



## **MATERIAL CHANGE REPORT**

### **FORM 51-102F3**

**1. Name and Address of Company:**

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

**2. Date of Material Change:**

October 28, 2014

**3. News Release:**

On October 28, 2014, a news release reporting the material change was issued through Canada Newswire and filed on SEDAR at [www.sedar.com](http://www.sedar.com). A copy of this news release is attached hereto as Schedule A.

**4. Summary of Material Change:**

On October 28, 2014, AHIP completed its previously announced public offering (the “**Offering**”) of 4,810,000 limited partnership units (each a “**Unit**”), on a bought deal basis, at a price of Cdn\$10.45 per Unit, for total gross proceeds of Cdn\$50,264,500. Included in the closing were 500,000 Units (Cdn\$5,225,000) from a partial exercise of the over-allotment option described in AHIP’s short form prospectus dated October 21, 2014 (the “**Prospectus**”), which is available on SEDAR at [www.sedar.com](http://www.sedar.com).

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

On October 28, 2014, AHIP completed its previously announced public offering of 4,810,000 Units, on a bought deal basis, at a price of Cdn\$10.45 per Unit, for total gross proceeds of Cdn\$50,264,500. Included in the closing were 500,000 Units (Cdn\$5,225,000) from a partial exercise of the over-allotment option described in the Prospectus.

The Offering was conducted through a syndicate of underwriters co-led by Canaccord Genuity Corp. and National Bank Financial Inc., and including CIBC World Markets Inc., TD Securities Inc., Haywood Securities Inc., Scotia Capital Inc., Dundee Securities Ltd. and GMP Securities L.P.

As described in the Prospectus, AHIP intends to use the net proceeds of the Offering to: (i) partially fund the acquisition of a high quality nationally-branded hotel portfolio in Oklahoma (the “**Oklahoma Portfolio**”); (ii) partially fund the potential acquisition of another portfolio of hotels in the southeast United States that is under preliminary review and subject to various conditions (the “**Southeast Portfolio II**”); and (iii) fund working capital and/or other potential acquisitions. In a news release dated October 27, 2014, AHIP announced the closing of the acquisition of a high quality nationally-branded portfolio of three hotels in Texas (the “**Texas Portfolio**”), as described in the Prospectus, using a combination of cash on hand and the proceeds of a new CMBS loan.

The Units sold pursuant to the Offering have been listed on the Toronto Stock Exchange under AHIP’s existing trading symbol HOT.UN. After the Offering, AHIP now has 23,277,547 Units issued and outstanding.

These securities have not been, and will not be, registered under the United States Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements of such Act. This material change report does not constitute an offer for sale of these securities in the United States.

Full details of the Offering are described in the Prospectus, a copy of which is filed on SEDAR at [www.sedar.com](http://www.sedar.com).

### ***Forward-looking Information***

This material change report contains forward-looking information within the meaning of applicable securities legislation, which reflects AHIP’s current expectations regarding future events. Forward-looking information is identified by the use of terms and phrases such as “anticipate”, “believe”, “budget”, “could”, “estimate”, “expect”, “going-in”, “intend”, “may”, “plan”, “predict”, “project”, “will”, “would” and similar terms and phrases, including references to assumptions. Such information includes, but is not limited to: the use of proceeds from the Offering, including the potential acquisition of the Oklahoma Portfolio and/or the Southeast Portfolio II. Actual events or results may differ materially.

Forward-looking information contained in this material change report is based on certain key expectations and assumptions made by AHIP, including, without limitation: a reasonably stable North American economy and stock market and the acquisition, renovation and successful integration, as applicable, of the Oklahoma Portfolio and/or the Southeast Portfolio II. Although the forward-looking information contained in this material change report is based upon what AHIP’s management believes to be reasonable assumptions, AHIP cannot assure investors that actual events or results will be consistent with such information. Forward-looking information reflects current expectations of management regarding future events and operating performance as of the date of this material change report. Such information involves significant risks and uncertainties, should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not such results will be achieved. A number of

factors could cause actual results to differ materially from the results discussed in the forward-looking information, and a description of these factors can be found under “Risk Factors” in the Prospectus, “Risk Factors” in AHIP’s Annual Information Form dated March 26, 2014 and under “Risks and Uncertainties” in AHIP’s Management’s Discussion and Analysis dated August 14, 2014, each of which is available on SEDAR at [www.sedar.com](http://www.sedar.com).

The forward-looking information contained herein is expressly qualified in its entirety by this cautionary statement. The forward-looking information is made as of the date of this material change report and AHIP assumes no obligation to update or revise such information to reflect new events or circumstances, except as may be required by applicable law.

The potential acquisition of the Southeast Portfolio II described in this material change report and the Prospectus is indicative only, as this potential transaction is being evaluated and negotiated with the applicable seller. In addition, the acquisition, if it proceeds, would be subject to conditions, including satisfactory completion of AHIP’s due diligence and negotiation of formal legal documents. For example, AHIP cautions that there can be no assurance that any transaction will result from the conditional purchase and sale agreement described in the Prospectus with respect to the Southeast Portfolio II, or what the terms of any such transaction may be. AHIP undertakes no obligation to update investors on the status of any potential acquisition described in this material change report or the Prospectus unless and until its acquisition due diligence is complete, all other applicable conditions are satisfied or waived and the Board of Directors of AHIP’s general partner has approved the transaction, in each case.

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

Not applicable.

7. **Omitted Information:**

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

8. **Executive Officer:**

For further information, please contact:

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

9. **Date of Report:**

October 28, 2014

**SCHEDULE A**  
**NEWS RELEASE**  
**DATED OCTOBER 28, 2014**

[AMERICAN HOTEL INCOME PROPERTIES REIT LP](#)

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INCOME PROPERTIES  
REIT LP

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FOR DISSEMINATION IN THE UNITED STATES

**AMERICAN HOTEL INCOME PROPERTIES REIT LP ANNOUNCES  
CLOSING OF CDN\$50.3 MILLION BOUGHT DEAL**

**VANCOUVER, B.C. (October 28, 2014)** – American Hotel Income Properties REIT LP (“**AHIP**”) (Toronto Stock Exchange: HOT.UN; OTCQX: AHOTF) announced today the closing of its previously announced public offering (the “**Offering**”) of 4,810,000 limited partnership units (each a “**Unit**”), on a bought deal basis, at a price of Cdn\$10.45 per Unit, for total gross proceeds of Cdn\$50,264,500. Included in the closing were 500,000 Units from a partial exercise of the over-allotment option described in AHIP’s short form prospectus dated October 21, 2014 (the “**Prospectus**”), which is available on SEDAR at [www.sedar.com](http://www.sedar.com).

The Offering was conducted through a syndicate of underwriters co-led by Canaccord Genuity Corp. and National Bank Financial Inc., and including CIBC World Markets Inc., TD Securities Inc., Haywood Securities Inc., Scotia Capital Inc., Dundee Securities Ltd. and GMP Securities L.P.

As described in the Prospectus, AHIP intends to use the net proceeds of the offering to: (i) partially fund the acquisition of a high quality nationally-branded hotel portfolio in Oklahoma (the “**Oklahoma Portfolio**”); (ii) partially fund the potential acquisition of another portfolio of hotels in the southeast United States that is under preliminary review and subject to various conditions (the “**Southeast Portfolio II**”); and (iii) fund working capital and/or other potential acquisitions. In a news release dated October 27, 2014, AHIP announced the closing of the acquisition of a high quality nationally-branded portfolio of three hotels in Texas (the “**Texas Portfolio**”), as described in the Prospectus, using a combination of cash on hand and the proceeds of a new CMBS loan.

The Units sold pursuant to the Offering have been listed on the Toronto Stock Exchange under AHIP’s existing trading symbol HOT.UN. After this Offering, AHIP now has 24,277,547 Units issued and outstanding.

These securities have not been, and will not be, registered under the United States Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements of such Act. This news release does not constitute an offer for sale of these securities in the United States.

## **FORWARD LOOKING STATEMENTS**

This news release contains forward-looking information within the meaning of applicable securities legislation, which reflects AHIP’s current expectations regarding future events. Forward-looking information is identified by the use of terms and phrases such as “anticipate”, “believe”, “budget”, “could”, “estimate”, “expect”, “going-in”, “intend”, “may”, “plan”, “predict”, “project”, “will”, “would” and similar terms and phrases, including references to assumptions. Such information includes, but is not limited to: the use of proceeds from the Offering, including the potential acquisition of the Oklahoma Portfolio and/or the

Southeast Portfolio II. Actual events or results may differ materially.

Forward-looking information contained in this news release is based on certain key expectations and assumptions made by AHIP, including, without limitation: a reasonably stable North American economy and stock market and the acquisition, renovation and successful integration, as applicable of the Oklahoma Portfolio and/or the Southeast Portfolio II. Although the forward-looking information contained in this news release is based upon what AHIP's management believes to be reasonable assumptions, AHIP cannot assure investors that actual events or results will be consistent with such information. Forward-looking information reflects current expectations of management regarding future events and operating performance as of the date of this 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. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking information, and a description of these factors can be found under "Risk Factors" in the Prospectus, "Risk Factors" in AHIP's Annual Information Form dated March 26, 2014 and under "Risks and Uncertainties" in AHIP's Management's Discussion and Analysis dated August 14, 2014, each of which is available on SEDAR at [www.sedar.com](http://www.sedar.com).

The forward-looking information contained herein is expressly qualified in its entirety by this cautionary statement. The forward-looking information is made as of the date of this news release and AHIP assumes no obligation to update or revise such information to reflect new events or circumstances, except as may be required by applicable law.

The potential acquisition of the Southeast Portfolio II described in this news release and the Prospectus is indicative only, as this potential transaction is being evaluated and negotiated with the applicable seller. In addition, the acquisition, if it proceeds, would be subject to conditions, including satisfactory completion of AHIP's due diligence and negotiation of formal legal documents. For example, AHIP cautions that there can be no assurance that any transaction will result from the conditional purchase and sale agreement described in the Prospectus with respect to the Southeast Portfolio II, or what the terms of any such transaction may be. AHIP undertakes no obligation to update investors on the status of any potential acquisition described in this news release or the Prospectus unless and until its acquisition due diligence is complete, all other applicable conditions are satisfied or waived and the Board of Directors of AHIP's general partner has approved the transaction, in each case.

## **ABOUT AMERICAN HOTEL INCOME PROPERTIES REIT LP**

AHIP is a limited partnership formed under the *Limited Partnerships Act* (Ontario) to invest in hotel real estate properties located substantially in the United States and 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 U.S.; (ii) enhance the value of its assets and maximize the long-term value of the hotel properties through active management; and (iii) expand its asset base and increase its AFFO per Unit through an accretive acquisition program, participation in strategic development opportunities and improvements to its properties through targeted value-added capital expenditure programs.



## **Additional Information**

Additional information relating to AHIP, including its other public filings, is available on SEDAR at [www.sedar.com](http://www.sedar.com) and on AHIP's website at [www.ahipreit.com](http://www.ahipreit.com).

### **For further information, please contact:**

**Andrew Greig, Investor Relations**

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