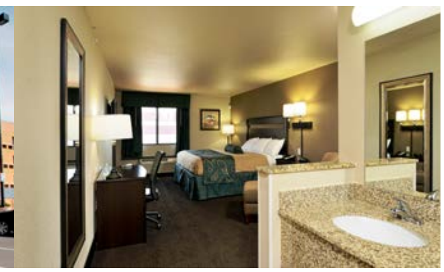

MANAGEMENT'S DISCUSSION AND ANALYSIS
OF RESULTS AND OPERATIONS AND FINANCIAL CONDITION
For the three and nine months ended September 30, 2016
(Expressed in U.S. Dollars)

Dated: November 7, 2016

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FORWARD-LOOKING DISCLAIMER

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: the potential expansion and conversion of the Oak Tree Inn rail crew hotels; the expected use of the net proceeds from the July 2016 Offering (as defined below) by the end of 2016, including without limitation, to partially fund the acquisition of the Embassy Suites Portfolio (as defined below), the rail hotel in Nashville, Tennessee and the Florida 6 Portfolio (as defined below); the expected impact of the deployment of the net proceeds from the July 2016 Offering on cash flow from operations, payout ratio (as defined below), FFO (as defined below) and AFFO (as defined below); the terms of, and expected timing of completion for, the acquisitions of each of the Embassy Suites Portfolio, the rail hotel in Nashville Tennessee and the Florida 6 Portfolio; AHIP's expectation that it will arrange mortgage financing for each of the Florida and Tennessee Portfolio (as defined below) and the rail hotel in Nashville, Tennessee; the expected terms of the mortgage financing for the Embassy Suites Portfolio and the Florida 6 Portfolio; the expected repayment of the Bridge Loan upon its expiry; the expectations of STR (as defined below) with respect to key performance indicators in the U.S. hotel and lodging industry; AHIP management's expectation that recent tightening of U.S. hotel lending criteria may result in, among other things, fewer high leverage portfolio buyers; AHIP management's expectation that AHIP's Branded Hotels properties will continue to outperform the U.S. hotel industry with respect to RevPAR (as defined below) growth rates; AHIP management's expectations and outlook with respect to RevPAR, ADR (as defined below), lodging demand, occupancy rates, cash flows from hotel operations, real estate values and other key performance indicators, including such expectations with respect to specific markets and hotels; 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 expected ongoing impact of low oil prices and increased competition on the U.S. hotel and lodging industry and on AHIP's future performance, particularly on AHIP's Branded Hotels in Oklahoma and Pittsburgh; AHIP management's expectation that the performance of its Branded Hotels in Oklahoma and Pittsburgh may improve in coming quarters if energy related demand improves and new hotel supply is absorbed; expectations for the Florida, Virginia, North Carolina, Central U.S., Pittsburgh, Texas and Oklahoma hotel markets; the expected impact of lower rail volumes on the Rail Hotels; AHIP management's expectation that it will continue to implement its strategy of selectively growing the Branded Hotel portfolio through the acquisition of bigger, select-service hotels within larger markets; AHIP management's expectation that AHIP's strategy of capturing non-rail, commercial room night demand for the Oak Tree Inn hotels will continue to generate higher ADR-related room nights and NOI Margins (as defined below); the terms on which rail crew lodging contracts and renewals may be negotiated; expected terms of future debt financings; AHIP's ability to repay maturing debt and its means of doing so; the expected maturities and amortization periods on future long term debt; the timing and amount of payments under term loans, operating leases and deferred compensation; the expected guaranteed room night revenue from its railway customers; the expected impacts of AHIP's investment in yield management technology in the latter half of 2016; the expected timing of payment of funds deposited with AHIP's lenders for PIP reserves and FF&E Reserves (each as defined below); AHIP's intention to make capital investments or improvements in its Branded Hotels and Rail Hotels (as defined below); AHIP's intention to make expenditures necessary to comply with loan and franchisor requirements and otherwise to optimize operating performance; AHIP's intention to maintain total indebtedness at approximately 50% to 55% of AHIP's Gross Book Value; management's intention to obtain additional equity financing and/or secured debt financing with similar interest rates and terms as past financings to meet AHIP's planned growth strategy; AHIP's intention to provide stable, sustainable and growing cash flows through operation of its properties and AHIP's other stated objectives; and, AHIP's intention to declare regular monthly cash distributions and the expected timing of the record and payment dates for monthly distributions.

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 AHIP's 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; the currently proposed acquisitions of the Embassy Suites Portfolio, the Florida 6 Portfolio and the rail hotel in Nashville, Tennessee will be completed on the terms currently contemplated; AHIP management's estimates with respect to replacement costs are accurate; the accuracy of third party reports with respect to lodging industry data; the easing of volume declines by AHIP's largest railway customers will continue throughout the remainder of 2017; the U.S. REIT (as defined below) 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. Certain material factors or assumptions are applied in making forward-looking statements and actual results may differ materially from those expressed or implied in such forward-looking statements. In addition, forward-looking statements involve significant risks and uncertainties and should not be read as guarantees of future performance or results. Those risks and uncertainties include, among other things, risks related to: general economic conditions and consumer confidence; the growth in the U.S. hotel and lodging industry; prices for the Units (as defined below); liquidity; tax risks; ability to access debt and capital markets; financing risks; changes in interest rates; real property risks, including environmental risks; the degree and nature of competition; ability to acquire accretive hotel investments; ability to integrate new hotels; construction of new hotels; renewal of rail crew lodging contracts; 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 17, 2016 for the year ended December 31, 2015, 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 November 7, 2016. AHIP does not undertake any obligation to update any such forward looking information, whether as a result of new information, future events or otherwise, except as required by applicable law.

BASIS OF PRESENTATION

This MD&A for the three and nine months ended September 30, 2016 has been prepared and includes material financial information as of November 8, 2016. This MD&A should be read in conjunction with AHIP's unaudited condensed consolidated interim financial statements for the three and nine months ended September 30, 2016 and 2015 and audited consolidated financial statements for the years ended December 31, 2015 and 2014, 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.

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

Additional information relating to AHIP, including its AIF for the year ended December 31, 2015, is available on SEDAR at www.sedar.com.

The Board of Directors of AHIP's general partner, American Hotel Income Properties REIT (GP) Inc. (the "**General Partner**"), upon recommendation of its Audit Committee, approved the contents of this MD&A for release on November 7, 2016.

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 management 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.

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 measures 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, gross operating profit, net operating income, earnings before interest, taxes, depreciation and amortization, interest coverage ratio, same property metrics and 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 (as defined below) meant to limit AHIP's financial leverage.

"**Debt**" means the face value (excluding deferred financing costs, unamortized mark-to-market adjustments and interest rate swap contracts) of revolving lines of credit, term loans, promissory note, contingent consideration and deferred compensation payable.

"**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. In addition, AHIP believes that AFFO is indicative of AHIP's ability to pay distributions.

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 measure prescribed under IFRS. AHIP calculates FFO in accordance with the Real Property Association of Canada ("**REALpac**") White Paper on Funds from Operations as revised April 2014. 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) business acquisition costs related to the purchase of a property being accounted for as a business combination; (iv) deferred income tax expense (recovery); (v) foreign exchange gains and losses on monetary items such as loans and receivables due to a net investment in a foreign operation; (vi) fair value adjustments to financial instruments; and (vii) adjustments for property taxes accounted for under IFRIC 21 *Levies* ("**IFRIC 21**"), an interpretation of the requirements under IFRS in IAS 37 *Provisions, Contingent Liabilities, and Contingent Assets* for the recognition of liabilities for obligations to pay levies and taxes.

AFFO is not defined under IFRS and may not be comparable to AFFO used by other issuers. AHIP has defined AFFO as FFO subject to certain adjustments including: (i) amortization of deferred financing costs; (ii) amortization of mark-to-market adjustments on assumed term loans; (iii) accretion of contingent consideration; (iv) accretion of deferred compensation payable; (v) securities-based compensation; and (vi) deducting FF&E Reserves (as defined below) for normalized maintenance capital expenditures. Other adjustments may be made to AFFO as determined by the General Partner at its discretion. Upon the acquisition of certain hotels, AHIP has negotiated FF&E Reserve waivers with its lenders for periods of up to 24 months and has not factored in the benefit of these FF&E Reserve waivers in calculating AFFO.

c) Gross Operating Profit ("**GOP**") and Net Operating Income ("**NOI**")

AHIP believes GOP and NOI are important measures of operating performance of real estate properties.

GOP is defined as total revenues less hotel operating expenses, energy and property maintenance (excluding depreciation and amortization).

NOI is defined as GOP less property taxes and insurance (excluding depreciation and amortization).

AHIP calculates "**GOP Margin**" as GOP divided by total revenues. AHIP calculates "**NOI Margin**" as NOI divided by total revenues.

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

AHIP calculates EBITDA as NOI less corporate and administrative 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. Specifically, interest expense is computed as net finance costs less non-cash items including accretion of contingent consideration, accretion of deferred compensation payable, amortization of deferred financing costs, amortization of mark-to-market adjustments on assumed term loans, and changes in fair values of 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) 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 during the comparable reporting periods.

g) Payout Ratio

AHIP calculates its "**Payout Ratio**" or "**AFFO Payout Ratio**" as distributions declared divided by AFFO for the period.

OPERATIONAL METRICS

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

FF&E Reserves are calculated as three percent of room revenues for the Rail Hotel portfolio and four percent of total revenues for the Branded Hotel portfolio.

b) Occupancy

"**Occupancy**" 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.

c) 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.

d) Revenue Per Available Room ("**RevPAR**") and Pro-forma RevPAR

RevPAR is the product of occupancy and ADR for the period. Pro-forma RevPAR ("**Pro-forma RevPAR**") includes operating results for newly acquired hotels and includes data for periods prior to their ownership by AHIP.

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 credit facility to pay expenses, service debt, or to make distributions to unitholders.

OVERVIEW

ABOUT AHIP

AHIP is a limited partnership formed under the *Limited Partnerships Act* (Ontario) to invest in hotel real estate properties primarily in the U.S. 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 as of June 9, 2015 ("**Limited Partnership Agreement**"). AHIP's head office and address for service is 1660 – 401 West Georgia Street, Vancouver, British Columbia, Canada, V6B 5A1.

AHIP was established for the purposes of:

(i) acquiring common shares and a ROC share of American Hotel Income Properties REIT Inc. (the "**U.S. REIT**"). A ROC share is defined as a share in the capital of the U.S. REIT which is designated as a preferred share;

(ii) temporarily holding cash and investments for the purposes of paying the expenses and liabilities of AHIP and making distributions to unitholders; and

(iii) in connection with the undertaking set out above, reinvesting income and gains of AHIP and taking other actions besides the mere protection and preservation of AHIP's property.

The principal business of AHIP is to issue limited partnership units ("**Units**") and to acquire and hold shares of 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 has two operating segments: (i) "**Rail Hotels**", which are hotel properties that have rail crew lodging agreements including Oak Tree Inn hotels; and (ii) "**Branded Hotels**", which are hotel properties that have franchise agreements.

AHIP's long-term objectives are to:

(i) generate stable and growing cash distributions from hotel properties substantially in the U.S.;

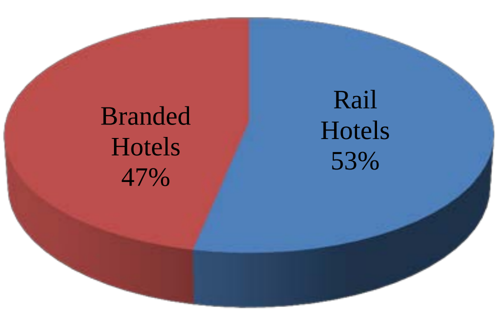
(ii) enhance the value of its assets and maximize the long-term value of the hotel properties through active management; and

(iii) expand its asset base and increase its AFFO per Unit through an accretive acquisition program, participation in strategic development opportunities and improvements to the properties through targeted value-added capital expenditure programs.

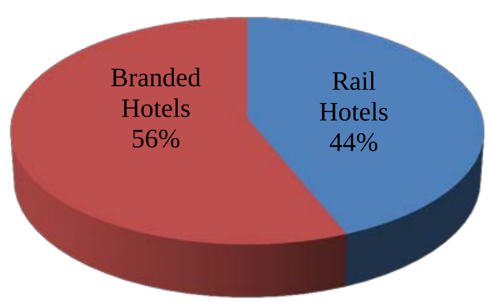
AHIP's Units trade on the Toronto Stock Exchange ("**TSX**") under the symbol HOT.UN and on the OTCQX International Marketplace in the U.S. under the symbol AHOTF.

As of November 7, 2016, AHIP's diversified portfolio is comprised of 84 hotels located in 28 states across the U.S., representing an aggregate of 7,493 guestrooms. AHIP's operating properties include 45 Rail Hotels (comprised of 3,789 guestrooms) which operate under AHIP's industry leading and proprietary "**Oak Tree Inn**" brand. These Oak Tree Inn hotels have been specifically designed for freight rail crew lodging customers while also providing transient customers with a superior quality, select-service experience. Management estimates that approximately 74% of the available rooms within the Rail Hotel portfolio are covered under lodging agreements containing revenue guarantees. AHIP's 39 Branded Hotels (comprised of 3,704 guestrooms) are located near transportation hubs and other major demand generators that cater primarily to corporate transient travelers and are supported by distribution networks of the world's largest hotel brands. This operating segment includes 16 properties which operate under various Marriott brands (Courtyard, Fairfield Inn & Suites, Residence Inn, Springhill Suites and TownePlace Suites), 11 properties under various Intercontinental Hotels Group ("**IHG**") brands (Holiday Inn, Holiday Inn Express, and Staybridge Suites), 10 properties under a Hilton brand (Hampton Inn), one property under a Carlson-Rezidor brand (Country Inn & Suites), and one property under a Choice brand (Sleep Inn).

Total Guestrooms as at September 30, 2016



Net Operating Income for the three months ended September 30, 2016



RECENT DEVELOPMENTS

a) Acquisition of the Embassy Suites Portfolio

On July 13, 2016, AHIP announced that it had agreed to acquire two hotels located in Texas and Arizona. The properties included the 305-room Embassy Suites by Hilton Dallas DFW Airport South (the "**Dallas Hotel**") and the 224-room Embassy Suites by Hilton Phoenix-Tempe (the "**Tempe Hotel**", and together with the Dallas Hotel, the "**Embassy Suites Portfolio**"). The Embassy Suites Portfolio will be acquired for an aggregate purchase price of approximately $57.6 million before customary closing and post-acquisition adjustments and excluding $5.7 million in brand mandated PIPs. The acquisition is expected to be funded using a combination of cash from AHIP's July 2016 Offering, the assumption of an existing commercial mortgage backed securities ("**CMBS**") loan of $19.0 million on the Dallas Hotel, a new CMBS loan on the Tempe Hotel of $13.5 million, and the issuance of approximately $17.4 million in Units (the Units will be issued from treasury based on the 10-day volume weighted average trading price of the Units on the TSX prior to the transaction closing date). The Dallas loan has a fixed interest rate of 5.25% and is scheduled to mature in October 2024. The transaction is expected to be completed in early January 2017 (see "Subsequent Events - Amendment to Embassy Suites Transaction Completion Date", below). As previously disclosed, two directors of the General Partner have indirect interests in the transaction. The acquisition of the Embassy Suites Portfolio was unanimously approved by the disinterested directors of the General Partner.

In conjunction with this proposed transaction, on August 5, 2016, AHIP advanced an approximately $10.2 million Bridge Loan ("**Bridge Loan**") to the vendor of the Tempe Hotel to pay off the expiring mortgage on the Tempe Hotel. The Bridge Loan is interest-only with a fixed rate of 8.0% and a term of 60 days with an option to extend for a further 90 days. On September 23, 2016, the vendor exercised its option and extended the maturity date to January 5, 2017. The Bridge Loan is secured by the Tempe Hotel and will be repaid upon completion of the transaction.

b) Completion of Cdn$103.5 million Unit Issuance on July 26, 2016

On July 26, 2016, AHIP completed a public offering of 10,000,400 Units, on a bought deal basis, at a price of Cdn$10.35 per Unit, for total gross proceeds of Cdn$103.5 million (the "**July 2016 Offering**"). Included in the closing were 1,304,400 Units (Cdn$13.5 million) from the full exercise of the over-allotment option. As described in the short form prospectus dated July 18, 2016, AHIP intended to use the net proceeds of the July 2016 Offering to: (i) partially fund the acquisition of the Embassy Suites Portfolio; (ii) partially fund the potential acquisition of a nine-hotel branded portfolio in five states; (iii) partially fund the potential acquisition of two rail crew hotels in Tennessee and Kansas; and (iv) the balance, if any, to fund working capital and for general corporate purposes.

c) Promotion of Ian McAuley to President

Effective September 1, 2016, Mr. Ian McAuley was promoted to the newly created position of President of AHIP. Under the guidance of the CEO and the Board of Directors, Mr. McAuley's role is focused on executing AHIP's strategic plan and ensuring organizational readiness to fulfill the company's long-term objectives. Mr. McAuley continues to oversee and interface with the Hotel Manager and also provides leadership and direction to AHIP's acquisition team in continuing to grow the portfolio of Rail Hotels and Branded Hotels.

d) Expansion of North Platte, Nebraska Rail Hotel

On September 1, 2016, AHIP completed the acquisition of a 24-room expansion at the existing, high-occupancy Oak Tree Inn hotel in North Platte, Nebraska for a total purchase price of $2.1 million from SunOne Developments Inc. ("**SunOne**"), a company affiliated with the Chief Executive Officer and a director of the General Partner. AHIP funded the expansion with cash on hand.

e) Acquisition of the Florida and Tennessee Portfolio

On September 30, 2016, AHIP announced that it had agreed to acquire a portfolio of four Marriott-branded, select-service hotels located in Jacksonville and Lake City, Florida and Chattanooga, Tennessee (the "**Florida/Tennessee Portfolio**"). The Florida/Tennessee Portfolio includes a 109-room Residence Inn, two 89-room Fairfield Inn & Suites, and an 87-room TownePlace Suites. The Florida/Tennessee Portfolio was acquired for an aggregate purchase price of approximately $47.0 million, before customary closing and post-acquisition adjustments and excluding approximately $2.8 million in brand mandated PIPs. The hotels were purchased at a weighted-average capitalization rate of approximately 9.0% on trailing twelve months net operating income (after inclusion of all hotel management fees, franchise fees, a 4.0% FF&E reserve contribution, and PIPs). The transaction was completed on October 27, 2016 and was funded using cash on hand from AHIP's July 2016 Offering (as defined above).

f) Amendment of Master Hotel Management Agreement

On September 30, 2016, AHIP entered into an amending agreement (the "**Amendment**") with the Hotel Manager (as defined below) to amend certain terms of the original master hotel management agreement dated February 20, 2013 (as so amended, the "**Master Hotel Management Agreement**"). The Amendment is effective July 1, 2016, and included the following modifications:

(i) Base management fees have been reduced from 3.5% to 3.0% of gross revenue for AHIP's existing portfolio and for all future hotels acquired by AHIP;

(ii) The annual administration fee of $25,000 per hotel has been waived for any hotels with more than 100 guestrooms acquired after July 1, 2016;

(iii) If the Master Hotel Management Agreement is terminated following a change of control of AHIP, the termination fees will step down over time from 5.0 times to 4.0 times aggregate trailing twelve month fees paid to the Hotel Manager over the remaining term of the master hotel management agreement. Prior to the Amendment, the termination fees were based on the net present value of the management fees in the remaining term of the agreement, and ranged from 30 months to 5 years; and

(iv) The exclusivity period for the Hotel Manager to act as AHIP's hotel manager was also extended for a further five-year term to February 20, 2023.

All other terms and conditions of the master hotel management agreement were unchanged.

OUTLOOK

According to data from STR, Inc. ("**STR**"), U.S. hotel RevPAR has now increased for 79 consecutive months and this trend is expected to continue throughout the remainder of 2016 and into 2017 with projected RevPAR growth rates of 3.2% and 2.8%, respectively. Management expects RevPAR to contract for five hotels located in Pittsburgh and Oklahoma due to a continuation of the prevailing market conditions of excess supply and weak demand from the energy industry. By contrast, management expects the remainder of the Branded Hotel portfolio to achieve RevPAR growth rates of approximately 3.0% during 2017.

During the quarter, management implemented an acquisition strategy designed to grow the Branded Hotel portfolio through the acquisition of bigger, select-service hotels located within larger markets which provide an opportunity to further diversify the current portfolio and, where possible, enhance current operating economies of scale with existing AHIP hotels. With the recent announcements of the acquisition of 12 high quality select-service branded hotels by year end, management will have strategically grown the Branded Hotel portfolio by 44% or 1,462 rooms within the currently strong markets of Florida, Texas, Arizona, and Tennessee. These markets have the following desirable characteristics: counter-cyclical fourth quarter and first quarter lodging demand, primary and secondary cities with larger populations, diverse, mature and non-energy based demand generators, and limited identified supply growth.

AHIP's railway customers expect that the current trend of a reversal of rail carload volume declines may continue over the next few months. While the railroad industry remains under pressure to improve operating margins in the face of declining volumes, management anticipates impending rail crew lodging contract renewal negotiations to focus on securing longer term, revenue neutral rail crew contracts with escalating room rates and higher subsidies to compensate for lower guaranteed room-night volumes. AHIP recently enhanced its relationship with one of its railway customers through the strategic acquisition of a hotel located in Nashville, Tennessee, which is considered by STR to be one of the top 5 U.S. hotel RevPAR growth markets in 2016. This hotel is well located next to the Nashville International Airport and will enjoy a long-term guaranteed rail crew contract for 58% of its available room nights and will also cater to commercial and leisure customers.

AHIP's hotel portfolio is uniquely underpinned with long-term, guaranteed contractual revenue, is geographically and brand-diversified across mature U.S. markets, and is capitalized through a prudent and conservative structure. With increased liquidity, a currency-aligned distribution, a healthy balance sheet, a conservative Payout Ratio, and no significant debt maturities until 2023, AHIP is well positioned to deliver a stable and reliable income stream to its Unitholders.

AMERICAN HOTEL INCOME PROPERTIES REIT LP

FINANCIAL HIGHLIGHTS AND KEY PERFORMANCE INDICATORS

(US$000s unless otherwise noted and except per Unit amounts)	Three months ended September 30, 2016	Three months ended September 30, 2015	Nine months ended September 30, 2016	Nine months ended September 30, 2015
Number of rooms[1]	7,119	6,797	7,119	6,797
Number of properties[1]	80	78	80	78
Number of restaurants[1]	31	31	31	31
Properties under development[1]	-	5	-	5
Rooms under development[1]	-	120	-	120
Occupancy rate[2]	75.5%	78.7%	72.8%	78.0%
Average daily room rate	$ 81.72	$ 81.63	$ 83.05	$ 78.74
Revenue per available room	$ 61.70	$ 64.24	$ 60.46	$ 61.42
Revenues	$ 44,508	$ 40,349	$ 129,169	$ 104,009
Net operating income	$ 17,261	$ 15,527	$ 49,354	$ 37,754
Net income and comprehensive income	$ 3,880	$ 2,712	$ 5,882	$ 4,752
EBITDA	$ 14,460	$ 12,809	$ 40,283	$ 30,767
EBITDA Margin %	32.5%	31.7%	31.2%	29.6%
Funds from operations (FFO)	$ 10,023	$ 8,923	$ 27,686	$ 20,883
Diluted FFO per Unit	$ 0.24	$ 0.27	$ 0.74	$ 0.73
Adjusted funds from operations (AFFO)	$ 8,874	$ 7,895	$ 24,284	$ 18,187
Diluted AFFO per Unit	$ 0.21	$ 0.24	$ 0.65	$ 0.63
Distributions declared	$ 7,323	$ 5,758	$ 18,724	$ 15,834
AFFO Payout Ratio	82.5%	72.9%	77.1%	87.1%
Debt-to-Gross Book Value[1]	43.9%	50.1%	43.9%	50.1%
Interest Coverage Ratio	4.0x	3.9x	3.8x	3.5x
Weighted average loan face interest rate[1]	4.56%	4.65%	4.56%	4.65%
Weighted average loan term to maturity[1]	7.5 years	7.6 years	7.5 years	7.6 years
Number of Units outstanding[1]	45,086,159	34,808,740	45,086,159	34,808,740
Diluted weighted average number of Units outstanding	42,483,493	32,870,578	37,537,524	28,692,815
Same property Occupancy rate[2]	77.2%	80.4%	74.1%	78.4%
Same property ADR	$ 82.34	$ 79.55	$ 82.45	$ 77.84
Same property RevPAR	$ 63.57	$ 63.96	$ 61.10	$ 61.03

(1) At period end.
(2) Occupancy reflects actual occupancy at Rail Hotels without any adjustment for guaranteed room revenues.

OPERATIONAL AND FINANCIAL HIGHLIGHTS

The increase in revenues and NOI for the three and nine months ended September 30, 2016 compared to the same periods last year, resulted from the growth in AHIP's total portfolio since September 30, 2015; namely, three Branded Hotels in Ocala, Florida (352 guestrooms), two Rail Hotels in Fort Scott, Kansas and Lincoln, Nebraska (203 guestrooms), five Rail Hotel expansions (120 guestrooms), and a five-hotel, 586 room Railway Portfolio which was acquired in September 2015. During 2016, certain Branded Hotels located in Florida, Virginia, and North Carolina delivered strong market leading performance. This was offset by lower demand and new supply in both Pittsburgh and Oklahoma. Rail Hotel occupancies continue to reflect lower rail carload volumes arising from fewer commodity shipments and modest intermodal volumes. This impact was mitigated by the revenue generated from contractual rail crew guarantees, which translated into higher Rail Hotel ADR.

FFO was $10.0 million and $27.7 million for the three and nine months ended September 30, 2016, respectively (2015 - $8.9 million and $20.9 million, respectively). The increase was due to higher NOI from the addition of new hotels to the portfolio between the respective periods. Diluted FFO per Unit was $0.24 and $0.74 for the three and nine months ended September 30, 2016, respectively, compared to $0.27 and $0.73 for the same periods last year. The decline in Diluted FFO per Unit for the quarter was caused by the temporary cash drag arising from the additional Units issued as part of the July 2016 Offering as the proceeds from the sale were not fully invested during the current quarter.

AFFO was $8.9 million and $24.3 million for the three and nine months ended September 30, 2016, respectively (2015 - $7.9 million and $18.2 million, respectively). The increase reflected higher FFO which was offset by higher FF&E Reserves calculated based on higher revenues. Diluted AFFO per Unit was $0.21 and $0.65 for the three and nine months ended September 30, 2016, respectively, compared to $0.24 and $0.63 for the comparative periods in the prior year. The lower Diluted AFFO per Unit for the quarter was caused by the temporary cash drag arising from the additional Units issued as part of the July 2016 Offering as the proceeds from the sale were not fully invested during the current quarter.

RESULTS OF OPERATIONS

OPERATIONS

The following discussion highlights selected financial information for AHIP for the three and nine months ended September 30, 2016 and September 30, 2015. This information should be read in conjunction with AHIP's unaudited condensed consolidated interim financial statements and the related notes to the financial statements for the three and nine months ended September 30, 2016 and September 30, 2015.

(US$000s unless otherwise noted and except per Unit amounts)	Three months ended September 30, 2016	Three months ended September 30, 2015	Nine months ended September 30, 2016	Nine months ended September 30, 2015
Revenues	$ 44,508	$ 40,349	$ 129,169	$ 104,009
Hotel expenses	27,247	24,822	79,815	66,255
Net operating income	17,261	15,527	49,354	37,754
Depreciation and amortization	6,077	5,040	17,851	13,609
Income from operating activities	11,184	10,487	31,503	24,145
Loss on disposal of property and equipment	13	36	48	149
Corporate and administrative	2,801	2,718	9,071	6,987
Business acquisition costs	1,421	1,235	2,664	2,730
Income before undernoted	6,949	6,498	19,720	14,279
Finance income	(135)	(5)	(151)	(47)
Finance costs	3,138	3,496	14,295	9,279
Income before income taxes	3,946	3,007	5,576	5,047
Current income taxes	113	-	364	-
Deferred income tax expense (recovery)	(47)	295	(670)	295
Net income and comprehensive income	$ 3,880	$ 2,712	$ 5,882	$ 4,752
Basic and diluted net income per Unit	$ 0.09	$ 0.08	$ 0.16	$ 0.17
Basic weighted average number of Units outstanding	42,368,659	32,787,544	37,446,267	28,641,181
Diluted weighted average number of Units outstanding	42,483,493	32,870,578	37,537,524	28,692,815

The increase in revenues, expenses, and NOI arose from hotel acquisitions and expansions that occurred between reporting periods. Hotel expenses consisted of hotel operating expenditures including labour costs, sales and marketing, franchise fees, energy, property maintenance, property taxes, and insurance.

Depreciation and amortization expenses consisted of depreciation charges on property, buildings and equipment, and amortization of intangible assets. Depreciation and amortization expenses for the quarter were $6.1 million (2015 - $5.0 million) and $17.9 million for the nine months ended September 30, 2016 (2015 - $13.6 million). The higher expenses reflected the addition of new hotels to the portfolio between reporting periods.

Corporate and administrative expenses consisted of hotel management fees and general administrative expenses such as salaries and directors' fees, securities-based compensation, professional fees, and general office expenses.

(US$000s)	Three months ended September 30, 2016	Three months ended September 30, 2015	Nine months ended September 30, 2016	Nine months ended September 30, 2015
Hotel management fees	$ 1,836	$ 1,814	$ 5,777	$ 4,724
General administrative expenses	965	904	3,294	2,263
Total corporate and administrative expenses	$ 2,801	$ 2,718	$ 9,071	$ 6,987

The increase in corporate and administrative expenses primarily arose from higher management fees resulting from higher revenues for the three and nine month periods ended September 30, 2016 compared to the same periods in 2015, offset by the reduction in base management fees effective July 1, 2016 as part of the amendment to the master hotel management agreement. Professional fees were also higher during 2016 as a result of increased compliance costs and advisory expenses arising from the addition of hotels in 2015.

Business acquisition costs consisted primarily of professional fees directly attributable to the acquisition of hotel properties. Under IFRS, all transactional costs related to business combinations are expensed in the period incurred irrespective of the final outcome of the acquisition. Business acquisition costs were similar between reporting periods and reflected the specific transactional activity undertaken in each period.

Net finance costs consist of interest expense on term loans, preferred share dividends, accretion on contingent consideration and deferred compensation payable, amortization of deferred financing costs, the mark-to-market adjustment on assumed loans, and the changes in the fair value of the interest rate swap contracts offset by interest income. Net finance costs were $3.1 million and $14.3 million for the three and nine months ended September 30, 2016, respectively, compared to $3.5 million and $9.3 million, respectively, for the same periods in 2015. The changes in balances between the periods reflects the impacts of movements in the fair value of the interest rate swap contracts and the addition of new term loans since September 30, 2015 to acquire various hotel properties.

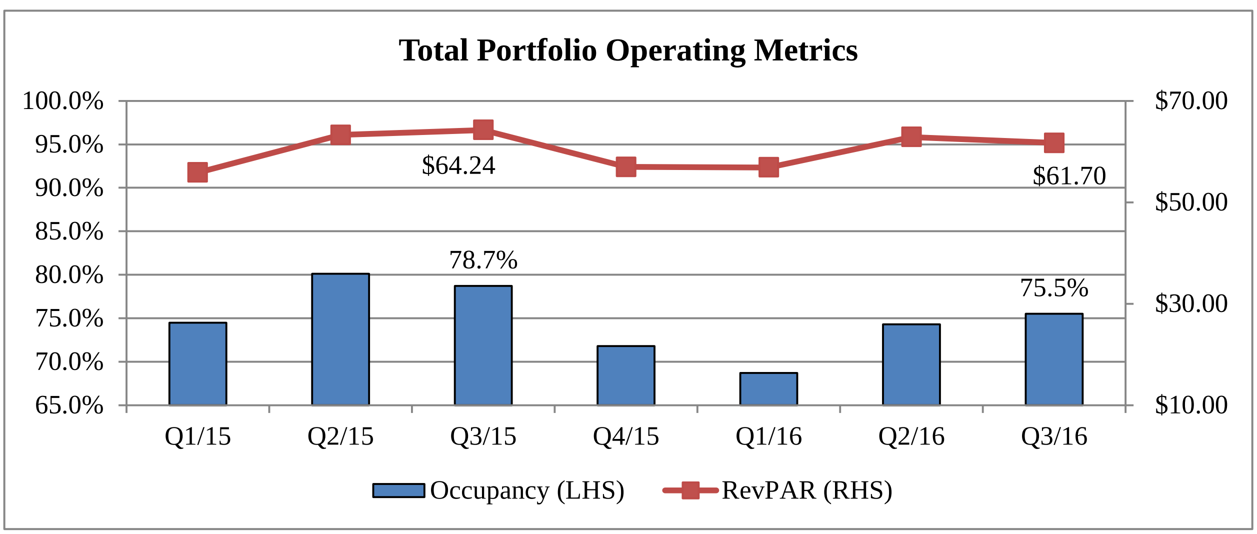
AHIP is not a SIFT limited partnership pursuant to the *Income Tax Act* (Canada) (the "**Tax Act**"). Under the Tax Act, as long as AHIP meets prescribed conditions relating to the nature of its assets and revenues, it is not liable to pay Canadian income taxes provided that its taxable income is fully distributed to unitholders during the period. AHIP's indirect subsidiaries, AHIP Management Ltd., Lodging Enterprises LLC, IML Enterprises LLC and AHIP Enterprises LLC are taxable real estate investment trust subsidiaries ("**TRS**") of the U.S. REIT and are subject to income taxes. Deferred income taxes are recognized in respect of temporary differences between the carrying amounts of the intangible assets and contingent consideration for financial reporting purposes and the amounts used for taxation purposes. Deferred income taxes are measured at the tax rates that are expected to be applied to temporary differences when they reverse based on the laws that have been enacted or substantively enacted by the reporting date. AHIP has used a blended tax rate of approximately 40% to calculate its related deferred income tax provisions.

The U.S. REIT is taxed as a real estate investment trust ("**REIT**") for U.S. federal income tax purposes. For purposes of the REIT qualification rules, the U.S. REIT cannot directly operate any of its hotels. Instead, it must lease its hotels to a third party lessee or to a TRS, provided that the TRS engages an eligible independent contractor to manage the hotels. As of September 30, 2016, the U.S. REIT had leased all of its hotels to its wholly-owned TRS entities (or wholly-owned subsidiaries of such entities). Each of these TRS entities, or its wholly-owned subsidiary, pays qualifying rent, and the TRS entities, or their applicable wholly-owned subsidiaries, have entered into management contracts with qualified external managers. The TRS entities directly receive all revenues from, and funds all expenses relating to, hotel operations.

TOTAL PORTFOLIO OPERATING STATEMENTS

(US$000s unless otherwise noted)	Three months ended September 30, 2016	Three months ended September 30, 2015	Nine months ended September 30, 2016	Nine months ended September 30, 2015
Number of rooms[1]	7,119	6,797	7,119	6,797
Number of properties[1]	80	78	80	78
Number of restaurants[1]	31	31	31	31
Occupancy rate[2]	75.5%	78.7%	72.8%	78.0%
Average daily rate[3]	$ 81.72	$ 81.63	$ 83.05	$ 78.74
Revenue per available room	$ 61.70	$ 64.24	$ 60.46	$ 61.42
REVENUES				
Rooms	$ 40,313	$ 36,467	$ 117,205	$ 93,055
Food and beverage	3,786	3,533	10,662	9,967
Other	409	349	1,302	987
TOTAL REVENUES	44,508	40,349	129,169	104,009
EXPENSES				
Operating expenses	21,384	19,465	62,354	51,876
Energy	1,955	1,911	5,639	4,764
Property maintenance	2,167	1,797	6,232	4,748
TOTAL EXPENSES	25,506	23,173	74,225	61,388
GROSS OPERATING PROFIT	19,002	17,176	54,944	42,621
GOP Margin %	*42.7%*	*42.6%*	*42.5%*	*41.0%*
Taxes and insurance	1,741	1,649	5,590	4,867
NET OPERATING INCOME	$ 17,261	$ 15,527	$ 49,354	$ 37,754
NOI Margin %	*38.8%*	*38.5%*	*38.2%*	*36.3%*

(1) At period end.
(2) Occupancy reflects actual occupancy at Rail Hotels without any adjustment for guaranteed rail crew room revenues.
(3) ADR reflects inclusion of guaranteed rail crew room revenues.



Overall occupancies were lower as a result of fewer occupied rooms at certain Rail Hotels caused by lower rail crew demand, coupled with weakness in certain Pittsburgh and Oklahoma hotels. ADR has improved on a year-over-year basis from guaranteed revenue support from the rail crew contracts and strong performance in the Virginia, North Carolina and Florida markets.

Total revenues for the three months ended September 30, 2016 were up by 10.3% to \$44.5 million (2015 - \$40.3 million) and up by 24.2% to \$129.2 million for the nine months ended September 30, 2016 (2015 - \$104.0 million). The increase in total revenues was directly attributable to portfolio changes between the reporting periods. Specifically, the acquisition of three Branded Hotels in Florida in August 2015, seven Rail Hotels, which included the five-property Railway Portfolio acquired in September 2015, and five Rail Hotel expansions since September 30, 2015. In addition, year-to-date 2016 figures include full operating results for all hotels acquired last year compared to partial results for 2015.

GOP Margins for the quarter were consistent with the prior year and increased to 42.5% for the nine months ended September 30, 2016 (2015 – 41.0%) as a result of effective cost management by the Hotel Manager. NOI Margins were consistent with the prior year and have improved on a year-to-date basis as a result of lower property taxes and insurance premiums.

RAIL HOTELS OPERATING STATEMENTS

(US$000s unless otherwise noted)	Three months ended September 30, 2016	Three months ended September 30, 2015	Nine months ended September 30, 2016	Nine months ended September 30, 2015
Number of rooms[1]	3,789	3,467	3,789	3,467
Number of properties[1]	45	43	45	43
Number of restaurants[1]	27	27	27	27
Occupancy rate[2]	72.3%	80.9%	68.4%	80.1%
Average daily rate[3]	$ 61.86	$ 59.00	$ 63.81	$ 58.14
Revenue per available room	$ 44.72	$ 47.73	$ 43.65	$ 46.57
REVENUES				
Rooms	$ 15,523	$ 13,068	$ 44,781	$ 36,741
Food and beverage	3,251	3,156	9,099	8,818
Other	93	67	279	261
TOTAL REVENUES	18,867	16,291	54,159	45,820
EXPENSES				
Operating expenses	8,548	7,898	25,199	23,266
Energy	983	864	2,657	2,339
Property maintenance	1,075	929	3,041	2,551
TOTAL EXPENSES	10,606	9,691	30,897	28,156
GROSS OPERATING PROFIT	8,261	6,600	23,262	17,664
GOP Margin %	*43.8%*	*40.5%*	*43.0%*	*38.6%*
Taxes and insurance	695	603	2,365	2,202
NET OPERATING INCOME	$ 7,566	$ 5,997	$ 20,897	$ 15,462
NOI Margin %	*40.1%*	*36.8%*	*38.6%*	*33.7%*

(1) At period end.
(2) Occupancy reflects actual occupancy at Rail Hotels without any adjustment for guaranteed rail crew room revenues.
(3) ADR reflects inclusion of guaranteed rail crew room revenues.

Total revenues were higher in 2016 reflecting the acquisition of seven Rail Hotels totalling 789 guestrooms and five guest room expansions totalling 120 guestrooms at existing Oak Tree Inn hotels.

The Rail Hotels experienced declines in occupancy due to lower rail crew demand caused by fewer carloads of coal, petroleum and related products, and declining intermodal carload volumes. The decline in actual occupancies at certain properties triggered contractual rail crew guaranteed revenues, which have been recorded in room revenues and reflected in the increased ADR. Specifically, ADR increased by 4.8% to $61.86 and by 9.8% to $63.81 for the three and nine months ended September 30, 2016, respectively, from $59.00 and $58.14 for the comparable periods in 2015.

GOP Margin increased to 43.8% for the three months ended September 30, 2016 (2015 - 40.5%) and 43.0% for the nine months ended September 30, 2016 (2015 – 38.6%). NOI Margins improved to 40.1% for the current quarter (2015 - 36.8%) and improved to 38.6% for the nine months ended September 30, 2016 (2015 – 33.7%). Margin improvements arose from lower variable hotel operating expenses resulting from less occupancy coupled with solid cost containment strategies implemented by the Hotel Manager. AHIP has continued to focus marketing efforts to capture commercial travelers to increase occupancy.

BRANDED HOTELS OPERATING STATEMENTS

(US$000s unless otherwise noted)	Three months ended September 30, 2016	Three months ended September 30, 2015	Nine months ended September 30, 2016	Nine months ended September 30, 2015
Number of rooms[(1)]	3,330	3,330	3,330	3,330
Number of properties[(1)]	35	35	35	35
Number of restaurants[(1)]	4	4	4	4
Occupancy rate	79.1%	76.7%	77.8%	75.6%
Average daily rate	$ 102.28	$ 103.88	$ 102.08	$ 102.42
Revenue per available room	$ 80.90	$ 79.68	$ 79.42	$ 77.43
REVENUES				
Rooms	$ 24,790	$ 23,399	$ 72,424	$ 56,314
Food and beverage	535	377	1,563	1,149
Other	316	282	1,023	726
TOTAL REVENUES	25,641	24,058	75,010	58,189
EXPENSES				
Operating expenses	12,836	11,567	37,155	28,610
Energy	972	1,047	2,982	2,425
Property maintenance	1,092	868	3,191	2,197
TOTAL EXPENSES	14,900	13,482	43,328	33,232
GROSS OPERATING PROFIT	10,741	10,576	31,682	24,957
GOP Margin %	*41.9%*	*44.0%*	*42.2%*	*42.9%*
Taxes and insurance	1,046	1,046	3,225	2,665
NET OPERATING INCOME	$ 9,695	$ 9,530	$ 28,457	$ 22,292
NOI Margin %	*37.8%*	*39.6%*	*37.9%*	*38.3%*

(1) At period end.

Total revenues for the three and nine months ended September 30, 2016 were higher as a result of portfolio changes between reporting periods as 2015 results include only operating results from the acquisition date to quarter end for the three Branded Hotels in Ocala, Florida acquired in August 2015. RevPAR for the quarter was up by 1.5% led by higher occupancies offset by lower ADR. Occupancy growth was broad based with the Virginia, Florida/Georgia, Central, and North Carolina regions up between 6.8% and 10.2%. ADR growth was also strong in the Virginia, North Carolina, and Florida/Georgia regions, which were up between 2.2% and 5.8%. This was offset by weakness at two Pittsburgh properties and three Oklahoma properties. Both of these markets have been affected by falling demand caused by weakness in the oil and gas industry as well as significant increases in directly competitive new supply, which has put downward pressure on their operating results. Management expects that operating performance could get better at these properties over the coming quarters if energy related demand improves and new hotel supply is absorbed.

AHIP's Branded Hotel Portfolio achieved quarter-over-quarter Pro-forma RevPAR growth of 3.4%, which included operating results for certain hotels for periods prior to their ownership by AHIP. The most significant RevPAR gains were achieved in the Florida, Virginia, North Carolina and Central regions with RevPAR growth rates of between 7.4% and 17.6%. The strong performance in these regions, compared to last year, reflected in part the positive tailwinds from certain properties that underwent significant renovations during 2015. The Oklahoma and Pittsburgh regions experienced RevPAR declines of between 4.8% to 9.1% due to continued weakness in the oil and gas industry and directly competitive new supply. Excluding the impacts of the five affected properties in these two regions, pro-forma RevPAR gains for the quarter would have been 7.5%.

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For the nine month period, Pro-forma RevPAR gains for the Branded Hotels was a strong 4.1%, led by the Virginia, North Carolina and Florida regions which recorded Pro-forma RevPAR growth rates of between 11.0% and 16.4% and the Central region achieving a solid 6.9% growth rate. On the other hand, the Oklahoma and Pittsburgh regions experienced RevPAR declines of between 4.2% and 5.5%.

Overall, GOP and NOI Margins have declined as result of higher occupancy related expenses and higher maintenance costs compared to the same periods last year.

RAIL HOTELS – SAME PROPERTY

The following table presents same property Rail Hotel operating metrics for the three and nine months ended September 30, 2016 and 2015. A property must be owned for the entire year during both reporting periods for inclusion in this table, which adjusts for the impact of properties that have been acquired during either year.

(US$000s unless otherwise noted	**Three months ended September 30, 2016**	**Three months ended September 30, 2015**	**Nine months ended September 30, 2016**	**Nine months ended September 30, 2015**
Occupancy rate(1)	72.8%	80.6%	69.5%	79.8%
Average daily rate(2)	$ 63.01	$ 59.31	$ 64.11	$ 58.39
Revenue per available room	$ 45.87	$ 47.80	$ 44.56	$ 46.60
REVENUES				
Rooms	$ 12,593	$ 12,666	$ 36,087	$ 36,339
Food and beverage	3,055	3,128	8,517	8,790
Other	57	61	169	255
TOTAL REVENUES	15,705	15,855	44,773	45,384
EXPENSES				
Operating expenses	7,519	7,774	22,285	23,143
Energy	830	841	2,238	2,316
Property maintenance	870	912	2,461	2,534
TOTAL EXPENSES	9,219	9,527	26,984	27,993
GROSS OPERATING PROFIT	6,486	6,328	17,789	17,391
GOP Margin %	*41.3%*	*39.9%*	*39.7%*	*38.3%*
Taxes and insurance(3)	827	845	2,517	2,702
NET OPERATING INCOME	$ 5,659	$ 5,483	$ 15,272	$ 14,689
NOI Margin %	*36.0 %*	*34.6%*	*34.1%*	*32.4%*

(1) Occupancy reflects actual occupancy at Rail Hotels without any adjustment for guaranteed rail crew room revenues.
(2) ADR reflects inclusion of guaranteed rail crew room revenues.
(3) Same hotel property taxes are not adjusted for IFRIC 21.

Occupancy at certain Rail Hotels has declined due to lower rail crew demand resulting from fewer rail carload volumes of coal, petroleum, and intermodal traffic. The lower occupancy has triggered contractual guaranteed room revenues at certain hotels, which has been reflected in the higher ADR.

NOI for the quarter was up 3.2% to $5.7 million (2015 - $5.5 million) and increased by 4.0% to $15.3 million for the nine months ended September 30, 2016 (2015 - $14.7 million). In addition, GOP and NOI Margins have also improved reflecting lower occupancy related operating expenses coupled with effective cost containment by the Hotel Manager.

BRANDED HOTELS – SAME PROPERTY

The following table presents same property Branded Hotel operating metrics for the three and nine months ended September 30, 2016 and 2015, respectively. A property must be owned for the entire year in both reporting periods for inclusion in this table, which adjusts for the impact of properties that have been acquired during either year.

(US$000s unless otherwise noted)	Three months ended September 30, 2016	Three months ended September 30, 2015	Nine months ended September 30, 2016	Nine months ended September 30, 2015
Occupancy rate	82.8%	80.2%	80.0%	76.6%
Average daily rate	$ 103.95	$ 104.51	$ 102.52	$ 102.50
Revenue per available room	$ 86.07	$ 83.82	$ 82.02	$ 78.52
REVENUES				
Rooms	$ 18,574	$ 18,088	$ 52,722	$ 50,328
Food and beverage	487	345	1,313	1,117
Other	233	218	760	654
TOTAL REVENUES	19,294	18,651	54,795	52,099
EXPENSES				
Operating expenses	9,510	8,777	27,117	25,471
Energy	679	748	2,054	2,093
Property maintenance	784	681	2,304	1,977
TOTAL EXPENSES	10,973	10,206	31,475	29,541
GROSS OPERATING PROFIT	8,321	8,445	23,320	22,558
GOP Margin %	*43.1%*	*45.3%*	*42.6%*	*43.3%*
Taxes and insurance(1)	855	808	2,495	2,433
NET OPERATING INCOME	$ 7,466	$ 7,637	$ 20,825	$ 20,125
NOI Margin %	*38.7%*	*40.9%*	*38.0%*	*38.6%*

(1) The same hotel property tax figure does not reflect IFRIC 21

AHIP's Branded Hotel Portfolio achieved strong quarter-over-quarter RevPAR growth of 2.7%. The largest RevPAR gains were achieved within the Virginia, Florida and North Carolina regions with significant RevPAR growth rates of between 9.7% and 16.7%. The strong performance in these three regions compared to the same period last year can be attributed, in part, to the positive tailwinds experienced at certain properties which underwent significant renovations during 2015 and resulted in temporary guest displacement at that time. The Texas/Oklahoma and Pittsburgh regions saw RevPAR declines of 3.4% to 9.1%, respectively. Excluding the five impacted properties in these two regions, same-property RevPAR for the remaining properties was up 8.4%.

For the nine month period, RevPAR gains for the Branded Hotels were 4.4%, led by the Virginia, Florida and North Carolina regions which had RevPAR growth rates of between 11.3% and 16.4%. The Texas/Oklahoma and Pittsburgh regions experienced RevPAR declines of 1.8% and 5.5%, respectively. Excluding the five impacted properties in these two regions, same-property RevPAR for the remaining properties was 9.8%.

Overall, same-property results are down slightly compared to the prior year. This is attributable to weakness in two Pittsburgh properties (totaling 259 guestrooms) and three Oklahoma properties (totaling 337 guestrooms) that have seen falling demand coupled with significant direct competitive supply. Management expects that operating performance at these properties could improve over the coming quarters if the oil and gas markets improve, and new supply is absorbed. Excluding the impacts of these five properties, same-property NOI for remaining properties improved by $0.6 million, or 10.0% for the current quarter compared to last year, and improved by $2.2 million or 14.7% on a year-over-year basis for the nine months ended September 30, 2016.

AMERICAN HOTEL INCOME PROPERTIES REIT LP

RECONCILIATION OF NON-IFRS OPERATING RESULTS

FUNDS FROM OPERATIONS ("FFO")

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 used as a substitute for net income, 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. AHIP calculates FFO in accordance with the REALpac White Paper on Funds from Operations as described under the heading "Non-IFRS Measures" above.

Net income and comprehensive income reconciled to FFO is calculated as follows:

(US$000s unless otherwise noted and except Unit and per Unit amounts)	Three months ended September 30, 2016	Three months ended September 30, 2015	Nine months ended September 30, 2016	Nine months ended September 30, 2015
Net income and comprehensive income	**$ 3,880**	**$ 2,712**	**$ 5,882**	**$ 4,752**
Add/(deduct):				
Depreciation and amortization	6,077	5,040	17,851	13,609
Loss on disposal of property and equipment	13	36	48	149
Business acquisition costs	1,316	1,235	2,507	2,730
IFRIC 21 property taxes	(526)	(395)	(1,019)	(652)
Fair value changes of interest rate swaps	(690)	-	3,087	-
Deferred income tax expense (recovery)	(47)	295	(670)	295
Funds from operations ("FFO")	**$ 10,023**	**$ 8,923**	**$ 27,686**	**$ 20,883**
Diluted weighted average number of Units outstanding	42,483,493	32,870,578	37,537,524	28,692,815
Diluted FFO per Unit	**$ 0.24**	**$ 0.27**	**$ 0.74**	**$ 0.73**

FFO for the three months ended September 30, 2016 increased by 12.3% to $10.0 million (2015 - $8.9 million) and by 32.6% to $27.7 million for the nine months ended September 30, 2016 (2015 - $20.9 million). The increase in FFO resulted from higher NOI arising from portfolio additions between reporting periods.

Diluted FFO per Unit was $0.24 and $0.74 for the three and nine months ended September 30, 2016, respectively, compared to $0.27 and $0.73 for the same periods last year. The decline in diluted FFO per Unit was caused by the temporary dilution from the additional Units issued as part of the July 2016 Offering as the proceeds from the sale of the Units were not fully invested by September 30, 2016. AHIP expects to fully utilize the cash proceeds from the July 2016 Offering over the next few weeks.

ADJUSTED FUNDS FROM OPERATIONS ("AFFO")

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 to indicate economic performance and available cash flow after maintenance capital expenditures. AFFO is not defined under IFRS and 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, AHIP made certain adjustments to FFO as described under the heading "Non-IFRS Measures" above. The reconciliation of FFO to AFFO is calculated as follows:

(US$000s unless otherwise noted and except Unit and per Unit amounts)	Three months ended September 30, 2016	Three months ended September 30, 2015	Nine months ended September 30, 2016	Nine months ended September 30, 2015
Funds from operations ("FFO")	**$ 10,023**	**$ 8,923**	**$ 27,686**	**$ 20,883**
Add/(deduct):				
Securities-based compensation expense	124	89	294	181
Amortization of finance costs	199	218	590	496
FF&E Reserves(1)	(1,472)	(1,335)	(4,286)	(3,373)
Adjusted Funds from operations ("AFFO")	**$ 8,874**	**$ 7,895**	**$ 24,284**	**$ 18,187**
Diluted weighted average number of Units outstanding	42,483,493	32,870,578	37,537,524	28,692,815
Diluted AFFO per Unit	**$ 0.21**	**$ 0.24**	**$ 0.65**	**$ 0.63**

(1) AHIP has negotiated FF&E Reserve waivers with its lenders for periods of up to 24 months. AHIP does not factor in the benefit of these FF&E Reserve waivers in calculating AFFO.

AFFO for the three months ended September 30, 2016 increased by 12.4% to $8.9 million (2015 - $7.9 million) and increased by 33.5% to $24.3 million for the nine months ended September 30, 2016 (2015 - $18.2 million). The increase in AFFO resulted from higher FFO compared to the prior year offset by higher FF&E Reserves. AFFO per Unit was $0.21 and $0.65 for the three and nine months ended September 30, 2016, respectively, compared to $0.24 and $0.63 for the same periods in 2015. The decline in diluted AFFO per Unit was caused by the temporary dilution from the additional Units issued as part of the July 2016 Offering as the proceeds from the sale of the Units were not invested by September 30, 2016. AHIP expects to fully utilize the cash proceeds from the July 2016 Offering over the coming weeks.

RECONCILIATION OF CASH FLOW FROM OPERATIONS TO AFFO

As an alternative measure of cash flow from operations, AFFO is indicative of AHIP's ability to pay distributions to unitholders. In calculating AFFO, AHIP made certain adjustments to cash flow from operations as calculated below:

(US$000s unless otherwise noted)	Three months ended September 30, 2016	Three months ended September 30, 2015	Nine months ended September 30, 2016	Nine months ended September 30, 2015
Cash flow from operations	**$ 6,882**	**$ 8,669**	**$ 24,571**	**$ 16,778**
Add/(deduct):				
Changes in non-cash working capital	2,683	148	2,785	2,703
Business acquisition costs	1,316	1,235	2,507	2,730
IFRIC 21 property tax adjustment	(526)	(395)	(1,019)	(652)
Interest paid	3,620	2,851	10,344	8,784
Interest expense	(3,629)	(3,278)	(10,618)	(8,783)
FF&E Reserves (excluding any waivers)	(1,472)	(1,335)	(4,286)	(3,373)
AFFO	**$ 8,874**	**$ 7,895**	**$ 24,284**	**$ 18,187**
Distributions declared	$ 7,323	$ 5,759	$ 18,724	$ 15,834
AFFO Payout Ratio	***82.5%***	***72.9%***	***77.1%***	***87.1%***

The AFFO Payout Ratio increased during the quarter as a result of the additional units issued as part of the July 2016 Offering and the proceeds from the sale of these Units were not invested by September 30, 2016. Management expects the payout ratio will improve in the coming quarters as these funds will be fully invested over the next few weeks into income producing properties. For the nine month period ended September 30, 2016, the reduction in the payout ratio reflects full year income for hotels acquired during 2015.

DISTRIBUTIONS DECLARED COMPARED TO OPERATING CASH FLOWS

(US$000s)	Three months ended September 30, 2016	Three months ended September 30, 2015	Nine months ended September 30, 2016	Nine months ended September 30, 2015
Cash flow from operations (including interest paid)	$ 6,882	$ 8,669	$ 24,571	$ 16,778
Distributions declared	(7,323)	(5,759)	(18,724)	(15,834)
Excess of cash flow to distributions	$ (441)	$ 2,910	$ 5,847	$ 944

For the current quarter, the distributions declared exceeded the cash flow from operations as a result of the additional Units issued as part of the July 2016 Offering. When the proceeds from the offering are fully invested, it is expected that cash flow from operations will exceed AHIP's distribution requirements.

CAPITAL EXPENDITURES

After AHIP acquires a Branded Hotel property, it may be required to complete a property improvement plan ("**PIP**") in order to be granted a new franchise license for that particular hotel property. PIPs are intended to bring the hotel property up to the franchisor's current standards. The funds for the completion of the PIPs are held in escrow by AHIP's lenders and these funds are released as the work is completed. In addition, on a regular basis, AHIP is required by its lenders to escrow additional FF&E Reserves over the term of the respective loans. AHIP intends to spend the amounts necessary to comply with any reasonable loan or franchisor requirements and otherwise to the extent that such expenditures are in the best interests of the hotel to optimize operating performance and ensure the hotels are competitive within their respective competitive market segments. As at September 30, 2016, AHIP has deposited with its lenders $7.8 million for PIP reserves and a further $2.7 million for FF&E Reserves. These amounts are expected to be spent over the next 24 months.

USE OF PROCEEDS

USE OF PROCEEDS FROM JULY 2016 OFFERING

In AHIP's short-form prospectus dated July 18, 2016, AHIP disclosed that the total net proceeds from the sale of the Units under the July 2016 Offering was estimated to be Cdn$98,563,974 (inclusive of the estimated net proceeds if the Over-Allotment Option was exercised in full) after deducting the Underwriters' Fees of Cdn$4,140,166 and deducting the estimated expenses of the July 2016 Offering of Cdn$800,000. In its prospectus, AHIP estimated the net proceeds would be used: (i) as to approximately Cdn$16.7 million, to partially fund the acquisition of the Embassy Suites Portfolio; (ii) as to approximately Cdn$51.6 million to partially fund the potential acquisition of nine branded hotels in five U.S. states with a total of 754 guestrooms that was under preliminary review and subject to various conditions (following completion of the July 2016 Offering, AHIP determined not to proceed with this transaction; (iii) as to approximately Cdn$11.6 million to partially fund the potential acquisition of two rail crew hotels in Nashville, Tennessee and Overland Park, Kansas with a total of 245 guestrooms that was under preliminary review and subject to various conditions; and (iv) as to the balance, if any, to fund working capital and for general corporate purposes.

The table below compares the estimated and actual use of proceeds in connection with AHIP's July 2016 Offering for the specific identified uses as at September 30, 2016:

Item	Estimated Use of Proceeds (Cdn$)	Actual Use of Proceeds (Cdn$)	Variance (Cdn$)
Expenses of Offering and related overallotment	$ 4,940,166	$ 4,972,028	$ (31,862)
Equity proceeds used for purchase of the Embassy Suites Portfolio	16,700,000	13,377,027(1)	3,329,973
Equity proceeds used for purchase of nine branded hotels in five U.S. States	51,600,000	-	51,600,000
Equity proceeds used for purchase of two rail crew hotels in Tennessee and Kansas	11,600,000	-	11,600,000
Equity proceeds to fund working capital and for general corporate purposes	13,723,808	13,723,808	-
TOTAL	**$ 98,563,974**	**$ 32,072,863**	**$ 66,491,111**

(1) AHIP advanced an approximately $10.2 million Bridge Loan to the sellers of the Embassy Suites Portfolio which matures in January 2017. The Cdn$ equivalent was valued using the period end noon exchange rate as at September 30, 2016.

As at September 30, 2016, AHIP had not fully utilized the net proceeds from the July 2016 Offering for hotel acquisitions. Subsequent to September 30, 2016, AHIP: (i) completed the acquisition of the Florida/Tennessee Portfolio for approximately $47.0 million; (ii) AHIP announced it had agreed to acquire the Florida 6 Portfolio; and (iii) announced it had agreed to acquire one rail crew hotel (totaling 104 guestrooms) in Nashville, Tennessee for approximately $7.8 million (see "Recent Developments" above and "Subsequent Events" below for further details with respect to these transactions). As a result of these transactions, AHIP expects to fully utilize the net proceeds from the July 2016 Offering by year end, and the timing of such deployment will not impact AHIP's ability to achieve its business objectives.

SUMMARY OF QUARTERLY RESULTS

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

(US$000s except Units and per Unit amounts)	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014
Revenues	$ 44,508	$ 44,527	$ 40,134	$ 39,758	$ 40,349	$ 34,131	$ 29,529	$ 27,849
NOI	17,261	18,109	13,984	13,152	15,527	13,507	8,720	9,127
Net income (loss) and comprehensive income (loss)	3,880	3,493	(1,491)	945	2,712	2,386	(346)	209
FFO	$ 10,023	$ 10,485	$ 7,204	$ 7,161	$ 8,923	$ 7,605	$ 4,355	$ 4,741
AFFO	8,874	9,328	6,108	6,165	7,897	6,742	3,548	4,167
Distributions	7,323	5,693	5,708	5,887	5,759	5,644	4,435	4,807
Total assets	$ 646,238	$ 575,623	$ 574,174	$ 577,403	$ 579,829	$ 512,731	$ 431,684	$ 433,715
Total debt (face value)	$ 308,563	$ 309,561	$ 307,990	$ 309,516	$ 305,831	$ 266,920	$ 235,997	$ 232,328
Basic weighted average number of Units outstanding (000s)	42,369	35,006	34,908	34,845	32,788	28,682	24,362	22,897
Amounts on a per Unit Basis								
Basic and diluted net income (loss) per Unit	$ 0.09	$ 0.10	$ (0.04)	$ 0.03	$ 0.08	$ 0.08	$ (0.01)	$ 0.01
Diluted FFO per Unit	$ 0.24	$ 0.30	$ 0.21	$ 0.21	$ 0.27	$ 0.27	$ 0.18	$ 0.21
Diluted AFFO per Unit	$ 0.21	$ 0.27	$ 0.18	$ 0.18	$ 0.24	$ 0.24	$ 0.15	$ 0.18

The hotel industry is seasonal in nature. Generally, occupancy rates, revenues and operating results experienced by hotels located in the U.S. are greater in the second and third quarters of the calendar year than in the first and fourth quarters. These fluctuations may impact earnings and cash flow. Furthermore, the seasonality of revenues also has an impact on earnings, specifically EBITDA Margin, due to certain fixed expenditures such as property taxes, insurance, and utilities.

FINANCIAL CONDITION

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

The following table provides an overview of AHIP's change in cash from operating, financing and investing activities for the three and nine months ended September 30, 2016 and 2015:

(US$000s)	Three months ended September 30, 2016	Three months ended September 30, 2015	Nine months ended September 30, 2016	Nine months ended September 30, 2015
Net change in cash related to:				
Operating activities	$ 6,882	$ 8,669	$ 24,571	$ 16,778
Investing activities	(16,052)	(83,275)	(27,153)	(148,326)
Financing activities	66,784	61,345	55,167	137,345
Changes in cash	$ 57,614	$ (13,261)	$ 52,585	$ 5,797

The change in cash for the three and nine months ended September 30, 2016 compared to the same periods in 2015 was largely due to the following activities:

- Operating activities – changes include the impacts of higher NOI arising from new hotels being added to the portfolio;
- Investing activities – changes include the issuance of the bridge loan to the Tempe Hotel vendor coupled with the acquisition two Rail Hotel room expansions and one new Rail Hotel during 2016, compared to the acquisition of the Midwestern Portfolio, Florida Portfolio, and Railway Portfolio acquisitions in 2015; and
- Financing activities – changes include the Cdn$103.5 million equity offering in July 2016 compared to the two equity offering transactions of Cdn$66.0 and Cdn$38.6 million in 2015 and related hotel loans for the acquisition of the Midwestern Portfolio, Ocala, Florida Portfolio, and Railway Portfolio in 2015.

The following table sets out the face value of AHIP's contractual obligations over the next five years and thereafter.

(US$000s)	TOTAL	2016	2017	2018	2019	2020	Thereafter
Term loans	$ 307,888	$ 1,083	$ 5,054	$ 10,580	$ 5,743	$ 5,993	$ 279,435
Operating leases	1,595	253	513	305	104	13	407
Deferred compensation payable	675	62	250	250	113	-	-
Total	$ 310,158	$ 1,398	$ 5,817	$ 11,135	$ 5,960	$ 6,006	$ 279,842

Under the terms of AHIP's franchise agreements arising from its acquisition of Branded Hotels, AHIP is required to complete various PIPs. AHIP's operating subsidiaries have entered into contracts or commitments with various suppliers to provide products and services in compliance with these renovation plans. Payments for these items are held as restricted cash and funds are disbursed in the ordinary course of business. As at September 30, 2016, AHIP's total restricted cash balance relating to PIPs, FF&E Reserves and other reserves was $13.7 million (December 31, 2015 - $15.7 million).

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 currently intends to maintain total indebtedness at approximately 50% to 55% of AHIP's Gross Book Value. 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 September 30, 2016, AHIP's Debt-to-Gross Book Value was 43.9% compared to 49.6% as at December 31, 2015 and 50.1% as at September 30, 2015:

(US$000s unless otherwise noted)	September 30, 2016	December 31, 2015	September 30, 2015
Debt	$ 308,563	$ 304,196	$ 305,831
Gross Book Value	$ 703,006	$ 613,530	$ 609,910
Debt-to-Gross Book Value	43.9%	49.6%	50.1%

The following table calculates AHIP's Interest Coverage Ratio for the three and nine months ended September 30, 2016 and 2015:

(US$000s unless otherwise noted)	Three months ended September 30, 2016	Three months ended September 30, 2015	Nine months ended September 30, 2016	Nine months ended September 30, 2015
EBITDA	$ 14,460	$ 12,809	$ 40,283	$ 30,767
Interest expense[(1)]	$ 3,629	$ 3,278	$ 10,618	$ 8,783
Interest Coverage Ratio (times)	4.0x	3.9x	3.8x	3.5x

(1) Interest expense is computed as finance costs adjusted for non-cash items including accretion of contingent consideration, accretion of deferred compensation payable, amortization of deferred financing costs, amortization of mark-to-market adjustments on assumed term loans and changes in the fair values of interest rate swap contracts.

The following table sets out the interest rates and terms of AHIP's existing debt financing obligations:

(US$000s unless otherwise noted)	Principal Balance at September 30, 2016	Interest Rate	Initial Term (years)	Maturity Date
NC/GA Portfolio Assumed Loan #1	$ 5,377	5.69%	5	August 1, 2018
Norman Term Loan	1,958	3.32%[(1)]	5	April 1, 2021
Oak Tree Inn Hotel Loans	81,024	3.32%[(2)]	7	February 1, 2023
2016 Oak Tree Inn Term Loan	4,968	3.32%[(3)]	7	February 1, 2023
Pittsburgh Portfolio Term Loans	38,000	5.02%	10	December 6, 2023
NC/GA Portfolio Assumed Loan #2	7,472	5.28%	10	February 1, 2024
Virginia Portfolio Term Loan	24,500	4.97%	10	April 6, 2024
NC/GA Portfolio Term Loan	5,979	4.72%	10	July 6, 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
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
Railway Portfolio Term Loan	20,000	4.25%	10	September 16, 2025
	$ 307,888			

(1) Variable rate loan with interest rate as at September 30, 2016.
(2) Variable rate loans with interest rate swap contracts that fix the interest rate for the duration of the loans at 4.72%.
(3) Variable rate loan with an interest rate swap contract that fixes the interest rate for the duration of the loan at 4.10%.

The weighted average stated interest rate as at September 30, 2016 was 4.56% (December 31, 2015 – 4.59%; September 30, 2015 – 4.65%) and the weighted average loan term to maturity as at September 30, 2016 was 7.5

years (December 31, 2015 – 8.3 years; September 30, 2015 – 7.6 years). As at September 30, 2016, all of AHIP's mortgages were fixed rate mortgages with the exception of the Norman Term Loan which has a floating interest rate.

CAPITAL RESOURCES

Management intends to obtain additional equity financing and/or secured debt financing with similar interest rates and terms to meet AHIP's planned growth strategy. Management has not identified any unfavorable trends or fluctuations that may impact AHIP's ability to obtain additional equity financing and/or secured debt financing. AHIP has not obtained or made use of any additional sources of financing that are not disclosed in its unaudited condensed consolidated interim financial statements.

PARTNERS' CAPITAL

AHIP is authorized to issue an unlimited number of Units.

From the closing date of AHIP's initial public offering ("**IPO**") on February 20, 2013 to December 31, 2013, AHIP issued 14,437,800 Units. During the year ended December 31, 2014, AHIP issued 9,897,763 Units from bought-deal public offerings, as partial consideration for the purchase of new Rail Hotels and employee equity grants. For the year ended December 31, 2015, AHIP issued 10,572,702 Units through bought-deal public offerings and as partial consideration for the purchase of new Oak Tree Inn hotels (including expansions) and employee equity grants.

On March 31, 2016, 3,895 Units were issued to senior management on the vesting of Restricted Stock Units. On April 1, 2016 and June 2, 2016, 59,088 Units and 114,511 Units, respectively, were issued to SunOne as partial consideration for the acquisition of 24-room expansions at the Rail Hotels located in Hearne, Texas and Hermiston, Oregon.

On July 26, 2016, AHIP completed the July 2016 Offering of 10,000,400 Units, including 1,304,400 Units related to the full exercise of the over-allotment option, at a price of Cdn$10.35 per Unit, for total gross proceeds of Cdn$103.5 million ($78.3 million).

As at September 30, 2016, there were 114,834 Restricted Stock Units issued and outstanding, which vest between December 15, 2016 and March 15, 2019. Such Restricted Stock Units are comprised of: (i) 74,137 Restricted Stock Units that vest for Units on a one-for-one basis; and (ii) 40,697 Restricted Stock Units that were granted as performance awards and vest subject to a multiple of 0% to 200% based on the achievement of certain objectives.

As at September 30, 2016 and November 7, 2016, there were 45,086,159 Units issued and outstanding. On September 30, 2016, the Units were traded on the TSX with a closing price of Cdn$10.85 per Unit, and on the OTCQX with a closing price of $8.278 per Unit.

DISTRIBUTION HISTORY

DISTRIBUTION POLICY

AHIP's current policy is to declare and pay monthly cash distributions using available cash and to maintain a conservative AFFO Payout Ratio. 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 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.

Effective the April 2016 distribution which was paid on May 13, 2016, AHIP began paying monthly cash distributions in U.S. dollars of $0.054 per Unit to unitholders, which is equivalent to $0.648 per Unit on an annualized basis. The change in distribution currency was adopted by AHIP to better align distribution payments to AHIP's cash flows, which are all generated in U.S. dollars, and to eliminate costly currency hedging strategies. Prior to April 1, 2016, AHIP was paying monthly cash distributions of Cdn$0.075 per Unit to unitholders, which was equivalent to Cdn$0.90 per Unit on an annualized basis.

DISTRIBUTION SUMMARY

AHIP declared the following cash distributions to unitholders of record from January 1, 2016 to September 30, 2016 as follows:

Month	Record Date	Payment Date	Distribution per Unit	Amount ($000s)
January 2016	January 29, 2016	February 15, 2016	$ 0.075(1)	$ 1,797(2)
February 2016	February 29, 2016	March 15, 2016	$ 0.075(1)	$ 1,888(2)
March 2016	March 31, 2016	April 15, 2016	$ 0.075(1)	$ 2,023(2)(3)
April 2016	April 29, 2016	May 13, 2016	$ 0.054	$ 1,888
May 2016	May 31, 2016	June 15, 2016	$ 0.054	$ 1,888
June 2016	June 30, 2016	July 15, 2016	$ 0.054	$ 1,917(3)
July 2016	July 31, 2016	August 15, 2016	$ 0.054	$ 2,435
August 2016	August 31, 2016	September 15, 2016	$ 0.054	$ 2,435
September 2016	September 30, 2016	October 15, 2016	$ 0.054	$ 2,453(3)
				$ 18,724

(1) Amounts shown are in Canadian dollars.
(2) Amounts shown were converted to U.S. dollars at the then applicable exchange rate.
(3) Quarterly amounts include distributions accrued on Restricted Stock Units.

Distributions totaling $7.3 million and $18.7 million were declared during the three and nine months ended September, 2016 respectively (September 30, 2015 – $5.8 million and $15.8 million, respectively) of which $2.5 million (December 31, 2015 - $1.9 million) was included in accounts payable and accrued liabilities at September 30, 2016 and subsequently paid on October15, 2016.

Per Unit	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014
Annualized distribution (Cdn$ prior to Q2 2016)	$ 0.648	$ 0.648	$ 0.90	$ 0.90	$ 0.90	$ 0.90	$ 0.90	$ 0.90
Period-end TSX close price (Cdn$)	$ 10.85	$ 10.54	$ 10.54	$ 10.65	$ 9.91	$ 10.31	$ 11.21	$ 10.03
Annualized distribution yield on closing price (%)	7.8%(1)	8.0%	8.5%	8.5%	9.1%	8.7%	8.0%	9.0%

(1) Converted at the Bank of Canada noon closing exchange rate as at September 30, 2016.

OFF-BALANCE SHEET ARRANGEMENTS

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

TRANSACTIONS WITH RELATED PARTIES

AHIP has entered into hotel management agreements with various wholly owned subsidiaries of Tower Rock Hotels & Resorts Inc. (the "**Hotel Manager**"), a company indirectly controlled by the Chief Executive Officer of the General Partner, to manage and operate AHIP's hotel properties.

AHIP's operating subsidiaries are responsible for reimbursing the Hotel Manager for any operating expenses and direct costs incurred with respect to the operations of the properties and their lodging businesses, such as salary and benefit costs of hotel staff and other operating expenses.

The hotel management agreement provides for the payment of the following amounts to the Hotel Manager:

(i) a base management fee equal to 3.0% of gross revenues effective July 1, 2016;

(ii) a capital expenditure fee of 5.0% of capital expenditures, including maintenance capital expenditures;

(iii) an annual administration fee of $25,000 for each existing property and for properties acquired after July 1, 2016 with less than 100 guestrooms; and

(iv) an incentive management fee if certain profit thresholds are met.

The incentive fee may not exceed 50% of the aggregate base management fees for the year in which the incentive fee is earned. For the three and nine months ended September 30, 2016 and 2015, the Hotel Manager did not qualify for any incentive fees and as a result no incentive fee amounts were recorded in the unaudited condensed consolidated interim financial statements.

AHIP recorded the following fees charged by the Hotel Manager in corporate and administrative expenses for the three and nine months ended September 30, 2016 and 2015:

(US$000s)	**Three months ended September 30, 2016**	**Three months ended September 30, 2015**	**Nine months ended September 30, 2016**	**Nine months ended September 30, 2015**
Management fees	$ 1,336	$ 1,396	$ 4,299	$ 3,645
Administration fees	500	418	1,478	1,079
	$ 1,836	$ 1,814	$ 5,777	$ 4,724
Total fees as a percentage of total revenues	4.1%	4.5%	4.5%	4.5%
Total cost recoveries	$ 12,494	$ 11,100	$ 36,178	$ 29,900
Total cost recoveries as a percentage of total revenues	28.1%	27.5%	28.0%	28.7%

Capital expenditure fees of $251,000 and $522,000 for the three and nine months ended September 30, 2016, respectively, (September 30, 2015 - $162,000 and $472,000, respectively) were capitalized to property, buildings and equipment. In addition, during the three and nine months ended September 30, 2016, the Hotel Manager was reimbursed $12.5 million and $36.2 million, respectively, from the hotel properties for payroll and general and administrative costs (September 30, 2015 - $11.1 million and $29.9 million, respectively). The increase in reimbursements during 2016 reflected the additional hotels within the portfolio compared to the prior year.

During the year to date, AHIP has acquired a 24-room expansion at each of the existing Rail Hotels in Hearne, Texas, Hermiston Oregon and North Platte, Kansas from SunOne. The purchase price for each expansion was calculated based on the greater of: i) 100% of the fair market value of the property under development as determined by an independent appraisal; and ii) the construction cost of the assets at substantial completion, as defined by the Master Development Agreement with SunOne dated February 20, 2013.

The purchase price for the Rail Hotel expansions was paid for as follows:

(US$000s)	Hearne	Hermiston	North Platte	Total
Property and equipment	$ 2,400	$ 1,900	$ 2,100	$ 6,400
Financed by:				
Cash	$ 1,685	$ 905	$ 1,995	$ 4,585
Holdback	240	95	105	440
Issuance of AHIP Units	475	900	-	1,375
Total	$ 2,400	$ 1,900	$ 2,100	$ 6,400

CRITICAL ACCOUNTING ESTIMATES AND ACCOUNTING STANDARDS

The preparation of the unaudited condensed consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities as at the date of the unaudited condensed consolidated financial statements, and the reported amounts of income and expenses during the financial reporting period. Actual results may differ from these estimates.

ACCOUNTING ESTIMATES

Significant areas of estimates include the following:

i) Business combinations

The acquisition of a business is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange of assets given, liabilities incurred or assumed. The identifiable assets, liabilities and contingent liabilities acquired are recognized at their fair values at the acquisition dates. AHIP obtained third-party valuations to support management's determination of the fair value of property, buildings and equipment. The value of the intangible assets for the Branded Hotels consists of franchise application fees paid upon the acquisition of these properties. The fair values of loans assumed are determined based on various factors including AHIP's assessment of market interest rates for comparable loans.

ii) Depreciation and amortization

Management has estimated the useful lives of property, buildings and equipment in the determination of depreciation. The estimated useful lives of property, buildings and equipment are determined based on various factors including historical data and AHIP's expected use of the assets. Intangible assets are amortized over the average remaining contractual term of the lodging or franchise agreements.

ACCOUNTING STANDARDS ADOPTED IN THE PERIOD:

No new accounting standards were adopted during the three months ended September 30, 2016.

SUBSEQUENT EVENTS

a) October 2016 Distribution

On October 17, 2016 AHIP announced a cash distribution of $0.054 per Unit for the period of October 1, 2016 to October 31, 2016, which is equivalent to $0.648 per Unit on an annualized basis. The distribution will be paid on November 15, 2016 to unitholders of record at the close of business on October 31, 2016.

b) Acquisition of the Florida 6 Portfolio

On October 25, 2016, AHIP announced the acquisition of a six-property, branded hotel portfolio in Florida (the "**Florida 6 Portfolio**"). The properties include a 111-room Holiday Inn Express & Suites in Fort Myers; a 101-room Holiday Inn Express & Suites in Sarasota; a 100-room Staybridge Suites in Tampa; an 86-room Wingate by Wyndham hotel in Tampa; an 81-room Courtyard by Marriott hotel in Tampa; and an 80-room Fairfield Inn & Suites in Orlando. The Florida 6 Portfolio will be acquired for an aggregate purchase price of approximately $61.0 million before customary closing and post-acquisition adjustments and excluding approximately $10.6 million in brand mandated PIPs. The acquisition is expected to be funded using a combination of cash from AHIP's July 2016 Offering and a new CMBS $37.0 million loan secured by five of the six properties. The new mortgage will have a 10 year term with an expected fixed interest rate under 4.50%. The transaction is expected to be completed on or before November 30, 2016, subject to customary closing conditions and documentation.

c) Amendment to Embassy Suites Transaction Completion Date

On October 25, 2016, the completion date for the previously announced acquisition of the Embassy Suites Portfolio was amended to the later of January 4, 2017 and five business days following agreement of new franchise agreements and the arrangement of financing satisfactory to the purchaser.

d) Completion of the Florida/Tennessee Portfolio Acquisition

On October 28, 2016, AHIP announced the completion of the previously announced acquisition of the Florida/Tennessee Portfolio. The acquisition was funded using cash from AHIP's July 2016 Offering. On November 4, 2016, AHIP obtained a $27.5 million CMBS loan secured by three hotel properties. The loan has a 10 year term and has a fixed interest rate of 4.43%. In addition, the lender has also provided an FF&E Reserve waiver for the first two years.

e) Acquisition of a Rail Crew Hotel in Nashville, Tennessee

On November 1, 2016, AHIP announced that it has agreed to acquire a 104-room rail crew hotel located in Nashville, Tennessee for an aggregate purchase price of approximately $7.8 million excluding capital expenditures, closing and post-acquisition adjustments. AHIP intends to invest approximately $950,000 to convert the property into an Oak Tree Inn hotel. The property will feature a multi-year, rail crew lodging contract with an existing railway customer that will guarantee 58 guestrooms per night. The acquisition is expected to be funded by cash proceeds from the AHIP's July 2016 Offering and is expected to completed by early December 2016. AHIP intends to obtain mortgage financing on this hotel within 30 days of the completion date.

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.

AHIP's management, under the supervision of its CEO and CFO, has designed DC&P and ICFR. Management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("**COSO**") in Internal Control – Integrated Framework (2013). During the nine months ended September 30, 2016, there have not been any changes that have materially affected, or are reasonably likely to materially affect, the ICFR or DC&P.

FOREIGN EXCHANGE MANAGEMENT

All of AHIP's investments and substantially all of its operations are conducted in U.S. dollars. Commencing with the April 2016 distribution paid on May 13, 2016, AHIP began paying its distributions to unitholders in U.S. dollars. Therefore, AHIP has minimal exposure to fluctuations in currency exchange rates with respect to its distributions. Prior to April 2016, AHIP paid its distributions in Canadian dollars. For the three months and nine months ended September 30, 2016, AHIP did not enter 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(1)	**September 30, 2016**	**June 30, 2016**	**March 31, 2016**	**December 31, 2015**	**September 30, 2015**
Cdn$/US$	$ 1.3117	$ 1.3009	$ 1.2971	$ 1.3840	$ 1.3394
US$/Cdn$	$ 0.7624	$ 0.7687	$ 0.7700	$ 0.7225	$ 0.7466

(1) Bank of Canada noon rate on the respective dates

RISKS AND UNCERTAINTIES

Investing in Units involves a high degree of risk. In addition to the risks identified in this section and elsewhere in this MD&A, investors should carefully consider all of the risk factors noted in AHIP's AIF, a copy of which is available on SEDAR at www.sedar.com, before purchasing Units. 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 and AHIP's ability to make cash distributions to unitholders. In that event, the value of the Units could decline and investors may lose all or part of their investment.

The Units involve a certain degree of risk. Any person currently holding or considering the purchase of Units 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. The Units should only be purchased by persons who can afford to lose all of their investment.

ADDITIONAL INFORMATION

Additional information relating to AHIP, including the company's AIF, is available on SEDAR at www.sedar.com.

RAIL HOTELS PORTFOLIO AS AT NOVEMBER 7, 2016

Hotel Address	Location	Number of Rooms	Restaurant	Acquisition Date
2407 East Holland Avenue	Alpine, TX	40	Yes	Feb. 20, 2013
2111 Camino Del Llano	Belen, NM	160	Yes	Sept. 16, 2015
3522 N. Highway 59	Bill, WY	112	Yes	Feb. 20, 2013
620 Souder Road	Brunswick, MD	25	Yes	Nov. 24, 2014
3475 Union Road	Buffalo, NY	56	-	Feb. 20, 2013
1625 Stillwater Avenue	Cheyenne, WV	60	Yes	Feb. 20, 2013
2300 Valley West Ct.	Clinton, IA	123	-	Feb. 20, 2013
21233 Coal River Road	Comfort, WV	25	-	Feb. 20, 2013
1608 US 60 Business W	Dexter, MO	133	Yes	Feb. 20, 2013
4000 Siskiyou Avenue	Dunsmuir, CA	21	Yes	Feb. 20, 2013
100 North 6th Avenue	Edgemont, SD	56	-	Sept. 16, 2015
95 Spruce Road	Elko, NV	119	-	Feb. 20, 2013
2505 US 69	Fort Scott, KS	70	-	Nov. 11, 2015
2700 N. Diers Parkway	Fremont, NE	100	Yes	Feb. 20, 2013
2307 Wyoming Avenue	Gillette, WY	156	-	Sept. 16, 2015
2006 North Merrill Avenue	Glendive, MT	74	Yes	Oct. 29 2014
100 15th Street SE	Glenwood, MN	56	Yes	Feb. 20, 2013
1170 W. Flaming Gorge Way	Green River, WY	191	Yes	Feb. 20, 2013
800 West Laramie Street	Guernsey, WY	96	-	Sept. 16, 2015
1051 North Market	Hearne, TX	140	Yes	Feb. 20, 2013
1110 SE 4th Street	Hermiston, OR	86	-	Feb. 20, 2013
1710 Jefferson Street	Jefferson City, MO	77	-	Sept. 12, 2013
501 SW Boulevard	Kansas City, KS	110	-	Feb. 20, 2013
2545 Cornhusker Highway	Lincoln, NE	133	-	Jan. 8, 2016
7875 Airline Highway	Livonia, LA	42	Yes	Feb. 20, 2013
8233 Airline Highway	Livonia, LA	60	-	Feb. 20, 2013
123 Westvaco Road	Low Moor, VA	30	Yes	Feb. 20, 2013
1127 Pony Express Highway	Marysville, KS	139	Yes	Feb. 20, 2013
528 S. George Nigh Expressway	McAlester, OK	61	-	Feb. 20, 2013
777 W Center Street	Milford, UT	75	Yes	Feb. 20, 2013
128 S. Willow	Missouri Valley, IA	41	Yes	Feb. 20, 2013
707 E. Webster Street	Morrill, NE	97	Yes	Feb. 20, 2013
451 Halligan Drive	North Platte, NE	135	Yes	Feb. 20, 2013
22 N. Frontage Street	Pecos, TX	61	-	Feb. 20, 2013
101 Grand Avenue	Ravenna, NE	118	-	Sept. 16, 2015
2005 E. Daley Street	Rawlins, WY	62	Yes	Feb. 20, 2013
2680 Airport Road	Santa Teresa, NM	56	Yes	May 6, 2014
K27 & Commerce Street	Sharon Springs, KS	50	Yes	Feb. 20, 2013
U.S. 285 & 2nd Street	Vaughn, NM	60	Yes	Feb. 20, 2013
1177 E. 16th Street	Wellington, KS	80	Yes	Feb. 20, 2013
1004 E 16th Street	Wellington, KS	110	-	Feb. 25, 2015
1706 N. Park Drive	Winslow, AZ	72	-	Feb. 20, 2013
98 Moffat Avenue	Yampa, CO	37	Yes	Feb. 20, 2013
35450 Yermo Road	Yermo, CA	65	Yes	Feb. 20, 2013
1731 S. Sunridge Drive	Yuma, AZ	119	Yes	Feb. 20, 2013
TOTAL RAIL HOTELS	**45 properties**	**3,789**	**27**	

BRANDED HOTELS PORTFOLIO AS AT NOVEMBER 7, 2016

Hotel Address	Brand	Location	Number of Rooms	Restaurant	Acquisition Date
Florida Region					
3712 SW 38th Ct	Courtyard	Ocala, FL	169	Yes	Aug. 6, 2015
2340 Center Street	Residence Inn	Chattanooga, TN	109	-	Oct. 27, 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
7010 McCutcheon Road	TownePlace Suites	Chattanooga, TN	87	-	Oct. 27, 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
Midwest Region					
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 Holliday Lane	Holiday Inn Express	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
North Carolina Region					
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	-	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
Pittsburgh Region					
555 Trumbull Drive	Hampton Inn	Pittsburgh, PA	132	-	Nov. 21, 2013
8514 University Boulevard	Hampton Inn	Moon (Pittsburgh), PA	127	-	Nov. 21, 2013
210 Executive Drive	Hampton Inn	Cranberry Township, PA	116	-	Nov. 21, 2013
1308 Freedom Road	Residence Inn	Cranberry Township, PA	96	-	Nov. 21, 2013
Texas/Oklahoma Region					
8231 Amarillo Blvd. West	Holiday Inn	Amarillo, TX	151	Yes	Oct. 27, 2014
4401 SW 15th Street	Holiday Inn	Oklahoma City, OK	147	Yes	Nov. 3, 2014
13800 Quail Springs Pkway	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
1740 Airport Boulevard	Fairfield Inn & Suites	Amarillo, TX	79	-	Oct. 27, 2014
960 Ed Noble Parkway	Country Inn	Norman, OK	77	-	Jun. 18, 2015
7840 NW 39 Expressway	Holiday Inn Express	Bethany, OK	69	-	Jun. 18, 2015
6915 I-40 West	Sleep Inn & Suites	Amarillo, TX	63	-	Oct. 27, 2014
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
Virginia Region					
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 BRANDED HOTELS	**39 properties**		**3,704**	**4**	
GRAND TOTAL	**84 properties**		**7,493**	**31**	

AMERICAN HOTEL INCOME PROPERTIES REIT LP

HOTELS UNDER CONTRACT AS AT NOVEMBER 7, 2016

Hotel Address	Brand	Location	Number of Rooms	Restaurant	Expected Acquisition Date
4650 West Airport Freeway	Embassy Suites	Irving, TX	305	Yes	Jan. 2017
4400 South Rural Road	Embassy Suites	Tempe, AZ	224	Yes	Jan. 2017
3427 Forum Boulevard	Holiday Inn Express	Fort Myers, FL	111	-	Nov. 30, 2016
5370 Gantt Road	Holiday Inn Express	Sarasota, FL	101	-	Nov. 30, 2016
720 Royal Parkway	Oak Tree Inn	Nashville, TN	104	-	Dec. 2016
3624 North Falkenburg Road	Staybridge Suites	Tampa, FL	100	-	Nov. 30, 2016
3751 East Fowler Avenue	Wingate by Wyndham	Tampa, FL	86	-	Nov. 30, 2016
13575 Cypress Glen Lane	Courtyard	Tampa, FL	81	Yes	Nov. 30, 2016
10971 West Colonial Drive	Fairfield Inn & Suites	Orlando, FL	80	-	Nov. 30, 2016
GRAND TOTAL	**9 Properties**		**1,192**	**3**	

AMERICAN HOTEL INCOME PROPERTIES REIT LP

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