



AMERICAN HOTEL
INCOME PROPERTIES
REIT LP

MATERIAL CHANGE REPORT

FORM 51-102F3

1. Name and Address of Company:

American Hotel Income Properties REIT LP (“**AHIP**”)
Suite 1660 - 401 West Georgia Street
Vancouver, B.C. V6B 5A1

2. Date of Material Change:

July 3, 2014 and July 11, 2014.

3. News Release:

On July 3, 2014, and July 11, 2014, news releases reporting the material change were issued through Canada Newswire and filed on SEDAR at www.sedar.com. A copy of the July 3, 2014, news release is attached hereto as Schedule A. A copy of the July 11, 2014, news release is attached hereto as Schedule B.

4. Summary of Material Change:

On July 3, 2014, AHIP announced that it had completed the acquisition of three hotels and on July 11, 2014, AHIP announced that it had completed the acquisition of one hotel, for a total of four hotels acquired pursuant to a previously announced portfolio acquisition of four hotel properties located in North Carolina and Georgia (the “**Acquisition Properties**”). The Acquisition Properties comprise a total of 387 guest rooms, which include a 111-room Hampton Inn hotel, an 87-room Fairfield Inn & Suites hotel, each located in Asheboro, North Carolina, an 82-room Fairfield Inn & Suites hotel located in Kingsland, Georgia, and a 107-room SpringHill Suites hotel located in Pinehurst, North Carolina.

AHIP funded the US\$30.5 million total purchase price for the Acquisition Properties, before customary closing and post-acquisition adjustments, and additional financing of US\$1.5 million for the completion of related brand mandated property improvement plans (“**PIPs**”), using a combination of cash from AHIP’s bought deal offering of units that closed on June 4, 2014 (as described in AHIP’s short form prospectus dated May 29, 2014 (the “**Prospectus**”), a copy of which is filed on SEDAR at www.sedar.com), the assumption of two CMBS mortgage loans on two of the Acquisition Properties and one new CMBS mortgage loan on the other two Acquisition Properties, for a total of three loans.

5. Full Description of Material Change:

On July 3, 2014, AHIP announced that it had completed the acquisition of three of the four hotel properties comprising the Acquisition Properties. On July 11, 2014, AHIP announced that it had completed the purchase of the fourth hotel property of the Acquisition Properties.

The Acquisition Properties comprise a total of 387 guest rooms which include a 111-room Hampton Inn hotel (a brand controlled by Hilton Worldwide Inc.), an 87-room Fairfield Inn & Suites hotel (a brand controlled by Marriott International Inc.), each located in Asheboro, North Carolina, an 82-room Fairfield Inn & Suites hotel located in Kingsland, Georgia, and a 107-room SpringHill Suites hotel (a brand controlled by Marriott International Inc.) located in Pinehurst, North Carolina. The Acquisition Properties are located near transportation hubs and other major demand generators such as military bases, manufacturing facilities, medical centres, and golf and leisure attractions, and cater primarily to corporate travelers seeking select-service lodging.

AHIP funded the US\$30.5 million total purchase price for the Acquisition Properties, before customary closing and post-acquisition adjustments, and additional financing of US\$1.5 million for the completion of related PIPs, using a combination of cash from AHIP's bought deal offering of units that closed on June 4, 2014 (as described in the Prospectus dated May 29, 2014), one assumed CMBS mortgage loan relating to the SpringHill Suites hotel for US\$7.7 million with a maturity date of February 1, 2024 and a fixed interest rate of 5.28%, one assumed CMBS mortgage loan relating to the Hampton Inn hotel for US\$5.7 million with a maturity date of August 1, 2018 and a fixed interest rate of 5.69%, and one new CMBS mortgage loan relating to the two Fairfield Inn & Suites hotels for US\$6.0 million with a 10-year term and a fixed interest rate of 4.72%.

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

Not applicable.

7. Omitted Information:

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

8. Executive Officer:

For further information, please contact:

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

9. Date of Report:

July 11, 2014



AMERICAN HOTEL INCOME PROPERTIES REIT LP
by its general partner,
AMERICAN HOTEL INCOME PROPERTIES REIT (GP) INC.

Per: "Azim Lalani"
Azim Lalani
Chief Financial Officer



SCHEDULE A

NEWS RELEASE

DATED JULY 3, 2014



AMERICAN HOTEL
INCOME PROPERTIES
REIT LP

**AMERICAN HOTEL INCOME PROPERTIES REIT LP ANNOUNCES
CLOSING OF THREE HOTELS IN NORTH CAROLINA AND GEORGIA**

VANCOUVER, BC (July 3rd, 2014) American Hotel Income Properties REIT LP ("AHIP") (TSX: HOT.UN; OTCQX: AHOTF) today announced the closing of three hotels (the "Acquisition") in a portfolio of four hotel properties (the "Acquisition Properties") located in North Carolina and Georgia. The purchase of the Acquisition Properties was previously announced on June 26, 2014. The three hotels comprise a total of 280 guest rooms.

The three Acquisition Properties completed today are located in North Carolina and Georgia and are proximate to transportation hubs and other major demand generators such as military bases, manufacturing facilities and medical centers. The three properties include a 111 room Hampton Inn hotel and 87 room Fairfield Inn & Suites hotel located in Asheboro, North Carolina, and an 82 room Fairfield Inn & Suites hotel located in Kingsland, Georgia.

The fourth Acquisition Property, the 107 room SpringHill Suites – Pinehurst, North Carolina, is expected to close within approximately 15 business days, once certain documentation requirements are completed in connection with the assumption of the existing CMBS loan on the property. AHIP made the decision to complete the purchase of the three identified hotels immediately in order to enjoy the benefits of the US July 4th long weekend business and to close new-issue CMBS debt financing with a 4.72% fixed interest rate and ten year term on the two Fairfield Inn & Suites hotels.

AHIP funded the purchase price for the Acquisition using a combination of cash from AHIP's bought deal offering of units that closed on June 4, 2014, assumed CMBS debt on the Hampton Inn and new CMBS debt on the two Fairfield Inn & Suites properties. The SpringHill Suites – Pinehurst is expected to be purchased with cash from AHIP's bought deal and assumed CMBS debt.

Forward-Looking Information

Certain statements contained in this news release may constitute forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "anticipate", "plan", "expect", "may", "will", "intend", "should", and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Forward-looking statements in this news release include, without limitation, the following: references to local lodging demand generators; the completion and timing of the acquisition of the SpringHill Suites – Pinehurst; the near term growth of the Acquisition Properties and US hotel industry overall; the availability of accretive acquisition opportunities; expansion of the AHIP rail portfolio; and future availability of low cost CMBS financing.

Forward-looking information is based on a number of key expectations and assumptions made by AHIP, including, without limitation: a reasonably stable North American economy and stock market and the ability to successfully integrate the Acquisition Portfolio. Although the forward-looking information contained in this news release is based on what AHIP's management believes to be reasonable assumptions, AHIP cannot assure investors that actual results will be consistent with such information.

Forward-looking information reflects current expectations of AHIP's management regarding future events and operating performance as of the date of this news release. Such information involves significant risks and uncertainties, should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not such results will be achieved. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, without limitation, the expected closing of the SpringHill Suites – Pinehurst acquisition and other factors that can be found under "Risk Factors" in AHIP's Annual Information Form dated March 26, 2014 and AHIP's Short Form Prospectus dated May 29, 2014.



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

About American Hotel Income Properties REIT LP

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

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

For further information, please contact:

Andrew Greig, Investor Relations

American Hotel Income Properties REIT LP

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THE TORONTO STOCK EXCHANGE HAS NOT REVIEWED AND DOES NOT ACCEPT RESPONSIBILITY FOR THE ADEQUACY OR THE ACCURACY OF THIS RELEASE.



SCHEDULE B

NEWS RELEASE

DATED JULY 11, 2014



**AMERICAN HOTEL INCOME PROPERTIES REIT LP COMPLETES
ACQUISITION OF SPRINGHILL SUITES PINEHURST, NORTH CAROLINA AND
CONCLUSION OF US\$30.5 MILLION HOTEL PORTFOLIO ACQUISITION**

VANCOUVER, B.C. (July 11, 2014) – American Hotel Income Properties REIT LP ("AHIP") (TSX: HOT.UN; OTCQX: AHOTF) today announced the completion of the acquisition of a 107-room Springhill Suites hotel (a brand controlled by Marriott International Inc.) located in Pinehurst, North Carolina. This hotel is the fourth and final asset to be acquired of the portfolio of four previously announced properties (the "Acquisition Properties"), which are located in North Carolina and Georgia.

The Acquisition Properties represent a total of 387 guest rooms located near transportation hubs and other major demand generators such as military bases, manufacturing facilities, medical centers, and golf and leisure attractions. The other three Acquisition Properties, acquired on July 3, 2014, included a 111-room Hampton Inn hotel (a brand controlled by Hilton Worldwide Inc.) and an 87-room Fairfield Inn & Suites hotel (a brand controlled by Marriott International Inc.), both located in Asheboro, North Carolina, and an 82-room Fairfield Inn & Suites hotel located in Kingsland, Georgia.



Springhill Suites Pinehurst, North Carolina

The Acquisition Properties were acquired for US\$30.5 million before customary closing and post-acquisition adjustments, and excludes US\$1.5 million for the completion of brand mandated property improvement plans ("PIPs"). The seller has contracted to perform the PIPs on a fixed-price basis. AHIP funded the purchase price for the Acquisition Properties using a combination of cash from AHIP's bought deal offering of units that closed on June 4, 2014, assumed CMBS debt on each of the Springhill Suites and the Hampton Inn properties and new CMBS debt on the two Fairfield Inn & Suites properties. The portfolio acquisition is immediately accretive to AHIP.

AHIP's hotel portfolio is now comprised of 47 hotels with an aggregate 3,959 guestrooms located across 22 U.S. states.

Rob O'Neill, AHIP's Chief Executive Officer, commented, "Since last year's initial public offering, AHIP has increased its guestroom count by 54%. Our total hotel portfolio (by total guestroom count) is now 32% branded, with seven Hilton-franchised hotels and five Marriott-franchised hotels benefitting from global distribution with leading hotel brands and some of the highest guest loyalty in the business. The building age and condition of our properties is very good, and the North Carolina and Georgia properties were acquired for less than management's estimate of replacement cost. AHIP is seeing a robust pipeline of accretive investment opportunities and plans to continue expanding its portfolio of 'best-in-class' select-service hotels in the near term, utilizing undeployed funds from its recent bought deal."

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

Forward-Looking Information

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Forward-looking information is based on a number of key expectations and assumptions made by AHIP, including, without limitation: a reasonably stable North American economy and stock market and the ability to successfully integrate the Acquisition Portfolio. Although the forward-looking information contained in this news release is based on what AHIP's management believes to be reasonable assumptions, AHIP cannot assure investors that actual results will be consistent with such information.

Forward-looking information reflects current expectations of AHIP's management regarding future events and operating performance as of the date of this news release. Such information involves significant risks and uncertainties, should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not such results will be achieved. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, without limitation, those factors that can be found under "Risk Factors" in AHIP's Annual Information Form dated March 26, 2014 and AHIP's Short form Prospectus dated May 29, 2014.

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



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