



AMERICAN HOTEL
INCOME PROPERTIES



AMERICAN HOTEL INCOME PROPERTIES REIT LP

Management's Discussion and Analysis

For the three months ended March 31, 2023 and 2022
(Expressed in U.S. Dollars)

TABLE OF CONTENTS

| | |
|--|----|
| BASIS OF PRESENTATION | 3 |
| FORWARD-LOOKING INFORMATION | 3 |
| NON-IFRS AND OTHER FINANCIAL MEASURES | 5 |
| BUSINESS OVERVIEW | 8 |
| 2023 FIRST QUARTER HIGHLIGHTS | 9 |
| 2023 FIRST QUARTER REVIEW | 9 |
| OUTLOOK | 12 |
| SELECTED INFORMATION | 13 |
| 2023 FIRST QUARTER OPERATING RESULTS | 14 |
| FUNDS FROM OPERATIONS (“FFO”) | 16 |
| ADJUSTED FUNDS FROM OPERATIONS (“AFFO”) | 17 |
| SUMMARY OF QUARTERLY RESULTS | 18 |
| LIQUIDITY AND CAPITAL RESOURCES | 18 |
| DISTRIBUTIONS TO UNITHOLDERS | 19 |
| CONTRACTUAL OBLIGATIONS | 20 |
| CAPITAL MANAGEMENT | 20 |
| TERM LOANS, REVOLVING CREDIT FACILITY AND DEBENTURES | 23 |
| EQUITY | 23 |
| TAXATION | 24 |
| OFF-BALANCE SHEET ARRANGEMENTS | 24 |
| RELATED PARTY TRANSACTIONS | 24 |
| RISK FACTORS | 25 |
| SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS | 25 |
| CONTROLS AND PROCEDURES | 26 |

BASIS OF PRESENTATION

The following Management's Discussion and Analysis ("MD&A"), dated May 4, 2023, should be read in conjunction with the cautionary statement regarding forward-looking information below, as well as the unaudited condensed consolidated interim financial statements and notes thereto for the three months ended March 31, 2023 and 2022 (the "Interim Financial Statements"), and the audited consolidated financial statements and notes thereto for the years ended December 31, 2022 and 2021 (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 the annual information form for the year ended December 31, 2022 (the "AIF"), has been 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 labor and materials costs), competition, overall economic cycles, weather conditions; AHIP's expectations with respect to, and the estimated amount of, weather-related damage to buildings and equipment of four hotel properties, and the expected timing for the return to operation for rooms currently out of service; AHIP's expectations that all costs associated with remediation and business interruption at its weather-damaged properties will be recovered from insurance net of a single occurrence deductible; AHIP's expectation that it will receive between \$1.25 million and \$1.75 million in business interruption insurance proceeds in relation to the weather damaged properties; 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 regarding the effect of its planned capital expenditures; AHIP's leverage and liquidity strategies and goals, including its target Debt-to-Gross Book Value ratio and its strategies for achieving such target; AHIP's expectations with respect to the performance of its hotel portfolio for the remainder 2023, including specific segments thereof; AHIP's expectation that it will complete the sale of a non-core hotel property in the second quarter of 2023; AHIP's expectation that year-over-year revenue will remain higher for each quarter for 2023 and the reasons for such expectation; AHIP's expectations with respect to inflation, labor supply, interest rates and other market financial and macroeconomic conditions in 2023 and beyond and the expected impacts thereof on AHIP's financial position and performance; AHIP's expectations that is in a stable position to address uncertainty, with a resilient portfolio, sufficiency liquidity and limited debt maturities in 2023; the expected timing for the declaration, record date and payment of monthly distributions; AHIP's evaluation and review of growth and divestiture 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; management's expectation that annual cash flows provided by operating activities will exceed annual distributions declared; the extension of the maturity date for an outstanding loan from a chartered bank to a former officer would be accompanied by an extension of the guarantee granted by AHIP for such loan; AHIP's intention to repay maturing debt and its expected means of doing so and its debt strategies; 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; ADR and occupancy rates will be stable or rise in

2023; AHIP's insurance claims for its weather damaged properties will be paid in full; 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's ability to increase distribution level in future periods assuming stable or improving operating results; 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 will be able to renew or replace its interest rate swaps on reasonable terms; 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: AHIP may not achieve its expected performance levels in 2023; AHIP's insurance claims with respect to its weather damaged properties may be denied in whole or in part; 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 investor rights agreement and may be reduced or suspended at any time at the discretion of the Board; AHIP may not be able to refinance debt obligations as they become due; AHIP may not be successful in renewing or replacing its interest rate swaps on reasonable terms 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 in AHIP's most recently filed annual information form, a copy of which is available on SEDAR at www.sedar.com.

To the extent any forward-looking information constitutes a "financial outlook" within the meaning of applicable securities laws, such information is being provided to investors to assist in their understanding of AHIP's 2023 capital plan and management's expectations for certain aspects of AHIP's financial performance for the remainder of 2023.

The forward-looking information and financial outlook contained in this MD&A are expressly qualified in their entirety by these cautionary statements. All forward-looking information and financial outlook in this MD&A are made as of May 4, 2023. 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 May 4, 2023.

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 income (loss) and comprehensive income (loss) for depreciation and amortization, gain or loss on disposal of property, IFRIC 21 property taxes, fair value gain or loss, impairment of property, 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), for which a reconciliation is provided in this MD&A.

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), for which a reconciliation is provided in this MD&A.

Normalized FFO: calculated as FFO excluding non-recurring items. For the three months ended March 31, 2023, normalized FFO is calculated as FFO excluding the non-recurring insurance proceeds of \$3.3 million for property damage related to the weather-related damage at several hotel properties in late December 2022. For the three months ended March 31, 2022, normalized FFO is calculated as FFO excluding the non-recurring \$1.0 million business interruption insurance proceeds received for revenue loss due to COVID-19.

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 March 31, 2023 and 2022.

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 March 31, 2023 and 2022.

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 March 31, 2023 and 2022.

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 March 31, 2022 and 2022.

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, revenue, expense, NOI and NOI margin: measured for properties owned by AHIP for both the current reporting periods and the same periods in 2022. For the three months ended March 31, 2023, same property occupancy, ADR, RevPAR, NOI include 71 hotels (excluding the seven 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.

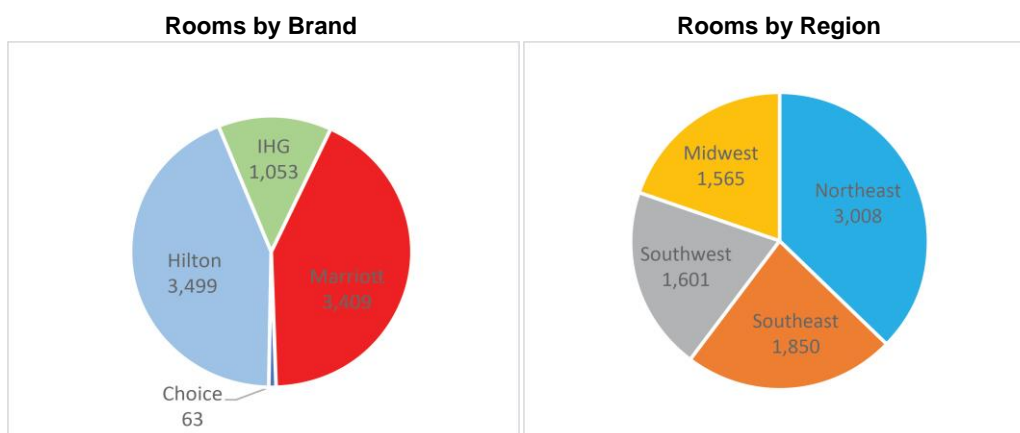
AHIP’s Units trade on the Toronto Stock Exchange (“TSX”) under the symbol HOT.UN (Canadian dollar ticker) and HOT.U (U.S. dollar ticker) as well as on the OTCQX International Marketplace in the U.S. under the symbol AHOTF (U.S. dollar ticker). AHIP’s Debentures trade on the TSX under the symbol HOT.DB.V (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 March 31, 2023, AHIP owned 71 Premium Branded Hotels with a total of 8,024 guestrooms located in 22 states across the United States. AHIP’s portfolio is 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 of March 31, 2023 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 | 16% |
| Upscale | Courtyard, Hilton Garden Inn, Homewood Suites, Residence Inn, Springhill Suites, Staybridge Suites | 28 | 3,160 | 39% |
| Upper Midscale | Fairfield Inn, Hampton Inn, Holiday Inn, Holiday Inn Express, TownePlace Suites, Home2 Suites | 37 | 3,490 | 44% |
| Midscale | Sleep Inn | 1 | 63 | 1% |
| Total Premium Branded Hotels | | 71 | 8,024 | 100% |

AHIP’s number of rooms by brand and by region as of March 31, 2023, is shown below. Midwest Region includes Illinois, Iowa, Kansas, Kentucky, Michigan, Minnesota, Missouri, North Dakota, and Ohio. The Northeast Region includes Connecticut, Maryland, New Jersey, New York, Pennsylvania, and Virginia. Southeast Region includes Florida, Georgia, North Carolina, and Tennessee. The Southwest Region includes Arizona, Oklahoma, and Texas.



2023 FIRST QUARTER HIGHLIGHTS

- Revenue increased 6.0% to \$65.5 million for the first quarter of 2023, compared to \$61.8 million for the same period of 2022.
- Diluted FFO per unit and normalized diluted FFO per unit were \$0.11 and \$0.07 for the first quarter of 2023, respectively, compared to \$0.05 and \$0.03 for the same period of 2022.
- RevPAR increased 13.3% to \$85 for the first quarter of 2023, compared to \$75 for the same period of 2022.
- ADR increased 12.8% to \$132 for the first quarter of 2023, compared to \$117 for the same period of 2022.
- Occupancy was 64.1% for the first quarter of 2023, an increase of 40 basis points (“bps”) compared to 63.7% for the same period of 2022.
- NOI increased 7.1% to \$18.7 million for the first quarter of 2023, compared to \$17.5 million for the same period of 2022.
- Debt to gross book value was 52.0% as of March 31, 2023, decreases of 60 bps and 210 bps, respectively, compared to 52.6% as of December 31, 2022, and 54.1% as of March 31, 2022.
- Weighted average interest rate for all term loans and credit facility, was 4.48% as of March 31, 2023, an increase of 2 bps compared to 4.46% as of December 31, 2022.
- Distributions of \$0.015 U.S. dollars per unit paid in each month since March 2022.

2023 FIRST QUARTER REVIEW

FINANCIAL AND OPERATIONAL HIGHLIGHTS

AHIP’s portfolio of Premium Branded Select Service hotel properties continued to demonstrate strong demand metrics in the first quarter of 2023. AHIP achieved the highest ADR in the history of the Company, during what is traditionally the slowest demand quarter for the Company. For the three months ended March 31, 2023, ADR was \$132, and occupancy was 64.1%, increases of 12.8% and 40 bps, respectively, compared to the same period in 2022. Collectively, strong ADR and occupancy resulted in an increase of 13.3% in RevPAR compared to the same period in 2022. This achievement is attributable to steady improvements in the corporate traveler segment, as well as sustained demand from leisure travelers. 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.

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 2023. Revenue increased by 6.0% to \$65.5 million for the first quarter of 2023 compared to \$61.8 million in the same period of 2022. This improvement was due to higher ADR and increased occupancy, despite the disposition of seven non-core hotel properties in 2022.

For the three months ended March 31, 2023, NOI increased by 7.1%, and NOI margin increased by 30 bps, compared to the same period in 2022. The increases in NOI and NOI margin were due to higher ADR and increased occupancy, which was partially offset by higher operating expenses and out of order rooms at two hotel properties as a result of weather-related damage in late December 2022. Shortages in the overall U.S. labor market has resulted in higher room labor expenses due to overtime, higher wages for employees and contract labor.

Diluted FFO per unit and normalized diluted FFO per unit were \$0.11 and \$0.07 for the first quarter of 2023, respectively, compared to \$0.05 and \$0.03 for the same period of 2022. Normalized diluted FFO per unit in the current quarter excluded non-recurring insurance proceeds of \$3.3 million for property damage related to the weather-related damage at several hotel properties in late December 2022. The increase in normalized diluted FFO per unit was due to higher NOI and lower financing costs compared to the same period of 2022.

INSURANCE AND WEATHER-RELATED DAMAGE

During the final week of December 2022, cold weather, particularly in the Northeast U.S. and Texas, caused weather related damage at several hotel properties. Of the hotel properties damaged, two had a significant number of rooms out of order. At the Residence Inn Neptune in New Jersey, all 105 rooms have been out of order since December 25, 2022. At the Courtyard Wall in New Jersey, all 113 rooms were out of order from December 25, 2022, through mid-January 2023, and 54 of the 113 rooms returned to service in mid-January 2023. These out of order rooms represent a loss of approximately 2.0% of total room inventory and are expected to return to service by the end of the second quarter of 2023. Excluding these two damaged hotel properties, occupancy was 65.5% and RevPAR was \$86 in the current quarter.

As a result of the weather-related damage, the total write-down of hotel properties is \$8.8 million as of March 31, 2023. This is comprised of remediation costs of \$3.0 million and rebuilding costs of \$5.8 million. AHIP recorded a \$4.0 million non-cash write-down in the first quarter of 2023, in addition to the \$4.8 million non-cash write-down recorded in the fourth quarter of 2022. As of March 31, 2023, AHIP incurred \$7.2 million in costs to remediate and rebuild the damaged hotel properties.

For property damage insurance, AHIP expects most of the total cost of remediation and rebuilding to be reimbursed in 2023, which is currently estimated to be \$8.8 million. For business interruption insurance, AHIP expects to recover most of the lost income from late December 2022, until the damaged hotel properties are fully operational, which is expected to be by the end of the second quarter of 2023.

As of March 31, 2023, AHIP recorded a \$4.3 million receivable for a portion of the total expected insurance proceeds, which is comprised of \$3.3 million for the property damage claim, and \$1.0 million for the business interruption claim. The \$4.3 million represents the initial advance of total expected insurance proceeds, and AHIP estimates the total business interruption claim will be between \$1.25 million and \$1.75 million for the first quarter of 2023.

SAME PROPERTY KPIs (71 hotels)

The following table summarizes key performance indicators (“KPIs”) for the portfolio for the five most recent quarters with a comparison to the same period in the prior year. The same property KPIs table below excludes the seven hotels sold in 2022 and includes the Residence Inn Neptune in New Jersey and Courtyard Wall in New Jersey, the two properties described above that had a significant number of rooms out of order due to the late December 2022 winter storm.

| KPIs | Q1 2023 | Q4 2022 | Q3 2022 | Q2 2022 | Q1 2022 |
|--|--------------|---------|---------|---------|---------|
| ADR | \$132 | \$126 | \$129 | \$126 | \$119 |
| % Change compared to same period in prior year | 10.9% | 9.5% | 7.0% | 13.9% | 23.5% |
| Occupancy | 64.1% | 67.2% | 73.8% | 74.5% | 65.6% |
| Change compared to same period in prior year – bps increase/(decrease) | (150) | 50 | 310 | 250 | 370 |
| RevPAR | \$85 | \$85 | \$95 | \$94 | \$78 |
| % Change compared to same period in prior year | 9.0% | 10.4% | 11.6% | 17.8% | 30.8% |
| NOI Margin | 28.6% | 30.8% | 33.3% | 35.5% | 29.6% |
| Change compared to same period in prior year – bps increase/(decrease) | (100) | (400) | (650) | (680) | (380) |

Same property ADR increased by 10.9% to \$132 in the current quarter compared to \$119 in the same period of 2022. Same property occupancy decreased by 150 bps to 64.1% due to out of order rooms at two hotel properties in the current quarter as a result of weather-related damage in late December 2022. Excluding these two damaged hotel properties, occupancy was 65.5%, consistent with the same period in 2022. Same property NOI margin decreased by 100 bps to 28.6% for the first quarter of 2023, compared to the same period of 2022. Although same property RevPAR increased by 9.0%, same property NOI margin decreased due to higher operating expenses as a result of inflation and labor shortages, and out of order rooms from weather-related damage. Excluding these two damaged hotel properties, the NOI margin in the current quarter improved to 29.1%. General inflation resulted in higher costs of operating supplies and higher utilities

expenses. Shortages in the overall U.S. labor market resulted in increased room labor expenses due to overtime, higher wages for employees and contract labor.

PERFORMANCE BY HOTEL SEGMENTS

Select Service properties represent 53% of AHIP's portfolio by room count. For the three months ended March 31, 2023, RevPAR for these properties was \$80, an increase of 11% compared to the same period in 2022. 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 March 31, 2023, RevPAR for these properties was \$80, a decrease of 5% compared to the same period in 2022. The decrease was mainly due to the winter storm impact resulting in out of order rooms since late December 2022.

AHIP's five Embassy Suites properties represent 16% of the portfolio by room count. The performance of the Embassy Suites properties is a key indicator of the recovery level in business and group travel. For the three months ended March 31, 2023, RevPAR for these properties was \$109, an increase of 30% compared to the same period in 2022. The Embassy Suites properties experienced continued recovery in business and group travel in the first quarter of 2023, supplemented by leisure-oriented groups. All five Embassy Suites were renovated in 2018 and 2019 and are well positioned to capture improving business and corporate group demand.

LEVERAGE AND LIQUIDITY

| KPIs | Q1 2023 | Q4 2022 | Q3 2022 | Q2 2022 | Q1 2022 |
|---|---------|---------|---------|---------|---------|
| Debt to gross book value | 52.0% | 52.6% | 52.6% | 53.6% | 54.1% |
| Debt to EBITDA (trailing twelve months) | 9.6x | 9.8x | 10.2x | 10.0x | 10.2x |

Debt to gross book value as of March 31, 2023, decreased by 60 bps to 52.0% compared to 52.6% as of December 31, 2022. AHIP is making steady progress on this measure and over time, intends to bring its leverage to a level closer to its peer group 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 also improved leverage as measured by Debt to EBITDA, reducing this measure to 9.6x for the trailing twelve months ended March 31, 2023, from 10.2x for the trailing twelve months ended March 31, 2022.

AHIP has 92.2% of its 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. The debt maturities in the fourth quarter of 2023 are approximately \$16.4 million for two hotels in Pennsylvania. The notional value of the interest rate swaps is \$130.0 million, and they will mature on November 30, 2023.

As of March 31, 2023, AHIP had \$21.7 million in available liquidity, compared to \$24.1 million as of December 31, 2022. The available liquidity of \$21.7 million was comprised of an unrestricted cash balance of \$17.2 million and borrowing availability of \$4.5 million under the revolving credit facility. AHIP has an additional restricted cash balance of \$26.4 million as of March 31, 2023. The increase in unrestricted cash was primarily due to the transfer of \$12.0 million from restricted to unrestricted cash, as a result of improved operations during 2022 at the three Embassy Suites located in Ohio and Kentucky. As of the date of this MD&A, the borrowing availability under the revolving credit facility increased to \$15.0 million.

GROWTH AND STRATEGIC CAPITAL DEPLOYMENT

AHIP is evaluating growth opportunities that would increase the number of hotels in the portfolio as well as expand the portfolio's geographic footprint. As a result of the 2021 investment by BentallGreenOak and Highgate (collectively, the "Investor"), 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.

In 2022, AHIP completed the strategic dispositions of seven non-core hotel properties for total gross proceeds of \$47.6 million. These dispositions: i) increased portfolio RevPAR by approximately \$3; ii) improved AHIP's Debt to EBITDA by approximately 0.4x; and iii) allowed AHIP to avoid future PIP investments that would not have achieved returns available elsewhere in the portfolio.

In March 2023, AHIP entered into an agreement to dispose of a hotel property in Pinehurst, North Carolina for gross proceeds of \$11.7 million. The disposition is expected to close in the second quarter of 2023. AHIP intends to use the proceeds from the disposition to pay down debt or purchase assets with higher return in more attractive markets.

CAPITAL IMPROVEMENTS

AHIP's capital projects include hotel brand mandated property improvement plans ("PIPs") and furniture, fixtures, and equipment ("FF&E") improvements. Several 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 2023 capital plan is expected to include approximately \$21.1 million in PIPs and \$12.8 million in FF&E improvements. The 2023 capital plan will be funded by restricted cash contributed by AHIP and cash flow from operating activities.

The 2022 PIPs include seven hotel renovations and sixteen smaller projects. Three of the seven hotel renovations were completed or substantially completed as of December 31, 2022. Of the four remaining hotel renovations, three hotel renovations were substantially completed as of March 31, 2023, two located in Maryland, and one located in New Jersey. The fourth hotel was one of the hotel properties impacted by the cold weather in late December 2022, and this renovation project is currently on pause until the storm remediation rebuild process is completed. The hotels' market share and RevPAR are expected to increase post-renovation. As of December 31, 2022, AHIP also completed fourteen of the sixteen smaller projects, and the cost of the completed projects were in-line with budget. The two remaining smaller projects that carried over from 2022 are expected to be completed in the third quarter of 2023.

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 paid each month since March 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.

OUTLOOK

Year-over-year revenue is expected to remain higher each quarter in 2023, due to higher anticipated ADR and stable occupancy. This is expected to be driven by continued improvement in corporate travel and sustained demand in the leisure travel market. AHIP's partnership with global hotel brands: Marriott, Hilton and IHG, drives customer demand to portfolio properties, through national marketing and guest access to global rewards programs. These programs are extremely influential in driving leisure guests to AHIP's properties and in contributing to the increased corporate and group business. Throughout 2023, AHIP expects market conditions to remain challenging due to inflation, labor shortages, and tightening financial conditions.

While operating expenses are expected to be negatively impacted by inflation and labor shortages, higher ADR and active revenue management are expected to mitigate a portion of these increases. Labor is expected to remain an obstacle during 2023 with shortages of front-line staff in certain markets, and escalated costs due to wage inflation, contract labor and overtime. AHIP expects these pressures to stabilize in 2024. Ongoing capital expenditures represent an attractive return on investment which should drive higher demand levels in 2023 and beyond.

The U.S. Federal Reserve has increased short term interest rates by approximately 450 basis points over the past 12 months. Numerous economic indicators suggest that in the short and intermediate term, interest rates will plateau and possibly decrease. 92.2% of AHIP's debt is at fixed interest rates or effectively fixed by interest rate swaps until November 2023. In addition, AHIP does not have any maturities of debt or interest rate swaps until November 2023. As such, AHIP does not expect a material increase in interest expense in 2023, compared to 2022.

While AHIP expects continued challenges from inflation, labor costs and rising interest rates, AHIP is in a position to address uncertainty, with a resilient portfolio, sufficient liquidity and limited debt maturities in 2023. The lean operating model of the select service portfolio and diversified demand profile create strong results in a variety of operating environments.

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. While the

unemployment rate remains low, macroeconomic data suggests that customer spending might soften in 2023. Macroeconomic impacts of inflation, low unemployment, and rising interest rates each have an impact on operating expenses and costs of financing.

SELECTED INFORMATION

| | Three months ended March 31, 2023 | Three months ended March 31, 2022 |
|--|---|---|
| (thousands of dollars, except per Unit amounts) | | |
| Revenue | 65,458 | 61,776 |
| NOI ⁽¹⁾ | 18,738 | 17,500 |
| NOI Margin ⁽¹⁾ | 28.6% | 28.3% |
| Hotel EBITDA ⁽¹⁾ | 16,602 | 15,382 |
| Hotel EBITDA Margin ⁽¹⁾ | 25.4% | 24.9% |
| EBITDA ⁽¹⁾ | 14,044 | 12,807 |
| EBITDA Margin ⁽¹⁾ | 21.5% | 20.7% |
| Cashflow from operating activities | 13,094 | 7,665 |
| Distributions declared per unit - basic and diluted | 0.045 | 0.030 |
| Distributions declared to unitholders - basic | 3,546 | 2,362 |
| Distributions declared to unitholders - diluted | 4,026 | 2,380 |
| Dividends declared to Series C holders | 1,000 | 1,000 |
| Loss and comprehensive loss | (1,600) | (3,875) |
| Loss and comprehensive loss per unit - basic | (0.02) | (0.05) |
| Loss and comprehensive loss per unit - diluted | (0.02) | (0.05) |
| FFO diluted ⁽¹⁾ | 9,801 | 3,623 |
| FFO per unit - diluted ⁽¹⁾ | 0.11 | 0.05 |
| FFO payout ratio - diluted, trailing twelve months ⁽¹⁾ | 34.1% | 5.0% |
| AFFO diluted ⁽¹⁾ | 7,081 | 1,466 |
| AFFO per unit - diluted ⁽¹⁾ | 0.08 | 0.02 |
| AFFO payout ratio - diluted, trailing twelve months ⁽¹⁾ | 44.6% | 6.0% |

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

SELECTED INFORMATION

| | March 31, 2023 | December 31, 2022 |
|--|-------------------|----------------------|
| (thousands of dollars) | | |
| Total assets | 1,061,325 | 1,052,795 |
| Total liabilities | 745,352 | 730,689 |
| Total non-current liabilities | 664,954 | 667,807 |
| Term loans and revolving credit facility | 640,776 | 643,929 |
| Debt to gross book value ⁽¹⁾ | 52.0% | 52.6% |
| Debt to EBITDA (times) ⁽¹⁾ | 9.6 | 9.8 |
| Interest coverage ratio (times) ⁽¹⁾ | 2.2 | 2.1 |
| Term loans and revolving credit facility: | | |
| Weighted average interest rate | 4.48% | 4.46% |
| Weighted average term to maturity (years) | 2.8 | 3.0 |
| Number of rooms | 8,024 | 8,024 |
| Number of properties | 71 | 71 |
| Number of restaurants | 14 | 14 |

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

2023 FIRST QUARTER OPERATING RESULTS

| (thousands of dollars) | Three months ended March 31, 2023 | Three months ended March 31, 2022 | Change |
|--|---|---|---------|
| ADR ⁽¹⁾ | 132 | 117 | 12.8% |
| Occupancy ⁽¹⁾ | 64.1% | 63.7% | 40 bps |
| RevPAR ⁽¹⁾ | 85 | 75 | 13.3% |
| Revenue | 65,458 | 61,776 | 6.0% |
| Operating expenses | 35,526 | 32,600 | 9.0% |
| Energy | 3,222 | 3,233 | (0.3%) |
| Property maintenance | 3,524 | 3,372 | 4.5% |
| Property taxes, insurance and ground lease before IFRIC 21 | 4,448 | 5,071 | (12.3%) |
| Total expenses | 46,720 | 44,276 | 5.5% |
| NOI ⁽¹⁾ | 18,738 | 17,500 | 7.1% |
| NOI Margin ⁽¹⁾ | 28.6% | 28.3% | 30 bps |
| IFRIC 21 property taxes adjustment | 699 | 543 | 28.7% |
| Depreciation and amortization | 8,621 | 10,219 | (15.6%) |
| Income from operating activities | 9,418 | 6,738 | 39.8% |
| Other expenses | 12,427 | 11,461 | 8.4% |
| Current income tax expense | 16 | 63 | (74.6%) |
| Deferred income tax recovery | (1,425) | (911) | 56.4% |
| Loss and comprehensive loss | (1,600) | (3,875) | (58.7%) |

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

For the three months ended March 31, 2023, revenue increased by 6.0% compared to the same period in 2022. The increases were due to higher ADR and increased occupancy. For the three months ended March 31, 2023, ADR increased by 12.8%, and occupancy increased by 40 bps, respectively, compared to the same period in 2022.

For the three months ended March 31, 2023, NOI increased by 7.1%, and NOI margin increased by 30 bps, respectively, compared to the same period in 2022. The increases in NOI and NOI margin were due to higher ADR and increased occupancy, which was partially offset by higher operating expenses. Shortages in the overall U.S. labor market resulted in increased room labor expenses due to overtime, higher wages for employees and contract labor.

Income tax expense is comprised of current and deferred income taxes. Current income taxes and deferred income taxes are recognized in loss and comprehensive loss, 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 March 31, 2023 | Three months ended March 31, 2022 | Change |
|--|--|--|---------------|
| Finance costs | 8,692 | 9,442 | (7.9%) |
| Corporate and administrative | 4,694 | 4,693 | (0.0%) |
| Gain (loss) on property, buildings and equipment | 3,892 | (1,604) | (342.6%) |
| Change in fair value of warrants | (1,570) | 3,345 | (146.9%) |
| Change in fair value of interest rate swap contracts | 1,091 | (3,348) | (132.6%) |
| Impairment of cash-generating units | - | 257 | (100.0%) |
| Other income | (4,342) | (1,294) | 235.5% |
| Finance income | (30) | (30) | - |
| Total | 12,427 | 11,461 | 8.4% |

FINANCE COSTS

| (thousands of dollars) | Three months ended March 31, 2023 | Three months ended March 31, 2022 | Change |
|--|--|--|---------------|
| Interest expense on term loans and revolving credit facility | 7,195 | 7,894 | (8.9%) |
| Interest expense on debentures | 751 | 751 | 0.0% |
| Amortization of debt financing costs | 355 | 492 | (27.8%) |
| Accretion of debenture liability | 242 | 182 | 33.0% |
| Amortization of debenture costs | 100 | 74 | 35.1% |
| Interest expense on lease liabilities | 16 | 1 | 1,500.0% |
| Other financing charges | 12 | 44 | (72.7%) |
| Dividends on Series B preferred shares | 21 | 4 | 425.0% |
| Total | 8,692 | 9,442 | (7.9%) |

For the three months ended March 31, 2023, finance costs decreased by 7.9% compared to the same period in 2022. The decrease was mainly due to lower interest expense on terms loans as a result of the lower interest rate obtained on the refinancing completed in April 2022, and the decrease in the balance of term loans as a result of the sale of certain non-core assets since the first quarter of 2022.

Corporate and administrative expenses consist of hotel management fees paid to the external hotel property management company and expenses such as salaries and benefits, professional fees, office and general. Corporate and administrative expenses for the three months ended March 31, 2023, are consistent with the same period in 2022.

As a result of the weather-related damage at several hotel properties in late December 2022, total write-down of hotel properties is estimated to be \$8.8 million as of March 31, 2023. This is comprised of remediation costs of \$3.0 million and rebuilding costs of \$5.8 million. AHIP recorded a \$4.0 million non-cash write-down in the first quarter of 2023, in addition to the \$4.8 million non-cash write-down recorded in the fourth quarter of 2022.

Fair value of warrants is calculated using the Black-Scholes model at each period end date. Change in fair value of warrants for the three months ended March 31, 2023, represents the change in the warrant liability as of March 31, 2023, compared to December 31, 2022. The decrease in the warrant liability is mainly attributable to the decrease in AHIP's share price as of March 31, 2023, compared to December 31, 2022.

Change in fair value of interest rate swap for the three months ended March 31, 2023, represents the change in the interest rate swap assets or liabilities balances as of March 31, 2023, compared to December 31, 2022.

Other income for the three months ended March 31, 2023, was \$4.3 million, compared to \$1.3 million for the same period in 2022. The \$4.3 million represents insurance proceeds related to the weather-related damage at several hotel properties in late December 2022. This is comprised of \$3.3 million for property damage and \$1.0 million for business interruption. For the same period in 2022, other income includes a \$1.0 million 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 income (loss) and comprehensive income (loss), for which a reconciliation is provided as follows:

| (thousands of dollars, except per unit amounts) | Three months ended March 31, 2023 | Three months ended March 31, 2022 |
|--|---|---|
| Loss and comprehensive loss | (1,600) | (3,875) |
| Adjustments: | | |
| Loss attributable to non-controlling interest | (1,000) | (1,000) |
| Depreciation and amortization | 8,621 | 10,219 |
| Loss (gain) on sale of property | 3,892 | (1,604) |
| IFRIC 21 property taxes | 699 | 543 |
| Change in fair value of interest rate swap contracts | 1,091 | (3,348) |
| Change in fair value of warrants | (1,570) | 3,345 |
| Impairment of cash-generating units | - | 257 |
| Warrant issuance costs | - | (3) |
| Deferred income tax recovery | (1,425) | (911) |
| FFO basic ⁽¹⁾ | 8,708 | 3,623 |
| Interest, accretion, and amortization on convertible debentures | 1,093 | - |
| FFO diluted ⁽¹⁾ | 9,801 | 3,623 |
| FFO per unit – basic ⁽¹⁾ | 0.11 | 0.05 |
| FFO per unit – diluted ⁽¹⁾ | 0.11 | 0.05 |
| FFO payout ratio – basic – trailing twelve months ⁽¹⁾ | 33.0% | 5.0% |
| FFO payout ratio – diluted – trailing twelve months ⁽¹⁾ | 34.1% | 5.0% |
| Non-recurring items: | | |
| Other income | (3,342) | (1,294) |
| Measurements excluding non-recurring items: | | |
| FFO diluted ⁽¹⁾ | 6,459 | 2,329 |
| FFO per unit – diluted ⁽¹⁾ | 0.07 | 0.03 |
| Weighted average number of units outstanding: | | |
| Basic (000's) | 78,800 | 78,553 |
| Diluted (000's) ^{(2) (3)} | 89,465 | 79,327 |

(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 months ended March 31, 2023 because they were dilutive.

(3) The calculation of weighted average number of units outstanding for FFO per unit - diluted and AFFO per unit - diluted excluded the convertible debentures for the three months ended March 31, 2022 because they were not 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 income (loss) and comprehensive income (loss). See table below for a reconciliation of FFO to AFFO.

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, the exercise of which impacts stated AFFO values.

RECONCILIATION OF FFO TO AFFO

| (thousands of dollars, except per unit amounts) | Three months ended March 31, 2023 | Three months ended March 31, 2022 |
|---|--|--|
| Loss and comprehensive loss | (1,600) | (3,875) |
| FFO basic ⁽¹⁾ | 8,708 | 3,623 |
| FFO diluted ⁽¹⁾ | 9,801 | 3,623 |
| Maintenance capital expenditures | (2,720) | (2,157) |
| AFFO basic ⁽¹⁾ | 5,988 | 1,466 |
| AFFO diluted ⁽¹⁾ | 7,081 | 1,466 |
| AFFO per unit - basic ⁽¹⁾ | 0.08 | 0.02 |
| AFFO per unit - diluted ⁽¹⁾ | 0.08 | 0.02 |
| AFFO payout ratio – basic – trailing twelve months ⁽¹⁾ | 44.6% | 6.0% |
| AFFO payout ratio – diluted – trailing twelve months ⁽¹⁾ | 44.6% | 6.0% |
| Measurements excluding non-recurring items: | | |
| AFFO diluted ⁽¹⁾ | 3,739 | 172 |
| AFFO per unit – diluted ⁽¹⁾ | 0.04 | - |

⁽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) | 2023 Q1 | 2022 Q4 | 2022 Q3 | 2022 Q2 | 2022 Q1 | 2021 Q4 | 2021 Q3 | 2021 Q2 |
|--|------------|------------|------------|------------|------------|------------|------------|------------|
| Revenues | 65,458 | 67,771 | 76,171 | 75,649 | 61,776 | 62,593 | 68,411 | 63,589 |
| NOI ⁽¹⁾ | 18,738 | 20,324 | 24,675 | 26,655 | 17,500 | 21,135 | 26,432 | 26,373 |
| Income (loss) and comprehensive income (loss) | (1,600) | (45,707) | 315 | 13,685 | (3,875) | (14,107) | 15,685 | 526 |
| Income (loss) and comprehensive income (loss) per unit | (0.02) | (0.57) | - | 0.17 | (0.05) | (0.18) | 0.20 | 0.01 |
| FFO per unit – diluted ⁽¹⁾ | 0.11 | 0.11 | 0.13 | 0.18 | 0.05 | 0.07 | 0.32 | 0.14 |
| AFFO per unit – diluted ⁽¹⁾ | 0.08 | 0.08 | 0.09 | 0.15 | 0.02 | 0.05 | 0.30 | 0.12 |

⁽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, supply chain issues, and labor market have and will 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 March 31, 2023, AHIP had a working capital deficit of \$5.4 million (December 31, 2022 – working capital surplus of \$3.9 million). The deficit was due to the increase in the current portion of term loans and revolving credit facility as a result of two term loans maturing in the fourth quarter of 2023, and the increase in accounts payable and accrued liabilities.

AHIP manages working capital deficiency through mortgage renewals, extensions or refinancing as a normal part of its business activities. AHIP's ability to generate positive cash flows provided by operating activities, its access to the revolving credit facility and alternative sources of capital, if necessary, ensure that AHIP will be able to meet its obligations as they come due for the foreseeable future.

As of March 31, 2023, AHIP had \$21.7 million in available liquidity, compared to \$24.1 million as of December 31, 2022. The available liquidity of \$21.7 million is comprised of an unrestricted cash balance of \$17.2 million and borrowing availability of \$4.5 million under the revolving credit facility. AHIP has an additional restricted cash balance of \$26.4 million as of March 31, 2023. The increase in unrestricted cash was primarily due to the transfer of \$12.0 million from restricted to unrestricted cash, as a result of improved operations during 2022 at the three Embassy Suites located in Ohio and Kentucky. As of the date of this MD&A, the borrowing availability under the revolving credit facility increased to \$15.0 million.

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 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. The revolving credit facility 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 are true and correct, and (iv) pro forma borrowing base certificate. The term loan will mature on December 3, 2024. For further details, see a copy of the Fifth Amendment, which has been filed under AHIP's profile on SEDAR at www.sedar.com.

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 on 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 March 31, 2023 | Three months ended March 31, 2022 |
|---|--|--|
| Distributions declared to unitholders – basic | 3,546 | 2,362 |
| Cashflow from operating activities | 13,094 | 7,665 |
| Distribution payout ratio | 27.1% | 30.8% |

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 | 2023 | 2024 | 2025 | 2026 | 2027 | Thereafter |
|--|---------|--------|---------|--------|---------|---------|------------|
| Term loans and revolving credit facility | 651,364 | 22,037 | 279,037 | 55,662 | 58,765 | 235,863 | - |
| 2026 Debentures | 50,000 | - | - | - | 50,000 | - | - |
| Purchase and other obligations | 627 | 277 | 158 | 80 | 42 | 28 | 42 |
| Operating and finance leases | 4,972 | 543 | 561 | 543 | 543 | 372 | 2,410 |
| Total | 706,963 | 22,857 | 279,756 | 56,285 | 109,350 | 236,263 | 2,452 |

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) | March 31, 2023 | December 31, 2022 |
|--|-----------------------|--------------------------|
| Debt ⁽¹⁾ | 702,890 | 699,881 |
| Gross Book Value ⁽¹⁾ | 1,350,991 | 1,329,865 |
| Debt-to-Gross Book Value ⁽¹⁾ | 52.0% | 52.6% |

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

| (thousands of dollars) | March 31, 2023 | December 31, 2022 |
|---|-----------------------|--------------------------|
| Term loans and revolving credit facility | 640,776 | 643,929 |
| 2026 Debentures (at face value) | 50,000 | 50,000 |
| Liabilities related to assets held for sale | 6,577 | - |
| Unamortized portion of debt financing costs | 4,074 | 4,437 |
| Lease liabilities | 1,526 | 1,591 |
| Unamortized portion of mark-to-market adjustments | (63) | (76) |
| Debt ⁽¹⁾ | 702,890 | 699,881 |

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

| (thousands of dollars) | March 31, 2023 | December 31, 2022 |
|--|-----------------------|--------------------------|
| Total Assets | 1,061,325 | 1,052,795 |
| Accumulated depreciation and impairment/write off of property, buildings, and equipment | 284,969 | 272,540 |
| Accumulated amortization of intangible assets | 4,697 | 4,530 |
| Gross Book Value ⁽¹⁾ | 1,350,991 | 1,329,865 |

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

DEBT TO EBITDA

| (thousands of dollars) | March 31, 2023 | December 31, 2022 |
|--|-----------------------|--------------------------|
| Debt ⁽¹⁾ | 702,890 | 699,881 |
| EBITDA (trailing twelve months) ⁽¹⁾ | 73,013 | 71,293 |
| Debt-to-EBITDA (times) ⁽¹⁾ | 9.6x | 9.8x |

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

INTEREST COVERAGE RATIO

| (thousands of dollars) | March 31, 2023 | December 31, 2022 |
|--|-----------------------|--------------------------|
| EBITDA (trailing twelve months) ⁽¹⁾ | 73,013 | 71,293 |
| Interest Expense (trailing twelve months) ⁽¹⁾ | 33,008 | 33,724 |
| Interest Coverage Ratio (times) ⁽¹⁾ | 2.2x | 2.1x |

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

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

| (thousands of dollars) | Three months ended March 31, 2023 | Three months ended March 31, 2022 |
|------------------------------------|--|--|
| Income from operating activities | 9,418 | 6,738 |
| Depreciation and amortization | 8,621 | 10,219 |
| IFRIC 21 property taxes | 699 | 543 |
| NOI ⁽¹⁾ | 18,738 | 17,500 |
| Management fees | (2,136) | (2,118) |
| Hotel EBITDA ⁽¹⁾ | 16,602 | 15,382 |
| General administrative expenses | (2,558) | (2,575) |
| EBITDA ⁽¹⁾ | 14,044 | 12,807 |

⁽¹⁾ See “Non-IFRS and Other Financial Measures”

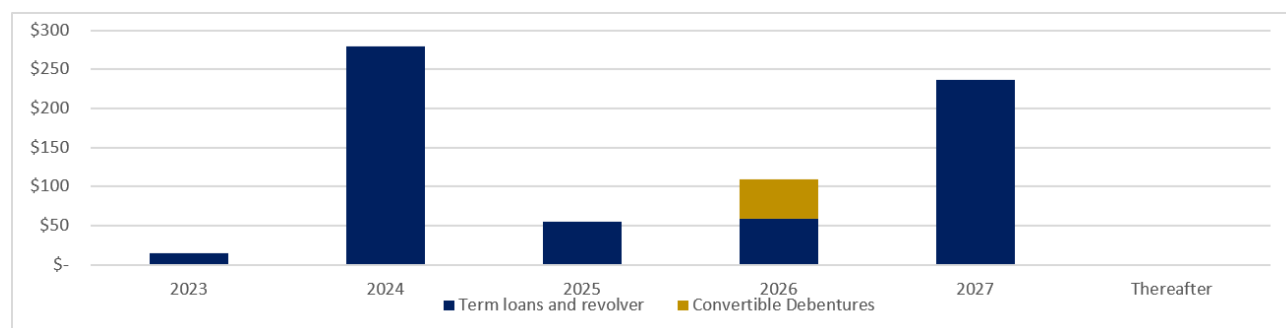
The reconciliation of finance costs to interest expense is shown below:

| (thousands of dollars) | Three months ended March 31, 2023 | Three months ended March 31, 2022 |
|--|--|--|
| Finance costs | 8,692 | 9,442 |
| Amortization of debt financing costs | (355) | (492) |
| Accretion of Debenture liability | (242) | (182) |
| Amortization of Debenture costs | (100) | (74) |
| Dividends on Series B preferred shares | (21) | (4) |
| Interest expense ⁽¹⁾ | 7,974 | 8,690 |

⁽¹⁾ See “Non-IFRS and Other Financial Measures”

TERM LOANS, REVOLVING CREDIT FACILITY AND CONVERTIBLE DEBENTURES

Maturity Dates for Term Loans, Revolving Credit Facility and Convertible Debentures
(Millions of dollars as of March 31, 2023)



The weighted average interest rate on AHIP's term loans and revolving credit facility was 4.48% (December 31, 2022 – 4.46%) and the weighted average term to maturity on AHIP's term loans and revolving credit facility was 2.75 years (December 31, 2022 – 3.0 years). As of March 31, 2023, all of AHIP's term loans were effectively fixed rate loans. AHIP has two interest rate swap agreements with notional values of \$105.0 million and \$25.0 million, effectively fixing the SOFR rate 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 mature on November 30, 2023. The weighted average interest rate on AHIP's term loans and revolving credit facility, excluding the effect of the two above-mentioned interest rate swap agreements, was 5.05%.

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 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.

The principal amount of the convertible debenture is \$50.0 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 of March 31, 2023, \$50.0 million (December 31, 2022 - \$50.0 million) face value of the convertible debenture was outstanding.

EQUITY

| (Number of units, debentures, restricted stock units ("RSUs"), options and warrants) | March 31, 2023 | December 31, 2022 |
|--|----------------|-------------------|
| Units/shares issued and outstanding | | |
| Units | 78,819,480 | 78,795,444 |
| Units potentially issuable: | | |
| 2026 Debentures | 10,101,010 | 10,101,010 |
| RSUs | 564,781 | 607,836 |
| Stock options | 2,300,000 | 2,300,000 |
| Warrants | 19,608,755 | 19,608,755 |

Subsequent to March 31, 2023, to the date of this MD&A, AHIP issued 6,596 units. The number of issued and outstanding units as of the date of this MD&A is 78,826,076. The numbers of debentures, RSUs, stock options and warrants as of the date of this MD&A are the same as the numbers in the table above as of March 31, 2023.

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 of March 31, 2023, 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 loans made to former executive officers to make eligible purchase of Units.

As of March 31, 2023, two former executive officers, one of whom is a current Director of AHIP have borrowed an aggregate amount of CAD \$2.2 million (December 31, 2022: CAD \$2.2 million) under the Loan Policy, with such loans being fully guaranteed pursuant to the terms of the Loan Policy.

As of March 31, 2023, a CAD \$0.8 million loan payment due from a former executive officer was outstanding. No request from the financial institution with respect to AHIP’s guarantee has been made. The financial institution is currently engaged in discussions with the former executive officer to modify the term of the loan including an extension of the maturity date of the loan until December 31, 2023, which would be accompanied by an extension of the AHIP guarantee until that date. As a result, AHIP has not recognized a liability as of March 31, 2023.

Compensation:

Key management includes those persons having authority and responsibility for planning, directing, and controlling the activities of AHIP, directly or indirectly, and includes the Board. Total compensation awarded to key management for the three months ended March 31, 2023, was \$1.7 million (March 31, 2022: \$1.0 million), which included securities-based compensation expense of \$0.2 million (March 31, 2022: \$0.02 million).

RISK 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 for the year ended December 31, 2022, for a description of these risk factors, available on SEDAR at www.sedar.com. Except for the risk factors set out herein, there have been no material changes to AHIP's risk factors included in AHIP's AIF for the year ended December 31, 2022.

SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS

The preparation of the Interim Financial Statements in accordance with IAS 34, Interim Financial Reporting as issued by the IASB, requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, income, and expenses. Estimates and judgments are evaluated for 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. A summary of significant accounting policies, estimates and judgments were disclosed in Note 2 and Note 3 to the Annual Financial Statements.

Significant areas of estimates and judgments include the following:

1. Financial statement classification of preferred shares and warrants:

Management used judgement in assessing, in accordance with IAS 32 Financial Instruments: Presentation, whether the preferred shares 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 preferred shares are an equity instrument, and the warrants are a financial liability.

2. Valuation of warrants:

The warrants are a derivative instrument liability and measured at fair value. Considerable judgement is used to determine the different assumptions used in the valuation methodology for volatility and the lack of marketability.

3. 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.

4. Impairment:

IAS 36 Impairment of Assets ("IAS 36") requires management to use judgement in assessing whether there is an impairment of AHIP's cash-generating units ("CGUs"). In making this judgement, management evaluates, among other factors, internal and external indicators of impairment, such as changes in market conditions, economic or legal environment and any appraisal obtained during the year.

IAS 36 also requires management to exercise judgement in determining the recoverable amount of CGUs that are tested for impairment. Judgement is involved in estimating the fair value less cost of disposal or the value in use of the CGUs, including estimates of discount rates, growth rates and forecasted net cash flows. The estimates reflect past experience and are consistent with external sources of information. When measuring the fair value of the CGUs, AHIP uses observable market data to the extent possible.

5. Forgivability of loans:

IAS 20, *Accounting for Government Grants and Disclosure of Government Assistance*, requires management to exercise judgement in assessing whether AHIP had reasonable assurance that the loans met the criteria for forgivability under the relevant legislation and in determining the forgivable amount. In making this judgement, management evaluated the requirements for forgivability.

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 months ended March 31, 2023 and 2022.

CONTROLS AND PROCEDURES

DISCLOSURE CONTROLS AND PROCEDURES

As at March 31, 2023, 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 March 31, 2023, 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 first quarter of 2023, there were no changes in AHIP's ICFR that have materially affected, or are reasonably likely to materially affect, AHIP's ICFR.