AMERICAN HOTEL INCOME PROPERTIES REIT LP

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

For the three and six months ended June 30, 2018
(Expressed in U.S. Dollars)

Dated: August 8, 2018

Hilton Garden Inn, White Marsh (Baltimore)

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PART I

FORWARD-LOOKING INFORMATION

This Management Discussion and Analysis of Results of Operations and Financial Condition ("**MD&A**") contains forward-looking information within the meaning of applicable securities laws (also known as forward-looking statements). Forward-looking statements generally can be identified by words such as "anticipate", "believe", "continue", "expect", "estimates", "intend", "may", "outlook", "objective", "plans", "should", "will" and similar expressions suggesting future outcomes or events. Forward-looking statements include, but are not limited to, statements made or implied relating to the objectives of American Hotel Income Properties REIT LP ("**AHIP**"), AHIP's strategies to achieve those objectives and AHIP's beliefs, plans, estimates, projections and intentions and similar statements concerning anticipated future events, results, circumstances, performance or expectations that are not historical facts. Some specific forward-looking statements in this MD&A include, but are not limited to, statements with respect to: expectations with respect to the performance of the U.S. economy and its impact on the U.S. hotel industry; the expectations of STR with respect to key performance indicators in the U.S. hotel and lodging industry; AHIP management's expectations and outlook with respect to RevPAR (as defined below), 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 expectation that the majority of its Premium Branded Hotels will continue to perform in line with their respective competitive sets in terms of RevPAR, but that certain regions, such as Amarillo, Pittsburgh, and Virginia will experience ongoing headwinds as a result of elevated new supply and softness in demand; AHIP management's expectation that the seasonal nature of the lodging industry, as well as other factors beyond AHIP's control, will cause quarterly fluctuations in occupancy rates, room rates, revenues, operating expenses, cash flows and earnings; AHIP management's expectations with respect to how it will pay expenses, service debt and pay distributions to unitholders if cash flow from operations is insufficient to cover such obligations in a given quarter; the expectation that AHIP's expenses will grow at, or greater than, the general rate of inflation; competition could adversely affect AHIP's occupancy rates, ADR and RevPAR, and may require AHIP to provide additional amenities or make capital improvements, which may reduce AHIP's profitability; AHIP's intention to add the Hampton Inn Asheboro hotel to its borrowing base under AHIP's unsecured revolving line of credit facility; the expected cost and timing of brand mandated property improvement plan ("**PIP**") renovations to be completed in 2018 and the expected impacts thereof on the applicable hotels including on occupancy levels, revenues and operating results; AHIP management's expectation that the renovated properties will be better positioned within their respective markets relative to AHIP's competitors, but there will also be some guestroom displacement directly related to the renovations; the expected negative impact on margins of increases to minimum wage and tighter labour markets in certain states; AHIP continuing to engage with Aimbridge (defined below) to implement new technologies and new supplier contracts with the objective of enhancing operating performance; AHIP's expectations that the growth in same-property transient (non-rail crew) revenue at its Economy Lodging Hotels which were rebranded under various brands franchised by Wyndham (defined below) will continue through the second half of 2018; AHIP management's belief that AHIP is well positioned to deliver a stable and reliable income stream to its unitholders; AHIP's expectation that business acquisition costs will vary between periods; AHIP's intention 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, finance and operating leases, Debentures (as defined below) and deferred compensation; the expected guaranteed room night revenue from its railway customers; AHIP's expectation that it will complete the acquisition of the land underlying the Fairfield Inn, Baltimore (which is currently subject to a ground lease) in April 2019; AHIP management's expectation that AHIP's AFFO Payout Ratio (as defined below) will continue to be in the low 90% range for 2018 on a full year basis; AHIP's intention to maintain total indebtedness at approximately 50% to 55% of AHIP's Gross Book Value (as defined below); management's intention to obtain additional equity financing and/or debt financing with similar interest rates and terms as past financings to meet AHIP's planned growth strategy; the expected timing of the payment of the July 2018 distribution; AHIP's objective to generate stable and growing cash distributions from its hotel properties and AHIP's other stated objectives; AHIP's intention to declare regular monthly cash distributions and the expected timing of the record and payment dates for monthly distributions; AHIP management's intention to continue to operate AHIP in such a manner to remain exempt from the SIFT Measures (as defined below) on a continuous basis in the future; the possibility that the U.S. REIT may be subject to certain state and local income, franchise and property taxes even if it continues to qualify as a real estate investment trust under the Code (as defined below); and the possibility that future regulations and interpretations to be issued by U.S. authorities may also impact AHIP's estimates and assumptions used in calculating its income tax provisions.

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

Forward-looking statements involve significant risks and uncertainties and should not be read as guarantees of future performance or results as actual results may differ materially from those expressed or implied in such forward-looking statements. Those risks and uncertainties include, among other things, risks related to: AHIP continuing to realize the expected benefits of the rebranding of its Economy Lodging Hotels under Wyndham brands; AHIP realizing the expected benefits of renovations to be completed in 2018 and that such renovations may not be completed in accordance with expected timing or budgets; the possibility that AHIP's financial performance may not improve to the extent expected by AHIP management; general economic conditions and consumer confidence; the growth in the U.S. hotel and lodging industry; prices for the Units and Debentures; liquidity; tax risks; ability to access debt and capital markets; financing risks; changes in interest rates; the financial condition of, and our relationships with, our third-party hotel manager, franchisors or railway companies; 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 27, 2018 for the year ended December 31, 2017, 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 August 8, 2018. AHIP does not undertake any obligation to update any such forward looking information, resulting from new information, future events or otherwise, except as required by applicable law.

OVERVIEW OF AHIP

AHIP is a limited partnership formed under the *Limited Partnerships Act* (Ontario) to invest in hotel real estate properties in the United States ("**U.S.**") and engaged primarily in growing a portfolio of premium branded, select-service hotels in larger secondary markets with diverse and stable demand generators as well as long standing contractual railway customers. AHIP was established pursuant to the terms of AHIP's Limited Partnership Agreement dated October 12, 2012, which was subsequently amended and restated on February 20, 2013 and further amended on June 9, 2015 ("**Limited Partnership Agreement**"). AHIP's general partner is American Hotel Income Properties REIT (GP) Inc. ("**General Partner**"). AHIP's head office and address for service is Suite 800 – 925 West Georgia Street, Vancouver, B.C., Canada V6C 3L2.

The principal business of AHIP is to issue limited partnership units ("**Units**") and to acquire and hold shares of American Hotel Income Properties REIT Inc. (the "**U.S. REIT**"). The U.S. REIT was established for the purposes of indirectly acquiring and owning hotel real estate properties in the U.S. AHIP has two reportable operating segments for making operating decisions and assessing performance: (i) "Premium Branded Hotels", which are select-service hotel properties that have franchise agreements with international hotel brands, such as Marriott, Hilton, IHG and Choice (all defined below); and (ii) "Economy Lodging Hotels", which are select-service hotel properties that have rail crew lodging agreements with large U.S. freight railway companies and, effective November 1, 2017, also have long term franchise agreements with various Wyndham brands (as explained below).

AHIP's long-term objectives are to:

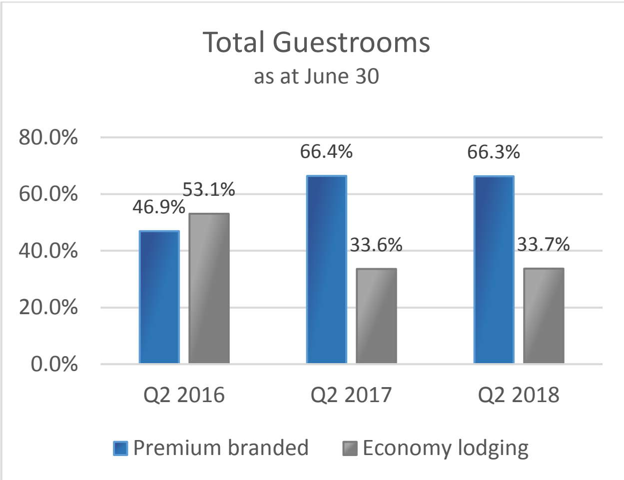
(i) generate stable and growing cash distributions from hotel properties located in the U.S.;
(ii) enhance the value of its assets and maximize the long-term value of its hotel properties through active asset management; and
(iii) expand its asset base and increase its AFFO per Unit through an accretive acquisition program, participation in strategic development opportunities and improvements to the properties through targeted value-added capital expenditure programs.

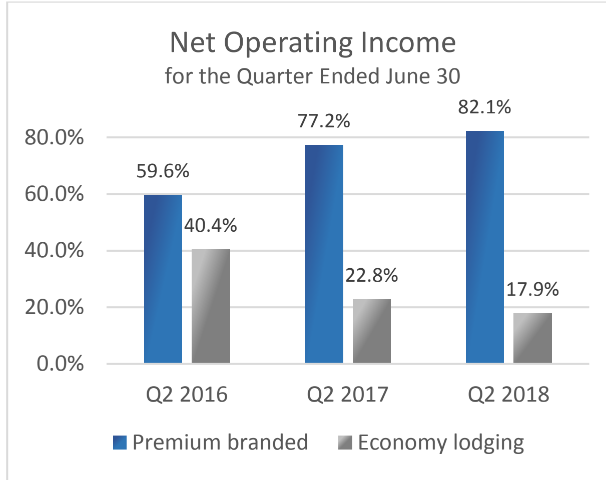
AHIP's Units trade on the Toronto Stock Exchange ("**TSX**") under the symbol HOT.UN (Canadian dollar ticker) and HOT.U (U.S. dollar ticker) as well as on the OTCQX International Marketplace in the U.S. under the symbol AHOTF (U.S. dollar ticker). AHIP's Debentures (defined below) trade on the TSX under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

As of August 8, 2018, AHIP's diversified portfolio is comprised of 114 hotels located in 33 states across the U.S., representing an aggregate of 11,591 guestrooms. AHIP's 67 Premium Branded Hotels (comprised of 7,684 guestrooms) are geographically located in secondary markets with diverse and stable demand generators and are supported by the world's leading hotel brand partners, such as Marriott International Inc. ("**Marriott**"), Hilton Worldwide ("**Hilton**"), InterContinental Hotels Group ("**IHG**"), Choice Hotels International Inc. ("**Choice**") and Wyndham Hotel Group ("**Wyndham**") who provide global distribution channels, targeted brand segmentation, strong loyalty programs, and premier information technology system standards. AHIP's distribution of Premium Branded hotels by chain scale segment is shown below:

Chain Scale Segments	Representative Hotels	Number of hotels	Number of Rooms	Room Percentage by Segment
Upper Upscale	Embassy Suites	5	1,311	17%
Upscale	Courtyard, Hilton Garden Inn, Homewood Suites, Residence Inn, Springhill Suites, Staybridge Suites	23	2,651	35%
Upper Midscale	Fairfield Inn, Hampton Inn, Holiday Inn, Holiday Inn Express, TownePlace Suites	37	3,573	46%
Midscale	Sleep Inn, Wingate by Wyndham	2	149	2%
TOTAL PREMIUM BRANDED HOTELS		**67**	**7,684**	**100%**

AHIP's Economy Lodging Hotel portfolio consists of 47 hotels (comprised of 3,907 guestrooms) which have been purpose-built for mobile workforce employees primarily in the transportation, construction, and resource sectors. Effective November 1, 2017, the Economy Lodging Hotels were rebranded under various Wyndham brands including Baymont Inn and Suites, Travelodge, Super 8 and Days Inn pursuant to 15-year franchise agreements. The Wyndham licensing agreements do not apply any royalty fees to the contractually guaranteed room revenues under the various rail crew lodging agreements currently in place at the Economy Lodging hotels. As at June 30, 2018, management estimates that approximately 74% of the current room revenues within the Economy Lodging Hotel portfolio were covered under rail crew lodging agreements containing contractual revenue guarantees.





TAXATION

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

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

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

On December 22, 2017, the Tax Cuts and Jobs Act ("**U.S. Tax Reform**") was passed. The U.S. Tax Reform reduces the U.S. federal corporate income tax rate from 35% to 21% effective January 1, 2018. Future regulations and interpretations to be issued by U.S. authorities may also impact AHIP's estimates and assumptions used in calculating its income tax provisions.

PART II

BASIS OF PRESENTATION

This MD&A for the three and six months ended June 30, 2018 includes material financial information as of August 8, 2018. This MD&A should be read in conjunction with AHIP's unaudited condensed consolidated interim financial statements for the three and six months ended June 30, 2018 and 2017 and audited consolidated financial statements for the years ended December 31, 2017 and 2016, 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, 2017, is available on SEDAR at www.sedar.com.

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 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, debt-to-EBITDA, same property metrics and AFFO payout ratio.

a) <u>Debt-to-Gross Book Value</u>

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

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

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

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

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

*b) <u>Funds from Operations ("**FFO**") and Adjusted Funds from Operations ("**AFFO**")</u>*

AHIP believes FFO and AFFO are important measures of operating performance of real estate properties. FFO is a supplemental non-IFRS financial measure of operating performance widely used in the Canadian real estate industry. FFO is not defined under IFRS and should not be considered as an alternative to net income, cash flow from operations, or any other operating or liquidity measure prescribed under IFRS. Instead, FFO has been included to provide readers and investors with additional information to improve their understanding of AHIP's operating results. As it is not defined by IFRS, it does not have a standardized meaning and may not be comparable with similar measures presented by other issuers. AHIP calculates FFO in accordance with the Real Property Association of Canada ("**REALPAC**") White Paper on Funds From Operations (the "**FFO White Paper**") issued in February 2018. In compliance with Canadian Securities Administrators Staff Notice 52-306 (Revised), "Non-GAAP Financial Measures", FFO has been reconciled to net income (loss) and comprehensive income (loss) in the section "Funds from Operations and Adjusted Funds from Operations" below.

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

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

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

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

c) *<u>Gross Operating Profit ("**GOP**") and Net Operating Income ("**NOI**")</u>*

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, insurance and ground lease payments (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) *<u>Earnings before interest, taxes, depreciation and amortization ("**EBITDA**")</u>*

AHIP calculates EBITDA as NOI less corporate and administrative expenses. AHIP calculates "**EBITDA Margin**" as EBITDA divided by total revenues.

e) *<u>Interest Coverage Ratio</u>*

AHIP calculates the "**Interest Coverage Ratio**" as EBITDA for the period divided by interest expensed during the period comprised of interest expense on term loans, revolving credit facilities, convertible debentures and finance lease liability. The Interest Coverage Ratio is a measure of AHIP's ability to service the interest requirements of its outstanding debt.

f) Debt-to-EBITDA Ratio

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

g) Same Property Metrics

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

h) AFFO Payout Ratio or Payout Ratio

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

OPERATIONAL METRICS

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

a) Occupancy Rate

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

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

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

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

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

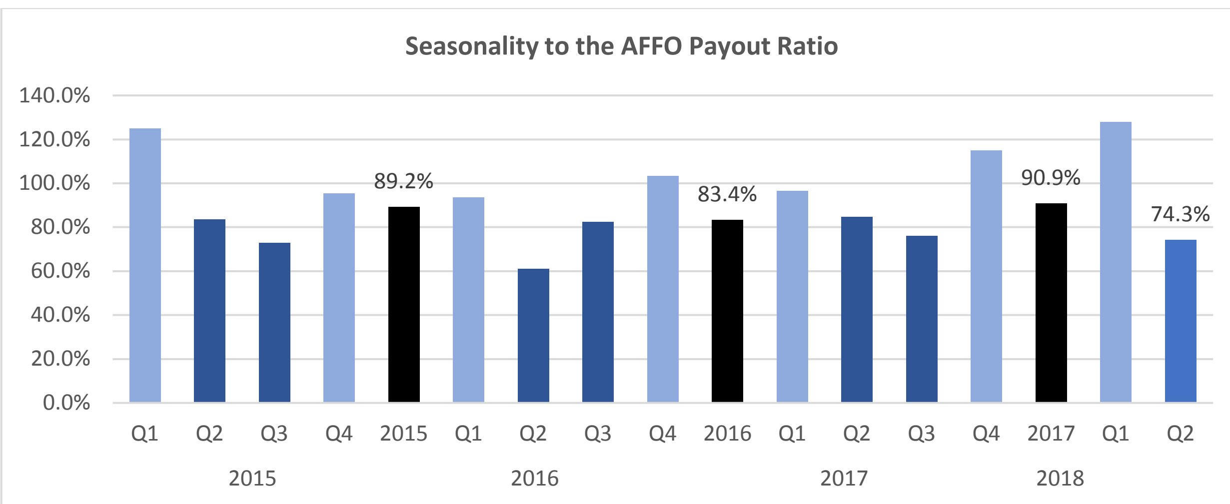
FF&E Reserves are calculated as four percent of total revenues for the Premium Branded Hotel portfolio and three percent of room revenues for the Economy Lodging Hotel portfolio.

INFLATION

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

SEASONALITY

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



COMPETITION

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

APPROVAL BY THE BOARD OF DIRECTORS
The Board of Directors of AHIP's General Partner, upon recommendation of its Audit Committee, approved the contents of this MD&A for release on August 8, 2018.

PART III

RECENT DEVELOPMENTS

a) Change in External Hotel Manager and Termination of Master Development Agreement

On April 26, 2018, ONE Lodging Management Inc. ("**ONE Lodging**") transferred hotel management responsibilities for all of AHIP's 114 hotels to Aimbridge Hospitality ("**Aimbridge**"), an independent hotel management company. The terms of the hotel management agreements for AHIP's hotels remained unchanged. In addition, AHIP reached an agreement with SunOne Developments Inc. ("**SunOne**"), AHIP's exclusive development management partner, to terminate the Master Development Agreement at no cost to AHIP concurrent with the completion of the transfer of ONE Lodging's hotel management responsibilities to Aimbridge.

b) Disposal of Economy Lodging Hotel

On May 14, 2018, AHIP sold a rail crew property in Ravenna, Nebraska for gross proceeds of $150,000.

c) Early Prepayment of $5.1 million Mortgage

On June 1, 2018, AHIP utilized proceeds from its secured revolving line of credit to prepay without penalty an approximately $5.1 million term loan maturing on August 1, 2018. The expiring mortgage was secured by a Premium Branded hotel and charged an interest rate of 5.69%. AHIP intends to add this property to the borrowing base of its unsecured revolving line of credit facility.

d) Purchase of Units by CEO

During the six months ended June 30, 2018, the CEO acquired 156,116 additional Units through open market purchases, including 13,216 Units provided as part of his agreement to take 100% of his 2018 compensation, subject to statutory deductions, in the form of equity.

MARKET ENVIRONMENT
During the second quarter of 2018, the U.S. economy grew by 4.1%, the highest growth rate since the third quarter of 2014. Forecasters expect 2018 U.S. GDP growth rates of 2.8% fueled by U.S. federal tax cuts and steady employment growth, which bode well for the U.S. hotel industry. Still, economists continue to carefully watch the impact of current and potential international trade tariffs and other trade barriers that may affect the U.S. economy.

According to STR, Inc. ("**STR**"), U.S. hotel RevPAR grew by 4.0% during the second quarter of 2018 with ADR improving by 2.9% and occupancy growing by 1.1%. June 2018 marked the 100th consecutive month that RevPAR has increased in the current lodging cycle.

The following table summarizes Q2 2018 RevPAR growth by chain scale (according to STR):

Chain Scale Segments	Representative Hotels	U.S. Hotels
Upper upscale	Embassy Suites	3.5%
Upscale	Courtyard, Hilton Garden Inn, Homewood Suites, Residence Inn, Springhill Suites, Staybridge Suites	2.7%
Upper Midscale	Fairfield Inn, Hampton Inn, Holiday Inn, Holiday Inn Express, TownePlace Suites	3.0%
Midscale	Sleep Inn, Wingate by Wyndham	4.2%

During the second quarter, AHIP's same-property Premium Branded Hotel portfolio saw RevPAR growth rates of 0.9% with strong performance in Oklahoma and North Carolina, which saw RevPAR growth rates of 13.1% and 3.4%, respectively. This was offset by RevPAR declines of 10.6% in Pittsburgh, 3.6% in Virginia, and 3.4% in Amarillo, which reflects the ongoing impacts of new supply in these markets. Excluding these three weaker regions, same-property RevPAR for the Premium Branded portfolio as a whole would have increased by 4.1% for the three months ended June 30, 2018, which is in line with the broader U.S. hotel industry.

During the second quarter, a seamless transition of personnel, processes and technology to the new hotel manager was completed and AHIP continues to engage with Aimbridge to implement new technologies and new supplier contracts with the objective of enhancing operating performance.

OUTLOOK

STR currently forecasts 2018 U.S. hotel demand to outpace supply growth, with demand growing by 2.4% and new supply growing by 2.0%. Along with continued strong occupancy levels, 2018 U.S. RevPAR is expected by STR to grow by 2.9% led primarily by ADR growth rates of 2.5%. For 2019, STR currently forecasts U.S. hotel demand will grow 2.0%, slightly ahead of supply increases of 1.9%. ADR is expected by STR to increase 2.3%, alongside a 0.1% increase in occupancy, to drive RevPAR growth of 2.4%.

Several of AHIP's hotels will complete significant renovations during 2018, including the Hilton Garden Inn White Marsh (Baltimore), which was recently renovated in June. Two of AHIP's largest hotels will also complete renovations during the third quarter of 2018 including the Embassy Suites Cincinnati (Covington) and the Embassy Suites DFW South (Irving). AHIP expects its renovated properties will be better positioned within their respective markets relative to its competitors; however, AHIP also anticipates some guestroom displacement directly related to renovations. AHIP expects that the majority of its other Premium Branded Hotels will continue to perform in line with their respective competitive sets in terms of RevPAR; however, certain regions, such as Amarillo, Virginia and Pittsburgh, will experience ongoing headwinds as a result of elevated new supply and softness in demand.

The rebranding of AHIP's Economy Lodging hotels to various Wyndham brands was substantially completed during the first quarter of 2018. The second quarter was the first full quarter of operations since the rebranding of these hotels, and AHIP saw its same-property transient (non-rail crew) revenue grow 12.5% compared to the second quarter of 2017. AHIP expects this growth to continue through the second half of 2018, relative to the same periods of 2017.

AHIP continues to monitor low unemployment rates and rising minimum wage requirements across several U.S. states as these trends create upward pressure on labour costs and cause some margin compression in certain markets with significant new supply or low unemployment rates. AHIP is working closely with its external hotel manager to mitigate the impacts of these market changes and drive margin expansion through operating efficiencies.

AHIP is poised for organic growth through the completion of renovation projects, absorption of new supply, and gaining operating efficiencies through our new third-party hotel manager. AHIP owns a high-quality hotel portfolio of premium branded, select-service properties which are partnered with the world's preeminent and trusted hotel companies. AHIP also owns a well-maintained portfolio of economy, select-service hotels which are underpinned with long-term guaranteed contractual revenue, and are now branded with one of the world's largest hotel companies. Our conservative capital structure, with no significant debt maturities until June 2022, a currency-aligned distribution, along with an experienced management team, positions AHIP well to deliver a stable and reliable U.S. dollar denominated income stream to its unitholders.

SECOND QUARTER HIGHLIGHTS AND KEY PERFORMANCE INDICATORS

(US$000s unless noted and except Units and per Unit amounts)	Three months ended June 30, 2018	Three months ended June 30, 2017	Six months ended June 30, 2018	Six months ended June 30, 2017
Number of rooms [1]	11,591	11,570	11,591	11,570
Number of properties [1]	114	113	114	113
Number of restaurants [1]	41	41	41	41
Occupancy rate	78.7%	76.2%	76.1%	73.8%
Average daily room rate	$ 98.66	$ 93.07	$ 97.16	$ 93.16
Revenue per available room	$ 77.65	$ 70.92	$ 73.94	$ 68.75
Revenues	$ 89,911	$ 69,452	$ 170,977	$ 131,177
Net operating income	$ 35,513	$ 25,791	$ 60,887	$ 46,586
Net income (loss) and comprehensive income (loss)	$ 8,854	$ (5,496)	$ 10,230	$ (3,114)
Diluted net income (loss) per Unit	$ 0.11	$ (0.09)	$ 0.13	$ (0.05)
EBITDA	$ 30,053	$ 22,347	$ 50,437	$ 39,227
EBITDA Margin %	33.4%	32.2%	29.5%	29.9%
Funds from operations (FFO)	$ 18,074	$ 14,513	$ 29,427	$ 26,123
Diluted FFO per Unit [2] [3]	$ 0.23	$ 0.23	$ 0.37	$ 0.43
Adjusted funds from operations (AFFO)	$ 17,054	$ 12,449	$ 26,785	$ 23,232
Diluted AFFO per Unit [2] [3]	$ 0.21	$ 0.20	$ 0.34	$ 0.38
Distributions declared	$ 12,667	$ 10,608	$ 25,332	$ 20,090
AFFO Payout Ratio	74.3%	85.2%	94.6%	86.5%
Debt-to-Gross Book Value [1]	53.7%	53.9%	53.7%	53.9%
Debt-to-EBITDA [3]	7.5x	11.5x	7.5x	11.5x
Interest Coverage Ratio	3.3x	3.7x	2.8x	3.3x
Weighted average Debt face interest rate [1]	4.64%	4.60%	4.64%	4.60%
Weighted average Debt term to maturity [1]	6.9 years	8.0 years	6.9 years	8.0 years
Number of Units outstanding [1]	78,062,194	78,033,606	78,062,194	78,033,606
Diluted weighted average number of Units outstanding [3]	78,247,893	63,535,747	78,220,461	61,073,711
Same property Occupancy rate	77.2%	76.2%	75.2%	74.4%
Same property Average daily room rate	$ 84.84	$ 84.44	$ 85.02	$ 84.96
Same property RevPAR	$ 65.50	$ 64.34	$ 63.94	$ 63.21
Same property Revenues	$ 51,147	$ 50,268	$ 99,142	$ 98,107
Same property Net operating income	$ 19,031	$ 18,088	$ 35,615	$ 35,314
Same property NOI Margin %	37.2%	36.0%	35.9%	36.0%

(1) At period end.

(2) The Debentures were dilutive for FFO and AFFO for the three and six months ended June 30, 2018. Therefore, Debenture finance costs of $784 and $1,568 were added back to FFO and AFFO in the respective periods and 5,283,783 Units issuable on conversion of the Debentures were added to the diluted weighted average number of Units outstanding.

(3) Diluted weighted average number of Units included the 228,664 unvested Restricted Stock Units as at June 30, 2018.

OPERATIONAL AND FINANCIAL HIGHLIGHTS

The increase in occupancy, ADR, RevPAR, revenues and NOI for the three months ended June 30, 2018, compared to the same period last year, resulted primarily from a full quarter of contribution from the 18 Premium Branded Hotels totaling 2,187 guestrooms acquired on June 22, 2017 (“**June 2017 Acquisitions**”) coupled with incremental revenues from Economy Lodging hotels acquired in late 2017. The June 2017 Acquisitions represented higher RevPAR hotels located in larger markets across the northeastern United States.

During the current quarter, revenues were up 29.5% to $89.9 million (2017 - $69.5 million) with Premium Branded revenues increasing by 37.1% to $71.4 million (2017 - $52.1 million) and Economy Lodging revenues increasing by 6.6% to $18.5 million (2017 - $17.3 million). Specifically, AHIP’s total portfolio RevPAR for the three months ended June 30, 2018 increased by 9.5% led by a 3.3% increase in occupancy coupled with a 6.0% increase in ADR as compared to the same period last year as a result of the June 2017 Acquisitions and better operating results from AHIP’s same-property portfolio. Total quarterly NOI was up 37.7% to $35.5 million (2017 - $25.8 million) with Premium Branded quarterly NOI increasing by 46.5% to $29.2 million (2017 - $19.9 million) while Economy Lodging quarterly NOI increased by 7.9% to $6.3 million (2017 - $5.9 million). Net income for the quarter was $8.9 million compared to a net loss of $5.5 million for the same quarter in 2017 as a result of portfolio changes between the periods coupled with a $7.3 million impairment charge recorded last year.

For the six months ended June 30, 2018, AHIP’s total portfolio RevPAR increased 7.5% compared to 2017, with Premium Branded RevPAR growing by 2.1% and Economy Lodging RevPAR growing by 3.6%. Total revenues increased by 30.3% to $171.0 million (2017 - $131.2 million) with Premium Branded revenues increasing by $38.1 million to $135.7 million (2017 - $97.6 million) and Economy Lodging revenues increasing by $1.7 million to $35.3 million (2017 - $33.5 million). Total NOI increased by 30.7% to $60.9 million (2017 - $46.6 million) with Premium Branded NOI increasing by $14.1 million to $49.9 million (2017 - $35.8 million) and Economy Lodging NOI increasing by $180,000 to $11.0 million (2017 - $10.8 million). The changes primarily reflect the impact of the hotels acquired in June and January 2017.

FFO for the three months ended June 30, 2018 increased by 24.5% to $18.1 million (2017 - $14.5 million) with the increase primarily reflecting the incremental revenues and income from the June 2017 Acquisitions offset by some displacement caused by renovations at three Premium Branded Hotels and higher interest expense from new term loans and the Debentures. Diluted FFO per Unit was $0.23 for the three months ended June 30, 2018, which was unchanged from the same period last year. FFO for the six months ended June 30, 2018 increased by 12.6% to $29.4 million (2017 - $26.1 million). Diluted FFO per Unit was $0.37 (2017 - $0.43) as a result of the reasons stated above offset by lower income during the first quarter of 2018 arising from weather related impacts, new supply and weaker government demand.

AFFO for the three months ended June 30, 2018 was up 37.0% to $17.1 million (2017 - $12.4 million) reflecting the contributions from the new hotels added to the portfolio. Diluted AFFO per Unit was up 5.0% to $0.21 (2017 - $0.20) for the reasons stated above. The AFFO Payout Ratio improved to 74.3% during the current quarter compared 85.2% in the same period last year reflecting the inclusion of incremental income from the June 2017 Acquisitions during the current quarter compared to last year.

AFFO for the six months ended June 30, 2018 increased 15.3% to $26.8 million (2017 - $23.2 million). Diluted AFFO per Unit was $0.34 (2017 - $0.38) impacted by weather, weaker government demand and new supply during the first quarter.

RESULTS OF OPERATIONS

The following discussion highlights selected financial information for AHIP for the three and six months ended June 30, 2018. This information should be read in conjunction with AHIP's unaudited condensed consolidated interim financial statements and the related notes for the three and six months ended June 30, 2018.

(US$000s unless noted and except Units and per Unit amounts)	Three months ended June 30, 2018	Three months ended June 30, 2017	Six months ended June 30, 2018	Six months ended June 30, 2017
Revenues	$ 89,911	$ 69,452	$ 170,977	$ 131,177
Hotel expenses	54,398	43,661	110,090	84,591
Net operating income	35,513	25,791	60,887	46,586
Depreciation and amortization	10,000	9,037	22,063	17,239
Income from operating activities	25,513	16,754	38,824	29,347
Corporate and administrative	5,460	3,444	10,450	7,359
Loss (gain) on disposal of property, buildings and equipment	1,842	1	1,847	(32)
Impairment loss on hotel asset	-	7,349	-	7,349
Business acquisition costs	96	4,518	416	5,899
Income before undernoted	18,115	1,442	26,111	8,772
Finance income	(13)	(34)	(18)	(48)
Finance costs	9,115	6,732	17,040	12,285
Income (loss) before income taxes	9,013	(5,256)	9,089	(3,465)
Current income tax expense	-	97	-	356
Deferred income tax expense (recovery)	159	143	(1,141)	(707)
Net income (loss) and comprehensive income (loss)	$ 8,854	$ (5,496)	$ 10,230	$ (3,114)
Basic and diluted net income (loss) per Unit	$ 0.11	$ (0.09)	$ 0.13	$ (0.05)
Basic weighted average number of Units outstanding	78,061,562	63,316,133	78,054,722	60,918,134
Diluted weighted average number of Units outstanding (1)	78,247,893	63,535,747	78,220,461	61,073,711

(1) Diluted weighted average number of Units includes the 228,664 unvested Restricted Stock Units as at June 30, 2018.

The increase in revenues, expenses, and income from operating activities for the three and six months ended June 30, 2018 compared to the same period last year was primarily the result of the full inclusion of the income from the June 2017 Acquisitions. Hotel expenses consisted of hotel operating expenditures including labour costs, sales and marketing, franchise fees, energy, property maintenance, property taxes, insurance, and ground lease expense.

Depreciation and amortization expenses consisted of depreciation charges on property, buildings and equipment, and amortization of intangible assets. Depreciation and amortization expenses for the three and six months ended June 30, 2018 were $10.0 million and $22.1 million, respectively, compared to $9.0 million and $17.2 million, respectively, for the three and six months ended June 30, 2017. The increase in depreciation and amortization expenses is consistent with the increase in AHIP's asset base between reporting periods.

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

(US$000s)	Three months ended June 30, 2018	Three months ended June 30, 2017	Six months ended June 30, 2018	Six months ended June 30, 2017
Hotel management fees	$ 3,240	$ 2,633	$ 6,216	$ 5,024
General administrative expenses	2,220	811	4,234	2,335
Total corporate and administrative expenses	$ 5,460	$ 3,444	$ 10,450	$ 7,359

The increase in corporate and administrative expenses for the three month and six months ended June 30, 2018 arose from higher external hotel management fees which were directly related to the increase in the number of hotels in AHIP's portfolio. The increase in general administrative expenses resulted primarily from higher compensation related expenses and professional fees. In addition, during the second quarter of 2017, AHIP realized a foreign exchange gain of $562,000, which did not repeat during the current quarter.

Business acquisition costs are comprised of professional fees arising from the pursuit and acquisition of hotel properties. Under IFRS, all transactional costs related to business combinations are expensed in the period incurred irrespective of the outcome of the acquisition. The level of business acquisition costs in any given period reflect the specific transactional activity undertaken during that time and are therefore expected to fluctuate between periods.

(US$000s)	Three months ended June 30, 2018	Three months ended June 30, 2017	Six months ended June 30, 2018	Six months ended June 30, 2017
Interest expense on loans and revolving credit facilities	$ 8,406	$ 5,964	$ 16,611	$ 11,587
Interest expense on Debentures	611	128	1,222	128
Amortization of finance costs	444	289	761	625
Accretion of Debenture liability	94	15	188	15
Amortization of Debenture transaction costs	79	19	158	19
Interest expense on finance lease liability	21	-	43	-
Amortization of deferred compensation	6	4	12	8
Dividends on preferred shares	4	4	8	8
Amortization of market adjustments	(27)	(35)	(52)	(54)
Changes in fair values of swap contracts	(523)	344	(1,911)	(51)
Total finance costs	$ 9,115	$ 6,732	$ 17,040	$ 12,285

For the current quarter, total finance costs were $9.1 million compared to $6.7 million for the same quarter in the prior year. The increase was due to higher interest charges from new term loans and the Debentures offset by fluctuations in the fair value of interest rate swaps between the reporting periods. Specifically, during the current quarter, AHIP realized a gain of $523,000 compared to a loss of $344,000 for the same period in 2017. For the six months ended June 30, 2018, total finance costs were $17.0 million compared to $12.3 million in prior year. The increase was attributable to higher interest costs from the new loans and Debentures offset by changes in the fair values of the interest rate swaps in the respective periods.

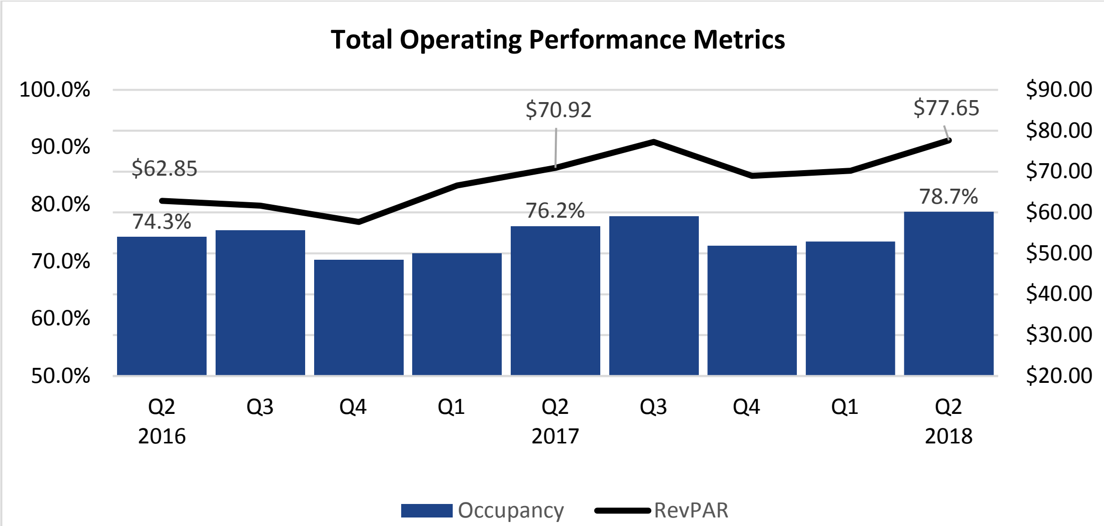
Income tax expense is comprised of current and deferred income taxes. Current income taxes and deferred income taxes are recognized in net earnings, except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income. Current income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

TOTAL PORTFOLIO OPERATING STATEMENTS

(US$000s unless noted)	Three months ended June 30, 2018	Three months ended June 30, 2017	Six months ended June 30, 2018	Six months ended June 30, 2017
Number of rooms (1)	11,591	11,570	11,591	11,570
Number of properties (1)	114	113	114	113
Number of restaurants (1)	41	41	41	41
Occupancy rate	78.7%	76.2%	76.1%	73.8%
Average daily rate (2)	$ 98.66	$ 93.07	$ 97.16	$ 93.16
Revenue per available room	$ 77.65	$ 70.92	$ 73.94	$ 68.75
REVENUES				
Rooms	$ 82,262	$ 62,015	$ 156,260	$ 117,517
Food and beverage	6,382	6,351	12,267	11,707
Other	1,267	1,086	2,450	1,953
TOTAL REVENUES	89,911	69,452	170,977	131,177
EXPENSES				
Operating expenses	44,802	35,227	87,429	66,533
Energy	3,391	2,734	7,196	5,331
Property maintenance	3,956	3,191	8,024	6,027
TOTAL EXPENSES	52,149	41,152	102,649	77,891
GROSS OPERATING PROFIT	37,762	28,300	68,328	53,286
GOP Margin %	*42.0%*	*40.7%*	*40.0%*	*40.6%*
Taxes, insurance and ground lease	2,249	2,509	7,441	6,700
NET OPERATING INCOME	$ 35,513	$ 25,791	$ 60,887	$ 46,586
NOI Margin %	*39.5%*	*37.1%*	*35.6%*	*35.5%*

(1) At period end.
(2) ADR reflects inclusion of guaranteed rail crew room revenues.

Total portfolio occupancy, ADR, RevPAR, revenues, and NOI for the three months ended June 30, 2018 were higher compared to the same periods in the prior year driven primarily by the full inclusion of operating results from the June 2017 Acquisitions in 2018 compared to only a partial inclusion during 2017 and improved same-property operating performance. Specifically, occupancy increased by 250 basis points to 78.7% (2017 - 76.2%); ADR increased by 6.0% to $98.66 (2017 - $93.07); RevPAR increased by 9.5% to $77.65 (2017 - $70.92) and total revenues were up by 29.5% to $89.9 million (2017 - $69.5 million). GOP increased by 33.4% to $37.8 million (2017 - $28.3 million) and GOP margins increased by 130 basis points to 42.0% (2017 - 40.7%) as a result of better performance at certain Premium Branded Hotels in Oklahoma and North Carolina offset by renovation impacts at several larger properties including Embassy Suites DFW South, Embassy Suites Cincinnati and Hilton Garden Inn White Marsh. NOI increased by 37.7% to $35.5 million (2017 - $25.8 million) with NOI margins increasing by 240 basis points to 39.5% (2017 - 37.1%) as a result of lower property taxes and insurance costs.



For the six months ended June 30, 2018, occupancy increased by 230 basis points to 76.1% (2017 - 73.8%); ADR increased by 4.3% to $97.16 (2017 - $93.16); RevPAR increased by 7.5% to $73.94 (2017 - $68.75); and total revenues increased by 30.3% to $171.0 million (2017 - $131.2 million) as a result of the full inclusion of operating results from additional properties in the current quarter compared to last year. NOI increased by 30.7% to $60.9 million (2017 - $46.6 million) for the reasons discussed above; and GOP and NOI margins remained consistent between reporting periods.

PREMIUM BRANDED HOTELS OPERATING STATEMENTS

(US$000s unless noted)	Three months ended June 30, 2018	Three months ended June 30, 2017	Six months ended June 30, 2018	Six months ended June 30, 2017
Number of rooms (1)	7,684	7,684	7,684	7,684
Number of properties (1)	67	67	67	67
Number of restaurants (1)	14	14	14	14
Occupancy rate	81.6%	81.0%	79.3%	78.7%
Average daily rate	$ 117.07	$ 113.24	$ 114.93	$ 113.38
Revenue per available room	$ 95.53	$ 91.72	$ 91.14	$ 89.23
REVENUES				
Rooms	$ 66,815	$ 47,775	$ 126,697	$ 89,742
Food and beverage	3,425	3,375	6,713	6,176
Other	1,181	962	2,294	1,714
TOTAL REVENUES	71,421	52,112	135,704	97,632
EXPENSES				
Operating expenses	35,082	26,247	68,551	49,030
Energy	2,493	1,901	5,236	3,559
Property maintenance	2,911	2,128	5,922	3,934
TOTAL EXPENSES	40,486	30,276	79,709	56,523
GROSS OPERATING PROFIT	30,935	21,836	55,995	41,109
GOP Margin %	*43.3%*	*41.9%*	*41.3%*	*42.1%*
Taxes, insurance and ground lease	1,763	1,924	6,099	5,334
NET OPERATING INCOME	$ 29,172	$ 19,912	$ 49,896	$ 35,775
NOI Margin %	*40.8%*	*38.2%*	*36.8%*	*36.6%*

(1) At period end.

Total occupancy, ADR, RevPAR, revenues, and NOI for the three and six months ended June 30, 2018 were higher for the Premium Branded hotels due to the full inclusion of the operating results of the June 2017 Acquisitions during the current quarter compared to last year.

Specifically, for the three months ended June 30, 2018, RevPAR increased by 4.2% to $95.53 (2017 - $91.72); total revenues increased by 37.1% to $71.4 million (2017 - $52.1 million) and NOI increased by 46.5% to $29.2 million (2017 - $19.9 million), respectively. NOI margins increased by 260 basis points as a result of strong performance in Oklahoma and North Carolina coupled with active cost management by the hotel manager offset by renovation related displacement at certain properties. Margins were also enhanced by lower property taxes and insurance premiums. RevPAR growth was strong for Oklahoma, North Carolina, and Ohio properties with growth rates of 13.1%, 3.4% and 3.3%, respectively. This was offset by RevPAR declines of 12.2% at the Texas properties caused by weakness in Amarillo and renovation related impacts at the Embassy Suites DFW South, 10.6% at the Pittsburgh properties caused by new supply and weaker demand, and pro-forma RevPAR declines of 5.1% at the

Maryland properties due to new supply and lower government related business. Pro-forma RevPAR includes operating results for hotels in periods prior to their ownership by AHIP.

For the six-month period ended June 30, 2018, RevPAR increased by 2.1% to $91.14 (2017 - $89.23); total revenues were up by 39.0% to $135.7 million (2017 - $97.6 million); and NOI was up by 39.5% to $49.9 million (2017 - $35.8 million) as a result of year-over-year portfolio changes. Specifically, RevPAR in Oklahoma grew by 15.1% as a result of a rebound in oil prices and increased oil-field production activity. Florida experienced year-over-year RevPAR growth rates of 2.5% and the two Ohio properties experienced pro-forma RevPAR increases of 4.4%. This was offset by supply related RevPAR declines in Pittsburgh, Amarillo and Virginia of 9.6%, 8.7% and 5.7%, respectively. In addition, the Maryland properties experienced pro-forma RevPAR declines of 4.9% as a result of new supply, lower government business, and renovation related impacts.

ECONOMY LODGING HOTELS OPERATING STATEMENTS

(US$000s unless noted)	**Three months ended June 30, 2018**	**Three months ended June 30, 2017**	**Six months ended June 30, 2018**	**Six months ended June 30, 2017**
Number of rooms (1)	3,907	3,886	3,907	3,886
Number of properties (1)	47	46	47	46
Number of restaurants (1)	27	27	27	27
Occupancy rate	73.0%	69.1%	70.0%	66.8%
Average daily rate (2)	$ 58.72	$ 58.26	$ 58.45	$ 59.10
Revenue per available room	$ 42.87	$ 40.26	$ 40.92	$ 39.48
REVENUES				
Rooms	$ 15,447	$ 14,240	$ 29,563	$ 27,775
Food and beverage	2,957	2,976	5,554	5,531
Other	86	124	156	239
TOTAL REVENUES	18,490	17,340	35,273	33,545
EXPENSES				
Operating expenses	9,720	8,980	18,878	17,503
Energy	898	833	1,960	1,772
Property maintenance	1,045	1,063	2,102	2,093
TOTAL EXPENSES	11,663	10,876	22,940	21,368
GROSS OPERATING PROFIT	6,827	6,464	12,333	12,177
GOP Margin %	*36.9%*	*37.3%*	*35.0%*	*36.3%*
Taxes and insurance	486	585	1,342	1,366
NET OPERATING INCOME	$ 6,341	$ 5,879	$ 10,991	$ 10,811
NOI Margin %	*34.3%*	*33.9%*	*31.2%*	*32.2%*

(1) At period end.

(2) ADR reflects inclusion of guaranteed rail crew room revenues.

For the three months ended June 30, 2018, the Economy Lodging Portfolio saw increased revenues and NOI as a result of the addition of a 74-room hotel in Fargo, ND in October 2017; the addition of a 64-room property in Whitefish, MT in November 2017; the sale of the Ravenna, NE property in May 2018 coupled with increasing rail crew occupancies and more non-rail crew customers as a result of the Wyndham rebranding. Specifically, occupancy increased by 390 basis points to 73.0% (2017 - 69.1%); RevPAR increased by 6.5% to $42.87 (2017 - $40.26); revenues increased by 6.6% to $18.5 million (2017 - $17.3 million); and NOI increased by 7.9% to $6.3 million (2017 - $5.9 million). GOP margins declined by 40 basis points as a result of lower guaranteed revenues from higher rail crew utilization and associated costs. NOI margins increased 40 basis points to 34.3% (2017 - 33.9%) as a result of lower property taxes and insurance costs.

For the six months ended June 30, 2018, occupancy, RevPAR, revenues and NOI improved compared to the prior year for the reasons stated above. The decline in ADR and margins resulted from a reduction in revenue guarantees at the Gillette, WY property in January 2018 coupled with the expiry of the rail crew contract at the Ravenna, NE hotel in October 2017.

SAME PROPERTY OPERATING METRICS

A property must be owned and operated for the entire year in both reporting periods and be fully operational for inclusion in these tables. As such, properties acquired, sold, for sale, or under renovation during the comparable reporting period are not included in the same property tables.

PREMIUM BRANDED HOTELS – SAME PROPERTY

The following table presents same property Premium Branded Hotels operating metrics for the three and six months ended June 30, 2018 and 2017, respectively.

(US$000s unless noted)	Three months ended June 30, 2018	Three months ended June 30, 2017	Six months ended June 30, 2018	Six months ended June 30, 2017
Occupancy rate	80.1%	80.0%	78.4%	78.7%
Average daily rate	$ 106.03	$ 105.18	$ 106.31	$ 105.48
Revenue per available room	$ 84.93	$ 84.14	$ 83.35	$ 83.01
REVENUES				
Rooms	$ 32,359	$ 32,052	$ 63,167	$ 62,905
Food and beverage	625	621	1,249	1,358
Other	490	467	996	994
TOTAL REVENUES	33,474	33,140	65,412	65,257
EXPENSES				
Operating expenses	16,207	16,266	31,939	31,787
Energy	1,209	1,222	2,539	2,451
Property maintenance	1,332	1,380	2,681	2,666
TOTAL EXPENSES	18,748	18,868	37,159	36,904
GROSS OPERATING PROFIT	14,726	14,272	28,253	28,353
GOP Margin %	*44.0%*	*43.1%*	*43.2%*	*43.4%*
Taxes and insurance (1)	1,526	1,763	3,041	3,295
NET OPERATING INCOME	$ 13,200	$ 12,509	$ 25,212	$ 25,058
NOI Margin %	*39.4%*	*37.7%*	*38.5%*	*38.4%*

(1) Same hotel property taxes are not adjusted for IFRIC 21 property taxes.

For the three months ended June 30, 2018, RevPAR increased by 0.9% to $84.93 (2017 - $84.14) as a result of ADR growing by 0.8% to $106.03 (2017 - $105.18). Revenues also increased by $334,000 to $33.5 million (2017 - $33.1 million) and NOI increasing by 5.5% to $13.2 million (2017 - $12.5 million). RevPAR grew by 13.1% in Oklahoma as a result of continued oil and gas-related demand generators and North Carolina RevPAR was up 3.4%. This was offset by supply related weakness in Pittsburgh, Virginia and Amarillo, which saw RevPAR declines of 10.6%, 3.6% and 3.4%, respectively. Excluding these three weaker regions, same-property RevPAR for the Premium Branded portfolio as a whole would have increased by 4.1%, which is in line with the broader U.S. hotel industry. NOI margins improved during the quarter as a result of reduced operating expenses, lower property taxes and insurance costs.

For the six months ended June 30, 2018, operating results were in line with the prior year. RevPAR was up in Oklahoma by 15.1% and increased by 2.5% in Florida. This was offset by RevPAR declines in Pittsburgh, Amarillo and Virginia of 9.6%, 8.7% and 5.7%, respectively for the reasons stated above. Excluding the three weaker markets, same-property RevPAR for the period would have increased by 3.5%.

ECONOMY LODGING HOTELS – SAME PROPERTY

The following table presents same property Economy Lodging Hotel operating metrics for the three and six months ended June 30, 2018 and 2017.

(US$000s unless noted)	Three months ended June 30, 2018	Three months ended June 30, 2017	Six months ended June 30, 2018	Six months ended June 30, 2017
Occupancy rate	74.0%	72.0%	71.6%	69.5%
Average daily rate [(1)]	$ 58.90	$ 58.36	$ 58.64	$ 58.67
Revenue per available room	$ 43.59	$ 42.02	$ 41.99	$ 40.78
REVENUES				
Rooms	$ 14,678	$ 14,142	$ 28,116	$ 27,308
Food and beverage	2,911	2,914	5,462	5,407
Other	84	72	152	135
TOTAL REVENUES	17,673	17,128	33,730	32,850
EXPENSES				
Operating expenses	9,252	8,840	17,971	17,204
Energy	859	817	1,869	1,733
Property maintenance	983	1,034	1,978	2,022
TOTAL EXPENSES	11,094	10,691	21,818	20,959
GROSS OPERATING PROFIT	6,579	6,437	11,912	11,891
GOP Margin %	*37.2%*	*37.6%*	*35.3%*	*36.2%*
Taxes and insurance [(2)]	748	858	1,509	1,635
NET OPERATING INCOME	$ 5,831	$ 5,579	$ 10,403	$ 10,256
NOI Margin %	*33.0%*	*32.6%*	*30.8%*	*31.2%*

(1) ADR reflects inclusion of guaranteed rail crew room revenues.

(2) Same hotel property taxes are not adjusted for IFRIC 21 property taxes.

For the three months ended June 30, 2018, the Economy Lodging Portfolio saw increased revenues and NOI as a result of increasing rail crew occupancies and more non-rail crew customers as a result of the Wyndham rebranding. Specifically, occupancy increased by 200 basis points to 74.0% (2017 - 72.0%); RevPAR increased by 3.7% to $43.59 (2017 - $42.02); revenues increased by 3.2% to $17.7 million (2017 - $17.1 million); and NOI increased by 4.5% to $5.8 million (2017 - $5.6 million). GOP margins declined by 40 basis points as a result of lower guaranteed revenues from higher rail crew utilization and associated costs. NOI margins increased 40 basis points to 33.0% (2017 - 32.6%) as a result of lower property taxes and insurance costs.

For the six months ended June 30, 2018, occupancy, RevPAR, revenues and NOI improved compared to the prior year for the reasons stated above. The decline in ADR and margins resulted from a reduction in revenue guarantees at the Gillette, WY property in January 2018 coupled with the expiry of the rail crew contract at the Ravenna, NE property in October 2017.

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

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

(US$000s unless noted and except Unit and per Unit amounts)	Three months ended June 30, 2018	Three months ended June 30, 2017	Six months ended June 30, 2018	Six months ended June 30, 2017
Net income (loss) and comprehensive income (loss)	$ 8,854	$ (5,496)	$ 10,230	$ (3,114)
Add/(deduct):				
Depreciation and amortization	10,000	9,037	22,063	17,239
Impairment loss on hotel asset	-	7,349	-	7,349
Loss (gain) on disposal of assets	1,842	1	1,847	(32)
Business acquisition costs	89	4,505	409	5,899
IFRIC 21 property taxes	(2,347)	(1,370)	(2,070)	(460)
Fair value changes of interest rate swaps	(523)	344	(1,911)	(51)
Deferred income tax recovery	159	143	(1,141)	(707)
Funds from operations ("FFO")	$ 18,074	$ 14,513	$ 29,427	$ 26,123
Add/(deduct):				
Securities-based compensation expense	168	186	317	288
Amortization of finance costs	423	273	721	594
Accretion of Debentures	-	19	-	19
Maintenance capital expenditures	(1,611)	(2,542)	(3,680)	(3,792)
Adjusted Funds from operations ("AFFO")	$ 17,054	$ 12,449	$ 26,785	$ 23,232
Diluted weighted average number of Units outstanding (1)	78,247,893	63,535,747	78,220,461	61,073,711
Diluted FFO per Unit (1) (2)	$ 0.23	$ 0.23	$ 0.37	$ 0.43
Diluted AFFO per Unit (1) (2)	$ 0.21	$ 0.20	$ 0.34	$ 0.38

(1) Diluted weighted average number of Units included the 228,664 unvested Restricted Stock Units as at June 30, 2018.
(2) The Debentures were dilutive for FFO and AFFO for the three and six months ended June 30, 2018. Therefore, Debenture finance costs of $784 and $1,568 were added back to the calculation of FFO and AFFO in the respective periods and 5,283,783 Units on conversion of the Debentures were added to the diluted weighted average number of Units outstanding.

For the three months ended June 30, 2018, FFO increased by 24.5% to $18.1 million (2017 - $14.5 million) as a result of higher NOI arising primarily from the full inclusion of income from the June 2017 Acquisitions during the current reporting period compared to only partial inclusion in the prior year, which was offset by displacement from properties under renovation, and higher interest charges. Diluted FFO per Unit was unchanged at $0.23 (2017 - $0.23).

For the six months ended June 30, 2018, FFO increased by 12.6% to $29.4 million (2017 - $26.1 million) for the reasons stated above. Diluted FFO per Unit decreased to $0.37 (2017 - $0.43) as a result of the reasons stated above coupled with lower income during the first quarter as a result of weather related impacts, new supply and reduced government related travel.

AFFO for the three months ended June 30, 2018 increased by 37.0% to $17.1 million (2017 - $12.4 million). Diluted AFFO per Unit increased by 5.0% to $0.21 (2017 - $0.20) as a result of increased FFO for the reasons stated above and lower maintenance capital expenditures during the current period.

AFFO for the six months ended June 30, 2018 increased by 15.3% to $26.8 million (2017 - $23.2 million). Diluted AFFO per Unit declined to $0.34 (2017 - $0.38). Changes to AFFO and Diluted AFFO per Unit were caused by the reasons stated above.

RECONCILIATION OF CASH FLOW FROM OPERATING ACTIVITIES TO AFFO

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

(US$000s unless noted)	Three months ended June 30, 2018	Three months ended June 30, 2017	Six months ended June 30, 2018	Six months ended June 30, 2017
Cash flow from operating activities	$ 18,879	$ 13,890	$ 29,868	$ 32,456
Add/(deduct):				
Changes in non-cash working capital	1,586	(1,918)	2,505	(10,799)
Business acquisition costs	89	4,505	409	5,899
Securities-based compensation	38	-	76	25
IFRIC 21 property taxes	(2,347)	(1,370)	(2,070)	(460)
Deferred income	34	-	67	-
Interest paid	9,592	5,980	17,821	11,626
Interest expense	(9,215)	(6,096)	(18,230)	(11,723)
Amortization of deferred lease inducement	9	-	19	-
Actual maintenance capital expenditures	(1,611)	(2,542)	(3,680)	(3,792)
AFFO	$ 17,054	$ 12,449	$ 26,785	$ 23,232
Distributions declared	$ 12,667	$ 10,608	$ 25,332	$ 20,090
AFFO Payout Ratio	74.3%	85.2%	94.6%	86.5%

For the three months ended June 30, 2018, AHIP’s AFFO payout ratio decreased to 74.3% (2017 - 85.2%) reflecting the full inclusion of income from the June 2017 Acquisitions during the current quarter compared to the prior year. For the six months ended June 30, 2018, the payout ratio increased to 94.6% (2017 - 86.5%) reflecting the seasonally weaker first quarter of 2018, which was impacted by weather, new supply and reduced government related travel. Management expects the AFFO payout ratio to be in the low 90% range for 2018 on a full year basis.

DISTRIBUTIONS DECLARED COMPARED TO CASH FLOWS FROM OPERATING ACTIVITIES

(US$000s)	Three months ended June 30, 2018	Three months ended June 30, 2017	Six months ended June 30, 2018	Six months ended June 30, 2017
Cash flow from operating activities (including interest paid)	$ 18,879	$ 13,890	$ 29,868	$ 32,456
Distributions declared	(12,667)	(10,608)	(25,332)	(20,090)
Excess of cash flow to distributions	$ 6,212	$ 3,282	$ 4,536	$ 12,366

For the three and six months ended June 30, 2018, cash flow from operating activities exceeded distributions declared. The excess resulted from higher cash flows from a larger and more diversified portfolio. The decrease of excess cash flow for the six months ended June 30, 2018 compared to the same period last year was caused by large working capital adjustments arising from the significant acquisitions completed in January and June 2017.

DISTRIBUTION POLICY

AHIP's current policy is to declare and pay monthly cash distributions of $0.054 per Unit (or $0.648 per Unit on an annualized basis) 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.

DISTRIBUTION SUMMARY

AHIP declared the following cash distributions to unitholders of record from January 1, 2018 to June 30, 2018 as follows:

Month	Record Date	Payment Date	Distribution per Unit	Amount ($000s)
January 2018	January 31, 2018	February 15, 2018	$ 0.054	$ 4,215
February 2018	February 28, 2018	March 15, 2018	$ 0.054	$ 4,215
March 2018	March 29, 2018	April 13, 2018	$ 0.054	$ 4,235 (1)
April 2018	April 30, 2018	May 15, 2018	$ 0.054	$ 4,215
May 2018	May 31, 2018	June 15, 2018	$ 0.054	$ 4,215
June 2018	June 29, 2018	July 13, 2018	$ 0.054	$ 4,237 (1)
				$ 25,332

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

Distributions totaling $12.7 million were declared during the three months ended June 30, 2018 (2017 - $10.6 million) and $25.3 million were declared during the six months ended June 30, 2018 (2017 - $20.1 million). Of the distributions declared, $4.2 million (2017 - $4.3 million) was included in accounts payable and accrued liabilities as at June 30, 2018 and subsequently paid on July 13, 2018.

Per Unit	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016
Annualized distribution	$ 0.648	$ 0.648	$ 0.648	$ 0.648	$ 0.648	$ 0.648	$ 0.648	$ 0.648
Period-end Cdn$ TSX Close price	$ 8.32	$ 7.91	$ 9.34	$ 9.50	$ 9.96	$ 10.72	$ 10.46	$ 10.85
Annualized distribution yield on Closing Price (%) (1)	10.3%	10.6%	8.7%	8.5%	8.4%	8.1%	8.3%	7.8%

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

PART IV

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)	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016
Revenues	$ 89,911	$ 81,066	$ 82,222	$ 90,311	$ 69,452	$ 61,725	$ 44,346	$ 44,508
NOI	35,513	25,374	25,148	34,018	25,791	20,795	15,149	17,261
Net income (loss) and comprehensive income (loss)	8,854	1,376	(5,613)	8,816	(5,496)	2,382	3,398	3,880
FFO	$ 18,074	$ 11,353	$ 13,150	$ 19,306	$ 14,513	$ 11,597	$ 8,864	$ 10,023
AFFO	17,054	9,904	11,988	17,512	12,449	10,770	7,331	8,679
Distributions declared	12,667	12,665	12,732	12,669	10,608	9,482	7,927	7,323
Total assets	$1,281,313	$1,295,473	$1,295,733	$1,309,634	$1,315,102	$ 899,839	$ 791,439	$646,238
Total Debt (face value)	$ 754,180	$ 755,926	$ 752,783	$ 754,292	$ 753,834	$ 470,280	$ 376,365	$308,638
Basic weighted average number of Units outstanding (000s)	78,062	78,048	78,036	78,034	63,316	58,493	46,313	42,369
Amounts on a per Unit Basis								
Basic and diluted net income (loss) per Unit	$ 0.11	$ 0.02	$ (0.07)	$ 0.11	$ (0.09)	$ 0.04	$ 0.07	$ 0.09
Diluted FFO per Unit	$ 0.23	$ 0.15	$ 0.17	$ 0.25	$ 0.23	$ 0.20	$ 0.19	$ 0.24
Diluted AFFO per Unit	$ 0.21	$ 0.13	$ 0.14	$ 0.22	$ 0.20	$ 0.18	$ 0.16	$ 0.20

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

LIQUIDITY

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

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

The following table provides an overview of AHIP's change in cash from operating, investing and financing activities for the three and six months ended June 30, 2018 and 2017:

(US$000s)	Three months ended June 30, 2018	Three months ended June 30, 2017	Six months ended June 30, 2018	Six months ended June 30, 2017
Net change in cash related to:				
Operating activities	$ 18,879	$ 13,890	$ 29,868	$ 32,456
Investing activities	(3,471)	(419,401)	(7,882)	(562,720)
Financing activities	(21,432)	412,897	(24,673)	477,194
Change in cash	$ (6,024)	$ 7,386	$ (2,687)	$ (53,070)

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

- Net cash provided from operating activities for the three-month period ended June 30, 2018 increased by $5.0 million to $18.9 million (2017 - $13.9 million) due to the full inclusion of income from the June 2017 Acquisitions in the current period. For the six-month period ended June 30, 2018, net cash from operating activities decreased to $29.9 million (2017 - $32.5 million) due to changes in working capital arising from the above noted acquisition in June 2017.
- The change in net cash used in investing activities for the three and six-month period ended June 30, 2018 was $3.5 million (2017 - $419.4 million) and $7.9 million (2017 - $562.7 million), respectively. In both cases, the change was due to the June 2017 Acquisitions, along with the acquisition of five Embassy Suites hotels in January 2017 and;
- Net cash used in financing activities for the three-month period ended June 30, 2018 was $21.4 million (2017 - cash generated of $412.9 million) and $24.7 million for the six-month period ended June 30, 2018 (2017 - cash generated of $477.2 million). The changes reflect the various properties acquired in June 2017 and January 2017 and is reflective of the significant acquisition activity during 2017.

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

(US$000s)	TOTAL	2018	2019	2020	2021	2022	Thereafter
Term loans and revolving credit facilities	$ 703,094	$ 3,529	$ 7,340	$ 9,591	$ 15,386	$ 69,881	$ 597,367
Debentures	48,875	-	-	-	-	-	48,875
Operating leases	5,912	375	726	537	459	386	3,429
Finance lease liability	1,898	1,898	-	-	-	-	-
Purchase Obligations	1,843	265	378	288	244	212	456
Deferred compensation	313	125	188	-	-	-	-
Total	$ 761,935	$ 6,192	$ 8,632	$ 10,416	$ 16,089	$ 70,479	$ 650,127

In addition to the above, AHIP operating subsidiaries pay management and franchise fees to a third-party hotel manager and various franchisors based on the revenues of the hotels.

CAPITAL EXPENDITURES

When AHIP acquires a Premium Branded Hotel property, under the terms of the applicable franchise agreement, AHIP is required to complete various PIPs within 18 to 24 months of the acquisition date. The PIPs are intended to renovate the hotel property to the franchisor's current standards and optimize operating performance and ensure the hotels remain competitive within their respective market segments. AHIP's operating subsidiaries have entered into contracts or commitments with various suppliers to provide products and services in compliance with these PIPs. Payments for these items are held in escrow by AHIP's lenders as restricted cash and funds are disbursed in the ordinary course of business. In addition, on a regular basis, AHIP is required by its lenders to escrow FF&E Reserves over the term of the respective loans. As at June 30, 2018, AHIP's cash balance was $9.2 million and AHIP had $33.3 million available in revolving credit facilities of which $5.1 million was outstanding as at June 30, 2018. AHIP's total restricted cash balance was $48.7 million (December 31, 2017 - $51.1 million) of which $29.6 million (December 31, 2017 - $35.6 million) was available to fund PIP renovations including investment of approximately $20.0 million during 2018 to enhance the overall guest experience at recently acquired properties. This capital investment program will transform the grand atrium space at three of our Embassy Suites hotels and will also include guestroom and common area renovations at other hotels. In some cases, the renovations may impact hotel operations including some guest displacement which may affect our quarterly results. We are actively working with the hotel manager to minimize the potential disruptions.

The following hotel properties are scheduled to undergo PIP projects estimated to be more than $500,000 during 2018:

	Scheduled Renovation Dates			
Hotel Name and Guestrooms	**Q1 2018**	**Q2 2018**	**Q3 2018**	**Q4 2018**
Embassy Suites Cincinnati (KY) (227 guestrooms)	Ongoing	Ongoing	X	
Embassy Suites DFW South (TX) (305 guestrooms)	Ongoing	Ongoing	X	
Hilton Garden Inn White Marsh (MD) (155 guestrooms)		Completed		
Embassy Suites Columbus (OH) (284 guestrooms)		Ongoing	X	X
Staybridge Suites Tampa (FL) (100 guestrooms)				X
Residence Inn White Marsh (MD) (131 guestrooms)				X
Fairfield Inn & Suites Jacksonville (FL) (89 guestrooms)				X
Residence Inn Chattanooga (TN) (109 guestrooms)				X
Homewood Suites Dover Rockaway (NJ) (108 guestrooms)				X
Homewood Suites Allentown (PA) (108 guestrooms)				X
Homewood Suites Bethlehem (PA) (113 guestrooms)				X

GROUND AND AIR RIGHTS LEASES

Certain hotels are subject to non-cancellable leases as at June 30, 2018 as follows:

Hotel Properties	Lease Type	Lease Expiration Date
Embassy Suites, Covington, KY (1)	Air rights lease	June 30, 2040
Fairfield Inn, Baltimore, MD (2)	Ground lease	March 31, 2037
SpringHill Suites, Bellport, NY (3)	PILOT lease	November 30, 2021

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

(2) AHIP has the option, subject to certain terms and conditions, to acquire a fee simple interest in the property in April 2019 for a pre-determined purchase price of approximately $1.9 million.

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

The ground lease expense recorded for the Embassy Suites Covington hotel for the three and six months ended June 30, 2018 was $50,000 (2017 - $51,000) and $100,000 (2017 - $114,000), respectively. The Fairfield Inn hotel ground lease was recorded as a capital lease and the estimated present value of the remaining lease payments as at June 30, 2018 was approximately $1.9 million (December 31, 2017 - $2.0 million). In June 2018, AHIP provided notice to the lessor exercising its option to buyout the ground lease for approximately $1.9 million. The transaction is expected to be completed in April 2019.

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 a total debt-to-gross book value ratio of approximately 50% to 55%. In accordance with AHIP's Limited Partnership Agreement, the maximum debt limit is 60% (65% including convertible debentures) of AHIP's Gross Book Value.

As at June 30, 2018, AHIP's Debt-to-Gross Book Value was 53.7% (2017 - 53.9%) as follows:

(US$000s unless noted)	June 30, 2018	June 30, 2017
Debt	$ 754,180	$ 753,834
Gross Book Value	$ 1,404,216	$ 1,397,806
Debt-to-Gross Book Value	53.7%	53.9%

The following table calculates AHIP's Interest Coverage Ratio for the three and six months ended June 30, 2018 and 2017:

(US$000s unless noted)	Three months ended June 30, 2018	Three months ended June 30, 2017	Six months ended June 30, 2018	Six months ended June 30, 2017
EBITDA	$ 30,053	$ 22,347	$ 50,437	$ 39,227
Interest expense (1)	$ 9,038	$ 6,096	$ 17,876	$ 11,723
Interest Coverage Ratio (times)	3.3x	3.7x	2.8x	3.3x

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

The decrease in the interest coverage ratio reflects the increase in interest expense related to the Debentures issued in June 2017 to partially finance the June 2017 Acquisitions coupled with a decrease in EBITDA due to properties under renovation.

The following table calculates AHIP's Debt-to-EBITDA Ratio as at June 30, 2018 and 2017:

(US$000s unless noted)	June 30, 2018	June 30, 2017
Debt	$ 754,180	$ 753,834
EBITDA (trailing twelve months)	$ 100,971	$ 65,759
Debt-to-EBITDA (times)	7.5x	11.5x

The improvement in this metric reflects the inclusion of the income from the June 2017 Acquisitions during the current quarter compared to a partial inclusion last year.

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

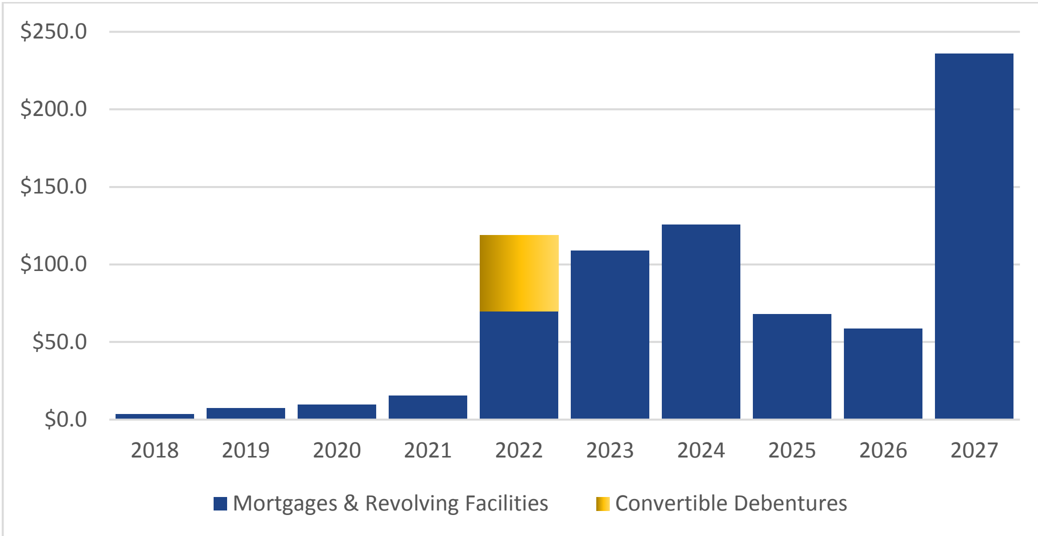
(US$000s unless noted)	Principal Balance at June 30, 2018	Interest Rate	Initial Term (years)	Maturity Date
Revolving credit facilities	5,100	LIBOR + 2.75%	3	Mar 19, 2021
Nashville Hotel Term Loan	4,304	3.57% (1)	5	December 20, 2021
Debentures	48,875	5.00%	5	June 30, 2022
Eastern Seaboard Term Loan Pool #4	56,500	4.46%	5	July 6, 2022
Economy Lodging Hotel Loans	75,665	3.57% (2)	7	February 1, 2023
2016 Economy Lodging Term Loan	4,611	3.57% (3)	7	February 1, 2023
2018 Economy Lodging Term Loan	3,956	LIBOR + 2.80%	5	February 28, 2023
Pittsburgh Portfolio Term Loans	37,189	5.02%	10	December 6, 2023
NC/GA Portfolio Assumed Loan #2	7,261	5.28%	10	February 1, 2024
Virginia Portfolio Term Loan	24,444	4.97%	10	April 6, 2024
NC/GA Portfolio Term Loan	5,826	4.72%	10	July 6, 2024
Dallas Hotel Assumed Term Loan	19,000	5.25%	10	October 11, 2024
Texas Portfolio Term Loan	16,000	4.20%	10	November 6, 2024
Oklahoma Portfolio Term Loan	25,500	4.20%	10	November 6, 2024
NC/FL Portfolio Term Loan	26,110	4.27%	10	December 6, 2024
IML Term Loan	19,418	LIBOR + 2.80%	7	February 28, 2025
Midwestern Portfolio Term Loan	32,000	4.24%	10	July 6, 2025
Florida Portfolio Term Loan	19,000	4.21%	10	August 6, 2025
FL/TN Portfolio Term Loan	26,804	4.43%	10	November 6, 2026
Florida 6 Portfolio Term Loan	36,206	4.99%	10	December 6, 2026
Tempe Hotel Term Loan	13,500	5.14%	10	January 6, 2027
Midwestern 3 Portfolio Term Loan	65,000	4.72%	10	February 6, 2027
Eastern Seaboard Term Loan Pool #1	69,600	4.53%	10	July 6, 2027
Eastern Seaboard Term Loan Pool #2	57,700	4.48%	10	July 6, 2027
Eastern Seaboard Term Loan Pool #3	52,400	4.53%	10	July 6, 2027
TOTAL	$ 751,969			

(1) Variable rate loan with interest rate swap contract that fixes the interest rate for the term of the loan at 4.80%.
(2) Variable rate loans with an interest rate swap contract that fixes the interest rate for the term of the loans at 4.72%.
(3) Variable rate loan with an interest rate swap contract that fixes the interest rate for the term of the loan at 4.10%.

The weighted average stated interest rate on the term loans and Debentures as at June 30, 2018 was 4.64% (June 30, 2017 - 4.60%) and the weighted average debt term to maturity was 6.9 years (June 30, 2017 - 8.0 years). As at June 30, 2018, 96.9% of AHIP's mortgages were effectively fixed rate mortgages. Interest rate swaps are in place to fix the interest rates for approximately $84.6 million of the outstanding principal of certain Economy Lodging Hotel loans with fixed interest rates of between 4.10% and 4.80%. For the three and six months ended June 30, 2018, a net gain of $523,000 and $1.9 million, respectively, was recorded resulting from changes in the fair value of the interest rate swap contracts compared to a loss of $344,000 and gain of $51,000, respectively, for the same period last year.

As at June 30, 2018, Debentures in the aggregate principal amount of approximately $48.9 million remained outstanding and were traded on the TSX with a closing price of $96.50 per Debenture.

DEBT MATURITY LADDER (as at June 30, 2018) – US$000s



CAPITAL RESOURCES

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

PARTNERS' CAPITAL

AHIP is authorized to issue an unlimited number of Units. As at June 30, 2018, there were 228,664 Restricted Stock Units issued and outstanding

As at June 30, 2018 and August 8, 2018, there were 78,062,194 Units issued and outstanding. On June 30, 2018, the Units were traded on the TSX with a closing price of Cdn$8.32 per Unit under the ticker HOT.UN; a closing price of $6.37 per Unit under the ticker HOT.U; and were traded on the OTCQX with a closing price of $6.11 per Unit under the ticker AHOTF.

PART V

OFF-BALANCE SHEET ARRANGEMENTS

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

TRANSACTIONS WITH RELATED PARTIES

AHIP entered into a master hotel management agreement with ONE Lodging and individual hotel management agreements, with various wholly owned subsidiaries of ONE Lodging, a company indirectly controlled by a director of the General Partner to manage and operate AHIP's hotel properties. On April

26, 2018, Aimbridge completed the assumption of hotel management responsibilities from ONE Lodging, with the terms of the hotel management agreements remaining unchanged.

AHIP's operating subsidiaries are responsible for reimbursing the master hotel manager, which was ONE Lodging until April 26, 2018, 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 master hotel management agreement, as amended on September 30, 2016, provides for the payment of the following amounts to the master hotel manager:

(i) A base management fee equal to 3.0% of gross revenues;
(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 as at June 30, 2016 and for new 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 six months ended June 30, 2018 and 2017, the master 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 in corporate and administrative expenses for the three and six months ended June 30, 2018 and 2017:

(US$000s)	**Three months ended June 30, 2018** (1)	**Three months ended June 30, 2017**	**Six months ended June 30, 2018** (2)	**Six months ended June 30, 2017**
Management fees	$ 889	$ 2,092	$ 3,321	$ 3,944
Administration fees	183	541	727	1,080
Total fees paid to ONE Lodging	$ 1,072	$ 2,633	$ 4,048	$ 5,024
Total fees paid to Aimbridge	2,168	-	2,168	-
Total hotel management fees	$ 3,240	$ 2,633	$ 6,216	$ 5,024

(1) Hotel management fees were paid to the ONE Lodging for the 25-day period from April 1, 2018 to the transfer date of April 26, 2018.
(2) Hotel management fees were paid to the ONE Lodging for the 115-day period from January 1, 2018 to the transfer date of April 26, 2018

Capital expenditure fees of approximately $64,000 and $281,000 for the three months and six months ended June 30, 2018, respectively, compared to $233,000 and $483,000 for the same periods in the prior year, respectively, were paid to ONE Lodging and were capitalized to property, buildings and equipment. In addition, during the three and six months ended June 30, 2018, the ONE Lodging was reimbursed approximately $7.8 million and $30.9 million, respectively, compared to $18.6 million and $36.0 million for the same periods last year for payroll and general and administrative costs. The increase in reimbursements during 2018 reflected the additional hotels in the portfolio compared to the prior year.

SUBSEQUENT EVENTS

On July 16, 2018, AHIP announced a cash distribution of $0.054 per Unit for the period of July 1, 2018 to July 31, 2018, which is equivalent to $0.648 per Unit on an annualized basis. The distribution will be paid on August 15, 2018 to unitholders of record at the close of business on July 31, 2018.

SIGNIFICANT ACCOUNTING POLICIES

AHIP's significant accounting policies are described in Note 3 of its unaudited condensed consolidated interim financial statements for the three and six months ended June 30, 2018 and 2017. On January 1, 2018, AHIP adopted IFRS 9 Financial Instruments ("**IFRS 9**") and IFRS 15 Revenue from Contracts with Customers ("**IFRS 15**"). IFRS 9 did not have a significant impact on the consolidated financial statements and IFRS 15 had no impact on the measurement and recognition of revenue.

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported results. For a detailed discussion of the critical accounting estimates, refer to Note 2 of AHIP's audited consolidated financial statements for the years ended December 31, 2017 and 2016.

ACCOUNTING STANDARDS

For details on future accounting policy changes, please refer to Note 3 of the unaudited condensed consolidated interim financial statements for the three and six months ended June 30, 2018 and 2017 for details on future accounting policy changes.

INTERNAL CONTROLS

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

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

As at June 30, 2018, AHIP's management, under the supervision of its CEO and CFO, has designed the 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).

FOREIGN EXCHANGE MANAGEMENT

All of AHIP's investments and substantially all its operations are conducted in U.S. dollars. Therefore, AHIP has minimal exposure to fluctuations in currency exchange rates with respect to its distributions. As at June 30, 2018, AHIP had not entered into any currency swap arrangements. The following table provides the quarterly Canadian dollar/U.S. dollar exchange rates over the past 12 months:

Period end Exchange Rate	**June 30, 2018**	**March 31, 2018**	**December 31, 2017**	**September 30, 2017**	**June 30, 2017**
Cdn$/US$	$ 1.3168	$ 1.2894	$ 1.2545	$ 1.2480	$ 1.2977
US$/Cdn$ (1)	$ 0.7594	$ 0.7756	$ 0.7971	$ 0.8013	$ 0.7706

(1) Bank of Canada period end exchange rate.

RISKS AND UNCERTAINTIES

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

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

PREMIUM BRANDED HOTELS PORTFOLIO AS AT AUGUST 8, 2018

Hotel Address	Brand	Location	Number of Rooms	Restaurant	Acquisition Date
FLORIDA/GEORGIA					
3712 SW 38th Avenue	Courtyard	Ocala, FL	169	Yes	Aug. 6, 2015
3427 Forum Boulevard	Holiday Inn Express	Fort Myers, FL	111	-	Nov. 29, 2016
5730 Gantt Road	Holiday Inn Express	Sarasota, FL	101	-	Nov. 29, 2016
3624 North Falkenburg Road	Staybridge Suites	Tampa, FL	100	-	Nov. 29, 2016
4735 Helen Hauser Blvd.	Fairfield Inn & Suites	Titusville, FL	96	-	Nov. 25, 2014
4101 SW 38th Avenue	Fairfield Inn & Suites	Ocala, FL	96	-	Aug. 6, 2015
561 Chaffee Point Boulevard	Fairfield Inn & Suites	Jacksonville, FL	89	-	Oct. 27, 2016
538 Southwest Corporate Dr.	Fairfield Inn & Suites	Lake City, FL	89	-	Oct. 27, 2016
3610 SW 38th Avenue	Residence Inn	Ocala, FL	87	-	Aug. 6, 2015
3751 East Fowler Avenue	Wingate	Tampa, FL	86	-	Nov. 29, 2016
4355 West New Haven Ave	Fairfield Inn & Suites	Melbourne, FL	83	-	Nov. 25, 2014
1319 East King Avenue	Fairfield Inn & Suites	Kingsland, GA	82	-	Jul. 3, 2014
13575 Cypress Glen Lane	Courtyard	Tampa, FL	81	Yes	Nov. 29, 2016
10971 West Colonial Drive	Fairfield Inn & Suites	Orlando/Ocoee, FL	80	-	Nov. 29, 2016
TOTAL FLORIDA/GEORGIA			1,350	2	
MARYLAND					
5015 Campbell Boulevard	Hilton Garden Inn	Baltimore, MD	155	Yes	June 22, 2017
4980 Mercantile Road	Residence Inn	Baltimore, MD	131	-	June 22, 2017
7035 Arundel Mill Circle	Residence Inn	Hanover, MD	131	-	June 22, 2017
7027 Arundel Mill Circle	Hampton Inn	Hanover, MD	130	-	June 22, 2017
7544 Teague Road	SpringHill Suites	Hanover, MD	128	-	June 22, 2017
8225 Town Center Drive	Hampton Inn	Baltimore, MD	127	-	June 22, 2017
8477 Cordon Way	Fairfield Inn & Suites	Baltimore, MD	116	-	June 22, 2017
7021 Arundel Mill Circle	TownePlace Suites	Hanover, MD	109	-	June 22, 2017
TOTAL MARYLAND			1,027	1	
TEXAS/ARIZONA					
4650 West Airport Freeway	Embassy Suites	Irving, TX	305	Yes	Jan. 6, 2017
4400 South Rural Road	Embassy Suites	Tempe, AZ	224	Yes	Jan. 6, 2017
8231 Amarillo Blvd. West	Holiday Inn	Amarillo, TX	151	Yes	Oct. 27, 2014
1740 Airport Boulevard	Fairfield Inn & Suites	Amarillo, TX	79	-	Oct. 27, 2014
6915 I-40 West	Sleep Inn & Suites	Amarillo, TX	63	-	Oct. 27, 2014
TOTAL TEXAS/ARIZONA			822	3	
OHIO/KENTUCKY					
5100 Upper Metro Place	Embassy Suites	Dublin, OH	284	Yes	Jan. 19, 2017
5800 Rockside Woods Blvd.	Embassy Suites	Independence, OH	271	Yes	Jan. 19, 2017
10 East Rivercentre Blvd.	Embassy Suites	Covington, KY	227	Yes	Jan. 19, 2017
TOTAL OHIO/KENTUCKY			782	3	

PREMIUM BRANDED HOTELS PORTFOLIO AS AT AUGUST 8, 2018 CONTINUED

Hotel Address	Brand	Location	Number of Rooms	Restaurant	Acquisition Date
PENNSYLVANIA					
555 Trumbull Drive	Hampton Inn	Pittsburgh, PA	132	-	Nov. 21, 2013
8514 University Boulevard	Hampton Inn	Moon Township, PA	127	-	Nov. 21, 2013
210 Executive Drive	Hampton Inn	Cranberry Township, PA	116	-	Nov. 21, 2013
2031 Avenue C	Homewood Suites	Bethlehem, PA	113	-	June 22, 2017
7686 Industrial Boulevard	Homewood Suites	Allentown, PA	108	-	June 22, 2017
1308 Freedom Road	Residence Inn	Cranberry Township, PA	96	-	Nov. 21, 2013
TOTAL PENNSYLVANIA			692	-	
NEW JERSEY					
1000 Bishops Gate Boulevard	Residence Inn	Mount Laurel, NJ	144	-	June 22, 2017
3008 English Creek Avenue	Homewood Suites	Egg Harbor Township, NJ	120	-	June 22, 2017
1302 Campus Parkway	Courtyard	Wall Township, NJ	113	Yes	June 22, 2017
2 Commerce Centre Drive	Homewood Suites	Dover, NJ	108	-	June 22, 2017
230 Jumping Brook Road	Residence Inn	Neptune, NJ	105	-	June 22, 2017
3022 Fire Road	Residence Inn	Egg Harbor Township, NJ	101	-	June 22, 2017
TOTAL NEW JERSEY			691	1	
OKLAHOMA					
4401 SW 15th Street	Holiday Inn	Oklahoma City, OK	147	Yes	Nov. 3, 2014
13800 Quail Springs Pk.	Holiday Inn	Oklahoma City, OK	109	Yes	Nov. 3, 2014
4411 SW 15th Street	Staybridge Suites	Oklahoma City, OK	103	-	Nov. 3, 2014
2814 Williams Avenue	Hampton Inn	Woodward, OK	81	-	Nov. 3, 2014
7840 NW 39 Expressway	Holiday Inn Express	Bethany, OK	69	-	Jun. 18, 2015
3004 South 4th Street	Hampton Inn	Chickasha, OK	63	-	Jun. 18, 2015
2610 S. 4th Street	Holiday Inn Express	Chickasha, OK	62	-	Jun. 18, 2015
TOTAL OKLAHOMA			634	2	
NORTH CAROLINA					
1137 E. Dixie Drive	Hampton Inn	Asheboro, NC	111	-	Jul. 3, 2014
10024 US Hwy 15/501	Springhill Suites	Pinehurst, NC	107	-	Jul. 11, 2014
1530 Cinema Drive	Courtyard	Statesville, NC	94	Yes	Nov. 25, 2014
920 Executive Way	Fairfield Inn & Suites	Asheboro, NC	87	-	Jul. 3, 2014
1508 Cinema Drive	Hampton Inn	Statesville, NC	80	-	Nov. 25, 2014
TOTAL NORTH CAROLINA			479	1	
VIRGINIA					
85 University Boulevard	Hampton Inn	Harrisonburg, VA	159	-	Mar. 12, 2014
43 Covenant Drive	Hampton Inn	Harrisonburg, VA	90	-	Mar. 12, 2014
898 Wiggins Road	Hampton Inn	Emporia, VA	85	-	Mar. 12, 2014
150 Arnold Drive	Fairfield Inn & Suites	South Hill, VA	68	-	Mar. 12, 2014
TOTAL VIRGINIA			402	-	

PREMIUM BRANDED HOTELS PORTFOLIO AS AT AUGUST 8, 2018 CONTINUED

Hotel Address	Brand	Location	Number of Rooms	Restaurant	Acquisition Date
MIDWEST					
2080 Holliday Drive	Holiday Inn Express	Dubuque, IA	87	-	Jun. 18, 2015
121 Swords Drive	Holiday Inn Express	Mattoon, IL	69	-	Jun. 18, 2015
2501 Holiday Lane	Holiday Inn Express	South Jacksonville, IL	69	-	Jun. 18, 2015
311 S. Johnson Drive	Holiday Inn Express	Nevada, MO	68	-	Jun. 18, 2015
3007 W. 18th Avenue	Holiday Inn Express	Emporia, KS	68	-	Jun. 18, 2015
TOTAL MIDWEST			361	-	
NEW YORK/CONNECTICUT					
2 Sawgrass Drive	SpringHill Suites	Bellport, NY	128	-	June 22, 2017
291 Old Gate Lane	Hilton Garden Inn	Milford, CT	120	Yes	June 22, 2017
TOTAL NEW YORK/CONNECTICUT			248	1	
TENNESSEE					
2340 Center Street	Residence Inn	Chattanooga, TN	109	-	Oct. 27, 2016
7010 McCutcheon Road	TownePlace Suites	Chattanooga, TN	87	-	Oct. 27, 2016
TOTAL TENNESSEE			196	-	
TOTAL PREMIUM BRANDED	67 properties		7,684	14	

ECONOMY LODGING PORTFOLIO AS AT AUGUST 8, 2018

Hotel Address	Brand	Location	Number of Rooms	Restaurant	Acquisition Date
3475 Union Road	Baymont Inn & Suites	Buffalo, NY	56	-	Feb. 20, 2013
2300 Valley West Ct.	Baymont Inn & Suites	Clinton, IA	123	-	Feb. 20, 2013
1608 E. US Business 60	Baymont Inn & Suites	Dexter, MO	133	Yes	Feb. 20, 2013
95 Spruce Road	Baymont Inn & Suites	Elko, NV	119	-	Feb. 20, 2013
2700 N. Diers Parkway	Baymont Inn & Suites	Fremont, NE	100	Yes	Feb. 20, 2013
2006 North Merrill Avenue	Baymont Inn & Suites	Glendive, MT	74	Yes	Oct. 28, 2014
100 15th Street SE	Baymont Inn & Suites	Glenwood, MN	56	Yes	Feb. 20, 2013
1051 North Market Street	Baymont Inn & Suites	Hearne, TX	140	Yes	Feb. 20, 2013
501 SW Boulevard	Baymont Inn & Suites	Kansas City, KS	107	-	Feb. 20, 2013
451 Halligan Drive	Baymont Inn & Suites	North Platte, NE	135	Yes	Feb. 20, 2013
2005 E. Daley Street	Baymont Inn & Suites	Rawlins, WY	62	Yes	Feb. 20, 2013
1130 E. 16th Street	Baymont Inn & Suites	Wellington, KS	110	-	Feb. 25, 2015
6390 Hwy 93 South	Baymont Inn & Suites	Whitefish, MT	64	-	Nov. 7, 2017
35450 Yermo Road	Baymont Inn & Suites	Yermo, CA	65	Yes	Feb. 20, 2013
1731 S. Sunridge Drive	Baymont Inn & Suites	Yuma, AZ	119	Yes	Feb. 20, 2013
TOTAL BAYMONT INN & SUITES HOTELS			1,463	9	
2407 East Holland Avenue	Travelodge	Alpine, TX	40	Yes	Feb. 20, 2013
2111 Camino Del Llano	Travelodge	Belen, NM	158	Yes	Sept. 16, 2015
3522 N. Highway 59	Travelodge	Bill, WY	112	Yes	Feb. 20, 2013
620 Souder Road	Travelodge	Brunswick, MD	25	Yes	Nov. 24, 2014
1625 Stillwater Avenue	Travelodge	Cheyenne, WY	60	Yes	Feb. 20, 2013
21233 Coal River Road	Travelodge	Comfort, WV	25	-	Feb. 20, 2013
4000 Siskiyou Avenue	Travelodge	Dunsmuir, CA	21	Yes	Feb. 20, 2013
100 North 6th Avenue	Travelodge	Edgemont, SD	56	-	Sept. 16, 2015
2505 S. Main St.	Travelodge	Fort Scott, KS	70	-	Nov. 11, 2015
2307 Wyoming Avenue	Travelodge	Gillette, WY	156	-	Sept. 16, 2015
1170 W. Flaming Gorge Way	Travelodge	Green River, WY	191	Yes	Feb. 20, 2013
800 West Laramie Street	Travelodge	Guernsey, WY	96	-	Sept. 16, 2015
1110 SE 4th Street	Travelodge	Hermiston, OR	86	-	Feb. 20, 2013
1710 Jefferson Street	Travelodge	Jefferson City, MO	77	-	Sept. 12, 2013
8233 Airline Highway	Travelodge	Livonia, LA	60	-	Feb. 20, 2013
123 Westvaco Road	Travelodge	Low Moor, VA	30	Yes	Feb. 20, 2013
1127 Pony Express Highway	Travelodge	Marysville, KS	139	Yes	Feb. 20, 2013
528 S. George Nigh Expressway	Travelodge	McAlester, OK	61	-	Feb. 20, 2013
777 W Center Street	Travelodge	Milford, UT	75	Yes	Feb. 20, 2013
128 S. Willow Rd.	Travelodge	Missouri Valley, IA	41	Yes	Feb. 20, 2013
707 E. Webster Street	Travelodge	Morrill, NE	97	Yes	Feb. 20, 2013
22 N. Frontage Street	Travelodge	Pecos, TX	61	-	Feb. 20, 2013
12 Kitty Hawk Road	Travelodge	Santa Teresa, NM	56	Yes	May 6, 2014
109 E. Commerce St.	Travelodge	Sharon Springs, KS	50	Yes	Feb. 20, 2013
U.S. 285 & 2nd Street	Travelodge	Vaughn, NM	60	Yes	Feb. 20, 2013
1177 E. 16th Street	Travelodge	Wellington, KS	80	Yes	Feb. 20, 2013
1706 N. Park Drive	Travelodge	Winslow, AZ	72	-	Feb. 20, 2013
98 Moffat Avenue	Travelodge	Yampa, CO	37	Yes	Feb. 20, 2013
TOTAL TRAVELODGE HOTELS			2,092	17	

ECONOMY LODGING PORTFOLIO AS AT AUGUST 8, 2018 CONTINUED

Hotel Address	Brand	Location	Number of Rooms	Restaurant	Acquisition Date
2545 Cornhusker Highway	Super 8	Lincoln, NE	133	-	Jan. 7, 2016
720 Royal Parkway	Super 8	Nashville, TN	103	-	Dec. 1, 2016
TOTAL SUPER 8 HOTELS			236	-	
3431 14th Ave S	Days Inn	Fargo, ND	74	-	Oct. 13, 2017
TOTAL DAYS INN HOTELS			74	-	
7875 Airline Highway	Oak Tree Inn	Livonia, LA	42	Yes	Feb. 20, 2013
TOTAL OAK TREE INN HOTELS			42	1	
TOTAL ECONOMY LODGING HOTELS		47 properties	3,907	27	
GRAND TOTAL		114 properties	11,591	41	