AMERICAN HOTEL
INCOME PROPERTIES

AMERICAN HOTEL INCOME PROPERTIES REIT LP

Management's Discussion and Analysis

For the three and nine months ended September 30, 2022 and 2021
(Expressed in U.S. Dollars)

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BASIS OF PRESENTATION

The following Management's Discussion and Analysis ("MD&A"), dated November 8, 2022, should be read in conjunction with the cautionary statement regarding forward-looking information below, as well as the unaudited condensed consolidated interim financial statements for the three and nine months ended September 30, 2022 and 2021 (the "Interim Financial Statements"), and the audited consolidated financial statements and notes thereto for the years ended December 31, 2021 and 2020 (the "Annual Financial Statements", and together with the Interim Financial Statements, the "Financial Statements"). The Annual Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and the Interim Financial Statements have been prepared in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting as issued by the International Accounting Standards Board ("IASB"). This MD&A is intended to provide readers with management's assessment of the performance of American Hotel Income Properties REIT LP ("AHIP"), as well as its financial position and future prospects. Additional information relating to AHIP, including periodic quarterly reports and annual information form for the year ended December 31, 2021 (the "AIF"), filed with the Canadian securities regulatory authorities, 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 indicated.

FORWARD-LOOKING INFORMATION

This MD&A contains forward-looking information and financial outlook within the meaning of applicable securities laws. Forward-looking information and financial outlook 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 information and financial outlook include, but are not limited to, statements made or implied relating to the objectives of 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. Forward-looking information and financial outlook in this MD&A include, but are not limited to, statements with respect to: AHIP management's expectation as to the impacts on AHIP's business of the seasonal nature of the lodging industry, inflation (including on labour and materials costs), competition, overall economic cycles, weather conditions; AHIP's planned capital expenditures, including the relevant properties subject to the capital plan and the estimated amount and timing of such expenditures; AHIP's expectations with respect to brand service standards, PIPs (as defined below) and relations with its brand partners and the impacts thereof on AHIP; AHIP's leverage and liquidity strategies and goals, including its target Debt-to-Gross Book Value ratio; AHIP's expectation that a portion of the restricted cash currently held by the lenders to the Cash Management Properties will be received in the first half of 2023; the pending sale of four non-core assets in Oklahoma and the expected timing and impacts of such transaction; AHIP's evaluation and review of growth and divesture opportunities; the value of the liability on AHIP's statements of financial position related to the Warrants (defined below) is expected to fluctuate; AHIP may utilize its unrestricted cash balance and revolving credit facility from time to time to meet its financial obligations to the extent there are shortfalls in cash flow from operating activities; statements with respect AHIP's intended status under tax legislation in the U.S and Canada; and AHIP's stated long-term objectives.

Although AHIP believes that the expectations reflected in the forward-looking information and financial outlook contained in this MD&A are reasonable, AHIP can give no assurance that these expectations will prove to be correct. 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 (although to a lesser extent than previously) the U.S. economy, U.S. hotel industry and AHIP's business; AHIP will continue to have sufficient funds to meet its financial obligations; AHIP's strategies with respect to margin enhancement, completion of capital projects, liquidity and divestiture of non-core assets and acquisitions will be successful; capital projects will be completed on time and on budget; AHIP will continue to have good relationships with its Brand partners; occupancy rates will be stable or rise in 2022; the future performance of the Cash Management Properties will be consistent with AHIP's expectations; the appraisals on the borrowing base properties will be consistent with AHIP's expectations; the sale of the four non-core assets in Oklahoma will be completed in the fourth quarter of 2022; AHIP's distribution policy will be sustainable and AHIP will not be prohibited from paying distributions under the terms of its Credit Facility or investor rights agreement; AHIP will be successful in decreasing its leverage over time; capital markets will provide AHIP with readily available access to equity and/or debt financing on terms acceptable to AHIP, including the ability to refinance maturing debt as it becomes due; AHIP's future level of indebtedness and its future growth potential will remain consistent with AHIP's current expectations; the useful lives and replacement cost of AHIP's assets being consistent with management's estimates thereof; AHIP will be able to successfully integrate properties acquired into its portfolio; 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; 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 tax laws, government and environmental regulations adversely affecting AHIP's operations, financing capability, structure or distributions; 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; and AHIP will achieve its long term objectives.

Forward-looking information and financial outlook 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 information and financial outlook, accordingly undue reliance should not be placed on such forward-looking information or financial outlook. 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 (see "Risk Factors"); AHIP may not achieve its expected performance levels in 2022 and beyond; AHIP's brand partners may impose revised service standards and capital requirements which are adverse to AHIP; PIP renovations may not commence or complete in accordance with currently expected timing and may suffer from increased material costs; recent recovery trends at AHIP's properties may not continue and may regress; AHIP's strategies with respect to margin enhancement, completion of accretive capital projects, liquidity, divestiture of non-core assets and acquisitions may not be successful; AHIP may not be successful in reducing its leverage; monthly cash distributions are not guaranteed and remain subject to the approval of Board of Directors, compliance with the terms of the Credit Facility and may be reduced or suspended at any time at the discretion of the Board (see "Risk Factors"); AHIP may not be able to refinance debt obligations as they become due; the appraisals for the borrowing base properties may be lower than expected which may result in a reduction in some or all of the available capacity of the revolving credit facility; the performance of the Cash Management Properties may regress which could result in the lender thereto not returning certain restricted cash to AHIP in the first half of 2023 or at all; the sale of the four non-core assets in Oklahoma may not complete in accordance with the currently expected timing or at all; general economic conditions and consumer confidence; the growth in the U.S. hotel and lodging industry; prices for the Units and Debentures; liquidity; tax risks; ability to access debt and capital markets; financing risks; changes in interest rates; the financial condition of, and 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 AHIP's annual information form for the year ended December 31, 2021, copies of which are available on SEDAR at www.sedar.com.

The forward-looking information and financial outlook contained in this MD&A is expressly qualified in their entirety by these cautionary statements. All forward-looking information and financial outlook in this MD&A are made as of November 8, 2022. AHIP does not undertake any obligation to update any such forward-looking information or financial outlook, resulting from new information, future events or otherwise, except as required by applicable law.

The Board of Directors of AHIP's General Partner, upon recommendation of its Audit Committee, approved the contents of this MD&A on November 8, 2022.

NON-IFRS AND OTHER FINANCIAL MEASURES

Management believes the following non-IFRS financial measures, non-IFRS ratios, capital management measures and supplementary financial measures are relevant measures to monitor and evaluate AHIP's financial and operating performance. These measures and ratios do not have any standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other issuers. These measures and ratios are included to provide investors and management additional information and alternative methods for assessing AHIP's financial and operating results and should not be considered in isolation or as a substitute for performance measures prepared in accordance with IFRS.

NON-IFRS FINANCIAL MEASURES:

FFO: FFO measures operating performance and is calculated in accordance with Real Property Association of Canada's ("**REALPAC**") definition. FFO – basic is calculated by adjusting net and comprehensive income (loss) for depreciation and amortization, gain or loss on disposal of property, IFRIC 21 property taxes, fair value gain or loss, deferred income tax, and other applicable items. FFO – diluted is calculated as FFO – basic plus the interest, accretion, and amortization on convertible debentures if convertible debentures are dilutive. The most comparable IFRS measure to FFO is net and comprehensive income (loss).

AFFO: AFFO is defined as a recurring economic earnings measure and calculated in accordance with REALPAC's definition. AFFO – basic is calculated as FFO – basic less maintenance capital expenditures. AFFO – diluted is calculated as FFO – diluted less maintenance capital expenditures. The most comparable IFRS measure to AFFO is net and comprehensive income (loss).

Normalized FFO: calculated as FFO for the three and nine months ended September 30, 2021, excluding the non-recurring $14.7 million gain and $1.0 million inventory adjustment expense.

Net Operating Income ("NOI"): calculated by adjusting income from operating activities for depreciation and amortization, and IFRIC 21 property taxes. The most comparable IFRS measure to NOI is income from operating activities, for which a reconciliation is provided in this MD&A.

Hotel EBITDA: calculated by adjusting income from operating activities for depreciation and amortization, IFRIC 21 property taxes and management fees for hotel. The most comparable IFRS measure to hotel EBITDA is income from operating activities, for which a reconciliation is provided in this MD&A.

EBITDA: calculated by adjusting income from operating activities for depreciation and amortization, IFRIC 21 property taxes, management fees for hotel and general administrative expenses. The sum of management fees for hotel and general administrative expenses is equal to corporate and administrative expenses in the Financial Statements. The most comparable IFRS measure to EBITDA is income from operating activities, for which a reconciliation is provided in this MD&A.

Debt: calculated as the sum of term loans and revolving credit facility, the face value of convertible debentures, unamortized portion of debt financing costs, government guaranteed loan, lease liabilities and unamortized portion of mark-to-market adjustments. The most comparable IFRS measure to debt is total liabilities, for which a reconciliation is provided in this MD&A.

Gross book value: calculated as the sum of total assets, accumulated depreciation and impairment on property, buildings and equipment, and accumulated amortization on intangible assets. The most comparable IFRS measure to gross book value is total assets, for which a reconciliation is provided in this MD&A.

Interest expense: calculated by adjusting finance costs for gain/loss on debt settlement, amortization of debt financing costs, accretion of debenture liability, amortization of debenture costs, dividends on series B preferred shares and amortization of mark-to-market adjustments because interest expense excludes certain non-cash accounting items and dividends on preferred shares. The most comparable IFRS measure to interest expense is finance costs, for which a reconciliation is provided in this MD&A.

NON-IFRS RATIOS:

FFO per unit – basic/diluted: calculated as FFO – basic/diluted divided by weighted average number of units outstanding - basic/diluted respectively for the reporting periods.

Normalized FFO per unit – basic/diluted: calculated as normalized FFO – basic/diluted divided by weighted average number of units outstanding - basic/diluted respectively for the reporting periods.

AFFO per unit – basic/diluted: calculated as AFFO – basic/diluted divided by weighted average number of units outstanding - basic/diluted respectively for the reporting periods.

FFO payout ratio – basic, trailing twelve months: calculated as total distributions declared to unitholders – basic, divided by total basic FFO, for the twelve months ended September 30, 2022 and 2021.

FFO payout ratio – diluted, trailing twelve months: calculated as total distributions declared to unitholders – diluted, divided by total diluted FFO, for the twelve months ended September 30, 2022 and 2021.

AFFO payout ratio – basic, trailing twelve months: calculated as total distributions declared to unitholders – basic, divided by total basic AFFO, for the twelve months ended September 30, 2022 and 2021.

AFFO payout ratio – diluted, trailing twelve months: calculated as total distributions declared to unitholders – diluted, divided by total diluted AFFO, for the twelve months ended September 30, 2022 and 2021.

NOI margin: calculated as NOI divided by total revenue.

Hotel EBITDA margin: calculated as hotel EBITDA divided by total revenue.

EBITDA margin: calculated as EBITDA divided by total revenue.

CAPITAL MANAGEMENT MEASURES:

Debt to gross book value: calculated as debt divided by gross book value. Debt to gross book value is a primary measure of capital management and leverage.

Debt to EBITDA: calculated as debt divided by the trailing twelve months of EBITDA. Debt to EBITDA measures the amount of income generated and available to pay down debt before covering interest, taxes, depreciation, and amortization expenses.

Interest coverage ratio: calculated as EBITDA for the trailing twelve months period divided by interest expense for the trailing twelve months period. The interest coverage ratio is a measure of AHIP's ability to service the interest requirements of its outstanding debt.

SUPPLEMENTARY FINANCIAL MEASURES:

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 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 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.

Occupancy: calculated as total number of hotel rooms sold divided by total number of rooms available for the reporting periods. Occupancy is a metric commonly used in the hotel industry to measure the utilization of hotels' available capacity.

Average daily rate ("ADR"): calculated as total room revenue divided by total number of rooms sold for the reporting periods. ADR is a metric commonly used in the hotel industry to indicate the average revenue earned per occupied room in a given time period.

Revenue per available room ("RevPAR"): calculated as occupancy multiplied by ADR for the reporting periods.

Same property occupancy, ADR, RevPAR, NOI and NOI margin: measured for properties owned by AHIP for both the current reporting periods and the same periods in 2021 and pre-COVID in 2019. For the three and nine months ended September 30, 2022, same property occupancy, ADR, RevPAR, NOI include 76 hotels (excluding the two hotels sold in 2022).

BUSINESS OVERVIEW

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 acquiring and owning hotel real estate properties in the U.S.

AHIP's long-term objectives are to:

(i) increase the value of its hotel properties through operating excellence, active asset management and investing in value-added capital expenditures;
(ii) expand its hotel portfolio through acquisitions on an accretive basis; and
(iii) increase unitholder value and distributions to unitholders.

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 trade on the TSX under the symbol HOT.DB.V (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"). These brands provide global distribution, targeted brand segmentation, large loyalty programs, and premier information technology system standards.

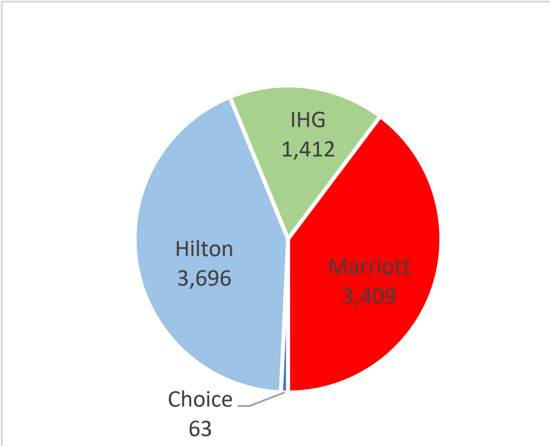
As of September 30, 2022, AHIP owned 76 Premium Branded hotels with a total of 8,580 guestrooms located in 22 states across the United States. AHIP's portfolio is located in larger secondary markets with diverse and typically stable demand generators. AHIP's portfolio has proven to be resilient during market downturns and is in a strong position to withstand periods of further demand disruption should they arise, as evidenced by positive Hotel EBITDA in every month since May 2020.

AHIP's distribution of premium branded hotels by chain scale segment as at September 30, 2022 is shown below:

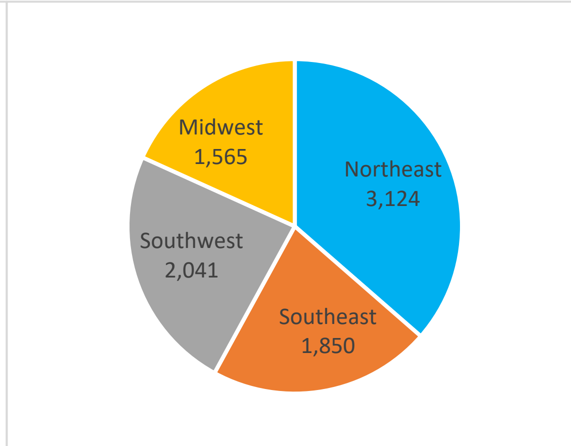
Chain Scale Segments	AHIP's Premium Branded Hotels	Number of Hotels	Number of Rooms	Room Percentage by Segment
Upper Upscale	Embassy Suites	5	1,311	15%
Upscale	Courtyard, Hilton Garden Inn, Homewood Suites, Residence Inn, Springhill Suites, Staybridge Suites	29	3,263	38%
Upper Midscale	Fairfield Inn, Hampton Inn, Holiday Inn, Holiday Inn Express, TownePlace Suites, Home2 Suites	41	3,943	46%
Midscale	Sleep Inn	1	63	1%
Total Premium Branded Hotels		**76**	**8,580**	**100%**

AHIP's number of rooms by brand and by region as at September 30, 2022 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.

Rooms by Brand



Rooms by Region



2022 THIRD QUARTER HIGHLIGHTS

- Revenue increased 11.3% to $76.2 million in the third quarter of 2022 compared to $68.4 million in the same period of 2021.
- Highest quarterly RevPAR recovery compared to the same period in 2019 prior to the COVID-19 pandemic at 97%.
- A 33% increase in RevPAR for the Embassy Suites sub-portfolio, compared to the same period in 2021.
- Diluted FFO per unit was $0.13 for the third quarter of 2022, compared to normalized diluted FFO per unit of $0.16 for the same period of 2021.
- ADR increased to $127, compared to $125 in the second quarter of 2022, and $118 in the same period of 2021.
- Occupancy was 72.1% in the current quarter, compared to 72.8% in the second quarter of 2022, and 68.8% in the same period of 2021.
- Debt to gross book value decreased to 52.6% as at September 30, 2022, compared to 54.1% as at December 31, 2021.
- Weighted average interest rate for all term loans and credit facility was 4.34% as at September 30, 2022, a reduction of 18 bps compared to 4.52% as at December 31, 2021.
- Paid monthly distributions of $0.015 U.S. dollar per unit in each month since March 2022.
- Cash flow from operating activities was $14.2 million for the third quarter of 2022, an increase of $4.5 million compared to the same period of 2021.
- Net and comprehensive income was $0.3 million for the third quarter of 2022, a decrease of $15.4 million compared to the same period of 2021, primarily due to a non-recurring gain of $14.7 million in the third quarter of 2021.

2022 THIRD QUARTER REVIEW

FINANCIAL AND OPERATIONAL HIGHLIGHTS

AHIP's portfolio of premium branded select service hotel properties continued to demonstrate strong demand metrics in the third quarter of 2022. Occupancy increased by 330 basis points ("bps") to 72.1% compared to 68.8% in the same period in 2021. ADR increased to $127, the highest level since 2019. Collectively, strong occupancy and ADR resulted in the highest quarterly RevPAR recovery compared to the same period in 2019 prior to the COVID-19 pandemic at 97%. This achievement is attributable to sustained demand from the leisure traveler segment, as well as steady improvements in corporate and group guest demand. The ability to control and manage daily rates is a key advantage of the lodging sector, which has enabled AHIP to achieve strong growth in ADR, mitigating the effects of rising costs due to inflationary pressures.

Diluted FFO per unit was $0.13 for the third quarter of 2022, compared to normalized diluted FFO per unit of $0.16 excluding the non-recurring gain of $14.7 million and $1.0 million inventory adjustment expense in the same period of 2021. NOI decreased by $1.8 million in the current quarter compared to the same period of 2021, due to higher operating expenses and the dispositions of two hotel properties since the third quarter of 2021.

Improving demand levels resulted in enhanced pricing power and greater opportunity to manage revenue for various hotel segments. As a result, AHIP's revenue continued to improve in the third quarter of 2022. Revenue increased by 11.3% to $76.2 million compared to $68.4 million in the same period of 2021. This improvement was due to higher ADR and increased occupancy. Same property occupancy [(1)] increased by 310 bps to 72.1% in the current quarter from 69.0% in the same period of 2021, which is a 91% recovery compared to the pre-COVID occupancy level in the same period of 2019. Same property ADR [(1)] increased by 6.7% to $127 in the current quarter compared to $119 in the same period of 2021, which is 6% higher than the pre-COVID ADR in the same period of 2019.

Same property NOI margin [(1)] decreased by 630 bps to 32.4% in the third quarter of 2022, compared to the same period of 2021, which is a 91% recovery compared to pre-COVID NOI margin in the same period of 2019. The decrease in NOI margin was due to higher operating expenses as a result of inflation, labor shortages and increased hotel operating standards. In 2022, housekeeping frequency, and complimentary food and beverage all increased compared to 2021, to a level closer to pre-COVID standards. Inflation resulted in higher costs of operating supplies and higher utilities expenses. Labor shortages resulted in increased room labor expenses due to the need for overtime and contract labor.

The following table summarizes portfolio operating key performance indicators ("KPIs") for the five most recent quarters with a comparison represented as a multiple of the same period in 2019 and 2021. January to December 2019 KPIs are based on prior ownership's financial information for the 12 premium branded hotels acquired in December 2019, and all data in the Same Property KPIs table below excludes the two hotels sold in 2022.

SAME PROPERTY KPIs (76 hotels)

KPIs	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022
Occupancy	69.0%	65.1%	64.1%	73.1%	**72.1%**
Recovery (vs. 2019)	0.87x	0.90x	0.87x	0.90x	**0.91x**
Recovery (vs. 2021)	n/a	n/a	1.06x	1.04x	**1.05x**
ADR	$119	$114	$117	$125	**$127**
Recovery (vs. 2019)	1.00x	1.00x	1.01x	1.05x	**1.06x**
Recovery (vs. 2021)	n/a	n/a	1.23x	1.14x	**1.07x**
RevPAR	$82	$74	$75	$91	**$92**
Recovery (vs. 2019)	0.87x	0.90x	0.87x	0.94x	**0.97x**
Recovery (vs. 2021)	n/a	n/a	1.31x	1.18x	**1.12x**
NOI Margin	38.7%	34.0%	28.6%	35.2%	**32.4%**
Recovery (vs. 2019)	1.08x	1.06x	0.83x	0.94x	**0.91x**
Recovery (vs. 2021)	n/a	n/a	0.88x	0.85x	**0.84x**

PERFORMANCE BY HOTEL SEGMENTS

Select service properties represent 55% of AHIP's portfolio by room count. For the three months ended September 30, 2022, RevPAR for these properties was $84, an increase of 10.0% compared to the same period in 2021 and a 99% recovery compared to pre-COVID pandemic RevPAR for the same period of 2019. The select service hotel model utilizes less labor per occupied room and this operating model has also partially mitigated the impact of national challenges in the labor market.

Extended stay properties represent 30% of AHIP's portfolio by room count. For the three months ended September 30, 2022, RevPAR for these properties was $100, an increase of 5.0% compared to the same period in 2021 and a 92% recovery compared to pre-COVID pandemic RevPAR for the same period of 2019.

AHIP's five Embassy Suites properties represent 15% of the portfolio by room count. The performance of these hotels is a key indicator of the recovery level in business and group travel. For the three months ended September 30, 2022, RevPAR for these properties was $100, an increase of 33.0% compared to the same period in 2021 and a 98% recovery compared to pre-COVID pandemic RevPAR in the same period of 2019. The Embassy Suites experienced recovery in business and group travel in the current quarter, supplemented by leisure-oriented groups. AHIP's five Embassy Suites were renovated in 2018 and 2019 and are well positioned to capture improving business and corporate group demand.

LIQUIDITY AND LEVERAGE

Debt to gross book value as at September 30, 2022 decreased by 150 bps to 52.6% compared to 54.1% as at December 31, 2021. The decrease was mainly due to the increase of $8.2 million in cash and restricted cash as a result of improving operating results. Management intends to bring its leverage to a level closer to its peer group over time which would be in the range of 40-50% debt to gross book value. This is expected to be achieved through a combination of improving operating results, a sustainable distribution policy and selective equity issuance in support of growth transactions. AHIP has 93% debt at fixed interest rates or effectively fixed by interest rate swaps until November 2023. AHIP does not have any maturities of debt or interest rate swaps until the fourth quarter of 2023.

On November 3, 2022, AHIP entered into an amendment to the revolving credit facility and certain term loans (the "Fifth Amendment") to, among other things, modify the calculation of the borrowing base availability amount and certain financial covenants. The modifications significantly improve the expected borrowing base availability and reduce the required fixed charge covenant ratio. Commencing with the first borrowing base certificate filed in 2023 and until December 31, 2023, the availability under the revolving portion of the credit facility will be determined in part by a valuation method which includes debt to gross book value, appraised value of all the properties included in the borrowing base calculation (the “Borrowing Base Properties”) and an implied debt service coverage ratio, with the maximum total facility availability of $200.0 million. Pursuant to the Fifth Amendment, AHIP’s ability to pay distributions on its Units remains subject to the satisfaction of FFO payout ratio and fixed charge coverage ratio thresholds, in each case calculated after the end of each quarter on a trailing twelve-month basis. For further details, see “Term Loans, Revolving Credit Facility and Convertible Debentures” and “Risk Factors” below and see a copy of the Fifth Amendment, which has been filed under AHIP’s profile on SEDAR at www.sedar.com.

As at September 30, 2022, AHIP had $35.7 million in available liquidity, compared to $51.1 million as at June 30, 2022. The available liquidity of $35.7 million was comprised of an unrestricted cash balance of $17.3 million and borrowing availability of $18.4 million under the revolving credit facility. In addition, AHIP has restricted cash balance of $44.0 million as at September 30, 2022. The decrease in the available liquidity as at September 30, 2022, compared to June 30, 2022 was due to a decrease in unrestricted cash and a reduction in borrowing availability. The decrease in unrestricted cash is primarily due to cash generated by three Embassy Suite properties located in Ohio and Kentucky in the current quarter being held in restricted cash accounts by the lender, as a result of these properties not meeting the minimum debt service coverage ratio prior to the third quarter of 2022 (the “Cash Management Properties”). The operating performance of the Cash Management Properties has been steadily improving and exceeded the minimum debt service coverage ratio in the third quarter. Management expects this to continue in future periods which would result in a return of a portion of the restricted funds in the first half of 2023.

GROWTH AND STRATEGIC CAPITAL DEPLOYMENT

AHIP is evaluating growth opportunities that would expand the hotel portfolio and geographic footprint. As a result of the investment 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 assets in more attractive markets.

On October 6, 2022, AHIP entered into a purchase and sale agreement for the disposition of four non-core assets located in Oklahoma for gross proceeds of $26.3 million. In addition, management expects a return of restricted cash by the end of the fourth quarter in an amount of $3.1 million. The transaction is expected to be completed in the fourth quarter of 2022 subject to the satisfaction of customary closing conditions. On October 26, 2022, AHIP completed the disposition of a non-core asset located in Pennsylvania for gross proceeds of $5.4 million. These dispositions allow AHIP to avoid future PIP investments in assets that will not meet returns available elsewhere in the portfolio. Management expects that the average quality of the portfolio will improve and that there will be a modest improvement in certain leverage metrics following these dispositions.

U.S. DOLLAR DISTRIBUTION

AHIP has adopted a distribution policy providing for the payment of regular monthly U.S. dollar distributions at an annual rate of $0.18 per unit (monthly rate of $0.015 per unit). Monthly distributions have been declared and paid each month since February 2022. The distribution reintroduced in February 2022 was at a level which is intended to allow AHIP to increase it over time, assuming stable or improving financial results.

CAPITAL IMPROVEMENTS

AHIP’s capital plan is returning to pre-COVID spending levels for hotel brand mandated property improvement plans (“PIPs”) and furniture, fixtures and equipment (“FF&E”) improvements. A number of current projects generate meaningful return on investment through the refreshment and upgrade of guest-facing items, ensuring that each property maintains its competitive advantage in the marketplace.

Assuming stable or improving financial results, the 2022 capital plan is expected to include approximately $17.2 million in PIPs and $11.0 million in FF&E improvements, of which approximately $11.0 million is expected to be funded by restricted cash. The PIPs include seven hotel renovations and 16 smaller projects. The seven renovations are for hotels located in Florida and the Northeast Corridor with an expected increase to the hotels’ market share and RevPAR post-renovation.

As at September 30, 2022, AHIP has completed 14 of the 16 smaller projects, and the cost of the completed projects were in-line with budget. AHIP and its brand partners are aligned on objectives during periods of lower demand: cost containment, liquidity preservation and maintaining the competitiveness of each property while ensuring the health and safety for hotel guests and employees. AHIP expects continued cooperation and flexibility from brand partners as capital programs are executed.

OUTLOOK

The lean operating model of the select service portfolio as well as its diversified demand profile create strong operating results in a variety of operating environments. Our partnership with global hotel brands, Marriott, Hilton and IHG drives customer demand to AHIP's properties, through national marketing and guest access to global rewards programs. These programs have been extremely influential in driving leisure guests to AHIP's properties and in contributing to the increased corporate and group business in 2022.

For the fourth quarter of 2022, RevPAR is expected to be lower than the third quarter of 2022 due to demand seasonality, but higher than the same period of 2021. This result is expected from a gradual improvement in corporate travel and continued strength in the leisure travel market. While operating expenses are expected to be negatively impacted by high inflation and labor shortages, higher ADR and active revenue management are expected to mitigate a portion of the increases to operating expenses. Ongoing capital expenditures represent an attractive return on investment which should enhance occupancy and ADR in 2023.

Short and long-term interest rates increased during the first nine months of 2022 and short-term interest rates are expected to continue to increase. AHIP does not expect a material increase in interest expense in 2022 or 2023 since 93% of AHIP's debt is at fixed interest rates or effectively fixed by interest rate swaps until November 2023. AHIP does not have any maturities of debt or interest rate swaps until the fourth quarter of 2023.

While AHIP expects continued challenges from high inflation, labor costs and rising interest rates, AHIP is in a stable position to address uncertainty, with a resilient portfolio, sufficient liquidity, and no short-term debt maturities.

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 gross domestic product ("GDP") growth, employment levels and corporate profits. Consumer demand in the U.S. lodging sector continues to recover following the outbreak of the COVID-19 pandemic in 2020. Higher consumer savings rates and pent-up travel demand have benefitted hotel revenues. Macroeconomic impacts of inflation, low unemployment and rising interest rates each have an impact on operating expenses and costs of financing.

2022 THIRD QUARTER RESULTS

SELECTED FINANCIAL INFORMATION

(thousands of dollars except per unit amounts)	Three months ended September 30, 2022	Three months ended September 30, 2021	Nine months ended September 30, 2022	Nine months ended September 30, 2021
Revenue	**76,171**	68,411	**213,596**	178,714
NOI [1]	**24,675**	26,432	**68,830**	67,782
NOI margin [1]	**32.4%**	38.6%	**32.2%**	37.9%
Hotel EBITDA [1]	**22,194**	24,509	**61,741**	62,660
Hotel EBITDA margin [1]	**29.1%**	35.8%	**28.9%**	35.1%
EBITDA [1]	**20,539**	22,399	**55,589**	54,308
EBITDA margin [1]	**27.0%**	32.7%	**26.0%**	30.4%
Cashflow from operating activities	**14,165**	9,648	**36,524**	7,539
Distributions declared per unit - basic and diluted	**0.045**	-	**0.120**	-
Distributions declared to unitholders - basic	**3,544**	-	**9,450**	-
Distributions declared to unitholders - diluted	**4,027**	-	**10,426**	-
Dividends declared to Series C holders	**1,022**	1,022	**3,033**	2,722
Net and comprehensive income	**315**	15,685	**10,125**	2,241
Net and comprehensive income per unit - basic	**-**	0.20	**0.12**	0.03
Net and comprehensive income per unit - diluted	**-**	0.18	**0.13**	0.03
FFO diluted [1]	**11,433**	27,243	**32,370**	35,893
FFO per unit - diluted [1]	**0.13**	0.32	**0.36**	0.46
FFO payout ratio - diluted, trailing twelve months [1]	**27.6%**	-	**27.6%**	-
AFFO diluted [1]	**8,443**	25,703	**24,541**	32,463
AFFO per unit - diluted [1]	**0.09**	0.30	**0.27**	0.41
AFFO payout ratio - diluted, trailing twelve months [1]	**31.3%**	-	**31.3%**	-

[1] See “Non-IFRS and Other Financial Measures”

SELECTED INFORMATION

(thousands of dollars)	September 30, 2022	December 31, 2021
Total assets	**1,131,162**	1,150,490
Total liabilities	**759,098**	775,886
Total non-current liabilities	**685,422**	674,339
Term loans and revolving credit facility	**679,860**	695,796
Debt to gross book value [1]	**52.6%**	54.1%
Debt to EBITDA (times) [1]	**10.2**	10.7
Interest coverage ratio (times) [1]	**2.1**	1.9
Term loans and revolving credit facility:		
Weighted average interest rate	**4.34%**	4.52%
Weighted average term to maturity (years)	**3.2**	3.8
Number of rooms	**8,580**	8,801
Number of properties	**76**	78
Number of restaurants	**16**	16

(1) See "Non-IFRS and Other Financial Measures"

2022 THIRD QUARTER OPERATING RESULTS

(thousands of dollars)	Three months ended September 30, 2022	Three months ended September 30, 2021	Nine months ended September 30, 2022	Nine months ended September 30, 2021
ADR [1]	**127**	118	**123**	108
Occupancy [1]	**72.1%**	68.8%	**69.5%**	66.4%
RevPAR [1]	**92**	82	**86**	72
Revenue	**76,171**	68,411	**213,596**	178,714
Operating expenses	**39,496**	31,774	**109,858**	81,331
Energy	**3,542**	3,186	**9,756**	8,586
Property maintenance	**3,699**	2,581	**10,567**	7,087
Property taxes, insurance and ground lease before IFRIC 21	**4,759**	4,438	**14,585**	13,928
Total expenses	**51,496**	41,979	**144,766**	110,932
NOI	**24,675**	26,432	**68,830**	67,782
NOI Margin %	**32.4%**	38.6%	**32.2%**	37.9%
IFRIC 21 property taxes adjustment	**(193)**	361	**(937)**	(1,122)
Depreciation and amortization	**8,932**	10,829	**29,230**	32,427
Income from operating activities	**15,936**	15,242	**40,537**	36,477
Other expenses (income)	**14,827**	(1,775)	**29,652**	32,913
Current income tax expense	**14**	68	**145**	68
Deferred income tax expense	**780**	1,259	**615**	1,243
Loss on disposal of discontinued operations	**-**	5	**-**	12
Net and comprehensive income	**315**	15,685	**10,125**	2,241

[1] See “Non-IFRS and Other Financial Measures”

For the three and nine months ended September 30, 2022, revenue increased by 11.3% and 19.5%, respectively, compared to the same periods in 2021. The increases were due to higher ADR and increased occupancy. For the three and nine months ended September 30, 2022, occupancy increased by 330 bps and 310 bps, and ADR increased by 7.6% and 13.9%, respectively, compared to the same periods in 2021.

For the three and nine months ended September 30, 2022, NOI decreased by 6.6% and increased by 1.5%, and NOI margin decreased by 620 bps and 570 bps, respectively, compared to the same periods in 2021. The increase in NOI for the nine months ended September 30, 2022 was due to higher ADR and increased occupancy, partially offset by higher operating expenses. The decreases in NOI and NOI margin were due to higher operating expenses as a result of inflation and labor shortages. Inflation resulted in higher costs of operating supplies and higher utilities expenses. Labor shortages resulted in increased room labor expenses due to the need for overtime and contract labor.

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.

OTHER EXPENSES (INCOME)

(thousands of dollars)	Three months ended September 30, 2022	Three months ended September 30, 2021	Nine months ended September 30, 2022	Nine months ended September 30, 2021
Finance costs	9,187	9,580	25,428	30,368
Corporate and administrative	4,136	4,033	13,241	13,474
(Gain) loss on disposal of property	(9)	(23)	(1,058)	1,287
Change in fair value of warrants	(1,627)	(298)	(4,477)	4,006
Change in fair value of interest rate swap	(1,249)	(382)	(5,878)	(1,804)
Impairment of property	4,417	-	4,674	-
Other income	-	(14,658)	(2,192)	(14,658)
Warrant issuance costs	-	-	-	325
Finance income	(28)	(27)	(86)	(85)
Total	14,827	(1,775)	29,652	32,913

FINANCE COSTS

(thousands of dollars)	Three months ended September 30, 2022	Three months ended September 30, 2021	Nine months ended September 30, 2022	Nine months ended September 30, 2021
Interest expense on term loans and revolving credit facility	7,605	8,278	23,007	24,695
Gain on debt settlement	-	-	(2,344)	-
Interest expense on Debentures	759	611	2,266	1,833
Amortization of debt financing costs	487	499	1,599	1,443
Other	336	192	900	2,397
Total	9,187	9,580	25,428	30,368

For the three and nine months ended September 30, 2022, finance costs decreased by 4.1% and 16.3%, respectively, compared to the same periods in 2021. The decrease in finance costs in the current quarter was due to lower interest expense on terms loans and revolving credit facility as a result of the lower interest rate obtained on the refinancing completed in April 2022. The decrease in finance costs for the nine months ended September 30, 2022 was due to a gain on debt settlement realized in the second quarter of 2022, and lower interest expense.

Corporate and administrative expenses consist of hotel management fees paid to the external hotel property managing company and general administrative expenses such as salaries and benefits, professional fees, office and general. Corporate and administrative expenses for the three and nine months ended September 30, 2022 are consistent with the same periods in 2021.

Gain on disposal of property for the nine months ended September 30, 2022 is related to the gain on the disposition of a non-core asset in Florida in the first quarter of 2022, partially offset by the loss on the disposition of a non-core asset in Pennsylvania in the second quarter of 2022.

Fair value of warrants is calculated using the Black-Scholes model at each period end date. Changes in fair value of warrants for the three and nine months ended September 30, 2022 represents the changes of warrants liability as at September 30, 2022, compared to June 30, 2022, and December 31, 2021, respectively.

Fair value of interest rate swap is provided by a third-party financial institution at each period end date. Changes in fair value of interest rate swap for the three and nine months ended September 30, 2022 represents the change of interest rate swap assets or liabilities balances as at September 30, 2022, compared to June 30, 2022, and December 31, 2021, respectively.

Impairment of property for the three and nine months ended September 30, 2022, represents the difference between the purchase price less costs to sell, and the carrying value of the non-core assets. On October 6, 2022, AHIP entered into a purchase and sale agreement for the disposition of non-core assets located in Oklahoma for $26.3 million. The transaction is expected to be completed in the fourth quarter of 2022.

Other income for the nine months ended September 30, 2022 includes $0.2 million in business interruption insurance proceeds for the loss of revenue as a result of the polar vortex storm, a $0.7 million grant for the loss of revenue as a result of COVID-19, and $1.0 million in business interruption insurance proceeds for the loss of revenue as a result of COVID-19.

FFO

AHIP measures its operating performance by using industry accepted non-IFRS performance measures such as FFO which is calculated in accordance with the REALPAC definition. FFO is not defined by IFRS and does not have a standard meaning under IFRS; therefore, it may not be comparable to similar measures presented by other entities. The IFRS measurement most comparable to FFO is net and comprehensive income (loss), for which a reconciliation is provided as follows:

(thousands of dollars, except per unit amounts)	Three months ended September 30, 2022	Three months ended September 30, 2021	Nine months ended September 30, 2022	Nine months ended September 30, 2021
Net income and comprehensive income	**315**	15,685	**10,125**	2,241
Adjustments:				
Net income attributable to non-controlling interest	**(1,022)**	(1,022)	**(3,033)**	(2,722)
Depreciation and amortization	**8,932**	10,829	**29,230**	32,427
(Gain) loss on disposal of property	**(9)**	(23)	**(1,058)**	1,287
IFRIC 21 property taxes	**(193)**	361	**(937)**	(1,122)
Fair value changes of interest rate swaps	**(1,249)**	(382)	**(5,878)**	(1,804)
Fair value changes of warrants	**(1,627)**	(298)	**(4,477)**	4,006
Impairment of property	**4,417**	-	**4,674**	-
Transaction costs related to warrants	**-**	-	**-**	325
Deferred income tax expense	**780**	1,259	**615**	1,243
Loss on disposal of discontinued operations	**-**	5	**-**	12
FFO basic (1)	**10,344**	26,414	**29,261**	35,893
Interest, accretion and amortization on convertible debentures	**1,089**	829	**3,109**	2,466
FFO diluted (1)	**11,433**	27,243	**32,370**	35,893
FFO per unit – basic (1)	**0.13**	0.34	**0.37**	0.46
FFO per unit – diluted (1)	**0.13**	0.32	**0.36**	0.46
FFO payout ratio – basic – trailing twelve months (1)	**26.8%**	-	**26.8%**	-
FFO payout ratio – diluted – trailing twelve months (1)	**27.6%**	-	**27.6%**	-
Weighted average number of units outstanding:				
Basic (000's)	**78,766**	78,641	**78,747**	78,569
Diluted (000's) (2)	**89,485**	84,837	**89,246**	78,837

(1) See "Non-IFRS and Other Financial Measures"

(2) The calculation of weighted average number of units outstanding for FFO per unit - diluted and AFFO per unit diluted included the convertible debentures for the three and nine months ended September 30, 2022 and 2021 because they were dilutive.

AFFO

AHIP calculates AFFO as a recurring economic earnings measure, in accordance with the REALPAC's definition. AFFO is not defined by IFRS and does not have a standard meaning under IFRS; therefore, it may not be comparable to similar measures presented by other entities. The IFRS measurement most comparable to AFFO is net and comprehensive income (loss).

In January 2022, REALPAC issued the White Paper on FFO and AFFO for IFRS, to provide guidance and develop consistency within the industry on the definition of FFO and AFFO. REALPAC also updated its guidance on categorizing value-enhancing capital expenditures ("value-enhancing capex") and maintenance capex to be used in calculating AFFO. The categorization of capital expenditures between value-enhancing and maintenance is subject to significant judgment.

RECONCILIATION OF FFO TO AFFO

(thousands of dollars, except per unit amounts)	Three months ended September 30, 2022	Three months ended September 30, 2021	Nine months ended September 30, 2022	Nine months ended September 30, 2021
FFO basic [1]	**10,344**	26,414	**29,261**	35,893
FFO diluted [1]	**11,433**	27,243	**32,370**	35,893
Maintenance capital expenditures	**(2,990)**	(1,540)	**(7,829)**	(3,430)
AFFO basic [1]	**7,354**	24,874	**21,432**	32,463
AFFO diluted [1]	**8,443**	25,703	**24,541**	32,463
AFFO per unit – basic [1]	**0.09**	0.32	**0.27**	0.41
AFFO per unit – diluted [1]	**0.09**	0.30	**0.27**	0.41
AFFO payout ratio – basic – trailing twelve months [1]	**30.6%**	-	**30.6%**	-
AFFO payout ratio – diluted – trailing twelve months [1]	**31.3%**	-	**31.3%**	-

[1] See "Non-IFRS and Other Financial Measures"

CAPITAL EXPENDITURES

Hotel operations require maintenance capital expenditures to maintain the occupancy and revenue streams of the business. Under the terms of the applicable franchise agreement, AHIP is expected to complete various PIPs within 18 to 24 months of the acquisition date and continue to do so on an ongoing basis. The PIPs are intended to renovate the hotel property to the franchisor's current standards, optimize operating performance and to ensure that the hotels remain competitive within their respective market segments. For 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 as eligible expenditures are made. AHIP is also required by its CMBS lenders to escrow FF&E reserves (calculated as 4% of total revenue) over the term of the respective loans.

SUMMARY OF QUARTERLY RESULTS

The table below summarizes AHIP's financial results for the last eight fiscal quarters:

(thousands of dollars except per unit amounts)	2022 Q3	2022 Q2	2022 Q1	2021 Q4	2021 Q3	2021 Q2	2021 Q1	2020 Q4
Revenues	**76,171**	75,649	61,776	62,593	68,411	63,589	46,714	39,406
NOI [(1)]	**24,675**	26,655	17,500	21,135	26,432	26,373	14,977	9,814
Net and comprehensive income (loss)	**315**	13,685	(3,875)	(14,107)	15,685	526	(13,970)	(20,945)
FFO per unit – diluted [(1)]	**0.13**	0.18	0.05	0.07	0.32	0.14	(0.03)	(0.07)
AFFO per unit – diluted [(1)]	**0.09**	0.15	0.02	0.05	0.30	0.12	(0.03)	(0.07)

(1) See "Non-IFRS and Other Financial Measures"

AHIP's quarterly financial results have a seasonal component resulting from higher occupancy and revenue in the second and third quarters of each year. In addition, broad economic conditions, and geopolitical instability, such as COVID-19 and the ongoing conflict between Russia and Ukraine, can impact the operating results.

LIQUIDITY AND CAPITAL RESOURCES

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

As of September 30, 2022, AHIP had a working capital surplus of $25.0 million (December 31, 2021 – $34.2 million deficit). The improvement in working capital is mainly due to the refinancing of a term loan completed in April 2022. AHIP has 93% debt at fixed interest rates or effectively fixed by interest rate swaps until November 2023. AHIP does not have any maturities of debt or interest rate swaps until the fourth quarter of 2023. As of September 30, 2022, AHIP had $35.7 million in available liquidity, compared to $51.1 million as at June 30, 2022. The available liquidity of $35.7 million was comprised of an unrestricted cash balance of $17.3 million and borrowing availability of $18.4 million under the revolving credit facility. In addition, AHIP has restricted cash balance of $44.0 million as at September 30, 2022. The decrease in the available liquidity as at September 30, 2022, compared to June 30, 2022 was due to a decrease in unrestricted cash and a reduction in borrowing availability. The decrease in unrestricted cash is primarily due to cash generated by the Cash Management Properties in the current quarter being held in restricted cash accounts by the lender, as a result of these properties not meeting the minimum debt service coverage ratio prior to the third quarter of 2022. The operating performance of the Cash Management Properties has been steadily improving and exceeded the minimum debt service coverage ratio in the third quarter. Management expects this to continue in future periods which would result in a return of a portion of the restricted funds in the first half of 2023.

On November 3, 2022, AHIP entered into the Fifth Amendment to, among other things, modify the calculation of the borrowing base availability amount and certain financial covenants. The modifications significantly improve the expected borrowing base availability and reduce the required fixed charge covenant ratio. Commencing with the first borrowing base certificate filed in 2023 and until December 31, 2023, the availability under the revolving portion of the credit facility will be determined in part by a valuation method which includes debt to gross book value, appraised value of the Borrowing Base Properties, and an implied debt service coverage ratio, with the maximum total facility availability of $200.0 million. Pursuant to the Fifth Amendment, AHIP's ability to pay distributions on its Units remains subject to the satisfaction of FFO payout ratio and fixed charge coverage ratio thresholds, in each case calculated after the end of each quarter on a trailing twelve-month basis.

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

DISTRIBUTIONS TO UNITHOLDERS

The Board of Directors of the General Partner ("Board of Directors" or the "Board"), 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 November 9, 2021, AHIP announced its intention to resume payment of regular monthly distributions commencing in March 2022 at an annual rate of USD$0.18 per common unit (monthly rate of USD$0.015 per unit). The first regular monthly distribution was declared on February 15, 2022, with a record date of February 28, 2022 and was paid on March 15, 2022. The declaration and payment of each monthly distribution under AHIP's distribution policy will remain subject to Board approval, and compliance by AHIP with the terms of the Fifth Amendment and investor rights agreement with the investor. Distributions are not guaranteed and may be reduced or suspended at any time at the discretion of the Board of Directors should operating conditions or outlook change. See "Risk Factors" and "Forward Looking Information" for further details.

(thousands of dollars)	**Three months ended September 30, 2022**	**Three months ended September 30, 2021**	**Nine months ended September 30, 2022**	**Nine months ended September 30, 2021**
Distributions declared to unitholders – basic	**3,544**	-	**9,450**	-
Cashflow from operating activities	**14,165**	9,648	**36,524**	7,539
Distribution payout ratio	**25.0%**	-	**25.9%**	-

In any given financial period, distributions declared may be greater than cash flows provided by operating activities, primarily due to the short-term fluctuations in non-cash working capital and temporary fluctuations in cash flow. Any distributions declared in excess of cash flows provided by operating activities may be funded by the revolving credit facility. Management expects annual cash flows provided by operating activities to exceed annual distributions declared in future periods.

CONTRACTUAL OBLIGATIONS

The following table summarizes AHIP's contractual obligations over the next five fiscal years and thereafter:

(thousands of dollars)	TOTAL	2022	2023	2024	2025	2026	Thereafter
Term loans and revolving credit facility	**684,634**	36,343	78,963	219,037	55,662	58,765	235,864
2026 Debentures	**50,000**	-	-	-	-	50,000	-
Purchase and other obligations	**870**	150	370	158	80	42	70
Operating and finance leases	**5,370**	114	617	564	546	546	2,983
Total	**740,874**	36,607	79,950	219,759	56,288	109,353	238,917

CAPITAL MANAGEMENT

DEBT STRATEGY

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

- 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 term loans are expected to be primarily first charge mortgages. Management intends to bring its leverage to a level closer to its peer group over time which would be in the range of 40-50% debt to gross book value. This is expected to be achieved through a combination of improving operating results, a sustainable distribution policy and selective equity issuance in support of growth transactions. In accordance with AHIP's Limited Partnership Agreement, the maximum debt to gross book ratio is 70% (including the Debentures).

Management monitors AHIP's capital structure on an ongoing basis to determine the appropriate level of debt. Consistent with industry norms, AHIP's key capital monitoring metrics are debt to gross book value, debt to EBITDA, and interest coverage ratio.

DEBT TO GROSS BOOK VALUE

(thousands of dollars)	September 30, 2022	December 31, 2021
Debt	**736,341**	754,398
Gross Book Value	**1,399,137**	1,395,503
Debt-to-Gross Book Value	**52.6%**	54.1%

(thousands of dollars)	September 30, 2022	December 31, 2021
Term loans and revolving credit facility	**679,860**	695,796
2026 Debentures (at face value)	**50,000**	50,000
Unamortized portion of debt financing costs	**4,864**	6,402
Government guaranteed loans	**-**	345
Lease liabilities	**1,707**	1,986
Unamortized portion of mark-to-market adjustments	**(90)**	(131)
Debt	**736,341**	754,398

(thousands of dollars)	September 30, 2022	December 31, 2021
Total Assets	**1,131,162**	1,150,490
Accumulated depreciation and impairment on property, buildings and equipment	**263,760**	241,338
Accumulated amortization on intangible assets	**4,215**	3,675
Gross Book Value	**1,399,137**	1,395,503

DEBT TO EBITDA

(thousands of dollars)	September 30, 2022	December 31, 2021
Debt	**736,341**	754,398
EBITDA (trailing twelve months)	**72,084**	70,803
Debt-to-EBITDA (times)	**10.2**	10.7

INTEREST COVERAGE RATIO

(thousands of dollars)	September 30, 2022	December 31, 2021
EBITDA (trailing twelve months)	**72,084**	70,803
Interest Expense (trailing twelve months)	**34,622**	37,569
Interest Coverage Ratio (times)	**2.1**	1.9

The reconciliation of income from operating activities to NOI, hotel EBITDA and EBITDA is shown below:

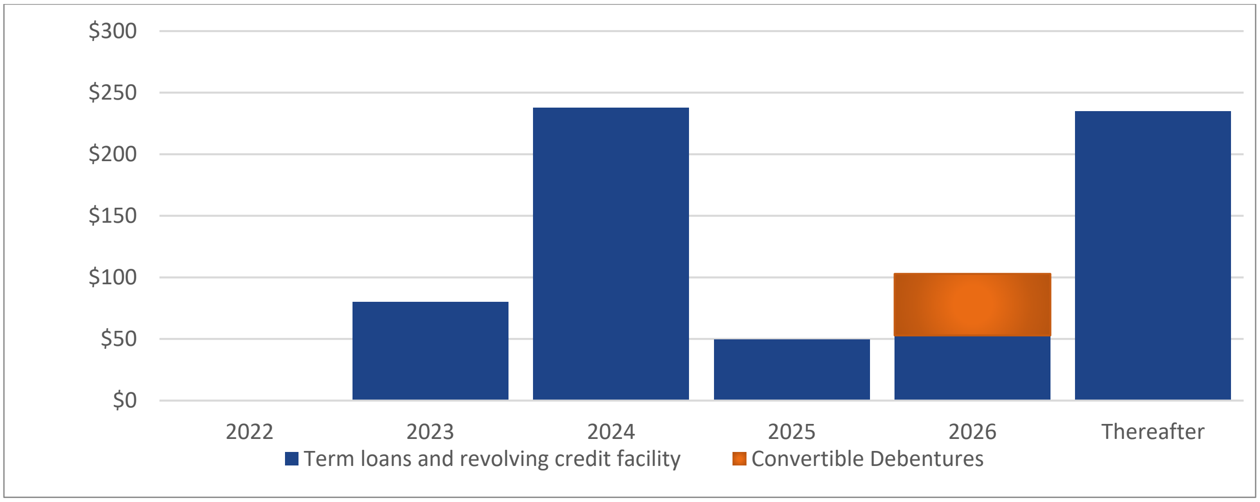
(thousands of dollars)	Three months ended September 30, 2022	Three months ended September 30, 2021	Nine months ended September 30, 2022	Nine months ended September 30, 2021
Income from operating activities	**15,936**	15,242	**40,537**	36,477
Depreciation and amortization	**8,932**	10,829	**29,230**	32,427
IFRIC 21 property taxes	**(193)**	361	**(937)**	(1,122)
NOI	**24,675**	26,432	**68,830**	67,782
Management fees	**(2,481)**	(1,923)	**(7,089)**	(5,122)
Hotel EBITDA	**22,194**	24,509	**61,741**	62,660
General administrative expenses	**(1,655)**	(2,110)	**(6,152)**	(8,352)
EBITDA	**20,539**	22,399	**55,589**	54,308

The reconciliation of finance costs to interest expense is shown below:

(thousands of dollars)	Three months ended September 30, 2022	Three months ended September 30, 2021	Nine months ended September 30, 2022	Nine months ended September 30, 2021
Finance costs	**9,187**	9,580	**25,428**	30,368
Gain on debt settlement	**-**	-	**2,344**	-
Amortization of debt financing costs	**(487)**	(499)	**(1,599)**	(1,443)
Accretion of Debenture liability	**(231)**	(115)	**(596)**	(339)
Amortization of Debenture costs	**(95)**	(103)	**(241)**	(302)
Dividends on Series B preferred shares	**(4)**	(4)	**(12)**	(12)
Amortization of mark-to-market adjustments	**14**	14	**41**	40
Interest Expense	**8,384**	8,873	**25,365**	28,312

TERM LOANS, REVOLVING CREDIT FACILITY AND CONVERTIBLE DEBENTURES

Maturity Dates for Term Loans, Revolving Credit Facility and Convertible Debentures
(Millions of dollars as at September 30, 2022)



AHIP has a senior secured facility with total credit commitments of $225 million comprised of a $125 million term loan (the "Term Loan") and a $100 million revolving credit facility (the "Revolver"). The Revolver will mature on December 3, 2023 and can be extended to December 3, 2024 at AHIP's option, subject to conditions of (i) a written notice within 30 to 90 days prior to Dec 3, 2023 (ii) no event of default (iii) all representations and warranties be true and correct (iv) pro forma borrowing base certificate. The Term Loan will mature on December 3, 2024. The weighted average interest rate on AHIP's term loans and revolving credit facility as at September 30, 2022 was 4.34% (December 31, 2021 – 4.52%) and the weighted average term to maturity on AHIP's term loans and revolving credit facility was 3.2 years (December 31, 2021 – 3.8 years). As at September 30, 2022, all of AHIP's term loans were effectively fixed rate loans. AHIP has two interest rate swap agreements with notional values of $105 million and $25 million, effectively fixing the Secured Overnight Financing Rate ("SOFR") at 1.300% and 1.494%, respectively. The maximum interest rate on borrowings under the revolving credit facility is 3.250% and 3.444% respectively. The swap agreements will mature on November 30, 2023.

On November 3, 2022, AHIP entered into the Fifth Amendment to, among other things, modify the calculation of the borrowing base availability amount and certain financial covenants. The modifications significantly improve the expected borrowing base availability and reduce the required fixed charge covenant ratio. Commencing with the first borrowing base certificate filed in 2023 and until December 31, 2023, the availability under the revolving portion of the credit facility will be determined in part by a valuation method which includes debt to gross book value, appraised value of the Borrowing Base Properties, and an implied debt service coverage ratio, with the maximum total facility availability of $200.0 million under the Revolver and Term Loan. Pursuant to the Fifth Amendment, AHIP's ability to pay distributions on its Units remains subject to the satisfaction of FFO payout ratio and fixed charge coverage ratio thresholds, in each case calculated after the end of each quarter on a trailing twelve-month basis. For further details, see a copy of the Fifth Amendment, which has been filed under AHIP's profile on SEDAR at www.sedar.com.

The principal amount of the convertible debenture is $50 million with maturity date on December 31, 2026. The convertible debenture bears an interest rate of 6.0% per annum, payable semi-annually in arrears on June 30 and December 31, commencing on June 30, 2022. As at September 30, 2022, $50 million (December 31, 2021 - $50 million) face value of the convertible debenture were outstanding.

EQUITY

(number of units, preferred shares, debentures, restricted stock units, options and warrants)	September 30, 2022	December 31, 2021
Units/shares issued and outstanding		
Units	**78,776,949**	78,722,529
Series B preferred shares	**125,000**	125,000
Series C preferred shares	**50,000**	50,000
Units potentially issuable:		
2026 Debentures	**10,101,010**	10,101,010
Restricted stock units	**617,372**	189,057
Stock options	**2,300,000**	2,300,000
Warrants	**19,608,755**	19,608,755

There has been no issuance of equity subsequent to September 30, 2022, to the date of this MD&A. The number of issued and outstanding securities convertible into units as of the date of this MD&A is consistent with the numbers in the equity table above.

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 operate AHIP in such a manner to remain exempt from the SIFT Measures.

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 U.S. TRS lessee who in turn engages a professional, third-party hotel management company to manage its hotels.

AHIP’s indirect Canadian subsidiary, AHIP Management Ltd., is a taxable Canadian corporation subject to Canadian income tax. AHIP’s indirect U.S. subsidiary, AHIP Enterprises LLC, is a taxable REIT subsidiary (“TRS”) of the U.S. REIT that is treated as a U.S. corporation subject to U.S. income tax.

OFF-BALANCE SHEET ARRANGEMENTS

As at September 30, 2022, AHIP did not have any off-balance sheet arrangements that would materially impact its financial position or results of operations.

RELATED PARTY TRANSACTIONS

Executive Loan Program:

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

As at September 30, 2022, two individuals have an aggregate balance outstanding, to the Canadian financial institution, of Cdn$2,183 (2021- three individuals have an aggregate balance outstanding of Cdn$2,683) under the Loan Policy, with such loans being fully guaranteed pursuant to the terms of the Loan Policy.

Compensation:

Key management includes those persons having authority and responsibility for planning, directing, and controlling the activities of AHIP, directly or indirectly. Total compensation awarded to key management for the three and nine months ended September 30, 2022, was $506 and $2,247 respectively (three and nine months ended September 30, 2021 - $634 and $3,970, respectively), which included securities-based compensation expense of $68 and $136 respectively (three and nine months ended September 30, 2021 - $570 and $967, respectively).

RISKS FACTORS

AHIP faces a variety of risks, the majority of which are inherent in the business conducted by AHIP, and common to real estate entities. Please refer to AHIP's AIF and MD&A for the year ended December 31, 2021, for a description of these risk factors, both available on SEDAR at www.sedar.com. There have been no material changes to AHIP's risk factors included in AHIP's AIF and MD&A for the year ended December 31, 2021.

Risks Related to the Credit Facilities Governed by the Fifth Amendment

The credit facilities governed by the Fifth Amendment, being AHIP's revolving credit facility as well as a term loan, are subject to various risks including, among other things, the satisfaction of various covenants that require AHIP to satisfy certain financial ratios in respect of the borrowing base properties, and, in certain cases, on a consolidated basis. If AHIP fails to satisfy those ratios, AHIP may, among other things, (a) have the amount of the borrowing availability under the revolving credit facility reduced, be restricted from making further draws under its revolving credit facility, or be required to repay a portion or all of the amounts drawn the revolving credit facility, which, in each case, may materially adversely impact AHIP's ability to pay expenses, service non-revolving debt and satisfy its other contractual commitments; (b) be limited or prohibited from paying distributions to unitholders and interest and principal payments to holders of Debentures; (c) be placed into default, which could result in the acceleration of the debt, which may require capital from other sources that may not be available to AHIP or may be available only on unattractive terms; and (d) the loss of some or all of its assets to foreclosure or forced sale on disadvantageous terms to AHIP. In particular, the borrowing base availability under the Fifth Amendment may be reduced, frozen or require partial repayment in 2023 if the appraised value of the borrowing base properties falls below the prescribed threshold in the Fifth Amendment. In addition, where modifications to covenants under the Fifth Amendment have been provided on a temporary basis, investors should not assume that AHIP will be in compliance with such covenants after the expiry of the term of such modifications. In addition, borrowings under the revolving facility are provided on a variable rate basis, which subjects AHIP to increased interest expense when interest rates rise, which negatively impacts AHIP's overall liquidity and can impact the availability under the revolving credit facility.

SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS

The preparation of the unaudited condensed consolidated interim financial statements in accordance with International Accounting Standard 34 – Interim Financial Reporting, using accounting policies consistent with IFRS requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, income, and expenses. Estimates and judgments are evaluated each reporting period and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. These estimates and assumptions are subject to inherent risk of uncertainty and actual results may differ from these estimates and assumptions. For the three and nine months ended September 30, 2022 and 2021, a summary of significant accounting policies, estimates and judgments were disclosed in Note 3 to the unaudited condensed consolidated interim financial statements. For the years ended December 31, 2021 and 2020, a summary of significant accounting policies, estimates and judgments were disclosed in Note 2 and Note 3 to the audited consolidated financial statements.

Significant estimates and judgments are used for, but not limited to, the measurement of impairment of property, buildings and equipment, fair value of preferred shares, warrant liability, share-based payment transactions, and deferred income taxes.

NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

There have been no new accounting standards and interpretations issued by the International Accounting Standards Board that have a material impact on AHIP's unaudited condensed consolidated interim financial statements for the three and nine months ended September 30, 2022, and 2021.

CONTROLS AND PROCEDURES

DISCLOSURE CONTROLS AND PROCEDURES

As at September 30, 2022, the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") have designed, or caused it to be designed under their supervision, disclosure controls and procedures, as defined in National Instrument 52-109 - Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), to provide reasonable assurance that: (i) material information relating to AHIP is made known to the CEO and the CFO by others, particularly during the period in which the annual filings are being prepared; and (ii) information required to be disclosed by AHIP in its annual filings, interim filings, or other reports filed or submitted by AHIP under securities legislation is recorded, processed, summarized, and reported within the time periods specified in securities legislation.

INTERNAL CONTROL OVER FINANCIAL REPORTING

As at September 30, 2022, the CEO and the CFO have designed, or caused it to be designed under their supervision, internal control over financial reporting ("ICFR"), as defined in NI 52-109, to provide reasonable assurance regarding the reliability of AHIP's financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

The control framework used to design AHIP's ICFR is the framework set forth in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. It should be noted that a control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system will be met and it should not be expected that the control system will prevent all errors and fraud.

During the third quarter of 2022, there were no changes in AHIP's ICFR that have materially affected, or are reasonably likely to materially affect, AHIP's ICFR.