)	$ 0.12	$ 0.12	$ 0.63	$ 0.65
AFFO Payout Ratio - rolling four quarters	101.4%	98.3%	101.4%	98.3%
Distributions	$ 12,657	$ 12,646	$ 50,580	$ 50,623
Distributions per unit	$ 0.162	$ 0.162	$ 0.648	$ 0.648
CAPITALIZATION AND LEVERAGE				
Debt-to-Gross Book Value (2)	56.3%	53.6%	56.3%	53.6%
Debt-to-EBITDA (trailing twelve-month basis)	8.3x	8.0x	8.3x	8.0x
Interest Coverage Ratio	2.2x	2.2x	2.6x	2.6x
Weighted average Debt face interest rate (2)	4.41%	4.65%	4.41%	4.65%
Weighted average Debt term to maturity (2)	5.5 years	6.4 years	5.5 years	6.4 years
Number of Units outstanding (2)	78,127,410	78,070,805	78,127,410	78,070,805
Diluted weighted average number of Units outstanding (4)	78,215,578	78,236,880	78,211,378	78,202,939

(US$000s unless noted and except Units and per Unit amounts)	Three months ended December 31, 2019	Three months ended December 31, 2018	Twelve months ended December 31, 2019	Twelve months ended December 31, 2018
BREAKDOWN OF CONTINUING AND DISCONTINUED OPERATIONS				
Revenues				
Continuing operations	$ 65,057	$ 61,745	$ 269,545	$ 266,003
Discontinued operations	11,034	17,810	65,643	72,558
Total revenues	$ 76,091	$ 79,555	$ 335,188	$ 338,561
Net income (loss) and comprehensive income (loss)				
Continuing operations	$ (5,479)	$ (3,758)	$ 2,181	$ 5,254
Discontinued operations	(9,040)	(2,351)	(9,173)	3,099
Net income (loss) and comprehensive income (loss)	$ (14,519)	$ (6,109)	$ (6,992)	$ 8,353
Diluted net income (loss) per unit				
Continuing operations	$ (0.07)	$ (0.05)	$ 0.03	$ 0.07
Discontinued operations	(0.12)	(0.03)	(0.12)	0.04
Diluted net income (loss) per unit	$ (0.19)	$ (0.08)	$ (0.09)	$ 0.11

(1) Refers to combined continuing and discontinued operations.
(2) At period end.
(3) Not adjusted for IFRIC 21 property taxes.
(4) Diluted weighted average number of Units calculated in accordance with IFRS included the 92,042 and 173,001 unvested Restricted Stock Units as at December 31, 2019 and December 31, 2018, respectively.
(5) The Debentures were not dilutive for FFO and dilutive for AFFO for the three months ended December 31, 2019 and not dilutive for FFO and AFFO for three months ended December 31, 2018. Therefore, Debenture finance costs of $611 were added back to AFFO for the three months ended December 31, 2019. The Debentures were dilutive for FFO and AFFO for the twelve months ended December 31, 2019 and 2018. Therefore, Debenture finance costs of $3,194 and $2,444 were added back to FFO and AFFO, respectively, for the twelve months ended December 31, 2019 (twelve months ended December 31, 2018 – $3,146 and $2,444 to FFO and AFFO, respectively). As a result, 5,283,783 Units issuable on conversion of the Debentures were added to the diluted weighted average number of Units outstanding for the applicable periods presented.

TOTAL PORTFOLIO OPERATIONAL AND FINANCIAL HIGHLIGHTS

Three months ended December 31, 2019:

For the three months ended December 31, 2019, total revenues decreased by $3.5 million (or 4.4%) to $76.1 million (2018 – $79.6 million) compared to the prior year as a result of the sale of the Economy Lodging Portfolio partially offset by the Acquisition of 12 Premium Branded hotels and higher income from hotels under renovation last year. Total portfolio RevPAR increased by 6.1% to $72.28 (2018 – $68.12) with ADR increasing by 9.1% to $102.52 (2018 – $93.96) and occupancy declined by 200 basis points to 70.5% (2018 – 72.5%), which reflected the impacts from renovated properties coupled with portfolio changes during the quarter. EBITDA increased by $0.6 million (or 3.0%) to $19.9 million (2018 – $19.3 million) as a result of lower corporate general and administrative costs. EBITDA margins improved by 190 basis points to 26.2% (2018 – 24.3%) for the reasons stated above.

Total net loss and comprehensive loss for the quarter was $14.5 million (2018 – $6.1 million) as a result of a $6.8 million loss on the sale of the Economy Lodging Portfolio and an impairment charge of $1.7 million related to two Premium Branded hotels recorded in the current quarter (2018 – $0.9 million).

FFO for the quarter increased by $370 thousand (or 3.8%) to $10.2 million (2018 – $9.9 million) as a result of higher income from properties under renovation last year. AFFO remained constant at $9.2 million (2018 – $9.2 million). Diluted FFO per Unit for the quarter was unchanged at $0.13 (2018 – $0.13) and diluted AFFO per Unit was $0.12 (2018 – $0.12).

Twelve months ended December 31, 2019:

For the twelve months ended December 31, 2019, total revenues decreased to $335.2 million (2018 – $338.6 million) as a result of an increased number of rooms being out of service during the current year caused by renovation related activity coupled with portfolio changes. Total portfolio RevPAR increased by 1.4% to $74.34 (2018 – $73.29) with ADR increasing by 3.5% to $99.79 (2018 – $96.43) and occupancy declined by 150 basis points to 74.5% (2018 – 76.0%) for the reasons stated above. EBITDA remained flat and EBITDA margins increased by 30 basis points to 28.0% (2018 – 27.7%) as a result of lower corporate and administrative expenses.

For the twelve months ended December 31, 2019, net loss and comprehensive loss was $7.0 million (2018 – income of $8.4 million) resulting from a $6.8 million loss on the sale of the Economy Lodging Portfolio and $2.9 million in impairment charges related to two Premium Branded hotels in the current year (2018 – $0.9 million)

FFO for the twelve months ended December 31, 2019 decreased by $341 thousand (or 0.6%) to $55.3 million (2018 – $55.6 million) and AFFO decreased by $1.6 million (or 3.1%) to $49.9 million (2018 – $51.5 million) as a result of the reasons noted above. Diluted FFO per Unit for the year was unchanged at $0.70 (2018 – $0.70) and diluted AFFO per Unit was $0.63 (2018 – $0.65).

As a result of the impact of seasonal fluctuations in FFO in any period, management considers a rolling four quarter FFO Payout Ratio more relevant for the purposes of assessing AHIP's distribution paying capacity than a payout ratio in any given quarter. As at December 31, 2019 on a rolling four quarter basis, AHIP's FFO Payout Ratio was consistent at 91.5% (2018 – 91.0%) with the elevated ratio reflecting the impact of properties under renovation.

RESULTS OF OPERATIONS

The following discussion highlights selected financial information for AHIP for the three and twelve months ended December 31, 2019 and 2018. This information should be read in conjunction with AHIP's annual audited consolidated financial statements and related notes for the years ended December 31, 2019 and 2018.

(US$000s unless noted and except Units and per Unit amounts)	Three months ended December 31, 2019	Three months ended December 31, 2018	Twelve months ended December 31, 2019	Twelve months ended December 31, 2018
Revenues	$ 65,057	$ 61,745	$ 269,545	$ 266,003
Hotel expenses	46,797	44,547	179,330	175,253
Net operating income (including IFRIC 21)	18,260	17,198	90,215	90,750
Depreciation and amortization	9,830	9,313	38,022	36,833
Income from operating activities	8,430	7,885	52,193	53,917
Corporate and administrative	2,987	3,675	14,680	15,992
Impairment of hotel assets	1,675	900	2,875	900
Business acquisition costs	-	13	-	381
Income before undernoted	3,768	3,297	34,638	36,644
Finance income	(6)	5	(15)	(20)
Finance costs	9,605	8,107	33,766	32,360
Income (loss) before income taxes	(5,831)	(4,815)	887	4,304
Current income tax expense (recovery)	18	(51)	41	172
Deferred income tax recovery	(370)	(1,006)	(1,335)	(1,122)
Net income (loss) and comprehensive income (loss) from continuing operations	(5,479)	(3,758)	2,181	5,254
Net income (loss) and comprehensive income (loss) from discontinued operations	(9,040)	(2,351)	(9,173)	3,099
Net income (loss) and comprehensive income (loss)	$ (14,519)	$ (6,109)	$ (6,992)	$ 8,353
Basic net income (loss) per Unit	$ (0.19)	$ (0.08)	$ (0.09)	$ 0.11
Diluted net income (loss) per Unit	$ (0.19)	$ (0.08)	$ (0.09)	$ 0.11
Basic weighted average number of Units outstanding	78,123,536	78,070,805	78,119,336	78,058,913
Diluted weighted average number of Units outstanding (1)	78,215,578	78,236,880	78,211,378	78,202,939

(1) Diluted weighted average number of Units calculated in accordance with IFRS included the 92,042 and 173,001 unvested Restricted Stock Units as at December 31, 2019 and December 31, 2018, respectively.

Total revenues from AHIP's Premium Branded hotels for the three months ended December 31, 2019 increased compared to the same period last year as a result of the Acquisition of 12 Premium Branded hotels in December 2019, coupled with post-renovation tailwinds at renovated properties in Ohio, Kentucky and Arizona.

Total revenues for the twelve months ended December 31, 2019 were also up for the same reasons as stated above. Hotel expenses consisted of hotel operating expenditures including labor costs, sales and marketing, franchise fees, energy, property maintenance, property taxes, insurance, and ground lease expense. Hotel expenses were higher for the three and twelve months ended December 31, 2019 than the prior year as a result of the new Acquisition and higher labor costs, supplies expense, property maintenance charges offset by lower property taxes.

Depreciation and amortization expenses consisted of depreciation charges on property, buildings and equipment, and amortization of intangible assets. Depreciation and amortization expenses for the three and twelve months ended December 31, 2019 increased over prior periods related to the new Acquisition.

Corporate and administrative expenses consisted of hotel management fees paid to the external hotel manager and general administrative expenses such as salaries, directors' fees, securities-based compensation, professional fees, and general administrative expenses. The following table is for continuing operations only:

(US$000s)	**Three months ended December 31, 2019**	**Three months ended December 31, 2018**	**Twelve months ended December 31, 2019**	**Twelve months ended December 31, 2018**
Hotel management fees	$ 1,870	$ 2,109	$ 8,412	$ 9,005
General administrative expenses	1,117	1,566	6,268	6,987
Total corporate and administrative expenses	$ 2,987	$ 3,675	$ 14,680	$ 15,992

The decrease in hotel management fees for the three and twelve months ended December 31, 2019 reflected amendments to the hotel management agreement effective July 1, 2019 which reduced base management fees for the existing portfolio.

(US$000s)	Three months ended December 31, 2019	Three months ended December 31, 2018	Twelve months ended December 31, 2019	Twelve months ended December 31, 2018
Interest on branded term loans and revolving credit facility	$ 7,588	$ 6,972	$ 28,387	$ 27,980
Interest expense on convertible debentures	611	611	2,444	2,444
Debt defeasance and other costs	1,409	-	1,409	-
Amortization of debt financing costs	269	312	1,185	1,189
Accretion of convertible debenture liability	102	96	403	380
Amortization of convertible debenture costs	88	82	347	322
Interest expense on lease liabilities	7	41	85	105
Other financing charges	34	-	34	-
Dividends on preferred shares	4	4	16	16
Amortization of mark-to-market adjustments	(13)	(11)	(50)	(76)
Changes in fair values of interest rate swap contracts	(494)	-	(494)	-
Total finance costs	$ 9,605	$ 8,107	$ 33,766	$ 32,360

For the three and twelve months ended December 31, 2019, total finance costs for continuing operations increased as a result of defeasance and other costs related to the early repayment of a term loan and increased interest expense on higher borrowings.

Income tax expense is comprised of current and deferred income taxes. Current income taxes and deferred income taxes are recognized in net earnings, except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income. Current income tax is the expected tax payable or receivable on the taxable income or loss for the period using tax rates enacted or substantively enacted by the reporting date, and any adjustment to tax payable in respect of previous years. Deferred income tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

TOTAL OPERATING STATEMENTS

(US$000s unless noted)	Three months ended December 31, 2019	Three months ended December 31, 2018	Twelve months ended December 31, 2019	Twelve months ended December 31, 2018
Number of rooms [1]	8,887	11,523	8,887	11,523
Number of properties [1]	79	112	79	112
Number of restaurants [1]	16	40	16	40
Occupancy rate	70.5%	72.5%	74.5%	76.0%
Average daily rate [2]	$ 102.52	$ 93.96	$ 99.79	$ 96.43
Revenue per available room	$ 72.28	$ 68.12	$ 74.34	$ 73.29
REVENUES				
Rooms	$ 69,455	$ 72,288	$ 305,341	$ 309,440
Food, beverage and other	6,636	7,267	29,847	29,121
TOTAL REVENUES	76,091	79,555	335,188	338,561
EXPENSES				
Operating expenses	40,978	43,538	175,254	175,698
Energy	3,097	3,389	14,126	14,611
Property maintenance	3,893	3,789	16,071	15,782
Taxes, insurance and ground lease [3]	4,210	4,891	17,945	18,857
TOTAL EXPENSES	52,178	55,607	223,396	224,948
NET OPERATING INCOME	$ 23,913	$ 23,948	$ 111,792	$ 113,613
NOI Margin %	*31.4%*	*30.1%*	*33.4%*	*33.6%*

(1) At period end.
(2) ADR reflects inclusion of guaranteed rail crew room revenues.
(3) Not adjusted for IFRIC 21 property taxes.

Three months ended December 31, 2019:

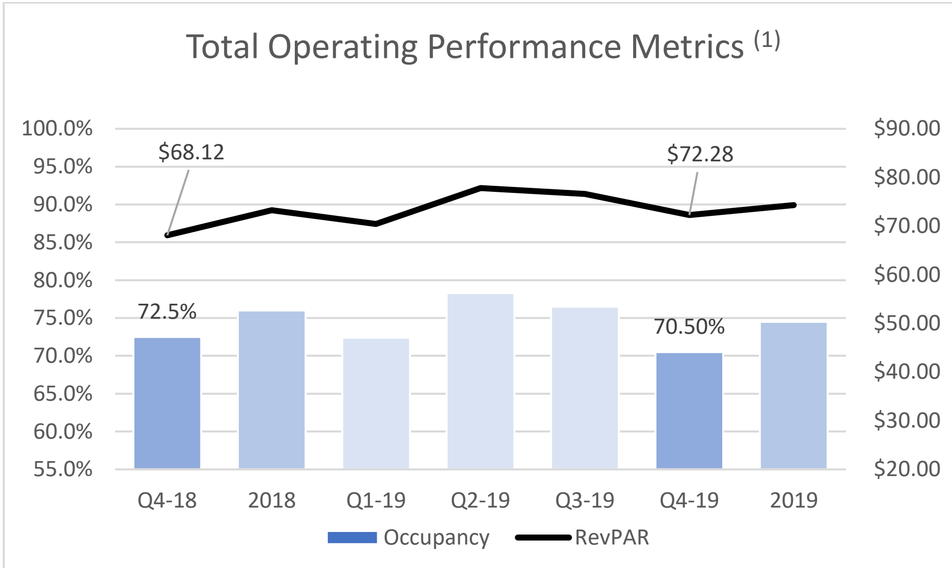
Total revenues for the three months ended December 31, 2019 decreased by $3.5 million (or 4.4%) to $76.1 million (2018 – $79.6 million) resulting from the sale of the Economy Lodging Portfolio offset by the Acquisition of 12 Premium Branded hotels during the fourth quarter and post-renovation tailwinds at renovated properties.

Total portfolio RevPAR for the quarter increased by 6.1% from 2018 with ADR increasing by 9.1% and occupancy decreasing by 200 basis points. Total NOI was unchanged at $23.9 million (2018 – $23.9 million) as a result of portfolio changes as described above. NOI margin increased by 130 basis points to 31.4% (2018 – 30.1%) due to lower property taxes.

Twelve months ended December 31, 2019:

Total revenues for the twelve months ended December 31, 2019, decreased by $3.4 million (or 1.0%) to $335.2 million (2018 – $338.6 million) from the changes in the portfolio. Specifically, total portfolio RevPAR increased by 1.4% related to displacement from hotels under renovation during the second and third quarters offset by the newly acquired hotels in the fourth quarter. Total portfolio NOI decreased by

$1.8 million (or 1.6%) to $111.8 million (2018 – $113.6 million) and NOI margins decreased by 20 basis points to 33.4% (2018 – 33.6%) also related to the reasons described above.



(1) All figures reflect combined continuing and discontinued operations.

PREMIUM BRANDED HOTELS OPERATING STATEMENTS

(US$000s unless noted)	Three months ended December 31, 2019	Three months ended December 31, 2018	Twelve months ended December 31, 2019	Twelve months ended December 31, 2018
Number of rooms (1)	8,887	7,684	8,887	7,684
Number of properties (1)	79	67	79	67
Number of restaurants (1)	16	14	16	14
Occupancy rate	72.3%	72.6%	76.7%	77.5%
Average daily rate	$ 112.00	$ 111.33	$ 114.74	$ 114.46
Revenue per available room	$ 80.98	$ 80.83	$ 88.01	$ 88.71
REVENUES				
Rooms	$ 60,064	$ 57,173	$ 249,802	$ 248,667
Food, beverage and other	4,993	4,572	19,743	17,336
TOTAL REVENUES	65,057	61,745	269,545	266,003
EXPENSES				
Operating expenses	36,514	33,716	141,273	137,073
Energy	2,559	2,482	10,603	10,690
Property maintenance	3,135	2,711	12,244	11,525
Taxes, insurance and ground lease (2)	3,734	4,188	15,210	15,965
TOTAL EXPENSES	45,942	43,097	179,330	175,253
NET OPERATING INCOME	$ 19,115	$ 18,648	$ 90,215	$ 90,750
NOI Margin %	*29.4%*	*30.2%*	*33.5%*	*34.1%*

(1) At period end.
(2) Not adjusted for IFRIC 21 property taxes.

Three months ended December 31, 2019:

For Premium Branded hotels, total revenues for the three months ended December 31, 2019 increased by $3.3 million (or 5.4%) to $65.1 million (2018 – $61.7 million) as a result of the Acquisition and higher revenues from hotels previously under renovation, partially offset by hotels impacted by renovations and new supply.

For the three months ended December 31, 2019, RevPAR grew in Kentucky and Ohio as a result of post-renovation tailwinds with growth rates of 17.3% and 10.0%, respectively. Strong demand also contributed to RevPAR growth in Maryland, Arizona, and Virginia with RevPAR growing by 7.8%, 6.1% and 5.6%, respectively. New supply in Amarillo and Oklahoma impacted those properties with RevPAR declines of 14.6% and 14.5%, respectively. RevPAR declines of 4.9% were also experienced in North Carolina as a result of hurricane related demand last year.

Net operating income increased by $0.5 million (or 2.5%) to $19.1 million (2018 – $18.6 million) as a result of higher revenues, as noted above, offset by higher labor costs and maintenance expense. NOI margins decreased by 80 basis points to 29.4% (2018 – 30.2%) for the reasons stated above.

Twelve months ended December 31, 2019:

Total revenues for the twelve months ended December 31, 2019 increased by $3.5 million (or 1.3%) to $269.5 million (2018 – $266.0 million) for the reasons stated above.

For the twelve months ended December 31, 2019, positive RevPAR growth was experienced in Kentucky, Arizona, and Ohio as a result of post-renovation tailwinds with RevPAR increases of 14.5%, 5.0%, and 2.3%, respectively. Renovation related activity caused RevPAR declines in Tennessee and Florida with RevPAR declines of 8.5% and 2.4%, respectively. New supply caused RevPAR declines in Oklahoma, Amarillo and New Jersey with RevPAR down 11.3%, 7.1%, and 3.2%, respectively. Higher labor costs and maintenance expense offset by lower property taxes resulted in lower NOI and margins.

SAME PROPERTY OPERATING METRICS

A property must be owned and operated for the entire year in both reporting periods for inclusion in same property operating metrics. As such, properties acquired and sold during the comparable reporting period are not included in the same property tables. The table below shows the operating results for the 67 Premium Branded hotels owned as of January 1, 2018.

(US$000s unless noted)	Three months ended December 31, 2019	Three months ended December 31, 2018	Twelve months ended December 31, 2019	Twelve months ended December 31, 2018
Number of properties	67	67	67	67
Occupancy rate	72.7%	72.6%	76.8%	77.5%
Average daily rate	$ 112.05	$ 111.33	$ 114.78	$ 114.46
Revenue per available room	$ 81.46	$ 80.83	$ 88.15	$ 88.71
REVENUES				
Rooms	$ 57,615	$ 57,173	$ 247,352	$ 248,667
Food and beverage	3,758	3,390	14,116	12,749
Other	1,159	1,182	5,552	4,587
TOTAL REVENUES	62,532	61,745	267,020	266,003
EXPENSES				
Operating expenses	35,000	33,716	139,762	137,073
Energy	2,452	2,482	10,497	10,690
Property maintenance	2,995	2,711	12,104	11,525
Taxes and insurance (1)	3,557	4,188	15,038	15,965
TOTAL EXPENSES	44,004	43,097	177,401	175,253
NET OPERATING INCOME	$ 18,528	$ 18,648	$ 89,619	$ 90,750
NOI Margin %	*29.6%*	*30.2%*	*33.6%*	*34.1%*

(1) Not adjusted for IFRIC 21 property taxes.

Three months ended December 31, 2019:

For same property hotels, total revenues for the three months ended December 31, 2019 increased by $787 thousand (or 1.3%) to $62.5 million (2018 – $61.7 million) as a result of higher room, food and beverage, and parking revenues from a strong recovery of hotels previously under renovation, partially offset by certain properties currently under renovation and by hotels impacted by new supply.

For the three months ended December 31, 2019, there was positive RevPAR growth in Kentucky, Ohio, Maryland, and Virginia, which saw RevPAR increases of 17.3%, 10.0%, 7.8%, and 5.6%, respectively, as a result of post-renovation tailwinds and strong demand. RevPAR declines of 14.5%, 9.2% and 4.9% occurred in Oklahoma, Texas, and North Carolina, respectively, as a result of new supply and lower demand, and non-repeating hurricane-related business in North Carolina. Higher labor costs and maintenance expense offset by lower property taxes contributed in part to lower NOI and flat NOI margins.

For the 62 same property hotels not under renovation during the quarter ("**Q4 2019 Non-Renovation Hotels**"), total revenues increased by $1.9 million (or 3.4%) led by improved operating results from larger hotels that were under renovation last year. RevPAR for the Q4 2019 Non-Renovation Hotels increased by 2.3% led by occupancy gains of 120 basis points to 74.0% (2018 – 72.8%) and ADR increases of 0.6% to $112.08 (2018 – $111.43), respectively. NOI increased by 4.5% to $18.0 million (2018 – $17.2 million) and NOI margins improved by 30 basis points to 31.3% (2018 – 31.0%).

Twelve months ended December 31, 2019:

Total revenues for the twelve months ended December 31, 2019 increased by $1.0 million (or 0.4%) to $267.0 million (2018 – $266.0 million) as a result of higher food and beverage revenues from the renovated Embassy Suites properties, and increased parking revenue.

For the twelve months ended December 31, 2019, positive RevPAR growth was experienced in Kentucky, Arizona, and North Carolina, which saw RevPAR increases of 14.5%, 5.0%, and 2.5%, respectively as a result of renovation related tailwinds and strong demand. Renovation related activity caused RevPAR declines of 8.5% in Tennessee and 2.4% in Florida. New supply related RevPAR declines of 11.3% and 4.0% were experienced in Oklahoma and Pittsburgh. Higher labor costs and maintenance expense offset by lower property taxes resulted in lower NOI and NOI margins.

During the twelve months ended December 31, 2019, renovation-related displacement occurred at nine hotels, representing 1,097 rooms (or 14% of total same-property rooms). For the 58 same property hotels not under renovation ("**2019 Non-Renovation Hotels**"), total revenues for the 2019 Non-Renovation Hotels increased by approximately $5.8 million (or 2.6%) as a result of improved food and beverage and other revenues from larger hotels that were under renovation last year. RevPAR for these hotels not under renovation increased by 1.3% to $88.82 (2018 – $87.70) with occupancy increasing by 60 basis points to 77.9% (2018 – 77.3%) and ADR increasing by 0.5% to $114.01 (2018 – $113.45). NOI increased by $2.2 million (or 2.8%) to $78.8 million (2018 – $76.7 million) and NOI margin increased to 34.4% (2018 – 34.3%).

FUNDS FROM OPERATIONS ("FFO") AND ADJUSTED FUNDS FROM OPERATIONS ("AFFO")

Net income (loss) and comprehensive income (loss) reconciled to FFO and AFFO is calculated as follows including results for both continuing and discontinued operations:

(US$000s unless noted and except Unit and per Unit amounts) [1]	**Three months ended December 31, 2019**	**Three months ended December 31, 2018**	**Twelve months ended December 31, 2019**	**Twelve months ended December 31, 2018**
Net income (loss) and comprehensive income (loss)	$ (14,519)	$ (6,109)	$ (6,992)	$ 8,353
Add/(deduct):				
Economy Lodging Portfolio sale transaction costs	-	-	2,501	-
Loan defeasance costs	1,409	-	1,409	-
Depreciation and amortization	9,840	11,616	43,321	45,292
Impairment of hotel assets	1,675	900	2,875	900
Loss on disposal of assets	6,810	816	6,876	2,790
Business acquisition costs	-	21	-	584
IFRIC 21 property taxes	1,309	1,839	-	-
Changes in fair values of interest rate swap contracts	(494)	1,575	2,179	(726)
Deferred income tax expense (recovery)	4,206	(792)	3,138	(1,545)
Funds from operations ("FFO")	$ 10,236	$ 9,866	$ 55,307	$ 55,648
Add/(deduct):				
Securities-based compensation expense	141	345	437	971
Amortization of finance costs	490	580	2,311	2,244
Actual maintenance capital expenditures	(1,631)	(1,571)	(8,150)	(7,380)
Adjusted Funds from operations ("AFFO")	$ 9,236	$ 9,220	$ 49,905	$ 51,483
Diluted weighted average number of Units outstanding [2]	78,215,578	78,236,880	78,211,378	78,202,939
Diluted FFO per Unit [3]	$ 0.13	$ 0.13	$ 0.70	$ 0.70
Diluted AFFO per Unit [3]	$ 0.12	$ 0.12	$ 0.63	$ 0.65

(1) All figures reflect combined continuing and discontinued operations.

(2) Diluted weighted average number of Units calculated in accordance with IFRS included the 92,042 and 173,001 unvested Restricted Stock Units as at December 31, 2019 and December 31, 2018, respectively.

(3) The Debentures were not dilutive for FFO and dilutive for AFFO for the three months ended December 31, 2019 and not dilutive for FFO and AFFO for three months ended December 31, 2018. Debenture finance costs of $611 were added back to AFFO for the three months ended December 31, 2019. The Debentures were dilutive for FFO and AFFO for the twelve months ended December 31, 2019 and 2018, respectively. Therefore, Debenture finance costs of $3,194 and $2,444 were added back to FFO and AFFO for the twelve months ended December 31, 2019 (twelve months ended December 31, 2018 – $3,146 and $2,444 to FFO and AFFO, respectively). As a result, 5,283,783 Units issuable on conversion of the Debentures were added to the diluted weighted average number of Units outstanding for the applicable periods presented.

For the three months ended December 31, 2019, FFO was $10.2 million (2018 – $9.9 million) and diluted FFO per Unit was $0.13 (2018 – $0.13). For the twelve months ended December 31, 2019, FFO was $55.3 million (2018 – $55.6 million) and diluted FFO per Unit was $0.70 (2018 – $0.70). FFO for the three and twelve months ended December 31, 2019 remained consistent as a result of the Acquisition of 12 Premium Branded hotels offset by the sale of the Economy Lodging Portfolio, and the recovery of properties under renovation in the prior year offset by displacement in hotels under renovation in the current year.

Total AFFO for the three months ended December 31, 2019 was unchanged at $9.2 million (2018 – $9.2 million). Diluted AFFO per Unit for such period was $0.12 (2018 – $0.12). Total AFFO for the twelve months ended December 31, 2019 was $49.9 million (2018 – $51.5 million). Diluted AFFO per Unit for such period was $0.63 (2018 – $0.65).

ROLLING FOUR QUARTER FFO AND AFFO PAYOUT RATIO

As a result of the impact of seasonal fluctuations in FFO in any period, management considers a rolling four quarter FFO Payout Ratio more relevant for the purposes of assessing AHIP's distribution paying capacity than a payout ratio in any given quarter. The calculations are presented below:

FFO PAYOUT RATIO (1)

AHIP's FFO Payout Ratio for the four quarters ended December 31, 2019 is calculated as follows:

(US$000s unless noted)	Trailing 12 months ended December 31, 2019	Q4 2019	Q3 2019	Q2 2019	Q1 2019
Distributions	$ 50,580	$ 12,657	$ 12,689	$ 12,677	$ 12,557
FFO	55,307	10,236	15,620	18,050	11,401
FFO Payout Ratio	91.5%				

(1) All figures reflect combined continuing and discontinued operations.

AHIP's FFO Payout Ratio for the four quarters ended December 31, 2018 is calculated as follows:

(US$000s unless noted)	Trailing 12 months ended December 31, 2018	Q4 2018	Q3 2018	Q2 2018	Q1 2018
Distributions	$ 50,623	$ 12,646	$ 12,645	$ 12,667	$ 12,665
FFO	55,648	9,866	16,355	18,074	11,353
FFO Payout Ratio	91.0%				

(1) All figures reflect combined continuing and discontinued operations.

AFFO PAYOUT RATIO [1]

AHIP's AFFO Payout Ratio for the four quarters ended December 31, 2019 is calculated as follows:

(US$000s unless noted)	Trailing 12 months ended December 31, 2019	Q4 2019	Q3 2019	Q2 2019	Q1 2019
Distributions	$ 50,580	$ 12,657	$ 12,689	$ 12,677	$ 12,557
AFFO	49,905	9,236	14,073	16,649	9,947
AFFO Payout Ratio	101.4%				

(1) All figures reflect combined continuing and discontinued operations.

AHIP's AFFO Payout Ratio for the four quarters ended December 31, 2018 is calculated as follows:

(US$000s unless noted)	Trailing 12 months ended December 31, 2018	Q4 2018	Q3 2018	Q2 2018	Q1 2018
Distributions	$ 50,623	$ 12,646	$ 12,645	$ 12,667	$ 12,665
AFFO	51,483	9,220	15,132	17,227	9,904
AFFO Payout Ratio	98.3%				

(1) All figures reflect combined continuing and discontinued operations.

On March 10, 2020, the Board of Directors of the General Partner approved a change in AHIP’s distribution policy to $0.456 per Unit annually starting with the March 2020 monthly distribution payable in April 2020. Taking into account this adjustment to AHIP’s distribution policy, AHIP’s pro-forma FFO Payout Ratio and pro-forma AFFO Payout Ratio for the trailing twelve months ended December 31, 2019 would have been 64.2% and 71.2%, respectively, using diluted units outstanding as at December 31, 2019.

RECONCILIATION OF CASH FLOW FROM OPERATING ACTIVITIES TO TOTAL AFFO

In calculating AFFO, AHIP made certain adjustments to cash flow from operating activities as follows:

(US$000s unless noted)	Three months ended December 31, 2019	Three months ended December 31, 2018	Twelve months ended December 31, 2019	Twelve months ended December 31, 2018
Cash flows from continuing operations	$ 22,061	$ 12,000	$ 52,593	$ 49,204
Cash flows from discontinued operations	(4,357)	2,089	2,746	12,111
Total cash flows from operations	$ 17,704	$ 14,089	$ 55,339	$ 61,315
Add/(deduct):				
Changes in non-cash working capital	(15,159)	(6,055)	(7,702)	(3,495)
Business acquisition costs	-	21	-	584
Securities-based compensation	59	296	405	409
IFRIC 21 property taxes	1,309	1,839	-	-
Amortization of other liabilities	5	44	22	168
Interest paid	8,436	9,498	30,628	35,670
Interest expense	(8,203)	(8,941)	(27,868)	(35,788)
Economy Lodging Portfolio sale transaction costs	-	-	2,501	-
Adjustments from discontinued operations	6,716	-	4,730	-
Actual maintenance capital expenditures	(1,631)	(1,571)	(8,150)	(7,380)
TOTAL AFFO	$ 9,236	$ 9,220	$ 49,905	$ 51,483

DISTRIBUTIONS DECLARED COMPARED TO CASH FLOWS FROM OPERATING ACTIVITIES

(US$000s)	Three months ended December 31, 2019	Three months ended December 31, 2018	Twelve months ended December 31, 2019	Twelve months ended December 31, 2018
Cash flows from continuing operations	$ 22,061	$ 12,000	$ 52,593	$ 49,204
Cash flows from discontinued operations	(4,357)	2,089	2,746	12,111
Total cash flows from operations	$ 17,704	$ 14,089	$ 55,339	$ 61,315
Distributions	12,657	12,646	50,580	50,623
Excess of cash flow to distributions	$ 5,047	$ 1,443	$ 4,759	$ 10,692

For the three months ended December 31, 2019, total cash flows from operating activities were higher than distributions declared. The change in cash flows compared to the prior period was the result of the addition of 12 Premium Branded hotels. This was partially offset by costs related to the sale of Economy Lodging Portfolio including transaction fees, professional fees and property improvement costs.

For the twelve months ended December 31, 2019, total cash flows from operating activities were higher than distributions declared with the year-over-year increase due to changes in the portfolio described above, properties under renovation, the government shutdown during the first quarter of 2019 and working capital changes during the year.

DISTRIBUTION POLICY

Effective with the March 2020 distribution, the Board of Directors of the General Partner revised AHIP's distribution policy, which is now to declare and pay monthly cash distributions of $0.038 per Unit (or $0.456 per Unit on an annualized basis) to maintain a conservative FFO Payout Ratio. Immediately prior to this change, AHIP's policy was to declare and pay monthly cash distributions $0.054 per Unit (or $0.648 per Unit on an annualized basis). Distributions declared will be paid to unitholders of record at the close of business on the last business day of each month on or about the 15th day of the following month.

The Board of Directors of the General Partner, in consultation with management of AHIP, continually evaluate AHIP's distribution policy, with a focus on maximizing unitholder value. The new distribution rate will result in AHIP retaining approximately $15 million of additional capital annually. AHIP intends to use this retained capital to, among other things, strengthen the balance sheet, reduce leverage in order to create capacity for mitigating the potential impacts of coronavirus, further invest in AHIP's hotel properties to drive FFO growth or fund potential opportunistic accretive acquisitions.

The declaration of distributions is subject to the discretion of the Board of Directors of the General Partner and is evaluated periodically and may be revised, see "Risk Factors"

DISTRIBUTION SUMMARY

AHIP declared the following cash distributions to unitholders of record from January 1, 2019 to December 31, 2019 as follows:

Month	Record Date	Payment Date	Distribution per Unit	Amount ($000s)
January 2019	January 31, 2019	February 15, 2019	$ 0.054	$ 4,218
February 2019	February 28, 2019	March 15, 2019	0.054	4,218
March 2019	March 29, 2019	April 15, 2019	0.054	4,121 (1) (2)
April 2019	April 30, 2019	May 15, 2019	0.054	4,218
May 2019	May 31, 2019	June 14, 2019	0.054	4,218
June 2019	June 28, 2019	July 15, 2019	0.054	4,241 (1)
July 2019	July 31, 2019	August 15, 2019	0.054	4,218
August 2019	August 30, 2019	September 13, 2019	0.054	4,218
September 2019	September 30, 2019	October 15, 2019	0.054	4,253 (1)
October 2019	October 31, 2019	November 15, 2019	0.054	4,218
November 2019	November 29, 2019	December 13, 2019	0.054	4,218
December 2019	December 31, 2019	January 15, 2020	0.054	4,221 (1)
Totals			$ 0.648	$ 50,580

(1) Quarterly amounts include distributions accrued on unvested Restricted Stock Units.

(2) Distributions for the month of March 2019 were $4,218 and were reduced by reversal of distributions accrued on unvested Restricted Stock Units that were cancelled during the first quarter of 2019.

Distributions totaling $12.7 million were declared during the three months ended December 31, 2019 (December 31, 2018 – $12.6 million) and $50.6 million were declared during the twelve months ended December 31, 2019 (December 31, 2018 – $50.6 million). Of the distributions declared, $4.2 million (December 31, 2018 – $4.2 million) was included in accounts payable and accrued liabilities as at December 31, 2019 and subsequently paid on January 15, 2020.

Per Unit	**Q4 2019**	**Q3 2019**	**Q2 2019**	**Q1 2019**	**Q4 2018**	**Q3 2018**	**Q2 2018**	**Q1 2018**
Annualized distribution	$ 0.648	$ 0.648	$ 0.648	$ 0.648	$ 0.648	$ 0.648	$ 0.648	$ 0.648
Period-end Cdn$ TSX Closing Price	$ 7.04	$ 6.68	$ 6.70	$ 7.19	$ 6.34	$ 9.17	$ 8.32	$ 7.91
Annualized distribution yield on Closing Price (%) (1)	12.2%	12.9%	12.7%	12.0%	13.9%	9.2%	10.3%	10.6%

(1) Converted at the Bank of Canada period end exchange rate.

AHIP's Board of Directors has revised its distribution to $0.456 per Unit annually starting with the March 2020 monthly distribution payable in April 2020 (see "Distribution Policy" above). AHIP's pro-forma annualized distribution yield on Closing Price using the revised distribution as at December 31, 2019 would have been 8.6%.

TAXATION OF DISTRIBUTIONS

For 2019, 92.1% of AHIP's distributions were considered return of capital and 7.9% were considered taxable dividend income. Unitholders should consult their own tax advisors or investment advisors for advice with respect to the tax consequences of their investment in Units based on their particular circumstances.

PART III

SUMMARY OF QUARTERLY RESULTS

In accordance with Item 1.5 of Form 51-102F1 – *Management's Discussion & Analysis*, quarterly information is presented for the prior eight quarters:

(US$000s except Units and per Unit amounts)	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018
TOTAL PORTFOLIO								
Revenues (1)	$ 76,091	$ 88,519	$ 90,047	$ 80,531	$ 79,555	$ 88,029	$ 89,911	$ 81,066
NOI – inc. IFRIC 21 (1)	22,604	29,754	34,019	25,415	22,109	30,617	35,513	25,374
Net income (loss) and comprehensive income (loss) (1)	(14,519)	2,143	5,840	(456)	(6,109)	4,232	8,854	1,376
FFO (1)	$ 10,236	$ 15,620	$ 18,050	$ 11,401	$ 9,866	$ 16,355	$ 18,074	$ 11,353
AFFO (1)	9,236	14,073	16,649	9,949	9,220	15,132	17,227	9,904
Distributions	12,657	12,689	12,677	12,557	12,646	12,645	12,667	12,665
Total assets (1)	$1,246,328	$1,255,168	$1,253,348	$1,260,338	$1,263,177	$1,280,743	$1,281,313	$1,295,473
Total debt (1)	774,901	776,130	766,939	762,752	754,372	755,935	754,180	755,926
Weighted average number of Units outstanding (000s) (1)	78,124	78,121	78,119	78,114	78,071	78,062	78,062	78,048
AMOUNTS ON PER UNIT BASIS (1)								
Diluted net income (loss) per Unit	$ (0.19)	$ 0.03	$ 0.07	$ (0.01)	$ (0.08)	$ 0.05	$ 0.11	$ 0.02
Diluted FFO per Unit	0.13	0.20	0.23	0.15	0.13	0.21	0.23	0.15
Diluted AFFO per Unit	0.12	0.18	0.21	0.13	0.12	0.19	0.21	0.13
BREAKDOWN OF CONTINUING AND DISCONTINUED OPERATIONS								
Revenues								
Cont. Operations	$ 65,057	$ 69,253	$ 71,693	$ 63,542	$ 61,745	$ 68,554	$ 71,421	$ 64,283
Disc. Operations	11,034	19,266	18,354	16,989	17,810	19,475	18,490	16,783
Total Revenues	76,091	88,519	90,047	80,531	79,555	88,029	89,911	81,066
Net income (loss) and comprehensive income (loss)								
Cont. Operations	$ (5,479)	$ 1,374	$ 6,427	$ (141)	$ (3,758)	$ 2,110	$ 6,922	$ (20)
Disc. Operations	(9,040)	769	(587)	(315)	(2,351)	2,122	1,932	1,396
Net income (loss) and comprehensive income (loss)	$ (14,519)	$ 2,143	$ 5,840	$ (456)	$ (6,109)	$ 4,232	$ 8,854	$ 1,376
Diluted net income (loss) per Unit								
Cont. Operations	$ (0.07)	$ 0.02	$ 0.08	$ -	$ (0.05)	$ 0.02	$ 0.09	$ -
Disc. Operations	(0.12)	0.01	(0.01)	(0.01)	(0.03)	0.03	0.02	0.02
Diluted net income (loss) per Unit	(0.19)	0.03	0.07	(0.01)	(0.08)	0.05	0.11	0.02

(1) Reflects combined continuing and discontinued operations.

The hotel industry is seasonal in nature. Occupancy rates, revenues and operating results experienced by hotels located in the U.S. are generally greater in the second and third quarters of the calendar year than in the first and fourth quarters. These fluctuations may impact earnings, cash flow and payout ratios.

LIQUIDITY

The principal liquidity needs of AHIP are for working capital requirements, debt servicing and repayment obligations, distributions to unitholders, maintenance capital expenditures, and future hotel acquisitions.

Cash flows from operating activities, cash on hand and AHIP's Credit Facility represents the primary sources of liquidity. Cash flows from operations are dependent upon hotel operations including occupancy levels, room rates and operating costs. AHIP will repay maturing debt with proceeds from refinancing such debt and raise new equity by issuing Units from treasury to finance its investment activities.

The following table provides an overview of AHIP's change in cash from operating, investing and financing activities for the three and twelve months ended December 31, 2019 and 2018:

(US$000s)	Three months ended December 31, 2019	Three months ended December 31, 2018	Twelve months ended December 31, 2019	Twelve months ended December 31, 2018
Continuing operations net change in cash:				
Operating activities	$ 22,061	$ 12,000	$ 52,593	$ 49,204
Investing activities	$ (13,552)	$ 3,306	$ (35,506)	$ (5,223)
Financing activities	$ 116,313	$ (13,165)	$ 96,459	$ (54,271)
	$ 124,822	$ 2,141	$ 113,546	$ (10,290)
Discontinued operations net change in cash	(118,677)	469	(112,334)	14,992
Change in cash	$ 6,145	$ 2,610	$ 1,212	$ 4,702

The change in cash was largely due to the following activities:

Three months ended December 31, 2019:

- Net cash provided from operating activities for the three months ended December 31, 2019 was $22.1 million (2018 – $12.0 million) as a result of working capital changes;
- Net cash used in investing activities for the three months ended December 31, 2019 was $13.6 million (2018 – net cash provided $3.3 million), which reflected proceeds on disposal of the Economy Lodging Portfolio offset by the Acquisition of the 12 Premium Branded hotels;
- Net cash generated from financing activities for the three months ended December 31, 2019 was $116.3 million (2018 – cash used $13.2 million) due to new borrowings related to portfolio changes in the current quarter; and
- Net cash used in discontinued operations for the current quarter was $118.7 million (2018 – net cash provided $0.5 million) related to the sale of the Economy Lodging Portfolio including repayment of related loans.

Twelve months ended December 31, 2019:

- Net cash provided from operating activities for the twelve months ended December 31, 2019 was $52.6 million (2018 – $49.2 million), which reflected changes in working capital between periods;

- Net cash used in investing activities for the twelve months ended December 31, 2019 was $35.5 million (2018 – $5.2 million) which reflected changes in the portfolio described above coupled with higher capital expenditures in the current year;
- Net cash generated from financing activities for the twelve months ended December 31, 2019 was $96.5 million (2018 – cash used $54.3 million) as a result of the portfolio changes noted above; and
- Net cash used in discontinued operations for the twelve months ended December 31, 2019 was $112.3 million (2018 – net cash provided $15.0 million) related to the sale of the Economy Lodging Portfolio.

CONTRACTUAL OBLIGATIONS

The following table summarizes the face value of AHIP's contractual obligations over the next five fiscal years and thereafter for AHIP's Premium Branded hotels.

(US$000s)	TOTAL	2020	2021	2022	2023	2024	Thereafter
Term loans and revolving credit facility	$ 725,314	$ 4,237	$ 4,739	$ 60,543	$ 80,967	$ 224,537	$ 350,291
Convertible debenture	48,875	-	-	48,875	-	-	-
Other obligations	23,000	23,000	-	-	-	-	-
Operating leases	4,066	222	222	211	201	200	3,010
Finance lease liabilities	712	268	255	158	31	-	-
Purchase obligations	1,278	350	256	216	167	114	175
Total	$ 803,245	$ 28,077	$ 5,472	$ 110,003	$ 81,366	$ 224,851	$ 353,476

In addition to the above, AHIP's operating subsidiaries pay management and franchise fees to an external hotel manager and various franchisors based on the revenues of the hotels.

CAPITAL EXPENDITURES

When AHIP acquires a Premium Branded hotel property, under the terms of the applicable franchise agreement, an AHIP subsidiary is typically required to complete various PIPs within 18 to 24 months of the acquisition date. The PIPs are intended to renovate the hotel property to the franchisor's current standards and optimize operating performance and ensure the hotels remain competitive within their respective market segments. AHIP's operating subsidiaries have entered into contracts or commitments with various suppliers to provide products and services in compliance with these PIPs. Partial payments for these items are held in escrow by AHIP's lenders as restricted cash and funds are disbursed in the ordinary course of business. In addition, on a regular basis, AHIP is required by its lenders to escrow FF&E Reserves over the term of the respective loans. As at December 31, 2019, AHIP's cash balance was $17.8 million (December 31, 2018 – $16.6 million), its restricted cash balance was $28.8 million (December 31, 2018 – $36.5 million) including $8.8 million (December 31, 2018 – $20.6 million) available to fund PIP renovations. In some cases, the renovations may impact hotel operations including some guest displacement, which may materially affect quarterly results. AHIP actively works with its external hotel manager to minimize potential disruptions.

During 2019, the following hotel properties completed significant PIP renovation projects:

	Completed Renovation Dates			
Hotel Name and Guestrooms	Q1 2019	Q2 2019	Q3 2019	Q4 2019
Embassy Suites Columbus (284 guestrooms)	Completed			
Staybridge Suites Tampa (100 guestrooms)	Completed			
Residence Inn White Marsh (131 guestrooms)	Completed			
Fairfield Inn & Suites Jacksonville (89 guestrooms)	X	Completed		
Residence Inn Chattanooga (109 guestrooms)	X	X	Completed	
Homewood Suites Allentown (108 guestrooms)		X	Completed	
Homewood Suites Bethlehem (113 guestrooms)		X	Completed	
Homewood Suites Dover (108 guestrooms)		X	X	Completed
Holiday Inn Express Fort Myers (111 guestrooms)			X	Completed
Holiday Inn Express Sarasota (101 guestrooms)			X	Completed
Embassy Suites Tempe (224 guestrooms)		X	Completed	
Embassy Suites Cleveland (271 guestrooms)		X	X	Completed
TownePlace Suites Chattanooga (87 guestrooms)				Completed

During 2020, the following hotel properties are scheduled to undergo significant PIP renovations projects:

	Scheduled Renovation Dates			
Hotel Name and Guestrooms	Q1 2020	Q2 2020	Q3 2020	Q4 2020
Hampton Inn Woodward (81 guestrooms)	X	X		
Fairfield Inn Amarillo Airport (79 guestrooms)	X	X		
Hampton Inn White Marsh (127 guestrooms)			X	X
Hampton Inn Arundel Mills (130 guestrooms)			X	X
Hilton Garden Inn Milford (120 guestrooms)			X	X
Fairfield Inn Ocoee (80 guestrooms)				X

GROUND AND AIR RIGHTS LEASES

Certain hotels are subject to non-cancellable leases as at December 31, 2019 as follows:

Hotel Properties	Lease Type	Lease Expiration Date
Embassy Suites Cincinnati, Covington, KY (1)	Air rights lease	July 1, 2040
SpringHill Suites, Bellport, NY (2)	PILOT lease	November 30, 2021

(1) AHIP has four renewal options of 25 years each, subject to certain terms and conditions, to extend the lease to 2140.

(2) AHIP is part of the PILOT (payment-in-lieu-of property taxes) program and is responsible for all operating costs other than property taxes, which are abated. If AHIP satisfies certain conditions, it can acquire a fee simple interest at the end of the lease term for nominal consideration.

The ground lease expense recorded for the Embassy Suites Cincinnati hotel for the three and twelve months ended December 31, 2019 was unchanged at $50 thousand and $200 thousand, respectively.

DEBT STRATEGY

AHIP's overall borrowing policy is to obtain secured mortgage financing on primarily a fixed rate basis with terms to maturity that allow AHIP to:

i) Achieve and maintain staggered debt maturities that reduce its exposure to interest rate fluctuations and re-financing risk in any particular period; and

ii) Fix rates and extend loan terms when borrowing conditions are favorable.

The fixed rate mortgages are expected to be primarily first charge mortgages. Management intends to maintain a total debt-to-gross book value ratio of approximately 55%. In accordance with AHIP's Limited Partnership Agreement, the maximum debt limit is 60% (65% including convertible debentures) of AHIP's Gross Book Value.

As at December 31, 2019, AHIP's Debt-to-Gross Book Value including continuing operations was 56.3% (2018 – 53.6%) as follows:

(US$000s unless noted)		**December 31, 2019**		**December 31, 2018**
Debt	$	774,901	$	754,372
Gross Book Value	$	1,376,721	$	1,408,678
Debt-to-Gross Book Value		56.3%		53.6%

The increase in the leverage ratio can be attributed to the portfolio changes during the year.

The following table calculates AHIP's Interest Coverage Ratio for the three and twelve months ended December 31, 2019 and 2018:

(US$000s unless noted)		**Three months ended December 31, 2019**		**Three months ended December 31, 2018**		**Twelve months ended December 31, 2019**		**Twelve months ended December 31, 2018**
EBITDA	$	19,913	$	19,341	$	93,742	$	93,839
Interest expense [(1)]	$	9,139	$	8,937	$	36,050	$	35,772
Interest Coverage Ratio (times)		2.2x		2.2x		2.6x		2.6x

(1) Interest expense is the sum of interest expense on revolving credit facilities, term loans, Debentures and finance lease liabilities.

The following table calculates AHIP's Debt-to-EBITDA Ratio as at December 31, 2019 and 2018:

(US$000s unless noted)		December 31, 2019		December 31, 2018
Debt	$	774,901	$	754,372
EBITDA (trailing twelve months)	$	93,742	$	93,839
Debt-to-EBITDA (times)		8.3x		8.0x

The increase in this ratio reflects the impacts of renovation related activity over the past 12 months.

The following table summarizes the interest rates and terms of AHIP's non-current debt financing obligations:

(US$000s unless noted)		Principal Balance as at December 31, 2019	Interest Rate	Initial Term (years)	Maturity Date
Debentures	$	48,875	5.00%	5	June 30, 2022
Eastern Seaboard Term Loan Pool #4		56,500	4.46%	5	July 6, 2022
Credit Facility Revolver (1)		39,300	LIBOR + 2.10%	4	December 3, 2023
Pittsburgh Portfolio Term Loans		36,320	5.02%	10	December 6, 2023
NC/GA Portfolio Assumed Loan #2		7,053	5.28%	10	February 1, 2024
Virginia Portfolio Term Loan		23,915	4.97%	10	April 6, 2024
Dallas Hotel Assumed Term Loan		18,959	5.25%	10	October 11, 2024
Texas Portfolio Term Loan		16,000	4.20%	10	November 6, 2024
Oklahoma Portfolio Term Loan		25,500	4.20%	10	November 6, 2024
Credit Facility Term Loan (2)		105,000	LIBOR + 2.10%	5	December 3, 2024
NC/FL Portfolio Term Loan		26,110	4.27%	10	December 6, 2024
Midwestern Portfolio Term Loan		32,000	4.24%	10	July 6, 2025
Florida Portfolio Term Loan		19,000	4.21%	10	August 6, 2025
FL/TN Portfolio Term Loan		26,102	4.43%	10	November 6, 2026
Florida 6 Portfolio Term Loan		35,355	4.99%	10	December 6, 2026
Tempe Hotel Term Loan		13,500	5.14%	10	January 6, 2027
Midwestern 3 Portfolio Term Loan		65,000	4.72%	10	February 6, 2027
Eastern Seaboard Term Loan Pool #1		69,600	4.53%	10	July 6, 2027
Eastern Seaboard Term Loan Pool #2		57,700	4.48%	10	July 6, 2027
Eastern Seaboard Term Loan Pool #3		52,400	4.53%	10	July 6, 2027
TOTAL	$	774,189			

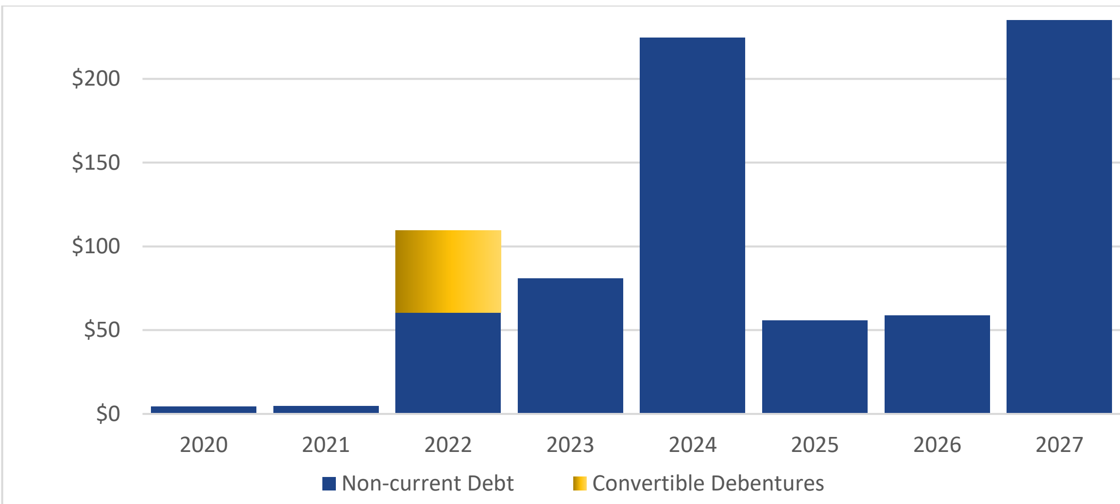
(1) Variable rate loan of which $25.0 million has interest rate swap contract that fixes LIBOR at 1.609% until November 30, 2023. Revolver has two six-month extensions at AHIP's option, subject to certain conditions.

(2) Variable rate loan with interest rate swap contract that fixes LIBOR at 1.415% until November 30, 2023.

The weighted average stated interest rate on AHIP's term loans and Debentures as at December 31, 2019 was 4.41% (December 31, 2018 – 4.65% including continuing and discontinued operations) and the weighted average debt term to maturity on AHIP's debt was 5.5 years (December 31, 2018 – 6.4 years including continuing and discontinued operations). As at December 31, 2019, all of AHIP's Premium Branded term loans were effectively fixed rate loans. Interest rate swap contracts are in place to fix LIBOR for approximately $130.0 million of the outstanding principal of the Credit Facility Term Loan and Credit Facility Revolver with fixed LIBOR rates of 1.415% and 1.609%.

As at December 31, 2019, Debentures in the aggregate principal amount of approximately $48.9 million remained outstanding and were traded on the TSX with a closing price of $99.75 per Debenture.

DEBT MATURITY LADDER (as at December 31, 2019) – US$ millions



CAPITAL RESOURCES

Management intends to obtain additional equity or debt financing with similar interest rates and terms to previously completed financings in order to meet AHIP's planned growth strategy. AHIP has not obtained or made use of any additional sources of financing that are not disclosed in its audited consolidated financial statements.

PARTNERS' CAPITAL

AHIP is authorized to issue an unlimited number of Units. As at December 31, 2019, there were 92,042 Restricted Stock Units issued and outstanding (December 31, 2018 – 173,001).

As at December 31, 2019, there were 78,127,410 Units issued and outstanding (December 31, 2018 – 78,070,805). On December 31, 2019, the Units were traded on the TSX with a closing price of Cdn$7.04 per Unit under the ticker HOT.UN; a closing price of $5.29 per Unit under the ticker HOT.U; and were traded on the OTCQX with a closing price of $5.42 per Unit under the ticker AHOTF.

As at March 10, 2020, there were 78,127,410 Units and 92,042 Restricted Stock Units issued and outstanding. The principal amount of Debentures outstanding was $48.9 million, which are convertible at the option of the Debenture holder into Units at any time prior to maturity at a conversion price equal to $9.25 per Unit. As a result, 5,283,783 Units are issuable on conversion of the Debentures.

PART IV

OFF-BALANCE SHEET ARRANGEMENTS

Other than as disclosed in its annual audited consolidated financial statements, AHIP does not have any off-balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

Aimbridge Hospitality LLC **("Master Hotel Manager")** became AHIP's hotel manager effective April 26, 2018. Prior to that date, AHIP's hotel manager was ONE Lodging Management Inc., a company indirectly controlled by a director of the General Partner. For the three months ended December 31, 2019 and 2018, AHIP did not incur any fees payable to the former hotel manager. For the twelve months ended December 31, 2019, AHIP did not incur any fees payable to the former hotel manager (2018 – $4.3 million).

For further details, please see the disclosure under the heading "Transactions with Related Parties" in the AIF.

SUBSEQUENT EVENTS

(a) *January 2020 Distribution:*

On January 15, 2020, a cash distribution of $0.054 per unit was declared for the period from January 1, 2020 to January 31, 2020. The distribution was paid on February 14, 2020 to unitholders of record on January 31, 2020.

(b) *Increase Credit Facility to $225 million:*

On February 14, 2020, AHIP increased the borrowing capacity of its Credit Facility from $165 million to $225 million in aggregate with $100 million allocated towards the Credit Facility Revolver (previously $60 million) and $125 million allocated towards term loans (including the previously existing $105 million Credit Facility Term Loan obtained in connection with the completion of the Acquisition).

(c) *February 2020 Distribution:*

On February 14, 2020, a cash distribution of $0.054 per unit was declared for the period from February 1, 2020 to February 29, 2020. The distribution will be paid on March 13, 2020 to unitholders of record on February 28, 2020.

(d) *Distribution Adjustment:*

On March 10, 2020, AHIP modified its annual distribution policy to $0.456 per Unit from $0.648 per Unit, beginning with the March 2020 distribution to be paid in April 2020.

SIGNIFICANT ACCOUNTING POLICIES

AHIP's significant accounting policies are described in Note 3 of its annual audited consolidated financial statements for the years ended December 31, 2019 and 2018. On January 1, 2019, AHIP adopted IFRS 16 Leases ("**IFRS 16**"), which sets out a new model for lease accounting, replacing IAS 17 Leases. The new standard recognizes the initial present value of unavoidable future lease payments as right-of-use assets and lease liabilities on the statement of financial position, including those for most leases that were previously accounted for as operating leases. As a result of the adoption of IFRS 16, finance leases included in land and equipment with a net book value of approximately $2.0 million and $0.2 million, respectively, were reclassified as right-of-use property and right-of-use vehicles.

On January 1, 2019, AHIP early adopted IFRS 3 amendments to Business Combinations ("**IFRS 3**"), which clarifies the definition of a business to determine whether an acquisition is considered to be an acquisition of a business or a group of assets. If the transaction is an asset acquisition, then guidance under IAS 16 (Property, Plant and Equipment) is applied and all transaction related costs are capitalized to the acquired assets. If the transaction is a business combination, then all transaction costs are expensed to profit and loss. As a result of the early adoption of IFRS 3, transaction expenses of $2,040 have been capitalized in the annual audited consolidated financial statements for the years ended December 31, 2019 and 2018.

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported results. For a detailed discussion of the critical accounting estimates, refer to Note 2 of AHIP's annual audited consolidated financial statements for the years ended December 31, 2019 and 2018.

ACCOUNTING STANDARDS

For details on future accounting policy changes, please refer to Note 3 of the annual audited consolidated financial statements for the years ended December 31, 2019 and 2018.

INTERNAL CONTROLS

National Instrument 52-109 "Certification of Disclosure in Issuers' Annual and Interim Filings" ("**NI 52-109**") requires the Chief Executive Officer ("**CEO**") and Chief Financial Officer ("**CFO**") to be responsible for establishing and maintaining disclosure controls and procedures ("**DC&P**") and internal controls over financial reporting ("**ICFR**"), as defined in the instrument. DC&P are designed to provide reasonable assurance that material information required to be disclosed by AHIP in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in the securities legislation. Furthermore, DC&P are designed to ensure that material information required to be disclosed by AHIP in its annual filings, interim filings or other reports filed or submitted under securities legislation is accumulated and communicated to AHIP's management, including its CEO and CFO, as appropriate to allow timely decisions regarding required disclosure. ICFR is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

AHIP's ICFR may not prevent or detect all misstatements because of the inherent limitations of any control system. Additionally, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with AHIP's policies and procedures.

As at December 31, 2019, AHIP's management, under the supervision of its CEO and CFO, has evaluated the effectiveness of AHIP's DC&P and ICFR, and concluded that these controls were operating effectively. Management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in Internal Control – Integrated Framework (2013).

In accordance with Section 3.3(1)(b) of NI 52-109, AHIP's CEO and CFO have limited the scope of design of DC&P and ICFR to exclude the controls, policies and procedures related to the 12 Premium Branded hotels acquired on December 3, 2019, as they were acquired less than 365 days before the last day of the three-month period ended December 31, 2019. The results of these portfolios constitute approximately 0.9% and 0.2% of AHIP's income from operating activities for the three and twelve months ended December 31, 2019, respectively, included in the annual audited consolidated financial statements and related notes. AHIP intends to complete the design of DC&P and ICFR for the 12 Premium Branded hotels by December 31, 2020.

PART V

FOREIGN EXCHANGE MANAGEMENT

All of AHIP's investments and substantially all its operations are conducted in U.S. dollars. Therefore, AHIP has minimal exposure to fluctuations in currency exchange rates. As at December 31, 2019, AHIP had not entered into any currency swap arrangements.

The following table provides the quarterly Canadian dollar/U.S. dollar exchange rates over the past 12 months:

Period end Exchange Rate	December 31, 2019	September 30, 2019	June 30, 2019	March 31, 2019	December 31, 2018
Cdn$/US$	$ 1.2988	$ 1.3243	$ 1.3087	$ 1.3363	$ 1.3642
US$/Cdn$ (1)	$ 0.7699	$ 0.7551	$ 0.7641	$ 0.7483	$ 0.7330

(1) Bank of Canada period end exchange rate.

NON-IFRS MEASURES

AHIP has included certain non-IFRS financial measures throughout this MD&A. Management believes that in addition to conventional measures prepared in accordance with IFRS, investors in the real estate and lodging industries use these non-IFRS financial measures to evaluate AHIP's performance, its ability to generate cash flows and its financial condition. Accordingly, these non-IFRS financial measures are intended to provide additional information and should not be considered in isolation or as a substitute for performance measures prepared in accordance with IFRS. These terms are not recognized under IFRS; as a result, they do not have standardized meanings prescribed by IFRS and may not be comparable to measures used by other issuers in the real estate or lodging industries. The non-IFRS financial measures used in this MD&A include: debt-to-gross book value, funds from operations, adjusted funds from operations, diluted FFO per Unit, diluted AFFO per Unit, net operating income (NOI), NOI margin, earnings before interest, taxes, depreciation and amortization (EBITDA), EBITDA margin, interest coverage ratio, debt-to-EBITDA, same property metrics, FFO payout ratio, AFFO payout ratio, Pro-forma FFO payout ratio and Pro-forma AFFO payout ratio.

a) *Debt-to-Gross Book Value*

AHIP believes that debt-to-gross book value is an important supplemental measure of financial condition. Debt-to-gross book value is a compliance measure pursuant to AHIP's Limited Partnership Agreement to limit its financial leverage.

"**Debt**" means any obligation for borrowed money including the face amount outstanding of revolving credit facilities, term loans, convertible debentures, deferred compensation payable and finance lease liabilities provided that: (i) an obligation will constitute indebtedness only to the extent that it would appear as a liability on the consolidated statement of financial position; (ii) indebtedness excludes accounts payable, accrued liabilities, distributions payable, short term acquisition credit facilities, and other liabilities comprised of deferred income, preferred shares, and deferred lease inducement; and (iii) face amount excludes unamortized deferred financing costs, unamortized mark-to-market adjustments and interest rate swap contracts.

"Debentures" means the aggregate principal amount of approximately $48.9 million of 5.00% convertible unsecured subordinated debentures issued on June 9, 2017 at a price of $1,000 per Debenture and maturing on June 30, 2022.

"**Gross Book Value**" means, at any time, the book value of the total assets of AHIP and its consolidated subsidiaries, as shown on its then most recent consolidated statement of financial position, plus the amount of accumulated depreciation and amortization in respect of such assets (and related intangible assets) shown thereon or in the notes thereto, less: (i) the amount of any receivable reflecting interest rate subsidies on any debt assumed by AHIP; and (ii) deferred income tax liabilities arising out of fair value adjustments in respect of indirect acquisitions.

"**Debt-to-Gross Book Value**" is the ratio of Debt divided by Gross Book Value.

b) *Funds from Operations ("**FFO**") and Adjusted Funds from Operations ("**AFFO**")*

AHIP believes FFO and AFFO are important measures of operating performance of real estate properties. FFO is a supplemental non-IFRS financial measure of operating performance widely used in the Canadian real estate industry. FFO is not defined under IFRS and should not be considered as an alternative to net income (loss), cash flow from operations, or any other operating or liquidity measure prescribed under IFRS. Instead, FFO has been included to provide readers and investors with additional information to improve their understanding of AHIP's operating results. As FFO is not defined under IFRS, it does not have a standardized meaning and may not be comparable with similar measures presented by other issuers. AHIP calculates FFO in accordance with the Real Property Association of Canada ("**REALPAC**") White Paper on Funds from Operations (the "**FFO White Paper**") issued in February 2019 except for the adjustment for non-recurring transaction related expenses. Based on the FFO definition currently set forth by REALPAC, non-recurring transaction related expenses, such as expenses related to the disposal of properties or loan defeasance costs should be included in FFO. However, AHIP believes that including such transaction related expenses does not represent the recurring operating performance of AHIP. In compliance with Canadian Securities Administrators Staff Notice 52-306 (Revised), "Non-GAAP Financial Measures", FFO has been reconciled to net income (loss) and comprehensive income (loss) in the section "Funds from Operations and Adjusted Funds from Operations".

FFO is defined as net income (loss) and comprehensive income (loss) calculated in accordance with IFRS excluding: (i) depreciation and amortization; (ii) gains (or losses) from sales of hotel properties and equipment; (iii) deferred income tax expense (recovery); (iv) impairment losses or reversals recognized on land and depreciable real estate properties; (v) business acquisition costs related to the purchase of a property being accounted for as a business combination; (vi) foreign exchange gains (or losses); (vii) fair value adjustments to financial instruments; (viii) adjustments for property taxes accounted for under IFRIC 21 *Levies* ("**IFRIC 21**") for the recognition of liabilities for obligations to pay levies and taxes; and (ix) non-recurring transaction related expenses, such as expenses related to the disposal of properties or loan defeasance expenses.

Hotel operations require maintenance capital expenditures to maintain the occupancy and revenue streams of the business. AFFO is a widely used non-IFRS measure in the Canadian real estate industry as a recurring economic earnings measure. AFFO is not defined under IFRS and should not be considered as an alternative to cash flow from operations as prescribed under IFRS. As AFFO is not defined under IFRS, the method applied by AHIP to calculate AFFO may differ from methods applied by other issuers and as a result may not be comparable with measures used by other issuers.

In calculating AFFO, FFO is subject to certain adjustments including: (i) amortization of deferred finance costs on term loans and convertible debentures; (ii) accretion on the liability portion of convertible debentures; (iii) amortization of mark-to-market adjustments on assumed term loans; (iv) amortization of deferred compensation payable; (v) securities-based compensation expense; and (vi) deducting actual maintenance capital expenditures. Other adjustments may be made to AFFO as determined by the Board of Directors of the General Partner at its discretion. In compliance with Canadian Securities Administrators Staff Notice 52-306 (Revised), "Non-GAAP Financial Measures", AFFO has been reconciled to cash flow from operations in the section "Reconciliation of Cash Flow from Operating Activities to AFFO".

For the purposes of calculating Diluted FFO per Unit and Diluted AFFO per Unit, the weighted average number of diluted Units outstanding is calculated assuming the conversion of unvested Restricted Stock Units and the conversion of the convertible debentures outstanding, to the extent that each factor is dilutive. This may differ from the weighted average number of diluted Units outstanding calculated in accordance with IFRS.

c) *Net Operating Income ("**NOI**")*

AHIP believes NOI is an important measure of operating performance of real estate properties. NOI is defined as total revenues less hotel operating expenses, energy, property maintenance, property taxes (excluding adjustments under IFRIC 21), insurance and ground lease payments (excluding depreciation and amortization). AHIP calculates "**NOI Margin**" as NOI divided by total revenues.

d) *Earnings before interest, taxes, depreciation and amortization ("**EBITDA**")*

AHIP calculates EBITDA as NOI (excluding adjustments under IFRIC 21) less hotel management fees and general administrative expenses, excluding non-recurring transaction related expenses. AHIP calculates "**EBITDA Margin**" as EBITDA divided by total revenues.

e) *Interest Coverage Ratio*

AHIP calculates the "**Interest Coverage Ratio**" as EBITDA for the period divided by interest expensed during the period comprised of interest expense on term loans, revolving credit facilities, convertible debentures and finance lease liability (excluding unamortized deferred financing costs, unamortized mark-to-market adjustments and interest rate swap contracts). The Interest Coverage Ratio is a measure of AHIP's ability to service the interest requirements of its outstanding debt.

f) *Debt-to-EBITDA Ratio*

AHIP calculates the "**Debt-to-EBITDA Ratio**" as the aggregate amount of debt at face value divided by the trailing twelve months EBITDA. AHIP uses this ratio to measure leverage and determine the approximate time it will take AHIP to repay its debt.

g) *Same Property Metrics*

Same property metrics represent operating results for the same properties over comparable reporting periods and is intended to measure the period-over-period performance of the same asset base. A property must be owned for the entire year for inclusion in this metric. These metrics exclude the impact of properties that have been acquired or sold during the comparable reporting periods.

h) *FFO Payout Ratio and AFFO Payout Ratio*

AHIP calculates its "**FFO Payout Ratio**" as distributions declared divided by FFO for the period and "**AFFO Payout Ratio**" as distributions declared divided by AFFO for the period. As a result of the impact of seasonal fluctuations in FFO or AFFO in any period, management considers a rolling four quarter FFO Payout Ratio more relevant for the purposes of assessing AHIP's distribution paying capacity than a payout ratio in any given quarter. "**Pro-forma FFO Payout Ratio**" and "**Pro-forma AFFO Payout Ratio**" are calculated as distributions that would have been declared in 2019 based on AHIP's adjusted distribution policy of paying US$0.038 cents per month per Unit (or $0.456 per Unit annualized) based on the number of diluted Units then outstanding divided by FFO or AFFO, as applicable, for such period.

OPERATIONAL METRICS

Occupancy is a major driver of room revenue as well as food and beverage revenues. Fluctuations in occupancy are accompanied by fluctuations in most categories of variable hotel operating expenses, including housekeeping and other labor costs. ADR (as defined below) also helps to drive room revenue with limited impact on other revenues. Fluctuations in ADR are accompanied by fluctuations in limited categories of hotel operating expenses, such as franchise fees and credit card commissions, since variable hotel operating expenses, such as labor costs, generally do not increase or decrease correspondingly. Thus, increases in RevPAR (as defined below) attributable to increases in occupancy typically reduce EBITDA and EBITDA margins, while increases in RevPAR attributable to increases in ADR typically result in increases in EBITDA and EBITDA margins.

a) *Occupancy Rate*

"**Occupancy Rate**" represents the total number of hotel rooms sold in a given period divided by the total number of rooms available during such period. Occupancy measures the utilization of a hotel's available capacity.

b) *Average Daily Rate ("**ADR**")*

ADR represents the total room revenues divided by total number of rooms sold in a given period. ADR is a measure of the average rate paid for rooms sold.

c) *Revenue Per Available Room ("**RevPAR**")*

RevPAR is the product of occupancy and ADR for the period.

d) *Furniture, Fixtures and Equipment Reserves ("**FF&E Reserves**")*

FF&E Reserves are calculated as four percent of total revenues for the Premium Branded hotels.

PART VI

RISKS AND UNCERTAINTIES

Investing in AHIP's securities involves a high degree of risk. In addition to the risks identified in this section and elsewhere in this MD&A, current and prospective investors should carefully consider all the risk factors noted in AHIP's AIF, a copy of which is available on SEDAR at www.sedar.com, before purchasing Units, Debentures or any other securities of AHIP that may be offered or that are issued and outstanding from time to time. The occurrence of any of such risks, or other risks not presently known to AHIP or that AHIP currently believes are immaterial, could materially and adversely affect AHIP's investments, prospects, cash flows, results of operations or financial condition, AHIP's ability to make cash distributions to unitholders and interest and principal payments to holders of Debentures. In that event, the value of the Units, the Debentures or any other securities of AHIP that may be offered or issued and outstanding from time to time, could decline and investors may lose all or part of their investment.

RISKS OF REAL ESTATE OWNERSHIP

An investment in securities of AHIP is an indirect investment in U.S. real estate through AHIP's interest in the U.S. REIT and indirect interest in the properties acquired by the U.S. REIT. Investment in real estate is subject to numerous risks, which include but are not limited to the following:

(a) *General Real Estate Ownership Risks*. All real property investments are subject to a degree of risk and uncertainty and are affected by various factors including general economic conditions, local real estate markets and various other factors.

(b) *Acquisition Risk*. AHIP intends to acquire additional hotel properties in the future. The acquisition of the real property entails risks that investments will fail to perform in accordance with expectations, including the risks that the properties will not achieve anticipated Occupancy or ADR levels and that estimates of the costs of improvements to bring an acquired property up to standards established for the market position intended for that property may prove inaccurate. If acquisitions fail to perform as expected, they may become dilutive to AHIP's FFO. In addition, AHIP cannot assure unitholders or holders of Debentures that it will be able to successfully integrate additional properties into its existing portfolio without operating disruptions or unanticipated costs. AHIP's failure to successfully integrate any future properties into its portfolio could have an adverse effect on AHIP's operating costs and its ability to generate stable positive cash flow from its operations.

AHIP may from time to time announce acquisitions of additional hotel properties before they are completed. If AHIP does not complete such acquisitions or any part thereof, AHIP may be subject to a number of risks, including: (i) the price of the Units and Debentures may decline to the extent that the then current market price reflects a market assumption that such acquisitions will be completed; (ii) certain costs related to each such acquisition, such as legal, accounting and consulting fees, must be paid even if an acquisition is not completed; (iii) AHIP may possess substantial unutilized acquisition capacity, which would cause its financial performance to be negatively impacted until suitable hotel properties are identified for acquisition and such acquisitions are completed; and (iv) there is no assurance that such suitable hotel properties will be available to AHIP in the future or at all.

AHIP conducts due diligence with respect to each acquisition it completes; however, there may be liabilities, including under applicable environmental laws, that AHIP fails to discover or is unable to quantify in the due diligence review prior to the closing of any future acquisition and AHIP may not be indemnified for some or all of these liabilities. The subsequent discovery or quantification of any material liabilities could have a material adverse effect on AHIP's business, financial condition or future prospects, which may include diminution in the value of the affected properties or the inability to finance or dispose of the affected properties on acceptable terms.

AHIP may acquire properties in markets that are new to it. When AHIP acquires properties located in new markets, AHIP may face risks associated with a lack of market knowledge or understanding of the local economy, forging new business relationships in the area and unfamiliarity with local government and permitting procedures. AHIP works to mitigate such risks through diligence and research and associations with experienced service providers. However, there can be no guarantee that such risks will be eliminated.

(c) *Growth Strategy*. AHIP's growth strategy involves expansion through acquisition and development of suitable properties. These activities require AHIP to identify acquisition and development opportunities that meet its investment criteria and are compatible with its growth strategy. Although, AHIP has been successful in locating suitable investments in the past, AHIP may not be able to find suitable acquisition and development opportunities in the future which would adversely impact AHIP's ability to carry out its growth strategy.

AHIP competes for hotel investment opportunities with competitors that may have a different tolerance for risk or have substantially greater financial resources than are available to AHIP. This competition may generally limit the number of hotel properties that AHIP is able to acquire and may also increase the bargaining power of hotel owners seeking to sell, making it more difficult for AHIP to acquire hotel properties on attractive terms, or at all.

(d) *Financing Risks*. Although a portion of the cash flow generated by the Premium Branded hotels will be devoted to servicing the related debt financing, there can be no assurance that AHIP will continue to generate sufficient cash flow from operations to meet required interest and principal payments. The failure of AHIP to make or renegotiate interest or principal payments or obtain additional equity, debt or other financing could adversely impact AHIP's financial condition, results of operations, decrease the amount of cash available for distribution to unitholders and adversely impact AHIP's ability to make interest and principal payments to holders of Debentures.

AHIP will be subject to the risks associated with debt financing, including the risk that its debt financing, which is secured by AHIP's properties, will not be able to be refinanced or that the terms of such refinancing will not be as favourable as the terms of existing indebtedness, which may reduce FFO. To the extent that interest rates rise over time, AHIP's operating results and financial condition could be adversely affected and decrease the amount of cash available for distribution. In addition, AHIP has granted security interests over substantially all of its assets to secure indebtedness owing under mortgages and credit facilities. If AHIP is not able to meet its debt service obligations, it risks the loss of some or all of its assets to foreclosure or forced sale on disadvantageous terms to AHIP.

AHIP's debt financing is subject to covenants that require AHIP to maintain certain financial ratios on both an individual mortgage and on a consolidated basis. If AHIP does not maintain such ratios due to the impact on its operating results, cash flows or financial condition due to the realization of any of the other risks mentioned herein, or otherwise, AHIP may (i) be restricted from making further draws under its revolving credit facility, which may materially adversely impact AHIP's ability to pay expenses, service non-revolving debt and satisfy its other contractual commitments; (ii) be limited or prohibited from paying distributions to unitholders and interest and principal payments to holders of Debentures will be limited, (iii) be placed in default under the applicable credit facilities, which could result in the acceleration of the debt, which may require capital from other sources that may not be available to AHIP or may be available only on unattractive terms; and (iv) the loss of some or all of its assets to foreclosure or forced sale on disadvantageous terms to AHIP.

(e) *Interest Rate Risk*. Changes in interest rates could adversely affect AHIP's cash flows and AHIP's ability to pay distributions and make interest payments (including payments of interest to holders of Debentures). Interest rate risk is the combined risk that AHIP would experience a loss as a result of its exposure to a higher interest rate environment (interest rate risk) and the possibility that at the end of a mortgage term AHIP would be unable to renew the maturing debt either with the existing or a new lender (renewal risk).

(f) *Failure to Hedge Effectively Against Interest Rate Changes*. AHIP may from time to time obtain one or more forms of interest rate protection in the form of swap agreements, interest rate cap contracts or similar agreements to hedge against the possible negative effects of interest rate fluctuations. Hedging implies costs and AHIP cannot assure unitholders or holders of Debentures that any hedging will adequately relieve the adverse effects of interest rate increases or that counterparties under these agreements will honour their obligations thereunder. Furthermore, any such hedging agreements would subject AHIP to the risk of incurring significant non-cash losses on such hedges due to changes in interest rates if AHIP's hedges were not considered effective under applicable accounting standards, which may adversely affect AHIP's results of operations. Accordingly, hedging activities may not have the desired beneficial impact on AHIP's results of operations or financial condition. No hedging activity can completely insulate AHIP from the risks associated with changes in interest rates and prepayment rates.

Hedging involves risk and typically involves costs, including transaction and breakage costs, which may reduce returns on AHIP's investments. These costs increase as the period covered by the hedging increases and during periods of rising and volatile interest rates. These costs will also limit the amount of cash available for distribution to Unitholders and may adversely impact AHIP's ability to make interest and principal payments to holders of Debentures. In addition, any hedging arrangements entered into by AHIP may fail to protect AHIP or adversely affect AHIP due to, among other factors, available interest rate hedges may not correspond directly with the interest rate risk for which protection is sought by AHIP, the duration of the hedge may not match the duration of the related liability, the credit quality of the hedging counterparty owing money on the hedge may be downgraded to such an extent that it impairs AHIP's ability to sell or assign AHIP's side of the hedging transaction, and the hedging counterparty owing money in the hedging transaction may default on its obligation to pay. The real estate investment trust qualification rules may also limit AHIP's ability to enter into hedging transactions. AHIP generally intends to hedge as much of its interest rate risk as management determines is in AHIP's best interests given the cost of such hedging transactions and the requirements applicable to real estate investment trusts. If AHIP is unable to hedge effectively because of the cost of such hedging transactions or the limitations imposed by the real estate investment trust qualification rules, AHIP will face greater interest rate risk exposure than may be commercially prudent.

(g) *Access to Capital*. The real estate industry is highly capital intensive. AHIP will require access to capital to maintain its properties, as well as to fund its growth strategies and significant capital expenditures from time to time. There can be no assurance that AHIP will have access to sufficient capital or access to capital on terms favourable to AHIP for future property acquisitions, financing or refinancing of properties, funding operating expenses or other purposes. Further, in certain circumstances, AHIP may not be able to borrow funds due to the limitations set forth in the Limited Partnership Agreement. In addition, volatile market conditions and unexpected volatility or illiquidity in financial markets may inhibit AHIP's access to long-term financing in the Canadian or US capital markets. As a result, it is possible that financing which AHIP may require in order to grow and expand its operations, upon the expiry of the term of financing, on refinancing any particular property owned by AHIP or otherwise, may not be available or, if it is available, may not be available on favourable terms to AHIP. Failure by AHIP to access required capital could have a material adverse effect on AHIP's business, cash flows, financial condition and results of operations, AHIP's ability to make distributions to holders of Units and AHIP's ability to make interest and principal payments to holders of Debentures.

(h) *Degree of Leverage*. AHIP's degree of leverage could have important consequences to unitholders and holders of Debentures. For example, the degree of leverage could affect AHIP's ability to obtain additional financing in the future for working capital, capital expenditures, acquisitions, development or other general corporate purposes, making AHIP more vulnerable to a downturn in business or the economy in general.

(i) *Litigation Risks*. In the normal course of AHIP's operations, whether directly or indirectly, AHIP may become involved in, named as a party to or the subject of, various legal proceedings, including regulatory proceedings, tax proceedings and legal actions relating to personal injuries, property damage, property taxes, land rights, the environment and contract disputes. The outcome with respect to outstanding, pending or future proceedings cannot be predicted with certainty and may be determined in a manner adverse to AHIP and as a result, could have a material adverse effect on AHIP's assets, liabilities, business, financial condition and results of operations. Even if AHIP prevails in any such legal proceeding, the proceedings could be costly and time-consuming and may divert the attention of management and key personnel from AHIP's business operations, which could have a material adverse effect on AHIP's business, cash flows, financial condition and results of operations, AHIP's ability to make distributions to holders of Units and AHIP's ability to make interest and principal payments to holders of Debentures.

(j) *Reliance on Management*. Current and prospective investors assessing the risks and rewards of an investment in AHIP should appreciate that they will, in large part, be relying on the good faith and expertise of the General Partner and the Master Hotel Manager. In particular, current and prospective investors will have to rely on the discretion and ability of the General Partner in determining the composition of the portfolio of properties, and in negotiating the pricing and other terms of the agreements leading to the acquisition of properties. Current and prospective investors will also have to rely on the ability of the Master Hotel Manager to manage the operation of the properties and to implement an appropriate property management strategy. The ability of the General Partner and the Master Hotel Manager to successfully implement these strategies will depend in large part on their continued employment of senior management of the General Partner and the Master Hotel Manager, for whom key person life insurance is not maintained in the case of the General Partner and may or may not be maintained for the Master Hotel Manager. If any of such entities lose the services of one or all of these individuals, the business, financial condition and results of operations of AHIP may be materially adversely affected.

There is a risk that, because of the terms of the hotel management agreement, termination of such agreements may be uneconomical for AHIP and accordingly not in the best interests of AHIP. Should the Master Hotel Manager terminate any of the hotel management agreements, AHIP may be required to engage the services of an external property manager and/or alternative external hotel managers. AHIP may be unable to engage a hotel manager on attractive terms, in which case

AHIP's operations and cash available for distribution to unitholders and for principal and interest payments to holders of Debentures may be materially adversely affected.

Each hotel in AHIP's existing portfolio is managed by the Master Hotel Manager or one of its subsidiaries. Thus, all of AHIP's revenue is generated by hotels managed by the Master Hotel Manager. This concentration of operational risk in one hotel management company makes AHIP more vulnerable economically than if AHIP's hotel management was more evenly diversified among several hotel management companies. Any adverse developments in the Master Hotel Manager's business, financial strength or ability to operate AHIP's hotels efficiently and effectively could have a material adverse effect on AHIP's results of operations. AHIP cannot provide assurance that the Master Hotel Manager will satisfy its obligations to AHIP or effectively and efficiently operate AHIP's hotel properties. The failure or inability of the Master Hotel Manager to satisfy its obligations to AHIP or effectively and efficiently operate AHIP's hotel properties could have a material adverse effect on AHIP's financial position, results of operations and cash flows, which could in turn reduce the amount of cash available for distribution to Unitholders and for the payment of interest and principal to holders of Debentures and could negatively impact the market price of the Units and Debentures.

(k) *The Master Hotel Manager may compete with AHIP.* The Master Hotel Manager may, from time to time, manage, own and/or operate or have other economic interests in other hotels that are located within markets where AHIP owns hotels and such hotels may compete with hotel properties owned by AHIP. There can be no assurance that the Master Hotel Manager will not allocate more resources to, conduct additional promotional activities at or more favourably price room rates at such other hotels in respect of which they have an economic interest, which such activities could have a material adverse effect on the performance of AHIP's hotels as well as AHIP's financial position, results of operations and cash flows thereby reducing the amount of cash available for distribution to unitholders and for the payment of interest and principal to holders of Debentures. In addition, if such circumstances arise, AHIP may not be able to terminate the Mater Hotel Management Agreement or the individual hotel management agreements without paying termination fees to the Master Hotel Manager.

(l) *Adverse market and economic conditions and dislocations in the markets could cause AHIP to recognize impairment charges.* AHIP continually monitors events and changes in circumstances that could indicate that the carrying value of the real estate and related intangible assets in which AHIP has an ownership interest may not be recoverable. When circumstances indicate that the carrying value of the real estate and related intangible assets may not be recoverable, AHIP assesses the recoverability of these assets by determining whether the carrying value will be recovered through the undiscounted future operating cash flows expected from the use of the asset and its eventual disposition. If the expected undiscounted future cash flows do not exceed the carrying value, AHIP adjusts the real estate and related intangible assets down to its fair value and recognizes an impairment loss, which could materially and adversely affect AHIP's business, financial condition and results of operations.

(m) *Fluctuations in Capitalization Rates*. As interest rates fluctuate in the lending market, generally so to do capitalization rates which affect the underlying value of real estate. As such, when interest rates rise, generally capitalization rates should be expected to rise. Over the period of investment, capital gains and losses at the time of disposition can occur due to the increase or decrease of these capitalization rates.

(n) *Environmental Matters*. AHIP is subject to various requirements (including federal, provincial, state and municipal laws, as applicable) relating to environmental matters. Such requirements provide that AHIP could be, or become, liable for environmental or other harm, damage or costs, including with respect to the release of hazardous, toxic or other regulated substances into the environment and/or affecting persons, and the removal or other remediation of hazardous, toxic or other regulated substances that may be present at or under its properties, including lead-based paints, asbestos, polychlorinated biphenyls, petroleum-based fuels, mercury, volatile organic compounds, mold, underground storage tanks, pesticides and other miscellaneous materials. Such requirements often impose liability without regard to whether the owner or operator knew of, or was responsible for, the release or presence of such materials. Additional liability may be incurred by AHIP with respect to the release of such substances from AHIP's properties to properties owned by third parties, including properties adjacent to AHIP's properties or with respect to the exposure of persons to regulated substances. The failure to remove or otherwise address such substances may materially adversely affect AHIP's ability to sell such property, maximize the value of such property or borrow using such property as collateral security, and could potentially result in claims or other proceedings against AHIP. Environmental laws and other requirements can change and AHIP may become subject to more stringent environmental laws and other requirements in the future. Compliance with more stringent environmental requirements, the identification of currently unknown environmental issues or an increase in the costs required to address a currently known condition may have a material adverse effect on AHIP's business, cash flows, financial condition and results of operations and ability to make distributions to unitholders and make interest and principal payments to holders of Debentures.

When excessive moisture accumulates in buildings or on building materials, mold growth may occur, particularly if the moisture problem remains undiscovered or is not addressed over a period of time. Some molds may produce airborne toxins or irritants. Exposure to mold may cause a variety of adverse health effects and symptoms, including allergic or other reactions. As a result, the presence of mold to which hotel guests or employees could be exposed at any of the properties in which AHIP owns an interest could require AHIP to undertake a costly remediation program to contain or remove the mold from the affected property. In addition, exposure to mold by guests or employees or others could expose AHIP to liability if property damage or health concerns arise.

(o) *Environmental Site Assessments*. AHIP's operating policy is to obtain a Phase I environmental site assessment, conducted by an independent and experienced environmental consultant, prior to acquiring a property and to have Phase II environmental site assessment work completed where recommended in a Phase I environmental site assessment. Although such environmental site assessments provide AHIP with some level of assurance about the condition of the property, AHIP may become subject to liability for undetected contamination or other environmental conditions at its properties against which AHIP cannot insure, or against which AHIP may elect not to insure, which could negatively impact AHIP's financial condition and results of operations and decrease the amount of cash available for distribution to unitholders and for principal and interest payments to holders of Debentures. In addition, AHIP cannot assure investors that: (i) there are no existing liabilities related to its properties of which AHIP is not aware; (ii) future laws, ordinances or regulations will not impose material environmental liability on AHIP; or (iii) the current environmental condition of any of AHIP's properties will not be affected by the condition of properties in the vicinity of AHIP's properties (such as the presence of leaking underground storage tanks) or by third parties unrelated to AHIP.

(p) *Reliance on Information Technology*. AHIP and the Master Hotel Manager rely on information technology networks and systems, including the Internet, to process, transmit and store electronic information, and to manage or support a variety of business processes, including financial transactions and records, personal identifying information, reservations, billing and operating data. AHIP and the Master Hotel Manager purchase some information technology from vendors, on whom AHIP's and the Master Hotel Manager's systems depend. AHIP and the Master Hotel Manager rely on commercially available systems, software, tools and monitoring to provide security for processing, transmission and storage of confidential customer information, such as individually identifiable information, including information relating to financial accounts. The acquisition of enhanced and innovative technology networks and systems may be necessary to accommodate changing customer expectations. A failure by AHIP or the Master Hotel Manager to make enhancements to existing networks and systems or to acquire new networks and systems could have a material adverse effect on AHIP's business, financial condition, and results of operations.

Portions of AHIP's information technology infrastructure or the information technology infrastructure of the Master Hotel Manager and franchisors also may experience interruptions, delays or cessations of service or produce errors in connection with systems integration or migration work that takes place from time to time. AHIP, the Master Hotel Manager and franchisors may not be successful in implementing new systems and transitioning data, which could cause business disruptions and be expensive, time consuming, disruptive and resource-intensive. Such disruptions could adversely impact the ability of the Master Hotel Manager and franchisors to fulfill reservations for guestrooms and other services offered at AHIP's hotels, which could have a material adverse effect on AHIP's business, financial condition, and results of operations.

(q) *Consumer Privacy and Data Use and Security*. Although AHIP and the Master Hotel Manager have taken steps to protect the security of their respective information systems and the data maintained in those systems, it is possible that their respective safety and security measures will not be able to prevent the systems' improper functioning or damage, or the improper access or disclosure of personally identifiable information such as in the event of cyber-attacks. Cyber threats are maturing with time and their sophistication and effectiveness are increasing. Such threats can result from deliberate attacks or unintentional events. Security breaches, including physical or electronic break-ins, computer viruses, attacks by hackers and similar breaches can create system disruptions, shutdowns, corruption of data, misappropriation and unauthorized disclosure of confidential information. Any failure to maintain proper function, security and availability of AHIP's and the Master Hotel Manager's information systems could interrupt their respective operations, damage their respective reputations, subject them to liability claims or regulatory penalties which may not be covered by insurance, result in increased cyber-security protection costs and increased regulatory scrutiny and could have a material adverse effect on AHIP's business, financial condition and results of operations and subject AHIP to potential litigation. In addition, sophisticated hardware and operating system software and applications that AHIP and the Master Hotel Manager or franchisors may procure from outside companies may contain defects in design or manufacture, including "bugs" and other problems that could unexpectedly interfere with AHIP's internal operations or the operations at AHIP's hotels. The costs to eliminate or alleviate cyber or other security problems, bugs, viruses, worms, malicious software programs and security vulnerabilities could be significant, and efforts to address these problems may not be successful and could result in interruptions, delays, cessation of service and loss of existing or potential business at AHIP's hotels. Any compromise of the Master Hotel Manager's or franchisors' information networks' function, security and availability could result in disruptions to operations, delayed sales or bookings, lost guest reservations, increased costs and lower margins. Any of these events could have a material adverse effect on AHIP's business, financial condition and results of operations and subject AHIP to potential litigation.

(r) *Property Appraisals.* AHIP's operating policy is to obtain an independent appraisal prior to acquiring a property, and the officers and directors of the General Partner rely on such appraisals, in part, in approving the purchase of properties. An appraisal is an estimate of market value and caution should be used in evaluating the appraisals. Appraisals are not precise measures of value but are based on a subjective comparison of related activity taking place in the real estate market and on various assumptions of future expectations of property performance. Some of these assumptions may not materialize or may differ materially from actual experience in the future. The Units and Debentures may not necessarily trade at values determined solely by reference to the underlying value of its real estate assets. Accordingly, the Units and Debentures may trade at a premium or a discount to values implied by appraisals.

(s) *Uninsured Losses*. The Master Hotel Manager, on behalf of AHIP, will continue to arrange for comprehensive insurance of the type and in the amounts customarily obtained for properties similar to those owned and to be owned by it, directly or indirectly, and will continue to endeavour to obtain coverage where warranted against earthquakes, hurricanes, tornadoes and floods. However, in many cases certain types of losses are uninsurable or not economically insurable (due to higher premiums and/or deductibles). In the event of a substantial loss, insurance coverage may not be sufficient to cover the full current market value or replacement cost of the lost investment. Should an uninsured loss or a loss in excess of insured limits occur, AHIP could lose all or a portion of the capital invested in a hotel property, as well as the anticipated future revenue from that particular hotel. In that event, AHIP might nevertheless remain obligated for any mortgage debt or other financial obligations related to the property. Inflation, changes in building codes and ordinances, environmental considerations and other factors might also keep AHIP from using insurance proceeds to replace or renovate a hotel after it has been damaged or destroyed. Under those circumstances, the insurance proceeds AHIP receives might be inadequate to restore its economic position on the damaged or destroyed property.

(t) *Risk Related to Insurance Renewals*. Certain events could make it more difficult and expensive to obtain property and casualty insurance, including coverage for catastrophic risks. When AHIP's current insurance policies expire, the Master Hotel Manager may encounter difficulty in obtaining or renewing property or casualty insurance on behalf of AHIP for AHIP's properties at the same levels of coverage and under similar terms. Such insurance may be more limited and, for catastrophic risks (e.g., earthquake, hurricane, flood, terrorism and business interruption caused by the spread of infectious diseases, epidemics and pandemics), may not be generally available to fully cover potential losses. Even if AHIP is able to renew its policies at levels and with limitations consistent with its current policies, AHIP cannot be sure that it will be able to obtain such insurance at premiums or with deductibles that are reasonable. If AHIP is unable to obtain adequate insurance on its properties for certain risks, it could cause AHIP to be in default under specific covenants on certain of its indebtedness or other contractual commitments that it has which require AHIP to maintain adequate insurance on its properties to protect against the risk of loss. If this were to occur, or if AHIP were unable to obtain adequate insurance, and its properties experienced damages that would otherwise have been covered by insurance, it could have a material adverse effect on AHIP's business, cash flows, financial condition and results of operations, AHIP's ability to make distributions to holders of Units and AHIP's ability to make interest and principal payments to holders of Debentures.

(u) *Revenue Shortfalls*. Revenues from AHIP's hotel properties may not increase sufficiently to meet increases in operating expenses or debt service payments under AHIP's indebtedness or to fund changes in any variable rates of interest charged in respect of such loans.

(v) *U.S. Market Factors*. AHIP's hotel properties are located in the U.S. Concern about the stability of the markets generally and the strength of the economy may lead lenders to reduce or cease to provide funding to businesses and consumers, and force financial institutions to continue to take the necessary steps to restructure their business and capital structures. Weak economic conditions in the U.S. may arise from time to time and the uncertainty over the duration of these conditions could have a negative impact on the lodging industry. As a result of current economic conditions, AHIP could experience weakened demand for hotel rooms, particularly in some markets. AHIP's future financial results and growth could be harmed or constrained if conditions worsen.

(w) *Liquidity Risk*. Real property investments are relatively illiquid. This illiquidity will tend to limit the ability of AHIP to respond to changing economic or investment conditions. If AHIP were to be required to liquidate assets quickly, there is a risk the proceeds realized from such sale would be less than the book value of the assets or less than what could be expected to be realized under normal circumstances. By specializing in a particular type of real estate, AHIP is exposed to adverse effects on that segment of the real estate market and does not benefit from a broader diversification of its portfolio by property class.

(x) *Changes in Applicable Laws*. AHIP's operations must comply with numerous federal, state and local laws and regulations, some of which may conflict with one another or be subject to limited judicial or regulatory interpretations. These laws and regulations may include the federal *Hours of Service Act*, zoning laws, building codes, landlord tenant laws and other laws generally applicable to business operations. Non-compliance with laws could expose AHIP to liability. Lower revenue growth or significant unanticipated expenditures may result from AHIP's need to comply with changes in applicable laws, including: (i) laws imposing environmental remedial requirements and the potential liability for environmental conditions existing on properties or the restrictions on discharges or other conditions; or (ii) other governmental rules and regulations or enforcement policies affecting the development, use and operation of AHIP's properties, including changes to building codes and fire and life-safety codes.

(y) *Fixed Costs and Increased Expenses*. The failure to maintain stable or increasing average room rates combined with acceptable occupancy levels would likely have a material adverse effect on AHIP's business, cash flows, financial condition and results of operations and ability to make distributions to holders of Units and interest and principal payments to holders of Debentures. Certain significant expenditures, including property taxes, ground lease payments, maintenance costs, mortgage payments, insurance costs and related charges, must be made throughout the period of ownership of real property regardless of whether a property is producing any income. If AHIP is unable to meet mortgage payments on any property, losses could be sustained as a result of the mortgagee's exercise of its rights of foreclosure or sale. AHIP is also subject to utility and property tax risk relating to increased costs that AHIP may experience as a result of higher resource prices as well as its exposure to significant increases in property taxes. There is a risk that property taxes may be raised as a result of re-valuations of properties and their adherent tax rates. In some instances, enhancements to properties may result in significant increases in property assessments following a re-valuation. Additionally, utility expenses, mainly consisting of natural gas and electricity service charges, have been subject to considerable price fluctuations over the past several years. Any significant increase in these resource costs that AHIP cannot charge back to the guest may have a material adverse effect on AHIP's business, cash flows, financial condition and results of operations and ability to make distributions to holders of Units and payments of interest and principal to holders of Debentures. The timing and amount of capital expenditures by AHIP will affect the amount of cash available for distributions to holders of Units and interest and principal payments to holders of Debentures. Distributions may be reduced, or even eliminated, at times when AHIP deems it necessary to make significant capital or other expenditures.

(z) *Development Risks*. AHIP's business plan may from time to time include, among other things, growth through the indirect acquisition of suitable development properties. AHIP will be exposed to various risks associated with hotel development activities, including, without limitation, the following:

- development costs of a property could exceed original estimates, possibly making the property less profitable than originally estimated, or possibly unprofitable;

- the time required to complete development of a property may be greater than originally anticipated, thereby adversely affecting AHIP's financial condition and results of operation and decrease the amount of cash available for distribution to unitholders and for interest and principal payments to holders of Debentures;

- a developed property may not achieve desired revenue or profit goals, thereby adversely affecting AHIP's financial condition and results of operation and decrease the amount of cash available for distribution to unitholders and for interest and principal payments to holders of Debentures;

- possible environmental problems, leading to increased costs or abandonment of a project;

- zoning, occupancy and other required governmental permits may be delayed or not issued at all, which could result in project delays and increased costs or even abandonment of a project; and

- if a project is abandoned AHIP may not be able to recover costs expended on such project and may have to sell any underlying real property at a loss.

(aa) *Renovation Risk.* AHIP is subject to the financial risk of having unoccupied guestrooms during extended periods of renovations. During renovations, certain guestrooms and other facilities are unavailable for occupancy and do not generate income. Certain significant expenditures, including property taxes, ground lease payments, maintenance costs, interest payments, insurance costs and related charges must be made throughout the period of ownership of real property regardless of whether the property is producing revenue. Delays in the renovation of a property or a portion thereof could delay the sale of room nights and event space at such property resulting in an increased period of time where the property is not producing revenue, or producing less revenue than a property not undergoing renovations. In addition, costs of renovations may be greater than estimated resulting in cost overruns which could adversely affect AHIP's cash flows, results of operations or financial condition and AHIP's ability to make cash distributions to unitholders and AHIP's ability to make interest and principal payments to holders of Debentures.

(bb) *No Assurance of Recovery*. When acquiring assets, AHIP endeavours to obtain certain representations and warranties with respect to the assets being acquired. Such representations and warranties, to the extent obtained, are subject to limitations, and generally represent unsecured contractual rights. Notwithstanding the foregoing, when acquiring assets, AHIP typically endeavours to negotiate holdbacks from the aggregate purchase price, which holdback amounts may be deposited into escrow at the closing of acquisition and are otherwise to be held, and released in accordance with, and subject to, the terms of the relevant purchase and sale agreement and, if deposited in escrow, a separate holdback escrow agreement. Holdback amounts are used to satisfy, in whole or in part, the indemnification obligations of the sellers of the assets acquired by AHIP with respect to the representations and warranties provided by the sellers under the purchase and sale agreements pursuant to which the assets are acquired. Holdback amounts are typically released to the sellers over a period of six to 18 months from the closing dates of the acquisition, subject to the retention of amounts for pending claims of AHIP made in accordance with, and subject to, the terms and conditions of the respective purchase and sale agreement and/or holdback escrow agreement.

There can be no assurance of recovery by AHIP for any breach of the representations and warranties provided under any of the purchase and sale agreements pursuant to which it has acquired, or will acquire, hotel properties, as there can be no assurance that the holdback amounts, if any, or assets of the sellers of the properties will be sufficient to satisfy such obligations. AHIP may not be able to successfully enforce applicable indemnities contained in the purchase and sale agreements pursuant to which it has acquired, or will acquire, hotel properties and such indemnities may not be sufficient to fully indemnify AHIP from third party claims. Only AHIP will be entitled to bring a claim or action for misrepresentation or breach of contract under the purchase and sale agreements pursuant to which it has acquired, or will acquire, hotel properties and unitholders and holders of Debentures will not have any contractual rights or remedies under such agreements.

(cc) *Potential Conflicts of Interest*. The directors of the General Partner will, from time to time, in their individual capacities, deal with parties with whom AHIP may be dealing, or may be seeking investments similar to those desired by AHIP. The interest of these persons could conflict with those of AHIP. The Limited Partnership Agreement contains a “conflict of interest” provision requiring the directors of the General Partner to disclose their interests in certain contracts and transactions and to refrain from voting on those matters. There is no guarantee that such provision will be successful in eliminating or resolving the influence of conflicts of interest that may arise from time to time.

(dd) *Ground Lease Risk*. AHIP may from time to time acquire properties subject to long-term ground (or land) leases and similar arrangements in which the underlying land is owned by a third party and leased to AHIP. Ground leases may be subject to periodic rate resets which may fluctuate and may result in significant rental rate adjustments, which could negatively impact AHIP’s results of operations and could adversely impact AHIP’s ability to make distributions to Unitholders and AHIP’s ability to make interest and principal payments to holders of Debentures. Ground leases may provide for restrictions on financing or refinancing the properties subject to the ground lease and the transferability of the interests in such properties may also be restricted, which restrictions may negatively impact the value of such properties and AHIP’s financial position. Under the terms of a typical ground lease, the lessee must pay rent for the use of the land and is generally responsible for all costs and expenses associated with the building and improvements, including taxes, utilities, insurance, maintenance, repairs and replacements. Unless the lease term is extended, the land together with all improvements made will revert to the owner of the land upon the expiration of the lease term. AHIP intends to actively seek to either renew the terms of such leases or purchase the freehold interest in the lands forming the subject matter of such leases prior to the expiry of their terms. However, if AHIP cannot or chooses not to renew such leases, or buy the land of which they form the subject matter, as the case may be, the NOI and cash flow associated with such properties would no longer contribute to AHIP's results of operations and could adversely impact AHIP's ability to make distributions to Unitholders and interest and principal payments to holders of Debentures. In addition, a default under the terms of a ground lease could also result in a loss of the property subject to such ground lease, should AHIP not rectify the default in a reasonable period of time.

(ee) *Historical Data*. Historical Occupancy Rates, ADR and revenues of the Premium Branded hotels are not necessarily an accurate prediction of the future Occupancy Rates, ADR and revenues for AHIP's properties.

(ff) *Laws Benefitting Disabled Persons*. Laws benefiting disabled persons may result in unanticipated expenses being incurred by AHIP. Under the *Americans with Disabilities Act of 1990*, all places intended to be used by the public are required to meet certain federal requirements related to access and use by disabled persons. These and other federal, state and local laws may require modifications to AHIP's properties, or affect renovations of the properties. Non-compliance with these laws could result in the imposition of fines or an award of damages to private litigants and also could result in an order to correct any non-complying feature, which could result in substantial capital expenditures. Although AHIP believes that its properties are substantially in compliance with present requirements, AHIP may incur unanticipated expenses to comply with the *Americans with Disabilities Act of 1990* and other applicable legislation in connection with the ongoing operation or redevelopment of AHIP's properties.

(gg) *Joint Ventures*. AHIP may invest in or be a participant in joint ventures, partnerships or other entities, acquiring non-controlling interests in or sharing responsibility for managing the affairs of a property, partnership, joint venture or other entity. In such event, AHIP would not be in a position to exercise sole decision-making authority regarding the property, partnership, joint venture or other entity. Investments in partnerships, joint ventures or other entities may, under certain circumstances, involve risks not present were a third party not involved, including the possibility that partners or co-venturers might become bankrupt or fail to fund their share of required capital contributions and AHIP and any other remaining joint venture partners may remain liable for the joint venture or partnership's liabilities. Furthermore, if a partner or co-joint venturer becomes bankrupt or otherwise defaults on its obligations under a partnership or joint venture agreement, AHIP may be unable to continue the partnership or joint venture other than by purchasing such partner's or co-joint venturer's interests or the underlying assets which purchases may have to be completed at a premium to the market price. Partners or co-venturers may have economic or other business interests or goals which are inconsistent with AHIP's business interests or goals and may be in a position to take actions contrary to AHIP's policies or objectives. Such investments may also have the potential risk of impasses on decisions, such as a sale, because neither AHIP nor the partner or co-venturer would have full control over the partnership or joint venture. Disputes between AHIP and partners or co-venturers may result in litigation or arbitration that would increase AHIP's expenses and prevent AHIP's officers and/or directors from focusing their time and effort on AHIP's business. Consequently, actions by, or disputes with, partners or co-venturers might result in subjecting hotels owned by the partnership or joint venture to additional risk. In addition, AHIP may in certain circumstances be liable for the actions of its third-party partners or co-venturers.

(hh) *AHIP faces possible risks associated with the physical effects of climate change.* AHIP is subject to the risks associated with the physical effects of climate change, which could include more frequent or severe storms, droughts, hurricanes and flooding, any of which could have a material adverse effect on AHIP's hotel properties, operations and business. To the extent climate change causes changes in weather patterns, the markets in which AHIP owns hotels could experience increases in storm intensity and rising sea-levels causing damage to AHIP's hotels. Over time, these conditions could result in declining hotel demand or the Hotel Managers' inability to operate the affected hotels at all. Climate change also may have indirect effects on its business by increasing the cost of (or making unavailable) property insurance on terms AHIP finds acceptable, as well as increasing the cost of renovations, energy, water and snow removal at its hotel properties. AHIP cannot predict with certainty whether climate change is occurring and, if so, at what rate, and therefore, there can be no assurance that climate change will not have a material adverse effect on AHIP. The federal government and some of the states and localities in which the Company operates have enacted certain climate change laws and regulations and/or have begun regulating carbon footprints and greenhouse gas emissions, and may enact new laws in the future. Although these laws and regulations have not had any known material adverse effect on the Company to date, they could impact companies with which the Company does business or result in substantial costs to the Company, including compliance costs, construction costs, monitoring and reporting costs and capital expenditures for environmental control facilities and other new equipment. Climate change, and any future laws and regulations, or future interpretations of current laws and regulations, could have a material adverse effect on the Company.

RISKS RELATED TO THE HOTEL AND LODGING INDUSTRY

Investment in the hotel industry is subject to numerous risks, which include but are not limited to the following:

(a) *The Outbreak of the Coronavirus (COVID-19) May Discourage Travel and Negatively Impact the Performance of AHIP's Hotels.* The current outbreak of the COVID-19 coronavirus has and is expected to continue to decrease the willingness of the general population to travel and thus reduce the demand for travel, transient and group business, and levels of consumer confidence in the safety of travel as a result of the outbreak; and may also cause staff and supply shortages, reduce guest traffic and guest reservations, and may result in increased government regulation, including legislated travel restrictions, and increased operating costs. The length of the COVID-19 outbreak and severity of such outbreak across the globe is currently unknown, may worsen, and may continue to cause general economic uncertainty in key global markets and a worsening of global economic conditions and may cause low levels of economic growth. The pace of recovery following the COVID-19 outbreak cannot be accurately predicted and may be slow. All of the foregoing, could adversely impact AHIP's investments, prospects, cash flows, results of operations or financial condition and AHIP's ability to obtain additional equity or debt financing, or re-finance existing debt, or make distributions to Unitholders and interest and principal payments to its lenders and to holders of Debentures, and may cause AHIP to be in non-compliance with the financial covenants under its existing credit facilities and cause a default thereunder.

(b) *Operating Risks*. AHIP's ability to make distributions to unitholders and interest and principal payments to holders of Debentures may be adversely affected by various operating risks common to the lodging industry, including competition, over-building and dependence on business travel and tourism. The hotel properties that are owned have different economic characteristics than many other real estate assets. A typical office property, for example, has long-term leases with third-party tenants, which provides a relatively stable long-term stream of revenue. Hotels, on the other hand, generate revenue from guests that typically stay at the hotel for only a few nights, which causes the room rate and Occupancy levels at each of the hotels to change every day, and results in earnings that can be highly volatile. In addition, the hotels are subject to various operating risks common to the lodging industry, many of which are beyond AHIP's control, including, among others, the following:

- competition from other hotels in the markets in which AHIP operates;
- over-building of hotels in the markets in which AHIP operates, which results in increased supply and will adversely affect occupancy and revenues at AHIP's hotels;
- dependence on business and commercial travelers and tourism;
- increases in energy costs and other expenses affecting travel, which may affect travel patterns and reduce the number of business and commercial travelers and tourists;
- requirements for periodic capital reinvestment to repair and upgrade hotels;
- increases in operating costs due to inflation and other factors that may not be offset by increased room rates;
- changes in interest rates;
- changes in the availability, cost and terms of financing;
- legislated increases to mandatory minimum wages, health care coverage and other benefits could significantly increase labour expenses of the Master Hotel Manager, which expenses are required to be reimbursed by AHIP;
- unionization of workers employed by the Master Hotel Manager could significantly increase administrative, labour and other expenses of the Master Hotel Manager, which expenses are required to be reimbursed by AHIP;
- labor shortages could impact hotel operations;
- changes in governmental laws and regulations, fiscal policies and zoning ordinances and the related costs of compliance with laws and regulations, fiscal policies and ordinances;

- adverse effects of international, national, regional and local economic and market conditions;

- unforeseen events beyond AHIP's control, such as terrorist attacks or threat of terrorist attacks, terror alert levels, travel-related health concerns, including the spread of infectious diseases, pandemics and epidemics (such as H1N1 influenza (swine flue), avian bird flu, SARS, MERS, COVID-19 and Zika virus, imposition of taxes or surcharges by regulatory authorities, travel-related accidents and unusual weather patterns, including natural disasters such as hurricanes, tsunamis or earthquakes;

- negative publicity related to AHIP, its hotels or the brands under which AHIP's hotels operate, including harm to reputation from sources such as online hotel reviews and social media, cyber attacks or as a result of misconduct or unethical behaviour of hotel employees, environmental matters, litigation or regulatory proceedings, failure of the Master Hotel Manager to deliver minimum or required standards of service and quality and activities of guests at AHIP's properties;

- adverse effects of worsening conditions in the lodging industry;

- the value of the U.S. dollar, or U.S. governmental laws, regulations, or executive orders, which may adversely affect the number of international business and commercial travelers and tourists entering the U.S. and in particular the gateway markets where AHIP hotels are located; and

- risks generally associated with the ownership of hotels and real estate, as are discussed in detail herein.

The occurrence of any of the foregoing could materially and adversely affect AHIP.

(c) *Seasonality of the Lodging Industry*. The seasonality of the lodging industry could have a material adverse effect on AHIP. The lodging industry is seasonal in nature, which can be expected to cause quarterly fluctuations in Occupancy, room rates, revenues, operating expenses, cash flows and FFO Payout Ratio. AHIP's quarterly earnings may be adversely affected by factors outside AHIP's control, including weather conditions and poor economic factors in certain markets in which AHIP operates. AHIP can provide no assurances that cash flows will be sufficient to offset any shortfalls that occur as a result of these seasonal fluctuations.

(d) *Cyclical Nature of the Lodging Industry*. The cyclical nature of the lodging industry may cause fluctuations in AHIP's operating performance, which could have a material adverse effect on AHIP. The lodging industry historically has been highly cyclical in nature. Fluctuations in lodging demand and, therefore, operating performance, are caused largely by general economic and local market conditions, which subsequently affect levels of business and leisure travel. In addition to general economic conditions, new hotel room supply is an important factor that can affect the lodging industry's performance, and overbuilding has the potential to further exacerbate the negative impact of an economic recession. Room rates and occupancy, and thus RevPAR, tend to increase when demand growth exceeds supply growth. An adverse change in lodging fundamentals could result in returns that are substantially below its expectations or result in losses, which could have a material adverse effect on AHIP.

(e) *Competition*. The hotel sector is highly competitive. AHIP faces competition from many sources, including from other hotels and AirBnB residences located in the immediate vicinity of the various properties owned by AHIP, and the broader geographic areas where AHIP's hotels are and will be located. Such competition may reduce Occupancy Rates and revenues of AHIP and could have a material adverse effect on AHIP's business, cash flows, financial condition and results of operations and ability to make distributions to unitholders and interest and principal payments to holders of Debentures. Increases in the cost to AHIP of acquiring hotel properties may materially adversely affect the ability of AHIP to acquire such properties on favourable terms, and may otherwise have a material adverse effect on AHIP's business, cash flows, financial condition and results of operations and AHIP's ability to make distributions to unitholders and interest and principal payments to holders of Debentures.

(f) *Franchised Hotels*. Each of the Premium Branded hotels is subject to a franchise agreement and AHIP may become subject to the risks that are found in concentrating its hotel properties in one or several franchise brands. The continuation of the franchises is subject to specified operating standards and other terms and conditions. Such standards are often subject to change over time, in some cases at the discretion of the franchisor, and may restrict a franchisee's ability to make improvements or modifications to a hotel property without the consent of the franchisor. Franchisors typically periodically inspect licensed properties to confirm adherence to operating standards. The failure of a hotel to conform to such standards or the failure of AHIP or the Master Hotel Manager to maintain such standards or adhere to such other terms and conditions could result in the loss or cancellation of the franchise agreement and potential liquidated damages. It is possible that a franchisor could condition the continuation of a franchise agreement on the completion of capital improvements which AHIP determines are too expensive or otherwise unwarranted in light of general economic conditions or the operating results or prospects of the affected hotel. In that event, AHIP may elect to allow the franchise agreement to lapse. If a franchise were terminated, AHIP would generally seek to obtain a suitable replacement franchise. However, there can be no assurance that AHIP would be able to obtain a suitable replacement franchise on acceptable terms, or at all. The loss of a franchise agreement could have a material adverse effect upon the operations or the underlying value of the hotel covered by the franchise because of the loss of associated name recognition, marketing support and centralized reservation systems provided by the franchisor.

(g) *AHIP's business may be adversely affected by consolidation in the lodging industry*. Consolidation among hotel brand companies or other participants in the lodging industry may increase the negotiating leverage of the resulting companies, which might result in AHIP incurring increased franchise or management fees. AHIP's hotels operate under multiple licensed brands, each of which offer differing guest amenities and may be associated with different loyalty reward programs. The consolidation of two or more hotel brand companies may cause AHIP's financial condition and results of operations to be more dependent on the success and reputation of a limited number of owners of these licensed brands. In addition, to the extent that consolidation among hotel brand companies adversely affects the loyalty reward program offered by one or more of AHIP's hotels, customer loyalty to those hotels may suffer and demand for guestrooms may decrease. Furthermore, because each hotel brand company relies on its own network of reservation systems, hotel management systems and customer databases, the integration of two or more networks may result in a disruption to operations of these systems, such as disruptions in processing guest reservations, delayed bookings or sales, or lost guest reservations, which could adversely affect AHIP's financial condition, results of operations and cash available for distributions to Unitholders and available for payment of interest and principal to holders of Debentures.

(h) *AHIP is subject to risks associated with the employment of hotel personnel*. The Master Hotel Manager is responsible for hiring and maintaining the labor force at each of AHIP's hotels. Although AHIP does not directly employ or manage employees at its hotels, AHIP is subject to many of the costs and risks generally associated with the hotel labor force. Increased labor costs due to factors like additional taxes, minimum wage increases or requirements to incur additional employee benefits costs may adversely impact AHIP's operating costs. Several local jurisdictions in the U.S. have enacted, or have announced they are considering, legislation increasing the minimum wage applicable to hotel workers in the jurisdiction. If a jurisdiction in which AHIP owns a hotel adopts such legislation, the cost to operate the hotel may increase significantly, which could have a material adverse effect on AHIP's business, financial condition, results of operations and AHIP's ability to pay distributions to Unitholders and make interest and principal payments to holders of Debentures.

Labor costs are expected to be particularly challenging for any of AHIP's hotels that from time to time have a unionized labor force. From time to time, hotel operations at such hotels may be disrupted as a result of strikes, lockouts, public demonstrations (which may target non-union hotels as well as those employing unionized labor) or other negative actions and publicity. AHIP also may incur increased legal costs and indirect labor costs as a result of contract disputes or other events. Additionally, hotels where the Master Hotel Manager from time to time has collective bargaining agreements with employees are more highly affected by labor force activities than others. The resolution of labor disputes or re-negotiated labor contracts could lead to increased labor costs, either by increases in wages or benefits or by changes in work rules that raise hotel operating costs. Furthermore, labor agreements may limit the ability of the Master Hotel Manager to reduce the size of hotel workforces during an economic downturn because collective bargaining agreements are negotiated between the hotel managers and labor unions. AHIP does not have the ability to control the outcome of these negotiations.

(i) *Restrictive covenants, termination fees and other provisions in franchise agreements and Hotel Management Agreements*. Certain of AHIP's franchise agreements contain restrictive covenants and termination provisions and the Hotel Management Agreements contain termination provisions that do not provide AHIP with flexibility to sell, refinance or rebrand, as applicable, a hotel without the consent or payment of termination fees, as applicable, to the franchisors or the payment of termination fees to the Master Hotel Manager. Such provisions could preclude AHIP from taking, or make it costly for AHIP to take, actions with respect to the sale, refinancing or rebranding of a hotel that would otherwise be in AHIP's best interest. For example, the terms of some of the franchise agreements may restrict AHIP's ability to sell a hotel unless the purchaser is not a competitor of the franchisor, assumes the related agreement and meets specified other conditions. In addition, AHIP's franchise agreements restrict AHIP's ability to rebrand particular hotels without the consent of the franchisor, which could result in significant operational disruptions and litigation if AHIP does not obtain such consent. AHIP could be forced to pay consent or termination fees to hotel managers or franchisors under these agreements as a condition to changing management or franchise brands for AHIP's hotels, and these fees could deter AHIP from taking actions that would otherwise be in AHIP's best interest or could cause AHIP to incur substantial expense. These conditions could adversely affect AHIP's financial position, results of operations, and cash flows and the market price of the Units and the Debentures. In addition, such provisions in the hotel management agreements and the franchise agreements could deter third parties from acquiring or seeking to acquire all of AHIP's Units or all or substantially all of its assets or from completing any other transaction that would result in a change of control of AHIP through which Unitholders could receive a substantial premium over the then current market price of the Units.

(j) *Increasing use of Internet Travel Intermediaries by Consumers*. Some of AHIP's hotel rooms are booked through Internet travel intermediaries. As Internet bookings increase, these intermediaries may be able to obtain higher commissions, reduced room rates or other significant contract concessions from AHIP and the Master Hotel Manager. Moreover, some of these Internet travel intermediaries are attempting to offer hotel rooms as a commodity, by increasing the importance of price and general indicators of quality (such as "three-star downtown hotel") at the expense of brand identification. These agencies hope that consumers will eventually develop brand loyalties to their reservations system rather than to the brands under which AHIP's properties are franchised. Although most of the business for AHIP's hotels is expected to continue to be derived from traditional channels, if the amount of sales made through Internet intermediaries increases significantly, room revenues may flatten or decrease and AHIP's profitability may be adversely affected. In addition, the rise of social media reviews, including, but not limited to, tripadvisor.com and Google, could impact hotel occupancy levels and results of operations as individuals might be more inclined to write about dissatisfaction than satisfaction with a hotel stay or experience.

(k) *Increased use of business-related technology may reduce the need for business-related travel.* The increased use of teleconference and video-conference technology by businesses could result in decreased business travel as companies increase the use of technologies that allow multiple parties from different locations to participate at meetings without traveling to a centralized meeting location, such as AHIP's hotels. To the extent that such technologies play an increased role in day-to-day business and the necessity for business-related travel decreases, demand for AHIP's hotel rooms may decrease and AHIP could be materially and adversely affected.

(l) *Consumer trends and preferences, particularly with respect to younger generations, could change away from select-service hotels*. Consumer trends and preferences continuously change, especially within younger generations. Many new hotel brands have been introduced over recent years to specifically address the perceived unique needs and preferences of younger travelers. As AHIP's hotel portfolio is concentrated in select-service hotels, significant consumer shifts in preferences away from select-service hotels could have a material adverse effect on AHIP's financial position, results of operations and cash flows.

RISKS RELATED TO THE UNITS

(a) *Volatile Market Price for Units.* The market price for Units may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond AHIP's control, including without limitation, the following: (i) actual or anticipated fluctuations in AHIP's quarterly results of operations; (ii) recommendations by securities research analysts; (iii) changes in the economic performance or market valuations of other issuers that investors deem comparable to AHIP; (iv) addition or departure of AHIP's executive officers and other key personnel; (v) release or expiration of lock-up or other transfer restrictions on outstanding Units; (vi) sales or perceived sales of additional Units, or securities convertible into Units; (vii) liquidity of the Units; (viii) prevailing interest rates; (ix) significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving AHIP or its competitors; and (x) news reports relating to trends, concerns, technological or competitive developments, regulatory changes and other related issues in AHIP's industry or target markets. Financial markets have recently experienced, and may from time to time experience, significant price and volume fluctuations that have particularly affected the market prices of equity securities of public entities and that have, in many cases, been unrelated to the operating performance, underlying asset values or prospects of such entities. Accordingly, the market price of the Units may decline even if AHIP's operating results, underlying asset values or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. As well, certain institutional investors may base their investment decisions on consideration of AHIP's environmental, governance and social practices and performance against such institutions' respective investment guidelines and criteria, and failure to meet such criteria may result in a limited or no investment in the Units by those institutions, which could materially adversely affect the trading price of the Units. There can be no assurance that continuing fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil continue for a protracted period of time, AHIP's operations could be materially adversely impacted and the trading price of the Units may be materially adversely affected.

(b) *Return on Investment Not Guaranteed.* The Units are equity securities of AHIP and are not traditional fixed income securities. A fundamental characteristic that distinguishes the Units from traditional fixed income securities is that AHIP does not have a fixed obligation to make payments of distributions to holders of Units and does not promise to return the initial purchase price of a Unit on a certain date in the future. AHIP has the ability to reduce or suspend distributions if circumstances so warrant. The ability of AHIP to make cash distributions, and the actual amount distributed, to unitholders will be entirely dependent on the operations and assets of AHIP and its direct and indirect subsidiaries, and will be subject to various factors including financial performance, obligations under applicable credit facilities, fluctuations in working capital and capital expenditure requirements. There can be no assurance regarding the amount of income to be generated by AHIP's properties. The market value of the Units will deteriorate if AHIP is unable to meet its distribution targets in the future, and that deterioration may be significant. In addition, unlike interest payments or an interest-bearing debt security, AHIP's cash distributions, to the extent they exceed the amount of income for income tax purposes allocated to the unitholder by AHIP for the year, will result in a net reduction of the adjusted cost base of the unitholder's Units (i.e. tax deferred returns of capital). The monthly cash distributions made to unitholders in 2019 may or may not comprise, in whole or in part, tax deferred returns of capital, thus affecting the after-tax returns to holders of Units. Therefore, the rate of return over a defined period for a unitholder may not be comparable to the rate of return on a fixed income security that provides no "return on capital" over the same period. FFO and AFFO may exceed actual cash available to AHIP from time to time because of items such as seasonality, principal repayments and capital expenditures in excess of stipulated reserves identified by AHIP in its calculation of FFO and AFFO and redemptions of Units, if any. AHIP may be required to use part of its debt capacity or to reduce distributions in order to accommodate such items.

(c) *Return on Investment Not Comparable to Fixed-Income Security*. The return on an investment in the Units is not comparable to the return on an investment in a fixed-income security. Cash distributions are not guaranteed and the anticipated return on investment is based upon many performance assumptions. Although AHIP intends to distribute its available cash to unitholders, such cash distributions are not guaranteed and may be reduced or suspended in the future. AHIP's ability to make cash distributions and the actual amount distributed will depend on a number of factors, including the financial performance of its hotels, debt covenants and obligations, interest rates, the Occupancy Rates of AHIP's properties, working capital requirements, future capital requirements and AHIP's ability to complete future acquisitions. AHIP may be required to supplement its cash distributions from working capital. In addition, the market value of the Units may decline if AHIP reduces its cash distributions or is unable to meet its cash distribution targets in the future.

(d) *Currency Exchange Rate Risk*. The offering price for Units is typically denominated in Canadian dollars. The Canadian dollar is not maintained at a fixed exchange rate compared to foreign currencies but rather the value of the Canadian dollar has a floating exchange rate in relation to other currencies. Although AHIP's public offerings of Units to date have primarily been made to Canadian residents and in Canadian dollars, the U.S. REIT and its Affiliates conduct business in the U.S. Consequently, income and expense or any ultimate gain on sale will be earned or incurred in U.S. dollars. As a result of fluctuations in the Canada/U.S. dollar exchange rate, the value of an investment in Units and the return on the original investment may be greater or less than that determined only with reference to U.S. dollars. Accordingly, investors who acquire their Units in Canadian dollars are subject to currency exchange rate risk.

Since May 2016, AHIP has been paying U.S. dollar denominated distributions. As a result of fluctuations in the Canada/U.S. dollar exchange rate, the value of distributions may be greater or less than that determined only with reference to U.S. dollars. Unitholders may make arrangements with their brokers or other intermediaries in order to have their distributions converted to Canadian dollars. However, the unitholder will bear the expense, if any, of such currency conversion which will reduce the net amount received by such a unitholder with respect to each distribution so converted.

On November 10, 2017 AHIP's Units began trading on the TSX in U.S dollars. AHIP's Units now trade on the TSX in both Canadian dollars under the symbol HOT.UN and U.S. dollars under the symbol HOT.U.

(e) *Unitholders' Legal Rights*. Unitholders do not have all of the statutory rights normally associated with ownership of shares of a company including, for example, the right to bring "oppression" or "derivative" actions against AHIP. The Units are not "deposits" within the meaning of the *Canada Deposit Insurance Corporation Act* and are not insured under the provisions of that Act or any other legislation. Furthermore, AHIP is not a trust company and, accordingly, is not registered under any trust and loan company legislation as AHIP does not carry on or intend to carry on the business of a trust company. In addition, AHIP may not, by virtue of being a limited partnership, be recognized as a legal entity under various other Canadian federal and provincial statues, which could result in both AHIP and its unitholders being deprived of certain rights they would otherwise have if AHIP was a corporation.

All of AHIP's subsidiaries, other than AHIP Management Ltd., are organized in foreign jurisdictions and are governed by foreign law. The majority of AHIP's assets are currently located outside of Canada. As a result, it may be difficult or impossible for investors to effect service within Canada upon AHIP's subsidiaries or their respective directors and officers who are not residents of Canada or to realize against them in Canada upon judgments of courts of Canada predicated upon the civil liability provisions of applicable Canadian securities laws.

(f) *Inability to Invest Proceeds from Offerings of AHIP's Securities*. AHIP's failure to apply the net proceeds of any offering of its securities effectively or to find suitable hotel properties to acquire in a timely manner or on acceptable terms could result in returns that are substantially below expectations or result in losses. Until appropriate investments can be identified, AHIP may invest the net proceeds of any offering of its securities in interest-bearing short-term securities or money market accounts. These investments are expected to provide a lower net return than AHIP seeks to achieve from its hotel properties. AHIP may be unable to invest the net proceeds on acceptable terms, or at all, which could delay unitholders from receiving an appropriate return on their investment. AHIP cannot assure unitholders that AHIP will be able to identify properties that meet its investment criteria, that AHIP will successfully consummate any investment opportunities AHIP identifies, or that investments AHIP may make will generate income or cash flow.

(g) *Dilution.* The number of Units AHIP is authorized to issue is unlimited. AHIP may, in AHIP's sole discretion, issue additional Units from time to time, as well as other securities convertible into Units. Any issuance of Units or securities convertible into units, including, without limitation, Units issued in consideration for properties acquired by AHIP, Units issued in connection with deferred compensation and Units issued under any distribution reinvestment plan, will have a dilutive effect on existing unitholders and may have an adverse impact on the price of the Units.

(h) *Structural Subordination of Units*. In the event of bankruptcy, liquidation or reorganization of AHIP's subsidiaries, holders of their indebtedness and their trade creditors will generally be entitled to payment of their claims from the assets of those subsidiaries before any assets are made available for distribution to AHIP or unitholders. The Units are effectively subordinated to the debt and other obligations of AHIP's subsidiaries. AHIP's subsidiaries generate all of AHIP's cash available for distribution and hold substantially all of AHIP's assets.

(i) *Future Offerings of Debt or Equity Securities Ranking Senior to Units*. If AHIP decides to issue debt or equity securities in the future ranking senior to the Units or otherwise incur additional indebtedness, it is possible that these securities or indebtedness will be governed by an indenture or other instrument containing covenants restricting AHIP's operating flexibility and limiting AHIP's ability to make distributions to unitholders. Additionally, any convertible or exchangeable securities that AHIP issues in the future may have rights, preferences and privileges, including with respect to distributions, more favorable than those of Units and may result in dilution to unitholders. Because AHIP's decision to issue debt or equity securities in any future offering or otherwise incur indebtedness will depend on market conditions and other factors beyond AHIP's control, AHIP cannot predict or estimate the amount, timing or nature of AHIP's future offerings or financings, any of which could reduce the market price of the Units and dilute the value of the Units.

(j) *Limited Control*. Unitholders have limited control over changes in AHIP's policies and operations, which increases the uncertainty and risks of an investment in Units. The Board of Directors of the General Partner determines major policies, including, among others, policies regarding financing, growth, debt capitalization and distributions. The Board of Directors of the General Partner may amend or revise these and other policies without a vote of unitholders. Under the Limited Partnership Agreement, unitholders have a right to vote only on limited matters. The directors' broad discretion in setting policies and unitholders' inability to exert control over those policies increases the uncertainty and risks of an investment in Units.

(k) *Disclosure Controls and Procedures and Internal Controls over Financial Reporting*. AHIP could be adversely affected if there are deficiencies in its disclosure controls and procedures or in its internal controls over financial reporting. The design and effectiveness of AHIP's disclosure controls and procedures and its internal controls over financial reporting may not prevent all errors, misstatements or misrepresentations. Deficiencies, including material weaknesses, in internal controls over financial reporting which may occur could result in misstatements of AHIP's results of operations, restatements of financial statements, a decline in the Unit price, or otherwise materially adversely affect AHIP's business, reputation, results of operations, financial condition or liquidity.

(l) *International Financial Reporting Standards*. In February 2008, the Accounting Standards Board of Canada confirmed its decision to require that all publicly accountable enterprises report under IFRS for interim and annual financial statements. AHIP is required to report under IFRS. There are ongoing projects conducted by the International Accounting Standards Board, and joint projects with the Financial Accounting Standards Board in the U.S. that are expected to result in new pronouncements that continue to evolve, which could adversely impact the manner in which AHIP reports its financial position and operating results.

(m) *Future sales of Units by officers and directors*. Subject to compliance with applicable securities laws, directors and officers of the General Partner and their affiliates may sell some or all of their Units in the future. No prediction can be made as to the effect, if any, such future sales of Units will have on the market price of the Units prevailing from time to time. However, the future sale of a substantial number of Units by the directors and officers of the General Partner and their affiliates, or the perception that such sales could occur, could adversely affect prevailing market prices for the Units.

(n) *AHIP's business could be negatively affected as a result of actions by activist unitholders.* Unitholder campaigns to effect changes in publicly-traded companies are sometimes led by activist investors through various corporate actions, including proxy contests. Responding to these actions, if they occur, could disrupt AHIP's operations by diverting the attention of management and AHIP's employees as well as AHIP's financial resources. Unitholder activism could create perceived uncertainties as to AHIP's future direction, which could result in the loss of potential business opportunities and make it more difficult to attract and retain qualified personnel and business partners. Furthermore, the election of individuals to the Board with a specific agenda could adversely affect AHIP's ability to effectively and timely implement AHIP's strategic plans.

(o) *Possible Loss of Limited Liability of Limited Partners.* Limited partners may lose their limited liability in certain circumstances, including by taking part in the control of AHIP's business. The principles of law in the various jurisdictions of Canada recognizing the limited liability of the limited partners of limited partnerships subsisting under the laws of one province, but carrying on business in another jurisdiction, have not been authoritatively established. If limited liability is lost, there is a risk that limited partners may be liable beyond their contribution and share of AHIP's undistributed net income in the event of judgment on a claim in an amount exceeding the sum of the General Partner's net assets and AHIP's net assets. A transferee of a Unit will become a limited partner and shall be subject to the obligations and entitled to the rights of limited partners under the Limited Partnership Agreement on the date on which the General Partner amends AHIP's record of limited partners to reflect that the transferee is a limited partner.

(p) *The TSX may not continue to list AHIP's securities*. AHIP's Units trade on the TSX under the symbols "HOT.UN" and "HOT.U" and the Debentures trade on the TSX under the symbol "HOT.DB.U". In order for these securities to remain listed, AHIP is required to meet the continued listing requirements of the TSX or, in the alternative, any other nationally-recognized exchange in Canada or the U.S. to which AHIP applies to have its securities listed. AHIP may be unable to satisfy those listing requirements, and there is no guarantee that AHIP's securities will remain listed on the TSX or any other nationally recognized exchange. If AHIP's securities are delisted from the TSX or another nationally-recognized exchange, AHIP could face significant material adverse consequences, including:

- a limited, or no, availability of market quotations for AHIP's securities;
- a limited ability of AHIP's securityholders to make transactions in AHIP's securities;
- additional trading restrictions being placed on AHIP's securities;
- reduced liquidity with respect to AHIP's securities;
- a determination that the Units or Debentures are a "penny stock," which would require brokers trading in such securities to adhere to more stringent rules, possibly resulting in a reduced level of trading activity in the secondary trading market for such securities;
- a limited amount of news and analyst coverage; and
- a decreased ability to issue additional securities or obtain additional financing in the future.

RISKS RELATING TO THE DEBENTURES

(a) *AHIP may not be able to Satisfy Interest Payments on the Debentures*. The likelihood that holders of Debentures will receive the payments owing to them in connection with the Debentures will be dependent upon the financial health and creditworthiness of AHIP and the ability of AHIP to earn revenues. The Debentures are subordinated to any Senior Indebtedness (as such term is defined in the indenture governing the Debentures (the "**Indenture**")). This subordination may significantly reduce the possibilities for holders of Debentures of obtaining payment of the amounts owed under the Debentures.

(b) *Inability to Purchase on a Change of Control*. AHIP will be required to offer to purchase all outstanding Debentures upon the occurrence of a Change of Control (as such term is defined in the Indenture). However, it is possible that, following a Change of Control, AHIP will not have sufficient funds at that time to make the required purchase of outstanding Debentures or that restrictions contained in other indebtedness will restrict those purchases.

(c) *Redemption prior to Maturity*. The Debentures may be redeemed, at the option of AHIP, on and after June 30, 2020 and prior to the Maturity Date (as such term is defined in the Indenture) at any time and from time to time (provided that, in the case of any redemption between June 30, 2020 and June 30, 2021, the Current Market Price (as defined in the Indenture) of the Units is not less than 125% of the Conversion Price (as defined in the Indenture) upon payment of the principal, together with any accrued and unpaid interest). Debenture holders should assume that this redemption option will be exercised if AHIP is able to refinance at a lower interest rate or it is otherwise in the interest of AHIP to redeem the Debentures.

(d) *Conversion Following Certain Transactions*. In the case of certain transactions, each Debenture will become convertible into securities, cash or property receivable by a holder of Units in the kind and amount of securities, cash or property into which the Debenture was convertible immediately prior to the transaction. This change could substantially lessen or eliminate the value of the conversion privilege associated with the Debentures in the future.

(e) *Subordination of Debentures*. The Debentures are unsecured obligations of AHIP and are subordinate in right of payment to all of AHIP's Senior Indebtedness. In the event of the insolvency, bankruptcy, liquidation, reorganization, dissolution or winding up of AHIP, the assets that serve as collateral for any Senior Indebtedness would be made available to satisfy the obligations of the creditors of such Senior Indebtedness before being available to pay AHIP's obligations to Debenture holders. Accordingly, all or a substantial portion of AHIP's assets could be unavailable to satisfy the claims of the Debenture holders.

(f) *Dilution on Redemption or Conversion*. AHIP may, in certain circumstances, determine to redeem outstanding Debentures for Units or to repay outstanding principal amounts thereunder at maturity of the Debentures by issuing additional Units. In addition, holders of Debentures may elect to convert their Debentures into Units. The issuance of additional Units may have a dilutive effect on Unitholders and an adverse impact on the price of the Units.

(g) *Prevailing Yields on Similar Securities*. Prevailing yields on similar securities will affect the market value of the Debentures. Assuming all other factors remain unchanged, the market value of the Debentures will decline as prevailing yields for similar securities rise, and will increase as prevailing yields for similar securities decline.

(h) *No Increased Payments if Withholding is Required.* The Indenture does not contain a requirement that AHIP increase the amount of interest or other payments to Debenture holders in the event that AHIP is required to withhold amounts in respect of income or similar taxes on payment of interest or other amounts on the Debentures (including on a conversion of a Debenture into Units). The General Partner, on behalf of AHIP, does not currently intend to withhold amounts in respect of income or similar taxes on payment of interest or other amounts on the Debentures (including a conversion of a Debenture into Units); however, AHIP is not providing any assurances that its intention will not change in the future. Non–residents of Canada should consult their tax advisors regarding the tax consequences of acquiring, holding, converting and disposing of Debentures.

(i) *Volatile market price for Debentures.* The market price for Debentures may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond AHIP's control, including, without limitation, the following: (i) actual or anticipated fluctuations in AHIP's quarterly results of operations; (ii) recommendations by securities research analysts; (iii) changes in the economic performance or market valuations of other issuers that investors deem comparable to AHIP; (iv) addition or departure of AHIP's executive officers and other key personnel; (v) release or expiration of lock-up or other transfer restrictions on outstanding Units; (vi) sales or perceived sales of additional Units or securities convertible into Units (including additional convertible debentures); (vii) liquidity of the Debentures; (viii) prevailing interest rates; (ix) significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving AHIP or its competitors; and (x) news reports relating to trends, concerns, technological or competitive developments, regulatory changes and other related issues in AHIP's industry or target markets. Financial markets have recently experienced, and may form time to time experience, significant price and volume fluctuations that particularly affect the market prices of equity and debt securities of public entities and that may be unrelated to the operating performance, underlying asset values or prospects of such entities. Accordingly, the market price of the Debentures may decline even if AHIP's operating results, underlying asset values or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. As well, certain institutional investors may base their investment decisions on consideration of AHIP's environmental, governance and social practices and performance against such institutions' respective investment guidelines and criteria, and failure to meet such criteria may result in limited or no investment in the Debentures by those institutions, which could materially adversely affect the trading price of the Debentures. There can be no assurance that continuing fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil continue for a protracted period of time, AHIP's operations could be materially adversely impacted and the trading price of the Debentures may be materially adversely affected.

(j) *Risks relating to the Units.* The Debentures are convertible into Units in certain circumstances and as such, the value of the Debentures is expected to be subject to changes in the value of the Units and thus subject to all risks related to the Units. See "Risks Relating to the Units" above.

CANADIAN FEDERAL INCOME TAX-RELATED RISKS – DEBENTURES

(a) *Withholding Taxes.* The Debenture Indenture does not contain a requirement that AHIP increase the amount of interest or other payments to holders of the Debentures ("**Holder**") in the event that AHIP is required to withhold amounts in respect of income or similar taxes on payments of interest or other amounts on the Debentures (including on a conversion of Debenture into Units). Holders that are not residents of Canada for the purposes of the Tax Act should consult their own tax advisors regarding the tax consequences of acquiring, holding, converting and disposing of Debentures.

(b) *Income Tax Consequences Vary According to the Circumstances of Each Investor.* Income tax consequences in relation to the Debentures will vary according to the circumstances of each investor. Prospective investors should seek independent advice from their own tax and legal advisors prior to investing in the Debentures.

(c) *Qualified Investment for Plans.* Provided that the Units at all relevant times are listed on a designated stock exchange for purposes of the Tax Act (which includes the TSX), the Debentures, and the Units acquired upon conversion thereof, will be qualified investments under the Tax Act for trusts governed by registered retirement savings plan ("**RRSP**"), registered retirement income fund ("**RRIF**"), deferred profit sharing plans (except that the Debentures will not be a qualified investment for a deferred profit sharing plan to which AHIP or an employer with which AHIP does not deal at arm's length has made a contribution), registered education savings plans ("**RESP**"), registered disability savings plans ("**RDSP**") and tax free savings accounts ("**TFSA**"), each as defined in the Tax Act (each a "**Plan**"). However, there can be no assurance that tax laws relating to qualified investments will not be changed. If the Debentures are not or cease to be qualified investments for Plans, a Plan and/or its annuitant, beneficiary or subscriber thereunder or holder thereof may become subject to additional tax or penalties or may be otherwise adversely affected, including the revocation of the registration of a RESP.

(d) *Prohibited Investments.* A holder of a TFSA or an RDSP, a subscriber of an RESP or an annuitant under a RRSP or RRIF, as the case may be, will be subject to a penalty tax if the Debentures, and the Units acquired upon conversion thereof, are or become a "prohibited investment" as defined in the Tax Act for the TFSA, RDSP, RESP, RRSP or RRIF.

(e) *After-Tax Returns from Investment.* The after-tax return from an investment in Debentures and any Units acquired under the terms of the Debentures to a Holder will depend on a number of factors including the Holder's ability to claim foreign tax credits or foreign tax deductions under the Tax Act in respect of U.S. taxes paid by the REIT or by the Holder. A Holder's ability to claim foreign tax credits or foreign tax deductions in respect of any U.S. taxes may be affected where the Holder does not have sufficient taxes otherwise payable under Part I of the Tax Act or sufficient U.S. source income in the taxation year the U.S. taxes are paid or where the Holder has other U.S. source income or losses, has paid other U.S. taxes or, in certain circumstances, has not filed a U.S. federal income tax return. Furthermore, foreign tax credits or foreign tax deductions will be dependent upon the Canadian federal, provincial and territorial income tax rates and U.S. federal and state income tax rates that will prevail in future years to apply to applicable sources of income.

As set out under "Principal United States Federal Income Tax Considerations", if the Debenture 5 Percent Exception is not met, a Holder may be subject to U.S. tax on a conversion, redemption, repayment or other disposition of a Debenture. To the extent that a Holder is subject to U.S. tax on disposition of the Debentures or any Units acquired under the terms of the Debentures, the portion of such U.S. tax paid that is not claimed as a foreign tax credit may generally not be available as a foreign tax deduction. Where such Holders are not entitled to all benefits under the Treaty, the proceeds receivable on a conversion, redemption, repayment or other disposition, as the case may be, of the Debentures or Units acquired under the terms of the Debentures may not qualify as U.S. source income for purposes of the Tax Act (including for Canadian foreign tax credit purposes), and, where such Holders are trusts, their beneficiaries may not be considered to have paid such tax for purposes of the Tax Act and, accordingly, may not be entitled to a foreign tax credit or deduction in respect of such U.S. tax for Canadian tax purposes. Holders are therefore advised to consult their own tax advisors in regards to foreign tax credits and foreign tax deductions under the Tax Act.

(f) *U.S. Tax Refund or Foreign Tax Credit/Deduction may be a Benefit or Advantage Received out of or under a Plan.* To the extent that an annuitant, a beneficiary, a subscriber or a holder of a Plan that is a Holder files a U.S. federal income tax return and the annuitant, beneficiary, subscriber or holder (rather than the Plan itself) receives a U.S. tax refund of (or claims a foreign tax credit or a foreign tax deduction for an amount in respect of) all or a portion of the amounts withheld by the US REIT, the annuitant, the beneficiary, the subscriber or the holder may, in certain circumstances, be required to include, in computing income for purposes of the Tax Act, or to pay a penalty tax on, an applicable portion of such amount of U.S. tax as a benefit or advantage received out of or under the Plan. Annuitants, beneficiaries, subscribers or holders of Plans that are Holders should consult their own tax advisors in this regard.

The rules governing the Canadian federal income taxation of Holders are complex. This "Canadian Tax-Related Risks" section does not address or consider all aspects of Canadian federal income tax of an investment in AHIP and does not consider provincial, territorial, U.S., State, or other foreign tax legislation or considerations. Prospective investors should consult their own professional advisors as to the tax consequences to them of making an investment in, and of holding or converting, Debentures.

CANADIAN FEDERAL INCOME TAX-RELATED RISKS – UNITS

The following provides a summary of significant Canadian federal income tax risks, but does not summarize, address or consider all aspects of these or all such risks:

(a) *Qualified Investment for Plans.* The Units will be qualified investments under the Tax Act for trusts governed by RRSP, RRIF, RESP, RDSP, deferred profit sharing plans and TFSA Plans, provided that at all relevant times, the Units are listed on a designated stock exchange for purposes of the Tax Act (which includes the TSX).

(b) *Prohibited Investments.* A holder of a TFSA or an RDSP, a subscriber of an RESP or an annuitant under an RRSP or RRIF, as the case may be, will be subject to a penalty tax if the Units are or become a "prohibited investment" as defined in the Tax Act for the TFSA, RDSP, RESP, RRSP or RRIF.

(c) *U.S. Tax Refund or Foreign Tax Credit/Deduction may be a Benefit or Advantage Received out of or under a Plan.* To the extent that an annuitant, a beneficiary, a subscriber or a holder of a Plan that is a unitholder files a U.S. federal income tax return and the annuitant, beneficiary, subscriber or holder (rather than the Plan itself) receives a U.S. tax refund of (or claims a foreign tax credit or a foreign tax deduction for an amount in respect of) all or a portion of the amounts withheld by the U.S. REIT, the annuitant, the beneficiary, the subscriber or the holder may, in certain circumstances, be required to include, in computing income for purposes of the Tax Act, or to pay a penalty tax on, an applicable portion of such amount of U.S. tax as a benefit or advantage received out of or under the Plan. Annuitants, beneficiaries, subscribers or holders of Plans that are unitholders should consult their own tax advisors in this regard.

(d) *Cash Distributions may be Insufficient to Pay Tax Liability.* In general, a unitholder must include in computing the unitholder's income, gain, loss and deduction the unitholder's proportionate share of income of AHIP allocated to the unitholder pursuant to the Limited Partnership Agreement for the fiscal year of AHIP ending with or within the unitholder's taxation year. However, the cash distributed to a unitholder may not be sufficient to pay the full amount of such unitholder's tax liability in respect of its investment in AHIP because each unitholder's tax liability depends on such unitholder's particular tax situation. In addition, the actual amount and timing of distributions will be subject to the discretion of the General Partner, and AHIP cannot assure unitholders that AHIP will in fact make cash distributions as intended. Even if AHIP is unable to distribute cash in amounts that are sufficient to fund the unitholders' tax liabilities, each of the unitholders will still be required to pay income taxes on its proportionate share of AHIP's income allocated to the unitholder.

(e) *After-Tax Returns from Investment.* The after-tax return from an investment in Units to a unitholder will depend on a number of factors, including whether or not the underlying income will be "foreign accrual property income" for purposes of the Tax Act the unitholder's ability to recognize, for purposes of the Tax Act, U.S. taxes paid by AHIP or by the unitholder through foreign tax credits or foreign tax deductions under the Tax Act, and the unitholder's ability to obtain a refund of any excess U.S. taxes withheld. A unitholder's ability to recognize U.S. taxes through foreign tax credits or foreign tax deductions may be affected where the unitholder does not have sufficient taxes otherwise payable under Part I of the Tax Act or sufficient U.S. source income in the taxation year the U.S. taxes are paid or where the unitholder has other U.S. source income or losses, has paid other U.S. taxes or, in certain circumstances, has not filed a U.S. federal income tax return. Foreign tax credits or foreign tax deductions will be dependent upon the Canadian federal and provincial and U.S. federal and state income tax rates that will prevail in future years to apply to applicable sources of income.

Furthermore, if: (i) a unitholder holds, or has held, actually or constructively, more than 5% of the outstanding Units, as determined for U.S. federal income tax purposes; or (ii) the regularly traded exception is not satisfied, a unitholder may be subject to additional U.S. tax on disposition of the Units. The portion of such U.S. tax paid that is not applied as a foreign tax credit may generally not be available as a foreign tax deduction. Where such unitholders are not entitled to all benefits under the Canada-U.S. Income Tax Convention (the "**Treaty**"), the proceeds receivable on a disposition of a Unit may not qualify as U.S. source income for purposes of the Tax Act (including for Canadian foreign tax credit purposes), and, where such unitholders are trusts, their beneficiaries may not be considered to have paid such tax for purposes of the Tax Act and, accordingly, may not be entitled to a foreign tax credit or deduction in respect of such U.S. tax for Canadian tax purposes. Unitholders are therefore advised to consult their own tax advisors in regards to foreign tax credits and foreign tax deductions.

(f) *SIFT Measures.* The exposure of AHIP to the tax on SIFT partnerships imposed by the SIFT Measures will depend on whether or not AHIP holds "non-portfolio properties" (as defined in the Tax Act) and earns "taxable non-portfolio earnings" (as defined in the Tax Act) in respect thereof. Where AHIP holds any "non-portfolio properties", it may be subject to adverse consequences, including a tax on its "taxable non-portfolio earnings", with the result that the amount of cash available for distribution by AHIP may be reduced, and that the taxable non-portfolio earnings net of any SIFT tax (being the tax imposed under the Tax Act on "SIFT partnerships" and "SIFT trusts" as these terms are defined in the Tax Act) would be, depending on the circumstances, included in the income of unitholders for purposes of the Tax Act as eligible dividends (as defined in the Tax Act).

(g) *Change in Canadian Tax Laws.* There can be no assurances that Canadian federal income tax laws respecting the treatment of partnerships and SIFT partnerships will not be changed, or that administrative policies and assessing practices of the Canada Revenue Agency ("**CRA**") will not develop, in a manner which adversely affects AHIP and the unitholders.

(h) *Foreign Accrual Property Income Exception.* If the U.S. REIT or any other "controlled foreign affiliate" ("**CFA**") of AHIP fails to meet at least one of the defined foreign accrual property income ("**FAPI**") exceptions throughout a particular taxation year, an amount of FAPI may be required to be included in computing the income of AHIP for Canadian federal income tax purposes. At such time as AHIP receives a dividend from the U.S. REIT or other relevant CFA out of this type of income that was previously treated as FAPI (net of the amount of any previous "foreign accrual tax" deduction, if any), that dividend will effectively not be included in computing the income of AHIP and there will be a corresponding reduction in the adjusted cost base to AHIP of the U.S. REIT or CFA shares to the extent such adjusted cost base was increased as a result of such FAPI. A unitholder may in certain circumstances face a degree of double-taxation on amounts, if any, that are FAPI when both U.S. and Canadian taxes are considered.

(i) *Capital Gain or Loss on Redemption of Preferred Share of the U.S. REIT.* AHIP intends to redeem fractions of the Series A preferred shares ("**ROC Share**") over time to fund its cash distribution obligations. AHIP may realize a capital gain or loss on such redemption as a result of the foreign currency exchange rate being higher or lower at the time of redemption than at the time of share subscription. The capital gain must be included in income, but any capital loss on such redemption may either be suspended or be denied and added to the adjusted cost base of the remaining fractions of the ROC Share unless AHIP sells the ROC Share of the U.S. REIT, which sale is not contemplated.

(j) *Currency Conversion.* For purposes of the Tax Act, unitholders are generally required to compute their Canadian tax results using Canadian currency. Where an amount that is relevant in computing a taxpayer's Canadian tax results is expressed in a currency other than Canadian currency, such amount must be converted to Canadian currency using the rate of exchange quoted by the Bank of Canada at noon on the day such amount first arose, or using such other rate of exchange as is acceptable to the CRA. As a result, unitholders may realize gains and losses for tax purposes by virtue of the fluctuation of the value of foreign currencies relative to Canadian dollars.

The rules governing the Canadian federal income taxation of unitholders are complex. This "Canadian Tax-Related Risks" section does not address or consider all aspects of Canadian federal income tax of an investment in AHIP and does not consider provincial, territorial, U.S., State, or other foreign tax legislation or considerations. Prospective investors should consult their own professional advisors as to the tax consequences to them of making an investment in, and of holding, Units.

U.S. FEDERAL INCOME TAX-RELATED RISKS

The following provides a summary of significant U.S. tax risks to non-U.S. unitholders and non-U.S. Debenture holders, but does not summarize, address or consider all aspects of these or all such risks:

a) *Legislative and Other Changes Affecting REITs or Publicly Traded Partnerships* ("**PTP**"s). The present U.S. federal income tax treatment of REITs may be modified, possibly with retroactive effect, by legislative, judicial or administrative action at any time. In particular, on December 22, 2017, the Tax Cuts and Jobs Act (the "**TCJA**") was signed into law. The TCJA made major changes to the Internal Revenue Code, including several provisions thereof that affect the taxation of REITs and holders of their securities. To date, the Internal Revenue Service ("**IRS**") has issued only limited guidance with respect to certain provisions of the TCJA. There are numerous interpretative issues and ambiguities that still require guidance and that are not clearly addressed in the legislative history that accompanied the TCJA. In addition, further technical corrections to the legislation are needed to clarify certain of the new provisions and to give proper effect to Congressional intent. The specific and overall effect of the changes made by the TCJA are still somewhat uncertain, and it may be some time before the full impact of the TCJA on REITs, PTPs and their security holders becomes evident. We cannot predict the long-term effect of the TJCA or any future changes in law on REITs, PTPs, or their security holders. Current and prospective investors should consult their tax advisors regarding the implications of the TCJA on AHIP and their investment in AHIP.

   Additionally, the REIT rules are under continuous review by the IRS, the Department of the Treasury ("**Treasury**") and other legislators. As such, there can be no assurance that U.S. federal income tax laws, the terms of the Treaty, and the IRS and Treasury administrative and legislative policies in respect of the U.S. federal income tax consequences described in this document will not be changed, possibly on a retroactive basis, in a manner that adversely affects unitholders and/or Debenture holders. In particular, any such change could increase the amount of U.S. federal income tax or withholding tax payable by AHIP or its subsidiaries, reducing the amount of distributions which AHIP would otherwise receive and thereby reducing the amount available to pay distributions to unitholders.

b) *U.S. federal income tax treatment of the Debentures.* The Debentures are complex financial instruments and no assurance can be given that the IRS or the courts will agree with the U.S. tax treatment of the Debentures as described in the AHIP's Prospectus Supplement, dated June 2, 2017 (the "**Prospectus**"), available on SEDAR at www.sedar.com. AHIP has not sought any rulings concerning the treatment of the Debentures and the U.S. federal income tax consequences described in the Prospectus are not binding on the IRS or the courts, either of which could disagree with the explanations or conclusions contained in the Prospectus. Prospective non-U.S. Debenture holders should consult with their tax advisors regarding the consequences to them of the possible re-characterization of the Debentures as equity (or otherwise) for U.S. federal income tax purposes.

c) *AHIP's status as a partnership for U.S. federal income tax purposes*. There is a risk that for the current year, and for any subsequent year, AHIP does not meet the "qualifying income" exception to continue to be treated as a partnership for U.S. federal income tax purposes, and is, thus, treated as a corporation for U.S. federal income tax purposes. Should AHIP be treated as a corporation for U.S. federal income tax purposes, the U.S. federal income tax consequences will differ significantly from those described in the Prospectus and distributions to unitholders may be materially lower than if AHIP were treated as a partnership for U.S. federal income tax purposes.

d) *AHIP not being engaged in a U.S. trade or business*. AHIP believes that it is not engaged in a U.S. trade or business for U.S. federal income tax purposes, and it intends to use commercially reasonable efforts to structure its activities to avoid generating income treated as effectively connected with a trade or business within the U.S. ("**ECI**"), including U.S. real property interest gain (see Item (g) below). It is possible, however, that the IRS or the courts could disagree, or that the U.S. federal tax laws could change, and AHIP could be considered to be engaged in a U.S. trade or business. In this case, non-U.S. unitholders would generally be required to file U.S. federal income tax returns and would be subject to U.S. federal income tax at regular graduated rates. Corporate non-U.S. unitholders may also be subject to a 30% branch profits tax (subject to reduction under an applicable treaty).

   If, contrary to Management's expectations, AHIP were treated as engaged in a U.S. trade or business, then gain or loss from the sale of Units by a non-U.S. unitholder would generally be treated as effectively connected with that trade or business to the extent such unitholder would have had effectively connected gain or loss had AHIP sold all of its assets for their fair market value as of the date of the sale. Any effectively connected gain would generally be subject to U.S. federal income tax at regular graduated rates, and such selling non-U.S. unitholder generally would be required to file a U.S. income tax return. Additionally, the purchaser would generally be required to withhold U.S. federal tax in an amount equal to 10% of the purchase price. However, the IRS has suspended this withholding obligation for dispositions of interests in PTPs (as defined in the Internal Revenue Code) until final U.S. Treasury Regulations or other guidance have been issued. AHIP should be treated as a PTP for these purposes. Although recently proposed U.S. Treasury Regulations would end the suspension of these withholding rules for dispositions of PTP interests, such regulations would apply only to transfers that occur on or after the date that is 60 days after the proposed Treasury Regulations are published in final form.

   Non-U.S. unitholders should consult with their tax advisors regarding the consequences to them of AHIP being treated as engaged in a U.S. trade or business.

e) *The U.S. federal income tax treatment with regard to 5% or smaller non-U.S. unitholders, depends on the Units being "regularly traded".* There is a risk that for the current quarter, and for any subsequent quarter, the Units may not be considered to be "regularly traded on an established securities market". Further, management is not certain whether the Debentures themselves are considered "regularly traded on an established securities market". Hence, should the Units not be considered to be "regularly traded on an established securities market", non-U.S. unitholders and non-U.S. Debenture holders would be taxable upon the disposition of their Units and Debentures, respectively, and would also be subject to U.S. federal income tax return filing requirements with respect to such disposition. Further, Non-U.S. Unitholders who hold, actually or constructively, more than 5% of the outstanding Units at any time during the shorter of the five-year period ending on the date of disposition, or the period that such Units were held would be taxable upon the disposition of their Units and would be subject to U.S. tax return filing requirements, regardless of whether the Units are considered to be "regularly traded". Similarly, if on the date the Debentures were acquired by a non-U.S. Debenture holder, the Debentures held by such holder had a fair market value greater than 5% of the fair market value of the AHIP's total outstanding Units (or the greater-than-5%-ownership test was met upon subsequent purchases of additional Debentures by such holder), such Non-U.S. Debenture holder would be taxable upon the disposition of his or her Debentures and would be subject to U.S. federal income tax return filing requirements.

f) *U.S. withholding tax may be required on a transfer of the Debentures*. A purchaser of Debentures is required to withhold 15% U.S. tax if the Debentures are not themselves considered regularly traded and on the date the Debentures were acquired by the selling holder the Debenture holder did not meet the Non-Traded Debenture 5 Percent Exception (as defined in the Prospectus). A purchaser may not be able to determine whether a seller of the Debenture meets the Non-Traded Debenture 5 Percent Exception and therefore, may be required to withhold 15% upon the purchase of the Debentures.

g) *U.S. real property interest gains recognized by the U.S. REIT or AHIP will cause non-U.S. Unitholders to be subject to U.S. federal income tax and U.S. tax return filing obligations.* Management intends to take all reasonable steps to limit AHIP from recognizing U.S. real property interest gains that may cause a non-U.S. unitholder to recognize a gain as ECI and, therefore, give rise to a U.S. federal income tax return filing requirement. However, no assurances can be given that U.S. real property interest gains will not be recognized in a particular year. Non-U.S. unitholders who are allocated ECI (including U.S. real property interest gains) are required to file a U.S. federal income tax return and are subject to U.S. federal income tax at regular rates.

h) *The U.S. REIT may not qualify in the future as a REIT for U.S. federal income tax purposes*. Given the highly complex nature of the rules governing REITs and the possibility of future changes in circumstances, no assurances can be given that the U.S. REIT will qualify as a REIT for U.S. federal income tax purposes, whether in its first taxable year or in any subsequent year. Should the U.S. REIT fail to qualify as a REIT, it should be subject to U.S. federal income tax, which may result in materially reduced distributions to unitholders. An entity that becomes disqualified as a REIT cannot generally elect again to become a REIT prior to the fifth taxable year beginning after the first taxable year for which the termination is effective.

i) *U.S. REIT Not Closely-Held Requirement.* 100% of the U.S. REIT common stock and Series A preferred stock are owned by AHIP. AHIP is expected by management to continue to be widely-held such that five or fewer individuals would not indirectly own more than 50% of the value of the U.S. REIT (the "**Not Closely-Held Requirement**"). There is no ownership limitation contained in the Limited Partnership Agreement, so there can be no guarantee that the U.S. REIT would be able to effectively prevent five or fewer individuals from acquiring more than 50% of the Units and, thereby, indirectly acquiring more than 50% of the value of the U.S. REIT. Management will monitor the ownership of

AHIP on a regular basis to evaluate its ownership so as to prevent a violation of the Not Closely-Held Requirement.

j) *Withholding certificates may not be granted by the U.S. Internal Revenue Service*. Where necessary, AHIP and/or the U.S. REIT will be making withholding certificate applications to the IRS to request for a reduction in U.S. federal income tax withholdings that would otherwise apply to an amount that more closely resembles the actual tax liability. No assurance can be given that the IRS will approve a withholding certificate application.

k) *Unitholders May Recognize Taxable Income Without Receiving Corresponding Cash Distributions*. Because AHIP is expected by management to be treated as a partnership for U.S. federal income tax purposes, unitholders will be required to recognize income in accordance with AHIP's recognition and allocation of such income. AHIP may derive taxable income from investments that is not matched by a corresponding distribution of cash. It is also possible that the U.S. federal income tax liability of a unitholder with respect to its allocable share of AHIP's income for a particular taxable year could exceed the cash distribution to the unitholder for the year.

l) *An investor's investment in AHIP may have U.S. gift and estate tax implications.* The U.S. gift and estate tax rules are complex, and each unitholder and Debenture holder should consult his or her own tax advisor to determine the U.S. gift and estate tax implications of the investment.

The rules governing the United States federal income taxation of unitholders and holders of Debentures are complex. This "U.S. Federal Income Tax-Related Risks" section does not address or consider all aspects of the U.S. federal income tax consequences of an investment in AHIP and does not consider state, local or non-U.S. tax consequences. Current and prospective investors should consult their own professional advisors as to the U.S. federal, state, local and/or non-U.S. tax consequences to them of making an investment in, and of holding, Units or Debentures.

The Units and Debentures involve a certain degree of risk. Any person currently holding or considering the purchase of Units, Debentures or any other securities of AHIP that may be offered or that are issued and outstanding from time to time, should be aware of these and other factors set forth in AHIP's AIF and should consult with his or her legal, tax and financial advisors prior to making an investment in the Units, Debentures or any other securities of AHIP that may be offered or that are issued and outstanding from time to time. The Units, Debentures and any other securities of AHIP that may be offered or that are issued and outstanding from time to time should only be purchased by persons who can afford to lose all of their investment.

HOTEL PORTFOLIO AS AT MARCH 10, 2020

Hotel Address	Brand	Location	Number of Rooms	Restaurant	Acquisition Date
TEXAS/ARIZONA					
4650 West Airport Freeway	Embassy Suites	Irving, TX	305	Yes	Jan. 6, 2017
4400 South Rural Road	Embassy Suites	Tempe, AZ	224	Yes	Jan. 6, 2017
8231 Amarillo Blvd. West	Holiday Inn	Amarillo, TX	151	Yes	Oct. 27, 2014
7815 Willow Chase Blvd	Home2 Suites	Houston, TX	108	-	Dec. 3, 2019
5879 South Padre Island Dr.	Hampton Inn & Suites	Corpus Christi, TX	101	-	Dec. 3, 2019
1505 Catalina Drive	Staybridge Suites	Midland, TX	98		Dec. 3, 2019
1401 Catalina Drive	Home2 Suites	Midland, TX	93	-	Dec. 3, 2019
2569 Southwest Blvd	Home2 Suites	San Angelo, TX	93	-	Dec. 3, 2019
2545 Southwest Blvd	Residence Inn	San Angelo, TX	92		Dec. 3, 2019
1740 Airport Boulevard	Fairfield Inn & Suites	Amarillo, TX	79	-	Oct. 27, 2014
6915 I-40 West	Sleep Inn & Suites	Amarillo, TX	63	-	Oct. 27, 2014
TOTAL TEXAS/ARIZONA		**11 PROPERTIES**	1,407	3	
FLORIDA/GEORGIA					
3712 SW 38th Avenue	Courtyard	Ocala, FL	169	Yes	Aug. 6, 2015
3427 Forum Boulevard	Holiday Inn Express	Fort Myers, FL	111	-	Nov. 29, 2016
5730 Gantt Road	Holiday Inn Express	Sarasota, FL	101	-	Nov. 29, 2016
3624 North Falkenburg Rd.	Staybridge Suites	Tampa, FL	100	-	Nov. 29, 2016
4735 Helen Hauser Blvd.	Fairfield Inn & Suites	Titusville, FL	96	-	Nov. 25, 2014
4101 SW 38th Avenue	Fairfield Inn & Suites	Ocala, FL	96	-	Aug. 6, 2015
561 Chaffee Point Boulevard	Fairfield Inn & Suites	Jacksonville, FL	89	-	Oct. 27, 2016
538 Southwest Corporate Dr.	Fairfield Inn & Suites	Lake City, FL	89	-	Oct. 27, 2016
3610 SW 38th Avenue	Residence Inn	Ocala, FL	87	-	Aug. 6, 2015
3751 East Fowler Avenue	Wingate	Tampa, FL	86	-	Nov. 29, 2016
4355 West New Haven Ave	Fairfield Inn & Suites	Melbourne, FL	83	-	Nov. 25, 2014
1319 East King Avenue	Fairfield Inn & Suites	Kingsland, GA	82	-	Jul. 3, 2014
13575 Cypress Glen Lane	Courtyard	Tampa, FL	81	Yes	Nov. 29, 2016
10971 West Colonial Drive	Fairfield Inn & Suites	Orlando/Ocoee, FL	80	-	Nov. 29, 2016
TOTAL FLORIDA/GEORGIA		**14 PROPERTIES**	1,350	2	
MARYLAND					
5015 Campbell Boulevard	Hilton Garden Inn	Baltimore, MD	155	Yes	June 22, 2017
4980 Mercantile Road	Residence Inn	Baltimore, MD	131	-	June 22, 2017
7035 Arundel Mill Circle	Residence Inn	Hanover, MD	131	-	June 22, 2017
7027 Arundel Mill Circle	Hampton Inn	Hanover, MD	130	-	June 22, 2017
7544 Teague Road	SpringHill Suites	Hanover, MD	128	-	June 22, 2017
8225 Town Center Drive	Hampton Inn	Baltimore, MD	127	-	June 22, 2017
8477 Cordon Way	Fairfield Inn & Suites	Baltimore, MD	116	-	June 22, 2017
7021 Arundel Mill Circle	TownePlace Suites	Hanover, MD	109	-	June 22, 2017
TOTAL MARYLAND		**8 PROPERTIES**	1,027	1	

HOTEL PORTFOLIO AS AT MARCH 10, 2020 CONTINUED

Hotel Address	Brand	Location	Number of Rooms	Restaurant	Acquisition Date
PENNSYLVANIA					
555 Trumbull Drive	Hampton Inn	Pittsburgh, PA	132	-	Nov. 21, 2013
8514 University Boulevard	Hampton Inn	Moon Township, PA	127	-	Nov. 21, 2013
210 Executive Drive	Hampton Inn	Cranberry Township, PA	116	-	Nov. 21, 2013
2031 Avenue C	Homewood Suites	Bethlehem, PA	113	-	June 22, 2017
7686 Industrial Boulevard	Homewood Suites	Allentown, PA	108	-	June 22, 2017
1004 Sutherland Drive	Fairfield Inn & Suites	Pittsburgh, PA	103	-	Dec. 3, 2019
1308 Freedom Road	Residence Inn	Cranberry Township, PA	96	-	Nov. 21, 2013
1006 Sutherland Drive	TownePlace Suites	Pittsburgh, PA	93	-	Dec. 3, 2019
TOTAL PENNSYLVANIA		**8 PROPERTIES**	888	-	
MIDWEST					
185 Radio Drive	Courtyard	Woodbury, MN	120	Yes	Dec. 3, 2019
205 Radio Drive	Residence Inn	Woodbury, MN	116	-	Dec. 3, 2019
550 Trade Center Way	Homewood Suites	Portage, MI	97	-	Dec. 3, 2019
3319 N 14th Street	Courtyard	Bismarck, ND	89	Yes	Dec. 3, 2019
2080 Holliday Drive	Holiday Inn Express	Dubuque, IA	87	-	Jun. 18, 2015
121 Swords Drive	Holiday Inn Express	Mattoon, IL	69	-	Jun. 18, 2015
2501 Holiday Lane	Holiday Inn Express	South Jacksonville, IL	69	-	Jun. 18, 2015
311 S. Johnson Drive	Holiday Inn Express	Nevada, MO	68	-	Jun. 18, 2015
3007 W. 18th Avenue	Holiday Inn Express	Emporia, KS	68	-	Jun. 18, 2015
TOTAL MIDWEST		**9 PROPERTIES**	783	2	
OHIO/KENTUCKY					
5100 Upper Metro Place	Embassy Suites	Dublin, OH	284	Yes	Jan. 19, 2017
5800 Rockside Woods Blvd.	Embassy Suites	Independence, OH	271	Yes	Jan. 19, 2017
10 East Rivercentre Blvd.	Embassy Suites	Covington, KY	227	Yes	Jan. 19, 2017
TOTAL OHIO/KENTUCKY		**3 PROPERTIES**	782	3	
NEW JERSEY					
1000 Bishops Gate Boulevard	Residence Inn	Mount Laurel, NJ	144	-	June 22, 2017
3008 English Creek Avenue	Homewood Suites	Egg Harbor Township, NJ	120	-	June 22, 2017
1302 Campus Parkway	Courtyard	Wall Township, NJ	113	Yes	June 22, 2017
2 Commerce Centre Drive	Homewood Suites	Dover, NJ	108	-	June 22, 2017
230 Jumping Brook Road	Residence Inn	Neptune, NJ	105	-	June 22, 2017
3022 Fire Road	Residence Inn	Egg Harbor Township, NJ	101	-	June 22, 2017
TOTAL NEW JERSEY		**6 PROPERTIES**	691	1	
OKLAHOMA					
4401 SW 15th Street	Holiday Inn	Oklahoma City, OK	147	Yes	Nov. 3, 2014
13800 Quail Springs Pk.	Holiday Inn	Oklahoma City, OK	109	Yes	Nov. 3, 2014
4411 SW 15th Street	Staybridge Suites	Oklahoma City, OK	103	-	Nov. 3, 2014
2814 Williams Avenue	Hampton Inn	Woodward, OK	81	-	Nov. 3, 2014
7840 NW 39 Expressway	Holiday Inn Express	Bethany, OK	69	-	Jun. 18, 2015
3004 South 4th Street	Hampton Inn	Chickasha, OK	63	-	Jun. 18, 2015
2610 S. 4th Street	Holiday Inn Express	Chickasha, OK	62	-	Jun. 18, 2015
TOTAL OKLAHOMA		**7 PROPERTIES**	634	2	

HOTEL PORTFOLIO AS AT MARCH 10, 2020 CONTINUED

Hotel Address	Brand	Location	Number of Rooms	Restaurant	Acquisition Date
NORTH CAROLINA					
1137 E. Dixie Drive	Hampton Inn	Asheboro, NC	111	-	Jul. 3, 2014
10024 US Hwy 15/501	Springhill Suites	Pinehurst, NC	107	-	Jul. 11, 2014
1530 Cinema Drive	Courtyard	Statesville, NC	94	Yes	Nov. 25, 2014
920 Executive Way	Fairfield Inn & Suites	Asheboro, NC	87	-	Jul. 3, 2014
1508 Cinema Drive	Hampton Inn	Statesville, NC	80	-	Nov. 25, 2014
TOTAL NORTH CAROLINA		**5 PROPERTIES**	479	1	
VIRGINIA					
85 University Boulevard	Hampton Inn	Harrisonburg, VA	159	-	Mar. 12, 2014
43 Covenant Drive	Hampton Inn	Harrisonburg, VA	90	-	Mar. 12, 2014
898 Wiggins Road	Hampton Inn	Emporia, VA	85	-	Mar. 12, 2014
150 Arnold Drive	Fairfield Inn & Suites	South Hill, VA	68	-	Mar. 12, 2014
TOTAL VIRGINIA		**4 PROPERTIES**	402	-	
NEW YORK/CONNECTICUT					
2 Sawgrass Drive	SpringHill Suites	Bellport, NY	128	-	June 22, 2017
291 Old Gate Lane	Hilton Garden Inn	Milford, CT	120	Yes	June 22, 2017
TOTAL NEW YORK/CONNECTICUT		**2 PROPERTIES**	248	1	
TENNESSEE					
2340 Center Street	Residence Inn	Chattanooga, TN	109	-	Oct. 27, 2016
7010 McCutcheon Road	TownePlace Suites	Chattanooga, TN	87	-	Oct. 27, 2016
TOTAL TENNESSEE		**2 PROPERTIES**	196	-	
TOTAL PREMIUM BRANDED HOTELS		**79 PROPERTIES**	**8,887**	**16**	