

Consolidated Financial Statements
(Expressed in thousands of U.S. dollars)

**AMERICAN HOTEL INCOME
PROPERTIES REIT LP**

And Independent Auditors' Report thereon

Years ended December 31, 2025 and 2024



Independent Auditor's Report

To the Unitholders of American Hotel Income Properties REIT LP:

Opinion

We have audited the consolidated financial statements of American Hotel Income Properties REIT LP and its subsidiaries ("AHIP"), which comprise the consolidated statement of financial position as at December 31, 2025, and the consolidated statements of comprehensive loss, partners' capital and cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

The consolidated financial statements of AHIP for the year ended December 31, 2024 were audited by another auditor whose report dated March 31, 2025 expressed an unqualified opinion on those consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of AHIP as at December 31, 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of AHIP in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2(c) in the consolidated financial statements, which indicates that AHIP has incurred recurring losses and was in a working capital deficiency position as at December 31, 2025. Absent mitigating actions, AHIP's forecasted cash inflows from operations are not expected to be sufficient to meet these obligations as they become due, resulting in a potential cash shortfall. As disclosed in Note 2(c), these events and conditions, along with other matters described therein, indicate that a material uncertainty exists that may cast significant doubt on AHIP's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of Cash Generating Units

Key Audit Matter Description

We draw attention to Notes 2(e)(ii)(b), 3(e) and 5(a) to the consolidated financial statements.

The hotel properties are measured at cost less accumulated depreciation and accumulated impairment losses. AHIP defines each hotel property as a separate cash generating unit for purposes of evaluating impairment. Accordingly, each cash generating unit is comprised of property, buildings and equipment, and the related intangible asset, which in aggregate, were recorded at carrying amounts of \$319.4 million and \$1.0 million, respectively. At each reporting date, AHIP performs an assessment for internal and external indicators of impairment for each cash generating unit. If indicators are identified, AHIP then estimates the recoverable amount. During the current year, AHIP identified an indicator of impairment for a subset of cash generating units, for which AHIP then estimated the recoverable amount.

The recoverable amount of each cash generating unit is the greater of its value in use and its fair value less costs of disposal. When the carrying amount of the cash generating unit exceeds its recoverable amount, an impairment loss is recognized in an amount equal to the excess. In determining the recoverable amount of cash generating units, estimates include forecast cash flows from operations, revenue growth rates, discount rates, terminal capitalization rates and room revenue multiples. We identified the evaluation of impairment of cash generating units as a key audit matter.

This matter represented an area of significant risk of material misstatement given the magnitude of hotel properties and the high degree of estimation uncertainty in determining the recoverable amount of cash generating units. In addition, specialized skills and knowledge and significant auditor judgment were required to evaluate the results of our audit procedures due to the sensitivity of AHIP's determination of the recoverable amount of cash generating units to minor changes to significant assumptions.

Audit Response

We responded to this matter by performing procedures over the impairment of cash generating units. Our audit work in relation to this included, but was not restricted to, the following:

- We assessed the forecasted cash flows used in determining the recoverable amount by comparing baseline forecasted cash flows to historical cash flows as well as evaluating the consistency of assumptions with evidence obtained in other areas of the audit.
- We involved valuations professionals with specialized skills and knowledge to assist in:
 - Evaluating the appropriateness of the valuation method selected to determine the recoverable amount for cash generating units; and
 - Evaluating the appropriateness of discount rates, terminal capitalization rates, revenue growth rates and room revenue multiples used in determining the recoverable amount of certain cash generating units. To perform this evaluation, our valuations professionals compared the discount rates, terminal capitalization rates, revenue growth rates and room revenue multiples to published reports of the hotel industry as appropriate and considered features and risks specific to the cash generating unit.
- We assessed the appropriateness of the disclosures relating to the assumptions used in the impairment assessment in the notes to the consolidated financial statements.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing AHIP's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate AHIP or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing AHIP's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of AHIP's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on AHIP's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause AHIP to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within AHIP as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Milan Kshatriya.

Toronto, Ontario
March 30, 2026

MNP LLP
Chartered Professional Accountants
Licensed Public Accountants

AMERICAN HOTEL INCOME PROPERTIES REIT LP

Consolidated Statements of Financial Position
(Expressed in thousands of U.S. dollars)

	Notes	December 31, 2025	December 31, 2024
Assets			
Current assets:			
Cash and cash equivalents		\$ 36,399	\$ 27,845
Current portion of restricted cash	4	16,234	18,118
Trade and other receivables		2,490	6,086
Prepays and other assets		6,406	8,079
Assets held for sale	20	81,787	41,316
		143,316	101,444
Other receivables	15(b)	-	5,811
Restricted cash	4	6,917	6,588
Property, buildings and equipment	5	319,356	564,627
Intangible assets	6	1,017	1,893
Deferred income tax assets	7	-	4,747
		\$ 470,606	\$ 685,110
Liabilities and Partners' Capital			
Current liabilities:			
Accounts payable and accrued liabilities		\$ 21,626	\$ 24,835
Current portion of term loans, revolving credit facility and portfolio loan	8	24,282	161,523
Liabilities related to assets held for sale	20	68,188	39,140
Current portion of lease and other liabilities	9	87	92
Current portion of convertible debentures	10	47,875	-
		162,058	225,590
Term loans, revolving credit facility and portfolio loan	8	200,550	223,286
Convertible debentures	10	-	46,185
Lease and other liabilities	9	266	542
Deferred management fee		2,664	1,771
Deferred income tax liabilities	7	-	3,717
		365,538	501,091
Partners' capital attributable to Unitholders		61,498	138,916
Non-controlling interest	11(a)	43,570	45,103
		\$ 470,606	\$ 685,110

Commitments and contingencies (note 16)

See accompanying notes to consolidated financial statements.

AMERICAN HOTEL INCOME PROPERTIES REIT LP

Consolidated Statements of Comprehensive Loss
(Expressed in thousands of U.S. dollars)

	Notes	Years ended December 31,	
		2025	2024
Revenue:			
Rooms		\$ 172,108	\$ 237,735
Food, beverage and other		15,676	19,149
Total revenue		187,784	256,884
Hotel expenses:			
Operating expenses		104,918	138,714
Energy		8,913	10,846
Property maintenance		12,285	15,289
Property taxes, insurance and ground lease		12,320	18,618
Total operating expenses		138,436	183,467
Net operating income		49,348	73,417
Depreciation and amortization	5,6	21,657	29,537
Income from operating activities		27,691	43,880
Corporate and administrative		12,650	13,961
Write-off (recovery) of property, building and equipment	5(c)	1,772	(1,118)
Impairment of cash-generating units	5(a),6	41,692	30,990
Other income	5(d)	(403)	(2,249)
Loss on deconsolidation of subsidiary	5(e)	-	2,303
Loss (gain) on sale of properties	5(b), 15(b)	7,300	(5,595)
Gain on convertible debenture conversion	10	-	(245)
Income (loss) from operations before undernoted		(35,320)	5,833
Finance income		(361)	(227)
Change in fair value of financial instruments		253	(139)
Finance costs	14	33,111	40,160
Loss from operations before income taxes		(68,323)	(33,961)
Current income tax recovery	7	(48)	(19)
Deferred income tax expense	7	1,056	8,122
Loss and comprehensive loss		\$ (69,331)	\$ (42,064)
Loss and comprehensive loss attributable to:			
Unitholders		\$ (73,963)	\$ (46,984)
Non-controlling interest	11(a)	4,632	4,920
		\$ (69,331)	\$ (42,064)
Basic loss per Unit:		\$ (0.96)	\$ (0.59)
Diluted loss per Unit:		\$ (0.96)	\$ (0.59)
Basic weighted average number of Units outstanding		76,871,782	79,174,822
Diluted weighted average number of Units outstanding		76,871,782	79,174,822

See accompanying notes to consolidated financial statements.

AMERICAN HOTEL INCOME PROPERTIES REIT LP

Consolidated Statements of Partners' Capital
(Expressed in thousands of U.S. dollars, except Units outstanding)

Years ended December 31, 2025 and 2024

	Notes	Units outstanding	Partners' contributions ¹	Contributed surplus	Cumulative deficit	Total	Non-controlling interest
Balance, January 1, 2025		79,233,573 \$	624,250 \$	1,533 \$	(486,867) \$	138,916 \$	45,103
Securities-based compensation		-	-	(424)	-	(424)	-
Issuance of Units under securities-based compensation plan	13	271,213	61	(550)	-	(489)	-
Repurchase of Units under Normal Course Issuer Bid	12(e)	(7,532,127)	(2,542)	-	-	(2,542)	-
Loss and comprehensive loss		-	-	-	(73,963)	(73,963)	4,632
Distributions to non-controlling interest in cash and in kind	11(a)	-	-	-	-	-	(4,632)
Redemption of non-controlling interest paid in kind	11(a)	-	-	-	-	-	(1,533)
Balance, December 31, 2025		71,972,659 \$	621,769 \$	559 \$	(560,830) \$	61,498 \$	43,570
Balance, January 1, 2024		79,026,415 \$	624,497 \$	1,437 \$	(440,074) \$	185,860 \$	43,570
Securities-based compensation	13	-	-	558	-	558	-
Issuance of Units under securities-based compensation plan	12,13	152,613	152	(462)	-	(310)	-
Issuance of Units for convertible debenture conversion	10	54,545	(29)	-	-	(29)	-
Unit repurchase commitment under ASPP	12(e)	-	(329)	-	-	(329)	-
Repurchase of Units under Normal Course Issuer Bid	12(e)	-	(41)	-	-	(41)	-
Loss and comprehensive loss		-	-	-	(46,984)	(46,984)	4,920
Other adjustment		-	-	-	191	191	-
Distributions to non-controlling interest in cash and in kind	11(a)	-	-	-	-	-	(4,920)
Issue of Series C Preferred Stock to non-controlling interest	11(a)	-	-	-	-	-	1,533
Balance, December 31, 2024		79,233,573 \$	624,250 \$	1,533 \$	(486,867) \$	138,916 \$	45,103

⁽¹⁾ Includes \$0.1 of General Partner Units.

See accompanying notes to consolidated financial statements.

AMERICAN HOTEL INCOME PROPERTIES REIT LP

Consolidated Statements of Cash Flows
(Expressed in thousands of U.S. dollars)

	Notes	Years ended December 31,	
		2025	2024
Cash provided by (used in):			
Operating activities:			
Loss and comprehensive loss		\$ (69,331)	\$ (42,064)
Interest paid		(24,277)	(38,734)
Payment for interest rate cap		(255)	-
Items not affecting cash:			
Depreciation and amortization	5,6	21,657	29,537
Impairment of cash-generating units	5(a)	41,692	30,990
Write-off (recovery) of property, buildings and equipment	5(c)	1,772	(1,118)
Loss on deconsolidation of subsidiary		-	2,303
Loss (gain) on sale of properties	5(b), 15(b)	7,300	(5,595)
Gain on conversion of convertible debenture	10	-	(245)
Securities-based compensation expense		(424)	558
Deferred income tax expense		1,056	8,122
Current income recovery		(48)	(19)
Change in fair value of financial instruments		253	(139)
Finance costs	14	33,111	40,160
Finance income		(361)	(212)
Deferred management fees		472	576
Other income	5(d)	(403)	(1,994)
		12,214	22,126
Change in non-cash working capital:	19(a)	(8,324)	(11,424)
		3,890	10,702
Investing activities:			
Additions to property, buildings and equipment		(9,885)	(10,071)
Proceeds from sale of hotel	5(b)	160,795	165,062
Insurance proceeds for property damage	5(d)	-	7,575
Net change in restricted cash	4	(1,116)	1,533
Change in non-cash working capital related to investing activities		(609)	(8,904)
		149,185	155,195
Financing activities:			
Principal payments on term loans		(274,662)	(168,500)
Proceeds from term loans	8(a)	144,300	17,500
Redemption of paid in kind shares	11(a)	(1,533)	-
Redemption of preferred shares		(125)	-
Payment for share repurchase		(2,125)	-
Distributions to non-controlling interest	11(a)	(4,632)	(3,387)
Payments on lease liabilities		(155)	(269)
Financing costs paid		(5,589)	(1,194)
		(144,521)	(155,850)
Increase in cash and cash equivalents		8,554	10,047
Cash and cash equivalents, beginning of period		27,845	17,798
Cash and cash equivalents, end of period		\$ 36,399	\$ 27,845

See accompanying notes to consolidated financial statements.

AMERICAN HOTEL INCOME PROPERTIES REIT LP

Notes to Consolidated Financial Statements

(Expressed in thousands of U.S. dollars, except Unit and per Unit amounts)

Years ended December 31, 2025 and 2024

1. Reporting entity:

American Hotel Income Properties REIT LP (“AHIP”) is a limited partnership formed under the Limited Partnerships Act (Ontario) to invest in hotel real estate properties in the United States and was established pursuant to the terms of AHIP’s Limited Partnership Agreement dated October 12, 2012, which was most recently amended and restated on June 17, 2021. AHIP’s general partner is American Hotel Income Properties REIT (GP) Inc. (“General Partner”). AHIP’s head office and address for service is 810 – 925 West Georgia Street, Vancouver, British Columbia, Canada, V6C 3L2.

AHIP’s primary business is owning Premium Branded hotels, which have franchise agreements with international hotel brands including Marriott, Hilton and IHG.

AHIP’s units (“Units”) are listed on the Toronto Stock Exchange (the “TSX”) under the symbols HOT.UN and HOT.U and also in the United States on the OTCQX International marketplace under the symbol AHOTF. AHIP’s convertible debentures are listed on the TSX under the symbol HOT.DB.V.

On June 26, 2025, Unitholders approved an amendment to the limited partnership agreement providing the Board of Directors discretion to cause American Hotel Income Properties REIT Inc. (the “U.S. REIT”) to cease qualifying as a real estate investment trust (“REIT”) under the United States Internal Revenue Code of 1986, as amended.

AHIP has caused the U.S.REIT to cease REIT qualification for the fiscal year ended December 31, 2025. As a result, the U.S. REIT became a taxable corporation effective January 1, 2025.

AMERICAN HOTEL INCOME PROPERTIES REIT LP

Notes to Consolidated Financial Statements

(Expressed in thousands of U.S. dollars, except Unit and per Unit amounts)

Years ended December 31, 2025 and 2024

2. Basis of presentation and going concern:

(a) Statement of compliance:

These consolidated financial statements have been prepared in compliance with IFRS® Accounting Standards as issued by the International Accounting Standards Board (“IFRS Accounting Standards”). AHIP has consistently applied the accounting policies in all years presented.

The Board of Directors of AHIP’s General Partner, upon recommendation of its Audit Committee, approved the contents of these consolidated financial statements on March 30, 2026.

(b) Basis of measurement:

These consolidated financial statements have been prepared on a historical cost basis with the exception of warrants which are recorded at fair value.

(c) Going concern:

The consolidated financial statements have been prepared on a going concern basis, which assumes that AHIP will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. These consolidated financial statements do not reflect the adjustment to the carrying values of assets and liabilities or to the classification of items in the consolidated statement of financial position that would be necessary were the going concern assumption not appropriate. Such adjustments could be material.

During the year ended December 31, 2025, AHIP incurred a loss and comprehensive loss of \$69,331 (December 31, 2024 – \$42,064) and as at that date, had a cumulative deficit of \$560,830 (December 31, 2024 – \$486,867) and has a working capital deficiency of \$18,742 (December 31, 2024 – 124,146). This working capital deficiency includes convertible debentures of \$47,875 maturing in December 2026 and term loan repayments of \$24,282 in 2026. Absent mitigating actions, AHIP’s forecast cash inflows from operations are not expected to be sufficient to meet these obligations as they become due, resulting in a potential cash shortfall. These events and conditions indicate the existence of a material uncertainty that may cast significant doubt on AHIP’s ability to continue as a going concern. Management plans to address these conditions primarily with: (i) current assets, (ii) operating cash flows, (iii) completion of asset sales under contract (see note 20), (iv) additional planned asset sales and (v) refinancing of certain term loans.

Based on recent experience with similar completed transactions and status of pending transactions, management has reasonable basis for the amounts and timing of such transactions and expects the successful execution of these to generate sufficient liquidity to meet AHIP’s obligations as they come due. Management has prepared cash flow forecasts, which incorporate these assumptions. However, there is a risk that these cash flow forecasts may not be achieved, and that future transactions which increase liquidity may not be available to AHIP at terms and conditions that are favorable to AHIP, or at all.

AMERICAN HOTEL INCOME PROPERTIES REIT LP

Notes to Consolidated Financial Statements

(Expressed in thousands of U.S. dollars, except Unit and per Unit amounts)

Years ended December 31, 2025 and 2024

2. Basis of presentation and going concern (continued):

(d) Functional and presentation currency:

The functional and presentation currency of AHIP and its subsidiaries is United States (“U.S.”) dollars.

Transactions denominated in Canadian dollars (“CAD”) are translated to U.S. dollars as follows:

- (i) Monetary assets and liabilities are translated at current rates of exchange and non-monetary assets and liabilities are translated at historical rates of exchange;
- (ii) Revenues and expenses are translated at average rates of exchange for the period; and
- (iii) All exchange gains and losses are recognized in the consolidated statements of comprehensive loss.

(e) Use of estimates, assumptions and judgments:

The preparation of financial statements in conformity with IFRS Accounting Standards requires management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

AMERICAN HOTEL INCOME PROPERTIES REIT LP

Notes to Consolidated Financial Statements

(Expressed in thousands of U.S. dollars, except Unit and per Unit amounts)

Years ended December 31, 2025 and 2024

2. Basis of presentation and going concern (continued):

(e) Use of estimates, assumptions and judgments (continued):

(i) Judgments:

(a) Financial statement classification of preferred shares and warrants:

Management used judgment in assessing, in accordance with IAS 32 *Financial Instruments: Presentation* ("IAS 32"), whether the preferred shares and warrants issued should be classified as a liability or an equity instrument. In making this judgment, management evaluated the criteria of whether a financial instrument is an equity instrument rather than a financial liability and determined that the preferred shares are an equity instrument, and the warrants are a financial liability.

(b) Impairment:

IAS 36 *Impairment of Assets* ("IAS 36") requires management to use judgment in assessing whether there is an impairment of AHIP's cash-generating units ("CGUs"). In making this judgment, management evaluates, among other factors, internal and external indicators of impairment, such as changes in market conditions, the economic or legal environment and any appraisal obtained during the year. AHIP has determined that each hotel property is a separate CGU for purposes of assessing indicators of impairment and the CGU comprises the hotel's property, plant and equipment and any associated intangible assets.

(ii) Estimates:

(a) 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 franchise agreements.

(b) Impairment:

IAS 36 requires management to exercise judgment in determining the recoverable amount of CGUs that are tested for impairment. Judgment is involved in estimating the fair value less cost of disposal or the value in use of the CGUs, including estimates of discount rates, terminal capitalization rates, room revenue multiples, growth rates and forecasted net cash flows for those CGUs which were determined to have indicators of impairment.

The estimates reflect past experience and are consistent with external sources of information. When measuring the fair value of the CGUs, AHIP uses observable market data to the extent possible.

AMERICAN HOTEL INCOME PROPERTIES REIT LP

Notes to Consolidated Financial Statements

(Expressed in thousands of U.S. dollars, except Unit and per Unit amounts)

Years ended December 31, 2025 and 2024

2. Basis of presentation and going concern (continued):

(e) Use of estimates, assumptions and judgments (continued):

(ii) Estimates (continued):

(c) Income tax:

Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. AHIP reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

Deferred income tax assets and liabilities require management to assess the likelihood that AHIP will generate sufficient taxable earnings in future periods in order to utilize recognized deferred tax assets. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. In addition, future changes in tax laws could limit the ability of AHIP to obtain tax deductions in future periods. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of AHIP to realize or recognize net deferred tax assets, if any, at the reporting date could be impacted.

3. Material Accounting Policies:

(a) Basis of consolidation:

The consolidated financial statements comprise the financial statements of AHIP and subsidiaries controlled by AHIP. Control exists when AHIP is exposed to, or has rights to, variable returns from its involvement with the entity, and has the ability to affect those returns through its power over the entity. The financial statements of the subsidiaries are consolidated from the date that control commences and continue to be consolidated until the date that control ceases.

Intra-group transactions and balances are eliminated in preparing the consolidated financial statements. The consolidated financial statements reflect the financial position, results of operations and cash flows of AHIP and its subsidiaries.

AHIP consolidates its wholly-owned subsidiaries, which include the following material legal entities:

	State of incorporation
American Hotel Income Properties REIT Inc.	Maryland
AHIP Properties LLC	Delaware
AHIP Enterprises LLC	Delaware

(b) Property, buildings and equipment:

(i) Recognition and measurement:

Property, buildings and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

AMERICAN HOTEL INCOME PROPERTIES REIT LP

Notes to Consolidated Financial Statements

(Expressed in thousands of U.S. dollars, except Unit and per Unit amounts)

Years ended December 31, 2025 and 2024

3. Material accounting policies (continued):

(b) Property, buildings and equipment (continued):

(i) Recognition and measurement (continued):

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the assets to a working condition for their intended use and borrowing costs on qualifying assets.

When parts of an item of property, buildings and equipment have different useful lives, they are accounted for as separate items of property, buildings and equipment, if significant.

On the acquisition of property, buildings, and equipment, IFRS 3 *Business Combinations* ("IFRS 3") includes an election to use a concentration test which is a simplified assessment that results in an asset acquisition if substantially all of the fair value of the gross assets is concentrated in a single identifiable asset or a group of similar identifiable assets.

AHIP may elect to use the concentration test to assess whether future properties acquired will be accounted for as business combinations or asset acquisitions.

Gains and losses on disposal of property, buildings and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, buildings, and equipment, and are recognized as a separate line item in the consolidated statements of comprehensive loss.

(ii) Subsequent costs:

The cost of replacing a part of an item of property, buildings and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to AHIP and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day maintenance of property, buildings and equipment are recognized in the consolidated statements of comprehensive loss as incurred.

(iii) Depreciation:

Depreciation is computed on a straight-line basis based on the useful lives of each component of property, buildings and equipment. Depreciation on new construction commences in the month after the asset is available for its intended use based upon the useful life of the asset, as outlined below.

Asset	Basis	Rate
Buildings	Straight-line	15 to 40 years
Equipment	Straight-line	2 to 15 years
Automobiles	Straight-line	5 years
Right of use property	Straight-line	Remaining term of lease
Right of use vehicles	Straight-line	Remaining term of lease

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted as appropriate.

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Notes to Consolidated Financial Statements

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Years ended December 31, 2025 and 2024

3. Material accounting policies (continued):

(c) Assets held for sale:

Non-current assets that are expected to be recovered primarily through a sale rather than through continuing use are classified as held for sale. This is at the point in time when management has committed to a plan to sell the asset; there is an active program to locate a buyer; the non-current asset is being actively marketed at a reasonable price in relation to the current fair value of the asset; the sale is highly probable and is expected to be completed within one year from the date of classification; and it is unlikely there will be changes to the plan.

Such assets are measured at the lower of their carrying amount and fair value less costs to sell. Impairment losses on initial classification as held for sale and subsequent gains and losses due to remeasurement (up to the amount of any previously recognized impairment loss) are also recognized in the consolidated statements of comprehensive loss. Once classified as held for sale, buildings and equipment are no longer depreciated.

(d) Intangible assets:

Intangible assets are carried at cost less accumulated amortization and any accumulated impairment loss.

(i) Recognition and measurement:

AHIP's intangible assets consist of franchise application fees paid.

(ii) Amortization:

Amortization is calculated based on the cost of the asset less its residual value. Amortization is recognized in the consolidated statements of comprehensive loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use, specifically when the agreements come into effect, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The basis of amortization and estimated useful lives is as follows:

Asset	Basis	Rate
Franchise fees	Straight-line	6 to 20 years

(e) Impairment of CGUs:

The carrying amount of each CGU is comprised of property, buildings and equipment, and the related intangible asset. At each reporting date, AHIP performs an assessment for internal and external indicators of impairment for each CGU. If any indicators are identified, AHIP then estimates the recoverable amount.

The recoverable amount of each CGU is the greater of its value in use and its fair value less costs of disposal. When the carrying amount of the CGU exceeds its recoverable amount, an impairment loss is recognized in an amount equal to the excess.

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Notes to Consolidated Financial Statements

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3. Material accounting policies (continued):

(e) Impairment of CGUs (continued):

When an indication that an impairment loss recognized in prior periods for an asset other than goodwill may no longer exist or may have decreased, the recoverable amount of that asset is estimated. A reversal of an impairment loss is recognized in the consolidated statements of comprehensive loss, to the extent that the resulting carrying value would not exceed the carrying value had no impairment loss been recognized for the asset or CGU in prior years.

(f) Financial instruments:

(i) Classification and measurement:

Financial assets are classified and measured based on three categories: amortized cost, fair value through other comprehensive income (FVOCI), and fair value through profit and loss (FVTPL). Financial liabilities are classified and measured based on two categories: amortized cost or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition, unless AHIP identifies changes in its business model in managing financial assets that would result in the reassessment of the classification of financial assets.

All financial liabilities are measured subsequently at amortized cost using the effective interest method or at FVTPL.

Derivative instruments are financial contracts whose value is derived from interest rates, foreign exchange rates, financial instrument price or other financial or commodity indices. AHIP's interest rate swap agreements have not been designated as a hedge and are measured at FVTPL. The resulting unrealized gains and losses during the year are recorded in the consolidated statements of comprehensive loss with a corresponding asset or liability recorded within the consolidated statements of financial position. Payments and receipts under the interest rate swap contract are recognized as adjustments to interest expense which are recognized within finance costs. AHIP's warrants are derivative instruments measured at FVTPL.

Compound financial instruments issued by AHIP comprise of 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 initial carrying amount of a compound financial instrument is allocated to the underlying financial liability and equity components. AHIP first determines the fair value of the liability component based on the fair value of a similar liability that does not have an equity conversion option. The initial carrying amount allocated to the equity component is the residual amount after deducting the fair value of the financial liability component from the fair value of the entire compound financial instrument. Transaction costs related to the conversion feature are deducted from partner's capital. Transaction costs related to the liability 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 statements of partners' capital and is not subsequently remeasured.

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3. Material accounting policies (continued):

(f) Financial instruments (continued):

(i) Classification and measurement (continued):

The following summarizes the classification and measurement of financial assets and liabilities:

Financial instrument	Classification under IFRS 9
Cash and cash equivalents	Amortized cost
Restricted cash	Amortized cost
Trade and other receivables	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Lease and other liabilities	Amortized cost
Term loans, revolving credit facility and Portfolio loan	Amortized cost
Convertible debentures	Amortized cost
Preferred shares	Amortized cost
Warrants	FVTPL

(ii) Impairment:

An allowance for expected credit losses (“ECL”) is recognized at each balance sheet date for all financial assets measured at amortized cost or those measured at FVOCI, except for investments in equity instruments. The ECL model requires considerable judgment, including consideration of how changes in economic factors affect ECLs, which are determined on a probability-weighted basis.

Impairment losses, if incurred, are recorded as an expense in the consolidated statements of comprehensive loss with the carrying amount of the financial asset or group of financial assets reduced through the use of impairment allowance accounts. In subsequent periods where the impairment loss has decreased, and such decrease can be related objectively to conditions and changes in factors occurring after the impairment was initially recognized, the previously recognized impairment loss would be reversed through the consolidated statements of comprehensive loss. The impairment reversal would be limited to the lesser of the decrease in impairment or to the extent that the carrying value of the financial asset at the date the impairment is reversed does not exceed what the carrying value would have been had the impairment not been recognized.

(g) Cash and cash equivalents:

AHIP considers all liquid investments with original terms to maturity of three months or less when acquired to be cash equivalents. Cash and cash equivalents consist of cash on hand and cash held in bank accounts.

(h) Restricted cash:

Restricted cash consists of cash reserves on deposit with lenders primarily in respect of future capital expenditures, cash collateral, property taxes and insurance premiums.

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3. Material accounting policies (continued):

(i) Provisions:

A provision is recognized if, as a result of a past event, AHIP has a present legal or constructive obligation that can be estimated reasonably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the time value of money is material, provisions are determined by discounting the expected future cash flows using a current rate that reflects the risk profile of the liability, and the increase to the provision due to the passage of time will be recognized as a finance cost.

(j) Revenue recognition:

Revenue is generated primarily from the operation of AHIP's hotels and restaurants and is presented under two categories: 1) room revenue and 2) food, beverage, and other revenue. Other revenue is comprised of conference room rentals, parking revenues and other incidental income.

Revenue is recognized at an amount that reflects the consideration AHIP expects to be entitled to in exchange for transferring goods and services to a customer. AHIP's performance obligation is to provide accommodation and other goods and services to guests. Revenue is recognized when the rooms are occupied and food and beverages are sold.

AHIP may collect payments in advance of the utilization of a facility. These payments are recorded as accounts payables and accrued liabilities until such time as the applicable facility is utilized, at which time the customer deposit is recognized as revenue.

(k) Finance income and finance costs:

Finance income consists of interest on cash and cash equivalents and restricted cash, and interest on accounts receivable. Finance income is recognized in the year in which it is earned.

Finance costs consist of interest expense on the revolving credit facility, term loans, portfolio loan, convertible debentures, accounts payable and accrued liabilities, other loans and lease liabilities, amortization of debt financing costs, mark-to-market adjustments on assumed loans, accretion of convertible debenture liability, and dividends paid on preferred shares. Interest expense and dividends paid are recognized in the year in which they are incurred.

(l) Debt financing costs and mark-to-market adjustments:

Fees and costs related to obtaining debt financing and mark-to-market adjustments on assumed loans are capitalized against the related debt and amortized over the term using the effective interest rate method, and are included in finance costs. The unamortized balance of the fees and costs are included and shown as a reduction of the related debt.

(m) loss per Unit:

Basic and diluted loss per Unit is calculated by dividing loss and comprehensive loss attributable to Unitholders by the weighted average number of Units (basic and diluted) outstanding during the reporting period.

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Notes to Consolidated Financial Statements

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3. Material accounting policies (continued):

(n) Income taxes:

AHIP, the Limited Partnership is not subject to tax under Part I of the Income Tax Act (Canada) (the "Tax Act"). Each partner of AHIP is required to include in computing the partner's income for a particular taxation year the partner's share of the income or loss of AHIP for its fiscal year ending in or on the partner's taxation year-end, whether or not any of that income or loss is distributed to the partner in the taxation year. Accordingly, no provision has been made for Canadian income taxes under Part I of the Tax Act.

The Tax Act contains rules regarding the taxation of certain types of publicly listed or traded trusts and partnerships and their investors (the "SIFT Measures"). A "SIFT partnership" (as defined in the Tax Act) will be subject to SIFT tax on its "taxable non-portfolio earnings" (as defined in the Tax Act) at a rate that is substantially equivalent to the general income tax rate applicable to Canadian corporations. The SIFT Measures do not apply to a partnership that does not hold any "non-portfolio property" throughout the taxation year of the partnership.

Management believes that AHIP did not hold any "non-portfolio property" during the year and is not a SIFT partnership and therefore not subject to the SIFT Measures. Accordingly, no provision has been made for tax under the SIFT Measures. Management intends to continue to operate AHIP in such a manner so as to remain exempt from the SIFT Measures on a continuous basis in the future. If AHIP becomes a SIFT partnership, it will generally be subject to income taxes at a rate that is substantially equivalent to the general tax rate applicable to Canadian corporations on its taxable non-portfolio earnings, if any.

AHIP filed an election to be treated as a partnership for U.S. federal income tax purposes. In addition, management believes at least 90% of AHIP's gross income for the taxation year is qualifying income within the meaning of U.S. Internal Revenue Code (the "Code") Section 7704 and AHIP is not required to register as an investment company under the Investment Company Act of 1940. As such, it was not subject to U.S. federal income tax under the Code.

American Hotel Income Properties REIT Inc. (the "U.S. REIT") elected to be taxed as a real estate investment trust ("REIT") under the Code commencing with its first taxation year ending December 31, 2013. During periods in which the U.S. REIT qualified as a REIT, including the year ended December 31, 2024, it was required to meet a number of organizational and operational requirements, including a requirement to make annual dividend distributions to its stockholders equal to a minimum of 90% of its taxable income, computed without regards to a dividends paid deduction and net capital gains. For those periods the U.S. REIT was generally not be subject to U.S. federal income tax on its taxable income to the extent such income was distributed to its stockholders annually. AHIP has caused the U.S. REIT to cease REIT qualification effective January 1, 2025. As a result, for the year ended December 31, 2025, the U.S. REIT is subject to U.S. corporate income tax in the United States.

Due to the cessation of REIT qualification, U.S. REIT will generally not be eligible to re-elect REIT status for U.S. federal income tax purposes for the four taxable years following the year of cessation, subject to applicable exceptions under the Code.

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Notes to Consolidated Financial Statements

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3. Material accounting policies (continued):

(n) Income taxes (continued):

AHIP's indirect Canadian subsidiary, AHIP Management Ltd., is a taxable REIT subsidiary ("TRS") of the U.S. REIT and a taxable Canadian corporation subject to Canadian income tax. AHIP's indirect U.S. subsidiary, AHIP Enterprises LLC is a TRS of the U.S. REIT that is treated as a U.S. corporation subject to U.S. federal and state income tax on its taxable income.

Income tax comprises current and deferred tax. Current tax and deferred tax are recognized in the consolidated statements of comprehensive loss, except to the extent that it relates to a business combination, or items recognized directly in partners' capital, or income and loss allocable to Unitholders.

Current income tax is the expected tax payable or receivable on the taxable income or loss for the year 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. Deferred income tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred income tax asset is recognized for temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred income tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(o) Securities-based compensation plan:

As described in note 12(b), AHIP has a securities-based compensation plan that provides for the granting of Units and Options to directors, officers, employees or consultants of AHIP, the General Partner or any of their respective affiliates, or other persons as AHIP REIT (GP) Inc's Board of Directors may determine.

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3. Material accounting policies (continued):

(o) Securities-based compensation plan (continued):

The fair value of the equity-settled Units granted are measured based on the price of the Units on the grant date as each Unit is entitled to the same rights as all other outstanding Units. The fair value of the Units granted is expensed on a straight-line basis over the vesting period, based on AHIP's estimate of the equity instruments that will eventually vest, with a corresponding increase to contributed surplus. Once issued, the Units are reclassified from contributed surplus to partners' contributions.

The fair value of cash-settled Units granted are measured based on the price of the Units at each reporting date, as each cash-settled Unit is entitled to a cash payment equal to the value of a Unit at vesting. The fair value of cash-settled Units is recognized as compensation expense on a straight-line basis over the vesting period, based on AHIP's estimate of the Units that will eventually vest, with a corresponding increase to compensation liability. The liability is remeasured at each reporting date until settlement, with changes in fair value recognized in corporate and administrative expenses.

Options are accounted for using the fair value method whereby the compensation expense is recorded based on the fair values determined through the use of an option-pricing model when the Options are granted. Compensation cost from the Options are recognized over the vesting period.

(p) Leases:

AHIP assesses whether a contract is or contains a lease based on the definition of a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. AHIP recognizes a right of use asset and a lease liability at the lease commencement date.

The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease, or, if that rate cannot be readily determined, AHIP's incremental borrowing rate. The lease liability is subsequently measured at amortized cost using the effective interest rate method. It is remeasured when there are changes in the following: i) the lease term; ii) AHIP's assessment of whether it will exercise a purchase option; iii) a change in an index or a change in the rate used to determine the payments; or iv) amounts expected to be payable under residual value guarantees.

The right of use assets are initially measured at the amount of the lease liability plus any initial direct costs incurred by the lessee. Adjustments may also be required for lease incentives, payments at or prior to commencement and restoration obligations.

The right of use asset is depreciated over the shorter of the asset's useful life and the lease term using the straight-line method as this most closely reflects the expected pattern of consumption of the future economic benefits.

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3. Material accounting policies (continued):

(q) Non-controlling interest (“NCI”):

NCI is measured at the proportionate share of the entity’s identifiable net assets at the date of acquisition. AHIP’s NCI relates to Series C Preferred Stock issued by AHIP’s wholly owned subsidiary American Hotel Income Properties REIT Inc., that is classified as equity (note 11 (a)).

Income attributable to NCI is adjusted for the dividends on the preferred shares, whether or not the dividends have been declared.

Changes in AHIP’s interest in a subsidiary that does not result in a loss of control are accounted for as equity transactions.

(r) Accounting standards effective in the year:

AHIP has adopted an amendment to IAS 21, *The Effects of Changes in Foreign Exchange Rates* (“IAS 21”) from January 1, 2025. The amendment provides guidance and disclosure requirements when a currency is not exchangeable. As the functional and presentation currencies applicable to AHIP are exchangeable, the adoption of these amendments had no impact on AHIP’s consolidated financial statements or related disclosures.

(s) Accounting standards issued but not yet effective in the year:

In April 2024, the IASB issued IFRS 18, *Presentation and Disclosure in Financial Statements* (“IFRS 18”) which sets out the overall requirements for presentation and disclosures in the consolidated financial statements. The new standard will replace IAS 1, *Presentation of Financial Statements* (“IAS 1”). Although much of the substance of IAS 1 will carry over into the new standard, the new standard will require presentation of separate categories of income and expense for operating, investing, and financing activities with prescribed subtotals for each new category. The standard will also require management-defined performance measures to be explained and included in a separate note within the consolidated financial statements.

The new standard is effective for annual reporting periods beginning on or after January 1, 2027, including interim financial statements, and requires retrospective application. AHIP is currently assessing the impact of the new standard.

In May 2024, the IASB issued amendments to IFRS 9, *Financial Instrument* (“IFRS 9”) and IFRS 7, *Financial Instrument Disclosures* (“IFRS 7”). The amendments clarify the timing of recognition and derecognition for a financial asset or financial liability, including clarifying that a financial liability is derecognized on the settlement date. Further, the amendments introduce an accounting policy choice to derecognize financial liabilities settled using an electronic payment system before the settlement date, if specific conditions are met. The amendments also require additional disclosures for financial instruments with contingent features and investments in equity instruments classified at fair value through other comprehensive income. These amendments are effective for annual reporting periods beginning on or after January 1, 2026. AHIP is assessing the potential impact but does not anticipate any material impact to the consolidated financial statements.

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4. Restricted cash:

	December 31, 2025	December 31, 2024
Property improvement plans ("PIPs") reserves	\$ 9,453	\$ 7,368
Furniture, fixture and equipment reserves ("FF&E Reserves")	8,636	9,604
Property tax reserves	3,451	3,496
Cash collateral and other reserves	1,611	4,238
	<u>23,151</u>	<u>24,706</u>
Current portion of restricted cash	(16,234)	(18,118)
	<u>\$ 6,917</u>	<u>\$ 6,588</u>

AHIP has funded restricted cash reserves for brand mandated PIPs. Certain related term loans require AHIP to make deposits for FF&E Reserves, cash collateral and property taxes. These amounts are released to AHIP as the expenditures are incurred or are paid directly to the service providers.

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5. Property, buildings and equipment:

	Land	Buildings	Equipment	Construction- in-progress	Right of use Property	Right of use Vehicles	Total
Cost:							
Balance, January 1, 2024	\$ 130,048	\$ 863,145	\$ 105,790	\$ 26,659	\$ 1,498	\$ 468	\$ 1,127,608
Additions	-	3,904	3,375	2,821	-	-	10,100
Transfers	-	20,544	2,419	(22,963)	-	-	-
Write-off of assets	-	3,115	(443)	(856)	-	(85)	1,731
ROU asset adjustment	-	-	(70)	-	(108)	-	(178)
Sale of properties	(2,400)	(14,279)	(1,925)	(29)	-	-	(18,633)
Reclass to assets held for sale	(18,039)	(170,275)	(22,313)	(2,269)	-	-	(212,896)
Deconsolidation of subsidiary [^]	(12,037)	(74,410)	(7,706)	(639)	-	(65)	(94,857)
Balance, December 31, 2024	97,572	631,744	79,127	2,724	1,390	318	812,875
Additions	-	2,631	2,940	4,314	-	-	9,885
Transfers	-	2,375	2,149	(4,524)	-	-	-
Write-off of assets	-	(1,171)	-	(59)	-	(123)	(1,353)
Reclass to assets held for sale	(34,509)	(255,906)	(33,826)	(135)	-	-	(324,376)
Balance, December 31, 2025	\$ 63,063	\$ 379,673	\$ 50,390	\$ 2,320	\$ 1,390	\$ 195	\$ 497,031
Accumulated depreciation and impairment:							
Balance, January 1, 2024	\$ 360	\$ 252,196	\$ 71,513	\$ -	\$ 852	\$ 464	\$ 325,385
Depreciation	-	19,325	8,932	-	110	-	28,367
Impairment	2,818	24,281	462	-	-	-	27,561
Write-off of assets	-	931	(202)	-	-	(84)	645
Sale of properties	-	(6,519)	(1,115)	-	-	-	(7,634)
Reclass to assets held for sale	-	(60,535)	(19,133)	-	-	-	(79,668)
Impairment reallocation	12,274	(15,684)	2,728	-	-	-	(682)
Deconsolidation of subsidiary [^]	(360)	(39,539)	(5,764)	-	-	(63)	(45,726)
Balance, December 31, 2024	15,092	174,456	57,421	-	962	317	248,248
Depreciation	-	14,944	5,950	-	41	-	20,935
Impairment	6,196	33,860	1,482	-	-	-	41,538
Write-off of assets	-	(257)	-	-	-	(123)	(380)
Reclass to assets held for sale	-	(103,362)	(29,304)	-	-	-	(132,666)
Balance, December 31, 2025	\$ 21,288	119,641	35,549	-	1,003	194	177,675
Net book value, December 31, 2025	\$ 41,775	\$ 260,032	\$ 14,841	\$ 2,320	\$ 387	\$ 1	\$ 319,356
Net book value, December 31, 2024	82,480	457,288	21,706	2,724	428	1	564,627

[^] Refer to note 5(e).

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5. Property, buildings and equipment (continued):

(a) Impairment:

The carrying amounts of AHIP's cash-generating units ("CGUs") are reviewed at each reporting date to determine whether there is any indication of impairment or reversal. If any such indication exists, then the CGU's recoverable amount is estimated. As of December 31, 2025, the recoverable amount of a CGU with an indicator of impairment or reversal was estimated based upon, where available, a third-party appraisal of the property, purchase price from an independent third-party sale, or using a discounted cash flow ("DCF") methodology or room revenue multiple ("RRM") methodology. The impairment and reversal assessment are sensitive to changes in the discount rate and terminal cap rate for the DCF methodology and room revenue multiple ("RRM") for the RRM methodology. Information on this sensitivity is provided below.

Where a third-party appraisal or sale agreement was not obtained, the recoverable amount was estimated utilizing a DCF or RRM methodology. The growth factors are management's projections based on current and anticipated market conditions. Such projections are inherently uncertain and could differ materially from actual results in future periods.

All the CGUs' recoverable amounts are calculated based on fair value less cost of disposal and the resulting fair value is categorized as a Level 3 measurement in the fair value hierarchy.

During the year ended December 31, 2025, AHIP recorded an impairment charge in aggregate of \$51,068 (December 31, 2024 - \$32,601) of which \$22,834 was a result of classifying eight hotel properties as held for sale (December 31, 2024 - \$9,271 on seven hotel properties) and measuring the hotel properties at the lower of cost and fair value less cost to sell (note 20) and \$28,234 relates to nine hotel properties which are primarily located in Tennessee, Florida, Kentucky, Ohio, Maryland, and Pennsylvania (December 31, 2024 - \$23,330 on fifteen hotel properties). The impairment is primarily due to revised expectations on the timeframe for properties to achieve stabilized income levels after the COVID-19 pandemic, higher operating costs as a result of cost inflation, elevated labor costs, higher property insurance premiums, challenges with our hotel managers ability to optimize cashflow, and local competition factors in select markets.

AHIP also reversed \$9,376 for five hotel properties which were previously impaired that are primarily located in Ohio, New Jersey and Texas.

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5. Property, buildings and equipment (continued):

(a) Impairment (continued):

The following table shows the valuation techniques used in measuring the fair value of the impaired CGUs, as well as the significant unobservable inputs used.

Valuation technique	Significant unobservable inputs	Inter-relationship between unobservable inputs and fair value measurement
Room Revenue Multiple	Room Revenue Multiple (3.75x-4.00x)	The estimated fair value would increase (decrease) if: <ul style="list-style-type: none">- the room revenue multiple was higher (lower)
Income approach - discounted cash flow	Discount rate (10% - 11%) Terminal cap rate (8%-9%)	The estimated fair value would increase (decrease) if: <ul style="list-style-type: none">- the discount rate was lower (higher)- the terminal cap rate was lower (higher)

For assets with impairment where the recoverable amount was determined using an internal valuation technique, a 0.5% increase in the discount rate (to 10.5%-11.5%) would result in a reduction to the recoverable amount of \$2,189, while a decrease in the discount rate of 0.5% (to 9.5%-10.5%) would result in an increase to the recoverable amount of \$2,518. A 0.1x increase (decrease) in the room revenue multiple to 3.85x (3.65x) would result in an increase (reduction) to the recoverable amount of \$284.

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5. Property, buildings and equipment (continued):

(b) Sale of properties:

The following table summarizes the sale of properties in 2025:

Date	Location	Gross Proceeds	CMBS Mortgage Loan Repayment	Portfolio Loan Repayment	Gain (Loss) on Disposal
March 27, 2025	Maryland ¹	\$ 29,500	\$ 27,502	\$ -	\$ (1,289)
March 27, 2025	Pennsylvania ¹	11,700	12,109	-	(516)
May 22, 2025	Oklahoma ²	8,350	8,293	-	(555)
May 22, 2025	Illinois ²	7,945	7,660	-	(155)
May 22, 2025	Kansas ²	5,850	5,842	-	(271)
May 22, 2025	Iowa ²	3,000	2,879	-	(1,686)
May 22, 2025	Missouri ²	5,200	3,904	-	(263)
June 20, 2025	Oklahoma ³	1,750	-	-	(349)
August 7, 2025	Michigan ⁴	17,400	8,154	543	2,793
November 4, 2025	Maryland ⁵	13,000	-	-	(853)
December 4, 2025	North Carolina ⁶	7,800	-	5,105	2,921
December 4, 2025	Minnesota ⁷	26,300	-	11,854	(632)
December 16, 2025	Florida ⁸	23,000	31,761	-	(387)
		\$ 160,795	\$ 108,104	\$ 17,502	\$ (1,242)

¹ The sale includes two hotels in Hanover, Maryland and one hotel in Bethlehem, Pennsylvania. Proceeds from the sale were used to fully repay the CMBS mortgage loan. These hotels were reclassified as assets held for sale at December 31, 2024 (note 20).

² The sale includes two hotels in Chickasha, Oklahoma, one hotel in Mattoon, Illinois, one hotel in Jacksonville, Illinois, one hotel in Emporia, Kansas, one hotel in Dubuque, Iowa and one hotel in Nevada, Missouri. Proceeds from the sale were used to fully repay the CMBS mortgage loan. These hotels were reclassified as assets held for sale at March 31, 2025 (note 20).

³ The sale includes one hotel in Bethany, Oklahoma. The hotel was reclassified as assets held for sale at March 31, 2025 (note 20).

⁴ The sale includes one hotel in Portage, Michigan. The hotel was reclassified as assets held for sale at June 30, 2025 (note 20).

⁵ The sale includes one hotel in Baltimore, Maryland. The hotel was reclassified as assets held for sale at September 30, 2025 (note 20).

⁶ The sale includes one hotel in Asheboro, North Carolina. The hotel was reclassified as assets held for sale at September 30, 2025 (note 20).

⁷ The sale includes two hotels in Woodbury, Minnesota. The hotels were reclassified as assets held for sale at September 30, 2025 (note 20).

⁸ The sale includes two hotels in Sarasota, Florida and Tampa, Florida. The hotels were reclassified as assets held for sale at September 30, 2025 (note 20). Proceeds from the sale were used to fully repay the CMBS mortgage loan.

During the year ended December 31, 2025, AHIP derecognized the outstanding other receivable in connection with the sale of a Portfolio in 2019 and recognized a loss on disposal of \$6,020 as the contractual cash flows are no longer expected to be collectible.

AMERICAN HOTEL INCOME PROPERTIES REIT LP

Notes to Consolidated Financial Statements

(Expressed in thousands of U.S. dollars, except Unit and per Unit amounts)

Years ended December 31, 2025 and 2024

5. Property, buildings and equipment (continued):

(b) Sale of properties (continued):

The following table summarizes the sale of properties in 2024:

Date	Location	Gross Proceeds	CMBS Mortgage Loan Repayment	Term Loan Repayment	Gain (Loss) on Disposal
March 6, 2024	Harrisonburg	\$ 8,550	\$ 8,607	\$ -	(146)
March 26, 2024	Cranberry	8,250	7,006	665	307
August 6, 2024	Amarillo ^{1,4}	17,541	16,100	680	(503)
August 22, 2024	Egg Harbor	11,100	-	10,300	(750)
September 10, 2024	Ocala ^{2,4}	26,000	19,000	3,500	3,278
October 15, 2024	Statesville ^{3,4}	25,241	24,865	-	6,022
November 4, 2024	Melbourne ⁴	6,600	-	3,800	192
November 6, 2024	Houston ⁴	9,030	-	8,187	(994)
November 13, 2024	Ocala ⁴	7,700	-	3,547	92
November 14, 2024	Kingsland ⁴	5,200	-	4,723	905
December 2, 2024	Corpus Christi ⁴	10,250	-	9,706	(553)
December 5, 2024	Dallas ⁴	27,000	17,566	4,278	(1,712)
December 11, 2024	Amarillo ⁴	2,600	-	1,147	(305)
		\$ 165,062	\$ 93,144	\$ 50,533	\$ 5,833

¹ The sale includes two hotels in Amarillo, Texas. Proceeds from the sale were used to fully repay the CMBS mortgage loan.

² The sale includes two hotels in Ocala, Florida. Proceeds from the sale were used to fully repay the CMBS mortgage loan.

³ The sale includes two hotels in Statesville, North Carolina. Proceeds from the sale were used to fully repay the CMBS mortgage loan.

⁴ Property was reclassified to assets held for sale during the year prior to being sold (note 20).

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Notes to Consolidated Financial Statements

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5. Property, buildings and equipment (continued):

(c) Write-off (recovery) of property, building and equipment:

During the year ended December 31, 2025, AHIP recorded \$1,436 for property, buildings and equipment impacted by weather-related damage. These write-offs reflect the cost to repair and restore the hotel properties as a result of weather-related damage in the current and prior years. These write-offs were partially offset by reversals of \$17, related to weather-related damage for the year ended December 31, 2025.

(d) Other income:

During the year ended December 31, 2025, AHIP recognized insurance proceeds of \$316 (December 31, 2024 - \$1,969) in other income which represents the expected insurance proceeds related to the property damage at several properties.

As at December 31, 2025, insurance receivable of nil (December 31, 2024 - \$540) relating to property damage is included in accounts receivable.

(e) Deconsolidation of subsidiary:

During the year ended December 31, 2024, a non-recourse loan secured by four hotel properties went into default and the assets were placed in a court-order receivership. The event of default triggered a reassessment of control and AHIP determined that it no longer had control of the subsidiary holding the hotel properties and loan. An adjustment has been made to deconsolidate the subsidiary, removing its assets and liabilities with a corresponding loss on deconsolidation of \$3,287 being recognized for the year ended December 31, 2024. Material items derecognized were property, plant and equipment of \$48,727 and term loan of \$50,897.

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Notes to Consolidated Financial Statements

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Years ended December 31, 2025 and 2024

6. Intangible assets:

		Franchise Agreements
Cost:		
Balance, January 1, 2024	\$	9,367
Deconsolidation of subsidiary		(575)
Balance, December 31, 2024		8,792
Sale of hotel		(1,182)
Balance, December 31, 2025		7,610
Accumulated amortization:		
Balance, January 1, 2024	\$	5,233
Amortization		1,170
Impairment		750
Deconsolidation of subsidiary		(254)
Balance, December 31, 2024		6,899
Amortization		722
Impairment		154
Sale of hotel		(1,182)
Balance, December 31, 2025	\$	6,593
Net book value, December 31, 2025	\$	1,017
Net book value, December 31, 2024		1,893

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Notes to Consolidated Financial Statements

(Expressed in thousands of U.S. dollars, except Unit and per Unit amounts)

Years ended December 31, 2025 and 2024

7. Income taxes:

(a) Reconciliation of statutory tax rate:

AHIP has caused the U.S. REIT. to cease REIT qualification effective January 1, 2025. As a result, for the year ended December 31, 2025, the U.S. REIT. is subject to U.S. corporate income tax in the United States, resulting in a reconciliation between the U.S Federal and state statutory rate and the effective tax rate being presented for the current year as noted below

	December 31, 2025
Loss from operations before income taxes	\$ (68,323)
Expected income tax recovery	(17,527)
Loss allocated to Unitholders	(1,732)
Non-deductible and other	3,138
Change in tax benefits not recognized	17,129
<u>Income tax expense</u>	<u>\$ 1,008</u>

The Company's income tax recovery is as follows:

Current tax recovery	\$ (48)
Deferred income tax expense	1,056
	<u>\$ 1,008</u>

(b) Deferred income tax:

The movement of net deferred income tax assets is as follows:

	December 31, 2025	December 31, 2024
Movement in net deferred tax asset		
Opening balance as at January 1	\$ 1,056	\$ 9,152
Recognized in profit/loss	(1,056)	(8,096)
	<u>\$ -</u>	<u>\$ 1,056</u>

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Notes to Consolidated Financial Statements

(Expressed in thousands of U.S. dollars, except Unit and per Unit amounts)

Years ended December 31, 2025 and 2024

7. Income taxes (continued):

(c) Unrecognized deferred tax assets:

The impact of REIT cessation resulted in \$223,919 of temporary differences available on January 1, 2025, due to the U.S. REIT becoming a taxable corporation. However, these temporary differences have not been recognized as it is not probable the related tax benefit will be realized in a future period.

As at December 31, 2025, deferred tax assets have not been recognized in respect of the following temporary differences:

	December 31, 2025	December 31, 2024
Operating tax losses carried forward	\$ 218,220	\$ 36,005
Intangible assets	8,497	1,306
Property, buildings and equipment	106,015	-
Other	388	5,119
	<u>\$ 333,120</u>	<u>\$ 42,430</u>

All deductible temporary differences may be carried forward indefinitely. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the group can utilize the benefits therefrom.

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Notes to Consolidated Financial Statements

(Expressed in thousands of U.S. dollars, except Unit and per Unit amounts)

Years ended December 31, 2025 and 2024

8. Term loans, revolving credit facility and Portfolio Loan:

	December 31, 2025	December 31, 2024
CMBS Term Loans (a)	\$ 219,936	\$ 298,394
Term Loans under the Senior Secured Facility (b)	-	127,732
Portfolio Loan (c)	75,829	-
	295,765	426,126
Reclass to liabilities related to assets held for sale (note 20)	(68,188)	(39,140)
	227,577	386,986
Unamortized portion of debt financing costs	(2,745)	(2,177)
	224,832	384,809
Current portion of term loans	(24,282)	(161,523)
	\$ 200,550	\$ 223,286

All of AHIP's hotel properties have been pledged as security under various loan agreements. As of December 31, 2025, AHIP's loans had a weighted average interest rate of 6.33% (December 31, 2024 – 5.72%).

(a) Commercial Mortgage Backed Securities ("CMBS") Term Loans:

The CMBS Term Loans are secured by certain properties owned by AHIP. The CMBS Term loans generally require monthly payments of principal and interest on an amortized basis or interest only over the loan term. As of December 31, 2025, AHIP has \$219,936 (December 31, 2024 - \$298,394) in outstanding CMBS Term Loans with maturity dates between 2026 to 2030 (December 31, 2024 – 2025 to 2029).

The fixed interest rate on the outstanding CMBS Term Loans range from 4.43% to 7.84% (December 31, 2024 – 4.24% to 7.84%).

On January 27, 2025, AHIP refinanced five hotel properties for total gross proceeds of \$43,000. The new CMBS Loan has a five-year term and bears interest at a fixed interest rate of 7.63% per annum. A portion of the net proceeds was used to reduce the outstanding balance under revolving credit facility (the "RCF") to \$89,328 along with funds from hotel dispositions completed in December 2024.

On March 27, 2025, AHIP fully repaid an existing \$55,219 CMBS loan secured by four hotel properties, using net proceeds from the Portfolio Loan and the disposition of three of the secured properties. Refer to note 5(b).

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Notes to Consolidated Financial Statements

(Expressed in thousands of U.S. dollars, except Unit and per Unit amounts)

Years ended December 31, 2025 and 2024

8. Term loans, revolving credit facility and Portfolio Loan (continued):

(a) Commercial Mortgage Backed Securities ("CMBS") Term Loans (continued):

On May 22, 2025, AHIP fully repaid an existing \$30,467 CMBS loan secured by eight hotel properties using net proceeds from the disposition of secured properties. Refer to note 5(b).

On December 16, 2025, AHIP fully repaid an existing \$31,294 CMBS loan secured by five hotel properties using net proceeds from the disposition of two of the secured properties. Refer to note 5(b).

On March 6, 2024, AHIP refinanced an existing loan secured by four hotel properties with a remaining principal balance of \$22,222. The new loan is interest only and has a principal balance of \$17,500 secured by three hotel properties located in Virginia. The loan has a five-year term and bears interest at a fixed interest rate of 7.84% per annum.

(b) Senior Secured Facility:

The senior secured facility ("Senior Secured Facility") with total credit commitments of \$142,732 as at December 31, 2024 was comprised of a Revolving Credit Facility ("RCF") of \$75,000 and a term loan ("Term Loan") of \$67,732.

The available borrowing capacity under the Senior Secured Facility was based on a borrowing base formula for the pool of twelve hotel properties (the "Borrowing Base Properties") securing the facility.

The Senior Secured Facility was fully repaid and terminated during the year ended December 31, 2025 with proceeds from new CMBS loan (note 8(a)) and new Portfolio Loan (note 8(c)) obtained during the year ended December 31, 2025.

(c) Portfolio Loan:

On March 7, 2025, AHIP completed an interest only non-recourse refinancing and fully repaid the outstanding balance of the Senior Secured Facility. The initial gross proceeds totaled \$84,991 and were secured by eleven hotel properties that were previously part of the borrowing base properties under the RCF. The Portfolio Loan (the "Portfolio Loan") provides additional advances of up to \$41,019, comprised of \$16,309 for the addition of a twelfth hotel property and \$24,710 for capital improvements for these twelve hotel properties.

The Portfolio Loan has a two-year term, with an option to extend the term for a one-year period, and bears interest at SOFR plus 4.65% per annum. A portion of the net proceeds from the Portfolio Loan was used to fully repay the outstanding balance under the Senior Secured Facility. The Portfolio Loan is secured by properties with a carrying value of \$108,146.

On March 27, 2025, AHIP added the twelfth property to the Portfolio Loan, for additional gross proceeds of \$16,309. The net proceeds from this refinancing along with the proceeds from the disposition of three hotel properties during March 2025, were used to fully repay the CMBS mortgage loan of \$55,219 secured by these four hotel properties.

On August 7, 2025, AHIP repaid \$8,634 on the Portfolio Loan using net proceeds from the sale of one secured hotel property. Refer to note 5(b).

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(Expressed in thousands of U.S. dollars, except Unit and per Unit amounts)

Years ended December 31, 2025 and 2024

8. Term loans, revolving credit facility and Portfolio Loan (continued):

(c) Portfolio Loan (continued):

On December 5, 2025, AHIP repaid \$16,837 on the Portfolio Loan using net proceeds from the sale of three secured hotel properties. Refer to note 5(b).

(d) Principal payments:

Future principal payments, excluding amortization of mark-to-market adjustments and debt financing costs, payable within the next five fiscal years and thereafter on the outstanding term loans and revolving credit facility are as follows:

	Future Principal Payments	
2026	\$	25,548
2027		209,717
2028		-
2029		17,500
2030		43,000
	\$	295,765

(e) Covenants:

AHIP is required to comply with a series of financial and other covenants, including maintaining a minimum number of assets in the collateral pool.

As of December 31, 2025, AHIP was in compliance with its debt agreements except as noted below.

As of December 31, 2025, two non-recourse loans totaling \$88,511 (December 31, 2024 - three non-recourse loans totaling \$109,571) did not meet the minimum required debt service coverage ratio under their respective loan agreement. One of the non-compliant loans as at December 31, 2024 was repaid during the year ended December 31, 2025. The covenant violations do not constitute an event of default and are in the process of entering cash management. CMBS loans under cash management are not considered in default under the respective CMBS loan agreements. Under such arrangements, the loan servicer controls the disbursement of funds in the order of priority as defined in the loan agreements, specifically loan payments, property taxes, insurance and then approved expenses, which are released to AHIP. Any remaining funds are then retained by the loan servicer until the minimum debt service ratios are achieved for a specified number of quarters as per the respective loan agreements. At that time, any retained funds will be returned to the borrower or when a property is sold and net proceeds exceed the debt outstanding, any restricted funds will be returned to AHIP.

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8. Term loans, revolving credit facility and Portfolio Loan (continued):

(e) Covenants (continued):

During the year ended December 31, 2024, a four-property non-recourse loan with a total carrying value of \$50,897 went into default. AHIP initiated a managed foreclosure process with the lender and a receiver was appointed with full control over the operations of the hotels and eventual disposition. Net cash flow of the hotel accrues to the lender. The loans are non-recourse and do not trigger any cross-default provisions with any other loans. The loan has been derecognized as it was determined that AHIP no longer has control of the subsidiary.

In September 2024, AHIP received a notice of franchise letter advising that one property is in the Red Zone status under Marriott's global quality program and global accountability program and AHIP is in default under the terms of the Marriott Franchise Agreement. In August 2025, AHIP received clean slate status on one of the hotel properties with "Red Zone" status.

In August 2025, AHIP received a notice of default advising that a certain property is in "Red Zone" status under Marriott's global quality program and global accountability program, and AHIP is otherwise in default under the terms of the applicable Marriott franchise agreement. The default of the franchise agreement does not trigger an event of default under the loan agreement as a cure period of two years is permitted. AHIP is in the process of curing the default by seeking to improve the performance of the hotel and obtaining a "Clean Slate" status in order to be in compliance with the Marriott franchise agreement and related CMBS loan agreement.

9. Lease and other liabilities:

	December 31, 2025	December 31, 2024
Lease and other liabilities (a)	353	634
	353	634
Current portion of lease and other liabilities	(87)	(92)
	\$ 266	\$ 542

(a) Other liabilities – Series B preferred shares:

During the year ended December 31, 2025, the Series B preferred shares issued by a subsidiary of AHIP were redeemed in cash. As at December 31, 2024, these shares had a carrying value of \$125 and were presented as liabilities on the consolidated statements of financial position. These non-voting shares had a par value of \$1 and carried a fixed rate of dividend at 12.5% per annum. While outstanding, these preferred shares were classified as liabilities rather than equity and the dividend payments were classified as finance costs on the consolidated statements of comprehensive loss.

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Notes to Consolidated Financial Statements

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10. Convertible debentures:

	Liability carrying value	Equity carrying value ⁽¹⁾	Total face value
Balance, January 1, 2024	\$ 44,888	\$ 6,238	\$ 51,126
Amortization of transaction costs	473	-	473
Accretion of liability component	1,069	-	1,069
Redemption of convertible debentures	(245)	(29)	(274)
Balance, December 31, 2024	46,185	6,209	52,394
Amortization of transaction costs	525	-	525
Accretion of liability component	1,165	-	1,165
Balance, December 31, 2025	\$ 47,875	\$ 6,209	\$ 54,084

⁽¹⁾ The equity carrying value is included in Partners' contribution in the Consolidated Statements of Partner's Capital.

On November 26, 2021, AHIP issued an aggregate principal amount of \$50,000 of convertible unsecured subordinated debentures due on December 31, 2026 ("Debentures").

The Debentures bear interest of 6.0% per annum, payable semi-annually in arrears on June 30 and December 31, which commenced on June 30, 2022.

The Debentures are convertible at the option of the holder of the Debenture at any time prior to the close of business on the earlier of: (i) the business day immediately preceding the business day preceding the maturity date; and (ii) if called for redemption, the business day immediately preceding the date specified for redemption of the Debentures, at a conversion price of \$4.95 per Unit, being a conversion rate of approximately 202 Units for each \$1,000 principal amount of the Debentures.

The Debentures may not be redeemed by AHIP prior to December 31, 2024, except in certain limited circumstances. AHIP has the option to call the Debentures beginning on or after December 31, 2024 as follows:

- (i) On or after December 31, 2024 and prior to December 31, 2025, the Debentures may be redeemed by AHIP, in whole or in part, at a price equal to the principal amount thereof plus accrued and unpaid interest to, but excluding, the date fixed for redemption on not more than 60 days' and not less than 30 days' prior written notice, provided that the Current Market Price on the date on which notice of redemption is given is not less than 125% of the Conversion Price.
- (ii) On or after December 31, 2025 and prior to the Maturity Date, the Debentures may be redeemed in whole or in part from time to time at AHIP's option at a price equal to the principal amount thereof plus accrued and unpaid interest to, but excluding, the date fixed for redemption on not more than 60 days' and not less than 30 days' prior written notice. AHIP will pay the redemption price and all accrued and unpaid interest in cash.

As of December 31, 2025, the face value of Debentures outstanding was \$49,730 (December 31, 2024 - \$49,730).

During the year ended December 31, 2024, a portion of the Debentures with a face value of \$270 were converted in exchange for 54,545 Units with a fair value of \$29.

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11. Private Placement Issuance of Series C Preferred Stock and Warrants:

On January 28, 2021, AHIP completed a \$50,000 private placement through the issuance of an aggregate 50,000 shares of newly created Series C cumulative redeemable non-voting preferred stock (the "Series C Preferred Stock") issued by AHIP's wholly owned subsidiary American Hotel Income Properties REIT Inc. and warrants to acquire Units of AHIP.

(a) Series C Preferred Stock:

The Series C Preferred Stock have no par value and have a liquidation preference of \$1,000 per share. They are perpetual and redeemable by AHIP. The Series C Preferred Stock provides for an annual cumulative dividend, payable quarterly, of 8.00% per annum for the first three years after issuance, and, to the extent still outstanding, increases to 9.00% per annum on the third anniversary of the issuance with further escalations after the fifth anniversary of the issuance. AHIP has the option to either cash settle the dividend or settle it through the issuance of additional shares of Series C Preferred Stock. During the year ended December 31, 2025, AHIP declared quarterly dividends of \$4,632 (December 31, 2024 - \$4,920). Of these amounts nil was paid in kind through the issuance of additional shares of Series C Preferred Stock (December 31, 2024 - 1,533). As of December 31, 2025, the face value of the Series C Preferred Stock is \$50,000 (December 31, 2024 - \$51,533).

The Series C Preferred Stock are classified as equity and presented as NCI on the consolidated statements of financial position.

On March 13, 2026, AHIP redeemed \$25,000 of the \$50,000 stated face value of the Series C Preferred Stock.

(b) Warrants:

The investor also subscribed for and was issued 19,608,755 warrants (the "Warrants") of AHIP, equivalent to 19.99% of the outstanding Units of AHIP immediately following the closing of the investment on an as-exercised basis. The warrants are exercisable at any time prior to January 28, 2026 for Units in AHIP at an exercise price of \$3.20 per Unit. The Warrants may only be exercised by means of cashless exercise and are classified as a derivative instrument liability measured at fair value on AHIP's statements of financial position. As at December 31, 2025, no warrants have been exercised.

AHIP's warrants are considered Level 3 financial instruments since the inputs are not based on observable market data.

As of December 31, 2025, the warrants had a fair value of nil (December 31, 2024 - \$1). The decrease in fair value of the warrants liability for the year ended December 31, 2025 was \$1 (December 31, 2024 - decrease of \$139) is included in the consolidated statements of comprehensive loss.

On January 28, 2026, all outstanding Warrants have expired and are no longer exercisable.

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12. Partners' capital:

(a) Authorized:

The capital of AHIP consists of an unlimited number of Units and the equity interest held by the General Partner.

(b) Issued:

During the year ended December 31, 2025, AHIP issued 271,213 Units (December 31, 2024 - 207,158 Units) to senior management for the vesting of Units granted under AHIP's securities-based compensation plan.

(c) Allocation of net income or net loss:

Where Distributable Cash (defined as, for any period, the aggregate of all amounts received by AHIP in such period, whether by way of dividends, interest or otherwise, from and in respect of its direct and indirect investment in the securities held by AHIP, including its investment in any subsidiaries, less reasonable reserves determined by the General Partner to be necessary to operate the affairs of AHIP in a prudent and businesslike manner, and less taxes, if any, payable by AHIP) is paid in respect of a fiscal year, the net income and taxable income of AHIP in respect of that fiscal year shall be allocated among all Partners (defined as General Partner and the Unitholders) that were Partners at any time in the fiscal year on the following basis:

- (i) first, to the General Partner 0.01% of the net income and taxable income of AHIP to a maximum of \$0.10 per annum; and
- (ii) as to the balance, to the Unitholders who were holders of Units at the end of each month ending in such fiscal year, pro-rata in accordance with their respective Proportionate Shares of the balance divided by 12. Proportionate Share, in respect of each Unitholder, means that fraction which, as of the date of such determination:
 - has as its numerator the number of Units held by such Unitholder; and
 - has as its denominator the aggregate number of Units outstanding.

Net loss and taxable loss of AHIP in respect of a fiscal year shall be allocated among all Partners that were Partners at any time in the fiscal year on the following basis:

- first, to the General Partner 0.01% of the net loss and taxable loss of AHIP to a maximum of \$0.10 per annum; and
- as to the balance, to the Unitholders who were holders of Units at the end of each month ending in such fiscal year, pro-rata in accordance with their respective Proportionate Shares as at the end of each month, the balance divided by 12.

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12. Partners' capital (continued):

(d) Distributions:

AHIP historically made monthly distributions to Unitholders of record on the last business day of each month. Distributions were paid on or about the 15th day following the end of each month. AHIP may make additional distributions in excess of monthly distributions, or temporarily suspend distributions, during the year as determined by the General Partner.

In November 2023, AHIP temporarily suspended its monthly distribution. AHIP did not declare any distributions for the years ended December 31, 2025 and 2024.

(e) Normal Course Issuer Bid:

On December 23, 2024, AHIP announced the launch of a Normal Course Issuer Bid ("2025 NCIB") to be executed through the facilities of the Toronto Stock Exchange ("TSX"). The NCIB permitted AHIP to repurchase up to 7,521,189 of the Units trading under the symbols HOT.UN and HOT.U, which represents 10% of the "public float" (as defined in the TSX Company Manual). The repurchase period commenced December 30, 2024 and expired on December 29, 2025.

On December 23, 2025, AHIP announced the launch of a subsequent Normal Course Issuer Bid ("2026 NCIB") through the facilities of the TSX. The 2026 NCIB permits AHIP to repurchase up to 6,801,276 of the Units trading under the symbols HOT.UN and HOT.U, representing 10% of the "public float". The 2026 NCIB commenced on December 30, 2025 and will remain in effect until the earlier of December 29, 2026 or the date on which AHIP has purchased the maximum number of Units permitted under the 2026 NCIB.

In connection with the 2026 NCIB, AHIP has entered into an Automatic Securities Purchase Plan ("ASPP") with a designated broker. The ASPP is intended to facilitate the purchase of Units under the NCIB when AHIP would ordinarily not be permitted to purchase Units due to regulatory restrictions and customary self-imposed blackout periods. As at December 31, 2025, AHIP has recorded an estimated liability of \$271CAD within accounts payable and accrued liabilities as an estimate of the maximum number of share that will be repurchased from January 1, 2026 to March 5, 2026.

During the year ended December 31, 2025, AHIP repurchased 7,487,886 Units (December 31, 2024 – 33,303), under the 2025 NCIB for an aggregate purchase price of \$3,308 CAD, which was recorded in share capital as treasury shares until they are cancelled. During the year ended December 31, 2025, AHIP cancelled 7,521,189 Units (December 31, 2024 – nil) that had been previously purchased under the NCIB.

During the year ended December 31, 2025, AHIP repurchased 16,938 Units (December 31, 2024 – nil) under the 2026 NCIB for an aggregate purchase price of \$8 CAD which was recorded in share capital as treasury units until they are cancelled.

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13. Compensation plan:

(a) RSUs in lieu of cash compensation:

During the year ended December 31, 2025, AHIP did not grant any RSUs to Board Members, in lieu of their cash compensation (December 31, 2024 – 172,047). The fair value of these RSUs were nil (December 31, 2024 - \$85) and vested over the service period.

(b) Long term incentive plan (“LTIP”):

On December 19, 2025, AHIP granted 1,800,000 LTIP awards in the form of RSUs to the Chief Executive Officer (“CEO”). The fair value of the LTIP awards granted was \$522. These awards will vest in two equal instalments on June 10, 2026 and December 10, 2026.

On May 26, 2025, AHIP granted 2,442,257 Long term incentive plan (“LTIP”) awards in the form of RSUs and performance awards (also in the form of RSUs) to certain members of senior management. The LTIP awards are cash settled and participants receive cash payments based on the value of a Unit at the settlement date. The fair value of the LTIP awards on the grant date was \$813. The fair value of the cash-settled LTIP awards is remeasured at each reporting date until settlement, with changes in fair value recognized in general and admin expense. Of this grant 951,914 will vest over three years in equal instalments from the grant date. The remaining 1,490,343 are performance awards that are subject to market performance condition based on AHIP’s performance relative to a market index which could result in a cash payment equivalent to as few as no Units and as many as 2,980,686 Units, at the end of the performance measurement period which is December 31, 2027.

On March 26, 2024, AHIP granted 1,624,274 LTIP awards in the form of RSUs and performance awards (also in the form of RSUs) to certain members of senior management. The fair value of the LTIP awards granted was \$778. Of this grant 669,804 will vest over three years in equal instalments from the grant date. The remaining 954,470 are performance awards that are subject to a market performance condition based on AHIP’s performance relative to a market index which could result in as few as no Units and as many as 1,908,940 Units being issued at the end of the performance measurement period which is December 31, 2026.

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13. Compensation plan (continued):

(b) Long term incentive plan ("LTIP") (continued):

As of December 31, 2025, AHIP had a total of 2,440,094 unvested equity settled Units as follows (December 31, 2024 – 2,205,698):

	Number of Units	Weighted average grant date fair value
Unvested, January 1, 2024	877,310	\$ (2.28)
Granted	1,796,321	0.48
Vested	(152,613)	(0.47)
Forfeited or cash-settled	(155,277)	(0.47)
Cancelled	(160,043)	(2.80)
Unvested, December 31, 2024	2,205,698	\$ 0.90
Granted	1,800,000	0.33
Vested	(271,214)	(0.33)
Forfeited or cash-settled	(283,973)	(0.33)
Cancelled	(1,010,417)	(0.98)
Unvested, December 31, 2025	2,440,094	0.34

The vesting schedule of the unvested equity settled Units grant awards is as follows:

Vesting dates	Number of Units	Total fair value of Units at grant date
March 13, 2026	123,660	95
June 10, 2026	900,000	261
December 10, 2026	900,000	261
December 31, 2026	418,532	176
March 15, 2027	97,902	47
Total unvested Units	2,440,094	\$ 840

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13. Compensation plan (continued):

(b) Long term incentive plan (“LTIP”) (continued):

As of December 31, 2025, AHIP had a total of 1,337,808 unvested cash settled Units as follows (December 31, 2024 – nil):

	Number of Units	Weighted average grant date fair value
Granted	2,442,257	0.33
Vested	(199,444)	(0.36)
Forfeited or cash-settled	(229,467)	(0.36)
Cancelled	(675,538)	(0.32)
Unvested, December 31, 2025	1,337,808	0.34

The vesting schedule of the unvested cash settled Units grant awards is as follows:

Vesting dates	Number of Units	Total fair value of Units at grant date
March 26, 2026	174,336	62
March 15, 2027	174,336	62
December 31, 2027	814,805	259
March 15, 2028	174,331	62
Total unvested Units	1,337,808	\$ 445

(c) Options:

During the year ended December 31, 2020, AHIP granted a total of 2,200,000 options (the “Options”) to an officer and Board members. Each option entitles the holder to purchase a Unit at an exercise price of CAD\$5.00. The fair value of each option at grant date was CAD\$0.06, as determined using the Black-Scholes option pricing model. The options expired unexercised during the year ended December 31, 2025 and no options were outstanding as of December 31, 2025 (December 31, 2024 – 2,200,000).

14. Finance costs:

	Years ended December 31,	
	2025	2024
Interest expense on term loans, revolving credit facility and Portfolio Loan	\$ 22,817	\$ 32,364
Interest expense on debentures	2,981	2,997
Amortization of debt financing costs	2,139	2,725
Accretion of debenture liability	1,165	1,069
Amortization of debenture costs	525	473
Loss on debt settlement	1,354	209
Debt defeasance	1,580	112
Other financing costs	550	211
	\$ 33,111	\$ 40,160

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15. Financial instruments:

The fair value of a financial instrument is the amount at which the instrument could be exchanged in an orderly transaction between market participants at the measurement date.

The following table shows a hierarchy for disclosing fair value based on inputs used to value assets or liabilities that are measured at fair value or for which fair value disclosure is required. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are as follows:

- Quoted prices (unadjusted) in active markets for identical assets and liabilities (Level 1);
- Inputs other than quoted prices in active markets included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) (Level 2); and
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The carrying values of AHIP's cash and cash equivalents, restricted cash, trade and other receivables, other liabilities and accounts payable and accrued liabilities approximate their fair values due to the short-term nature of these financial assets and liabilities.

The fair value of AHIP's term loans and outstanding revolving credit facility was determined using present value calculations based on market-observable interest rates for loans with similar terms and conditions. The fair value of AHIP's term loans and outstanding revolving credit facility as of December 31, 2025 was \$291,013 (December 31, 2024 - \$404,967) and these instruments are considered Level 2 in the fair value hierarchy.

AHIP's convertible debentures are considered Level 1 financial instruments since they are quoted on the TSX. The fair value of the liability portion of AHIP's debentures based on the quoted market price as of December 31, 2025 was \$47,231 (December 31, 2024 - \$41,988).

There were no transfers between levels during the period.

AHIP is exposed to a number of risks in its normal course of operations from its use of financial instruments. These risks, and the actions taken to manage them, are as follows:

(a) Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. AHIP monitors its interest rate exposure on an ongoing basis.

AHIP is exposed to interest rate risk on its revolving credit facility. As at December 31, 2025, a 100bps increase (decrease) in interest rates its revolving credit facility would impact AHIP's net loss and comprehensive loss by \$1,738.

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15. Financial instruments (continued):

(b) Credit risk:

Credit risk is the risk of financial loss to AHIP if a customer or counterparty to a financial instrument fails to meet its contractual obligation. The maximum exposure to credit risk is the full carrying value of the financial instrument.

AHIP is exposed to credit risk with respect to trade and other receivables. As of December 31, 2025, trade and other receivables were \$2,490 (December 31, 2024 - \$6,086). Amounts over 30 days past due totaled \$218 (December 31, 2024 - \$492), all of which are expected to be collected. The bad debt write-off was \$22 for the year ended December 31, 2025 (December 31, 2024 - \$270). The associated risk is mitigated by closely monitoring accounts receivable, initiating a prompt collection process, and credit checks on all new customers.

As at December 31, 2025, AHIP had nil individual counter-party in excess of 10% of total other receivables (December 31, 2024 - one counter-party). Included in other receivables at December 31, 2024, is \$5,811 in connection with AHIP's sale of its Economy Lodging Portfolio in 2019. Refer to note 5(b).

(c) Liquidity risk:

Liquidity risk is the risk that AHIP is not able to meet its financial obligations as they become due or can only do so at excessive cost. AHIP manages liquidity risk by balancing the maturity profile of mortgages and borrowings on the credit facility. The following are key risks which could reduce the amount of liquidity available to AHIP: adverse economic conditions may result in a decrease in net income, or the appraised value of the borrowing base properties are less than expected which can become the limiting factors in the borrowing base calculation, or higher interest rates. Cash flow projections are updated on a regular basis to ensure there will be adequate liquidity to maintain operating, capital, and investment activities. In addition, AHIP continues to monitor its capital structure and sources of financing, including amendments to the existing credit facility and/or establishing additional credit facilities. Such cash flow projections involve a significant degree of judgment. There is a risk that such projections may not be achieved, and that currently available liquidity may not be available to AHIP at terms and conditions that are favorable to AHIP, or at all.

AHIP's objective for managing liquidity and capital resources is to ensure adequate liquidity for operating, capital and investment activities. Management oversees AHIP's liquidity to fund principal and interest payments for debt, property maintenance and improvements, and property acquisitions. AHIP's sources of capital mainly include (i) cash flows from operating activities, (ii) term loans, mortgage refinancing and credit facilities, and (iii) equity and debt issuances.

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15. Financial instruments (continued):

(c) Liquidity risk (continued):

AHIP's term loans have repayment schedules as defined by the underlying agreements. Portions of such term loans due within one year of the date of the financial statements are classified as current liabilities. AHIP's plan to satisfy such current liabilities includes cash flows from operations, planned asset sales and term loan refinancing. In select circumstances, AHIP's non-payment of principal and interest or amounts due at maturity may result in non-recourse foreclosure. This can arise when the loan balance exceeds the expected market value of the hotel. The loans are non-recourse and do not trigger any cross-default provisions with any other CMBS loans or the Portfolio Loans, other than certain recourse carve-out guarantee provisions included to protect the lender from any misdeeds or wrongful acts by the borrower.

As of December 31, 2025, AHIP had a working capital deficiency of \$18,742 (December 31, 2024 - \$124,146 deficiency) mainly driven by the current portion of term loans, revolving credit facility and Portfolio Loan. As disclosed in note 8(c), AHIP entered into a new Portfolio Loan to repay in full the remaining outstanding balance of the Senior Secured Facility which matured in June 2025. The New Portfolio Loan matures in 2027. AHIP has no further loans maturing until the fourth quarter 2026. AHIP expects assets classified as held for sale to close in the first half of 2026 and to refinance the current portion of loans with new long-term term loans or mortgages prior to each maturity or repayment through assets sales. Subsequent to December 31, 2025, AHIP entered into purchase and sales agreements ("PSAs") for three hotel properties with expected gross proceeds of \$81,250 and completed the disposition of one hotel property for total gross proceed of \$8,300. The net proceeds from these transactions are expected to be used to repay the current portion of outstanding loans, increase the cash balance and reduce the working capital deficiency. On March 13, 2026, AHIP redeemed \$25,000 of the \$50,000 Series C Preferred Stock.

The timing of estimated cash outflows relating to financial liabilities (including expected interest payments) are outlined in the table below:

	Less than one year	1-5 years	Total	Carrying amount
Accounts payable and accrued liabilities	\$ 21,626	\$ -	\$ 21,626	21,626
Term loans, revolving credit facility and Portfolio Loan ⁽¹⁾	35,674	208,958	244,632	224,832
Liabilities related to assets held for sale	73,891	-	73,891	68,188
Convertible debentures	52,714	-	52,714	47,875
Lease and other liabilities	90	282	372	353
	<u>\$ 183,995</u>	<u>\$ 209,240</u>	<u>\$ 393,235</u>	<u>362,874</u>

⁽¹⁾ Cash outflows in respect of term loans, revolving credit facility and Portfolio Loan have been calculated based on the outstanding balances and interest rates as of December 31, 2025.

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16. Commitments and contingencies:

(a) Hotel management agreements:

Aimbridge Hospitality LLC (the "Hotel Manager") is AHIP's exclusive hotel manager to manage and operate its hotels. AHIP's operating subsidiaries are responsible for reimbursing the Hotel Manager for any hotel operating expenses and direct costs including payroll and benefit costs of hotel staff and other operating expenses.

The master hotel management agreement provides for the payment of the following amounts to the Hotel Manager: a base management fee, a capital expenditure fee, an annual administration fee and an incentive fee, if certain profit thresholds are met.

On September 30, 2023, AHIP entered into a third amendment to its master hotel management agreement with One Lodging Management LLC (an affiliate of Aimbridge Hospitality LLC) (the "Amendment"). In accordance with the Amendment, the management fee on certain hotel properties has been reduced or payment deferred until future periods.

(b) Property Improvement Plans:

Under the terms of AHIP's franchise agreements for its hotels, AHIP is required to complete brand mandated property improvement plans. AHIP's operating subsidiaries have entered into contracts or commitments with various suppliers to supply products and services in compliance with these renovation plans. Payments for these items are held as restricted cash (note 4) and funds are disbursed in the ordinary course of business.

(c) Claims:

In the normal course of operations, AHIP and its subsidiaries may become subject to a variety of legal and other claims. Management and legal counsel evaluate all claims on their apparent merits and accrue management's best estimate of the costs to satisfy such claims. Although the outcome of legal and other claims is not reasonably determinable, management believes that any such outcome will not have a material adverse effect on these consolidated financial statements.

17. Related party transactions:

(a) Executive loan program:

Under AHIP's Executive Loan Guarantee Policy (the "Loan Policy") with a major Canadian financial institution, an AHIP subsidiary has provided a limited guarantee for loans made to former executive officers to make eligible purchase of Units.

The loan of CAD\$800 matured on December 31, 2023 without settlement by a former executive officer. To recognize the obligation under the Loan Policy, AHIP recorded the obligation of CAD\$800 in accounts payable and accrued liabilities which is partially offset by the fair value of the AHIP Units held as collateral of CAD\$83. In June 2024, AHIP made a payment of CAD\$885 to a major Canadian financial institution to settle the principal and interest for this loan.

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17. Related party transactions (Continued):

(b) Compensation:

Key management includes those persons having authority and responsibility for planning, directing, and controlling the activities of AHIP, directly or indirectly, and includes the Board. Total compensation awarded to key management for the year ended December 31, 2025, was \$4,246 (December 31, 2024 - \$2,303), which included securities-based compensation expense of \$379 (December 31, 2024 - \$160).

18. Capital management:

	December 31, 2025	December 31, 2024
Term loans, outstanding revolving credit facility and Portfolio Loan	\$ 224,832	\$ 384,809
Convertible debentures, liability portion	47,875	46,185
Partners' capital attributable to Unitholders	61,498	138,916
Non-controlling interest	43,570	45,103
Total capital	\$ 377,775	\$ 615,013

AHIP defines capital as the aggregate of its term loans, outstanding revolving credit facility, Portfolio Loan, convertible debentures and partners' capital, net of related financing costs. AHIP's objectives in managing capital are to maintain a level of capital that: complies with investment and debt restrictions as prescribed in the Limited Partnership Agreement; complies with existing debt covenants; funds its business strategies; and builds long-term value. AHIP's capital structure is periodically reviewed by the Board.

19. Supplemental cash flow disclosure:

(a) Changes in non-cash operating working capital:

	Years ended December 31,	
	2025	2024
Accounts payable and accrued liabilities	\$ (8,104)	\$ (8,602)
Prepays and other assets	(3,074)	765
Trade and other receivables	2,854	(3,587)
Change in non-cash working capital	\$ (8,324)	\$ (11,424)

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19. Supplemental cash flow disclosure (continued):

(b) Reconciliation of movements of liabilities to cash flows arising from financing activities:

	Warrants	Term loans and revolving credit facility	Convertible debentures	Other liabilities	Non-controlling interest	Partners' capital	Total
Balance, January 1, 2025	\$ 1	\$ 384,809	\$ 46,185	\$ 633	\$ 45,103	\$ 138,916	\$ 615,647
Changes from financing cash flows:							
Distributions paid	-	-	-	-	(4,632)	-	(4,632)
Redemption of Preference B shares	-	-	-	(125)	-	-	(125)
Redemption of paid in kind shares	-	-	-	-	(1,533)	-	(1,533)
Payment for share repurchase	-	-	-	-	-	(2,125)	(2,125)
Term loan repayments	-	(274,662)	-	-	-	-	(274,662)
Proceeds from term loans	-	144,300	-	-	-	-	144,300
Finance lease payments	-	-	-	(155)	-	-	(155)
Financing costs paid	-	(5,589)	-	-	-	-	(5,589)
Total changes from financing cash flows:	\$ -	\$ (135,951)	\$ -	\$ (280)	\$ (6,165)	\$ (2,125)	\$ (144,521)
Liability-related:							
Fair value changes	(1)	-	-	-	-	-	(1)
Liabilities related to assets held for sale	-	(27,949)	-	-	-	-	(27,949)
Interest expense	-	3,923	1,690	-	-	-	5,613
Total liability-related other changes:	\$ (1)	\$ (24,026)	\$ 1,690	\$ -	\$ -	\$ -	\$ (22,337)
Total partners' capital-related other changes:	-	-	-	-	4,632	(75,293)	(70,661)
Balance, December 31, 2025	\$ -	\$ 224,832	\$ 47,875	\$ 353	\$ 43,570	\$ 61,498	\$ 378,128

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20. Assets held for sale:

In January 2025, AHIP entered into PSAs for three hotels in Oklahoma, two hotels in Illinois, one hotel in Kansas, one hotel in Iowa and one hotel in Missouri. The sales closed between May 2025 and June 2025.

In April 2025, AHIP entered into a PSA for one hotel in Michigan. The sale closed in August 2025.

In July 2025, AHIP entered into a PSA for one hotel in North Carolina. The sale closed in December 2025.

In August 2025, AHIP entered into PSAs for one hotel in Maryland and one hotel in Pennsylvania. AHIP had recorded an impairment to these hotels in the amount of \$1,640 based on the PSA less selling costs. One sale closed in November 2025 and the other one closed in January 2026.

In September 2025, AHIP entered into PSAs for two hotels in Minnesota. AHIP had recorded an impairment to these hotels in the aggregate amount of \$7,641 based on the PSAs less selling costs. The sales closed in December 2025.

In October 2025, AHIP entered into PSAs for three hotels in Florida. AHIP had recorded an impairment to these hotels in the amount of \$235 based on the PSA less selling costs. The sale of two hotels closed in December 2025 and sale of one hotel is under contract to close in the second quarter of 2026.

In December 2025, AHIP entered into PSAs for two hotels in Maryland, one hotel in New Jersey and one hotel in Pennsylvania. AHIP had recorded an impairment to these hotels in the amount of \$13,302 based on the PSA less selling costs. These sales are expected to close in the second quarter of 2026.

In addition, one hotel in Arizona was classified as held for sale as at December 31, 2025. On January 2, 2026, AHIP entered into a PSA for this property, with the sale expecting to close in the second quarter of 2026.

As at December 31, 2024, AHIP entered into PSAs for two hotels in Maryland and one hotel in Pennsylvania. AHIP had recorded an impairment to these hotels in the aggregate amount of \$2,172 net of impairment reversal based on the PSAs less selling costs. These transactions closed on March 27, 2025 (note 5(b)).

The assets and liabilities related to the hotels held for sale are consequently presented separately in the consolidated statements of financial position as at December 31, 2025 as follows:

	December 31, 2025	December 31, 2024
Assets		
Property, buildings and equipment	\$ 81,233	\$ 41,170
Inventory	554	146
Total assets held for sale	\$ 81,787	\$ 41,316
Liabilities		
Term loans	68,188	39,140
Total liabilities related to assets held for sale	\$ 68,188	\$ 39,140