



AMERICAN HOTEL
INCOME PROPERTIES



AMERICAN HOTEL INCOME PROPERTIES REIT LP

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

For the three and six months ended June 30, 2021
(Expressed in U.S. Dollars)

Dated: August 10, 2021

Courtyard Bismarck, ND

TABLE OF CONTENTS

| | | | |
|---|----|---|----|
| PART I | | DISTRIBUTIONS DECLARED COMPARED TO CASH FLOWS FROM OPERATING ACTIVITIES | 26 |
| BASIS OF PRESENTATION | 3 | DISTRIBUTION POLICY | 26 |
| FORWARD-LOOKING INFORMATION | 3 | DISTRIBUTION SUMMARY | 27 |
| APPROVAL BY THE BOARD OF DIRECTORS | 7 | PART V | |
| PART II | | SUMMARY OF QUARTERLY RESULTS | 28 |
| OVERVIEW OF AHIP | 7 | PART VI | |
| TAXATION | 8 | LIQUIDITY | 29 |
| THIRD PARTY INFORMATION | 9 | CONTRACTUAL OBLIGATIONS | 31 |
| INFLATION | 9 | CAPITAL EXPENDITURES | 31 |
| COMPETITION | 9 | DEBT STRATEGY | 31 |
| SEASONALITY | 9 | CAPITAL RESOURCES | 35 |
| PART III | | PARTNERS' CAPITAL | 35 |
| SUMMARY OF SIGNIFICANT Q2 2021 ACTIVITY | 10 | PART VII | |
| OUTLOOK | 12 | OFF-BALANCE SHEET ARRANGEMENTS | 36 |
| MARKET ENVIRONMENT | 13 | TRANSACTIONS WITH RELATED PARTIES | 36 |
| PART IV | | PART VIII | |
| SECOND QUARTER HIGHLIGHTS AND KEY PERFORMANCE INDICATORS | 15 | SUBSEQUENT EVENTS | 36 |
| OPERATIONAL AND FINANCIAL HIGHLIGHTS | 16 | PART IX | |
| RESULTS OF OPERATIONS | 18 | CRITICAL ACCOUNTING ESTIMATES | 37 |
| PREMIUM BRANDED HOTELS OPERATING STATEMENTS | 21 | CHANGES IN ACCOUNTING POLICIES | 37 |
| SAME PROPERTY OPERATING METRICS | 23 | INTERNAL CONTROLS | 38 |
| FUNDS FROM OPERATIONS ("FFO") AND ADJUSTED FUNDS FROM OPERATIONS ("AFFO") | 24 | PART X | |
| ROLLING FOUR QUARTER FFO AND AFFO PAYOUT RATIO | 25 | FOREIGN EXCHANGE MANAGEMENT | 38 |
| RECONCILIATION OF CASH FLOW FROM OPERATING ACTIVITIES TO AFFO | 25 | NON-IFRS MEASURES | 39 |
| | | OPERATIONAL METRICS | 42 |
| | | PART XI | |
| | | RISKS AND UNCERTAINTIES | 43 |
| | | HOTEL PORTFOLIO | 46 |

PART I

BASIS OF PRESENTATION

This Management's Discussion and Analysis of Results of Operations and Financial Condition ("MD&A") for the three and six months ended June 30, 2021 includes material financial information as of August 10, 2021. This MD&A should be read in conjunction with AHIP's unaudited condensed consolidated financial statements for the three and six months ended June 30, 2021 and 2020 ("Interim Financial Statements") and audited consolidated financial statements for the years ended December 31, 2020 and 2019 ("Financial Statements"), prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. Historical results, including trends which might appear, should not be taken as indicative of future operations or results. Additional information relating to AHIP, including its annual information form ("AIF") for the year ended December 31, 2020, is available on SEDAR at www.sedar.com.

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

FORWARD-LOOKING INFORMATION

This MD&A contains forward-looking information within the meaning of applicable securities laws (also known as forward-looking statements). Forward-looking statements generally can be identified by words such as "anticipate", "believe", "continue", "expect", "estimates", "intend", "may", "outlook", "objective", "plans", "should", "will" and similar expressions suggesting future outcomes or events. Forward-looking statements include, but are not limited to, statements made or implied relating to the objectives of American Hotel Income Properties REIT LP ("AHIP"), AHIP's strategies to achieve those objectives and AHIP's beliefs, plans, estimates, projections and intentions and similar statements concerning anticipated future events, results, circumstances, performance or expectations that are not historical facts. Some specific forward-looking statements in this MD&A include, but are not limited to, statements with respect to: AHIP management's expectation that the seasonal nature of the lodging industry, as well as other factors beyond AHIP's control including overall economic cycles, weather conditions and other unexpected events such as the impacts of the current COVID-19 pandemic, will cause quarterly fluctuations in occupancy rates, room rates, revenues, operating expenses, cash flows, earnings and payout ratios; AHIP management's expectations with respect to how it will pay expenses and service debt if cash flow from operations is insufficient to cover such obligations in a given quarter; the expectation that AHIP's expenses will grow at, or greater than, the general rate of inflation; the possibility that competition could limit the ability of AHIP's hotel manager to raise room rates, particularly during periods of reduced demand, and adversely affect AHIP's occupancy rates and RevPAR (as defined below), and may require AHIP to provide additional amenities or make capital improvements, which may reduce AHIP's profitability; AHIP's expectation that certain adjustments to service standards approved by Brand partners in connection with the COVID-19 pandemic will remain in effect; AHIP's expectation that it will start two small renovations in late 2021; for future capital projects, priority will be given after consideration of return on investment and projected improvement to each properties RPI (as defined below); AHIP's expectation that its Embassy Properties will narrow the gap to 2019 operating levels as business travel improves with a recovery in meetings and conferences; the recent increase in COVID-19 cases attributable primarily to the Delta variant has the potential to reduce corporate and leisure travel in future periods; the impact, scope, severity and duration of the COVID-19 pandemic continues to be highly uncertain and

cannot be predicted; AHIP being prepared for periods of further COVID-related demand disruption should they arise; AHIP's expectation that in the second half of 2021 EBITDA (as defined below) will improve and exceed required outflows for principal and interest payments and capital expenditures; AHIP's expectations for the remainder of 2021, including that governmental restrictions on travel will decrease, permitted group gathering sizes will increase, and that improving consumer confidence will result in increased lodging demand, which factors, together, are expected by AHIP to result in trends consistent with the second quarter of 2021 (improving demand from the leisure travel segment coupled with signs of improving corporate demand); AHIP is evaluating certain growth opportunities that would expand the portfolio's existing hotel class and geographic footprint; AHIP is also reviewing strategies for divesting assets wherever it believes that it can recycle proceeds into higher-return generating assets in more attractive markets; higher NOI (as defined below) margins may not persist at current levels as the recovery from COVID-19 continues and previous levels of services are reinstated; the hotel brand approved deferral of all 2020 scheduled capital projects to late 2021 and beyond, AHIP's Credit Facility (as defined below) syndicate providing covenant waivers under the Credit Facility through Q4 2021 and modified covenant waivers to Q4 2022; the requirement to replenish certain restricted cash balances and pay certain deferred amounts under AHIP's CMBS loans during 2021 and 2022; the value of the liability on AHIP's statements of financial position related to the Warrants (defined below) is expected to fluctuate; the exercise of the Warrants will lead to an exercised ownership position of less than 19.99%; the possibility that long-term underperformance to the projections noted under "Significant Accounting Policies" could occur if government restrictions continue to prevail resulting in a duration and impact greater than currently anticipated; the temporary suspension of AHIP's monthly distribution and the reasons for such suspension; the deferral of the payment date for the March 2020 Distribution (defined below) until such time as business levels sufficiently improve and AHIP's Board of Directors, in consultation with management, determines it is appropriate to pay; AHIP's Board of Directors will continue to review AHIP's financial performance and position (including in relation to the relevant covenants under the Third Amendment (as defined below) in order to determine an appropriate time for the reinstatement of monthly distributions and the payment of the March 2020 Distribution, which may occur at different times; the reinstatement of distributions being subject to a sustained recovery in operations; AHIP's intention to repay maturing debt and its expected means of doing so; the expected maturities and amortization periods on future long term debt; the timing and amount of payments under term loans and revolving credit facility, Debentures (as defined below), finance and operating leases, purchase and other obligations; AHIP's expectation that fixed rate mortgages will be primarily first charge mortgages; AHIP's intention to maintain total indebtedness of approximately 55% of AHIP's Gross Book Value (as defined below) over the long term (with AHIP's expectation being that the ratio will fluctuate from time to time, particularly in the near-term as AHIP accesses additional debt capital to fund operations while occupancies remain reduced due to the impacts of COVID-19); AHIP's ICFR (as defined below) may not prevent or detect all misstatements because of the inherent limitations of any control system; AHIP's stated long-term objectives; AHIP management's intention to continue to operate AHIP in such a manner to remain exempt from the SIFT Measures (as defined below) on a continuous basis in the future; the possibility that the U.S. REIT may be subject to certain state and local income, franchise and property taxes even if it continues to qualify as a real estate investment trust under the Code (as defined below); and the potential risks set forth under "Risks and Uncertainties".

Although AHIP believes that the expectations reflected in the forward-looking information contained in this MD&A are reasonable, AHIP can give no assurance that these expectations will prove to be correct,

and since forward-looking information inherently involves risks and uncertainties, undue reliance should not be placed on such information. The estimates and assumptions, which may prove to be incorrect, include, but are not limited to, the various assumptions set forth in this MD&A as well as the following: the COVID-19 pandemic will continue to negatively impact the U.S. economy, U.S. hotel industry and AHIP's business, and the extent and duration of such impact; AHIP's occupancy levels will not materially deteriorate from current levels and will increase along with RevPar in 2021; AHIP will be able to continue to operate its 78 hotels during the COVID-19 pandemic and will not; AHIP's cost reduction, cash conservation and liquidity strategies will achieve their stated objectives and AHIP will continue to have sufficient funds to meet its financial obligations; the vaccination programs in the U.S. will be successful and vaccines effective, and government restrictions related to COVID-19 will alleviate and the expected positive impacts thereof on the U.S. economy, U.S. hotel industry, consumer confidence in travel, consumer behavior and AHIP's business will be consistent with AHIP's expectations; recent improvement trends experienced by AHIP and its hotel properties will continue in 2021 and not regress; AHIP's strategies with respect to margin enhancement, completion of accretive capital projects, liquidity and divestiture of non-core assets will be successful; higher NOI margins may not persist at current levels as the recovery from COVID-19 continues and previous levels of services are reinstated; AHIP's Brand partners will agree to extend the adjustment to certain service standards; the performance of AHIP's Embassy Suites properties will improve along with business travel and recover in meetings and conferences; AHIP will be successful in obtaining any further loan relief required from its CMBS loan servicers; AHIP will not require covenant waivers under its Credit Facility subsequent to Q4 2021 or covenant modifications subsequent to Q4 2022, and if required, such waivers will be provided by its Credit Facility syndicate; AHIP's select-service portfolio will continue, in the near term to outperform full service hotels focused on gateway markets or more reliant on air travel; the economic recovery in the U.S. and within the U.S. hotel industry will continue; a portion of the government-guaranteed loans that AHIP received will be forgivable; critical accounting estimates; capital markets will provide AHIP with readily available access to equity and/or debt financing on terms acceptable to AHIP; AHIP's future level of indebtedness and its future growth potential will remain consistent with AHIP's current expectations; there will be no changes to tax laws adversely affecting AHIP's financing capability, operations, activities, structure or distributions; the useful lives of AHIP's assets being consistent with management's estimates therefor; AHIP will be able to successfully integrate properties acquired into its portfolio; AHIP management's estimates with respect to replacement costs are accurate; the accuracy of third party reports with respect to lodging industry data; the U.S. REIT will continue to qualify as a real estate investment trust for U.S. federal income tax purposes; the SIFT Measures in the Tax Act (as defined below) will continue to not apply to AHIP; AHIP will retain and continue to attract qualified and knowledgeable personnel as AHIP expands its portfolio and business; the impact of the current economic climate and the current global financial conditions on AHIP's operations, including AHIP's financing capability and asset value, will remain consistent with AHIP's current expectations; there will be no material changes to government and environmental regulations adversely affecting AHIP's operations; and conditions in the international and, in particular, the U.S. hotel and lodging industry, including competition for acquisitions, will be consistent with the current economic climate. Forward-looking statements are provided for the purpose of presenting information about management's current expectations and plans relating to the future and readers are cautioned that such statements may not be appropriate for other purposes.

Forward-looking statements involve significant risks and uncertainties and should not be read as guarantees of future performance or results as actual results may differ materially from those expressed

or implied in such forward-looking statements. Those risks and uncertainties include, among other things, risks related to: the COVID-19 pandemic and related government measures and their impact on the U.S. economy, the hotel industry, and AHIP's business, including, as more particularly described above under "Risks and Uncertainties"; the speed of vaccinations may decline, the effectiveness, acceptance and availability of vaccines, the duration of associated immunity and efficacy of the vaccines against emerging variants of COVID-19 all may be less than expected, which may prolong the impacts of COVID-19 on the U.S. economy, lodging industry and AHIP and cause various levels of government to consider the imposition of new travel and other restrictions and may negatively impact corporate travel policies and consumer behavior, which could put further downward pressure on occupancy levels and revenues for an extended period of time; the recent increase in COVID-19 cases attributable primarily to the Delta variant has the potential to reduce corporate and leisure travel in future periods, which may negatively impact AHIP; AHIP may not achieve its expected performance improvements in 2021; forecasts in third party reports with respect to a recovery in the U.S. hotel industry may not be accurate and the recovery of the U.S. hotel industry may take longer than expected; AHIP's portfolio may not outperform the U.S. hotel industry in 2021; AHIP's brand partners may not agree to extend existing adjustment to services standards; the possibility that higher materials costs could impact the cost of AHIP's capital projects; AHIP's larger Embassy Suites hotels may not achieve expected improvements in performance; AHIP's strategies with respect to margin enhancement, completion of accretive capital projects, liquidity and divestiture of non-core assets may not be successful; there is no guarantee that distributions will be reinstated, and if reinstated, as to the timing thereof or what the amount of the distribution will be; there is no guarantee as to the timing of the payment of the deferred March 2020 distribution; AHIP's cost reduction, cash preservation and liquidity strategies may not achieve their stated objectives, and cash savings and liquidity generated may be less than anticipated; AHIP may require additional debt or equity capital in order to replenish any further reserve funds drawn in accordance with the timing required by its CMBS loan servicers and to satisfy AHIP's other contractual obligations, and such funds may not be available to AHIP on reasonable terms, or at all; AHIP may require covenant waivers under its Credit Facility subsequent to Q4 2021 and covenant modifications subsequent to Q4 2022, and if required, such waivers may not be provided by its Credit Facility syndicate on terms acceptable to AHIP, or at all; AHIP may require further relief from its CMBS loan servicers, and if required, such relief may not be provided by such CMBS loan servicers on terms acceptable to AHIP, or at all; the CMBS loan servicers for certain of AHIP's CMBS loans could invoke the cash management provisions of such loans; AHIP's portfolio may not capture anticipated market share in the near term, or at all; the impacts of COVID-19 on AHIP's anticipated revenue levels and the recoverable amount of its hotel properties could lead to impairment charges on hotel properties in future periods; general economic conditions and consumer confidence; AHIP may not satisfy the criteria for forgiveness of certain government guaranteed loans obtained by AHIP; AHIP may not be successful in negotiating modified terms for its two-single property loans which have been transitioned to special servicers, and the loan servicers may seek to enforce their security under such loans including through foreclosure proceedings (see "Debt Strategy"); the growth in the U.S. hotel and lodging industry; prices for the Units and Debentures; liquidity; tax risks; ability to access debt and capital markets; financing risks; changes in interest rates; the financial condition of, and AHIP's relationships with, its external hotel manager and franchisors; real property risks, including environmental risks; the degree and nature of competition; ability to acquire accretive hotel investments; ability to integrate new hotels; environmental matters; and changes in legislation. Additional information about risks and uncertainties is contained in this MD&A and in AHIP's AIF dated March 15, 2021 for the year ended December 31, 2020, a copy of which is available on SEDAR at www.sedar.com.

The forward-looking information contained in this MD&A is expressly qualified in its entirety by these cautionary statements. All forward-looking statements in this MD&A are made as of August 10, 2021. AHIP does not undertake any obligation to update any such forward looking information, resulting from new information, future events or otherwise, except as required by applicable law.

APPROVAL BY THE BOARD OF DIRECTORS

The Board of Directors of AHIP's General Partner, upon recommendation of its Audit Committee, approved the contents of this MD&A on August 10, 2021.

PART II

OVERVIEW OF AHIP

AHIP is a limited partnership formed under the *Limited Partnerships Act* (Ontario) to invest in hotel real estate properties in the United States ("U.S.") and engaged primarily in growing a portfolio of premium branded, select-service hotels in larger secondary markets with diverse and typically stable demand generators. AHIP 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 (the "Limited Partnership Agreement"). AHIP's general partner is American Hotel Income Properties REIT (GP) Inc. (the "General Partner"). AHIP's head office and address for service is Suite 800 – 925 West Georgia Street, Vancouver, B.C., Canada V6C 3L2.

The principal business of AHIP is to issue limited partnership units ("Units") and to acquire and hold shares of American Hotel Income Properties REIT Inc. (the "U.S. REIT"). The U.S. REIT was established for the purposes of indirectly acquiring and owning hotel real estate properties in the U.S.

AHIP's long-term objectives are to:

- (i) generate cash distributions from hotel properties located in the U.S.;
- (ii) enhance the value of its assets and maximize the long-term value of its hotel properties through active asset management; and
- (iii) expand its asset base and increase its FFO per Unit through an accretive acquisition program as well as by investing in improvements to the properties through targeted value-added capital expenditure programs.

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

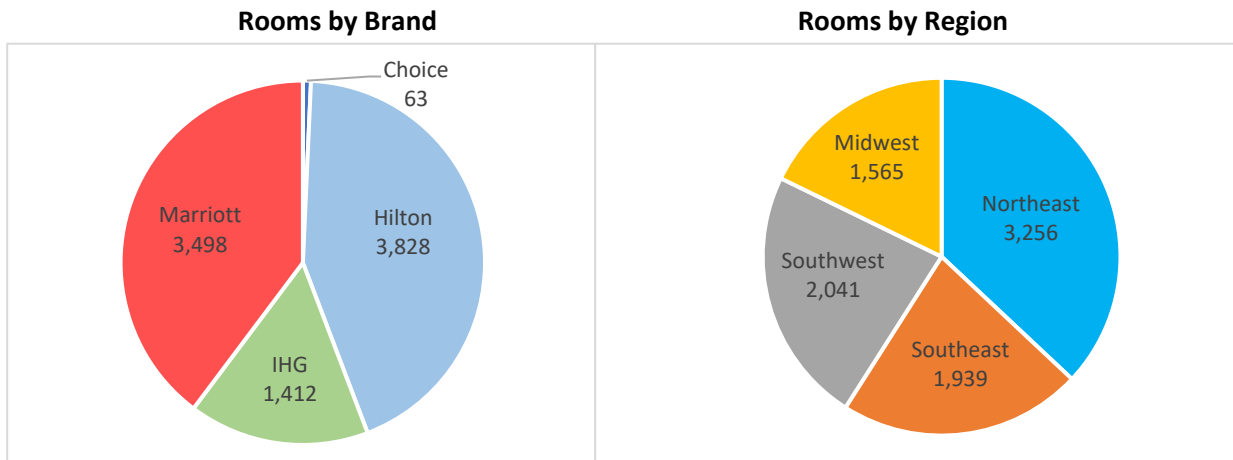
AHIP's hotel portfolio consists of "Premium Branded hotels", which are select-service hotel properties that have franchise agreements with international hotel brands, including Marriott International Inc. ("Marriott"), Hilton Worldwide ("Hilton"), InterContinental Hotels Group ("IHG") and Choice Hotels International Inc. ("Choice") which provide global distribution channels, targeted brand segmentation, strong loyalty programs, and premier information technology system standards. As of June 30, 2021, AHIP

owns 78 Premium Branded hotels with a total of 8,801 guestrooms located in 22 states across the United States. These hotels are geographically located primarily in secondary markets with diverse and typically stable demand generators.

AHIP's distribution of Premium Branded hotels by chain scale segment is shown below:

| Chain Scale Segments | AHIP's Premium Branded Hotels | Number of Hotels | Number of Rooms | Room Percentage by Segment |
|-------------------------------------|--|------------------|-----------------|----------------------------|
| Upper Upscale | Embassy Suites | 5 | 1,311 | 15% |
| Upscale | Courtyard, Hilton Garden Inn, Homewood Suites, Residence Inn, Springhill Suites, Staybridge Suites | 29 | 3,263 | 37% |
| Upper Midscale | Fairfield Inn, Hampton Inn, Holiday Inn, Holiday Inn Express, TownePlace Suites, Home2 Suites | 43 | 4,164 | 47% |
| Midscale | Sleep Inn | 1 | 63 | 1% |
| TOTAL PREMIUM BRANDED HOTELS | | 78 | 8,801 | 100% |

AHIP's number of rooms by brand and by region are shown below:



Midwest Region includes Illinois, Iowa, Kansas, Kentucky, Michigan, Minnesota, Missouri, North Dakota, and Ohio. **Northeast Region** includes Connecticut, Maryland, New Jersey, New York, Pennsylvania, and Virginia. **Southeast Region** includes Florida, Georgia, North Carolina, and Tennessee. **Southwest Region** includes Arizona, Oklahoma, and Texas.

TAXATION

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

AHIP's indirect Canadian subsidiary, AHIP Management Ltd., is a taxable Canadian corporation subject to Canadian income tax. AHIP's indirect U.S. subsidiaries, AHIP Cargo Enterprises LLC and AHIP Enterprises

LLC, are taxable REIT subsidiaries (“TRS”) of the U.S. REIT that are treated as U.S. corporations subject to U.S. income tax.

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

THIRD PARTY INFORMATION

This MD&A includes market information, industry data and forecasts obtained from independent industry publications, market research and analyst reports, surveys and other publicly available sources. Although AHIP believes these sources to be generally reliable, market and industry data is subject to interpretation and cannot be verified with complete certainty due to limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties inherent in any statistical survey. Accordingly, the accuracy and completeness of this data is not guaranteed. AHIP has not independently verified any of the data from third party sources referred to in this MD&A nor ascertained the underlying assumptions relied upon by such sources.

INFLATION

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

COMPETITION

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

SEASONALITY

The lodging industry is seasonal in nature, which can be expected to cause quarterly fluctuations in occupancy rates, room rates, revenues, operating expenses, and cash flows. Historically, occupancies, revenues, and cash flows tend to be higher in the second and third quarters and lower in the first and fourth quarters. Quarterly earnings may also be influenced by factors beyond AHIP’s control including overall economic cycles, weather conditions and uncertainties relating to the current COVID-19 pandemic (including government restrictions on travel and changes in corporate travel policies and consumer behaviour with

respect to travel). To the extent cash flow from operations is insufficient during any quarter, due to temporary or seasonal fluctuations in revenues, AHIP expects to utilize cash on hand or borrowings under its revolving Credit Facility to pay expenses or service debt.

As a result of the impact of seasonal fluctuations in FFO in any period, management generally considers a rolling four quarter FFO Payout Ratio more relevant than a payout ratio for the purposes of assessing AHIP's distribution paying capacity in any given quarter during periods in which AHIP pays distributions on its Units. Since March 2020, COVID-19 has materially impacted AHIP's hotel operations, quarterly FFO and distribution policy. On March 20, 2020, AHIP announced the temporary suspension of the monthly distribution on its Units. See "Distribution Policy" for more information.

PART III

SUMMARY OF SIGNIFICANT Q2 2021 ACTIVITY

a) Improving Operational Results:

The second quarter of 2021 provided further evidence of an ongoing recovery in the U.S. lodging market following the demand reductions precipitated by the outbreak of the COVID-19 pandemic in early 2020. This recovery is evidenced by sequential monthly improvements in RevPAR across the Portfolio since January 2021. RevPAR improvements have been driven by both Occupancy and ADR gains, with both metrics providing evidence of improving lodging demand. For Premium Branded hotels only and using prior ownership's financial information for the 12 Premium Branded hotels acquired in December 2019, occupancy for the month of June 2021 rose to 0.88x of June 2019 pre-COVID levels, while ADR climbed to 0.96x.

The rate-driven RevPAR improvements further enhanced operating margins for the period, as evidenced by Net Operating Income ("NOI") Margins that exceeded Q2 2019 levels. For the month of June 2021, NOI Margins exceeded June 2019 levels by 1.18x.

Premium Branded Operating Metrics, as a multiple of 2019 metrics is shown below for 2021⁽¹⁾:

| Metric | Jan-21 | Feb-21 | Mar-21 | Apr-21 | May-21 | Jun-21 | Q1-21 | Q2-21 |
|----------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Occupancy (%) | 51.2% | 59.9% | 69.4% | 68.6% | 68.4% | 73.1% | 60.2% | 70.0% |
| <i>Recovery (vs. 2019)</i> | <i>0.77x</i> | <i>0.81x</i> | <i>0.86x</i> | <i>0.85x</i> | <i>0.85x</i> | <i>0.88x</i> | <i>0.82x</i> | <i>0.86x</i> |
| ADR (US\$) | \$90.81 | \$93.87 | \$98.22 | \$103.16 | \$109.06 | \$115.33 | \$94.70 | \$109.31 |
| <i>Recovery (vs. 2019)</i> | <i>0.81x</i> | <i>0.81x</i> | <i>0.82x</i> | <i>0.88x</i> | <i>0.92x</i> | <i>0.96x</i> | <i>0.82x</i> | <i>0.92x</i> |
| RevPAR (US\$) | \$46.52 | \$56.24 | \$68.13 | \$70.79 | \$74.60 | \$84.28 | \$56.99 | \$76.53 |
| <i>Recovery (vs. 2019)</i> | <i>0.63x</i> | <i>0.66x</i> | <i>0.70x</i> | <i>0.75x</i> | <i>0.78x</i> | <i>0.85x</i> | <i>0.67x</i> | <i>0.80x</i> |
| NOI Margin (%) | 25.3% | 27.7% | 39.9% | 38.9% | 40.7% | 44.3% | 32.1% | 41.5% |
| <i>Recovery (vs. 2019)</i> | <i>0.85x</i> | <i>0.90x</i> | <i>0.99x</i> | <i>1.08x</i> | <i>1.08x</i> | <i>1.18x</i> | <i>0.93x</i> | <i>1.12x</i> |

(1) January to June 2019 metrics based on prior ownership's financial information for the 12 Premium Branded hotels acquired in December 2019

In addition to the positive effects of a rate-driven RevPAR recovery, the improvements in NOI margins vs 2019 are also reflective of the modification of certain hotel operating standards put in place to address employee and guest safety in response to the outbreak of the pandemic in 2020. This included the reduction or elimination of daily housekeeping during guest stays; and a reduction in complimentary breakfast and evening reception offerings. These changes have resulted in hourly and salaried labor remaining below pre-pandemic levels. Management is currently in discussions with Brand partners around service standards and expects that a portion of these changes will remain in effect.

As part of effective asset management of the portfolio, AHIP deferred a number of capital projects in 2020 to preserve cash during the height of the pandemic. AHIP is currently in discussions with Brand partners on these Property Improvement Plans (“PIPs”) and expects to restart two small renovations in late 2021. For future capital projects, priority will be given after consideration of return on investment and projected improvement to each property’s RevPAR Index (“RPI”). AHIP and its Brand partners are aligned on multiple objectives during periods of lower demand; cost containment, liquidity preservation and driving the competitiveness of each property while maintaining a safe, quality experience for hotel guests.

AHIP’s five Embassy Suites properties, which represents 1,311 keys or 15% of our portfolio, had a 36% reduction in RevPar and a 2,130 basis point decrease in occupancy in the second quarter as compared to the same period in 2019. The Embassy Suites rely in part on conference and group bookings which have not recovered as fast as other demand segments of the hotel sector. As business travel improves with a recovery in meetings and conferences, we would expect these properties to narrow the gap to 2019 operating levels.

AHIP’s premium branded select-service hotel portfolio has demonstrated that it is well positioned to capture market share in a challenging operating environment. The portfolio is located in geographically diverse, non city center, secondary markets that are less reliant on air travel and cater to the domestic leisure traveler. Reductions in air travel, conferences, and food and beverage consumption have a much smaller impact on AHIP as compared to full service hotel owners. Extended stay properties, which represent 30.8% of AHIP’s portfolio, have proven to be capable of generating higher occupancies than the industry average even in the most challenging demand environments. Lastly, the efficiency of the select service hotel labour model has allowed AHIP to outperform industry averages in operating margins, even when national lodging demand levels plummeted to historical lows.

b) Continuing Impact from COVID-19 in the Hospitality Sector:

AHIP responded decisively to the COVID-19 pandemic in the first quarter of 2020 by implementing a comprehensive mitigation strategy to reduce costs and to maximize liquidity. The announcement of a vaccine in late 2020 coupled with increasing COVID-19 vaccination rates in 2021 are having a positive impact on corporate and leisure travel although there has not been a full recovery to 2019 occupancy or ADR. While most financial and operating measures are improving in 2021, other measures, in particular NOI, remain below 2019 levels. While operations have been improving steadily in 2021, the recent increase in cases attributable primarily to the Delta variant has the potential to reduce corporate and leisure travel in future periods.

The impact, scope, severity and duration of the COVID-19 pandemic continues to be highly uncertain and cannot be predicted. See additional discussion in “Risks and Uncertainties” below.

c) Addition to the Executive Team:

On June 1, 2021, AHIP announced the appointment of Travis Beatty as Chief Financial Officer. Mr. Beatty was previously the Chief Financial Officer of Northview Apartment REIT ("Northview") from 2016 to 2020. Northview was a Canadian public REIT focused on owning and managing a multi-billion dollar portfolio of residential units across Canada. Mr. Beatty is a strong organizational leader with a proven track record in the public REIT space as well as within the broader Canadian financial community.

LIQUIDITY AND LEVERAGE

In the first quarter of 2021, AHIP completed a number of transactions that provided financial stability. This included a strategic investment by an entity controlled by BentallGreenOak Real Estate Advisors LP (“BentallGreenOak”) and Highgate Capital Investments, LP (“Highgate”). The \$50 million investment (“Investment”) came in the form of newly-created Series C preferred stock (the “Series C Preferred Stock”) of the U.S. REIT and warrants (“Warrants”) exercisable for Units of AHIP, which investment was completed on a private placement basis. Concurrently with the closing of this investment, AHIP amended its corporate credit facility (the “Credit Facility”) with its lending syndicate. These amendments include maintaining credit availability through the end of 2022, extending the waiver period of certain financial covenants through year end 2021 and extending the modifications of certain financial covenants through year end 2022 (see “Debt Strategy” below for further details with respect to the Credit Facility). In the short term, these measures increased available liquidity and reduced leverage.

In the second quarter, AHIP paid in full the remaining \$16.1 million plus accrued interest deferred purchase price in respect of the acquisition of 12 Premium Branded hotel properties that completed in December 2019. With the improved operating results, AHIP’s debt-to-gross book value was 55.4% at June 30, 2021. This has improved by 60 basis points from the first quarter of 2021 and 330 basis points year to date.

At June 30, 2021, AHIP has \$40.2 million in available liquidity which was comprised of unrestricted cash of \$11.1 million and \$29.1 million available to draw on the revolving Credit Facility. In the second half of 2021, EBITDA is expected to exceed required outflows for principal and interest payments and capital expenditures.

In early 2020, the regular monthly distribution was temporarily suspended. The reinstatement of distributions is subject to a sustained recovery in operations; based on the expectation that hotel EBITDA will continue to improve, management is currently targeting to re-establish a distribution in 2022 at a level that will be sustainable in the long term.

OUTLOOK

During the second quarter of 2021, active COVID-19 cases across the U.S underwent a period of significant decline, primarily attributable to increasing vaccination rates. Since the end of the quarter, average daily COVID-19 cases have increased due to the Delta variant, particularly in the U.S. southeast. Despite the daily COVID-19 case increases in July, demand across the AHIP was not materially impacted. For the

remainder of 2021, AHIP expects government restrictions on travel to decrease, permitted group gathering sizes to increase, and that improving consumer confidence will result in increased lodging demand. Together, these factors are expected to result in trends consistent with the second quarter of 2021: improving demand from the leisure travel segment coupled with signs of improving corporate demand.

The U.S economic recovery and impact of COVID-19 has resulted in labor shortages in certain markets. These shortages have been due primarily to various local and state health restrictions, family child care needs, available state and federal support and competition for employees from alternative industries. The impact to AHIP's portfolio has been felt through limited revenue displacement, usually in short periods where demand surges above normalized levels.

AHIP is prepared for periods of further COVID-related demand disruption should they arise. Management has reduced discretionary service offerings in hotel operations, temporarily suspended the distribution, successfully negotiated a covenant waiver and borrowing base improvement to its Credit Facility, and deferred capital expenditures and PIPs where appropriate. AHIP's portfolio has shown an ability to withstand extended periods of low demand, as evidenced by positive Hotel EBITDA in every month since May 2020.

GROWTH

The pandemic and associated disruptions to capital markets have created opportunities for growth in the hospitality sector. AHIP is evaluating certain growth opportunities that would expand the portfolio's existing hotel class and geographic footprint. As a result of the investment made in the first quarter by BentallGreenOak and Highgate, AHIP is aligned with two well-capitalized strategic partners who support the pursuit of attractive acquisition opportunities.

AHIP is also reviewing strategies for divesting assets to recycle proceeds into higher-return generating assets in more attractive markets.

MARKET ENVIRONMENT

The U.S. lodging industry's performance is normally correlated to the performance of the U.S. economy as measured by key metrics such as GDP growth, employment levels and corporate profits. The U.S. hotel industry has been disproportionately impacted by the COVID-19 pandemic compared to the overall U.S. economy. While the US economy has been growing with declining unemployment, the hospitality sector remains below pre-pandemic levels, as measured by RevPAR. The U.S. hotel industry RevPAR in 2021 has improved from 2020 but remains below 2019 pre-pandemic levels. The year-over-year improvement in the US hotel industry has been driven by leisure demand, drive-to business, and weekend vacationers. Increasing vaccination rates and high levels of household savings likely contributed to these trends. The recovery has also been supported by project-based extended stay demand in industries such as construction, medical, logistics, and distribution. However, corporate and large group business demand continues to lag the overall recovery. From an operating perspective, relaxed brand standards around breakfast offerings and housekeeping continues to help operators control cost. However, operators are facing challenges from the lack of availability of labor as well as increasing supply chain costs.

According to STR (“STR”), during the second quarter of 2021, U.S. hotel RevPAR increased by 160.4% as compared to Q2 2020 with ADR increasing by 43.2% and occupancy increasing by 81.9%.

The following table summarizes RevPAR recovery to 2019 in AHIP’s portfolio compared to the U.S. hotel industry by chain scale for the three and six months ended June 30, 2021 (according to STR). AHIP’s portfolio has recovered more quickly than the U.S. hotel industry in the upper upscale, upscale, and midscale segments.

| Chain Scale Segments | Representative Hotels in AHIP’s Premium Branded Hotel Portfolio | U.S. hotel industry Recovery vs 2019 | | AHIP’s Portfolio Recovery vs 2019 | |
|----------------------|--|---|---------------------------------------|---|---------------------------------------|
| | | Three Months ended June 30, 2021 RevPAR | Six Months ended June 30, 2021 RevPAR | Three Months ended June 30, 2021 RevPAR | Six Months ended June 30, 2021 RevPAR |
| Upper upscale | Embassy Suites | 0.54x | 0.45x | 0.64x | 0.56x |
| Upscale | Courtyard, Hilton Garden Inn, Homewood Suites, Residence Inn, Springhill Suites, Staybridge Suites | 0.69x | 0.61x | 0.87x | 0.81x |
| Upper midscale | Fairfield Inn, Hampton Inn, Holiday Inn, Holiday Inn Express, TownePlace Suites, Home2 Suites | 0.86x | 0.78x | 0.79x | 0.74x |
| Midscale | Sleep Inn | 0.98x | 0.89x | 1.17x | 1.17x |

PART IV

On November 27, 2019, AHIP completed the sale of its Economy Lodging Portfolio. Therefore, AHIP applied IFRS 5 – Discontinued Operations and classified the Economy Lodging Portfolio as discontinued operations for the year ended December 31, 2019. For the three and six months ended June 30, 2021, discontinued operations comprised predominantly of remaining professional fees and other charges related to the sale of the Economy Lodging portfolio.

For the purposes of discussing AHIP’s operating results in this MD&A, management has presented the financial information based on AHIP’s continuing operations for the Premium Branded hotels, and has excluded the Economy Lodging Portfolio operations, where applicable and unless otherwise noted.

SECOND QUARTER HIGHLIGHTS AND KEY PERFORMANCE INDICATORS

| (US\$000s unless noted and except Units and per Unit amounts) | Three months ended June 30, 2021 | Three months ended June 30, 2020 | Six months ended June 30, 2021 | Six months ended June 30, 2020 |
|---|--|--|--------------------------------------|--------------------------------------|
| TOTAL PORTFOLIO INFORMATION | | | | |
| Number of rooms ⁽¹⁾ | 8,801 | 8,887 | 8,801 | 8,887 |
| Number of properties ⁽¹⁾ | 78 | 79 | 78 | 79 |
| Number of restaurants ⁽¹⁾ | 16 | 16 | 16 | 16 |
| Occupancy rate | 70.0% | 34.7% | 65.1% | 48.4% |
| Average daily room rate | \$ 109.31 | \$ 95.13 | \$ 102.60 | \$ 107.17 |
| Revenue per available room | \$ 76.53 | \$ 33.01 | \$ 66.82 | \$ 51.87 |
| Revenues | \$ 63,589 | \$ 27,274 | \$ 110,303 | \$ 89,129 |
| Net operating income ⁽²⁾ | 26,373 | 4,306 | 41,350 | 22,167 |
| NOI Margin % | 41.5% | 15.8% | 37.5% | 24.9% |
| Net income (loss) and comprehensive income (loss) | \$ 526 | \$ (20,806) | \$ (13,444) | \$ (33,413) |
| Diluted income (loss) per Unit | \$ 0.01 | \$ (0.26) | \$ (0.17) | \$ (0.43) |
| Hotel EBITDA ⁽²⁾ | \$ 24,569 | \$ 3,385 | \$ 38,151 | \$ 19,478 |
| Hotel EBITDA Margin % | 38.6% | 12.4% | 34.6% | 21.9% |
| EBITDA ⁽²⁾ | \$ 22,003 | \$ 924 | \$ 31,909 | \$ 15,089 |
| EBITDA Margin % | 34.6% | 3.4% | 28.9% | 16.9% |
| FUNDS FROM OPERATIONS (FFO) ⁽³⁾ | | | | |
| Funds from operations | \$ 11,465 | \$ (9,088) | \$ 9,479 | \$ (4,414) |
| Diluted FFO per Unit ⁽⁴⁾⁽⁵⁾ | \$ 0.14 | \$ (0.12) | \$ 0.12 | \$ (0.06) |
| FFO Payout Ratio (trailing twelve-month basis) ⁽⁶⁾ | nm | 171.4% | nm | 171.4% |
| ADJUSTED FUNDS FROM OPERATIONS (AFFO) ⁽³⁾ | | | | |
| Adjusted funds from operations | \$ 10,924 | \$ (8,658) | \$ 9,324 | \$ (5,071) |
| Diluted AFFO per Unit ⁽⁴⁾⁽⁵⁾ | \$ 0.13 | \$ (0.11) | \$ 0.12 | \$ (0.06) |
| AFFO Payout Ratio (trailing twelve-month basis) ⁽⁶⁾ | nm | 201.5% | nm | 201.5% |
| Distributions declared | \$ - | \$ - | \$ - | \$ 11,405 |
| Distributions declared per Unit | \$ - | \$ - | \$ - | \$ 0.146 |

SECOND QUARTER HIGHLIGHTS AND KEY PERFORMANCE INDICATORS CONTINUED

| (US\$000s unless noted and except Units and per Unit amounts) | Three months ended June 30, 2021 | Three months ended June 30, 2020 | Six months ended June 30, 2021 | Six months ended June 30, 2020 |
|--|--|--|--------------------------------------|--------------------------------------|
| CAPITALIZATION AND LEVERAGE | | | | |
| Debt-to-Gross Book Value ⁽¹⁾ | 55.4% | 58.7% | 55.4% | 58.7% |
| Debt-to-EBITDA (trailing twelve-month basis) | 15.8x | 13.6x | 15.8x | 13.6x |
| Interest Coverage Ratio (trailing twelve-month basis) | 1.2x | 1.6x | 1.2x | 1.6x |
| Weighted average debt face interest rate ⁽¹⁾ | 4.56% | 4.54% | 4.56% | 4.54% |
| Weighted average debt term to maturity ⁽⁷⁾ | 4.1 years | 5 years | 4.1 years | 5 years |
| Number of Units outstanding ⁽¹⁾ | 78,635,554 | 78,138,537 | 78,635,554 | 78,138,537 |
| Diluted weighted average number of Units outstanding ⁽⁴⁾ | 80,283,739 | 78,703,450 | 78,657,287 | 78,456,893 |

(1) At period end

(2) Not adjusted for IFRIC 21 property taxes of (\$2,030) and (\$1,483) for the three and six months ended June 30, 2021, and (\$1,994) and (\$942) for the three and six months ended June 30, 2020, respectively.

(3) Refers to combined continuing and discontinued operations

(4) Diluted weighted average number of Units calculated in accordance with IFRS included the 191,144 unvested Restricted Stock Units and 1,569,509 Units issuable on conversion of the Warrants as at June 30, 2021. As at June 30, 2020, there were 743,465 unvested Restricted Stock Units.

(5) The Debentures were not dilutive for FFO but dilutive for AFFO for the three months ended June 30, 2021. Therefore, Debenture finance costs of \$611 were added back to AFFO and 5,283,783 Units issuable on conversion of the Debentures were added to the diluted weighted average number of Units outstanding for the three months ended June 30, 2021. The Debentures were not dilutive for FFO and AFFO for the six months ended June 30, 2021 and not dilutive for the three and six months ended June 30, 2020.

(6) nm = not meaningful

(7) At period end based on stated maturity date

OPERATIONAL AND FINANCIAL HIGHLIGHTS

Three months ended June 30, 2021:

For the three months ended June 30, 2021, revenues increased by \$36.3 million (or 133.1%) to \$63.6 million (2020 – \$27.3 million) compared to the prior year, reflecting the recovery from significantly lower demand in the prior year at the initial onset of COVID-19. RevPAR increased 131.8% to \$76.53 (2020 – \$33.01) caused by ADR increases of 14.9% to \$109.31 (2019 – \$95.13) and occupancy increase of 101.7% to 70.0% (2020 – 34.7%).

Net income and comprehensive income for the quarter was \$0.5 million (2020 – loss of \$20.8 million) as a result of higher revenue and NOI and lack of impairment charges in the current year, partially offset by the increase in corporate and administrative costs and the change in fair value of warrants which is new in 2021.

FFO for the quarter increased to \$11.5 million (2020 – (\$9.1) million) as a result of higher NOI due to the improvement of operations and AFFO increased to \$10.9 million (2020 – (\$8.7) million). Diluted FFO per Unit for the quarter was \$0.14 (2020 – (\$0.12)) and diluted AFFO per Unit was \$0.13 (2020 – (\$0.11)).

Six months ended June 30, 2021:

For the six months ended June 30, 2021, revenues increased by \$21.2 million (or 23.8%) to \$110.3 million (2020 – \$89.1 million) compared to the prior year as a result of AHIP's steady recovery from COVID-19 related impacts between periods. RevPAR increased by 28.8% to \$66.82 (2020 – \$51.87) with occupancy increasing by 34.5% to 65.1% (2020 – 48.4%). ADR decreased by 4.3% to \$102.60 (2020 – \$107.17) due to two months of higher pre-COVID ADR in January and February 2020.

Loss and comprehensive loss was \$13.4 million (2020 – loss of \$33.4 million) as a result of higher NOI, fair value changes on interest rate swaps, and no impairment charges, partially offset by higher corporate and administrative costs and the change in fair value of warrants.

FFO increased to \$9.5 million (2020 – (\$4.4) million) as a result of higher NOI and AFFO increased to \$9.3 million (2020 – (\$5.1) million). Diluted FFO per Unit was \$0.12 (2020 – (\$0.06)) and diluted AFFO per Unit was \$0.12 (2020 – (\$0.06)).

RESULTS OF OPERATIONS

The following discussion highlights selected financial information for the three and six months ended June 30, 2021 and 2020. This information should be read in conjunction with AHIP's Interim Financial Statements and related notes.

| (US\$000s unless noted and except Units and per Unit amounts) | Three months ended June 30, 2021 | Three months ended June 30, 2020 | Six months ended June 30, 2021 | Six months ended June 30, 2020 |
|--|-------------------------------------|-------------------------------------|-----------------------------------|-----------------------------------|
| Revenues | \$ 63,589 | \$ 27,274 | \$ 110,303 | \$ 89,129 |
| Hotel expenses | 35,186 | 20,973 | 67,470 | 66,019 |
| Net operating income (including IFRIC 21) | 28,403 | 6,301 | 42,833 | 23,110 |
| Depreciation and amortization | 10,795 | 10,918 | 21,598 | 21,783 |
| Income (loss) from operating activities | 17,608 | (4,617) | 21,235 | 1,327 |
| Corporate and administrative | 4,387 | 3,383 | 9,766 | 7,079 |
| Loss on disposal of property and equipment | 1,300 | - | 1,310 | - |
| Impairment of hotel assets | - | 3,669 | - | 5,544 |
| Income (loss) from continuing operations before undernoted | 11,921 | (11,669) | 10,159 | (11,296) |
| Finance income | (28) | (62) | (58) | (147) |
| Change in fair value of swap contracts | (418) | 554 | (1,422) | 6,370 |
| Change in fair value of warrants | 894 | - | 4,304 | - |
| Finance costs | 9,555 | 10,189 | 20,788 | 19,766 |
| Income (loss) from continuing operations before income taxes | 1,918 | (22,350) | (13,453) | (37,285) |
| Current income tax expense | - | (116) | - | (116) |
| Deferred income tax recovery | 1,392 | (1,395) | (16) | (3,738) |
| Net income (loss) and comprehensive net income (loss) from continuing operations | 526 | (20,839) | (13,437) | (33,431) |
| Net income (loss) on disposal of discontinued operations | - | 33 | (7) | 18 |
| Net income (loss) and comprehensive income (loss) | 526 | (20,806) | (13,444) | (33,413) |
| Net income (loss) attributable to: | | | | |
| Unitholders | (485) | (20,806) | (15,144) | (33,413) |
| Non-controlling interest | 1,011 | - | 1,700 | - |
| | \$ 526 | \$ (20,806) | \$ (13,444) | \$ (33,413) |
| Basic income (loss) per Unit | \$ 0.01 | \$ (0.27) | \$ (0.17) | \$ (0.43) |
| Diluted income (loss) per Unit | \$ 0.01 | \$ (0.26) | \$ (0.17) | \$ (0.43) |
| Basic weighted average number of Units outstanding | 78,570,594 | 78,134,763 | 78,533,022 | 78,131,688 |
| Diluted weighted average number of Units outstanding ⁽¹⁾ | 80,283,739 | 78,703,450 | 78,657,287 | 78,456,893 |

(1) Diluted weighted average number of Units calculated in accordance with IFRS included the 191,144 unvested Restricted Stock Units and 1,569,509 Units issuable on conversion of the Warrants as at June 30, 2021. As at June 30, 2020, there were 743,465 unvested Restricted Stock Units.

Total revenue for the three and six months ended June 30, 2021 increased compared to the same period last year as a result of an improvement in demand which was more severely depressed from the impacts of COVID-19 in the prior year.

Hotel expenses consisted of hotel operating expenditures including labor costs, sales and marketing costs, franchise fees, energy, property maintenance, property taxes, insurance, and ground lease expense. Hotel expenses were higher for the three and six months ended June 30, 2021, compared to the prior year as a result of the higher occupancy, partially offset by cost containment initiatives that were initiated in 2020 which remain in place in 2021.

Depreciation and amortization expenses consisted of depreciation charges on property, buildings and equipment, and amortization of intangible assets. Depreciation and amortization expenses for the three and six months ended June 30, 2021, decreased over prior periods due to the disposition of a property in Q3 2020.

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

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

| (US\$000s) | Three months ended June 30, 2021 | Three months ended June 30, 2020 | Six months ended June 30, 2021 | Six months ended June 30, 2020 |
|--|--|--|--------------------------------------|--------------------------------------|
| Hotel management fees | \$ 1,804 | \$ 921 | \$ 3,199 | \$ 2,689 |
| General administrative expenses | 2,583 | 2,462 | 6,567 | 4,390 |
| Total corporate and administrative expenses | \$ 4,387 | \$ 3,383 | \$ 9,766 | \$ 7,079 |

The increase in hotel management fees for the three and six months ended June 30, 2021 correlated with higher revenues. The increase in general and administrative expenses for the three and six months ended June 30, 2021 was primarily attributable to approximately \$0.7 million and \$1.6 million in non-recurring compensation-related items arising from senior management changes during the respective periods.

| (US\$000s) | Three months ended June 30, 2021 | Three months ended June 30, 2020 | Six months ended June 30, 2021 | Six months ended June 30, 2020 |
|---|--|--|--------------------------------------|--------------------------------------|
| Interest expense on term loans and revolving Credit Facility | \$ 8,214 | \$ 8,540 | \$ 16,417 | \$ 16,536 |
| Other financing charges | 41 | 509 | 1,792 | 972 |
| Interest expense on Debentures | 611 | 611 | 1,222 | 1,222 |
| Amortization of debt financing costs | 482 | 335 | 944 | 647 |
| Accretion of Debenture liability | 112 | 105 | 224 | 211 |
| Amortization of Debenture costs | 100 | 92 | 199 | 184 |
| Interest expense on lease liabilities | 4 | 6 | 8 | 12 |
| Dividends on Series B preferred shares | 4 | 4 | 8 | 8 |
| Amortization of mark-to-market adjustments | (13) | (13) | (26) | (26) |
| Total finance costs | \$ 9,555 | \$ 10,189 | \$ 20,788 | \$ 19,766 |

For the three months ended June 30, 2021, total finance costs were lower than the same period in 2020 due to lower interest expense after the \$25 million paydown on the revolving Credit Facility in January 2021 and a decrease in other financing charges incurred to defer the payment of certain liabilities due in 2020 to 2021.

For the six months ended June 30, 2021, total finance costs were higher than the same period in 2020 due to higher interest rate spread on the Credit Facility pursuant to the covenant relief provision, partially offset by a decrease in non-recurring finance costs related to the deferral of certain obligations, a significant portion of which have been fulfilled in 2021.

PREMIUM BRANDED HOTELS OPERATING STATEMENTS

| (US\$000s unless noted) | Three months ended June 30, 2021 | Three months ended June 30, 2020 | Six months ended June 30, 2021 | Six months ended June 30, 2020 |
|--|--|--|--------------------------------------|--------------------------------------|
| Number of rooms ⁽¹⁾ | 8,801 | 8,887 | 8,801 | 8,887 |
| Number of properties ⁽¹⁾ | 78 | 79 | 78 | 79 |
| Number of restaurants ⁽¹⁾ | 16 | 16 | 16 | 16 |
| Occupancy rate | 70.0% | 34.7% | 65.1% | 48.4% |
| Average daily rate | \$ 109.31 | \$ 95.13 | \$ 102.60 | \$ 107.17 |
| Revenue per available room | \$ 76.53 | \$ 33.01 | \$ 66.82 | \$ 51.87 |
| REVENUES | | | | |
| Rooms | \$ 61,296 | \$ 26,667 | \$ 106,436 | \$ 83,943 |
| Food, beverage and other | 2,293 | 607 | 3,867 | 5,186 |
| TOTAL REVENUES | 63,589 | 27,274 | 110,303 | 89,129 |
| EXPENSES | | | | |
| Operating expenses | 27,717 | 14,506 | 49,557 | 48,233 |
| Energy | 2,599 | 2,137 | 5,400 | 4,646 |
| Property maintenance | 2,254 | 1,574 | 4,506 | 4,532 |
| Taxes, insurance and ground lease ⁽²⁾ | 4,646 | 4,751 | 9,490 | 9,551 |
| TOTAL EXPENSES | 37,216 | 22,968 | 68,953 | 66,962 |
| NET OPERATING INCOME | \$ 26,373 | \$ 4,306 | \$ 41,350 | \$ 22,167 |
| NOI Margin % | 41.5% | 15.8% | 37.5% | 24.9% |

(1) At period end.

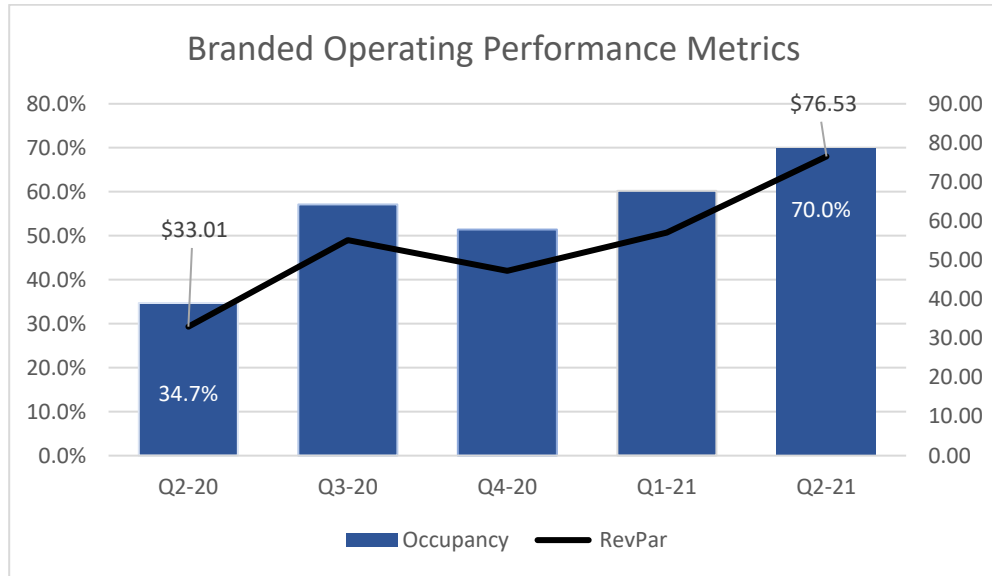
(2) Not adjusted for IFRIC 21 property taxes of (\$2,030) and (\$1,483) for the three and six months ended June 30, 2021, and (\$1,994) and (\$942) for the three and six months ended June 30, 2020, respectively.

Three months ended June 30, 2021:

For Premium Branded hotels, total revenues for the three months ended June 30, 2021 increased by \$36.3 million (or 133.1%) to \$63.6 million (2020 – \$27.3 million) caused by the recovery of operations from the impacts of COVID-19. Food, beverage, and other revenue resulted in an increase in revenue of \$1.7 million, as COVID-19 restrictions eased allowing certain restaurants to resume operations. NOI margins were lower in 2020 due to fixed costs that could not be scaled down at the same rate of revenue declines. NOI margins were higher than previous levels due to the cost containment initiatives that were keeping costs lower than normal such as reduced house keeping levels, food and beverage offerings, and management salaries. These higher margins may not persist at this level as the recovery from COVID-19 continues and previous levels of services are reinstated.

For the three months ended June 30, 2021, the current quarter RevPAR as a multiple of 2019 indicates that performance has recovered more strongly in certain AHIP properties located in Tennessee and New Jersey where RevPAR is 1.03x and 1.02x of 2019 RevPAR, respectively. The recovery is led by demand from leisure customers. RevPAR recovery is less significant in Ohio, Oklahoma, and Kentucky with RevPAR

multiples of 0.56x, 0.60x, and 0.65x of 2019 RevPAR, respectively, reflecting the decline in demand at the larger Embassy Suites properties. AHIP’s 24 extended stay properties continue to be its strongest performing segment compared to the select service and Embassy Suites segments, with recovery of RevPAR at 0.89x of 2019 levels.



Six months ended June 30, 2021:

For Premium Branded hotels, total revenues for the six months ended June 30, 2021 increased by \$21.2 million (or 23.8%) to \$110.3 million (2020 – \$89.1 million) caused by improving consumer travel demand. Recovering operations resulted in higher NOI and NOI margins as discussed above.

For the six months ended June 30, 2021, AHIP’s portfolio RevPAR outperformed the U.S. hotel industry RevPAR by 130 basis points with U.S. hotel RevPAR increasing by 27.4% compared to AHIP’s RevPAR increase of 28.8%. Certain AHIP properties located in Tennessee and New Jersey performed better, both with RevPAR multiples of 0.94x of 2019 RevPAR, fuelled by multiple demand generators and superior performance from extended stay properties. RevPAR recovery was less significant in Ohio, Oklahoma, and Kentucky, with RevPAR multiples of 0.51x, 0.58x, and 0.61x of 2019 RevPAR, respectively, reflecting the lower demand at the larger Embassy Suites properties. RevPAR at AHIP’s 24 extended stay properties was the strongest performing segment compared to select service and the larger Embassy Suites properties with recovery of RevPAR to 0.84x of 2019 RevPAR. Higher revenues contributed to higher NOI and margin improvement as discussed above.

SAME PROPERTY OPERATING METRICS

A property must be owned and operated for the entire period in both reporting periods for inclusion in same property operating metrics. As such, properties acquired and sold during the comparable reporting period are not included in the same property tables. The table below shows the operating results for the 78 Premium Branded hotels owned since January 1, 2020.

| (US\$000s unless noted) | Three months ended June 30, 2021 | Three months ended June 30, 2020 | Six months ended June 30, 2021 | Six months ended June 30, 2020 |
|------------------------------------|--|--|--------------------------------------|--------------------------------------|
| Number of properties | 78 | 78 | 78 | 78 |
| Occupancy rate | 70.0% | 34.7% | 65.1% | 48.4% |
| Average daily rate | \$ 109.31 | \$ 95.30 | \$ 102.60 | \$ 107.30 |
| Revenue per available room | \$ 76.53 | \$ 33.08 | \$ 66.82 | \$ 51.93 |
| REVENUES | | | | |
| Rooms | \$ 61,296 | \$ 26,496 | \$ 106,436 | \$ 83,178 |
| Food, beverage and other | 2,293 | 600 | 3,867 | 5,168 |
| TOTAL REVENUES | 63,589 | 27,096 | 110,303 | 88,346 |
| EXPENSES | | | | |
| Operating expenses | 27,711 | 14,351 | 49,547 | 47,742 |
| Energy | 2,599 | 2,113 | 5,400 | 4,600 |
| Property maintenance | 2,253 | 1,544 | 4,506 | 4,482 |
| Taxes and insurance ⁽¹⁾ | 4,642 | 4,654 | 9,489 | 9,410 |
| TOTAL EXPENSES | 37,205 | 22,662 | 68,942 | 66,234 |
| NET OPERATING INCOME | \$ 26,384 | \$ 4,434 | \$ 41,361 | \$ 22,112 |
| NOI Margin % | 41.5% | 16.4% | 37.5% | 25.0% |

(1) Not adjusted for IFRIC 21 property taxes of (\$2,030) and (\$1,483) for the three and six months ended June 30, 2021, and (\$1,994) and (\$942) for the three and six months ended June 30, 2020, respectively.

Three months ended June 30, 2021:

For same property hotels, total revenues for the three months ended June 30, 2021 increased by \$36.5 million (or 134.7%) to \$63.6 million (2020 – \$27.1 million) as a result of demand recovering from the impacts of COVID-19. Higher revenues relative to fixed costs contributed to higher NOI and margins.

Six months ended June 30, 2021:

For same property hotels, total revenues for the six months ended June 30, 2021 increased by \$22.0 million (or 24.9%) to \$110.3 million (2020 – \$88.3 million) as a result of higher demand recovery from the impacts of COVID-19. Higher revenues contributed to higher NOI and margins.

FUNDS FROM OPERATIONS (“FFO”) AND ADJUSTED FUNDS FROM OPERATIONS (“AFFO”)

Net income (loss) and comprehensive income (loss) reconciled to FFO and AFFO is calculated as follows including results for both continuing and discontinued operations:

| (US\$000s unless noted and except Unit and per Unit amounts) ⁽¹⁾ | Three months ended June 30, 2021 | Three months ended June 30, 2020 | Six months ended June 30, 2021 | Six months ended June 30, 2020 |
|---|--|--|--------------------------------------|--------------------------------------|
| Net income (loss) and comprehensive income (loss) | \$ 526 | \$ (20,806) | \$ (13,444) | \$ (33,413) |
| Add/(deduct): | | | | |
| Net income attributable to non-controlling interest | (1,011) | - | (1,700) | - |
| Transaction costs related to Warrants | 17 | - | 325 | - |
| Depreciation and amortization | 10,795 | 10,918 | 21,598 | 21,783 |
| Impairment of hotel assets | - | 3,669 | - | 5,544 |
| Loss on disposal of assets | 1,300 | (33) | 1,317 | (18) |
| IFRIC 21 property taxes | (2,030) | (1,994) | (1,483) | (942) |
| Change in fair value of swap contracts | (418) | 553 | (1,422) | 6,370 |
| Change in fair value of Warrants | 894 | - | 4,304 | - |
| Deferred income tax expense (recovery) | 1,392 | (1,395) | (16) | (3,738) |
| | | | | |
| Funds from operations (“FFO”) attributable to Unitholders | \$ 11,465 | \$ (9,088) | \$ 9,479 | \$ (4,414) |
| Add/(deduct): | | | | |
| Securities-based compensation expense | 226 | 268 | 397 | 322 |
| Amortization of finance costs | 677 | 520 | 1,338 | 1,017 |
| Actual maintenance capital expenditures | (1,444) | (358) | (1,890) | (1,996) |
| | | | | |
| Adjusted Funds from operations (“AFFO”) attributable to Unitholders | \$ 10,924 | \$ (8,658) | \$ 9,324 | \$ (5,071) |
| | | | | |
| Diluted weighted average number of Units outstanding ⁽²⁾ | 80,283,739 | 78,703,450 | 78,657,287 | 78,456,893 |
| | | | | |
| Diluted FFO per Unit attributable to Unitholders ⁽³⁾ | \$ 0.14 | \$ (0.12) | \$ 0.12 | \$ (0.06) |
| | | | | |
| Diluted AFFO per Unit attributable to Unitholders ⁽³⁾ | \$ 0.13 | \$ (0.11) | \$ 0.12 | \$ (0.06) |

(1) All figures reflect combined continuing and discontinued operations.

(2) Diluted weighted average number of Units calculated in accordance with IFRS included the 191,144 unvested Restricted Stock Units and 1,569,509 Units issuable on conversion of the Warrants as at June 30, 2021. As at June 30, 2020, there were 743,465 unvested Restricted Stock Units.

(3) The Debentures were not dilutive for FFO but dilutive for AFFO for the three months ended June 30, 2021. Therefore, Debenture finance costs of \$611 were added back to AFFO and 5,283,783 Units issuable on conversion of the Debentures were added to the diluted weighted average number of Units outstanding for the three months ended June 30, 2021. The Debentures were not dilutive for FFO and AFFO for the six months ended June 30, 2021 and for the three and six months ended June 30, 2020.

Three months ended June 30, 2021:

For the three months ended June 30, 2021, FFO was \$11.5 million (2020 – (\$9.1) million) and diluted FFO per Unit was \$0.14 (2020 – (\$0.12)) due to higher operating income, offset by \$1.0 million attributable to NCI (2020 – \$0).

AFFO for the three months ended June 30, 2021 was \$10.9 million (2020 – (\$8.7) million) and Diluted AFFO per Unit was \$0.13 (2020 – (\$0.11)) due to higher operating income, partially offset by higher actual maintenance capital spending.

Six months ended June 30, 2021:

For the six months ended June 30, 2021, FFO was \$9.5 million (2020 – (\$4.4) million) and diluted FFO per Unit was \$0.12 (2020 – (\$0.06)) due to higher operating income, offset by \$1.7 million attributable to NCI (2020 – \$0).

AFFO for the six months ended June 30, 2021 was \$9.3 million (2020 – (\$5.1) million) and diluted AFFO per Unit was \$0.12 (2020 – (\$0.06)) due to the reasons stated above.

ROLLING FOUR QUARTER FFO AND AFFO PAYOUT RATIO

As a result of seasonal fluctuations in FFO in any period, management uses a rolling four quarter FFO Payout Ratio for the purposes of assessing AHIP’s distribution capacity. On March 20, 2020, AHIP announced the temporary suspension of monthly distributions on its Units. As a result, no FFO or AFFO Payout ratios have been calculated. See “Distribution Policy” for more information.

RECONCILIATION OF CASH FLOW FROM OPERATING ACTIVITIES TO AFFO

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

| (US\$000s unless noted) | Three months ended June 30, 2021 | Three months ended June 30, 2020 | Six months ended June 30, 2021 | Six months ended June 30, 2020 |
|---|---|---|---|---|
| Cash flows from continuing operations | \$ 5,401 | \$ (845) | \$ (2,109) | \$ 4,534 |
| Cash flows from discontinued operations | - | 153 | (400) | (114) |
| Cash flows from operating activities | \$ 5,401 | \$ (692) | \$ (2,509) | \$ 4,420 |
| Add/(deduct): | | | | |
| Changes in non-cash working capital | 9,733 | (6,235) | 16,035 | (6,658) |
| Securities-based compensation | 32 | 25 | 40 | 25 |
| IFRIC 21 property taxes | (2,030) | (1,994) | (1,483) | (942) |
| Amortization of other liabilities | 6 | 4 | 13 | 15 |
| Interest paid | 9,097 | 10,415 | 19,532 | 18,700 |
| Interest expense | (8,877) | (9,670) | (19,449) | (18,743) |
| Adjustments for discontinued operations | - | (153) | 410 | 108 |
| Net income attributable to non-controlling interest | (1,011) | - | (1,700) | - |
| Transaction costs related to Warrants | 17 | - | 325 | - |
| Actual maintenance capital expenditures | (1,444) | (358) | (1,890) | (1,996) |
| AFFO attributable to Unitholders | \$ 10,924 | \$ (8,658) | \$ 9,324 | \$ (5,071) |

DISTRIBUTIONS DECLARED COMPARED TO CASH FLOWS FROM OPERATING ACTIVITIES

| (US\$000s) | Three months | Three months | Six months | Six months |
|--|---------------|---------------|---------------|---------------|
| | ended | ended | ended | ended |
| | June 30, 2021 | June 30, 2020 | June 30, 2021 | June 30, 2020 |
| Cash flows from continuing operations | \$ 5,401 | \$ (845) | \$ (2,109) | \$ 4,534 |
| Cash flows from discontinued operations | - | 153 | (400) | (114) |
| Cash flows from operating activities | 5,401 | (692) | (2,509) | 4,420 |
| Distributions declared | - | - | - | 11,405 |
| Surplus (deficit) of cash flows to distributions | \$ 5,401 | \$ (692) | \$ (2,509) | \$ (6,985) |

For the three months ended June 30, 2021, cash flows from operating activities increased as AHIP's performance was recovering from the impacts of COVID-19. For the six months ended June 30, 2021, cash flows from operating activities decreased as AHIP paid down accumulated payables and deferred obligations. There were no distributions declared during the first two quarters of 2021. See "Distribution Policy".

DISTRIBUTION POLICY

The Board of Directors of the General Partner ("Board of Directors"), in consultation with management, continually evaluates AHIP's distribution policy, with a focus on maximizing unitholder value. The declaration of distributions is subject to the discretion of the Board of Directors and is evaluated periodically and may be revised.

On March 10, 2020, in response to the impacts of COVID-19, AHIP's Board of Directors revised the distribution policy to pay monthly cash distributions of \$0.038 per Unit (or \$0.456 per Unit on an annualized basis), commencing with the distribution payable in April 2020 in respect of the March 2020 distribution (the "March 2020 Distribution"). AHIP's Board of Directors further approved the temporary suspension of AHIP's monthly distribution, beginning in April 2020, until economic conditions and the performance of AHIP's hotels sufficiently improve. These decisions were based on the impacts of COVID-19 and related government measures on AHIP's business and the hotel industry. Given the continued economic uncertainty related to COVID-19, AHIP's Board of Directors and management continue to believe cash preservation is paramount. The unitholders entitled to the March 2020 Distribution remain those unitholders as of the close of business on the original record date of March 31, 2020.

AHIP's Board of Directors has not approved the reinstatement of distributions or the payment of the March 2020 Distribution. Based on the expectation that hotel EBITDA will continue to improve, management is currently targeting to re-establish a distribution in 2022 at a level that will be sustainable in the long term. The payment of distributions by AHIP to its Unitholders, other than the March 2020 Distribution, is not permitted during the current covenant waiver period under the Credit Facility, and thereafter will remain subject to the satisfaction of certain financial covenants under the Credit Facility. Accordingly, the recommencement of regular distributions is subject to the expiry of the covenant waiver period and the satisfaction of such covenants. In addition, the Investor Rights Agreement entered into with the Investor in connection with the Investment prohibits the payment of distributions by AHIP in certain circumstances. AHIP's Board of Directors will continue to review AHIP's financial performance and position (including in

relation to the relevant covenants under the Third Amendment) in order to determine an appropriate time for the reinstatement of monthly distributions and the payment of the March 2020 Distribution, which may occur at different times. See “Liquidity and Leverage” for further details with respect to the Credit Facility and the Investment.

DISTRIBUTION SUMMARY

AHIP did not declare any cash distributions to unitholders of record from January 1, 2021 to June 30, 2021. Due to the effects of the onset and continuation of the COVID-19 pandemic on AHIP’s operations since Q1 2020, AHIP has not declared any cash distribution to unitholders since April 2020.

| Per Unit | Q2 2021 | Q1 2021 | Q4 2020 | Q3 2020 | Q2 2020 | Q1 2020 | Q4 2019 | Q3 2019 |
|---|------------|------------|------------|------------|------------|------------|------------|------------|
| Annualized distribution ⁽¹⁾ | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 0.146 | \$ 0.648 | \$ 0.648 |
| Period-end Cdn\$ TSX Closing Price | \$ 4.25 | \$ 4.10 | \$ 3.12 | \$ 2.51 | \$ 2.70 | \$ 2.00 | \$ 7.04 | \$ 6.68 |
| Annualized distribution yield on Closing Price (%) ⁽²⁾ | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 10.4% | 12.2% | 12.9% |

(1) For Q1 2020 only, amount represents distribution declared during the quarter prior to its temporary suspension.

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

PART V

SUMMARY OF QUARTERLY RESULTS

In accordance with Item 1.5 of Form 51-102F1 – *Management’s Discussion & Analysis*, quarterly information is presented for the prior eight quarters:

| (US\$000s except Units and per Unit amounts) | | | | | | | | |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | Q2 2021 | Q1 2021 | Q4 2020 | Q3 2020 | Q2 2020 | Q1 2020 | Q4 2019 | Q3 2019 |
| TOTAL PORTFOLIO | | | | | | | | |
| Revenues ⁽¹⁾ | \$ 63,589 | \$ 46,714 | \$ 39,406 | \$ 46,320 | \$ 27,274 | \$ 61,855 | \$ 76,091 | \$ 88,519 |
| NOI (including IFRIC 21) | 28,403 | 14,430 | 8,970 | 14,506 | 6,301 | 16,809 | 22,604 | 29,754 |
| Net income (loss) ⁽¹⁾ | 526 | (13,970) | (20,945) | (12,070) | (20,806) | (12,607) | (14,519) | 2,143 |
| FFO ⁽¹⁾ | \$ 11,465 | \$ (1,986) | \$ (5,220) | \$ 120 | \$ (9,088) | \$ 4,674 | \$ 10,236 | \$ 15,620 |
| AFFO ⁽¹⁾ | 10,924 | (1,587) | (4,105) | 218 | (8,658) | 3,587 | 9,236 | 14,073 |
| Distributions declared | - | - | - | - | - | 11,405 | 12,657 | 12,689 |
| Total assets ⁽¹⁾ | \$ 1,175,469 | \$ 1,201,325 | \$ 1,193,906 | \$ 1,220,895 | \$ 1,236,194 | \$ 1,240,888 | \$ 1,246,328 | \$ 1,255,168 |
| Total debt ⁽¹⁾ | 768,775 | 785,976 | 807,681 | 812,143 | 817,819 | 808,930 | 774,901 | 776,130 |
| Weighted average number of Units o/s (000s) | 78,571 | 78,495 | 78,352 | 78,185 | 78,135 | 78,129 | 78,124 | 78,121 |
| AMOUNTS ON PER UNIT BASIS⁽¹⁾ | | | | | | | | |
| Diluted net income (loss) per Unit | \$ 0.01 | \$ (0.18) | \$ (0.27) | \$ (0.15) | \$ (0.26) | \$ (0.16) | \$ (0.19) | \$ 0.03 |
| Diluted FFO per Unit | 0.14 | (0.03) | (0.07) | 0.00 | (0.12) | 0.06 | 0.13 | 0.20 |
| Diluted AFFO per Unit | 0.13 | (0.02) | (0.05) | 0.00 | (0.11) | 0.05 | 0.12 | 0.18 |
| BREAKDOWN OF CONTINUING AND DISCONTINUED OPERATIONS | | | | | | | | |
| Revenues | | | | | | | | |
| Cont. Operations | \$ 63,589 | \$ 46,714 | \$ 39,406 | \$ 46,320 | \$ 27,274 | \$ 61,855 | \$ 65,057 | \$ 69,253 |
| Disc. Operations | - | - | - | - | - | - | 11,034 | 19,266 |
| Total Revenues | 63,589 | 46,714 | 39,406 | 46,320 | 27,274 | 61,855 | 76,091 | 88,519 |
| Net income (loss) ⁽²⁾ | | | | | | | | |
| Cont. Operations | \$ 526 | \$ (13,963) | \$ (20,423) | \$ (11,912) | \$ (20,839) | \$ (12,592) | \$ (6,084) | \$ 1,374 |
| Disc. Operations | - | (7) | (522) | (158) | 33 | (15) | (8,435) | 769 |
| Net income (loss) | \$ 526 | \$ (13,970) | \$ (20,945) | \$ (12,070) | \$ (20,806) | \$ (12,607) | \$ (14,519) | \$ 2,143 |
| Diluted net income (loss) per Unit ⁽²⁾ | | | | | | | | |
| Cont. Operations | \$ 0.01 | \$ (0.18) | \$ (0.26) | \$ (0.15) | \$ (0.26) | \$ (0.16) | \$ (0.08) | \$ 0.02 |
| Disc. Operations | - | - | (0.01) | - | - | - | (0.11) | 0.01 |
| Diluted net income (loss) per Unit | \$ 0.01 | \$ (0.18) | \$ (0.27) | \$ (0.15) | \$ (0.26) | \$ (0.16) | \$ (0.19) | \$ 0.03 |

(1) Reflects combined continuing and discontinued operations.

(2) Q4 2019 results have been adjusted for a misallocation between continuing and discontinued operations

The hotel industry is seasonal in nature. Occupancy rates, revenues and operating results experienced by hotels located in the U.S. are, absent the impacts of COVID-19, generally greater in the second and third quarters of the calendar year than in the first and fourth quarters. These fluctuations may impact earnings, cash flow and payout ratios.

PART VI

LIQUIDITY

The principal liquidity needs of AHIP are for working capital requirements, servicing debt and repayment obligations, maintenance capital expenditures and contractual obligations. Over the long-term, AHIP intends to repay maturing debt with proceeds from refinancing such debt. In addition, AHIP from time to time will raise new equity through the issuance of Units or other securities from treasury to finance its investment activities.

During 2020, AHIP obtained approval from its loan servicers for all 20 of its CMBS loans for short-term relief to allow for the temporary funding of debt service payments with restricted cash reserves and/or deferral from the required monthly contributions to the FF&E reserves. The remaining deferred amounts are to be replenished by AHIP with \$1.3 million due in 2021 and \$0.2 million due in 2022.

As at June 30, 2021, AHIP's unrestricted cash balance was \$11.1 million (December 31, 2020: \$20.1 million), its restricted cash balance was \$34.6 million (December 31, 2020: \$26.1 million) and it had available revolver capacity of approximately \$29.1 million (December 31, 2020: \$15.7 million). In April 2021, AHIP repaid \$16.1 million of deferred purchase price owing as of March 31, 2021, to the vendor in connection with AHIP's acquisition of 12 premium branded hotels in December 2019.

Cash flows from operating activities, cash on hand and AHIP's revolving Credit Facility represent AHIP's primary sources of liquidity. AHIP's hotel operations have been impacted by COVID-19 with significantly reduced occupancy, revenues and operating cashflows. AHIP undertook a number of critical actions to enhance its liquidity following the onset of the COVID-19 pandemic, with certain initiatives ongoing into second quarter of 2021, as described above under "Summary of Significant Q2 2021 Activity".

The following table provides an overview of AHIP's change in cash from operating, investing and financing activities for the three and six months ended June 30, 2021 and 2020:

| (US\$000s) | Three months ended June 30, 2021 | Three months ended June 30, 2020 | Six months ended June 30, 2021 | Six months ended June 30, 2020 |
|--|--|--|--------------------------------------|--------------------------------------|
| Continuing operations net change in cash: | | | | |
| Operating activities | \$ 5,401 | \$ (845) | \$ (2,109) | \$ 4,534 |
| Investing activities | (6,192) | (266) | (11,506) | (6,563) |
| Financing activities | (18,213) | 8,224 | 4,927 | 11,408 |
| | \$ (19,004) | \$ 7,113 | \$ (8,688) | \$ 9,379 |
| Discontinued operations net change in cash | | | | |
| | - | 153 | (400) | (114) |
| Change in cash | | | | |
| | \$ (19,004) | \$ 7,266 | \$ (9,088) | \$ 9,265 |

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

Three months ended June 30, 2021:

- Net cash generated from operating activities for the three months ended June 30, 2021 was \$5.4 million (2020 net cash used – \$0.8 million) as a result higher income from improved operations between the comparative periods;
- Net cash used in investing activities for the three months ended June 30, 2021 was \$6.2 million (2020 net cash used – \$0.3 million), which reflected the replenishment of restricted cash reserves previously used to fund debt service obligations and an increase in capital spending;
- Net cash used for financing activities for the three months ended June 30, 2021 was \$18.2 million (2020 cash generated – \$8.2 million) with the decrease due primarily to the payment of \$16.1 million in deferred purchase price and other aged obligations and a receipt of \$9.9 million of government-guaranteed loans in the prior year partially offset by improved operations in the current year; and

Six months ended June 30, 2021:

- Net cash used from operating activities for the six months ended June 30, 2021 was \$2.1 million (2020 cash generated – \$4.5 million) as a result of higher operating income caused by the relative improvement of operations between comparative periods;
- Net cash used in investing activities for the six months ended June 30, 2021 was \$11.5 million (2020 net cash used – \$6.6 million), which reflected the replenishment of restricted cash reserves previously used to fund debt service obligations and fewer fixed asset additions as a result of a full six months of reduced spending compared to only four months in 2020;
- Net cash generated from financing activities for the six months ended June 30, 2021 was \$4.9 million (2020 net cash generated – \$11.4 million) resulting from the payment of \$16.1 million in deferred purchase price and other aged obligations, offset by issuance of the Series C Preferred Stock and Warrants for \$50 million gross proceeds in January 2021 partially offset by the repayment of \$25 million of the revolving Credit Facility in January 2021 and receipt of more government loans in 2020 than 2021; and

- Net cash used in discontinued operations relates to the sale of the Economy Lodging Portfolio in November 2020.

CONTRACTUAL OBLIGATIONS

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

| (US\$000s) | TOTAL | 2021 | 2022 | 2023 | 2024 | 2025 | Thereafter |
|--------------------------------|-------------------|------------------|-------------------|------------------|-------------------|------------------|-------------------|
| Term loans and revolving | | | | | | | |
| Credit Facility | \$ 704,445 | \$ 11,513 | \$ 60,365 | \$ 37,740 | \$ 244,537 | \$ 55,662 | \$ 294,628 |
| Debentures | 48,875 | - | 48,875 | - | - | - | - |
| Purchase and other obligations | 1,153 | 256 | 320 | 235 | 150 | 80 | 112 |
| Other loans | 15,058 | 4,908 | 5,725 | 1,382 | 1,396 | 1,409 | 238 |
| Operating and finance leases | 4,297 | 171 | 426 | 272 | 218 | 200 | 3,010 |
| Total | \$ 773,828 | \$ 16,848 | \$ 115,711 | \$ 39,629 | \$ 246,301 | \$ 57,351 | \$ 297,988 |

In addition to the above, AHIP’s operating subsidiaries pay management fees to an external hotel manager and franchise fees to various franchisors based on hotel revenues.

CAPITAL EXPENDITURES

When AHIP acquires a Premium Branded hotel property, under the terms of the applicable franchise agreement, an AHIP subsidiary is often required to complete various PIPs within 18 to 24 months of the acquisition date. The PIPs are intended to renovate the hotel property to the franchisor’s current standards and optimize operating performance and to ensure that the hotels remain competitive within their respective market segments. AHIP’s operating subsidiaries enter into contracts or commitments with various suppliers to provide products and services in compliance with these PIPs. For all properties with a CMBS term loan, partial payments for these items are held in escrow by AHIP’s CMBS lenders as restricted cash and funds are disbursed in the ordinary course of business. In addition, on a regular basis, AHIP is required by its CMBS lenders to escrow FF&E Reserves over the term of the respective loans. See “Liquidity” above. During 2020, a number of hotel properties were scheduled to undergo PIP renovations. As a result of the impacts of COVID-19, and with approval from the hotel franchisors, all 2020 capital projects have been deferred to late 2021 and beyond in order to maximize cash balances. Franchisors have also provided temporary waivers of AHIP’s obligations to fund ongoing FF&E reserves.

DEBT STRATEGY

AHIP’s long-term overall borrowing policy is to obtain secured mortgage financing on primarily a fixed rate interest basis with terms to maturity that allow AHIP to:

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

The fixed rate mortgages are expected to be primarily first charge mortgages. Management intends to maintain a total debt-to-gross book value ratio of approximately 55% over the long-term; however, this ratio

is expected to fluctuate from time to time, particularly in the near-term as AHIP accesses additional debt capital to fund operations while occupancies remain reduced due to the impacts of COVID-19. In accordance with AHIP's Limited Partnership Agreement, the maximum debt-to-gross book value ratio is 70% (including the Debentures).

On June 15, 2020, AHIP entered into an amendment to its Credit Facility whereby AHIP obtained a waiver for certain covenants through March 31, 2021 and modified covenants through December 2021, temporarily increased its available revolver capacity by approximately \$11.0 million, and permitted the Credit Facility to be secured by mortgages on the borrowing base properties.

On January 28, 2021, AHIP further amended the Credit Facility. The key amendments to the Credit Facility included: (a) waiver of key financial covenants through December 31, 2021 (unless certain thresholds are achieved prior to such date) and modified covenants through December 31, 2022 with debt service ratio covenants increasing from 1.35x until June 30, 2022, to 1.40x as at September 30, 2022, 1.45x at December 31, 2022, and 1.60 from 2023 onwards; (b) availability under the Credit Facility fixed at approximately \$159 million through December 31, 2021; (c) borrowings not subject to interest rate swap agreements will remain at LIBOR + 3.00% with a minimum LIBOR balance of 0.25%; (d) adjusting the Maximum Borrowing Base Leverage Availability back to 65% of the aggregate Borrowing Base Value of all Borrowing Base Properties (each as defined in the third amendment to the Credit Facility Agreement, a copy of which is available on SEDAR at www.sedar.com), which amount had been temporarily increased to 70% as part of the Second Amendment to the Credit Facility agreement in June 2020; and (e) various amendments to specifically allow for the issuance of the Series C Preferred Stock and the Warrants, the payment of dividends on the Series C Preferred Stock and certain agreed uses for the net proceeds of the Investment, including to pay certain outstanding debts and to partially pay down the outstanding balance on the revolving portion of the Credit Facility (with such amounts being available to be re-drawn by AHIP). Pursuant to the third amendment to the Credit Facility agreement, AHIP is prohibited from making distributions to its unitholders (other than payment of the deferred March 2020 Distribution) until after the covenant waiver period expires, after which the payment of distributions to unitholders will be subject to the satisfaction of certain covenants set forth in the third amendment.

As at June 30, 2021, and as at the date of this MD&A, AHIP is current on all of its loan payments except in respect of one hotel as noted below. AHIP has obtained waivers on certain covenants on 12 of the CMBS term loans effective through November 2021.

On December 4, 2020, AHIP notified its loan servicers on two single-property, non-recourse loans totaling approximately \$18.4 million of an imminent change in circumstances and requested the loans be transferred to the special loan servicer to renegotiate modified loan terms. One of the loans is currently under cash management and the lender has used funds from operations to continue making required loan payments. For the second loan, following the notice to the servicer, AHIP did not make the required loan payments commencing on December 4, 2020, and as a result, AHIP received a notice from the special loan servicer of the occurrence of an event of default. The negotiations to modify the terms of both loans are on-going. These loans are non-recourse and do not trigger any cross-default provisions with any other loans. The second loan has been reclassified as a current liability since December 31, 2020.

As at June 30, 2021, AHIP's Debt-to-Gross Book Value was 55.4% (2020 – 58.7%) as follows:

| (US\$000s unless noted) | June 30, 2021 | | June 30, 2020 | |
|--------------------------|---------------|-----------|---------------|-----------|
| Debt | \$ | 768,775 | \$ | 817,819 |
| Gross Book Value | | 1,387,791 | | 1,393,914 |
| <hr/> | | | | |
| Debt-to-Gross Book Value | | 55.4% | | 58.7% |

The decrease in the leverage ratio can be attributed to the decrease in debt with the repayment of \$25 million of the revolving credit facility and \$17.5 million deferred purchase price on the purchase of a prior acquisition with, which payments were primarily funded with a portion of the proceeds from the issuance of Series C Preferred Stock.

The following table calculates AHIP's Debt to EBITDA and trailing twelve months Interest Coverage Ratio for June 30, 2021 and 2020:

| (US\$000s unless noted) | June 30, 2021 | | June 30, 2020 | |
|--|---------------|---------|---------------|---------|
| Debt | \$ | 768,775 | \$ | 817,819 |
| EBITDA (trailing twelve months) | | 48,677 | | 60,273 |
| <hr/> | | | | |
| Debt-to-EBITDA (times) | | 15.8x | | 13.6x |
| <hr/> | | | | |
| EBITDA (trailing twelve months) | | 48,677 | | 60,273 |
| Interest expense (trailing twelve months) ⁽¹⁾ | \$ | 40,079 | \$ | 36,897 |
| <hr/> | | | | |
| Interest coverage ratio (times) | | 1.2x | | 1.6x |

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

The decrease in EBITDA, and in turn the Interest Coverage Ratio was caused by a full year of COVID-19 impacted performance as at June 30, 2021 compared to only four months of COVID-19 impacted performance in for the trailing twelve months figures as at June 30, 2020.

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

| (US\$000s unless noted) | Principal Balance as at June 30, 2021 | Interest Rate | Initial Term (years) | Stated Maturity Date |
|---|---|------------------|-------------------------|-------------------------|
| Debentures ⁽³⁾ | \$ 48,875 | 5.00% | 5 | June 30, 2022 |
| Eastern Seaboard Term Loan Pool #4 | 55,237 | 4.46% | 5 | July 6, 2022 |
| Credit Facility Revolver ⁽¹⁾⁽³⁾ | 5,000 | LIBOR + 3.00% | 4 | December 3, 2023 |
| Pittsburgh Portfolio Term Loans | 35,410 | 5.02% | 10 | December 6, 2023 |
| NC/GA Portfolio Assumed Loan #2 | 6,851 | 5.28% | 10 | February 1, 2024 |
| Virginia Portfolio Term Loan | 23,345 | 4.97% | 10 | April 6, 2024 |
| Dallas Hotel Assumed Term Loan | 18,572 | 5.25% | 10 | October 11, 2024 |
| Texas Portfolio Term Loan ⁽³⁾ | 16,000 | 4.20% | 10 | November 6, 2024 |
| Oklahoma Portfolio Term Loan ⁽³⁾ | 25,500 | 4.20% | 10 | November 6, 2024 |
| Credit Facility Term Loan ⁽²⁾⁽³⁾ | 125,000 | LIBOR + 3.00% | 5 | December 3, 2024 |
| NC/FL Portfolio Term Loan ⁽³⁾ | 26,110 | 4.27% | 10 | December 6, 2024 |
| Midwestern Portfolio Term Loan ⁽³⁾ | 32,000 | 4.24% | 10 | July 6, 2025 |
| Florida Portfolio Term Loan ⁽³⁾ | 19,000 | 4.21% | 10 | August 6, 2025 |
| FL/TN Portfolio Term Loan | 25,350 | 4.43% | 10 | November 6, 2026 |
| Florida 6 Portfolio Term Loan | 34,437 | 4.99% | 10 | December 6, 2026 |
| Tempe Hotel Term Loan | 13,236 | 5.14% | 10 | January 6, 2027 |
| Midwestern 3 Portfolio Term Loan | 63,697 | 4.72% | 10 | February 6, 2027 |
| Eastern Seaboard Term Loan Pool #1 ⁽³⁾ | 69,600 | 4.53% | 10 | July 6, 2027 |
| Eastern Seaboard Term Loan Pool #2 ⁽³⁾ | 57,700 | 4.48% | 10 | July 6, 2027 |
| Eastern Seaboard Term Loan Pool #3 ⁽³⁾ | 52,400 | 4.53% | 10 | July 6, 2027 |
| TOTAL | \$ 753,320 | | | |

(1) Variable rate loan of which \$25.0 million has interest rate swap contract that fixes LIBOR at 1.609% until November 30, 2023. Revolver has two six-month extensions at AHIP's option, subject to certain conditions. During the covenant waiver period, the spread has been increased to 3.00%

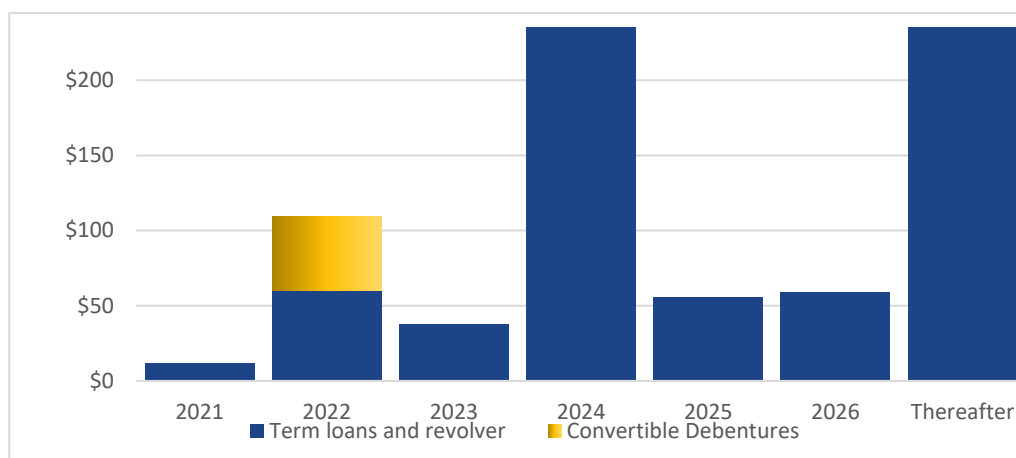
(2) Variable rate loan with interest rate swap contract that fixes LIBOR at 1.415% until November 30, 2023.

(3) Interest only debt obligation as at June 30, 2021

The weighted average stated interest rate on AHIP's term loans and Debentures as at June 30, 2021 was 4.56% (June 30, 2020 – 4.54% including continuing and discontinued operations) and the weighted average debt term to stated maturity on AHIP's debt was 4.1 years (June 30, 2020 – 5.0 years including continuing and discontinued operations). As at June 30, 2021, all of AHIP's term loans were effectively fixed rate loans. Interest rate swap contracts are in place to fix LIBOR for \$130.0 million of the outstanding principal of the Credit Facility term loan and Credit Facility revolver with fixed LIBOR rates of 1.415% and 1.609%.

As at June 30, 2021, Debentures in the aggregate principal amount of approximately \$48.9 million remained outstanding and were traded on the TSX with a closing price of \$96.10 per Debenture.

DEBT MATURITY LADDER (as at June 30, 2021) – \$ millions



CAPITAL RESOURCES

AHIP has not obtained or made use of any additional sources of financing that are not disclosed in its Interim Financial Statements.

PARTNERS' CAPITAL

AHIP is authorized to issue an unlimited number of Units. As at June 30, 2021, there were 191,144 Restricted Stock Units issued and outstanding (June 30, 2020 – 743,465).

There were \$48.9 million principal amount of Debentures outstanding at June 30, 2021. The Debentures, which mature on June 30, 2022, are convertible at the option of the Debenture holder into Units at any time prior to maturity at a conversion price equal to \$9.25 per Unit. 5,283,783 Units are issuable on conversion of the Debentures. AHIP has a redemption option after June 30, 2021, at a price equal to the principal amount of the Debentures plus accrued and unpaid interest to the redemption date.

During the year ended December 31, 2020, AHIP granted a total of 2,300,000 options (the "Options") to the Board of Directors and an officer. Each Option entitles the option holder to purchase a Unit at an exercise price of Canadian \$5.00. The fair value of each Option at grant date was Canadian \$0.06, as determined using the Black-Scholes option pricing model. The remaining contractual life of the Options is 4.8 years. The Options vested immediately and are all outstanding and exercisable, on a cashless exercise basis only, at June 30, 2021.

U.S. REIT issued 50,000 shares of Series C Preferred Stock in January 2021, which are classified as equity and presented as a non-controlling interest in the Interim Financial Statements. The accumulated dividends on the Series C Preferred Stock, regardless of whether they are declared or not, are deducted on the consolidated statements of comprehensive income/(loss) to determine the net income (loss) attributable to the Unitholders. AHIP also issued 19,608,755 Warrants having an exercise price of \$3.20 per Unit. The Warrants are exercisable at any time prior to January 28, 2026 on a cashless exercise basis only. None of the Warrants were exercised as at June 30, 2021.

As at August 10, 2021, there were 78,642,581 Units, 191,144 Restricted Stock Units, 2,300,000 Options and 19,608,755 Warrants issued and outstanding.

PART VII

OFF-BALANCE SHEET ARRANGEMENTS

Other than as disclosed in its Interim Financial Statements, AHIP does not have any off-balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

Other than as disclosed in its Interim Financial Statements, AHIP does not have any related party transactions.

PART VIII

SUBSEQUENT EVENTS

There were no subsequent events since the three months ended June 30, 2021.

PART IX

CRITICAL ACCOUNTING ESTIMATES

As described in Note 2 in the Interim Financial Statements, management considers the following as significant areas of estimates and assumptions:

(a) Purchase price allocations:

Acquisitions of hotel properties are accounted for either as a business combination or an asset acquisition. Judgement is involved in determining if the acquiree constitutes a business acquisition or an asset acquisition under IFRS 3 Business Combinations. For business acquisitions, the identifiable assets, liabilities and contingent liabilities acquired are recognized at their fair values at the acquisition date. For asset acquisitions, the acquirer measures the assets acquired based on their cost, which is generally allocated on a relative fair value basis. AHIP obtains third-party valuations to support management's determination of the fair value of hotel properties acquired.

(b) Depreciation and amortization:

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

(c) Impairment:

IAS 36 Impairment of Assets ("IAS 36") requires management to use judgement in assessing whether there is an impairment of AHIP's assets. In making this judgement, management evaluates, among other factors,

internal and external indicators of impairment, such as changes in technology, market conditions, and economic or legal environment.

IAS 36 also requires management to exercise judgement in determining the recoverable amount of cash generating units (“CGUs”) that are tested for impairment. Judgement is involved in estimating fair value less costs of disposal or value in use of the CGUs, including significant assumptions such as estimated revenue and expense growth rates, discount rates, and terminal rates. The estimates reflect past experience and are consistent with external sources of information.

(d) Financial statement classification of Series C Preferred Stock and Warrants:

Management used judgement in assessing, in accordance IAS 32 Financial Instruments: Presentation, whether the Series C Preferred Stock and Warrants issued should be classified as a liability or an equity instrument. In making this judgement, management evaluated the criteria of whether a financial instrument is an equity instrument rather than a financial liability and determined that the Series C Preferred Stock are an equity instrument and the Warrants are a financial liability.

(e) Valuation of Warrants:

The Warrants are a derivatives instrument liability and measured at fair value. Considerable judgement is used to determine the different assumptions used in the valuation methodology such as the risk-free rate, volatility, dividend yield, and discount or lack of marketability. These inputs reflect past experience and are consistent with external sources of information.

CHANGES IN ACCOUNTING POLICIES

AHIP’s significant accounting policies are described in Note 3 of its Interim Financial Statements. The Interim Financial Statements follow the same accounting policies and methods of application as the Annual Audited Financial statements, except as noted below.

Classification of financial instruments as equity or liability

Financial instruments are considered to be equity instruments when there is no contractual obligation to transfer cash or other financial other assets to the holder of the instrument. Derivative instruments with no contractual obligation to deliver cash or another financial asset and can be settled only by AHIP exchanging a fixed amount of cash or another financial asset is classified is considered to be an equity instrument, otherwise it is a liability.

Measurement on initial recognition of compound financial instruments

When allocating the initial carrying amount of a compound financial instrument to the underlying financial liability and equity components, AHIP first determines the fair value of the liability component. The 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.

Non-controlling interest

Non-controlling interest (“NCI”) is measured at the proportionate share of the acquiree’s identifiable net assets at the date of acquisition. Changes in AHIP’s interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The Series C Preferred Stock are classified as equity and

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

AHIP's NCI relates to Series C Preferred Stock issued by AHIP's wholly owned subsidiary U.S. REIT, that is classified as equity.

Warrants

Derivative instruments are financial instruments with each of the following three characteristics: (i) its value changes in response to a change in underlying variables such as interest rates (ii) it requires no net initial investment, and (iii) it is settled at a future date. AHIP's Warrants are derivative instruments which are measured at fair value through profit and loss.

INTERNAL CONTROLS

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

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

As at June 30, 2021, AHIP's management, under the supervision of its CEO and CFO, has designed the DC&P and ICFR. Management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in Internal Control – Integrated Framework (2013).

PART X

FOREIGN EXCHANGE MANAGEMENT

All of AHIP's investments and substantially all its operations are conducted in U.S. dollars. Therefore, AHIP has minimal exposure to fluctuations in currency exchange rates. As at June 30, 2021, AHIP had not entered into any currency swap arrangements.

The following table provides the quarterly Canadian dollar/U.S. dollar exchange rates over the past 12 months:

| Period end Exchange Rate | June 30, 2021 | March 31, 2021 | December 31, 2020 | September 30, 2020 | June 30, 2020 |
|---------------------------|------------------|-------------------|----------------------|-----------------------|------------------|
| Cdn\$/US\$ | \$ 1.2394 | \$ 1.2575 | \$ 1.2732 | \$ 1.3339 | \$ 1.3628 |
| US\$/Cdn\$ ⁽¹⁾ | \$ 0.8068 | \$ 0.7952 | \$ 0.7854 | \$ 0.7497 | \$ 0.7338 |

(1) Bank of Canada period end exchange rate.

NON-IFRS MEASURES

AHIP has included certain non-IFRS financial measures throughout this MD&A. Management believes that in addition to conventional measures prepared in accordance with IFRS, investors in the real estate and lodging industries use these non-IFRS financial measures to evaluate AHIP's performance, its ability to generate cash flows and its financial condition. Accordingly, these non-IFRS financial measures are intended to provide additional information and should not be considered in isolation or as a substitute for performance measures prepared in accordance with IFRS. These terms are not recognized under IFRS; as a result, they do not have standardized meanings prescribed by IFRS and may not be comparable to measures used by other issuers in the real estate or lodging industries. The non-IFRS financial measures used in this MD&A include: debt-to-gross book value, funds from operations (FFO), adjusted funds from operations (AFFO), diluted FFO per Unit, diluted AFFO per Unit, net operating income (NOI), NOI margin, earnings before interest, taxes, depreciation and amortization (EBITDA), EBITDA margin, interest coverage ratio, debt-to-EBITDA, same property metrics, FFO payout ratio and AFFO payout ratio.

a) Debt-to-Gross Book Value:

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

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

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

“Gross Book Value” means, at any time (i) the cost of the Partnership’s and its consolidated subsidiaries’ property, building and equipment, plus (ii) the book value of the other assets of the Partnership and its consolidated subsidiaries as shown on its then most recent consolidated statements of financial position plus the amount of accumulated amortization shown thereon or in the notes thereto in respect of any such assets that are intangible assets, less (iii) the amount of any receivable reflecting interest rate subsidies on any debt assumed by the Partnership, and less (iv) deferred income tax liabilities arising out of fair value adjustments in respect of indirect acquisitions.

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

b) Funds from Operations (“FFO”) and Adjusted Funds from Operations (“AFFO”):

AHIP believes FFO and AFFO are important measures of operating performance of real estate properties. FFO is a supplemental non-IFRS financial measure of operating performance widely used in the Canadian real estate industry. FFO is not defined under IFRS and should not be considered as an alternative to net income (loss), cash flow from operations, or any other operating or liquidity measure prescribed under IFRS. Instead, FFO has been included to provide readers and investors with additional information to improve their understanding of AHIP’s operating results. As FFO is not defined under IFRS, it does not have a standardized meaning and may not be comparable with similar measures presented by other issuers. AHIP calculates FFO in accordance with the Real Property Association of Canada (“REALPAC”) White Paper on Funds from Operations (the “FFO White Paper”) issued in February 2019 except for the adjustment for non-recurring transaction related expenses. Based on the FFO definition currently set forth by REALPAC, non-recurring transaction related expenses, should be included in FFO. However, AHIP believes that including such transaction related expenses, such as the transaction costs related to the Warrants, do not represent the recurring operating performance of AHIP. In compliance with Canadian Securities Administrators Staff Notice 52-306 (Revised), “Non-GAAP Financial Measures”, FFO has been reconciled to net income (loss) and comprehensive income (loss) in the section “Funds from Operations and Adjusted Funds from Operations”.

FFO is defined as net income (loss) and comprehensive income (loss) calculated in accordance with IFRS excluding: (i) depreciation and amortization; (ii) gains (or losses) from sales of hotel properties and equipment; (iii) deferred income tax expense (recovery); (iv) impairment losses or reversals recognized on land and depreciable real estate properties; (v) business acquisition costs related to the purchase of a property being accounted for as a business combination; (vi) foreign exchange gains (or losses); (vii) fair value adjustments to financial instruments; (viii) adjustments for property taxes accounted for under IFRIC 21 *Levies* (“IFRIC 21”) for the recognition of liabilities for obligations to pay levies and taxes; (ix) non-recurring transaction related expenses, such as expenses related to the disposal of properties, loan defeasance expenses or any share or warrant issuance expenses; and (x) net income attributable to non-controlling interest.

Hotel operations require maintenance capital expenditures to maintain the occupancy and revenue streams of the business. AFFO is a widely used non-IFRS measure in the Canadian real estate industry as a recurring economic earnings measure. AFFO is not defined under IFRS and should not be considered as an alternative to cash flow from operations as prescribed under IFRS. As AFFO is not defined under IFRS, the method applied by AHIP to calculate AFFO may differ from methods applied by other issuers and as a result may not be comparable with measures used by other issuers. In calculating AFFO, FFO is subject to certain adjustments including: (i) amortization of deferred finance costs on term loans and convertible debentures; (ii) accretion on the liability portion of convertible debentures; (iii) amortization of mark-to-market adjustments on assumed term loans; (iv) amortization of deferred compensation payable; (v) securities-based compensation expense; and (vi) deducting actual maintenance capital expenditures. Other adjustments may be made to AFFO as determined by the Board of Directors of the General Partner at its discretion. In compliance with Canadian Securities Administrators Staff Notice 52-306 (Revised), “Non-GAAP Financial Measures”, AFFO has been reconciled to cash flow from operations in the section “Reconciliation of Cash Flow from Operating Activities to AFFO”.

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

c) Net Operating Income (“NOI”):

AHIP believes NOI is an important measure of operating performance of real estate properties. NOI is defined as total revenues less hotel operating expenses, energy, property maintenance, property taxes (excluding adjustments under IFRIC 21), insurance and ground lease payments (excluding depreciation and amortization). AHIP calculates “NOI Margin” as NOI divided by total revenues.

d) Earnings before interest, taxes, depreciation and amortization (“EBITDA”):

AHIP calculates EBITDA as NOI (excluding adjustments under IFRIC 21) less hotel management fees and general administrative expenses, excluding non-recurring transaction related expenses. AHIP calculates “EBITDA Margin” as EBITDA divided by total revenues.

e) Hotel EBITDA:

AHIP calculates Hotel EBITDA as NOI (excluding adjustments under IFRIC 21) less hotel management fees, excluding non-recurring transaction related expenses. AHIP calculates “Hotel EBITDA Margin” as Hotel EBITDA divided by total revenues.

f) Interest Coverage Ratio:

AHIP calculates the “Interest Coverage Ratio” as EBITDA for the trailing twelve month period divided by interest expensed for the trailing twelve month period comprised of interest expense on term loans, revolving credit facilities, convertible debentures, other loans and finance lease liability (excluding unamortized deferred financing costs, unamortized mark-to-market adjustments and interest rate swap contracts). The Interest Coverage Ratio is a measure of AHIP’s ability to service the interest requirements of its outstanding debt.

g) Debt-to-EBITDA Ratio:

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

h) Same Property Metrics:

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

i) FFO Payout Ratio and AFFO Payout Ratio:

AHIP calculates its “FFO Payout Ratio” as distributions declared divided by FFO for the period and “AFFO Payout Ratio” as distributions declared divided by AFFO for the period. As a result of the impact of seasonal fluctuations in FFO or AFFO in any period, management generally considers a rolling four quarter FFO Payout Ratio more relevant for the purposes of assessing AHIP’s distribution paying capacity than a payout ratio in any given quarter.

OPERATIONAL METRICS

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

a) Occupancy Rate:

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

b) Average Daily Rate (“ADR”):

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

c) Revenue Per Available Room (“RevPAR”):

RevPAR is the product of occupancy and ADR for the period.

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

FF&E Reserves are calculated as four percent of total revenues for the Premium Branded hotels.

PART XI

RISKS AND UNCERTAINTIES

Investing in AHIP’s securities involves a high degree of risk. In addition to the other information contained in this AIF, current and prospective investors should carefully consider all of the following risk factors before purchasing Units, Debentures or any other securities of AHIP that may be offered or that are issued and outstanding from time to time. The occurrence of any of the following risks could materially and adversely affect AHIP’s investments, prospects, cash flows, results of operations or financial condition and AHIP’s ability to make cash distributions to Unitholders and interest and principal payments to holders of Debentures. In that event, the value of the Units, the Debentures or any other securities of AHIP that may be offered or that are issued and outstanding from time to time, could decline and investors may lose all or part of their investment. Although AHIP believes that the risk factors described below are the most material risks that AHIP faces, they are not the only ones. Additional risk factors not presently known to AHIP or that AHIP currently believes are immaterial could also materially and adversely affect AHIP’s investments, prospects, cash flows, results of operations or financial condition and AHIP’s ability to make cash distributions to Unitholders and interest and principal payments to holders of Debentures and negatively affect the value of the Units, the Debentures or any other securities of AHIP that may be offered or that are issued and outstanding from time to time.

COVID-19

COVID-19, including recent increases in case numbers and new variants (including the Delta variant), has, and is expected to continue to, negatively impact (although to a lesser extent than previously as vaccinations increase), the U.S. economy, the U.S. hotel industry, the willingness of the general public to travel, the demand for travel, transient and group business, guest traffic and guest reservations, the level of consumer confidence in the safety of travel, AHIP's business, results of operations and financial condition, and may also cause staff and supply shortages, increased labor costs to attract employees due to the perceived risk of exposure to COVID-19, as well as potential for increased workers' compensation claims if hotel employees are exposed to COVID-19 through the workplace, increased operating costs in order to comply with sanitation and other government guidelines and directives, and has resulted in corporate travel restrictions and changes in consumer behaviour with respect to travel, increased government regulation, including legislated travel restrictions, mandated physical distancing, stay-at-home and shelter in place orders and directives, required quarantines, self isolation and other public health orders and directives, postponement and cancellation of events, conferences and meetings, increased work-from-home arrangements and use of video conferencing services in lieu of in-person meetings, closures or reductions in onsite activities at universities and other major demand generators in the markets where AHIP's hotels are located all of which has resulted and may continue to result in reduced travel and demand for lodging services, and may result in, among other things, forced closures of AHIP's hotels or closures due to low occupancy levels as a result of the foregoing. If operations at any of AHIP's hotels are suspended, AHIP cannot give any assurance as to when they will resume operations at a full or reduced level. As a result of COVID-19, AHIP has and may continue to defer planned capital expenditure projects, which may adversely affect the value of AHIP's hotels. The length of the COVID-19 pandemic and severity of such outbreak across the globe is currently unknown, may worsen, and may continue to cause general economic uncertainty in key global markets and have a negative impact on global economic conditions and may cause low levels of economic growth, including in the U.S. The speed of the vaccine roll-out may be slower than expected, the effectiveness, acceptance and availability of vaccines, the duration of associated immunity and efficacy of the vaccines against emerging variants (including the Delta variant) of COVID-19 all may be less than expected, which may prolong the impacts of COVID-19 on the U.S. economy, lodging industry and AHIP. Government stimulus and support packages and programs, announced or created in respect of the U.S. hotel industry may not be available to AHIP or its subsidiaries, in whole or in part, and investors should not assume such financial support will be available to AHIP or its subsidiaries, and should not assume that any such financial support received will continue or that the criteria for forgiveness of any government-guaranteed loans received by AHIP's subsidiaries will be satisfied. The pace of recovery cannot be accurately predicted and may be slow. Previously eased government restrictions on travel and business operations may be, and in certain U.S. states and counties have been, reinstated. In light of the foregoing, AHIP has temporarily suspended its monthly cash distributions, and there is no guarantee as to the timing of the reinstatement of such distributions, if at all, and if reinstated, as to the amount or timing of such distributions. All of the foregoing, are adversely impacting AHIP's investments, prospects, cash flows, results of operations and financial condition, which has negatively impacted the market price of the Units and the Debentures and may impact AHIP's ability to obtain additional equity or debt financing, or re-finance existing debt, or make interest and principal payments to its lenders and to holders of Debentures or otherwise satisfy its financial obligations, and may cause AHIP to be in non-compliance with one or more of the financial covenants under its existing

credit facilities and cause a default thereunder and has, and may continue to negatively impact the value of AHIP's properties and may result in significant non-cash impairment charges on AHIP's properties.

COVID-19 related fluctuations in the stock market may adversely affect the market price of the Units and the Debentures regardless of AHIP's operating performance. The uncertainty has also increased volatility in the capital markets and there can be no assurance that the price of the Units or the Debentures will remain at current levels. In addition, the securities markets have experienced significant price and volume fluctuations from time to time as a result of COVID-19 that may have been unrelated or disproportionate to the operating performance of particular issuers. These broad fluctuations may adversely affect the market price of the Units and the Debentures. COVID-19 and the reactions to it, including the possibility that it may result in a prolonged global recession, may also have the effect of exacerbating the potential impact of the other risks disclosed in this "Risks and Uncertainties" section as well as those set forth in AHIP's AIF.

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

HOTEL PORTFOLIO AS AT JUNE 30, 2021

| Hotel Address | Brand | Location | Number of Rooms | Restaurant | Acquisition Date |
|---------------------------------|------------------------|----------------------|-----------------|------------|------------------|
| TEXAS/ARIZONA | | | | | |
| 4650 West Airport Freeway | Embassy Suites | Irving, TX | 305 | Yes | Jan. 6, 2017 |
| 4400 South Rural Road | Embassy Suites | Tempe, AZ | 224 | Yes | Jan. 6, 2017 |
| 8231 Amarillo Blvd. West | Holiday Inn | Amarillo, TX | 151 | Yes | Oct. 27, 2014 |
| 7815 Willow Chase Blvd | Home2 Suites | Houston, TX | 108 | - | Dec. 3, 2019 |
| 5879 South Padre Island Dr. | Hampton Inn & Suites | Corpus Christi, TX | 101 | - | Dec. 3, 2019 |
| 1505 Catalina Drive | Staybridge Suites | Midland, TX | 98 | - | Dec. 3, 2019 |
| 1401 Catalina Drive | Home2 Suites | Midland, TX | 93 | - | Dec. 3, 2019 |
| 2569 Southwest Blvd | Home2 Suites | San Angelo, TX | 93 | - | Dec. 3, 2019 |
| 2545 Southwest Blvd | Residence Inn | San Angelo, TX | 92 | - | Dec. 3, 2019 |
| 1740 Airport Boulevard | Fairfield Inn & Suites | Amarillo, TX | 79 | - | Oct. 27, 2014 |
| 6915 I-40 West | Sleep Inn & Suites | Amarillo, TX | 63 | - | Oct. 27, 2014 |
| TOTAL TEXAS/ARIZONA | | 11 PROPERTIES | 1,407 | 3 | |
| FLORIDA/GEORGIA | | | | | |
| 3712 SW 38 th Avenue | Courtyard | Ocala, FL | 169 | Yes | Aug. 6, 2015 |
| 3427 Forum Boulevard | Holiday Inn Express | Fort Myers, FL | 111 | - | Nov. 29, 2016 |
| 5730 Gantt Road | Holiday Inn Express | Sarasota, FL | 101 | - | Nov. 29, 2016 |
| 3624 North Falkenburg Rd. | Staybridge Suites | Tampa, FL | 100 | - | Nov. 29, 2016 |
| 4735 Helen Hauser Blvd. | Fairfield Inn & Suites | Titusville, FL | 96 | - | Nov. 25, 2014 |
| 4101 SW 38 th Avenue | Fairfield Inn & Suites | Ocala, FL | 96 | - | Aug. 6, 2015 |
| 561 Chaffee Point Boulevard | Fairfield Inn & Suites | Jacksonville, FL | 89 | - | Oct. 27, 2016 |
| 538 Southwest Corporate Dr. | Fairfield Inn & Suites | Lake City, FL | 89 | - | Oct. 27, 2016 |
| 3610 SW 38 th Avenue | Residence Inn | Ocala, FL | 87 | - | Aug. 6, 2015 |
| 4355 West New Haven Ave | Fairfield Inn & Suites | Melbourne, FL | 83 | - | Nov. 25, 2014 |
| 1319 East King Avenue | Fairfield Inn & Suites | Kingsland, GA | 82 | - | Jul. 3, 2014 |
| 13575 Cypress Glen Lane | Courtyard | Tampa, FL | 81 | Yes | Nov. 29, 2016 |
| 10971 West Colonial Drive | Fairfield Inn & Suites | Orlando/Ocoee, FL | 80 | - | Nov. 29, 2016 |
| TOTAL FLORIDA/GEORGIA | | 14 PROPERTIES | 1,264 | 2 | |
| MARYLAND | | | | | |
| 5015 Campbell Boulevard | Hilton Garden Inn | Baltimore, MD | 155 | Yes | June 22, 2017 |
| 4980 Mercantile Road | Residence Inn | Baltimore, MD | 131 | - | June 22, 2017 |
| 7035 Arundel Mill Circle | Residence Inn | Hanover, MD | 131 | - | June 22, 2017 |
| 7027 Arundel Mill Circle | Hampton Inn | Hanover, MD | 130 | - | June 22, 2017 |
| 7544 Teague Road | SpringHill Suites | Hanover, MD | 128 | - | June 22, 2017 |
| 8225 Town Center Drive | Hampton Inn | Baltimore, MD | 127 | - | June 22, 2017 |
| 8477 Cordon Way | Fairfield Inn & Suites | Baltimore, MD | 116 | - | June 22, 2017 |
| 7021 Arundel Mill Circle | TownePlace Suites | Hanover, MD | 109 | - | June 22, 2017 |
| TOTAL MARYLAND | | 8 PROPERTIES | 1,027 | 1 | |

HOTEL PORTFOLIO AS AT JUNE 30, 2021 CONTINUED

| Hotel Address | Brand | Location | Number of Rooms | Restaurant | Acquisition Date |
|-----------------------------|------------------------|-------------------------|-----------------|------------|------------------|
| PENNSYLVANIA | | | | | |
| 555 Trumbull Drive | Hampton Inn | Pittsburgh, PA | 132 | - | Nov. 21, 2013 |
| 8514 University Boulevard | Hampton Inn | Moon Township, PA | 127 | - | Nov. 21, 2013 |
| 210 Executive Drive | Hampton Inn | Cranberry Township, PA | 116 | - | Nov. 21, 2013 |
| 2031 Avenue C | Homewood Suites | Bethlehem, PA | 113 | - | June 22, 2017 |
| 7686 Industrial Boulevard | Homewood Suites | Allentown, PA | 108 | - | June 22, 2017 |
| 1004 Sutherland Drive | Fairfield Inn & Suites | Pittsburgh, PA | 103 | - | Dec. 3, 2019 |
| 1308 Freedom Road | Residence Inn | Cranberry Township, PA | 96 | - | Nov. 21, 2013 |
| 1006 Sutherland Drive | TownePlace Suites | Pittsburgh, PA | 93 | - | Dec. 3, 2019 |
| TOTAL PENNSYLVANIA | | 8 PROPERTIES | 888 | - | |
| MIDWEST | | | | | |
| 185 Radio Drive | Courtyard | Woodbury, MN | 120 | Yes | Dec. 3, 2019 |
| 205 Radio Drive | Residence Inn | Woodbury, MN | 116 | - | Dec. 3, 2019 |
| 550 Trade Center Way | Homewood Suites | Portage, MI | 97 | - | Dec. 3, 2019 |
| 3319 N 14th Street | Courtyard | Bismarck, ND | 89 | Yes | Dec. 3, 2019 |
| 2080 Holliday Drive | Holiday Inn Express | Dubuque, IA | 87 | - | Jun. 18, 2015 |
| 121 Swords Drive | Holiday Inn Express | Mattoon, IL | 69 | - | Jun. 18, 2015 |
| 2501 Holiday Lane | Holiday Inn Express | South Jacksonville, IL | 69 | - | Jun. 18, 2015 |
| 311 S. Johnson Drive | Holiday Inn Express | Nevada, MO | 68 | - | Jun. 18, 2015 |
| 3007 W. 18th Avenue | Holiday Inn Express | Emporia, KS | 68 | - | Jun. 18, 2015 |
| TOTAL MIDWEST | | 9 PROPERTIES | 783 | 2 | |
| OHIO/KENTUCKY | | | | | |
| 5100 Upper Metro Place | Embassy Suites | Dublin, OH | 284 | Yes | Jan. 19, 2017 |
| 5800 Rockside Woods Blvd. | Embassy Suites | Independence, OH | 271 | Yes | Jan. 19, 2017 |
| 10 East Rivercentre Blvd. | Embassy Suites | Covington, KY | 227 | Yes | Jan. 19, 2017 |
| TOTAL OHIO/KENTUCKY | | 3 PROPERTIES | 782 | 3 | |
| NEW JERSEY | | | | | |
| 1000 Bishops Gate Boulevard | Residence Inn | Mount Laurel, NJ | 144 | - | June 22, 2017 |
| 3008 English Creek Avenue | Homewood Suites | Egg Harbor Township, NJ | 120 | - | June 22, 2017 |
| 1302 Campus Parkway | Courtyard | Wall Township, NJ | 113 | Yes | June 22, 2017 |
| 2 Commerce Centre Drive | Homewood Suites | Dover, NJ | 108 | - | June 22, 2017 |
| 230 Jumping Brook Road | Residence Inn | Neptune, NJ | 105 | - | June 22, 2017 |
| 3022 Fire Road | Residence Inn | Egg Harbor Township, NJ | 101 | - | June 22, 2017 |
| TOTAL NEW JERSEY | | 6 PROPERTIES | 691 | 1 | |
| OKLAHOMA | | | | | |
| 4401 SW 15th Street | Holiday Inn | Oklahoma City, OK | 147 | Yes | Nov. 3, 2014 |
| 13800 Quail Springs Pk. | Holiday Inn | Oklahoma City, OK | 109 | Yes | Nov. 3, 2014 |
| 4411 SW 15th Street | Staybridge Suites | Oklahoma City, OK | 103 | - | Nov. 3, 2014 |
| 2814 Williams Avenue | Hampton Inn | Woodward, OK | 81 | - | Nov. 3, 2014 |
| 7840 NW 39 Expressway | Holiday Inn Express | Bethany, OK | 69 | - | Jun. 18, 2015 |
| 3004 South 4th Street | Hampton Inn | Chickasha, OK | 63 | - | Jun. 18, 2015 |
| 2610 S. 4th Street | Holiday Inn Express | Chickasha, OK | 62 | - | Jun. 18, 2015 |
| TOTAL OKLAHOMA | | 7 PROPERTIES | 634 | 2 | |

HOTEL PORTFOLIO AS AT JUNE 30, 2021 CONTINUED

| Hotel Address | Brand | Location | Number of Rooms | Restaurant | Acquisition Date |
|-------------------------------------|------------------------|----------------------|-----------------|------------|------------------|
| NORTH CAROLINA | | | | | |
| 1137 E. Dixie Drive | Hampton Inn | Asheboro, NC | 111 | - | Jul. 3, 2014 |
| 10024 US Hwy 15/501 | Springhill Suites | Pinehurst, NC | 107 | - | Jul. 11, 2014 |
| 1530 Cinema Drive | Courtyard | Statesville, NC | 94 | Yes | Nov. 25, 2014 |
| 920 Executive Way | Fairfield Inn & Suites | Asheboro, NC | 87 | - | Jul. 3, 2014 |
| 1508 Cinema Drive | Hampton Inn | Statesville, NC | 80 | - | Nov. 25, 2014 |
| TOTAL NORTH CAROLINA | | 5 PROPERTIES | 479 | 1 | |
| VIRGINIA | | | | | |
| 85 University Boulevard | Hampton Inn | Harrisonburg, VA | 159 | - | Mar. 12, 2014 |
| 43 Covenant Drive | Hampton Inn | Harrisonburg, VA | 90 | - | Mar. 12, 2014 |
| 898 Wiggins Road | Hampton Inn | Emporia, VA | 85 | - | Mar. 12, 2014 |
| 150 Arnold Drive | Fairfield Inn & Suites | South Hill, VA | 68 | - | Mar. 12, 2014 |
| TOTAL VIRGINIA | | 4 PROPERTIES | 402 | - | |
| NEW YORK/CONNECTICUT | | | | | |
| 2 Sawgrass Drive | SpringHill Suites | Bellport, NY | 128 | - | June 22, 2017 |
| 291 Old Gate Lane | Hilton Garden Inn | Milford, CT | 120 | Yes | June 22, 2017 |
| TOTAL NEW YORK/CONNECTICUT | | 2 PROPERTIES | 248 | 1 | |
| TENNESSEE | | | | | |
| 2340 Center Street | Residence Inn | Chattanooga, TN | 109 | - | Oct. 27, 2016 |
| 7010 McCutcheon Road | TownePlace Suites | Chattanooga, TN | 87 | - | Oct. 27, 2016 |
| TOTAL TENNESSEE | | 2 PROPERTIES | 196 | - | |
| TOTAL PREMIUM BRANDED HOTELS | | 78 PROPERTIES | 8,801 | 16 | |