

AMERICAN HOTEL INCOME PROPERTIES REIT LP
TERMS OF OFFERING
JULY 23, 2015

A preliminary short form prospectus containing important information relating to the Units has not yet been filed with the securities regulatory authorities in each of the provinces of Canada. A copy of the preliminary short form prospectus is required to be delivered to any investor that received this document and expressed an interest in acquiring the Units. There will not be any sale or any acceptance of an offer to buy the Units until a receipt for the final short form prospectus has been issued. This document does not provide full disclosure of all material facts relating to the Units. Investors should read the preliminary short form prospectus, final short form prospectus and any amendment, for disclosure of those facts, especially risk factors relating to the Units, before making an investment decision.

Issuer:	American Hotel Income Properties REIT LP (the “ Issuer ”).
Offering:	3,800,000 limited partnership units (the “ Units ”) (4,370,000 Units if the Over-Allotment Option (as hereinafter defined) is exercised in full).
Offering Price:	Cdn\$10.15 per Unit.
Amount:	Cdn\$38,570,000 (Cdn\$44,355,500 if the Over-Allotment Option is exercised in full)
Over-Allotment Option:	The Issuer has granted the Underwriters an option, exercisable, in whole or in part, at any time up to the 30 th day following the Closing (as hereinafter defined) to purchase up to an additional 570,000 Units (representing 15% of the Units offered pursuant to the Offering) on the same terms and conditions as the Offering, to cover over-allotments, if any, and for market stabilization purposes.
Use of Proceeds:	The Issuer intends to use the net proceeds from the Offering to: (i) partially fund the potential acquisition of a portfolio of railway lodging facilities; (ii) partially fund potential expansion, conversion and new-build opportunities; and (iii) fund working capital and for general corporate purposes.
Cash Distribution:	The Issuer currently pays and intends to make monthly cash distributions of Cdn\$0.075 per Unit. The first cash distribution to which purchasers of Units under the Offering would be eligible to receive will be the distribution payable on or about September 15, 2015 to unitholders of record of the Issuer as at August 31, 2015.
Offering Procedure:	Bought public offering by way of short form prospectus filed in all provinces of Canada. Private placement in the United States to qualified institutional investors pursuant to the United States <i>Securities Act of 1933</i> , as amended (the “ 1933 Act ”).
Eligibility:	The Units will be qualified investments under the Tax Act for RRSPs, RESPs, RRIFs, DPSPs, RDSPs and TFSA.

- Listing:** Application will be made to list the Units on the Toronto Stock Exchange.
- Underwriting Commission:** Commission of Cdn\$0.406 per Unit purchased under the Offering (including any Units purchased by the Underwriters pursuant to any exercise of the Over-Allotment Option), reflecting a commission of 4%.
- Closing:** On or about August 11, 2015 (the “**Closing**”).