



AMERICAN HOTEL
INCOME PROPERTIES

FAIRFIELD
INN & SUITES
Marriott

Clearance 14'-6"

AMERICAN HOTEL INCOME PROPERTIES REIT LP

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

For the three and nine months ended September 30, 2017
(Expressed in U.S. Dollars)

Dated: November 7, 2017

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PART I

FORWARD-LOOKING DISCLAIMER

This Management's Discussion and Analysis of Results of Operations and Financial Condition ("**MD&A**") contains forward-looking information within the meaning of applicable securities laws (also known as forward-looking statements). Forward-looking statements generally can be identified by words such as "anticipate", "believe", "continue", "expect", "estimates", "intend", "may", "outlook", "objective", "plans", "should", "will" and similar expressions suggesting future outcomes or events. Forward-looking statements include, but are not limited to, statements made or implied relating to the objectives of American Hotel Income Properties REIT LP ("**AHIP**"), AHIP's strategies to achieve those objectives and AHIP's beliefs, plans, estimates, projections and intentions and similar statements concerning anticipated future events, results, circumstances, performance or expectations that are not historical facts. Some specific forward-looking statements in this MD&A include, but are not limited to, statements with respect to: the expectations of CBRE 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 seasonal nature of the lodging industry will cause quarterly fluctuations in occupancy rates, room rates, revenues, operating expenses, and cash flows; 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; AHIP's belief that the trend of increased carload volumes for the U.S. rail industry will continue and translate to increased rail crew occupancies and guarantees; the impact of the expiry of the rail crew lodging contract for the Ravenna, Nebraska property; AHIP management's expectations with respect to the impact of the railway industry recovery on AHIP's performance; the expectation that AHIP's expenses will grow at, or greater than, the general rate of inflation; the expected ongoing impact of increased competition and softness in demand on AHIP's future performance expectations for the Pittsburgh and Amarillo hotel markets; the expected impacts of mandatory PIP renovations on occupancy and revenues; the expected negative impact on margins of increases to minimum wage, tighter labour markets and increased property taxes in certain states; the rebranding of 46 hotels in AHIP's Rail Hotel portfolio under Wyndham's Baymont Inn and Suites®, Travelodge®, and Super 8® brands; AHIP's expectations as to the cost and timing of the rebranding; AHIP management's belief that the rebranding will drive higher transient (non-rail) revenues at many of AHIP's rail crew hotels over the next year.

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 ability to repay maturing debt and its means of doing so; the expected maturities and amortization periods on future long term debt; the timing and amount of payments under term loans, finance and operating leases, Debentures (as defined below) and deferred compensation; the expected guaranteed room night revenue from its railway customers; AHIP's intention to make capital investments or improvements in its Branded Hotels and Rail Hotels; AHIP's intention to make expenditures necessary to comply with loan and franchisor requirements and otherwise to optimize operating performance; AHIP's intention to maintain

total indebtedness at approximately 50% to 55% of AHIP's Gross Book Value (as defined below); management's intention to obtain additional equity financing and/or secured debt financing with similar interest rates and terms as past financings to meet AHIP's planned growth strategy; the expected timing of the payment of the October 2017 distribution; AHIP management's expectation that AHIP's AFFO Payout Ratio (as defined below) and Debt-to-EBITDA Ratio (as defined below) will improve in the coming quarters; AHIP's intention to complete the design of DC&P (as defined below) and ICFR (as defined below) for the Florida/Tennessee Portfolio and the Florida 6 Portfolio by December 31, 2017, the Sunstone Embassy Suites Portfolio and the Midwestern 3 Embassy Suites Portfolio by March 31, 2018 and the Eastern Seaboard Portfolio by June 30, 2018; AHIP's objective to generate stable and growing cash distributions through operation of its 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; and the possibility that the U.S. REIT may be subject to certain state and local income, franchise and property taxes even if continues to qualify as a real estate investment trust under the Code (as defined below).

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; the brand licensing agreement with Wyndham will have its intended benefits and costs related thereto will be consistent with management's expectations; 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. Certain material factors or assumptions are applied in making forward-looking statements and actual results may differ materially from those expressed or implied in such forward-looking statements. In addition, forward-looking statements involve significant risks and

uncertainties and should not be read as guarantees of future performance or results. Those risks and uncertainties include, among other things, risks related to: general economic conditions and consumer confidence; the growth in the U.S. hotel and lodging industry; prices for the Units and Debentures (as defined below); liquidity; tax risks; ability to access debt and capital markets; financing risks; changes in interest rates; real property risks, including environmental risks; the degree and nature of competition; ability to acquire accretive hotel investments; ability to integrate new hotels; construction of new hotels; renewal of rail crew lodging contracts; environmental matters; and changes in legislation. Additional information about risks and uncertainties is contained in this MD&A and in AHIP's annual information form ("AIF") dated March 27, 2017 for the year ended December 31, 2016, a copy of which is available on SEDAR at www.sedar.com.

The forward-looking information contained in this MD&A is expressly qualified in its entirety by these cautionary statements. All forward-looking statements in this MD&A are made as of November 7, 2017. 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.

BASIS OF PRESENTATION

This MD&A for the three and nine months ended September 30, 2017 has been prepared and includes material financial information as of November 7, 2017. This MD&A should be read in conjunction with AHIP's unaudited condensed consolidated interim financial statements for the three and nine months ended September 30, 2017 and 2016 and audited consolidated financial statements for the years ended December 31, 2016 and 2015, each 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, 2016, 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 payout ratio.

a) Debt-to-Gross Book Value

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

"Debt" means the face value (excluding deferred financing costs, unamortized mark-to-market adjustments and interest rate swap contracts) of revolving lines of credit, term loans, convertible debentures, deferred compensation payable and finance lease liabilities.

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

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

b) Funds from Operations ("FFO") and Adjusted Funds from Operations ("AFFO")

AHIP believes FFO and AFFO are important measures of operating performance of real estate properties.

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. In compliance with Canadian Securities Administrators Staff Notice 52-306 (Revised), "Non-GAAP Financial Measures", FFO has been reconciled to net income and comprehensive income in the section "Funds from Operations and Adjusted Funds from Operations".

FFO is defined as net income and comprehensive income calculated in accordance with IFRS excluding: (i) depreciation and amortization; (ii) gains (or losses) from sales of hotel properties and equipment; (iii) deferred income tax expense (recovery); (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) on monetary items such as loans and receivables due to a net investment in a foreign operation; (vii) fair value adjustments to financial instruments; and (viii) adjustments for property taxes accounted for under IFRIC 21 *Levies* (“**IFRIC 21**”), an interpretation of the requirements under IFRS in IAS 37 *Provisions, Contingent Liabilities, and Contingent Assets* for the recognition of liabilities for obligations to pay levies and taxes.

Hotel operations require maintenance capital expenditures to maintain the occupancy and revenue streams of the business. AFFO is a widely used non-IFRS measure in the Canadian real estate industry to indicate recurring economic performance and is indicative of our ability to pay distributions. 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.

AHIP calculates AFFO as FFO subject to certain adjustments including: (i) amortization of deferred financing 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 FF&E Reserves (as defined below) for normalized maintenance capital expenditures. Other adjustments may be made to AFFO as determined by the Board of Directors of the General Partner at its discretion. Upon the acquisition of certain hotels, AHIP negotiated FF&E Reserve waivers with its lenders for periods of up to 24 months and has not factored in the benefit of these FF&E Reserve waivers in calculating AFFO. 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”.

c) Gross Operating Profit (“GOP”) and Net Operating Income (“NOI”)

AHIP believes GOP and NOI are important measures of operating performance of real estate properties. GOP is defined as total revenues less hotel operating expenses, energy and property maintenance (excluding depreciation and amortization).

NOI is defined as GOP less property taxes, 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) Earnings before interest, taxes, depreciation and amortization (“EBITDA”)

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

e) Interest Coverage Ratio

AHIP calculates the “**Interest Coverage Ratio**” as EBITDA for the period divided by interest expensed during the period comprised of interest expense on term loans, convertible debentures, finance lease liability and dividends on preferred shares. 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 annualized 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 or closed during the comparable reporting periods.

h) Payout Ratio

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

OPERATIONAL METRICS

a) Furniture, Fixtures and Equipment Reserves (“FF&E Reserves”)

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

b) 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.

c) Average Daily Rate (“ADR”)

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

d) Revenue Per Available Room (“RevPAR”) and Pro-forma RevPAR

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

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

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 November 7, 2017.

PART II

OVERVIEW OF AHIP

AHIP is a limited partnership formed under the *Limited Partnerships Act* (Ontario) to invest in hotel real estate properties primarily 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 as of 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 operating segments: (i) "Branded Hotels", which are premium branded, select-service hotel properties that have franchise agreements with international hotel brands; and (ii) "Rail Hotels", which are hotel properties that have rail crew lodging agreements with large U.S. freight railway companies and currently operate under the proprietary Oak Tree Inn brand.

AHIP's long-term objectives are to:

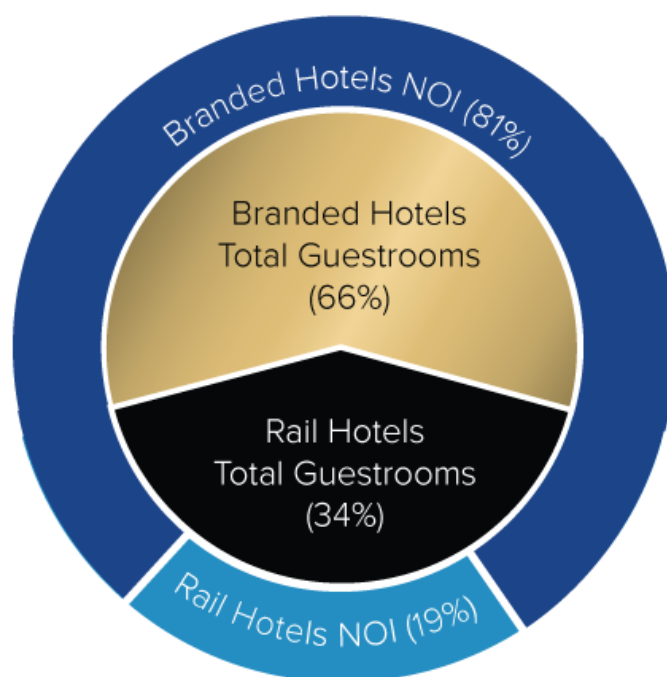
- (i) generate stable and growing cash distributions from hotel properties located substantially in the U.S.;
- (ii) enhance the value of its assets and maximize the long-term value of its hotel properties through active asset management; and

- (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 and on the OTCQX International Marketplace in the U.S. under the symbol AHOTF. AHIP's convertible debentures trade on the TSX under the symbol HOT.DB.U.

As of November 7, 2017, AHIP's diversified portfolio is comprised of 115 hotels located in 33 states across the U.S., representing an aggregate of 11,708 guestrooms. AHIP's 67 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 preeminent hotel brand partners, such as Marriott, Hilton, InterContinental Hotels Group ("**IHG**"), and Wyndham who bring global distribution channels, effective brand segmentation, strong loyalty programs, and premier system standards. This operating segment includes 28 Marriott branded properties totalling 2,885 guestrooms (Courtyard, Fairfield Inn & Suites, Residence Inn, Springhill Suites and TownePlace Suites), 23 Hilton branded properties totalling 3,336 guestrooms (Embassy Suites, Hampton Inn, Hilton Garden Inn and Homewood Suites), 14 IHG branded properties totalling 1,314 guestrooms (Holiday Inn, Holiday Inn Express and Staybridge Suites), one Wyndham 86-room branded property (Wingate by Wyndham) and one 63-room Choice Hotels branded property (Sleep Inn & Suites). For its Branded Hotels, by chain scale, AHIP has approximately 17% of its guestrooms in the Upper Upscale segment, approximately 34% of its guestrooms in the Upscale segment, approximately 47% of its guestrooms in the Upper Midscale segment and approximately 2% of its guestrooms in the Midscale segment.

AHIP's Rail Hotel portfolio consists of 48 proprietary branded Oak Tree Inn hotels (comprised of 4,024 guestrooms) which have been purpose-built for mobile workforce employees primarily in the transportation, construction, and resource sectors while also providing corporate and leisure guests with a superior quality, select-service lodging experience. As at September 30, 2017, management estimates that approximately 73% of the current room revenues within the Rail Hotel portfolio were covered under lodging agreements containing contractual revenue guarantees. See "Subsequent Events" below for a discussion of the brand licensing agreement recently entered into with Wyndham Hotels Group ("**Wyndham**") with respect to the rebranding of the Rail Hotels.



Total guestrooms as at September 30, 2017
Net operating income for the three months ended September 30, 2017

MARKET ENVIRONMENT

According to STR, Inc. (“STR”), U.S. hotel RevPAR grew by 1.9% during the third quarter of 2017 with ADR improving by 1.4% and occupancy growing by 0.5%. September 2017 marked the 91st consecutive month that RevPAR has increased in the current lodging cycle. RevPAR by chain scale (according to STR) for the quarter was -0.5% for Upper Upscale, 0.5% for Upscale, 1.9% for Upper Midscale and 3.5% for the Midscale segment. Approximately 81% of AHIP’s Branded Hotels fit into the Upscale and Upper Midscale Segments. AHIP’s same-store Branded Hotel portfolio had RevPAR declines of 1.7% with occupancy declining by 0.9% and ADR down by 0.9%. AHIP’s same-store Branded Hotels located in Florida and Oklahoma performed well with RevPAR increases of 24.5% and 7.5%, respectively. This was offset by ongoing weakness in Pittsburgh and Texas as a result of new supply. Excluding the weaker performing markets, AHIP’s same-store Branded Hotels would have produced RevPAR increases of 2.6% with occupancy up 0.6% and ADR up by 2.0%.

In the first nine months of 2017, U.S. hotel RevPAR grew by 2.6% with occupancy up by 0.6% and ADR up by 2.0%. RevPAR by chain scale (according to STR) was 0.9% for the Upper Upscale segment, 0.8% for the Upscale segment, 1.7% for the Upper Midscale segment and 3.1% for the Midscale segment. AHIP’s same-store Branded Hotels in Florida and Oklahoma generated RevPAR increases of 11.4% and 2.8%, respectively. Excluding the weaker performing markets, AHIP’s same-store Branded Hotels would have seen RevPAR increases of 2.4% led by higher ADR.

With the unprecedented impact of natural disasters that have occurred in the United States over the last several months, AHIP is grateful to confirm that none of its assets sustained any significant damage during

the Florida or Texas hurricanes and floods, and AHIP has no hotels directly or indirectly affected by the California wildfires.

RECENT DEVELOPMENTS

On September 21, 2017, AHIP announced that three senior executives recently purchased an aggregate of 225,620 Units through open market purchases.

OUTLOOK

During 2018, CBRE expects U.S. hotel demand and supply to be balanced at 2.0% and with both occupancy and ADR to improve with RevPAR increasing by 2.4%. By chain scale, CBRE predicts growth rates of 1.8% in the Upscale segment, 3.4% in the Upper Midscale segment and 1.9% in the Midscale segment.

AHIP expects most of its Branded Hotels will continue to outperform its competitive set in RevPAR. However, certain markets such as Pittsburgh and Amarillo will continue to experience headwinds as a result of elevated new supply or softness in demand. In addition, significant PIP renovations are planned for larger hotels in Cleveland, Dallas, Cincinnati and Baltimore, among others, which will also result in some guest room and revenue displacement during 2018. Several U.S. states are in the process of implementing higher minimum wage requirements. This coupled with a tight labour market along with higher transaction related property taxes will create some margin compression.

September represented the eighth consecutive month of increasing rail carloads compared to 2016. AHIP is optimistic that this trend will continue and will translate into increasing rail crew occupancies and guarantees. AHIP's also recently signed a brand licensing agreement with Wyndham hotels which is expected to drive higher transient (non-rail) revenues at many of AHIP's rail crew hotels over the next year – especially those in or adjacent to larger towns and smaller metro centers with multiple demand generators. The recent acquisition of two additional rail crew hotels during the fourth quarter coupled with a new master licensing agreement has also further strengthened AHIP's relationship with a core railway customer. AHIP's hotel manager is actively working to integrate the recent acquisitions and brand repositioning, including adding personnel and enhancing processes and systems.

AHIP is focused on performance, poised for growth and structured to mitigate risk. AHIP's has a well-maintained hotel portfolio of premium, select-service properties partnered with the world's preeminent and trusted hotel brand families and underpinned with long-term guaranteed contractual revenue.

AHIP maintains a conservative capital structure with a currency-aligned distribution, modest payout ratios, and no significant debt maturities until June 2022 and is well positioned to deliver a stable and reliable income stream to its unitholders.

THIRD QUARTER HIGHLIGHTS AND KEY PERFORMANCE INDICATORS

(US\$000s unless noted and except Units and per Unit amounts)	Three months ended September 30, 2017	Three months ended September 30, 2016	Nine months ended September 30, 2017	Nine months ended September 30, 2016
Number of rooms ⁽¹⁾	11,570	7,119	11,570	7,119
Number of properties ⁽¹⁾	113	80	113	80
Number of restaurants ⁽¹⁾	41	31	41	31
Occupancy rate	77.9%	75.5%	75.4%	72.8%
Average daily room rate	\$ 99.16	\$ 81.72	\$ 95.54	\$ 83.05
Revenue per available room	\$ 77.25	\$ 61.70	\$ 72.04	\$ 60.46
Revenues	\$ 90,311	\$ 44,508	\$ 221,488	\$ 129,169
Net operating income	\$ 34,018	\$ 17,261	\$ 80,604	\$ 49,354
Net income and comprehensive income	\$ 8,816	\$ 3,880	\$ 5,702	\$ 5,882
EBITDA	\$ 30,099	\$ 14,460	\$ 69,326	\$ 40,283
EBITDA Margin %	33.3%	32.5%	31.3%	31.2%
Funds from operations (FFO)	\$ 19,306	\$ 10,023	\$ 45,429	\$ 27,686
Diluted FFO per Unit	\$ 0.25	\$ 0.24	\$ 0.68	\$ 0.74
Adjusted funds from operations (AFFO)	\$ 16,653	\$ 8,874	\$ 38,986	\$ 24,284
Diluted AFFO per Unit	\$ 0.21	\$ 0.21	\$ 0.58	\$ 0.65
Distributions declared	\$ 12,669	\$ 7,323	\$ 32,759	\$ 18,724
AFFO Payout Ratio	76.1%	82.5%	84.0%	77.1%
Debt-to-Gross Book Value ⁽¹⁾	53.7%	43.9%	53.7%	43.9%
Debt-to-EBITDA ⁽²⁾	9.3x	6.1x	9.3x	6.1x
Interest Coverage Ratio	3.6x	4.0x	3.4x	3.8x
Weighted average loan face interest rate ⁽¹⁾	4.61%	4.56%	4.61%	4.56%
Weighted average loan term to maturity ⁽¹⁾	7.8 years	7.5 years	7.8 years	7.5 years
Number of Units outstanding ⁽¹⁾	78,033,606	45,086,159	78,033,606	45,086,159
Diluted weighted average number of Units outstanding	78,253,220	42,483,493	66,853,148	37,537,524
Same property Occupancy rate	76.5%	75.5%	74.2%	72.9%
Same property Average daily room rate	\$ 79.43	\$ 82.09	\$ 80.04	\$ 83.24
Same property RevPAR	\$ 60.76	\$ 61.98	\$ 59.39	\$ 60.68
Same property Revenues	\$ 42,709	\$ 43,416	\$ 123,484	\$ 125,896
Same property Net operating income	\$ 14,827	\$ 16,291	\$ 42,452	\$ 46,812
Same property NOI Margin %	34.7%	37.5%	34.4%	37.2%

(1) At period end.

(2) Aggregate amount of debt at face value divided by annualized EBITDA.

OPERATIONAL AND FINANCIAL HIGHLIGHTS

The increase in occupancy, ADR, RevPAR, revenues and NOI for the three months ended September 30, 2017, compared to the same period last year, resulted from the growth in AHIP's hotel portfolio between reporting periods; specifically, the addition of 33 premium-branded select service Branded Hotels totalling 4,431 guestrooms and one Rail Hotel totalling 103 guestrooms, offset by the sale of one Branded Hotel in Oklahoma. During the current quarter, AHIP's total portfolio RevPAR increased by 25.2% compared to 2016 reflecting AHIP's recent acquisitions of higher performing, premium branded, select-service properties located within larger secondary markets. AHIP's Branded Hotel portfolio achieved RevPAR growth rates of 17.4%. This was offset by lower Rail Hotel revenues as a result of certain rail crew contracts which reduced minimum guaranteed occupancy revenues.

FFO was \$19.3 million for the three months ended September 30, 2017 (2016 - \$10.0 million) resulting from additional NOI generated by the new hotels added to AHIP's portfolio. Diluted FFO per Unit increased by 4.2% to \$0.25 for the three months ended September 30, 2017 (2016 - \$0.24).

AFFO was \$16.7 million for the three months ended September 30, 2017 (2016 - \$8.9 million). The increase in AFFO reflected higher FFO from the new hotels offset by higher FF&E Reserves from more properties within the portfolio. Diluted AFFO per Unit was unchanged at \$0.21.

PART III

RESULTS OF OPERATIONS

The following discussion highlights selected financial information for AHIP for the three and nine months ended September 30, 2017 and September 30, 2016. This information should be read in conjunction with AHIP's unaudited condensed consolidated interim financial statements and the related notes for the three and nine months ended September 30, 2017 and September 30, 2016.

(US\$000s unless noted and except Units and per Unit amounts)	Three months ended September 30, 2017	Three months ended September 30, 2016	Nine months ended September 30, 2017	Nine months ended September 30, 2016
Revenues	\$ 90,311	\$ 44,508	\$ 221,488	\$ 129,169
Hotel expenses	56,293	27,247	140,884	79,815
Net operating income	34,018	17,261	80,604	49,354
Depreciation and amortization	12,003	6,077	29,242	17,851
Income from operating activities	22,015	11,184	51,362	31,503
Loss (gain) on disposal of property, buildings and equipment	28	13	(4)	48
Corporate and administrative	3,919	2,801	11,278	9,071
Impairment loss on hotel asset	-	-	7,349	-
Business acquisition costs	706	1,421	6,605	2,664
Income before undernoted	17,362	6,949	26,134	19,720
Finance income	(27)	(135)	(75)	(151)
Finance costs	8,845	3,138	21,130	14,295
Income before income taxes	8,544	3,946	5,079	5,576
Current income tax expense	108	113	464	364
Deferred income tax recovery	(380)	(47)	(1,087)	(670)
Net income and comprehensive income	\$ 8,816	\$ 3,880	\$ 5,702	\$ 5,882
Basic and diluted net income and comprehensive income per Unit	\$ 0.11	\$ 0.09	\$ 0.09	\$ 0.16
Basic weighted average number of Units outstanding	78,033,606	42,368,659	66,685,985	37,446,267
Diluted weighted average number of Units outstanding	78,253,220	42,483,493	66,853,148	37,537,524

The increase in revenues, expenses, and income from operating activities for the three and nine months ended September 30, 2017 compared to 2016 arose from hotel acquisitions that occurred between reporting periods. Hotel expenses consisted of hotel operating expenditures including labour costs, sales and marketing, franchise fees, energy, property maintenance, property taxes, 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 quarter were \$12.0 million compared to \$6.1 million in the prior year. Depreciation and amortization expenses for the nine-month period were \$29.2 million compared to \$17.9 million in the prior year. The increase in depreciation and amortization expenses reflected the net addition of 33 hotels.

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

	Three months ended September 30, 2017		Three months ended September 30, 2016		Nine months ended September 30, 2017		Nine months ended September 30, 2016	
(US\$000s)								
Hotel management fees	\$	3,233	\$	1,836	\$	8,257	\$	5,777
General administrative expenses		686		965		3,021		3,294
Total corporate and administrative expenses	\$	3,919	\$	2,801	\$	11,278	\$	9,071

The increase in corporate and administrative expenses primarily arose from higher external hotel management fees driven by higher revenues for the three and nine months ended September 30, 2017 compared to the same periods in 2016. Effective July 1, 2016, the base hotel management fee was reduced to 3.0% from 3.5% of gross revenues.

During the nine months ended September 30 2017, AHIP recorded an impairment charge at its Ravenna, Nebraska rail crew hotel as a result of the expiry of the rail crew contract, which occurred after period end in October 2017, and the notice of non-renewal received from the railway customer.

Business acquisition costs consisted primarily of professional fees directly attributable to the acquisition of hotel properties. Under IFRS, all transactional costs related to business combinations are expensed in the period incurred irrespective of the outcome of the acquisition. Business acquisition costs were lower for the three months ended September 30, 2017 but higher for the nine months ended September 30, 2017 compared to the same respective periods in 2016. 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.

Net finance costs consist of interest expense on term loans, finance lease liability and convertible debentures, preferred share dividends paid by the U.S. REIT, amortization of deferred financing costs, amortization of deferred compensation costs, amortization of mark-to-market adjustments on assumed loans, accretion of the liability component of convertible debentures and changes in the fair value of interest rate swap contracts offset by interest income. For the current quarter, net finance costs were \$8.8 million compared to \$3.1 million for the same quarter in the prior year. Net finance costs were \$21.1 million for the nine months ended September 30, 2017 compared to \$14.3 million for the same period in the prior year. The increase was attributable to higher interest costs from loans obtained in connection with the recent acquisitions, offset by changes in the fair values of the interest rate swaps in the respective periods.

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 income tax. 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. Even if the U.S. REIT continues to qualify as a REIT under the Code, it may 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 it acquires and owns. Therefore, the U.S. REIT and its subsidiaries lease the hotels to its TRS lessees who in turn engage an eligible independent contractor to manage their hotels.

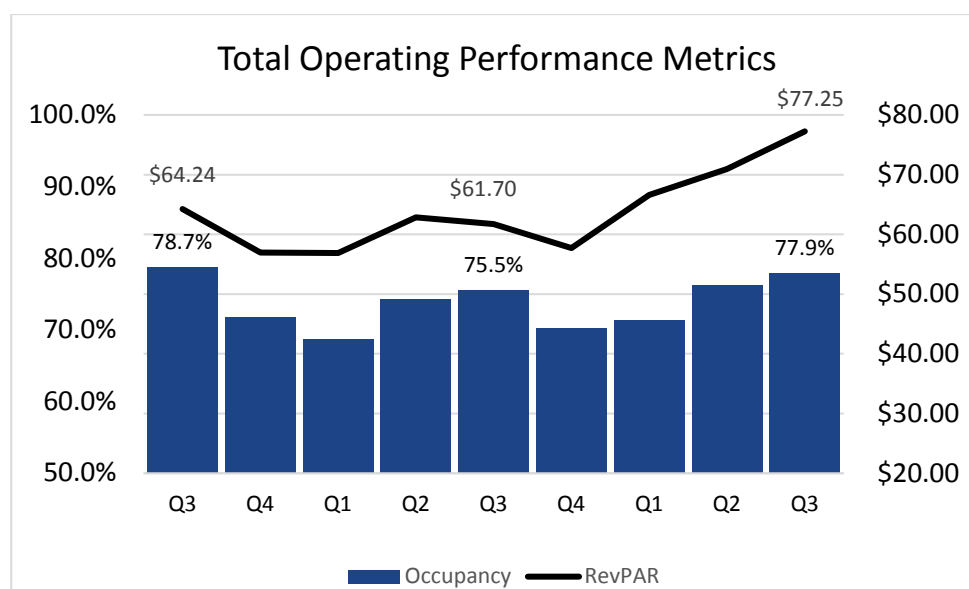
Income tax expense comprises current and deferred income tax. Current income tax and deferred income tax are recognized in net earnings, except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income. Current income tax is the expected 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

	Three months ended September 30, 2017	Three months ended September 30, 2016	Nine months ended September 30, 2017	Nine months ended September 30, 2016
(US\$000s unless noted)				
Number of rooms ⁽¹⁾	11,570	7,119	11,570	7,119
Number of properties ⁽¹⁾	113	80	113	80
Number of restaurants ⁽¹⁾	41	31	41	31
Occupancy rate	77.9%	75.5%	75.4%	72.8%
Average daily rate ⁽²⁾	\$ 99.16	\$ 81.72	\$ 95.54	\$ 83.05
Revenue per available room	\$ 77.25	\$ 61.70	\$ 72.04	\$ 60.46
REVENUES				
Rooms	\$ 82,252	\$ 40,313	\$ 199,769	\$ 117,205
Food and beverage	6,782	3,786	18,489	10,662
Other	1,277	409	3,230	1,302
TOTAL REVENUES	90,311	44,508	221,488	129,169
EXPENSES				
Operating expenses	44,871	21,384	111,404	62,354
Energy	4,002	1,955	9,334	5,639
Property maintenance	4,007	2,167	10,033	6,232
TOTAL EXPENSES	52,880	25,506	130,771	74,225
GROSS OPERATING PROFIT	37,431	19,002	90,717	54,944
GOP Margin %	41.4%	42.7%	41.0%	42.5%
Taxes, insurance and ground lease	3,413	1,741	10,113	5,590
NET OPERATING INCOME	\$ 34,018	\$ 17,261	\$ 80,604	\$ 49,354
NOI Margin %	37.7%	38.8%	36.4%	38.2%

(1) At period end.

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



Total revenues and NOI for the three months ended September 30, 2017 were higher compared to the prior year resulting from the addition of 33 new hotels to AHIP’s portfolio between the reporting periods. Specifically, total revenues for the three months ended September 30, 2017 doubled to \$90.3 million (2016 - \$44.5 million). The revenue increases from the recently acquired Branded Hotels were offset by lower guaranteed revenues from certain Rail Hotels as a result of rail crew contracts that reduced minimum occupancy guarantees.

Total revenues for the nine months ended September 30, 2017 were up by 71.5% to \$221.5 million (2016 - \$129.2 million) as a result of new hotel acquisitions.

NOI increased by 97.1% to \$34.0 million for the three months ended September 30, 2017 compared to \$17.3 million for the same period in the prior year. NOI margins declined by 2.8% caused by a combination of higher transitional operating expenses, lower guaranteed revenues from certain Rail Hotels; and higher property tax expenses at some of the recently acquired hotels.

For the nine months ended September 30, 2017, NOI increased by 63.3% to \$80.6 million compared to \$49.4 million for the same period in the prior year. NOI margins were lower as a result of the same factors noted above.

BRANDED HOTELS OPERATING STATEMENTS

	Three months ended September 30, 2017	Three months ended September 30, 2016	Nine months ended September 30, 2017	Nine months ended September 30, 2016
(US\$000s unless noted)				
Number of rooms ⁽¹⁾	7,684	3,330	7,684	3,330
Number of properties ⁽¹⁾	67	35	67	35
Number of restaurants ⁽¹⁾	14	4	14	4
Occupancy rate	81.2%	79.1%	79.7%	77.8%
Average daily rate	\$ 117.01	\$ 102.28	\$ 114.90	\$ 102.08
Revenue per available room	\$ 95.01	\$ 80.90	\$ 91.58	\$ 79.42
REVENUES				
Rooms	\$ 67,126	\$ 24,790	\$ 156,868	\$ 72,424
Food and beverage	3,484	535	9,660	1,563
Other	1,158	316	2,872	1,023
TOTAL REVENUES	71,768	25,641	169,400	75,010
EXPENSES				
Operating expenses	35,478	12,836	84,508	37,155
Energy	3,025	972	6,586	2,982
Property maintenance	2,980	1,092	6,912	3,191
TOTAL EXPENSES	41,483	14,900	98,006	43,328
GROSS OPERATING PROFIT	30,285	10,741	71,394	31,682
GOP Margin %	42.2%	41.9%	42.1%	42.2%
Taxes, insurance and ground lease	2,784	1,046	8,117	3,225
NET OPERATING INCOME	\$ 27,501	\$ 9,695	\$ 63,277	\$ 28,457
NOI Margin %	38.3%	37.8%	37.4%	37.9%

(1) At period end.

Total revenues and NOI for the three months ended September 30, 2017 were higher as a result of portfolio changes between reporting periods. Specifically, total revenues for the three months ended September 30, 2017 increased to \$71.8 million (2016 - \$25.6 million) and NOI increased to \$27.5 million (2016 - \$9.7 million), compared to the prior year. Pro-Forma RevPAR, which includes operating results for periods prior to their ownership by AHIP, was particularly strong for Florida, Tennessee and Oklahoma with RevPAR growth rates of 17.5%, 11.7% and 11.0%, respectively. This was offset by pro-forma RevPAR declines in Pennsylvania (-8.2%), Texas (-6.4%) and Virginia (-4.4%), which were impacted by new supply. Overall, margins for the quarter were higher reflecting the better margins generated by the newly acquired hotels.

For the nine months ended September 30, 2017, revenues increased to \$169.4 million (2016 - \$75.0 million) and NOI increased 122.4% to \$63.3 million (2016 - \$28.5 million) as a result of the hotel additions

between reporting periods. Overall, occupancies increased by 2.4%, ADR increased by 12.6% and RevPAR grew by 15.3% reflecting the higher performing hotels acquired during the year. For the nine months ended September 30, 2017, margins were slightly lower as a result of higher operating expenses and property taxes.

RAIL HOTELS OPERATING STATEMENTS

(US\$000s unless noted)	Three months ended September 30, 2017	Three months ended September 30, 2016	Nine months ended September 30, 2017	Nine months ended September 30, 2016
Number of rooms ⁽¹⁾	3,886	3,789	3,886	3,789
Number of properties ⁽¹⁾	46	45	46	45
Number of restaurants ⁽¹⁾	27	27	27	27
Occupancy rate	71.6%	72.3%	68.4%	68.4%
Average daily rate ⁽²⁾	\$ 59.13	\$ 61.86	\$ 59.11	\$ 63.81
Revenue per available room	\$ 42.34	\$ 44.72	\$ 40.43	\$ 43.65
REVENUES				
Rooms	\$ 15,126	\$ 15,523	\$ 42,901	\$ 44,781
Food and beverage	3,298	3,251	8,829	9,099
Other	119	93	358	279
TOTAL REVENUES	18,543	18,867	52,088	54,159
EXPENSES				
Operating expenses	9,393	8,548	26,896	25,199
Energy	977	983	2,748	2,657
Property maintenance	1,027	1,075	3,121	3,041
TOTAL EXPENSES	11,397	10,606	32,765	30,897
GROSS OPERATING PROFIT	7,146	8,261	19,323	23,262
GOP Margin %	38.5%	43.8%	37.1%	43.0%
Taxes and insurance	629	695	1,996	2,365
NET OPERATING INCOME	\$ 6,517	\$ 7,566	\$ 17,327	\$ 20,897
NOI Margin %	35.1%	40.1%	33.3%	38.6%

(1) At period end.

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

The change in the portfolio primarily reflects the addition of the 103-room Nashville property in December 2016. For the three and nine months ended September 30, 2017, the decline in revenues, NOI and NOI margins reflects the lower revenue guarantees arising from certain rail crew contracts, which more closely reflect actual crew room night usage for the railway customer.

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 that have been acquired or sold during either reporting period are not included in the same property tables.

BRANDED HOTELS – SAME PROPERTY

The following table presents same property Branded Hotel operating metrics for the three and nine months ended September 30, 2017 and 2016, respectively.

(US\$000s unless noted)	Three months ended September 30, 2017	Three months ended September 30, 2016	Nine months ended September 30, 2017	Nine months ended September 30, 2016
Occupancy rate	78.9%	79.6%	78.1%	78.2%
Average daily rate	\$ 101.74	\$ 102.63	\$ 101.97	\$ 102.51
Revenue per available room	\$ 80.27	\$ 81.69	\$ 79.64	\$ 80.16
REVENUES				
Rooms	\$ 24,005	\$ 24,462	\$ 70,741	\$ 71,410
Food and beverage	496	543	1,679	1,571
Other	315	315	987	1,019
TOTAL REVENUES	24,816	25,320	73,407	74,000
EXPENSES				
Operating expenses	12,853	12,596	37,390	36,444
Energy	1,062	953	2,854	2,922
Property maintenance	1,167	1,060	3,202	3,117
TOTAL EXPENSES	15,082	14,609	43,446	42,483
GROSS OPERATING PROFIT	9,734	10,711	29,961	31,517
GOP Margin %	39.2%	42.3%	40.8%	42.6%
Taxes and insurance ⁽¹⁾	1,031	1,217	3,609	3,576
NET OPERATING INCOME	\$ 8,703	\$ 9,494	\$ 26,352	\$ 27,941
NOI Margin %	35.1%	37.5%	35.9%	37.8%

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

For the three months ended September 30, 2017, AHIP's Branded Hotel – Same Property portfolio saw a RevPAR decline of 1.7% caused by increased supply in certain markets, particularly in Pittsburgh, PA and Amarillo, TX, which saw RevPAR declines of 13.6% and 12.6%, respectively. In response to the new supply, the hotel manager implemented aggressive pricing strategies designed to maintain market share. This decline was offset by strong performance at the Florida and Oklahoma hotels, which saw RevPAR increases of 24.5% and 7.5%, respectively. Excluding the two weaker markets of Pittsburgh and Amarillo, RevPAR for the quarter would have increased by 2.6%. The lower RevPAR translated into lower revenues and

lower NOI in the quarter. GOP margins were impacted by higher operating costs including labour costs, utilities and property maintenance expenses.

For the nine months ended September 30, 2017, RevPAR for AHIP's Branded Hotel – Same Property portfolio was down slightly at 0.6% compared to prior year. RevPAR highlights were in the Florida and Oklahoma hotels, which experienced RevPAR gains of 11.4% and 2.8%, respectively. This was offset by RevPAR declines in Pittsburgh and Amarillo with RevPAR contracting by 10.3% and 7.0%, respectively. Excluding the two weaker performing markets, RevPAR for the period would have increased by 2.4%. The flat RevPAR for the period coupled with higher expenses translated into lower NOI and margins.

RAIL HOTELS – SAME PROPERTY

The following table presents same property Rail Hotel operating metrics for the three and nine months ended September 30, 2017 and 2016.

(US\$000s unless noted)	Three months ended September 30, 2017	Three months ended September 30, 2016	Nine months ended September 30, 2017	Nine months ended September 30, 2016
Occupancy rate	74.4%	71.8%	70.8%	68.2%
Average daily rate ⁽¹⁾	\$ 58.30	\$ 61.67	\$ 58.39	\$ 63.29
Revenue per available room	\$ 43.38	\$ 44.28	\$ 41.34	\$ 43.16
REVENUES				
Rooms	\$ 14,532	\$ 14,780	\$ 41,052	\$ 42,602
Food and beverage	3,297	3,251	8,828	9,099
Other	64	65	197	195
TOTAL REVENUES	17,893	18,096	50,077	51,896
EXPENSES				
Operating expenses	9,070	8,382	25,955	24,680
Energy	942	948	2,633	2,568
Property maintenance	975	1,048	2,986	2,966
TOTAL EXPENSES	10,987	10,378	31,574	30,214
GROSS OPERATING PROFIT	6,906	7,718	18,503	21,682
GOP Margin %	38.6%	42.7%	36.9%	41.8%
Taxes and insurance ⁽²⁾	782	921	2,403	2,811
NET OPERATING INCOME	\$ 6,124	\$ 6,797	\$ 16,100	\$ 18,871
NOI Margin %	34.2%	37.6%	32.2%	36.4%

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

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

Occupancy levels continued to increase at the Rail Hotels as rail carload volumes recover from their low levels in late 2016 translating into higher occupied rooms. This was offset by lower contractually guaranteed revenues from rail crew contracts which lowered ADR, revenues, NOI and margins.

For the nine months ended September 30, 2017, higher occupancy was offset by the reduction of contractually guaranteed revenues resulting in an overall decline in NOI and margins.

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 September 30, 2017	Three months ended September 30, 2016	Nine months ended September 30, 2017	Nine months ended September 30, 2016
Net income and comprehensive income	\$ 8,816	\$ 3,880	\$ 5,702	\$ 5,882
Add/(deduct):				
Depreciation and amortization	12,003	6,077	29,242	17,851
Impairment loss on hotel asset	-	-	7,349	-
Loss (gain) on disposal of assets	28	13	(4)	48
Business acquisition costs	706	1,316	6,605	2,507
IFRIC 21 property taxes	(1,788)	(526)	(2,248)	(1,019)
Fair value changes of interest rate swaps	(79)	(690)	(130)	3,087
Deferred income tax recovery	(380)	(47)	(1,087)	(670)
Funds from operations (“FFO”)	\$ 19,306	\$ 10,023	\$ 45,429	\$ 27,686
Add/(deduct):				
Securities-based compensation expense	194	124	482	294
Amortization of finance costs	372	199	966	590
Accretion of convertible debentures	81	-	100	-
FF&E Reserves ⁽¹⁾	(3,300)	(1,472)	(7,991)	(4,286)
Adjusted Funds from operations (“AFFO”)	\$ 16,653	\$ 8,874	\$ 38,986	\$ 24,284
Diluted weighted average number of Units outstanding	78,253,220	42,483,493	66,853,148	37,537,524
Diluted FFO per Unit	\$ 0.25	\$ 0.24	\$ 0.68	\$ 0.74
Diluted AFFO per Unit	\$ 0.21	\$ 0.21	\$ 0.58	\$ 0.65

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

FFO increased by 92.6% to \$19.3 million for the three months ended September 30, 2017 (2016 - \$10.0 million) and by 64.1% to \$45.4 million for the nine months ended September 30, 2017 (2016 - \$27.7 million). The increase in FFO resulted from higher NOI arising from new hotels added to AHIP’s portfolio between reporting periods.

Diluted FFO per Unit was up by 4.2% to \$0.25 for the three months ended September 30, 2017 compared to \$0.24 for the same period last year. Diluted FFO per Unit was \$0.68 for the nine months ended September 30, 2017 compared to \$0.74 for the same period last year.

AFFO for the three months ended September 30, 2017 grew by 87.7% to \$16.7 million (2016 - \$8.9 million) and increased by 60.5% to \$39.0 million for the nine months ended September 30, 2017 (2016 - \$24.3 million). The growth in AFFO resulted from higher FFO compared to the prior year reflecting more hotels in the portfolio, offset by higher FF&E Reserves as a result of higher revenues. Diluted AFFO per Unit was unchanged at \$0.21 for the three months ended September 30, 2017 compared to the prior year. Diluted AFFO per Unit was \$0.58 for the nine months ended September 30, 2017 compared to \$0.65 in the prior year.

RECONCILIATION OF CASH FLOW FROM OPERATIONS TO AFFO

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

	Three months ended September 30, 2017	Three months ended September 30, 2016	Nine months ended September 30, 2017	Nine months ended September 30, 2016
(US\$000s unless noted)				
Cash flow from operations	\$ 15,708	\$ 6,882	\$ 48,160	\$ 24,571
Add/(deduct):				
Changes in non-cash working capital	5,308	2,683	(5,493)	2,785
Business acquisition costs	706	1,316	6,605	2,507
Securities-based compensation paid in cash	-	-	25	-
IFRIC 21 property tax adjustment	(1,788)	(526)	(2,248)	(1,019)
Interest paid	8,490	3,620	20,122	10,344
Interest expense	(8,471)	(3,629)	(20,194)	(10,618)
FF&E Reserves (excluding any waivers)	(3,300)	(1,472)	(7,991)	(4,286)
AFFO	\$ 16,653	\$ 8,874	\$ 38,986	\$ 24,284
Distributions declared	\$ 12,669	\$ 7,323	\$ 32,759	\$ 18,724
AFFO Payout Ratio	76.1%	82.5%	84.0%	77.1%

For the three months ended September 30, 2017, the AFFO Payout Ratio has declined as proceeds from the June 2017 Offering were almost fully deployed compared to the July 2016 unit offering, which was not invested until the fourth quarter of 2016. Management expects the payout ratio to improve in the coming quarters as the remaining cash proceeds along with the restricted cash balances are utilized to optimize hotel cash flows.

DISTRIBUTIONS DECLARED COMPARED TO OPERATING CASH FLOWS

(US\$000s)	Three months ended September 30, 2017	Three months ended September 30, 2016	Nine months ended September 30, 2017	Nine months ended September 30, 2016
Cash flow from operations (including interest paid)	\$ 15,708	\$ 6,882	\$ 48,160	\$ 24,571
Distributions declared	(12,669)	(7,323)	(32,759)	(18,724)
Excess of cash flow to distributions	\$ 3,039	\$ (441)	\$ 15,401	\$ 5,847

For the three and nine months ended September 30, 2017, cash flow from operations exceeded distributions declared as a result of higher cash flows from a larger and more diversified portfolio.

DISTRIBUTION POLICY

AHIP's current policy is to declare and pay monthly cash distributions using available cash and to maintain a conservative AFFO Payout Ratio. Distributions declared will be paid to unitholders of record at the close of business on the last business day of each month on or about the 15th day of the following month. The declaration of distributions is subject to the discretion of the Board of Directors of the General Partner and is evaluated periodically and may be revised.

Commencing with the April 2016 distribution paid on May 13, 2016, AHIP began paying monthly cash distributions in U.S. dollars of \$0.054 per Unit to unitholders, which is equivalent to \$0.648 per Unit on an annualized basis. Prior to April 1, 2016, AHIP was paying monthly cash distributions of Cdn\$0.075 per Unit to unitholders, which was equivalent to Cdn\$0.90 per Unit on an annualized basis.

DISTRIBUTION SUMMARY

AHIP declared the following cash distributions to unitholders of record from January 1, 2017 to September 30, 2017 as follows:

Month	Record Date	Payment Date	Distribution per Unit	Amount (\$000s)
January 2017	January 31, 2017	February 15, 2017	\$ 0.054	\$ 3,160
February 2017	February 28, 2017	March 15, 2017	\$ 0.054	\$ 3,160
March 2017	March 31, 2017	April 13, 2017	\$ 0.054	\$ 3,162 ⁽¹⁾
April 2017	April 28, 2017	May 15, 2017	\$ 0.054	\$ 3,166
May 2017	May 31, 2017	June 15, 2017	\$ 0.054	\$ 3,166
June 2017	June 30, 2017	July 14, 2017	\$ 0.054	\$ 4,276 ⁽¹⁾
July 2017	July 31, 2017	August 15, 2017	\$ 0.054	\$ 4,214
August 2017	August 31, 2017	September 15, 2017	\$ 0.054	\$ 4,214
September 2017	September 29, 2017	October 13, 2017	\$ 0.054	\$ 4,241 ⁽¹⁾
				\$ 32,759

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

Distributions totaling \$12.7 million were declared during the three months ended September 30, 2017 (2016 – \$7.3 million) of which \$4.2 million (2016 – \$2.5 million) was included in accounts payable and accrued liabilities as at September 30, 2017 and subsequently paid in October 2017.

Per Unit	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015
Annualized distribution (Cdn\$ prior to Q2 2016) ⁽¹⁾	\$ 0.648	\$ 0.648	\$ 0.648	\$ 0.648	\$ 0.648	\$ 0.648	\$ 0.900	\$ 0.900
Period-end TSX Close price (Cdn\$)	\$ 9.50	\$ 9.96	\$ 10.72	\$ 10.46	\$ 10.85	\$ 10.54	\$ 10.54	\$ 10.65
Annualized distribution yield on Closing Price (%)	8.5% ⁽¹⁾	8.4% ⁽¹⁾	8.1% ⁽¹⁾	8.3% ⁽¹⁾	7.8% ⁽¹⁾	8.0% ⁽¹⁾	8.5%	8.5%

(1) Converted at the Bank of Canada period end exchange rate at September 29, 2017 and at the noon exchange rate for all other applicable dates presented.

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)	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015
Revenues	\$ 90,311	\$ 69,452	\$ 61,725	\$ 44,346	\$ 44,508	\$ 44,527	\$ 40,134	\$ 39,758
NOI	34,018	25,791	20,795	15,149	17,261	18,109	13,984	13,152
Net income (loss) and comprehensive income (loss)	8,816	(5,496)	2,382	3,398	3,880	3,493	(1,491)	945
FFO	\$ 19,306	\$ 14,513	\$ 11,597	\$ 8,864	\$ 10,023	\$ 10,485	\$ 7,204	\$ 7,161
AFFO	16,653	12,503	9,817	7,657	8,874	9,328	6,108	6,165
Distributions declared	12,669	10,608	9,482	7,927	7,323	5,693	5,708	5,887
Total assets	\$1,309,634	\$1,315,102	\$ 899,839	\$ 791,439	\$ 646,238	\$ 575,623	\$ 574,174	\$ 577,403
Total debt (face value)	\$ 754,292	\$ 753,834	\$ 470,280	\$ 376,365	\$ 308,638	\$ 309,561	\$ 307,990	\$ 309,516
Basic weighted Average number of Units outstanding (000s)	78,034	63,316	58,493	46,313	42,369	35,006	34,908	34,845
Amounts on a per Unit Basis								
Basic and diluted net income (loss) per Unit	\$ 0.11	\$ (0.09)	\$ 0.04	\$ 0.07	\$ 0.09	\$ 0.10	\$ (0.04)	\$ 0.03
Diluted FFO per Unit	\$ 0.25	\$ 0.23	\$ 0.20	\$ 0.19	\$ 0.24	\$ 0.30	\$ 0.21	\$ 0.21
Diluted AFFO per Unit	\$ 0.21	\$ 0.20	\$ 0.17	\$ 0.17	\$ 0.21	\$ 0.27	\$ 0.18	\$ 0.18

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

LIQUIDITY

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

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

The following table provides an overview of AHIP's change in cash from operating, financing and investing activities for the three months and nine months ended September 30, 2017 and 2016:

	Three months ended September 30, 2017	Three months ended September 30, 2016	Nine months ended September 30, 2017	Nine months ended September 30, 2016
(US\$000s)				
Net change in cash related to:				
Operating activities	\$ 15,708	\$ 6,882	\$ 48,160	\$ 24,571
Investing activities	(7,099)	(16,052)	(569,815)	(27,153)
Financing activities	(14,174)	66,784	463,020	55,167
Change in cash	\$ (5,565)	\$ 57,614	\$ (58,635)	\$ 52,585

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

- Net cash provided from operating activities for the three-month period ended September 30, 2017 increased by \$8.8 million to \$15.7 million (2016 - \$6.9 million) and by \$23.6 million to \$48.2 million for the nine-month period ended September 30, 2017 (2016 - \$24.6 million). The increase in cash flow was partially driven by higher NOI arising from the acquisition of new hotels;
- Net cash used in investing activities for the three-month period ended September 30, 2017 was \$7.1 million (2016 - \$16.1 million) and \$569.8 million for the nine-month period ended September 30, 2017 (2016 - \$27.2 million). The changes between periods reflect the acquisitions of the Eastern Seaboard, Midwestern 3 Embassy Suites and Sunstone Embassy Suites portfolios during the nine months ended September 30, 2017 compared to smaller Rail Hotel acquisitions and expansions during the comparative period in 2016; and
- Net cash used in financing activities for the three-month period ended September 30, 2017 was \$14.2 million (2016 – cash generated of \$66.8 million) and cash generated of \$463.0 million for the nine-month period ended September 30, 2017 (2016 – \$55.2 million). The changes reflect the June 2017 Offering and new term loans related to the acquisition of the Eastern Seaboard, Sunstone Embassy

Suites and Midwestern 3 Embassy Suites portfolios during the nine months ended September 30, 2017 compared to a smaller offering during the comparative period in 2016.

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

(US\$000s)	TOTAL	2017	2018	2019	2020	2021	Thereafter
Term loans	\$ 702,895	\$ 1,394	\$ 11,620	\$ 6,884	\$ 9,172	\$ 9,910	\$ 663,915
Convertible debentures	48,875	-	-	-	-	-	48,875
Operating lease	6,064	282	804	581	387	333	3,677
Finance lease liability	2,406	102	2,216	78	10	-	-
Deferred compensation	500	62	250	188	-	-	-
Total	\$ 760,740	\$ 1,840	\$ 14,890	\$ 7,731	\$ 9,569	\$ 10,243	\$ 716,467

CAPITAL EXPENDITURES

After AHIP acquires a Branded Hotel property and under the terms of the franchise agreements, AHIP is required to commit to various PIPs, which are intended to bring the hotel property up to the franchisor's current standards. 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 additional FF&E Reserves over the term of the respective loans. As at September 30, 2017, AHIP's cash balance was \$22.5 million and AHIP had an unutilized revolving line of credit with a limit of \$10.0 million. Its total restricted cash balance was \$52.2 million (December 31, 2016 - \$18.4 million) including \$35.8 million (December 31, 2016 - \$13.2 million) available to fund PIP investments over the coming months. AHIP intends to spend the amounts necessary to comply with any reasonable loan or franchisor requirements, and to the extent that such expenditures are in the best interests of the hotels, to optimize operating performance and ensure the hotels are competitive within their respective competitive market segments.

GROUND AND AIR RIGHTS LEASES

Certain AHIP's hotels are subject to key non-cancellable leases as at September 30, 2017:

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 on April 1, 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 nine months ended September 30, 2017 were \$50,000 and \$127,000, 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 September 30, 2017 was approximately \$1.9 million.

DEBT STRATEGY

AHIP's overall borrowing policy is to obtain secured mortgage financing on primarily a fixed rate basis with terms to maturity that allow AHIP to:

- i) Achieve and maintain staggered debt maturities that reduce its exposure to interest rate fluctuations and re-financing risk in any particular period; and
- ii) Fix rates and extend loan terms when borrowing conditions are favorable.

The fixed rate mortgages are expected to be primarily first charge mortgages. Management currently intends to maintain 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 September 30, 2017, AHIP's Debt-to-Gross Book Value was 53.7% compared to 44.0% as at December 31, 2016 and 43.9% as at September 30, 2016:

(US\$000s unless noted)	September 30, 2017	December 31, 2016	September 30, 2016
Debt	\$ 754,292	\$ 376,365	\$ 308,563
Gross Book Value	\$ 1,404,908	\$ 854,806	\$ 703,006
Debt-to-Gross Book Value	53.7%	44.0%	43.9%

The increase in this ratio from December 31, 2016 reflects the issuance of the Debentures in June 2017.

The following table calculates AHIP's Interest Coverage Ratio for the three and nine months ended September 30, 2017 and 2016:

(US\$000s unless noted)	Three months ended September 30, 2017	Three months ended September 30, 2016	Nine months ended September 30, 2017	Nine months ended September 30, 2016
EBITDA	\$ 30,099	\$ 14,460	\$ 69,326	\$ 40,283
Interest expense ⁽¹⁾	\$ 8,471	\$ 3,629	\$ 20,194	\$ 10,618
Interest Coverage Ratio (times)	3.6x	4.0x	3.4x	3.8x

(1) Interest expense is the sum of interest expense on terms loans, convertible debentures, finance lease liability and dividends on preferred shares.

The following table calculates AHIP's Debt-to-EBITDA Ratio as at September 30, 2017 and 2016:

(US\$000s unless noted)	September 30, 2017	September 30, 2016
Debt	\$ 754,292	\$ 308,563
EBITDA (trailing twelve months)	\$ 81,398	\$ 50,691
Debt-to-EBITDA (times)	9.3x	6.1x

AHIP expects this ratio to improve over the coming quarters as the recent acquisitions start contributing to total portfolio income.

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

(US\$000s unless noted)	Principal Balance at September 30, 2017	Interest Rate	Initial Term (years)	Maturity Date
NC/GA Portfolio Assumed Loan #1	\$ 5,233	5.69%	5	August 1, 2018
Nashville Hotel Term Loan	4,410	3.57% ⁽¹⁾	5	December 20, 2021
Convertible, unsecured debentures	48,875	5.00%	5	June 30, 2022
Eastern Seaboard Term Loan Pool 4	56,500	4.46%	5	July 6, 2022
Oak Tree Inn Hotel Loans	78,020	3.57% ⁽²⁾	7	February 1, 2023
2016 Oak Tree Inn Term Loan	4,768	3.57% ⁽³⁾	7	February 1, 2023
Pittsburgh Portfolio Term Loans	37,557	5.02%	10	December 6, 2023
NC/GA Portfolio Assumed Loan #2	7,354	5.28%	10	February 1, 2024
Virginia Portfolio Term Loan	24,500	4.97%	10	April 6, 2024
NC/GA Portfolio Term Loan	5,889	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
Midwestern Portfolio Term Loan	32,000	4.24%	10	July 6, 2025
Florida Portfolio Term Loan	19,000	4.21%	10	August 6, 2025
Railway Portfolio Term Loan	19,184	4.25%	10	September 16, 2025
FL/TN Portfolio Term Loan	27,103	4.43%	10	November 6, 2026
Florida 6 Portfolio Term Loan	36,567	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	\$ 751,770			

(1) Variable rate loan with interest rate swap contract that fixes the interest rate for the duration of the loan at 4.80%, effective January 1, 2017.

(2) Variable rate loans with an interest rate swap contract that fixes the interest rate for the duration of the loans at 4.72%.

(3) Variable rate loan with an interest rate swap contract that fixes the interest rate for the duration of the loan at 4.10%.

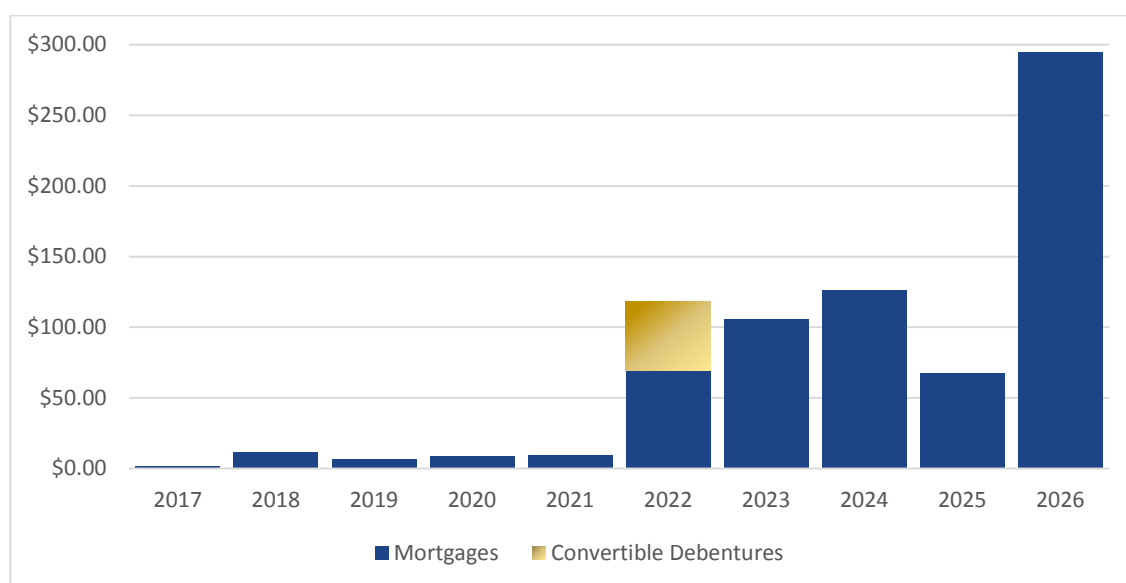
The weighted average stated interest rate as at September 30, 2017 was 4.61% (September 30, 2016 – 4.56%), and the weighted average loan term to maturity as at September 30, 2017 was 7.8 years

(September 30, 2016 – 7.5 years). As at September 30, 2017, 100% of AHIP’s mortgages were effectively fixed rate mortgages. Interest rate swaps are in place to fix the interest rates for approximately \$87.2 million of the outstanding principal of certain Rail Hotel loans with fixed interest rates of between 4.10% and 4.80%. For the three months and nine months ended September 30, 2017, a net gain of \$79,000 and \$130,000 was recorded resulting from changes in the fair value of the interest rate swap contracts respectively, compared to a gain of \$690,000 and loss of \$3.1 million for the same periods last year.

On June 9, 2017, as part of the June 2017 Offering, AHIP issued 48,875 Debentures, including 6,375 Debentures related to the full exercise of the over-allotment option, at a price of \$1,000 per Debenture, for total gross proceeds of approximately \$48.9 million. The Debentures bear interest at a rate of 5.00% payable semi-annually in arrears on June 30 and December 31 of each year, and will mature on June 30, 2022 (“**Maturity Date**”). The Debentures are convertible at the option of the holder into Units at any time prior to maturity at a conversion price of \$9.25 per Unit (“**Conversion Price**”). The Debentures are not redeemable by AHIP prior to June 30, 2020, except in limited circumstances following a change of control. On or after June 30, 2020 but prior to June 30, 2021, the Debentures are redeemable, in whole or in part, at a price equal to the principal amount plus accrued and unpaid interest, at AHIP’s option, provided that the weighted average trading price of the Units is not less than 125% of the Conversion Price. On and after June 30, 2021 and prior to the Maturity Date, the Debentures are redeemable at AHIP’s option, in whole or in part, at a price equal to the principal amount plus accrued and unpaid interest.

As at September 30, 2017, Debentures in the aggregate principal amount of \$48,875,000 remained outstanding. On September 30, 2017, the Debentures were traded on the TSX with a closing price of \$97.20 per Debenture.

DEBT MATURITY LADDER (as at September 30, 2017)



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 unaudited condensed consolidated interim financial statements.

PARTNERS' CAPITAL

AHIP is authorized to issue an unlimited number of Units. For the year ended December 31, 2016, AHIP issued 21,465,777 Units through bought-deal public offerings, partial consideration for the purchase of Rail Hotel expansions and employee equity grants.

On January 9, 2017, AHIP issued 2,242,761 Units to the vendors of the Sunstone Embassy Suites Portfolio as partial consideration for the acquisition of Embassy Suites by Hilton hotels in Dallas, Texas and Tempe, Arizona. The Units were issued at a price of Cdn\$10.3099 (\$7.7471), which was the 10-day volume weighted average trading price of the Units on the TSX prior to the transaction closing date. In addition, the Units were subject to a four-month hold period which expired on May 7, 2017.

On March 15, 2017, AHIP issued 6,803 Units to senior management on the vesting of Restricted Stock Units. As at September 30, 2017, there were 197,365 Restricted Stock Units issued and outstanding, which vest between December 15, 2017 and March 13, 2020.

On June 9, 2017, as part of the June 2017 Offering, AHIP issued 19,410,000 Units, including 1,050,000 Units related to the partial exercise of the Unit over-allotment option, at a price of Cdn\$10.35 (\$7.6935) per Unit, for total gross proceeds of approximately Cdn\$200.9 million (\$149.3 million).

As at September 30, 2017 and November 7, 2017, there were 78,033,606 Units issued and outstanding. On September 30, 2017, the Units were traded on the TSX with a closing price of Cdn\$9.50 per Unit, and on the OTCQX with a closing price of \$7.57 per Unit.

PART V

OFF-BALANCE SHEET ARRANGEMENTS

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

TRANSACTIONS WITH RELATED PARTIES

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

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

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

- (i) A base management fee equal to 3.0% of gross revenues effective July 1, 2016. Prior to July 1, 2016, the base management fee was 3.5% 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 nine months ended September 30, 2017 and 2016, the Hotel Manager did not qualify for any incentive fees and as a result no incentive fee amounts were recorded in the unaudited condensed consolidated interim financial statements.

AHIP recorded the following fees charged by the Hotel Manager in corporate and administrative expenses for the three and nine months ended September 30, 2017 and 2016:

(US\$000s)	Three months ended September 30, 2017	Three months ended September 30, 2016	Nine months ended September 30, 2017	Nine months ended September 30, 2016
Management fees	\$ 2,696	\$ 1,336	\$ 6,640	\$ 4,299
Administration fees	537	500	1,617	1,478
	\$ 3,233	\$ 1,836	\$ 8,257	\$ 5,777
Total fees as a percentage of total revenues	3.6%	4.1%	3.7%	4.5%
Total cost recoveries	\$ 23,406	\$ 12,494	\$ 59,373	\$ 36,178
Total cost recoveries as a percentage of total revenues	25.9%	28.1%	26.8%	28.0%

Capital expenditure fees of approximately \$239,000 and \$722,000, respectively for the three and nine months ended September 30, 2017 (2016 - \$251,000 and \$522,000, respectively) were capitalized to property, buildings and equipment. In addition, during the three and nine months ended September 30, 2017, the Hotel Manager was reimbursed approximately \$23.4 million and \$59.4 million, respectively from the hotel properties for payroll and general and administrative costs (2016 - \$12.5 million and \$36.2 million, respectively). The increase in reimbursements during 2017 reflected the additional hotels in the portfolio compared to the prior year.

SUBSEQUENT EVENTS

a) Acquisition of a 64-room Rail Hotel in Whitefish, MT

On November 7, 2017, AHIP acquired a 64-room rail crew hotel located in Whitefish, MT for a total purchase price of approximately \$3.7 million including expected renovations but excluding closing costs and post-closing adjustments. The acquisition was paid for with cash on hand and will be accounted as a business combination. This hotel will be re-licensed as a Wyndham brand on terms consistent with the new Wyndham license agreement, and has a rail crew lodging agreement that will initially guarantee 60% of its available rooms.

b) Launch of a U.S. Dollar Trading Symbol on the Toronto Stock Exchange

The TSX approved the launch of an additional trading symbol on the TSX that trades in U.S. dollars. The new trading symbol, HOT.U, will trade alongside AHIP's existing Canadian dollar denominated trading symbol, HOT.UN, and will provide investors with the option of purchasing AHIP's Units in either currency. The new trading symbol will begin trading on November 10, 2017.

c) Transformational Branding Agreement with Wyndham Hotels Group for the Rail Portfolio

On November 1, 2017, AHIP entered into a 15-year brand licensing agreement with Wyndham to rebrand 46 Oak Tree Inn hotels under various Wyndham brands. This includes the recently acquired rail crew hotels in Fargo, North Dakota and Whitefish, Montana. Under the terms of the agreement, AHIP will convert its Rail Hotels to the Baymont Inn and Suites, Travelodge and Super 8 brands. The Fargo hotel will remain a Days Inn hotel. AHIP expects to spend approximately \$4.0 million over the next 24 months to accommodate new signage, brand standards and property improvement plans.

d) Distributions

On October 16, 2017 AHIP announced a cash distribution of \$0.054 per Unit for the period of October 1, 2017 to October 31, 2017, which is equivalent to \$0.648 per Unit on an annualized basis. The distribution will be paid on November 15, 2017 to unitholders of record at the close of business on October 31, 2017.

e) Acquisition of 74-room Rail Hotel in Fargo, ND

On October 13, 2017, AHIP acquired a 74-room rail crew hotel located in Fargo, ND for a total purchase price of approximately \$3.8 million including expected renovations but excluding closing costs and post-closing adjustments. The acquisition was paid for with cash on hand and will be accounted as a business combination. This hotel was re-licensed as a Days Inn on terms consistent with the new Wyndham license agreement, and has a rail crew lodging agreement that presently guarantees 77% of its available rooms.

ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

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

these estimates. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Significant areas of estimates include the following:

a) Business combinations

The acquisition of a business is accounted for using the acquisition method. The consideration for an acquisition is measured at the aggregate of the fair values transferred, liabilities incurred or assumed. The identifiable assets, liabilities and contingent liabilities acquired are recognized at their fair values at the acquisition dates. AHIP obtained third-party valuations to support management's determination of the fair value of property, buildings and equipment. Management evaluated the incremental earning stream attributable to the lodging agreements discounted at an expected rate of return to support the determination of the value of intangible assets for the Rail Hotel portfolios. The value of intangible assets for Branded Hotels consists of franchise application fees paid upon acquisition of the properties. IFRS 3, "Business Combinations", requires management to determine whether a hotel acquisition meets the definition of a business combination. Judgement is involved in determining if the acquiree constitutes a business and whether AHIP obtained control over the acquiree.

b) Depreciation and amortization

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

c) Impairment

IAS 36, "Impairment of Assets", requires management to use judgement in assessing whether there is an impairment of AHIP's assets. In making this judgement, management evaluates, among other factors, internal and external indicators of impairment, such as changes in technology, market conditions, and economic or legal environment. IAS 36 also requires management to exercise judgement in determining the recoverable amount of assets that are tested for impairment. Judgement is involved in estimating fair value less costs of disposal or value in use of the cash-generating units, including estimates of growth rates, discount rates, capitalization rates, and terminal rates. The estimates reflect past experience and are consistent with external sources of information.

ACCOUNTING STANDARDS

The following new accounting standards were adopted during the nine months ended September 30, 2017:

a) Compound financial instruments

Compound financial instruments issued by AHIP comprise convertible debentures denominated in U.S. dollars that can be converted at the option of the holder into Units at any time prior to maturity at a specified conversion price.

The liability component of compound financial instruments is initially recognized at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognized at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the debt and equity components of the convertible debentures in proportion to the initial allocation of proceeds. Transaction costs related to the conversion feature are deducted from partners' capital. Transaction costs related to the debt component are amortized using the effective interest method.

Subsequent to initial recognition, the debt component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of the compound financial instrument is recorded in the consolidated statement of partners' capital and is not subsequently remeasured.

b) Leases

Leases of property and equipment that transfer to the lessee substantially all of the risks and rewards of ownership are classified as finance leases. Leased assets acquired in a business combination are recorded at fair value at the acquisition date. All other leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset. Assets held under other leases are classified as operating leases and are not recognized on the statement of financial position.

Finance lease obligations are measured on inception of the lease at the present value of the minimum lease payments. Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term using the effective interest method.

During 2017, AHIP acquired three hotels with underlying leases. Specifically, the Embassy Suites Covington hotel is subject to an air rights lease covering the site and improvements and can be extended until 2140. This lease is accounted for as an operating lease. The Fairfield Inn Baltimore hotel is subject to a ground lease which expires in 2057, and AHIP has a purchase option in 2018. The SpringHill Suites Bellport hotel is subject to a PILOT (payment-in-lieu-of-taxes) lease where AHIP pays reduced property taxes until the lease expiry date of 2021. At the end of the lease term, AHIP can acquire a fee simple interest for nominal consideration. As a result, these two leases are accounted for as finance leases as at September 30, 2017.

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 September 30, 2017, AHIP's management, under the supervision of its CEO and CFO, has designed the DC&P and ICFR, with the exception of the scope of design of DC&P and ICFR as noted below. Management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in Internal Control – Integrated Framework (2013).

In accordance with Section 3.3(1)(b) of NI 52-109, AHIP's CEO and CFO have limited the scope of design of DC&P and ICFR to exclude the controls, policies and procedures related to the Florida/Tennessee, Florida 6, Sunstone Embassy Suites, Midwestern 3 Embassy Suites and Eastern Seaboard portfolios, within the Branded Hotels portfolio, as they were acquired less than 365 days before the last day of the three-month period ended September 30, 2017. The results of these portfolios constitute approximately 51.5% and 47.9% of AHIP's income from operating activities for the three and nine months ended September 30, 2017, respectively, included in the unaudited condensed consolidated interim financial statements and related notes. AHIP intends to complete the design of DC&P and ICFR for the Florida/Tennessee and Florida 6 portfolios by December 31, 2017, for the Sunstone Embassy Suites and Midwestern 3 Embassy Suites portfolios by March 31, 2018 and for the Eastern Seaboard portfolio by June 30, 2018.

FOREIGN EXCHANGE MANAGEMENT

All of AHIP's investments and substantially all its operations are conducted in U.S. dollars. Commencing with the April 2016 distribution paid on May 13, 2016, AHIP began paying its distributions to unitholders in U.S. dollars. Therefore, AHIP has minimal exposure to fluctuations in currency exchange rates with respect to its distributions. As at September 30, 2017, AHIP has 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 ⁽¹⁾	September 30, 2017	June 30, 2017	March 31, 2017	December 31, 2016	September 30, 2016
Cdn\$/US\$	\$ 1.2480	\$ 1.2977	\$ 1.3322	\$ 1.3427	\$ 1.3117
US\$/Cdn\$	\$ 0.8013	\$ 0.7706	\$ 0.7506	\$ 0.7448	\$ 0.7624

(1) Bank of Canada daily exchange rate for September 29, 2017 and noon exchange rate for all other dates presented.

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 which 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 payments to holders of Debentures. In that event, the value of the Units, 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 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 issued and outstanding from time to time. The Units, Debentures and any other securities of AHIP that may be offered or issued and outstanding from time to time should only be purchased by persons who can afford to lose all of their investment.

BRANDED HOTELS PORTFOLIO AS AT NOVEMBER 7, 2017

Hotel Address	Brand	Location	Number of Rooms	Restaurant	Acquisition Date
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	Baltimore, MD	116	-	June 22, 2017
7021 Arundel Mill Crescent	TownePlace Suites	Hanover, MD	109	-	June 22, 2017
TOTAL MARYLAND			1,027	1	
NEW JERSEY					
100 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	
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	
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	
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	-	
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. 18 th Avenue	Holiday Inn Express	Emporia, KS	68	-	Jun. 18, 2015
TOTAL MIDWEST			361	-	

BRANDED HOTELS PORTFOLIO AS AT NOVEMBER 7, 2017 CONTINUED

Hotel Address	Brand	Location	Number of Rooms	Restaurant	Acquisition Date
OKLAHOMA					
4401 SW 15 th Street	Holiday Inn	Oklahoma City, OK	147	Yes	Nov. 3, 2014
13800 Quail Springs Pkway	Holiday Inn	Oklahoma City, OK	109	Yes	Nov. 3, 2014
4411 SW 15 th 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 4 th Street	Hampton Inn	Chickasha, OK	63	-	Jun. 18, 2015
2610 S. 4 th Street	Holiday Inn Express	Chickasha, OK	62	-	Jun. 18, 2015
TOTAL OKLAHOMA			634	2	
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	
FLORIDA/GEORGIA					
3712 SW 38 th 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 38 th 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 38 th 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	

BRANDED HOTELS PORTFOLIO AS AT NOVEMBER 7, 2017 CONTINUED

Hotel Address	Brand	Location	Number of		Acquisition Date
			Rooms	Restaurant	
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	-	
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 BRANDED		67 properties	7,684	14	

RAIL HOTELS PORTFOLIO AS AT NOVEMBER 7, 2017

Hotel Address	Location	Number of Rooms	Restaurant	Acquisition Date
2407 East Holland Avenue	Alpine, TX	40	Yes	Feb. 20, 2013
2111 Camino Del Llano	Belen, NM	158	Yes	Sept. 16, 2015
3522 N. Highway 59	Bill, WY	112	Yes	Feb. 20, 2013
620 Souder Road	Brunswick, MD	25	Yes	Nov. 24, 2014
3475 Union Road	Buffalo, NY	56	-	Feb. 20, 2013
1625 Stillwater Avenue	Cheyenne, WY	60	Yes	Feb. 20, 2013
2300 Valley West Ct.	Clinton, IA	123	-	Feb. 20, 2013
21233 Coal River Road	Comfort, WV	25	-	Feb. 20, 2013
1608 W US Business 60	Dexter, MO	133	Yes	Feb. 20, 2013
4000 Siskiyou Avenue	Dunsmuir, CA	21	Yes	Feb. 20, 2013
100 North 6 th Avenue	Edgemont, SD	56	-	Sept. 16, 2015
95 Spruce Road	Elko, NV	119	-	Feb. 20, 2013
3431 14 th Ave S	Fargo, ND	74	-	Oct. 13, 2017
2505 S. Main St.	Fort Scott, KS	70	-	Nov. 11, 2015
2700 N. Diers Parkway	Fremont, NE	100	Yes	Feb. 20, 2013
2307 Wyoming Avenue	Gillette, WY	156	-	Sept. 16, 2015
2006 North Merrill Avenue	Glendive, MT	74	Yes	Oct. 29 2014
220 15 th Street SE	Glenwood, MN	56	Yes	Feb. 20, 2013
1170 W. Flaming Gorge Way	Green River, WY	191	Yes	Feb. 20, 2013
800 West Laramie Street	Guernsey, WY	96	-	Sept. 16, 2015
1051 North Market Street	Hearne, TX	140	Yes	Feb. 20, 2013
1110 SE 4 th Street	Hermiston, OR	86	-	Feb. 20, 2013
1710 Jefferson Street	Jefferson City, MO	77	-	Sept. 12, 2013
501 SW Boulevard	Kansas City, KS	107	-	Feb. 20, 2013
2545 Cornhusker Highway	Lincoln, NE	132	-	Jan. 8, 2016
7875 Airline Highway	Livonia, LA	42	Yes	Feb. 20, 2013
8233 Airline Highway	Livonia, LA	60	-	Feb. 20, 2013
123 Westvaco Road	Low Moor, VA	30	Yes	Feb. 20, 2013
1127 Pony Express Highway	Marysville, KS	139	Yes	Feb. 20, 2013
528 S. George Nigh Expressway	McAlester, OK	61	-	Feb. 20, 2013
777 W Center Street	Milford, UT	75	Yes	Feb. 20, 2013
128 S. Willow Rd.	Missouri Valley, IA	41	Yes	Feb. 20, 2013
707 E. Webster Street	Morrill, NE	97	Yes	Feb. 20, 2013
720 Royal Parkway	Nashville, TN	103	-	Dec. 1, 2016
451 Halligan Drive	North Platte, NE	135	Yes	Feb. 20, 2013
22 N. Frontage Street	Pecos, TX	61	-	Feb. 20, 2013
101 Grand Avenue	Ravenna, NE	118	-	Sept. 16, 2015
2005 E. Daley Street	Rawlins, WY	62	Yes	Feb. 20, 2013
12 Kitty Hawk Road	Santa Teresa, NM	56	Yes	May 6, 2014
109 E. Commerce St.	Sharon Springs, KS	50	Yes	Feb. 20, 2013
U.S. 285 & 2 nd Street	Vaughn, NM	60	Yes	Feb. 20, 2013
1177 E. 16 th Street	Wellington, KS	80	Yes	Feb. 20, 2013
1130 E. 16 th Street	Wellington, KS	110	-	Feb. 25, 2015
6390 Hwy 92 South	Whitefish, MT	64	-	Nov. 7, 2017
1706 N. Park Drive	Winslow, AZ	72	-	Feb. 20, 2013
98 Moffat Avenue	Yampa, CO	37	Yes	Feb. 20, 2013
35450 Yermo Road	Yermo, CA	65	Yes	Feb. 20, 2013
1731 S. Sunridge Drive	Yuma, AZ	119	Yes	Feb. 20, 2013
TOTAL RAIL HOTELS	48 properties	4,024	27	
GRAND TOTAL	115 properties	11,708	41	