AMERICAN HOTEL
INCOME PROPERTIES

AMERICAN HOTEL INCOME PROPERTIES REIT LP

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

For the three months and year ended December 31, 2018
(Expressed in U.S. Dollars)

Dated: March 5, 2019

Embassy Suites by Hilton Dallas DFW Airport South, Irving, TX

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PART I

FORWARD-LOOKING INFORMATION

This Management's Discussion and Analysis of Results of Operations and Financial Condition ("**MD&A**") contains forward-looking information within the meaning of applicable securities laws (also known as forward-looking statements). Forward-looking statements generally can be identified by words such as "anticipate", "believe", "continue", "expect", "estimates", "intend", "may", "outlook", "objective", "plans", "should", "will" and similar expressions suggesting future outcomes or events. Forward-looking statements include, but are not limited to, statements made or implied relating to the objectives of American Hotel Income Properties REIT LP ("**AHIP**"), AHIP's strategies to achieve those objectives and AHIP's beliefs, plans, estimates, projections and intentions and similar statements concerning anticipated future events, results, circumstances, performance or expectations that are not historical facts. Some specific forward-looking statements in this MD&A include, but are not limited to, statements with respect to: expectations with respect to the performance of the U.S. economy and its impact on the U.S. hotel industry; the expectations of STR with respect to key performance indicators in the U.S. hotel and lodging industry, including by chain scale segment; AHIP management's expectation that the seasonal nature of the lodging industry, as well as other factors beyond AHIP's control including overall economic cycles and weather conditions, will cause quarterly fluctuations in occupancy rates, room rates, revenues, operating expenses, cash flows, earnings and AFFO Payout Ratio (defined below); AHIP management's expectations with respect to how it will pay expenses, service debt and pay distributions to unitholders if cash flow from operations is insufficient to cover such obligations in a given quarter; the expectation that AHIP's expenses will grow at, or greater than, the general rate of inflation; the possibility that competition could adversely affect AHIP's occupancy rates and RevPAR, and may require AHIP to provide additional amenities or make capital improvements, which may reduce AHIP's profitability; the expected cost and timing of brand mandated property improvement plan ("**PIP**") renovations to be completed in 2019 and the expected impacts thereof on the applicable hotels including on occupancy levels, revenues and operating results; AHIP management's expectation that the renovated properties will be better positioned within their respective markets and are expected to deliver better operating performance in 2020; the expectation that renovations planned for 2019 will result in some guestroom displacement, but that the total impact should be less disruptive than from renovations carried out in 2018, but may still materially affect quarterly results; the expectation that AHIP's Economy Lodging hotels will see increasing rail crew occupancies as a result of the continued strength in the rail industry with continued growth in intermodal and commodity driven rail car volumes, and that this along with contributions from the Wyndham rebranding should deliver ADR-driven RevPAR growth within this segment; AHIP's intention to undertake an active capital recycling program to improve the quality of its assets and income stream with the intention to actively redeploy those proceeds into new acquisitions and other investments; AHIP management's belief that AHIP is well positioned to deliver a stable and reliable U.S. dollar denominated income stream to its unitholders; AHIP's expectation that business acquisition costs will vary between periods; the expectation that cash flows will improve once renovated hotels recover; AHIP's intention to repay maturing debt and its means of doing so; the expected maturities and amortization periods on future long term debt; the timing and amount of payments under term loans, finance and operating leases, Debentures (as defined below) and deferred compensation; AHIP's expectation that it will complete the

acquisition of the land underlying the Fairfield Inn, Baltimore (which is currently subject to a ground lease) in April 2019; AHIP's expectation that fixed rate mortgages will be primarily first charge mortgages; AHIP's intention to maintain total indebtedness at approximately 50% to 55% of AHIP's Gross Book Value (as defined below); management's intention to obtain additional equity financing and/or debt financing with similar interest rates and terms as past financings to meet AHIP's planned growth strategy; the expected timing of the payment of the February 2019 distribution; AHIP's objective to generate stable and growing cash distributions from its hotel properties and AHIP's other stated objectives; AHIP's intention to declare regular monthly cash distributions and the expected timing of the record and payment dates for monthly distributions; AHIP management's intention to continue to operate AHIP in such a manner to remain exempt from the SIFT Measures (as defined below) on a continuous basis in the future; the possibility that the U.S. REIT may be subject to certain state and local income, franchise and property taxes even if it continues to qualify as a real estate investment trust under the Code (as defined below); and the possibility that future regulations and interpretations to be issued by U.S. authorities may also impact AHIP's estimates and assumptions used in calculating its income tax provisions.

Although AHIP believes that the expectations reflected in the forward-looking information contained in this MD&A are reasonable, AHIP can give no assurance that these expectations will prove to have been correct, and since forward-looking information inherently involves risks and uncertainties, undue reliance should not be placed on such information. The estimates and assumptions, which may prove to be incorrect, include, but are not limited to, the various assumptions set forth in this MD&A as well as the following: critical accounting estimates; capital markets will provide AHIP with readily available access to equity and/or debt financing on terms acceptable to AHIP; AHIP's future level of indebtedness and its future growth potential will remain consistent with AHIP's current expectations; there will be no changes to tax laws adversely affecting AHIP's financing capability, operations, activities, structure or distributions; the useful lives of AHIP's assets being consistent with management's estimates therefor; AHIP will be able to successfully integrate properties acquired into its portfolio; AHIP management's estimates with respect to replacement costs are accurate; the accuracy of third party reports with respect to lodging industry data; renovations will be completed with timing currently expected and on budget and AHIP will realize the expected benefits of such renovations; renovations carried out in 2019 will be less disruptive than renovations carried out in 2018; there will be continued strength in the U.S. rail industry with continued growth in intermodal and commodity driven rail car volumes, which along with the Wyndham rebranding will deliver ADR driven RevPAR growth for the Economy Lodging Hotels; AHIP will be successful in carrying out an active capital recycling program and such program will have its intended benefits, including the redeployment of proceeds therefrom on new acquisitions and other investments; the U.S. REIT will continue to qualify as a real estate investment trust for U.S. federal income tax purposes; the SIFT Measures in the Tax Act (as defined below) will continue to not apply to AHIP; AHIP will retain and continue to attract qualified and knowledgeable personnel as AHIP expands its portfolio and business; the impact of the current economic climate and the current global financial conditions on AHIP's operations, including AHIP's financing capability and asset value, will remain consistent with AHIP's current expectations; there will be no material changes to government and environmental regulations adversely affecting AHIP's operations; and conditions in the international and, in particular, the U.S. hotel and lodging industry, including competition for acquisitions, will be consistent with the current economic climate. Forward-looking statements are provided for the purpose of presenting information about management's current

expectations and plans relating to the future and readers are cautioned that such statements may not be appropriate for other purposes.

Forward-looking statements involve significant risks and uncertainties and should not be read as guarantees of future performance or results as actual results may differ materially from those expressed or implied in such forward-looking statements. Those risks and uncertainties include, among other things, risks related to: AHIP may not continue to realize the expected benefits of the rebranding of its Economy Lodging Hotels under Wyndham brands; AHIP may not realize the expected benefits of renovations completed in 2018 and to be completed in 2019 and that such renovations may not be completed in accordance with expected timing or budgets; renovations completed in 2019 may be more disruptive than expected; the U.S. rail industry may not achieve expected growth and this could negatively impact the performance of AHIP's Economy Lodging Hotels; AHIP's capital recycling program may not be successful and AHIP may not be able to assertively redeploy any proceeds generated therefrom; the possibility that AHIP's financial performance may not improve to the extent expected by AHIP management; 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, franchisors or railway companies; real property risks, including environmental risks; the degree and nature of competition; ability to acquire accretive hotel investments; ability to integrate new hotels; construction of new hotels; renewal of rail crew lodging contracts; environmental matters; and changes in legislation. Additional information about risks and uncertainties is contained in this MD&A and in AHIP's annual information form ("**AIF**") dated March 27, 2018 for the year ended December 31, 2017, a copy of which is available on SEDAR at www.sedar.com.

The forward-looking information contained in this MD&A is expressly qualified in its entirety by these cautionary statements. All forward-looking statements in this MD&A are made as of March 5, 2019. AHIP does not undertake any obligation to update any such forward looking information, resulting from new information, future events or otherwise, except as required by applicable law.

OVERVIEW OF AHIP

AHIP is a limited partnership formed under the *Limited Partnerships Act* (Ontario) to invest in hotel real estate properties in the United States ("**U.S.**") and engaged primarily in growing a portfolio of premium branded, select-service hotels in larger secondary markets with diverse and stable demand generators as well as servicing long standing contractual railway customers. AHIP was established pursuant to the terms of AHIP's Limited Partnership Agreement dated October 12, 2012, which was subsequently amended and restated on February 20, 2013 and further amended on June 9, 2015 (the "**Limited Partnership Agreement**"). AHIP's general partner is American Hotel Income Properties REIT (GP) Inc. (the "**General Partner**"). AHIP's head office and address for service is Suite 800 – 925 West Georgia Street, Vancouver, B.C., Canada V6C 3L2.

The principal business of AHIP is to issue limited partnership units ("**Units**") and to acquire and hold shares of American Hotel Income Properties REIT Inc. (the "**U.S. REIT**"). The U.S. REIT was established for the purposes of indirectly acquiring and owning hotel real estate properties in the U.S. AHIP has two reportable operating segments for making operating decisions and assessing performance: (i) "Premium Branded

Hotels", which are select-service hotel properties that have franchise agreements with international hotel brands, such as Marriott, Hilton, IHG, Wyndham and Choice (all defined below); and (ii) "Economy Lodging Hotels", which are select-service hotel properties that have rail crew lodging agreements with large North American freight railway companies and, effective November 1, 2017, also have long term franchise agreements with various Wyndham brands (as explained below).

AHIP's long-term objectives are to:

(i) generate stable and growing cash distributions from hotel properties located in the U.S.;
(ii) enhance the value of its assets and maximize the long-term value of its hotel properties through active asset management; and
(iii) expand its asset base and increase its AFFO per Unit through an accretive acquisition program, participation in strategic development opportunities and improvements to the properties through targeted value-added capital expenditure programs.

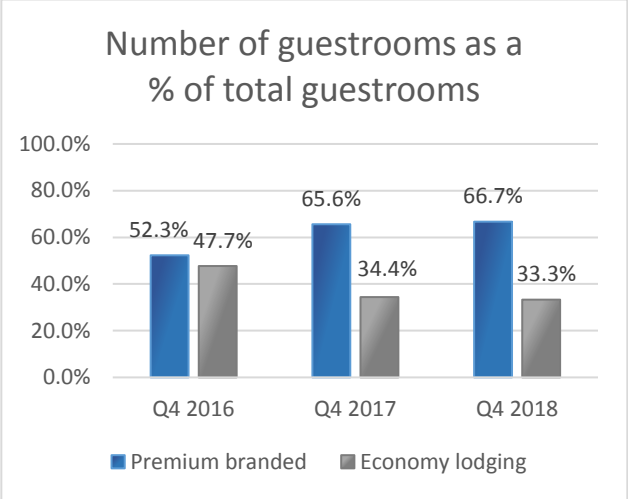
AHIP's Units trade on the Toronto Stock Exchange ("**TSX**") under the symbol HOT.UN (Canadian dollar ticker) and HOT.U (U.S. dollar ticker) as well as on the OTCQX International Marketplace in the U.S. under the symbol AHOTF (U.S. dollar ticker). AHIP's Debentures (defined below) trade on the TSX under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

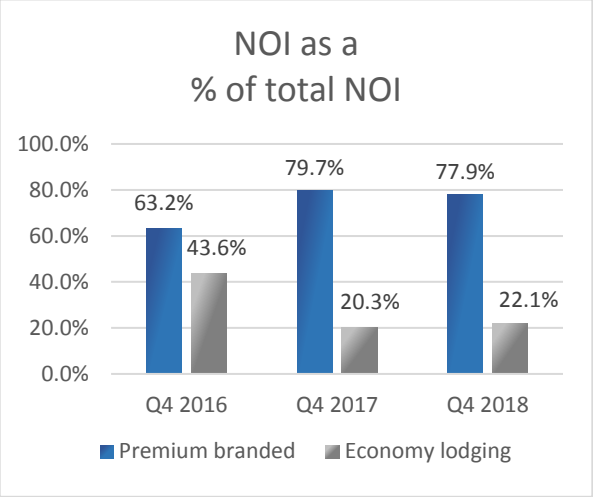
As of March 5, 2019, AHIP's diversified portfolio is comprised of 112 hotels with a total of 11,523 guestrooms located in 33 states across the United States. AHIP's 67 Premium Branded Hotels (comprised of 7,684 guestrooms) are geographically located primarily in secondary markets with diverse and stable demand generators and are supported by the world's leading hotel brand partners, such as Marriott International Inc. ("**Marriott**"), Hilton Worldwide ("**Hilton**"), InterContinental Hotels Group ("**IHG**"), Choice Hotels International Inc. ("**Choice**") and Wyndham Hotel Group ("**Wyndham**") who provide global distribution channels, targeted brand segmentation, strong loyalty programs, and premier information technology system standards. AHIP's distribution of Premium Branded hotels by chain scale segment is shown below:

Chain Scale Segments	Representative Hotels	Number of Hotels	Number of Rooms	Room Percentage by Segment
Upper Upscale	Embassy Suites	5	1,311	17%
Upscale	Courtyard, Hilton Garden Inn, Homewood Suites, Residence Inn, Springhill Suites, Staybridge Suites	23	2,651	35%
Upper Midscale	Fairfield Inn, Hampton Inn, Holiday Inn, Holiday Inn Express, TownePlace Suites	37	3,573	46%
Midscale	Sleep Inn, Wingate by Wyndham	2	149	2%
TOTAL PREMIUM BRANDED HOTELS		**67**	**7,684**	**100%**

AHIP's Economy Lodging Hotel portfolio consists of 45 hotels (comprised of 3,839 guestrooms) which cater primarily to mobile workforce employees in the transportation, construction, and resource sectors. These hotels have rail crew agreements with four investment grade Class 1 North American freight railway

companies: Union Pacific, BNSF, CSX and Canadian Pacific. As at December 31, 2018, management estimates that approximately 74% of the current room revenues within the Economy Lodging Hotel portfolio were covered under rail crew lodging agreements containing contractual revenue guarantees. Effective November 1, 2017, the Economy Lodging Hotels were rebranded under various Wyndham brands including Baymont Inn and Suites, Travelodge, Super 8 and Days Inn pursuant to 15-year franchise agreements. The Wyndham franchise agreements do not apply any royalty fees to the contractually guaranteed room revenues under the various rail crew lodging agreements currently in place at the Economy Lodging hotels.





TAXATION

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

AHIP's indirect Canadian subsidiary, AHIP Management Ltd., is a taxable Canadian corporation subject to Canadian income tax. AHIP's indirect U.S. subsidiaries, Lodging Enterprises, LLC and AHIP Enterprises LLC, are taxable REIT subsidiaries ("**TRS**") of the U.S. REIT that are treated as U.S. corporations subject to U.S. income tax.

The U.S. REIT elected to be taxed as a real estate investment trust ("**REIT**") for U.S. federal income tax purposes under the Internal Revenue Code ("**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 subsidiaries lease the hotels to its TRS lessees who in turn engage a professional, third-party hotel management company to manage its hotels.

On December 22, 2017, the Tax Cuts and Jobs Act ("**TCJA**") was passed, which reduced the U.S. federal corporate income tax rate from 35% to 21% effective January 1, 2018. Future regulations and interpretations to be issued by U.S. authorities may also impact AHIP's estimates and assumptions used in calculating its income tax provisions.

PART II

BASIS OF PRESENTATION

This MD&A for the three months and year ended December 31, 2018 includes material financial information as of March 5, 2019. This MD&A should be read in conjunction with AHIP's audited consolidated financial statements for the years ended December 31, 2018 and 2017, prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board. Historical results, including trends which might appear, should not be taken as indicative of future operations or results.

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

Additional information relating to AHIP, including its AIF for the year ended December 31, 2017, is available on SEDAR at www.sedar.com.

THIRD PARTY INFORMATION

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

NON-IFRS MEASURES

AHIP has included certain non-IFRS financial measures throughout this MD&A. Management believes that in addition to conventional measures prepared in accordance with IFRS, investors in the real estate and lodging industries use these non-IFRS financial measures to evaluate AHIP's performance, its ability to generate cash flows and its financial condition. Accordingly, these non-IFRS financial measures are intended to provide additional information and should not be considered in isolation or as a substitute for performance measures prepared in accordance with IFRS. These terms are not recognized under IFRS; as a result, they do not have standardized meanings prescribed by IFRS and may not be comparable to

measures used by other issuers in the real estate or lodging industries. The non-IFRS financial measures used in this MD&A include: debt-to-gross book value, funds from operations, adjusted funds from operations, diluted FFO per Unit, diluted AFFO per Unit, gross operating profit, net operating income, earnings before interest, taxes, depreciation and amortization, interest coverage ratio, debt-to-EBITDA, same property metrics and AFFO payout ratio.

a) Debt-to-Gross Book Value

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

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

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

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

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

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

AHIP believes FFO and AFFO are important measures of operating performance of real estate properties. FFO is a supplemental non-IFRS financial measure of operating performance widely used in the Canadian real estate industry. FFO is not defined under IFRS and should not be considered as an alternative to net income (loss), cash flow from operations, or any other operating or liquidity measure prescribed under IFRS. Instead, FFO has been included to provide readers and investors with additional information to improve their understanding of AHIP's operating results. As FFO is not defined under IFRS, it does not have a standardized meaning and may not be comparable with similar measures presented by other issuers. AHIP calculates FFO in accordance with the Real Property Association of Canada ("**REALPAC**") White Paper on Funds From Operations (the "**FFO White Paper**") issued in February 2018. In compliance with Canadian

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

FFO is defined as net income (loss) and comprehensive income (loss) calculated in accordance with IFRS excluding: (i) depreciation and amortization; (ii) gains (or losses) from sales of hotel properties and equipment; (iii) deferred income tax expense (recovery); (iv) impairment losses or reversals recognized on land and depreciable real estate properties; (v) business acquisition costs related to the purchase of a property being accounted for as a business combination; (vi) foreign exchange gains (or losses); (vii) fair value adjustments to financial instruments; and (viii) adjustments for property taxes accounted for under IFRIC 21 *Levies* ("**IFRIC 21**") for the recognition of liabilities for obligations to pay levies and taxes.

Hotel operations require maintenance capital expenditures to maintain the occupancy and revenue streams of the business. AFFO is a widely used non-IFRS measure in the Canadian real estate industry as a recurring economic earnings measure. AFFO is not defined under IFRS and should not be considered as an alternative to cash flow from operations as prescribed under IFRS. As AFFO is not defined under IFRS, the method applied by AHIP to calculate AFFO may differ from methods applied by other issuers and as a result may not be comparable with measures used by other issuers.

In calculating AFFO, FFO is subject to certain adjustments including: (i) amortization of deferred finance costs on term loans and convertible debentures; (ii) accretion on the liability portion of convertible debentures; (iii) amortization of mark-to-market adjustments on assumed term loans; (iv) amortization of deferred compensation payable; (v) securities-based compensation expense; and (vi) deducting actual maintenance capital expenditures. Other adjustments may be made to AFFO as determined by the Board of Directors of the General Partner at its discretion. In compliance with Canadian Securities Administrators Staff Notice 52-306 (Revised), "Non-GAAP Financial Measures", AFFO has been reconciled to cash flow from operations in the section "Reconciliation of Cash Flow from Operating Activities to AFFO" below.

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

*c) Gross Operating Profit ("**GOP**") and Net Operating Income ("**NOI**")*

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

*d) Earnings before interest, taxes, depreciation and amortization ("**EBITDA**")*

AHIP calculates EBITDA as NOI (excluding adjustments under IFRIC 21) less hotel management fees and general administrative expenses. AHIP calculates "**EBITDA Margin**" as EBITDA divided by total revenues.

e) Interest Coverage Ratio

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

f) Debt-to-EBITDA Ratio

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

g) Same Property Metrics

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

h) AFFO Payout Ratio or Payout Ratio

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

OPERATIONAL METRICS

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

a) Occupancy Rate

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

*b) Average Daily Rate ("**ADR**")*

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

*c) Revenue Per Available Room ("**RevPAR**") and Pro-forma RevPAR*

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

*d) Furniture, Fixtures and Equipment Reserves ("**FF&E Reserves**")*

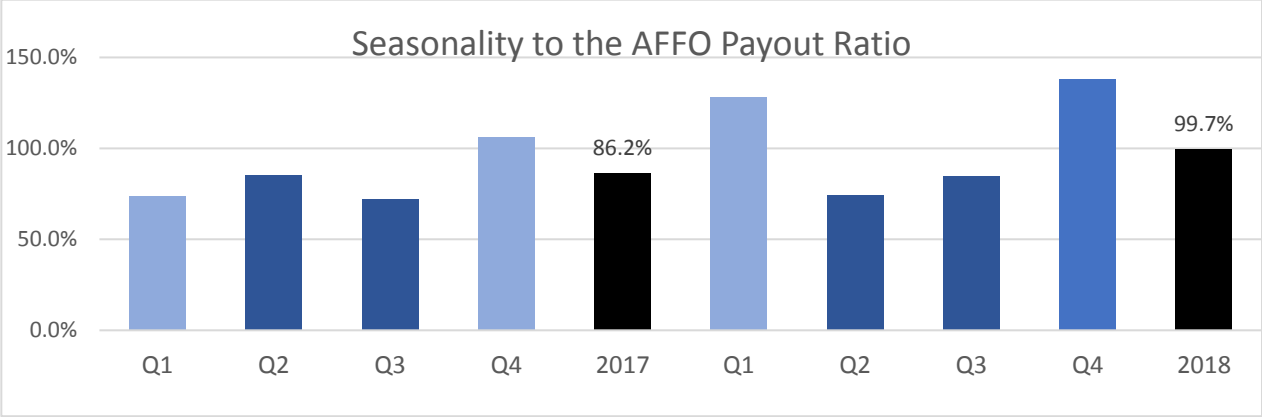
FF&E Reserves are calculated as four percent of total revenues for the Premium Branded Hotel portfolio and three percent of room revenues for the Economy Lodging Hotel portfolio.

INFLATION

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

SEASONALITY

The lodging industry is seasonal in nature, which can be expected to cause quarterly fluctuations in occupancy rates, room rates, revenues, operating expenses, and cash flows. Historically, occupancies, revenues, and cash flows tend to be higher in the second and third quarters and lower in the first and fourth quarters. Quarterly earnings may also be influenced by factors beyond AHIP's control including overall economic cycles and weather conditions. To the extent cash flow from operations is insufficient during any quarter, due to temporary or seasonal fluctuations in revenues, AHIP expects to utilize cash on hand or borrowings under its revolving credit facilities to pay expenses, service debt, or to make distributions to unitholders. The quarterly fluctuations in AHIP's AFFO Payout Ratio highlighting the seasonality of its operations are shown in the following table:



The addition of 18 premium branded Marriott and Hilton hotels located in Maryland, New Jersey, New York, Connecticut and Pennsylvania (collectively "**Eastern Seaboard Portfolio**") in June 2017 increased AHIP's seasonality during the first and fourth quarter of 2018.

COMPETITION

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

APPROVAL BY THE BOARD OF DIRECTORS

The Board of Directors of AHIP's General Partner, upon recommendation of its Audit Committee, approved the contents of this MD&A for release on March 5, 2019.

PART III

RECENT DEVELOPMENTS

a) New CEO

Mr. John O'Neill joined AHIP as its new CEO effective October 1, 2018.

b) Completion of renovation at the 227-room Embassy Suites Cincinnati (Covington, KY)

On November 1, 2018, AHIP completed a $2.3 million renovation at the Embassy Suites Cincinnati in Covington, KY. The renovations included a completely rebuilt atrium with a new bar and breakfast buffet, and updates to all guestrooms and bathrooms.

c) Unit purchases by insiders

For the period from October 1, 2018 to December 31, 2018, John O'Neill acquired 479,400 Units through open market purchases. In addition, during the fourth quarter, other AHIP insiders also acquired 658,688 units and approximately $149 thousand of Debentures through open market purchases.

MARKET ENVIRONMENT

The U.S. lodging industry's performance is generally correlated to the performance of the U.S. economy including key metrics such as GDP growth, employment levels and corporate profits. During 2018, U.S. GDP grew by 2.9% fueled in part by U.S. federal tax cuts, increased government spending and growth in consumer spending supported by a healthy labor market, all of which bode well for the U.S. hotel industry.

According to STR, Inc. ("**STR**"), during the fourth quarter of 2018, U.S. hotel RevPAR grew by 2.4% with ADR increasing by 2.0% and occupancy improving 0.4%. For full year 2018, STR reported RevPAR growth rates of 2.9% driven primarily by a 2.4% increase in ADR along with a 0.5% increase in occupancy.

The following table summarizes Q4 2018 RevPAR growth in the U.S. hotel industry by chain scale (according to STR):

Chain Scale Segments	Representative Hotels	RevPAR Growth
Upper upscale	Embassy Suites	2.0%
Upscale	Courtyard, Hilton Garden Inn, Homewood Suites, Residence Inn, Springhill Suites, Staybridge Suites	1.8%
Upper midscale	Fairfield Inn, Hampton Inn, Holiday Inn, Holiday Inn Express, TownePlace Suites	1.8%
Midscale	Sleep Inn, Wingate by Wyndham, Baymont	2.6%
Economy	Days Inn, Super 8, Travelodge	3.5%

OUTLOOK

For 2019, STR currently forecasts RevPAR growth rates of 2.3% led primarily by ADR increases of 2.3%. The following table summarizes STR's forecasted 2019 RevPAR growth in the U.S. hotel industry by chain scale:

Chain Scale Segments	AHIP's Operating Segment	RevPAR Growth
Upper upscale	Premium Branded	2.2%
Upscale	Premium Branded	1.8%
Upper Midscale	Premium Branded	1.7%
Midscale	Premium Branded	2.0%
Economy	Economy Lodging	2.0%

AHIP will continue its renovation plans during 2019 with eleven larger Premium Branded hotels undergoing significant renovations during the year. As a result of the size and scale of these renovations, some revenue displacement is expected; however, AHIP believes the total impact should be less disruptive than from renovations carried out in 2018. Following completion of these renovations, these properties should be better positioned within their respective markets and are expected to deliver better operating performance in 2020.

AHIP's Economy Lodging hotels are expected to see increasing rail crew occupancies as a result of the continued strength in the U.S. rail industry with continued growth in intermodal and commodity driven rail car volumes. This coupled with meaningful contributions from the Wyndham rebranding should deliver ADR-driven RevPAR growth within this segment.

AHIP is focused on active asset management to drive ADR-related revenue growth. This coupled with savings generated from procurement and service contract improvements along with improved productivity from investments in technology should help margins and offset some of the impacts of rising labor costs. AHIP intends to undertake an active capital recycling program to improve the quality of its assets and income stream with the intention to actively redeploy those proceeds into new acquisitions, reducing leverage or other investments.

Our conservative capital structure with no significant debt maturities until June 2022 and active asset management focused on margin improvement position AHIP well to deliver a stable and reliable U.S. dollar denominated income stream to unitholders.

FOURTH QUARTER HIGHLIGHTS AND KEY PERFORMANCE INDICATORS

(US$000s unless noted and except Units and per Unit amounts)	Three months ended December 31, 2018	Three months ended December 31, 2017	Twelve months ended December 31, 2018	Twelve months ended December 31, 2017
Number of rooms [1]	11,523	11,708	11,523	11,708
Number of properties [1]	112	115	112	115
Number of restaurants [1]	40	41	40	41
Occupancy rate	72.5%	72.8%	76.0%	74.7%
Average daily room rate	$ 93.96	$ 94.74	$ 96.43	$ 95.32
Revenue per available room	$ 68.12	$ 68.97	$ 73.29	$ 71.20
Revenues	$ 79,555	$ 82,222	$ 338,561	$ 303,710
Net operating income [4]	$ 23,948	$ 27,396	$ 113,613	$ 105,752
Net income (loss) and comprehensive income (loss)	$ (6,109)	$ (5,613)	$ 8,353	$ 89
Diluted net income (loss) per Unit	$ (0.08)	$ (0.07)	$ 0.11	$ 0.00
EBITDA	$ 19,341	$ 22,683	$ 93,839	$ 89,761
EBITDA Margin %	24.3%	27.6%	27.7%	29.6%
Funds from operations (FFO)	$ 9,866	$ 13,150	$ 55,648	$ 58,597
Diluted FFO per Unit [2][3]	$ 0.13	$ 0.17	$ 0.70	$ 0.82
Adjusted funds from operations (AFFO)	$ 9,220	$ 11,988	$ 51,483	$ 52,750
Diluted AFFO per Unit [2][3]	$ 0.12	$ 0.15	$ 0.65	$ 0.76
Distributions declared	$ 12,646	$ 12,732	$ 50,623	$ 45,491
AFFO Payout Ratio	137.2%	106.2%	99.7%	86.2%
Debt-to-Gross Book Value [1]	53.6%	53.9%	53.6%	53.9%
Debt-to-EBITDA (trailing twelve month basis)	8.0x	8.4x	8.0x	8.4x
Interest Coverage Ratio	2.2x	2.5x	2.6x	3.1x
Weighted average Debt face interest rate [1]	4.65%	4.61%	4.65%	4.61%
Weighted average Debt term to maturity [1]	6.4 years	7.6 years	6.4 years	7.6 years
Number of Units outstanding [1]	78,070,805	78,047,806	78,070,805	78,047,806
Diluted weighted average number of Units outstanding – IFRS [3]	78,236,880	78,195,537	78,202,939	69,686,567
Same property occupancy rate	72.1%	72.6%	74.6%	74.3%
Same property average daily room rate	$ 81.62	$ 82.39	$ 83.55	$ 83.81
Same property RevPAR	$ 58.85	$ 59.82	$ 62.33	$ 62.27
Same property revenues	$ 45,294	$ 46,130	$ 190,566	$ 190,636
Same property net operating income [4]	$ 14,654	$ 16,029	$ 66,929	$ 67,468
Same property NOI Margin %	32.4%	34.7%	35.1%	35.4%

(1) At period end.

(2) The Debentures were not dilutive for FFO and AFFO for the three months ended December 31, 2018 and dilutive for the year ended December 31, 2018. Therefore, Debenture finance costs of $3,146 and $2,444 were added back to FFO and AFFO for the year ended December 31, 2018, respectively. The Debentures were dilutive for the three months and year ended December 31, 2017. Therefore, Debenture finance costs of $760 and $1,698, respectively, were added back to FFO; and $611 and $1,365, respectively, were added back to AFFO. As a result, 5,283,783 Units issuable on conversion of the Debentures were added to the diluted weighted average number of Units outstanding for the periods presented.

(3) Diluted weighted average number of Units calculated in accordance with IFRS included the 173,001 and 159,307 unvested Restricted Stock Units as at December 31, 2018 and December 31, 2017, respectively.

(4) Not adjusted for IFRIC 21 property taxes.

OPERATIONAL AND FINANCIAL HIGHLIGHTS

The decrease in revenues and NOI for the three months ended December 31, 2018, compared to the same period last year, resulted primarily from significant displacement caused by renovations at AHIP's second largest hotel – the 284-room Embassy Suites Columbus – as well as renovations at the 131-room Residence Inn Baltimore/White Marsh and the 100-room Staybridge Suites Tampa coupled with lower revenues at certain Florida properties that benefitted from hurricane-related business during 2017. Collectively, the renovations and hurricane activity impacted NOI by approximately $1.9 million. This was offset by strong RevPAR growth in our North Carolina and New Jersey hotels and continued strong performance in our Economy Lodging segment reflecting the benefits of higher rail crew occupancies and the Wyndham rebranding.

During the seasonally weaker current quarter, total revenues declined by $2.6 million (or 3.2%) to $79.6 million (2017 – $82.2 million) with Premium Branded revenues declining by $3.2 million (or 4.9%) to $61.7 million (2017 – $64.9 million) caused primarily by renovation and hurricane related impacts, which collectively impacted revenues by approximately $2.9 million. This was offset by Economy Lodging revenues growing by $500 thousand (or 2.9%) to $17.8 million (2017 – $17.3 million) as a result of higher occupancies by rail crew personnel and Wyndham-generated transient guests.

AHIP's total portfolio RevPAR decreased by 1.2% with Premium Branded RevPAR decreasing by 4.1% offset by Economy Lodging RevPAR growing by 8.4% led by occupancy growth rates of 5.4 percentage points. NOI decreased by $3.5 million (or 12.6%) to $23.9 million (2017 – $27.4 million) and NOI margin declined by 3.2 percentage points to 30.1% (2017 – 33.3%) reflecting lower revenues from renovations, weaker hurricane related comparative results and lower unused rail crew revenues coupled with higher wages and property taxes. Net loss for the quarter was $6.1 million (2017 – $5.6 million).

FFO for the three months ended December 31, 2018 decreased by $3.3 million (or 25.0%) to $9.9 million (2017 – $13.2 million) as a result of lower revenues and NOI as noted above. This resulted in a Diluted FFO per Unit for the quarter of $0.13 (2017 – $0.17). AFFO for the three months ended December 31, 2018 declined by $2.8 million (or 23.1%) to $9.2 million (2017 – $12.0 million) and Diluted AFFO per Unit was $0.12 (2017 – $0.15) for the reasons stated above. As a result, AHIP's Payout Ratio for the seasonally weaker fourth quarter was 137.2% (2017 – 106.2%).

For the year ended December 31, 2018, AHIP's total portfolio growth in revenues and NOI reflects the full year impact of the Eastern Seaboard Portfolio and the two Economy Lodging Hotels acquired during the fourth quarter of 2017 (collectively the "**2017 Acquisitions**"). Total portfolio RevPAR increased by 2.9% compared to 2017, with Economy Lodging RevPAR increasing by 6.6% offset by a decline in Premium Branded RevPAR of 0.8% as a result of renovations and new supply. Total revenues increased by $34.9 million (or 11.5%) to $338.6 million (2017 – $303.7 million) with Premium Branded revenues increasing by $31.7 million (or 13.5%) to $266.0 million (2017 – $234.3 million) and Economy Lodging revenues increasing by $3.2 million (or 4.6%) to $72.6 million (2017 – $69.4 million). Total NOI increased by $7.8 million (or 7.4%) to $113.6 million (2017 – $105.8 million).

FFO for the year ended December 31, 2018 decreased by $2.9 million (or 5.0%) to $55.6 million (2017 – $58.6 million) as a result of the NOI changes described above, higher corporate and administrative expenses and interest charges. This resulted in a Diluted FFO per Unit for the year of $0.70 (2017 – $0.82). AFFO for the year ended December 31, 2018 declined by $1.3 million (or 2.4%) to $51.5 million (2017 – $52.8 million) and Diluted AFFO per Unit was $0.65 (2017 – $0.76) for the reasons stated above. On an annual basis, AHIP's AFFO payout ratio was 99.7% in line with management's expectations for 2018 and reflected the temporary impacts of hotel renovation activity and related revenue displacement.

RESULTS OF OPERATIONS

The following discussion highlights selected financial information for AHIP for the three months and year ended December 31, 2018. This information should be read in conjunction with AHIP's audited consolidated financial statements and related notes for the years ended December 31, 2018 and 2017.

(US$000s unless noted and except Units and per Unit amounts)	Three months ended December 31, 2018	Three months ended December 31, 2017	Twelve months ended December 31, 2018	Twelve months ended December 31, 2017
Revenues	$ 79,555	$ 82,222	$ 338,561	$ 303,710
Hotel expenses	57,446	57,074	224,948	197,958
Net operating income (including IFRIC 21)	22,109	25,148	113,613	105,752
Depreciation and amortization	11,616	11,670	45,292	40,912
Income from operating activities	10,493	13,478	68,321	64,840
Corporate and administrative	4,607	4,713	19,774	15,991
Loss (gain) on disposal of property, buildings and equipment	816	(1)	2,790	(5)
Impairment loss on hotel asset	900	3,459	900	10,808
Business acquisition costs	21	1,541	591	8,146
Income before undernoted	4,149	3,766	44,266	29,900
Finance income	5	(35)	(20)	(110)
Finance costs	11,096	8,539	37,306	29,669
Income (loss) before income taxes	(6,952)	(4,738)	6,980	341
Current income tax expense	51	84	172	548
Deferred income tax expense (recovery)	(792)	791	(1,545)	(296)
Net income (loss) and comprehensive income (loss)	$ (6,109)	$ (5,613)	$ 8,353	$ 89
Basic net income (loss) per Unit	$ (0.08)	$ (0.07)	$ 0.11	$ 0.00
Diluted net income (loss) per Unit	$ (0.08)	$ (0.07)	$ 0.11	$ 0.00
Basic weighted average number of Units outstanding	78,063,879	78,036,230	78,058,913	69,546,869
Diluted weighted average number of Units outstanding [(1)]	78,236,880	78,195,537	78,202,939	69,686,567

(1) Diluted weighted average number of Units includes the 173,001 and 159,307 unvested Restricted Stock Units as at December 31, 2018 and December 31, 2017, respectively.

The decrease in revenues and net operating income for the three months ended December 31, 2018 compared to the same period last year related to displacement arising from significant renovations at the 284-room Embassy Suites Columbus coupled with hurricane related revenues in Florida during 2017 that did not recur in 2018. The increase in revenues, expenses, and net operating income for the year ended December 31, 2018 compared to the same period last year reflected the full inclusion of operating results from the 2017 Acquisitions. Hotel expenses consisted of hotel operating expenditures including labour costs, sales and marketing, franchise fees, energy, property maintenance, property taxes, insurance, and ground lease expense.

Depreciation and amortization expenses consisted of depreciation charges on property, buildings and equipment, and amortization of intangible assets. Depreciation and amortization expenses for the three months and year ended December 31, 2018 were $11.6 million and $45.3 million, respectively, compared to $11.7 million and $40.9 million, respectively, for the same periods last year. The increase in depreciation and amortization expenses for the year ended December 31, 2018 is consistent with the increase in AHIP's asset base between reporting periods.

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

(US$000s)	**Three months ended December 31, 2018**	**Three months ended December 31, 2017**	**Twelve months ended December 31, 2018**	**Twelve months ended December 31, 2017**
Hotel management fees	$ 2,922	$ 3,004	$ 12,314	$ 11,261
General administrative expenses	1,685	1,709	7,460	4,730
Total corporate and administrative expenses	$ 4,607	$ 4,713	$ 19,774	$ 15,991

The increase in general administrative expenses for the twelve months ended December 31, 2018 reflected increased staffing expenses, higher professional fees and compliance costs and a non-recurring foreign exchange gain of approximately $1.2 million realized in the prior year.

Business acquisition costs are comprised of professional fees arising from the pursuit and acquisition of hotel properties. Under IFRS, all transactional costs related to business combinations are expensed in the period incurred irrespective of the outcome of the acquisition. The level of business acquisition costs in any given period reflect the specific transactional activity undertaken during that time and are therefore expected to fluctuate between periods.

(US$000s)	Three months ended December 31, 2018	Three months ended December 31, 2017	Twelve months ended December 31, 2018	Twelve months ended December 31, 2017
Interest expense on term loans and revolving credit facilities	$ 8,285	$ 8,249	$ 33,223	$ 27,734
Interest expense on Debentures	611	690	2,444	1,365
Amortization of finance costs	405	326	1,591	1,273
Accretion of Debenture liability	96	82	380	182
Amortization of Debenture transaction costs	82	68	322	152
Interest expense on finance lease liability	41	22	105	44
Amortization of deferred compensation	8	5	27	18
Dividends on preferred shares	4	4	16	16
Amortization of mark-to-market adjustments	(11)	(12)	(76)	(90)
Changes in fair values of swap contracts	1,575	(895)	(726)	(1,025)
Total finance costs	$ 11,096	$ 8,539	$ 37,306	$ 29,669

For the current quarter, total finance costs were up $2.6 million (or 29.9%) to $11.1 million (2017 – $8.5 million) with the changes caused primarily by fluctuations in the fair value of interest rate swaps between the reporting periods. For the year ended December 31, 2018, total finance costs were $37.3 million compared to $29.7 million in the prior year with the increase attributable to higher interest costs incurred on the new term loans arising from the 2017 Acquisitions and the Debentures that were outstanding for the full year in 2018 compared to a partial year during 2017.

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.

TOTAL PORTFOLIO OPERATING STATEMENTS

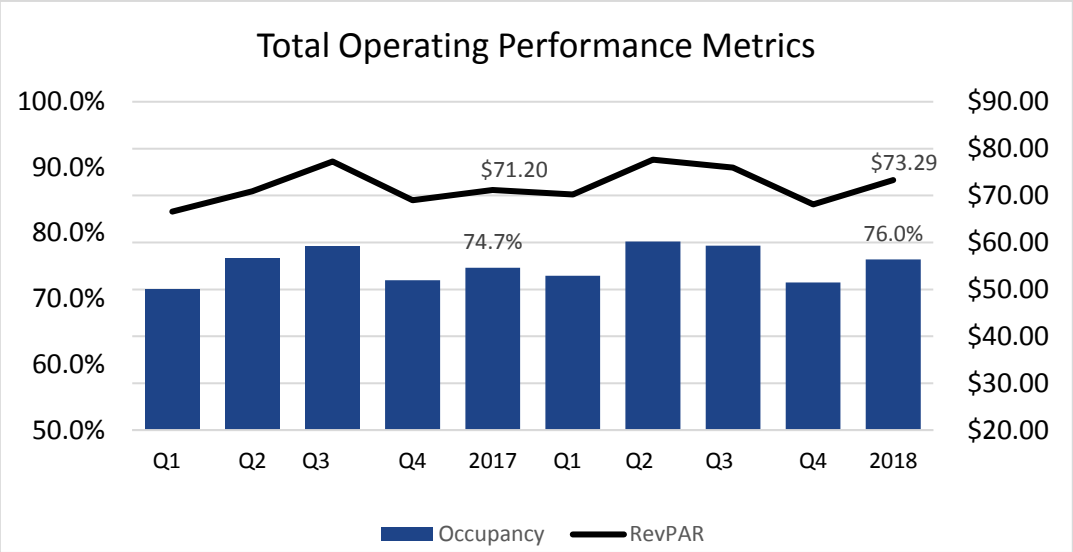
(US$000s unless noted)	Three months ended December 31, 2018	Three months ended December 31, 2017	Twelve months ended December 31, 2018	Twelve months ended December 31, 2017
Number of rooms [1]	11,523	11,708	11,523	11,708
Number of properties [1]	112	115	112	115
Number of restaurants [1]	40	41	40	41
Occupancy rate	72.5%	72.8%	76.0%	74.7%
Average daily rate [2]	$ 93.96	$ 94.74	$ 96.43	$ 95.32
Revenue per available room	$ 68.12	$ 68.97	$ 73.29	$ 71.20
REVENUES				
Rooms	$ 72,288	$ 74,029	$ 309,440	$ 273,798
Food and beverage	6,026	6,773	24,029	25,262
Other	1,241	1,420	5,092	4,650
TOTAL REVENUES	79,555	82,222	338,561	303,710
EXPENSES				
Operating expenses	43,538	43,150	175,698	154,554
Energy	3,389	3,428	14,611	12,762
Property maintenance	3,789	4,006	15,782	14,039
TOTAL EXPENSES	50,716	50,584	206,091	181,355
GROSS OPERATING PROFIT	28,839	31,638	132,470	122,355
GOP Margin %	*36.3%*	*38.5%*	*39.1%*	*40.3%*
Taxes, insurance and ground lease [3]	4,891	4,242	18,857	16,603
NET OPERATING INCOME	$ 23,948	$ 27,396	$ 113,613	$ 105,752
NOI Margin %	*30.1%*	*33.3%*	*33.6%*	*34.8%*

(1) At period end.
(2) ADR reflects inclusion of guaranteed rail crew room revenues.
(3) Not adjusted for IFRIC 21 property taxes.

Total portfolio ADR, RevPAR, revenues and NOI for the three months ended December 31, 2018 were lower compared to the same period last year reflecting the significant displacement caused primarily by renovations at several larger hotels including: the 284-room Embassy Suites Columbus, the 131-room Residence Inn Baltimore/White Marsh and the 100-room Staybridge Suites Tampa, coupled with weaker year-over-year results in Florida as a result of hurricane activity last year. These decreases were partially offset by positive demand in New Jersey and North Carolina, and increased rail crew occupancies and ongoing positive contributions from the Wyndham rebranding.

During the seasonally weaker current quarter, total revenues declined by $2.6 million (or 3.2%) to $79.6 million (2017 – $82.2 million) with Premium Branded revenues declining by $3.2 million (or 4.9%) to $61.7 million (2017 – $64.9 million) offset by Economy Lodging revenues increasing by $500 thousand (or 2.9%)

to $17.8 million (2017 – $17.3 million). Specifically, AHIP's total portfolio RevPAR decreased by 1.2% with Premium Branded RevPAR declining by 4.1% offset by Economy Lodging RevPAR increasing by 8.4%. The reduction in portfolio revenues coupled with higher labor costs and property taxes resulted in portfolio NOI decreasing by $3.5 million (or 12.6%) to $23.9 million (2017 – $27.4 million) and NOI margin declining by 3.2 percentage points to 30.1% (2017 – 33.3%).



For the year ended December 31, 2018, the growth in all metrics including revenues and NOI primarily reflect the full year impact of the 2017 Acquisitions and continued growth in the Economy Lodging segment partially offset by renovation displacement at three of AHIP's largest hotels including the 305-room Embassy Suites DFW, 227-room Embassy Suites Cincinnati and 284-room Embassy Suites Columbus in the current year. AHIP's total portfolio RevPAR increased by 2.9% compared to 2017, with Premium Branded RevPAR decreasing by 0.8% and Economy Lodging RevPAR growing by 6.6%. Total revenues increased by $34.9 million (or 11.5%) to $338.6 million (2017 – $303.7 million) with Premium Branded revenues increasing by $31.7 million (or 13.5%) to $266.0 million (2017 – $234.3 million) and Economy Lodging revenues increasing by $3.2 million (or 4.6%) to $72.6 million (2017 – $69.4 million). Total NOI increased by $7.8 million (or 7.4%) to $113.6 million (2017 – $105.8 million) with Premium Branded NOI increasing by $7.3 million (or 8.7%) to $90.8 million (2017 – $83.5 million) and Economy Lodging NOI increasing by $588 thousand (or 2.6%) to $22.9 million (2017 – $22.3 million).

PREMIUM BRANDED HOTELS OPERATING STATEMENTS

(US$000s unless noted)	Three months ended December 31, 2018	Three months ended December 31, 2017	Twelve months ended December 31, 2018	Twelve months ended December 31, 2017
Number of rooms [1]	7,684	7,684	7,684	7,684
Number of properties [1]	67	67	67	67
Number of restaurants [1]	14	14	14	14
Occupancy rate	72.6%	75.9%	77.5%	78.6%
Average daily rate	$ 111.33	$ 111.08	$ 114.46	$ 113.83
Revenue per available room	$ 80.83	$ 84.31	$ 88.71	$ 89.47
REVENUES				
Rooms	$ 57,173	$ 59,601	$ 248,667	$ 216,469
Food and beverage	3,390	3,995	12,749	13,655
Other	1,182	1,313	4,587	4,185
TOTAL REVENUES	61,745	64,909	266,003	234,309
EXPENSES				
Operating expenses	33,716	33,970	137,073	118,479
Energy	2,482	2,544	10,690	9,128
Property maintenance	2,711	2,990	11,525	9,903
TOTAL EXPENSES	38,909	39,504	159,288	137,510
GROSS OPERATING PROFIT	22,836	25,405	106,715	96,799
GOP Margin %	*37.0%*	*39.1%*	*40.1%*	*41.3%*
Taxes, insurance and ground lease [2]	4,188	3,560	15,965	13,322
NET OPERATING INCOME	$ 18,648	$ 21,845	$ 90,750	$ 83,477
NOI Margin %	*30.2%*	*33.7%*	*34.1%*	*35.6%*

(1) At period end.
(2) Not adjusted for IFRIC 21 property taxes.

For AHIP's Premium Branded hotels, total occupancy, RevPAR, revenues, GOP and NOI for the three months ended December 31, 2018 were lower with RevPAR decreasing by 4.1% to $80.83 (2017 – $84.31); total revenues decreasing by $3.2 million (or 4.9%) to $61.7 million (2017 – $64.9 million) and GOP decreasing by $2.6 million (or 10.1%) to $22.8 million (2017 – $25.4 million), respectively. The decreases were caused primarily by renovations at AHIP's larger hotels, specifically the 284-room Embassy Suites Columbus, the 227-room Embassy Suites Cincinnati, the 131-room Residence Inn Baltimore/White Marsh, and the 100-room Staybridge Suites Tampa, that impacted hotel operations and resulted in revenue declines of approximately $1.5 million. Lower revenues of approximately $1.4 million were also experienced in Florida as a result of stronger operating performance last year due to hurricane related impacts, and new supply impacted revenues in Oklahoma City and Baltimore. This was partially offset by higher revenues in New Jersey and North Carolina as a result of greater corporate, group and transient demand.

From a RevPAR perspective, positive RevPAR growth was experienced at the North Carolina, New Jersey, Tennessee and Virginia hotels, which saw RevPAR increases of 12.3%, 5.0%, 4.9% and 3.2%, respectively as a result of strong demand. This was offset by the four properties under renovation, which saw RevPAR declines of between 4.1% and 26.0%, with the hotel manager discounting rates to maintain market share. Overall, the Florida hotels saw RevPAR declines of 14.3% with the Western Coast of Florida, in particular the Fort Myers, Sarasota and Tampa hotels, experiencing hurricane-related RevPAR declines of 24.8%. In addition, the eight Baltimore-area properties were impacted by renovations and new supply with RevPAR declining by 5.4%. Oklahoma also experienced RevPAR declines of 14.1% with Oklahoma City in particular being impacted by new supply offset by steady demand at the oil and gas related properties. Lower revenues and higher property taxes resulted in lower NOI and margins.

For the year ended December 31, 2018, total revenues were up by $31.7 million (or 13.5%) to $266.0 million (2017 – $234.3 million); and NOI was up by $7.3 million (or 8.7%) to $90.8 million (2017 – $83.5 million) as a result of an inclusion of a full year's operating results from the 2017 Acquisitions. Specifically, pro-forma RevPAR increased in Cleveland, North Carolina, and New Jersey which saw year-over-year RevPAR growth rates of 7.1%, 4.5%, and 4.0%, respectively. In addition, Oklahoma RevPAR was up by 2.9% as a result of increased oil and gas related activity as those properties saw RevPAR increases of 16.9%, offset by supply related impacts in the Oklahoma City properties where RevPAR declined by 5.3%. There were renovation related pro-forma RevPAR declines of 12.2%, 10.4% and 7.6%, respectively at the 227-room Embassy Suites Cincinnati, 284-room Embassy Suites Columbus and 305-room Embassy Suites Dallas, three of AHIP's largest hotels. In addition, hurricane-related RevPAR declines of 9.9% were experienced in the western Florida properties and new supply-related pro-forma RevPAR declines of approximately 5.1% were experienced in the Maryland hotels. Overall, renovation and hurricane impacts and increased property taxes resulted in margin declines.

ECONOMY LODGING HOTELS OPERATING STATEMENTS

(US$000s unless noted)	Three months ended December 31, 2018	Three months ended December 31, 2017	Twelve months ended December 31, 2018	Twelve months ended December 31, 2017
Number of rooms [1]	3,839	4,024	3,839	4,024
Number of properties [1]	45	48	45	48
Number of restaurants [1]	26	27	26	27
Occupancy rate	72.1%	66.7%	73.0%	68.0%
Average daily rate [2]	$ 59.09	$ 58.92	$ 58.65	$ 59.06
Revenue per available room	$ 42.60	$ 39.30	$ 42.81	$ 40.16
REVENUES				
Rooms	$ 15,115	$ 14,428	$ 60,773	$ 57,329
Food and beverage	2,636	2,778	11,280	11,607
Other	59	107	505	465
TOTAL REVENUES	17,810	17,313	72,558	69,401
EXPENSES				
Operating expenses	9,822	9,180	38,625	36,075
Energy	907	884	3,921	3,634
Property maintenance	1,078	1,016	4,257	4,136
TOTAL EXPENSES	11,807	11,080	46,803	43,845
GROSS OPERATING PROFIT	6,003	6,233	25,755	25,556
GOP Margin %	*33.7%*	*36.0%*	*35.5%*	*36.8%*
Taxes and insurance [3]	703	682	2,892	3,281
NET OPERATING INCOME	$ 5,300	$ 5,551	$ 22,863	$ 22,275
NOI Margin %	*29.8%*	*32.1%*	*31.5%*	*32.1%*

(1) At period end.
(2) ADR reflects inclusion of guaranteed rail crew room revenues.
(3) Not adjusted for IFRIC 21 property taxes.

For the three months ended December 31, 2018, the Economy Lodging Portfolio experienced higher occupancy, ADR, RevPAR and revenues as a result of higher rail crew and transient occupancies; the inclusion of a full quarter's operating results from the Fargo and Whitefish properties that were acquired last year; partially offset by the sales of three smaller properties during the year. Specifically, occupancy increased by 5.4 percentage points to 72.1% (2017 – 66.7%); RevPAR increased by 8.4% to $42.60 (2017 – $39.30); revenues increased by $500 thousand (or 2.9%) to $17.8 million (2017 – $17.3 million). NOI decreased by $251 thousand to $5.3 million (2017 – $5.6 million) because of higher labor costs and property taxes. NOI margins decreased by 2.3 percentage points to 29.8% (2017 – 32.1%) primarily as a result of lower guaranteed contract revenues from higher rail crew room utilization and related costs associated with cleaning more occupied rooms.

For the year ended December 31, 2018, occupancy, RevPAR, revenues and NOI improved compared to the prior year for the reasons stated above. The decline in ADR and margins resulted from a reduction in revenue guarantees at the Gillette, WY property in January 2018 coupled with the expiry of a rail crew contract at the Ravenna, NE hotel in October 2017. Lower unused room guarantee revenues resulted in lower margins due to increased costs associated with cleaning more occupied rooms resulting in NOI margins declining marginally to 31.5% (2017 – 32.1%).

SAME PROPERTY OPERATING METRICS

A property must be owned and operated for the entire year in both reporting periods and be fully operational for inclusion in these tables. As such, properties acquired, sold, for sale, or under renovation during the comparable reporting period are not included in the same property tables.

PREMIUM BRANDED HOTELS – SAME PROPERTY

The following table presents same property Premium Branded Hotels operating metrics for the three months and years ended December 31, 2018 and 2017, respectively. This includes 43 properties representing 4,086 guestrooms or 50.6% and 53.2% of AHIP's Premium Branded Hotel segment and AHIP's total portfolio, respectively.

(US$000s unless noted)	Three months ended December 31, 2018	Three months ended December 31, 2017	Twelve months ended December 31, 2018	Twelve months ended December 31, 2017
Number of properties	43	43	43	43
Occupancy rate	72.3%	75.8%	76.4%	78.0%
Average daily rate	$ 101.26	$ 100.93	$ 104.17	$ 103.44
Revenue per available room	$ 73.21	$ 76.50	$ 79.59	$ 80.68
REVENUES				
Rooms	$ 27,506	$ 28,749	$ 118,630	$ 120,239
Food and beverage	534	603	2,300	2,538
Other	493	473	1,893	1,894
TOTAL REVENUES	28,533	29,825	122,823	124,671
EXPENSES				
Operating expenses	15,219	15,247	62,092	62,361
Energy	1,152	1,195	4,985	4,984
Property maintenance	1,297	1,432	5,239	5,511
TOTAL EXPENSES	17,668	17,874	72,316	72,856
GROSS OPERATING PROFIT	10,865	11,951	50,507	51,815
GOP Margin %	*38.1%*	*40.1%*	*41.1%*	*41.6%*
Taxes and insurance [(1)]	1,435	1,403	5,834	6,181
NET OPERATING INCOME	$ 9,430	$ 10,548	$ 44,673	$ 45,634
NOI Margin %	*33.0%*	*35.4%*	*36.4%*	*36.6%*

(1) Not adjusted for IFRIC 21 property taxes.

For the three months ended December 31, 2018, RevPAR decreased by 4.3% to $73.21 (2017 – $76.50), revenues decreased by $1.3 million (or 4.3%) to $28.5 million (2017 – $29.8 million) and NOI decreased by $1.1 million (or 10.6%) to $9.4 million (2017 – $10.5 million) with the declines caused primarily by non-recurring hurricane related demand that occurred in Florida in 2017. On a year-over-year basis, Florida hotel revenues and NOI declined by $1.4 million and $1.1 million respectively. Excluding the impacts of the Florida hotels, same-property operating metrics would have been generally inline compared to the same period last year.

For the quarter ended December 31, 2018, positive RevPAR growth was experienced in North Carolina, Tennessee and Virginia with RevPAR growth rates of 12.3%, 4.9% and 3.2%, respectively. This was offset by RevPAR declines of 13.3% in Florida due to hurricane related demand in 2017, and Oklahoma which saw RevPAR declines of 14.1% caused primarily by supply related RevPAR declines in Oklahoma City. Excluding Florida and Oklahoma, same property occupancy would have increased by 1.1%, ADR would have increased by 2.4% and RevPAR would have increased by 3.5%.

For the year ended December 31, 2018, RevPAR declined by 1.4% to $79.59 (2017 – $80.68), revenues declined by $1.8 million (or 1.5%) to $122.8 million (2017 – $124.7 million) and NOI decreased by $961 thousand to $44.7 million (2017 – $45.6 million) with the declines caused primarily by non-recurring hurricane related demand that occurred in Florida in 2017. On a year-over-year basis, Florida hotel revenues and NOI declined approximately $1.5 million and $1.1 million, respectively. Excluding the impacts of Florida, same-property operating metrics would have been generally inline compared to the same period last year.

For the year ended December 31, 2018, RevPAR grew in North Carolina and Oklahoma with growth rates of 4.5% and 2.9%, respectively. This was offset by supply related RevPAR declines in Pittsburgh, Virginia and Amarillo with RevPAR declines of between 3.7% and 4.0%. Excluding Florida, same property occupancy would have decreased by 1.1%, ADR would have increased by 0.6% and RevPAR would have decreased by 0.6%.

ECONOMY LODGING HOTELS – SAME PROPERTY

The following table presents same property Economy Lodging Hotels operating metrics for the three months and years ended December 31, 2018 and 2017. This includes 42 properties representing 3,594 guestrooms.

(US$000s unless noted)	Three months ended December 31, 2018	Three months ended December 31, 2017	Twelve months ended December 31, 2018	Twelve months ended December 31, 2017
Number of properties	42	42	42	42
Occupancy rate	71.9%	69.0%	72.6%	70.2%
Average daily rate [1]	$ 59.18	$ 59.26	$ 58.90	$ 59.03
Revenue per available room	$ 42.55	$ 40.89	$ 42.76	$ 41.44
REVENUES				
Rooms	$ 14,070	$ 13,523	$ 56,079	$ 54,335
Food and beverage	2,635	2,729	11,171	11,376
Other	56	53	493	254
TOTAL REVENUES	16,761	16,305	67,743	65,965
EXPENSES				
Operating expenses	9,090	8,480	35,519	33,894
Energy	845	818	3,636	3,420
Property maintenance	987	931	3,832	3,849
TOTAL EXPENSES	10,922	10,229	42,987	41,163
GROSS OPERATING PROFIT	5,839	6,076	24,756	24,802
GOP Margin %	*34.8%*	*37.3%*	*36.5%*	*37.6%*
Taxes and insurance [2]	615	595	2,500	2,968
NET OPERATING INCOME	$ 5,224	$ 5,481	$ 22,256	$ 21,834
NOI Margin %	*31.2%*	*33.6%*	*32.9%*	*33.1%*

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

(2) Not adjusted for IFRIC 21 property taxes.

For the three months ended December 31, 2018, the Economy Lodging Portfolio experienced higher occupancy, RevPAR and revenues as a result of higher rail crew and transient occupancies reflecting increased rail car volumes by freight railway customers and continued traction from the Wyndham branding initiative. Specifically, occupancy increased by 2.9 percentage points to 71.9% (2017 – 69.0%); RevPAR increased by 4.1% to $42.55 (2017 – $40.89); revenues increased by $500 thousand (or 2.8%) to $16.8 million (2017 – $16.3 million). NOI decreased by $257 thousand to $5.2 million (2017 – $5.5 million) because of higher labor costs and property taxes. NOI margins declined by 2.4 percentage points to 31.2% (2017 – 33.6%) primarily as a result of lower unused guaranteed contract revenues from higher rail crew room utilization and related costs associated with cleaning more occupied rooms.

For the year ended December 31, 2018, occupancy, RevPAR, revenues and NOI improved compared to the prior year for the reasons stated above. The decline in margins resulted from a reduction in revenue guarantees at the Gillette, WY property in January 2018 coupled with the expiry of a rail crew contract at the Ravenna, NE hotel in October 2017. Lower unused room guarantee revenues resulted in lower margins due to increased costs associated with cleaning more occupied rooms resulting in NOI margins declining marginally to 32.9% (2017 – 33.1%).

FUNDS FROM OPERATIONS ("FFO") AND ADJUSTED FUNDS FROM OPERATIONS ("AFFO")

Net income (loss) and comprehensive income (loss) reconciled to FFO and AFFO is calculated as follows:

(US$000s unless noted and except Unit and per Unit amounts)	Three months ended December 31, 2018	Three months ended December 31, 2017	Twelve months ended December 31, 2018	Twelve months ended December 31, 2017
Net income (loss) and comprehensive income (loss)	$ (6,109)	$ (5,613)	$ 8,353	$ 89
Add/(deduct):				
Depreciation and amortization	11,616	11,670	45,292	40,912
Impairment loss on hotel asset	900	3,459	900	10,808
Loss (gain) on disposal of assets	816	(1)	2,790	(5)
Business acquisition costs	21	1,491	584	8,114
IFRIC 21 property taxes	1,839	2,248	-	-
Fair value changes of interest rate swaps	1,575	(895)	(726)	(1,025)
Deferred income tax recovery (expense)	(792)	791	(1,545)	(296)
Funds from operations ("FFO")	$ 9,866	$ 13,150	$ 55,648	$ 58,597
Add/(deduct):				
Securities-based compensation expense	345	442	971	924
Amortization of finance costs	580	469	2,244	1,535
Actual maintenance capital expenditures	(1,571)	(2,073)	(7,380)	(8,306)
Adjusted Funds from operations ("AFFO")	$ 9,220	$ 11,988	$ 51,483	$ 52,750
Diluted weighted average number of Units outstanding [(1)]	78,236,880	78,195,537	78,202,939	69,686,567
Diluted FFO per Unit [(2)]	$ 0.13	$ 0.17	$ 0.70	$ 0.82
Diluted AFFO per Unit [(2)]	$ 0.12	$ 0.15	$ 0.65	$ 0.76

(1) Diluted weighted average number of Units included the 173,001 and 159,307 unvested Restricted Stock Units as at December 31, 2018 and December 31, 2017, respectively.

(2) The Debentures were not dilutive for FFO and AFFO for the three months ended December 31, 2018 and dilutive for the year ended December 31, 2018. Therefore, Debenture finance costs of $3,146 and $2,444 were added back to FFO and AFFO for the year ended December 31, 2018, respectively. The Debentures were dilutive for the three months and year ended December 31, 2017. Therefore, Debenture finance costs of $760 and $1,698, respectively, were added back to FFO; and $611 and $1,365, respectively, were added back to AFFO. As a result, 5,283,783 Units issuable on conversion of the Debentures were added to the diluted weighted average number of Units outstanding for the periods presented.

For the three months ended December 31, 2018, FFO decreased by $3.3 million (or 25.0%) to $9.9 million (2017 – $13.2 million) and diluted FFO per Unit decreased to $0.13 (2017 – $0.17) as a result of lower net operating income primarily from larger hotels under renovation and hurricane impacted results from Florida.

For the year ended December 31, 2018, FFO decreased by $3.0 million (or 5.0%) to $55.6 million (2017 – $58.6 million) and diluted FFO per Unit decreased to $0.70 (2017 – $0.82) for the reasons stated above along with weather-related impacts and reduced government related travel in the early part of 2018 offset by a full year of incremental revenues and income from the 2017 Acquisitions.

AFFO for the three months ended December 31, 2018 decreased by $2.8 million (or 23.1%) to $9.2 million (2017 – $12.0 million) and diluted AFFO per Unit decreased to $0.12 (2017 – $0.15) as a result of lower operating income for the reasons stated above offset by lower actual maintenance capital expenditures during the current period.

AFFO for the year ended December 31, 2018 decreased by $1.3 million (or 2.4%) to $51.5 million (2017 – $52.8 million) and diluted AFFO per Unit declined to $0.65 (2017 – $0.76) as a result of the reasons stated above.

RECONCILIATION OF CASH FLOW FROM OPERATING ACTIVITIES TO AFFO

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

(US$000s unless noted)	Three months ended December 31, 2018	Three months ended December 31, 2017	Twelve months ended December 31, 2018	Twelve months ended December 31, 2017
Cash flow from operating activities	$ 14,089	$ 15,520	$ 61,315	$ 63,680
Add/(deduct):				
Changes in non-cash working capital	(6,055)	(5,748)	(3,495)	(11,241)
Business acquisition costs	21	1,491	584	8,114
Securities-based compensation	296	439	409	464
IFRIC 21 property taxes	1,839	2,248	-	-
Amortization of other liabilities	44	-	168	-
Interest paid	9,498	9,076	35,670	29,198
Interest expense	(8,941)	(8,965)	(35,788)	(29,159)
Actual maintenance capital expenditures	(1,571)	(2,073)	(7,380)	(8,306)
AFFO	$ 9,220	$ 11,988	$ 51,483	$ 52,750
Distributions declared	$ 12,646	$ 12,732	$ 50,623	$ 45,491
AFFO Payout Ratio	137.2%	106.2%	99.7%	86.2%

For the three months ended December 31, 2018, AHIP's AFFO payout ratio increased to 137.2% (2017 – 106.2%) reflecting lower income arising from displacement at larger properties under renovation and hurricane related impacts to 2017 results. For the year ended December 31, 2018, the payout ratio

increased to 99.7% (2017 – 86.2%) for the reasons stated above along with reduced government travel, partially offset by the inclusion of income from the 2017 Acquisitions for the full year of 2018 compared to a partial inclusion in 2017 offset by higher interest charges.

DISTRIBUTIONS DECLARED COMPARED TO CASH FLOWS FROM OPERATING ACTIVITIES

(US$000s)	Three months ended December 31, 2018	Three months ended December 31, 2017	Twelve months ended December 31, 2018	Twelve months ended December 31, 2017
Cash flow from operating activities (including interest paid)	$ 14,089	$ 15,520	$ 61,315	$ 63,680
Distributions declared	(12,646)	(12,732)	(50,623)	(45,491)
Excess of cash flow to distributions	$ 1,443	$ 2,788	$ 10,692	$ 18,189

For the three months and year ended December 31, 2018, cash flow from operating activities were higher than distributions declared. The decline in cash flows was caused by temporary displacement from extensive renovations at certain larger hotels during the year. It is expected that cash flows will improve as these hotels recover post-renovation.

DISTRIBUTION POLICY

AHIP's current policy is to declare and pay monthly cash distributions of $0.054 per Unit (or $0.648 per Unit on an annualized basis) using available cash and to maintain a conservative AFFO Payout Ratio. Distributions declared will be paid to unitholders of record at the close of business on the last business day of each month on or about the 15th day of the following month. The declaration of distributions is subject to the discretion of the Board of Directors of the General Partner and is evaluated periodically and may be revised.

DISTRIBUTION SUMMARY

AHIP declared the following cash distributions to unitholders of record from January 1, 2018 to December 31, 2018 as follows:

Month	Record Date	Payment Date	Distribution per Unit	Amount ($000s)
January 2018	January 31, 2018	February 15, 2018	$ 0.054	$ 4,215
February 2018	February 28, 2018	March 15, 2018	$ 0.054	$ 4,215
March 2018	March 29, 2018	April 13, 2018	$ 0.054	$ 4,235 (1)
April 2018	April 30, 2018	May 15, 2018	$ 0.054	$ 4,215
May 2018	May 31, 2018	June 15, 2018	$ 0.054	$ 4,215
June 2018	June 29, 2018	July 13, 2018	$ 0.054	$ 4,237 (1)
July 2018	July 31, 2018	August 15, 2018	$ 0.054	$ 4,215
August 2018	August 31, 2018	September 14, 2018	$ 0.054	$ 4,215
September 2018	September 28, 2018	October 15, 2018	$ 0.054	$ 4,215 (1)
October 2018	October 31, 2018	November 15, 2018	$ 0.054	$ 4,215
November 2018	November 30, 2018	December 14, 2018	$ 0.054	$ 4,215
December 2018	December 31, 2018	January 15, 2019	$ 0.054	$ 4,216 (1)
Totals				$ 50,623

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

Distributions totaling $12.6 million were declared during the three months ended December 31, 2018 (2017 – $12.7 million) and $50.6 million were declared during the year ended December 31, 2018 (2017 – $45.5 million). Of the distributions declared, $4.2 million (2017 – $4.3 million) was included in accounts payable and accrued liabilities as at December 31, 2018 and subsequently paid on January 15, 2019.

Per Unit	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017
Annualized distribution	$ 0.648	$ 0.648	$ 0.648	$ 0.648	$ 0.648	$ 0.648	$ 0.648	$ 0.648
Period-end Cdn$ TSX Closing Price	$ 6.34	$ 9.17	$ 8.32	$ 7.91	$ 9.34	$ 9.50	$ 9.96	$ 10.72
Annualized distribution yield on Closing Price (%) (1)	13.9%	9.2%	10.3%	10.6%	8.7%	8.5%	8.4%	8.1%

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

PART IV

SUMMARY OF QUARTERLY RESULTS

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

(US$000s except Units and per Unit amounts)								
	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017
Revenues	$ 79,555	$ 88,029	$ 89,911	$ 81,066	$ 82,222	$ 90,311	$ 69,452	$ 61,725
NOI – includes IFRIC 21	22,109	30,617	35,513	25,374	25,148	34,018	25,791	20,795
Net income (loss) and comprehensive income (loss)	(6,109)	4,232	8,854	1,376	(5,613)	8,816	(5,496)	2,382
FFO	$ 9,866	$ 16,355	$ 18,074	$ 11,353	$ 13,150	$ 19,306	$ 14,513	$ 11,597
AFFO	9,220	14,954	17,054	9,904	11,988	17,512	12,449	10,770
Distributions declared	12,646	12,645	12,667	12,665	12,732	12,669	10,608	9,482
Total assets	$1,263,177	$1,280,743	$1,281,313	$1,295,473	$1,295,733	$1,309,634	$1,315,102	$ 899,839
Total debt (face value)	$ 754,372	$ 755,935	$ 754,180	$ 755,926	$ 752,783	$ 754,292	$ 753,834	$ 470,280
Basic weighted average number of Units outstanding (000s)	78,064	78,062	78,062	78,048	78,036	78,034	63,316	58,493
Amounts on a per Unit Basis								
Basic and diluted net income (loss) per Unit	$ (0.08)	$ 0.05	$ 0.11	$ 0.02	$ (0.07)	$ 0.11	$ (0.09)	$ 0.04
Diluted FFO per Unit	$ 0.13	$ 0.21	$ 0.23	$ 0.15	$ 0.17	$ 0.25	$ 0.23	$ 0.20
Diluted AFFO per Unit	$ 0.12	$ 0.19	$ 0.21	$ 0.13	$ 0.14	$ 0.22	$ 0.20	$ 0.18

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

LIQUIDITY

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

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

The following table provides an overview of AHIP's change in cash from operating, investing and financing activities for the three months and years ended December 31, 2018 and 2017:

(US$000s)	Three months ended December 31, 2018	Three months ended December 31, 2017	Twelve months ended December 31, 2018	Twelve months ended December 31, 2017
Net change in cash related to:				
Operating activities	$ 14,089	$ 15,520	$ 61,315	$ 63,680
Investing activities	2,703	(11,895)	(6,889)	(581,710)
Financing activities	(14,182)	(14,182)	(49,724)	448,838
Change in cash	$ 2,610	$ (10,557)	$ 4,702	$ (69,192)

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

- Net cash provided from operating activities for the three months and year ended December 31, 2018 were consistent with prior periods.
- The net cash generated from investing activities for the three months and year ended December 31, 2018 changed from last year as a result of changes in restricted cash reserves and multiple hotel acquisitions completed in the prior year; and
- Net cash used in financing activities for the year ended December 31, 2018 was $49.7 million (2017 – cash generated of $448.8 million) with the change reflecting the unit issuance and related financing to complete the 2017 Acquisitions.

COMMITMENTS

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

(US$000s)	TOTAL	2019	2020	2021	2022	2023	Thereafter
Term loans and revolving credit facilities	$ 703,452	$ 12,940	$ 9,591	$ 13,886	$ 69,881	$108,669	$ 488,485
Debentures	48,875	-	-	-	48,875	-	-
Operating leases	5,856	836	646	553	391	220	3,210
Finance lease liability	1,857	1,857	-	-	-	-	-
Purchase Obligations	2,912	751	593	549	516	214	289
Deferred compensation	188	188	-	-	-	-	-
Total	$ 763,140	$ 16,572	$ 10,830	$ 14,988	$ 119,663	$ 109,103	$ 491,984

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

CAPITAL EXPENDITURES

When AHIP acquires a Premium Branded Hotel property, under the terms of the applicable franchise agreement, an AHIP subsidiary is required to complete various PIPs within 18 to 24 months of the acquisition date. The PIPs are intended to renovate the hotel property to the franchisor's current standards and optimize operating performance and ensure the hotels remain competitive within their respective market segments. AHIP's operating subsidiaries have entered into contracts or commitments with various suppliers to provide products and services in compliance with these PIPs. Payments for these items are held in escrow by AHIP's lenders as restricted cash and funds are disbursed in the ordinary course of business. In addition, on a regular basis, AHIP is required by its lenders to escrow FF&E Reserves over the term of the respective loans. As at December 31, 2018, AHIP's cash balance was $16.6 million and AHIP had $30.4 million available in revolving credit facilities. AHIP's total restricted cash balance was $36.5 million (December 31, 2017 – $51.1 million) and included $20.6 million (December 31, 2017 – $35.6 million) available to fund PIP renovations. In some cases, the renovations may impact hotel operations including some guest displacement which may materially affect quarterly results. AHIP actively works with its external hotel manager to minimize potential disruptions.

During 2018, the following hotel properties completed PIP renovation projects estimated to be more than $500 thousand:

	Scheduled Renovation Dates			
Hotel Name and Guestrooms	**Q1 2018**	**Q2 2018**	**Q3 2018**	**Q4 2018**
Embassy Suites Cincinnati (KY) (227 guestrooms)	Ongoing	Ongoing	Completed	
Embassy Suites DFW South (TX) (305 guestrooms)	Ongoing	Ongoing	Completed	
Hilton Garden Inn White Marsh (MD) (155 guestrooms)		Completed		
Embassy Suites Columbus (OH) (284 guestrooms)		Ongoing	Ongoing	Ongoing
Staybridge Suites Tampa (FL) (100 guestrooms)				Ongoing
Residence Inn White Marsh (MD) (131 guestrooms)				Ongoing

During 2019, the following hotel properties are scheduled to undergo PIP renovation projects estimated to be more than $500 thousand:

	Scheduled Renovation Dates			
Hotel Name and Guestrooms	**Q1 2019**	**Q2 2019**	**Q3 2019**	**Q4 2019**
Fairfield Inn & Suites Jacksonville (89 guestrooms)	X			
Residence Inn Chattanooga (109 guestrooms)	X	X		
Homewood Suites Allentown (108 guestrooms)		X		
Homewood Suites Bethlehem (108 guestrooms)		X		
Homewood Suites Dover (108 guestrooms)		X		
Holiday Inn Express Fort Myers (111 guestrooms)			X	
Holiday Inn Express Sarasota (101 guestrooms)			X	
Embassy Suites Tempe (224 guestrooms)		X	X	
Embassy Suites Cleveland (271 guestrooms)		X	X	X
TownePlace Suites Chattanooga (87 guestrooms)				X
Courtyard Ocala (169 guestrooms)				X

GROUND AND AIR RIGHTS LEASES

Certain hotels are subject to non-cancellable leases as at December 31, 2018 as follows:

Hotel Properties	**Lease Type**	**Lease Expiration Date**
Embassy Suites Cincinnati, Covington, KY [(1)]	Air rights lease	June 30, 2040
Fairfield Inn White Marsh, Baltimore, MD	Ground lease	March 31, 2037
SpringHill Suites, Bellport, NY [(2)]	PILOT lease	November 30, 2021

(1) AHIP has four renewal options of 25 years each, subject to certain terms and conditions, to extend the lease to 2140.

(2) AHIP is part of the PILOT (payment-in-lieu-of property taxes) program and is responsible for all operating costs other than property taxes, which are abated. If AHIP satisfies certain conditions, it can acquire a fee simple interest at the end of the lease term for nominal consideration.

The ground lease expense recorded for the Embassy Suites Cincinnati hotel for the three months and year ended December 31, 2018 was $50 thousand (2017 – $50 thousand) and $200 thousand (2017 – $177 thousand), respectively. The Fairfield Inn hotel ground lease was recorded as a capital lease and the estimated present value of the remaining lease payments as at December 31, 2018 was approximately $1.9 million (December 31, 2017 – $2.0 million). In June 2018, AHIP provided notice to the lessor exercising its option to buy out the ground lease for approximately $1.9 million and the transaction is expected to be completed in April 2019.

DEBT STRATEGY

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

i) Achieve and maintain staggered debt maturities that reduce its exposure to interest rate fluctuations and re-financing risk in any particular period; and

ii) Fix rates and extend loan terms when borrowing conditions are favorable.

The fixed rate mortgages are expected to be primarily first charge mortgages. Management currently intends to maintain a total debt-to-gross book value ratio of approximately 50% to 55%. In accordance with AHIP's Limited Partnership Agreement, the maximum debt limit is 60% (65% including convertible debentures) of AHIP's Gross Book Value.

As at December 31, 2018, AHIP's Debt-to-Gross Book Value was 53.6% (2017 – 53.9%) as follows:

(US$000s unless noted)	December 31, 2018	December 31, 2017
Debt	$ 754,372	$ 752,783
Gross Book Value	$ 1,408,678	$ 1,397,625
Debt-to-Gross Book Value	53.6%	53.9%

The following table calculates AHIP's Interest Coverage Ratio for the three months and years ended December 31, 2018 and 2017:

(US$000s unless noted)	Three months ended December 31, 2018	Three months ended December 31, 2017	Twelve months ended December 31, 2018	Twelve months ended December 31, 2017
EBITDA	$ 19,341	$ 22,683	$ 93,839	$ 89,761
Interest expense [1]	$ 8,937	$ 8,961	$ 35,772	$ 29,143
Interest Coverage Ratio (times)	2.2x	2.5x	2.6x	3.1x

(1) Interest expense is the sum of interest expense on revolving credit facilities, term loans, Debentures and finance lease liability, excluding unamortized deferred financing costs, unamortized mark-to-market adjustments and interest rate swap contracts

The decrease in the interest coverage ratio reflects lower hotel income arising from properties under renovation and Florida properties impacted by hurricanes last year.

The following table calculates AHIP's Debt-to-EBITDA Ratio as at December 31, 2018 and 2017:

(US$000s unless noted)	December 31, 2018	December 31, 2017
Debt	$ 754,372	$ 752,783
EBITDA (trailing twelve months)	$ 93,839	$ 89,761
Debt-to-EBITDA (times)	8.0x	8.4x

The improvement in this metric is due to the full inclusion of the income from the 2017 Acquisitions compared to a partial inclusion last year.

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

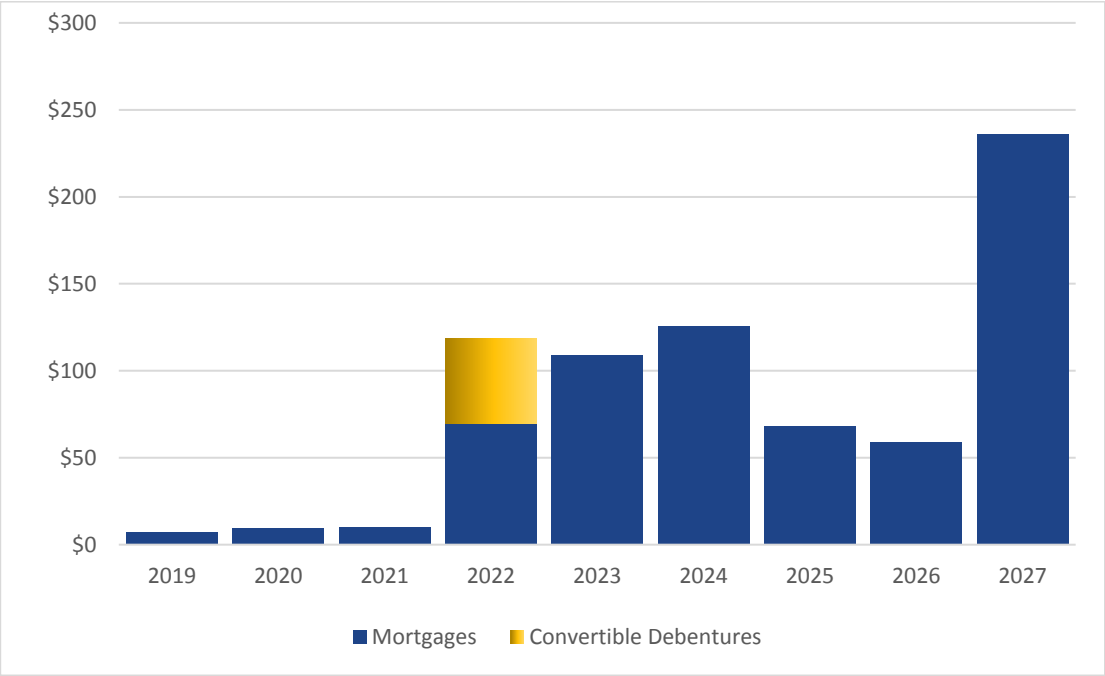
(US$000s unless noted)	Principal Balance at December 31, 2018	Interest Rate	Initial Term (years)	Maturity Date
Secured Revolver	3,600	LIBOR + 2.75%	3	March 16, 2021
Nashville Hotel Term Loan	4,232	4.80% (1)	5	December 20, 2021
Debentures	48,875	5.00%	5	June 30, 2022
Eastern Seaboard Term Loan Pool #4	56,500	4.46%	5	July 6, 2022
Economy Lodging Hotel Loans	74,056	4.72% (1)	7	February 1, 2023
2016 Economy Lodging Term Loan	4,505	4.10% (1)	7	February 1, 2023
2018 Economy Lodging Term Loan	3,610	LIBOR + 2.80%	5	February 28, 2023
Pittsburgh Portfolio Term Loans	36,910	5.02%	10	December 6, 2023
NC/GA Portfolio Assumed Loan #2	7,197	5.28%	10	February 1, 2024
Virginia Portfolio Term Loan	24,272	4.97%	10	April 6, 2024
NC/GA Portfolio Term Loan	5,778	4.72%	10	July 6, 2024
Dallas Hotel Assumed Term Loan	19,000	5.25%	10	October 11, 2024
Texas Portfolio Term Loan	16,000	4.20%	10	November 6, 2024
Oklahoma Portfolio Term Loan	25,500	4.20%	10	November 6, 2024
NC/FL Portfolio Term Loan	26,110	4.27%	10	December 6, 2024
IML Term Loan	18,875	LIBOR + 2.80%	7	February 28, 2025
Midwestern Portfolio Term Loan	32,000	4.24%	10	July 6, 2025
Florida Portfolio Term Loan	19,000	4.21%	10	August 6, 2025
FL/TN Portfolio Term Loan	26,576	4.43%	10	November 6, 2026
Florida 6 Portfolio Term Loan	35,931	4.99%	10	December 6, 2026
Tempe Hotel Term Loan	13,500	5.14%	10	January 6, 2027
Midwestern 3 Portfolio Term Loan	65,000	4.72%	10	February 6, 2027
Eastern Seaboard Term Loan Pool #1	69,600	4.53%	10	July 6, 2027
Eastern Seaboard Term Loan Pool #2	57,700	4.48%	10	July 6, 2027
Eastern Seaboard Term Loan Pool #3	52,400	4.53%	10	July 6, 2027
TOTAL	$ 746,727			

(1) Variable rate loans with interest rate swap contracts that fix the interest rates for the term of the loans. The fixed interest rates of the loans are shown.

The weighted average stated interest rate on the term loans and Debentures as at December 31, 2018 was 4.65% (December 31, 2017 – 4.61%) and the weighted average debt term to maturity was 6.4 years (December 31, 2017 – 7.6 years). As at December 31, 2018, approximately 97% of AHIP's mortgages were effectively fixed rate mortgages. Interest rate swaps are in place to fix the interest rates for approximately $82.8 million of the outstanding principal of certain Economy Lodging Hotel loans with fixed interest rates of between 4.10% and 4.80%. For the three months and year ended December 31, 2018, a net loss of $1.6 million and a net gain of $726 thousand, respectively, was recorded resulting from changes in the fair value of the interest rate swap contracts compared to gains of $895 thousand and $1.0 million respectively, for the same periods last year.

As at December 31, 2018, Debentures in the aggregate principal amount of approximately $48.9 million remained outstanding and were traded on the TSX with a closing price of $84.99 per Debenture.

DEBT MATURITY LADDER (as at December 31, 2018) – US$000s



CAPITAL RESOURCES

Management intends to obtain additional equity or debt financing with similar interest rates and terms to previously completed financings in order to meet AHIP's planned growth strategy. Management has not identified any unfavorable trends or fluctuations that may impact AHIP's ability to obtain additional equity or debt financing. AHIP has not obtained or made use of any additional sources of financing that are not disclosed in its audited consolidated financial statements.

PARTNERS' CAPITAL

AHIP is authorized to issue an unlimited number of Units. As at December 31, 2018, there were 173,001 Restricted Stock Units issued and outstanding (2017 – 159,307).

As at December 31, 2018, there were 78,070,805 Units issued and outstanding (2017 – 78,047,806). On December 31, 2018, the Units were traded on the TSX with a closing price of Cdn$6.34 per Unit under the ticker HOT.UN; a closing price of $4.67 per Unit under the ticker HOT.U; and were traded on the OTCQX with a closing price of $4.64 per Unit under the ticker AHOTF.

As at March 5, 2019, there were 78,117,023 Units and 126,783 Restricted Stock Units issued and outstanding. The principal amount of Debentures outstanding was $48,875 thousand, which are convertible at the option of the Debenture holder into Units at any time prior to maturity at a conversion price equal to $9.25 per Unit. As a result, 5,283,783 Units are issuable on conversion of the Debentures.

PART V

OFF-BALANCE SHEET ARRANGEMENTS

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

TRANSACTIONS WITH RELATED PARTIES

AHIP entered into a master hotel management agreement (the "**Master Hotel Management Agreement**") with ONE Lodging Inc. ("**One Lodging**") and individual hotel management agreements, with various wholly owned subsidiaries of ONE Lodging (each a "**Hotel Management Agreement**"), a company indirectly controlled by a director of the General Partner and the current CEO of the General Partner to manage and operate AHIP's hotel properties. On April 26, 2018, a subsidiary of Aimbridge completed the assumption of hotel management responsibilities from ONE Lodging and is now the Master Hotel Manager, with the terms of the Master Hotel Management Agreement and Hotel Management Agreements remaining unchanged.

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

The Master Hotel Management Agreement (as amended) provides for the payment of the following amounts to the Master Hotel Manager:

(i) A base management fee equal to 3.0% of gross revenues;
(ii) A capital expenditure fee of 5.0% of capital expenditures, including maintenance capital expenditures;
(iii) An annual administration fee of $25 thousand for each existing property as at June 30, 2016 and for new properties acquired after July 1, 2016 with less than 100 guestrooms; and,
(iv) An incentive management fee if certain profit thresholds are met.

The incentive fee may not exceed 50% of the aggregate base management fees for the year in which the incentive fee is earned. For the three months and years ended December 31, 2018 and 2017, the Master

Hotel Manager did not qualify for any incentive fees and as a result no incentive fee amounts were recorded in the audited consolidated financial statements.

AHIP recorded the following fees in corporate and administrative expenses for the three months and years ended December 31, 2018 and 2017:

(US$000s)	Three months ended December 31, 2018	Three months ended December 31, 2017	Twelve months ended December 31, 2018 (1)	Twelve months ended December 31, 2017
Management fees	$ 2,387	$ 2,462	$ 10,149	$ 9,102
Administration fees	535	542	2,165	2,159
Total hotel management fees	$ 2,922	$ 3,004	$ 12,314	$ 11,261
Total fees paid to ONE Lodging	$ -	$ 3,004	$ 4,048	$ 11,261
Total fees paid to Aimbridge	$ 2,922	$ -	$ 8,266	$ -

(1) Hotel management fees were paid to ONE Lodging for the 115-day period from January 1, 2018 to the transfer date of April 26, 2018.

AHIP paid fees to ONE Lodging comprised of base management fees and monthly administration fees totaling approximately $4.0 million for the period from January 1, 2018 to April 26, 2018 (January 1, 2017 to December 31, 2017 – $11.3 million). This was recorded in corporate and administrative expenses on the statements of comprehensive income. There were no management fees paid to ONE Lodging after April 26, 2018.

In addition, capital management fees of approximately $281 thousand were paid to ONE Lodging for the period from January 1, 2018 to April 26, 2018, compared to $1.0 million for the year ended December 31, 2017, all of which were capitalized to property, buildings and equipment. There were no capital management fees paid to ONE Lodging after April 26, 2018 or during the three months ended December 31, 2018 (three months ended December 31, 2017 – $318 thousand).

For the year ended December 31, 2018, AHIP recorded total management fees of approximately $12.3 million (2017 – $11.3 million) in corporate and administrative expenses and capitalized total capital management fees of approximately $1.0 million (2017 – $1.0 million) to property, buildings and equipment.

For the period from January 1, 2018 to April 26, 2018, AHIP reimbursed ONE Lodging approximately $30.9 million (twelve months ended December 31, 2017 – $83.1 million) for expenses incurred on behalf of the hotel properties during the normal course of operations. The reimbursable expenses were comprised primarily of payroll costs and other general and administrative costs such as insurance, travel and office supplies. There were no reimbursable expenses paid to ONE Lodging after April 26, 2018.

SUBSEQUENT EVENTS

(a) January 2019 Distribution

On January 15, 2019, a cash distribution of $0.054 per unit was declared for the period from January 1, 2019 to January 31, 2019. The distribution was paid on February 15, 2019 to unitholders of record on January 31, 2019.

(b) February 2019 Distribution

On February 15, 2019, a cash distribution of $0.054 per unit was declared for the period from February 1, 2019 to February 28, 2019. The distribution is expected to be paid on March 15, 2019 to unitholders of record on February 28, 2019.

(c) *Completion of renovation at the 284-room Embassy Suites Columbus*

On January 16, 2019, AHIP completed approximately $3.0 million of renovations at the Embassy Suites Columbus in Dublin, Ohio. The renovations included a completely rebuilt atrium, lobby bar and breakfast buffet; upgrades to guest bathrooms, and updates to meeting room facilities.

(d) Resignation of the President of AHIP

On January 28, 2019, AHIP announced the resignation of Mr. Ian McAuley as President effective February 1, 2019.

(e) Appointment of Chief Investment Officer

On February 11, 2019, AHIP announced the appointment of Mr. Chris Cameron as Chief Investment Officer. Mr. Cameron is responsible for leading AHIP's investment and capital recycling program in line with AHIP's strategic plan.

SIGNIFICANT ACCOUNTING POLICIES

AHIP's significant accounting policies are described in Note 3 of its audited consolidated financial statements for the years ended December 31, 2018 and 2017. On January 1, 2018, AHIP adopted IFRS 9 Financial Instruments ("**IFRS 9**") and IFRS 15 Revenue from Contracts with Customers ("**IFRS 15**"). IFRS 9 did not have a significant impact on the audited consolidated financial statements and IFRS 15 had no impact on the measurement and recognition of revenue.

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported results. For a detailed discussion of the critical accounting estimates, refer to Note 2 of AHIP's audited consolidated financial statements for the years ended December 31, 2018 and 2017.

ACCOUNTING STANDARDS

For details on future accounting policy changes, please refer to Note 3 of the audited consolidated financial statements for the years ended December 31, 2018 and 2017 for details on future accounting policy changes.

INTERNAL CONTROLS

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

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

As at December 31, 2018, AHIP's management, under the supervision of its CEO and CFO, has evaluated the effectiveness of AHIP's DC&P and ICFR, and concluded that these controls were operating effectively. Management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in Internal Control – Integrated Framework (2013).

FOREIGN EXCHANGE MANAGEMENT

All of AHIP's investments and substantially all its operations are conducted in U.S. dollars. Therefore, AHIP has minimal exposure to fluctuations in currency exchange rates with respect to its distributions. As at December 31, 2018, AHIP had not entered into any currency swap arrangements.

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

Period end Exchange Rate	December 31, 2018	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017
Cdn$/US$	$ 1.3642	$ 1.2945	$ 1.3168	$ 1.2894	$ 1.2545
US$/Cdn$ (1)	$ 0.7330	$ 0.7725	$ 0.7594	$ 0.7756	$ 0.7971

(1) Bank of Canada period end exchange rate.

RISKS AND UNCERTAINTIES

Investing in AHIP's securities involves a high degree of risk. In addition to the risks identified in this section and elsewhere in this MD&A, current and prospective investors should carefully consider all the risk factors noted in AHIP's AIF, a copy of which is available on SEDAR at www.sedar.com, before purchasing

Units, Debentures or any other securities of AHIP that may be offered or that are issued and outstanding from time to time. The occurrence of any of such risks, or other risks not presently known to AHIP or that AHIP currently believes are immaterial, could materially and adversely affect AHIP's investments, prospects, cash flows, results of operations or financial condition, AHIP's ability to make cash distributions to unitholders and interest and principal payments to holders of Debentures. In that event, the value of the Units, the Debentures or any other securities of AHIP that may be offered or issued and outstanding from time to time, could decline and investors may lose all or part of their investment.

RISKS OF REAL ESTATE OWNERSHIP

An investment in securities of AHIP is an indirect investment in U.S. real estate through AHIP's interest in the U.S. REIT and indirect interest in the properties acquired by the U.S. REIT. Investment in real estate is subject to numerous risks, which include but are not limited to the following:

(a) *General Real Estate Ownership Risks*. All real property investments are subject to a degree of risk and uncertainty and are affected by various factors including general economic conditions, local real estate markets and various other factors.

(b) *Acquisition Risk*. AHIP intends to acquire additional hotel properties in the future. The acquisition of the real property entails risks that investments will fail to perform in accordance with expectations, including the risks that the properties will not achieve anticipated Occupancy or ADR levels and that estimates of the costs of improvements to bring an acquired property up to standards established for the market position intended for that property may prove inaccurate. If acquisitions fail to perform as expected, they may become dilutive to AHIP's AFFO. In addition, AHIP cannot assure unitholders or holders of Debentures that it will be able to successfully integrate additional properties into its existing portfolio without operating disruptions or unanticipated costs. AHIP's failure to successfully integrate any future properties into its portfolio could have an adverse effect on AHIP's operating costs and its ability to generate stable positive cash flow from its operations.

AHIP may from time to time announce acquisitions of additional hotel properties before they are completed. If AHIP does not complete such acquisitions or any part thereof, AHIP may be subject to a number of risks, including: (i) the price of the Units and Debentures may decline to the extent that the then current market price reflects a market assumption that such acquisitions will be completed; (ii) certain costs related to each such acquisition, such as legal, accounting and consulting fees, must be paid even if an acquisition is not completed; (iii) AHIP may possess substantial unutilized acquisition capacity, which would cause its financial performance to be negatively impacted until suitable hotel properties are identified for acquisition and such acquisitions are completed; and (iv) there is no assurance that such suitable hotel properties will be available to AHIP in the future or at all.

AHIP conducts due diligence with respect to each acquisition it completes; however, there may be liabilities, including under applicable environmental laws, that AHIP fails to discover or is unable to quantify in the due diligence review prior to the closing of any future acquisition and AHIP may not be indemnified for some or all of these liabilities. The subsequent discovery or quantification

of any material liabilities could have a material adverse effect on AHIP's business, financial condition or future prospects, which may include diminution in the value of the affected properties or the inability to finance or dispose of the affected properties on acceptable terms.

AHIP may acquire properties in markets that are new to it. When AHIP acquires properties located in new markets, AHIP may face risks associated with a lack of market knowledge or understanding of the local economy, forging new business relationships in the area and unfamiliarity with local government and permitting procedures. AHIP works to mitigate such risks through diligence and research and associations with experienced service providers. However, there can be no guarantee that such risks will be eliminated.

(c) *Growth Strategy*. AHIP's growth strategy involves expansion through acquisition and development of suitable properties. These activities require AHIP to identify acquisition and development opportunities that meet its investment criteria and are compatible with its growth strategy. Although, AHIP has been successful in locating suitable investments in the past, AHIP may not be able to find suitable acquisition and development opportunities in the future which would adversely impact AHIP's ability to carry out its growth strategy.

AHIP competes for hotel investment opportunities with competitors that may have a different tolerance for risk or have substantially greater financial resources than are available to AHIP. This competition may generally limit the number of hotel properties that AHIP is able to acquire and may also increase the bargaining power of hotel owners seeking to sell, making it more difficult for AHIP to acquire hotel properties on attractive terms, or at all.

(d) *Financing Risks*. Although a portion of the cash flow generated by the Premium Branded Hotels and Economy Lodging Hotels will be devoted to servicing the related debt financing, there can be no assurance that AHIP will continue to generate sufficient cash flow from operations to meet required interest and principal payments. The failure of AHIP to make or renegotiate interest or principal payments or obtain additional equity, debt or other financing could adversely impact AHIP's financial condition, results of operations, decrease the amount of cash available for distribution to unitholders and adversely impact AHIP's ability to make interest and principal payments to holders of Debentures.

AHIP will be subject to the risks associated with debt financing, including the risk that its debt financing, which is secured by AHIP's properties, will not be able to be refinanced or that the terms of such refinancing will not be as favourable as the terms of existing indebtedness, which may reduce AFFO. To the extent that interest rates rise over time, AHIP's operating results and financial condition could be adversely affected and decrease the amount of cash available for distribution. In addition, AHIP has granted security interests over substantially all of its assets to secure indebtedness owing under mortgages and credit facilities. If AHIP is not able to meet its debt service obligations, it risks the loss of some or all of its assets to foreclosure or forced sale.

AHIP's debt financing is subject to covenants that require AHIP to maintain certain financial ratios on both an individual mortgage and on a consolidated basis. If AHIP does not maintain such ratios,

its ability to make distributions to unitholders and its ability to make interest and principal payments to holders of Debentures will be limited. In addition, the debt financing on certain Economy Lodging Hotels contains a covenant requiring AHIP to maintain minimum Occupancy guarantees under contracts with railroad operators.

(e) *Economic Dependence*. AHIP is dependent on business derived from a number of contracts with large U.S. railroad operators for minimum room revenue guarantees and related services. Changes in terms and conditions of such contracts may materially affect future Occupancy Rates, revenues and operating income of the properties of the Economy Lodging Hotels. Following the expiry of the initial term of these contracts, the contracts generally provide for automatic renewals in one-year increments, during which time the contracts may be amended or terminated, in certain cases, at the option of the railroad operator on 30 days' written notice. Termination of, or failure to renew, the contracts may materially affect future Occupancy Rates and revenues of the Economy Lodging Hotels. The large proportion of rooms with guaranteed revenues may also limit AHIP's ability to increase ADR commensurately with market ADR should ADR rapidly increase in one or more of the markets in which the Economy Lodging Hotels are located.

(f) *Interest Rate Risk*. Changes in interest rates could adversely affect AHIP's cash flows and AHIP's ability to pay distributions and make interest payments (including payments of interest to holders of Debentures). Interest rate risk is the combined risk that AHIP would experience a loss as a result of its exposure to a higher interest rate environment (interest rate risk) and the possibility that at the end of a mortgage term AHIP would be unable to renew the maturing debt either with the existing or a new lender (renewal risk).

(g) *Failure to Hedge Effectively Against Interest Rate Changes*. AHIP may from time to time obtain one or more forms of interest rate protection in the form of swap agreements, interest rate cap contracts or similar agreements to hedge against the possible negative effects of interest rate fluctuations. Hedging implies costs and AHIP cannot assure unitholders or holders of Debentures that any hedging will adequately relieve the adverse effects of interest rate increases or that counterparties under these agreements will honour their obligations thereunder. Furthermore, any such hedging agreements would subject AHIP to the risk of incurring significant non-cash losses on such hedges due to changes in interest rates if AHIP's hedges were not considered effective under applicable accounting standards, which may adversely affect AHIP's results of operations. Accordingly, hedging activities may not have the desired beneficial impact on AHIP's results of operations or financial condition. No hedging activity can completely insulate AHIP from the risks associated with changes in interest rates and prepayment rates.

Hedging involves risk and typically involves costs, including transaction and breakage costs, which may reduce returns on AHIP's investments. These costs increase as the period covered by the hedging increases and during periods of rising and volatile interest rates. These costs will also limit the amount of cash available for distribution to Unitholders and may adversely impact AHIP's ability to make interest and principal payments to holders of Debentures. In addition, any hedging arrangements entered into by AHIP may fail to protect AHIP or adversely affect AHIP due to, among other factors, available interest rate hedges may not correspond directly with the interest

rate risk for which protection is sough by AHIP, the duration of the hedge may not match the duration of the related liability, the credit quality of the hedging counterparty owing money on the hedge may be downgraded to such an extent that it impairs AHIP's ability to sell or assign AHIP's side of the hedging transaction, and the hedging counterparty owing money in the hedging transaction may default on its obligation to pay. The real estate investment trust qualification rules may also limit AHIP's ability to enter into hedging transactions. AHIP generally intends to hedge as much of its interest rate risk as management determines is in AHIP's best interests given the cost of such hedging transactions and the requirements applicable to real estate investment trusts. If AHIP is unable to hedge effectively because of the cost of such hedging transactions or the limitations imposed by the real estate investment trust qualification rules, AHIP will face greater interest rate risk exposure than may be commercially prudent.

(h) *Access to Capital*. The real estate industry is highly capital intensive. AHIP will require access to capital to maintain its properties, as well as to fund its growth strategies and significant capital expenditures from time to time. There can be no assurance that AHIP will have access to sufficient capital or access to capital on terms favourable to AHIP for future property acquisitions, financing or refinancing of properties, funding operating expenses or other purposes. Further, in certain circumstances, AHIP may not be able to borrow funds due to the limitations set forth in the Limited Partnership Agreement. In addition, volatile market conditions and unexpected volatility or illiquidity in financial markets may inhibit AHIP's access to long-term financing in the Canadian capital markets. As a result, it is possible that financing which AHIP may require in order to grow and expand its operations, upon the expiry of the term of financing, on refinancing any particular property owned by AHIP or otherwise, may not be available or, if it is available, may not be available on favourable terms to AHIP. Failure by AHIP to access required capital could have a material adverse effect on AHIP's business, cash flows, financial condition and results of operations, AHIP's ability to make distributions to holders of Units and AHIP's ability to make interest and principal payments to holders of Debentures.

(i) *Degree of Leverage*. AHIP's degree of leverage could have important consequences to unitholders and holders of Debentures. For example, the degree of leverage could affect AHIP's ability to obtain additional financing in the future for working capital, capital expenditures, acquisitions, development or other general corporate purposes, making AHIP more vulnerable to a downturn in business or the economy in general.

(j) *Litigation Risks*. In the normal course of AHIP's operations, whether directly or indirectly, AHIP may become involved in, named as a party to or the subject of, various legal proceedings, including regulatory proceedings, tax proceedings and legal actions relating to personal injuries, property damage, property taxes, land rights, the environment and contract disputes. The outcome with respect to outstanding, pending or future proceedings cannot be predicted with certainty and may be determined in a manner adverse to AHIP and as a result, could have a material adverse effect on AHIP's assets, liabilities, business, financial condition and results of operations. Even if AHIP prevails in any such legal proceeding, the proceedings could be costly and time-consuming and may divert the attention of management and key personnel from AHIP's business operations,

which could have a material adverse effect on AHIP's business, cash flows, financial condition and results of operations, AHIP's ability to make distributions to holders of Units and AHIP's ability to make interest and principal payments to holders of Debentures.

(k) *Reliance on Management*. Current and prospective investors assessing the risks and rewards of an investment in AHIP should appreciate that they will, in large part, be relying on the good faith and expertise of the General Partner and the Hotel Managers. In particular, current and prospective investors will have to rely on the discretion and ability of the General Partner in determining the composition of the portfolio of properties, and in negotiating the pricing and other terms of the agreements leading to the acquisition of properties. Current and prospective investors will also have to rely on the ability of the Hotel Managers to manage the operation of the properties and to implement the property management strategy established by AHIP. The ability of the General Partner and the Hotel Managers to successfully implement these strategies will depend in large part on their continued employment of senior management of the General Partner and the Master Hotel Manager, for whom key person life insurance is not maintained in the case of the General Partner and may or may not be maintained for the Master Hotel Manager. If any of such entities lose the services of one or all of these individuals, the business, financial condition and results of operations of AHIP may be materially adversely affected.

There is a risk that, because of the terms of the Hotel Management Agreements, termination of such agreements may be uneconomical for AHIP and accordingly not in the best interests of AHIP. Should the Hotel Managers terminate the Hotel Management Agreements, AHIP may be required to engage the services of an external property manager and/or alternative external hotel managers. AHIP may be unable to engage a property manager and/or hotel manager on attractive terms, in which case AHIP's operations and cash available for distribution to unitholders and for principal and interest payments to holders of Debentures may be materially adversely affected.

Each hotel in AHIP's existing portfolio is managed by the Master Hotel Manager or one of its subsidiaries. Thus, all of AHIP's revenue is generated by hotels managed by the Master Hotel Manager. This concentration of operational risk in one hotel management company makes AHIP more vulnerable economically than if AHIP's hotel management was more evenly diversified among several hotel management companies. Any adverse developments in the Master Hotel Manager's business, financial strength or ability to operate AHIP's hotels efficiently and effectively could have a material adverse effect on AHIP's results of operations. AHIP cannot provide assurance that the Master Hotel Manager will satisfy its obligations to AHIP or effectively and efficiently operate AHIP's hotel properties. The failure or inability of the Master Hotel Manager to satisfy its obligations to AHIP or effectively and efficiently operate AHIP's hotel properties could have a material adverse effect on AHIP's financial position, results of operations and cash flows, which could in turn reduce the amount of cash available for distribution to Unitholders and for the payment of interest and principal to holders of Debentures and could negatively impact the market price of the Units and Debentures.

(l) *The Master Hotel Manager and the Hotel Managers may compete with AHIP. The Master Hotel* Manager and the Hotel Manager's may, from time to time, manage, own and/or operate or have

other economic interests in other hotels that are located within markets where AHIP owns hotels and such hotels may compete with hotel properties owned by AHIP. There can be no assurance that the Master Hotel Manager and the Hotel Managers will not allocate more resources to, conduct additional promotional activities at or more favourably price room rates at such other hotels in respect of which they have an economic interest, which such activities could have a material adverse effect on the performance of AHIP's hotels as well as AHIP's financial position, results of operations and cash flows thereby reducing the amount of cash available for distribution to unitholders and for the payment of interest and principal to holders of Debentures. In addition, if such circumstances arise, AHIP may not be able to terminate the Mater Hotel Management Agreement or the individual Hotel Management Agreements without paying termination fees to the Master Hotel Manager and/or Hotel Managers.

(m) *Adverse market and economic conditions and dislocations in the markets could cause AHIP to recognize impairment charges.* AHIP continually monitors events and changes in circumstances that could indicate that the carrying value of the real estate and related intangible assets in which AHIP has an ownership interest may not be recoverable. When circumstances indicate that the carrying value of the real estate and related intangible assets may not be recoverable, AHIP assesses the recoverability of these assets by determining whether the carrying value will be recovered through the undiscounted future operating cash flows expected from the use of the asset and its eventual disposition. If the expected undiscounted future cash flows do not exceed the carrying value, AHIP adjusts the real estate and related intangible assets down to its fair value and recognizes an impairment loss, which could materially and adversely affect AHIP's business, financial condition and results of operations.

(n) *Fluctuations in Capitalization Rates*. As interest rates fluctuate in the lending market, generally so to do capitalization rates which affect the underlying value of real estate. As such, when interest rates rise, generally capitalization rates should be expected to rise. Over the period of investment, capital gains and losses at the time of disposition can occur due to the increase or decrease of these capitalization rates.

(o) *Environmental Matters*. AHIP is subject to various requirements (including federal, provincial, state and municipal laws, as applicable) relating to environmental matters. Such requirements provide that AHIP could be, or become, liable for environmental or other harm, damage or costs, including with respect to the release of hazardous, toxic or other regulated substances into the environment and/or affecting persons, and the removal or other remediation of hazardous, toxic or other regulated substances that may be present at or under its properties, including lead-based paints, asbestos, polychlorinated biphenyls, petroleum-based fuels, mercury, volatile organic compounds, mold, underground storage tanks, pesticides and other miscellaneous materials. Such requirements often impose liability without regard to whether the owner or operator knew of, or was responsible for, the release or presence of such materials. Additional liability may be incurred by AHIP with respect to the release of such substances from AHIP's properties to properties owned by third parties, including properties adjacent to AHIP's properties or with respect to the exposure of persons to regulated substances. The failure to remove or otherwise

address such substances may materially adversely affect AHIP's ability to sell such property, maximize the value of such property or borrow using such property as collateral security, and could potentially result in claims or other proceedings against AHIP. Environmental laws and other requirements can change and AHIP may become subject to more stringent environmental laws and other requirements in the future. Compliance with more stringent environmental requirements, the identification of currently unknown environmental issues or an increase in the costs required to address a currently known condition may have a material adverse effect on AHIP's business, cash flows, financial condition and results of operations and ability to make distributions to unitholders and make interest and principal payments to holders of Debentures.

When excessive moisture accumulates in buildings or on building materials, mold growth may occur, particularly if the moisture problem remains undiscovered or is not addressed over a period of time. Some molds may produce airborne toxins or irritants. Exposure to mold may cause a variety of adverse health effects and symptoms, including allergic or other reactions. As a result, the presence of mold to which hotel guests or employees could be exposed at any of the properties in which AHIP owns an interest could require AHIP to undertake a costly remediation program to contain or remove the mold from the affected property. In addition, exposure to mold by guests or employees or others could expose AHIP to liability if property damage or health concerns arise.

(p) *Environmental Site Assessments*. AHIP's operating policy is to obtain a Phase I environmental site assessment, conducted by an independent and experienced environmental consultant, prior to acquiring a property and to have Phase II environmental site assessment work completed where recommended in a Phase I environmental site assessment. Although such environmental site assessments provide AHIP with some level of assurance about the condition of the property, AHIP may become subject to liability for undetected contamination or other environmental conditions at its properties against which AHIP cannot insure, or against which AHIP may elect not to insure, which could negatively impact AHIP's financial condition and results of operations and decrease the amount of cash available for distribution to unitholders and for principal and interest payments to holders of Debentures. In addition, AHIP cannot assure investors that: (i) there are no existing liabilities related to its properties of which AHIP is not aware; (ii) future laws, ordinances or regulations will not impose material environmental liability on AHIP; or (iii) the current environmental condition of any of AHIP's properties will not be affected by the condition of properties in the vicinity of AHIP's properties (such as the presence of leaking underground storage tanks) or by third parties unrelated to AHIP.

(q) *Reliance on Information Technology*. AHIP and the Hotel Managers rely on information technology networks and systems, including the Internet, to process, transmit and store electronic information, and to manage or support a variety of business processes, including financial transactions and records, personal identifying information, reservations, billing and operating data. AHIP and the Hotel Managers purchase some information technology from vendors, on whom AHIP's and the Hotel Managers' systems depend. AHIP and the Hotel Managers rely on commercially available systems, software, tools and monitoring to provide security for processing,

transmission and storage of confidential customer information, such as individually identifiable information, including information relating to financial accounts. The acquisition of enhanced and innovative technology networks and systems may be necessary to accommodate changing customer expectations. A failure by AHIP or the Hotel Managers to make enhancements to existing networks and systems or to acquire new networks and systems could have a material adverse effect on AHIP's business, financial condition, and results of operations.

Portions of AHIP's information technology infrastructure or the information technology infrastructure of the Hotel Managers and franchisors also may experience interruptions, delays or cessations of service or produce errors in connection with systems integration or migration work that takes place from time to time. AHIP, the Hotel Managers and franchisors may not be successful in implementing new systems and transitioning data, which could cause business disruptions and be expensive, time consuming, disruptive and resource-intensive. Such disruptions could adversely impact the ability of Hotel Managers and franchisors to fulfill reservations for guestrooms and other services offered at AHIP's hotels, which could have a material adverse effect on AHIP's business, financial condition, and results of operations.

(r) *Consumer Privacy and Data Use and Security*. Although AHIP and the Hotel Managers have taken steps to protect the security of their respective information systems and the data maintained in those systems, it is possible that their respective safety and security measures will not be able to prevent the systems' improper functioning or damage, or the improper access or disclosure of personally identifiable information such as in the event of cyber-attacks. Cyber threats are maturing with time and their sophistication and effectiveness are increasing. Such threats can result from deliberate attacks or unintentional events. Security breaches, including physical or electronic break-ins, computer viruses, attacks by hackers and similar breaches can create system disruptions, shutdowns, corruption of data, misappropriation and unauthorized disclosure of confidential information. Any failure to maintain proper function, security and availability of AHIP's and the Hotel Manager's information systems could interrupt their respective operations, damage their respective reputations, subject them to liability claims or regulatory penalties which may not be covered by insurance, result in increased cyber-security protection costs and could have a material adverse effect on AHIP's business, financial condition and results of operations and subject AHIP to potential litigation. In addition, sophisticated hardware and operating system software and applications that AHIP and the Hotel Managers or franchisors may procure from outside companies may contain defects in design or manufacture, including "bugs" and other problems that could unexpectedly interfere with AHIP's internal operations or the operations at AHIP's hotels. The costs to eliminate or alleviate cyber or other security problems, bugs, viruses, worms, malicious software programs and security vulnerabilities could be significant, and efforts to address these problems may not be successful and could result in interruptions, delays, cessation of service and loss of existing or potential business at AHIP's hotels. Any compromise of the Hotel Managers' or franchisors' information networks' function, security and availability could result in disruptions to operations, delayed sales or bookings, lost guest reservations, increased costs and lower margins. Any of these events could have a material adverse effect on AHIP's business, financial condition and results of operations and subject AHIP to potential litigation.

(s) *Property Appraisals.* AHIP's operating policy is to obtain an independent appraisal prior to acquiring a property, and the officers and directors of the General Partner rely on such appraisals, in part, in approving the purchase of properties. An appraisal is an estimate of market value and caution should be used in evaluating the appraisals. Appraisals are not precise measures of value but are based on a subjective comparison of related activity taking place in the real estate market and on various assumptions of future expectations of property performance. Some of these assumptions may not materialize or may differ materially from actual experience in the future. The Units and Debentures may not necessarily trade at values determined solely by reference to the underlying value of its real estate assets. Accordingly, the Units and Debentures may trade at a premium or a discount to values implied by appraisals.

(t) *Uninsured Losses*. The Hotel Managers, on behalf of AHIP, will continue to arrange for comprehensive insurance of the type and in the amounts customarily obtained for properties similar to those owned and to be owned by it, directly or indirectly, and will continue to endeavour to obtain coverage where warranted against earthquakes, hurricanes, tornadoes and floods. However, in many cases certain types of losses are uninsurable or not economically insurable (due to higher premiums and/or deductibles). In the event of a substantial loss, insurance coverage may not be sufficient to cover the full current market value or replacement cost of the lost investment. Should an uninsured loss or a loss in excess of insured limits occur, AHIP could lose all or a portion of the capital invested in a hotel property, as well as the anticipated future revenue from that particular hotel. In that event, AHIP might nevertheless remain obligated for any mortgage debt or other financial obligations related to the property. Inflation, changes in building codes and ordinances, environmental considerations and other factors might also keep AHIP from using insurance proceeds to replace or renovate a hotel after it has been damaged or destroyed. Under those circumstances, the insurance proceeds AHIP receives might be inadequate to restore its economic position on the damaged or destroyed property.

(u) *Risk Related to Insurance Renewals*. Certain events could make it more difficult and expensive to obtain property and casualty insurance, including coverage for catastrophic risks. When AHIP's current insurance policies expire, the Hotel Manager may encounter difficulty in obtaining or renewing property or casualty insurance on behalf of AHIP for AHIP's properties at the same levels of coverage and under similar terms. Such insurance may be more limited and, for catastrophic risks (e.g., earthquake, hurricane, flood and terrorism), may not be generally available to fully cover potential losses. Even if AHIP is able to renew its policies at levels and with limitations consistent with its current policies, AHIP cannot be sure that it will be able to obtain such insurance at premiums or with deductibles that are reasonable. If AHIP is unable to obtain adequate insurance on its properties for certain risks, it could cause AHIP to be in default under specific covenants on certain of its indebtedness or other contractual commitments that it has which require AHIP to maintain adequate insurance on its properties to protect against the risk of loss. If this were to occur, or if AHIP were unable to obtain adequate insurance, and its properties experienced damages that would otherwise have been covered by insurance, it could have a material adverse effect on AHIP's business, cash flows, financial condition and results of

operations, AHIP's ability to make distributions to holders of Units and AHIP's ability to make interest and principal payments to holders of Debentures.

(v) *Revenue Shortfalls*. Revenues from AHIP's hotel properties may not increase sufficiently to meet increases in operating expenses or debt service payments under AHIP's indebtedness or to fund changes in any variable rates of interest charged in respect of such loans.

(w) *U.S. Market Factors*. AHIP's hotel properties are located in the U.S. Concern about the stability of the markets generally and the strength of the economy may lead lenders to reduce or cease to provide funding to businesses and consumers, and force financial institutions to continue to take the necessary steps to restructure their business and capital structures. Weak economic conditions in the U.S. may arise from time to time and the uncertainty over the duration of these conditions could have a negative impact on the lodging industry. As a result of current economic conditions, AHIP could experience weakened demand for hotel rooms, particularly in some markets. Recent improvements in demand trends globally may not continue, and AHIP's future financial results and growth could be harmed or constrained if the recovery stalls or conditions worsen.

(x) *Liquidity Risk*. Real property investments are relatively illiquid. This illiquidity will tend to limit the ability of AHIP to respond to changing economic or investment conditions. If AHIP were to be required to liquidate assets quickly, there is a risk the proceeds realized from such sale would be less than the book value of the assets or less than what could be expected to be realized under normal circumstances. By specializing in a particular type of real estate, AHIP is exposed to adverse effects on that segment of the real estate market and does not benefit from a broader diversification of its portfolio by property class.

(y) *Changes in Applicable Laws*. AHIP's operations must comply with numerous federal, state and local laws and regulations, some of which may conflict with one another or be subject to limited judicial or regulatory interpretations. These laws and regulations may include the federal *Hours of Service Act*, zoning laws, building codes, landlord tenant laws and other laws generally applicable to business operations. Non-compliance with laws could expose AHIP to liability. Lower revenue growth or significant unanticipated expenditures may result from AHIP's need to comply with changes in applicable laws, including: (i) laws imposing environmental remedial requirements and the potential liability for environmental conditions existing on properties or the restrictions on discharges or other conditions; or (ii) other governmental rules and regulations or enforcement policies affecting the development, use and operation of AHIP's properties, including changes to building codes and fire and life-safety codes.

(z) *Fixed Costs and Increased Expenses*. The failure to maintain stable or increasing average room rates combined with acceptable Occupancy levels would likely have a material adverse effect on AHIP's business, cash flows, financial condition and results of operations and ability to make distributions to holders of Units and interest and principal payments to holders of Debentures. Certain significant expenditures, including property taxes, ground lease payments, maintenance costs, mortgage payments, insurance costs and related charges, must be made throughout the

period of ownership of real property regardless of whether a property is producing any income. If AHIP is unable to meet mortgage payments on any property, losses could be sustained as a result of the mortgagee's exercise of its rights of foreclosure or sale. AHIP is also subject to utility and property tax risk relating to increased costs that AHIP may experience as a result of higher resource prices as well as its exposure to significant increases in property taxes. There is a risk that property taxes may be raised as a result of re-valuations of properties and their adherent tax rates. In some instances, enhancements to properties may result in significant increases in property assessments following a re-valuation. Additionally, utility expenses, mainly consisting of natural gas and electricity service charges, have been subject to considerable price fluctuations over the past several years. Any significant increase in these resource costs that AHIP cannot charge back to the guest may have a material adverse effect on AHIP's business, cash flows, financial condition and results of operations and ability to make distributions to holders of Units and payments of interest and principal to holders of Debentures. The timing and amount of capital expenditures by AHIP will affect the amount of cash available for distributions to holders of Units and interest and principal payments to holders of Debentures. Distributions may be reduced, or even eliminated, at times when AHIP deems it necessary to make significant capital or other expenditures.

(aa) *Development Risks*. AHIP's business plan may from time to time include, among other things, growth through the indirect acquisition of suitable development properties. AHIP will be exposed to various risks associated with hotel development activities, including, without limitation, the following:

- development costs of a property could exceed original estimates, possibly making the property less profitable than originally estimated, or possibly unprofitable;
- the time required to complete development of a property may be greater than originally anticipated, thereby adversely affecting AHIP's financial condition and results of operation and decrease the amount of cash available for distribution to unitholders and for interest and principal payments to holders of Debentures;
- a developed property may not achieve desired revenue or profit goals, thereby adversely affecting AHIP's financial condition and results of operation and decrease the amount of cash available for distribution to unitholders and for interest and principal payments to holders of Debentures; and
- possible environmental problems, leading to increased costs or abandonment of a project; and
- zoning, occupancy and other required governmental permits may be delayed or not issued at all, which could result in project delays and increased costs or even abandonment of a project; and
- if a project is abandoned AHIP may not be able to recover costs expended on such project and may have to sell any underlying real property at a loss.

(bb) *Renovation Risk.* AHIP is subject to the financial risk of having unoccupied guestrooms during extended periods of renovations. During renovations, certain guestrooms and other facilities are unavailable for Occupancy and do not generate income. Certain significant expenditures, including property taxes, ground lease payments, maintenance costs, interest payments, insurance costs and related charges must be made throughout the period of ownership of real property regardless of whether the property is producing revenue. Delays in the renovation of a property or a portion thereof could delay the sale of room nights and event space at such property resulting in an increased period of time where the property is not producing revenue, or producing less revenue than a property not undergoing renovations. In addition, costs of renovations may be greater than estimated resulting in cost overruns which could adversely affect AHIP's cash flows, results of operations or financial condition and AHIP's ability to make cash distributions to unitholders and AHIP's ability to make interest and principal payments to holders of Debentures.

(cc) *No Assurance of Recovery*. When acquiring assets, AHIP endeavours to obtain certain representations and warranties with respect to the assets being acquired. Such representations and warranties, to the extent obtained, are subject to limitations, and generally represent unsecured contractual rights. Notwithstanding the foregoing, when acquiring assets, AHIP typically endeavours to negotiate holdbacks from the aggregate purchase price, which holdback amounts are deposited into escrow at the closing of acquisition and are held, and released in accordance with, and subject to, the terms of the relevant purchase and sale agreement and a separate holdback escrow agreement. Holdback amounts are used to satisfy, in whole or in part, the indemnification obligations of the sellers of the assets acquired by AHIP with respect to the representations and warranties provided by the sellers under the purchase and sale agreements pursuant to which the assets are acquired. Holdback amounts are typically released to the sellers over a period of six to 18 months from the closing dates of the acquisition, subject to the retention of amounts for pending claims of AHIP made in accordance with, and subject to, the terms and conditions of the respective holdback escrow agreement.

There can be no assurance of recovery by AHIP for any breach of the representations and warranties provided under any of the purchase and sale agreements pursuant to which it has acquired, or will acquire, hotel properties, as there can be no assurance that the holdback amounts, if any, or assets of the sellers of the properties will be sufficient to satisfy such obligations. AHIP may not be able to successfully enforce applicable indemnities contained in the purchase and sale agreements pursuant to which it has acquired, or will acquire, hotel properties and such indemnities may not be sufficient to fully indemnify AHIP from third party claims. Only AHIP will be entitled to bring a claim or action for misrepresentation or breach of contract under the purchase and sale agreements pursuant to which it has acquired, or will acquire, hotel properties and unitholders and holders of Debentures will not have any contractual rights or remedies under such agreements.

(dd) *Potential Conflicts of Interest*. The directors of the General Partner will, from time to time, in their individual capacities, deal with parties with whom AHIP may be dealing, or may be seeking investments similar to those desired by AHIP. The interest of these persons could conflict with

those of AHIP. The Limited Partnership Agreement contains a "conflict of interest" provision requiring the directors of the General Partner to disclose their interests in certain contracts and transactions and to refrain from voting on those matters. There is no guarantee that such provision will be successful in eliminating or resolving the influence of conflicts of interest that may arise from time to time.

(ee) *Ground Lease Risk*. AHIP may from time to time acquire properties subject to long-term ground (or land) leases and similar arrangements in which the underlying land is owned by a third party and leased to AHIP. Ground leases may be subject to periodic rate resets which may fluctuate and may result in significant rental rate adjustments, which could negatively impact AHIP's results of operations and could adversely impact AHIP's ability to make distributions to Unitholders and AHIP's ability to make interest and principal payments to holders of Debentures. Ground leases may provide for restrictions on financing or refinancing the properties subject to the ground lease and the transferability of the interests in such properties may also be restricted, which restrictions may negatively impact the value of such properties and AHIP's financial position. Under the terms of a typical ground lease, the lessee must pay rent for the use of the land and is generally responsible for all costs and expenses associated with the building and improvements, including taxes, utilities, insurance, maintenance, repairs and replacements. Unless the lease term is extended, the land together with all improvements made will revert to the owner of the land upon the expiration of the lease term. AHIP intends to actively seek to either renew the terms of such leases or purchase the freehold interest in the lands forming the subject matter of such leases prior to the expiry of their terms. However, if AHIP cannot or chooses not to renew such leases, or buy the land of which they form the subject matter, as the case may be, the NOI and cash flow associated with such properties would no longer contribute to AHIP's results of operations and could adversely impact AHIP's ability to make distributions to Unitholders and interest and principal payments to holders of Debentures. In addition, a default under the terms of a ground lease could also result in a loss of the property subject to such ground lease, should AHIP not rectify the default in a reasonable period of time.

(ff) *Historical Data*. Historical Occupancy Rates and revenues of the Premium Branded Hotels and Economy Lodging Hotels are not necessarily an accurate prediction of the future Occupancy Rates for AHIP's properties.

(gg) *Laws Benefitting Disabled Persons*. Laws benefiting disabled persons may result in unanticipated expenses being incurred by AHIP. Under the *Americans with Disabilities Act of 1990*, all places intended to be used by the public are required to meet certain federal requirements related to access and use by disabled persons. These and other federal, state and local laws may require modifications to AHIP's properties, or affect renovations of the properties. Non-compliance with these laws could result in the imposition of fines or an award of damages to private litigants and also could result in an order to correct any non-complying feature, which could result in substantial capital expenditures. Although AHIP believes that its properties are substantially in compliance with present requirements, AHIP may incur unanticipated expenses to comply with the *Americans*

with Disabilities Act of 1990 and other applicable legislation in connection with the ongoing operation or redevelopment of AHIP's properties.

(hh) *Joint Ventures*. AHIP may invest in or be a participant in joint ventures, partnerships or other entities, acquiring non-controlling interests in or sharing responsibility for managing the affairs of a property, partnership, joint venture or other entity. In such event, AHIP would not be in a position to exercise sole decision-making authority regarding the property, partnership, joint venture or other entity. Investments in partnerships, joint ventures or other entities may, under certain circumstances, involve risks not present were a third party not involved, including the possibility that partners or co-venturers might become bankrupt or fail to fund their share of required capital contributions and AHIP and any other remaining joint venture partners may remain liable for the joint venture or partnership's liabilities. Furthermore, if a partner or co-joint venturer becomes bankrupt or otherwise defaults on its obligations under a partnership or joint venture agreement, AHIP may be unable to continue the partnership or joint venture other than by purchasing such partner's or co-joint venturer's interests or the underlying assets at a premium to the market price. Partners or co-venturers may have economic or other business interests or goals which are inconsistent with AHIP's business interests or goals and may be in a position to take actions contrary to AHIP's policies or objectives. Such investments may also have the potential risk of impasses on decisions, such as a sale, because neither AHIP nor the partner or co-venturer would have full control over the partnership or joint venture. Disputes between AHIP and partners or co-venturers may result in litigation or arbitration that would increase AHIP's expenses and prevent AHIP's officers and/or directors from focusing their time and effort on AHIP's business. Consequently, actions by, or disputes with, partners or co-venturers might result in subjecting hotels owned by the partnership or joint venture to additional risk. In addition, AHIP may in certain circumstances be liable for the actions of its third-party partners or co-venturers.

(ii) *AHIP faces possible risks associated with the physical effects of climate change.* AHIP is subject to the risks associated with the physical effects of climate change, which could include more frequent or severe storms, droughts, hurricanes and flooding, any of which could have a material adverse effect on AHIP's hotel properties, operations and business. To the extent climate change causes changes in weather patterns, the markets in which AHIP owns hotels could experience increases in storm intensity and rising sea-levels causing damage to AHIP's hotels. Over time, these conditions could result in declining hotel demand or the Hotel Managers' inability to operate the affected hotels at all. Climate change also may have indirect effects on its business by increasing the cost of (or making unavailable) property insurance on terms AHIP finds acceptable, as well as increasing the cost of renovations, energy, water and snow removal at its hotel properties. AHIP cannot predict with certainty whether climate change is occurring and, if so, at what rate, and therefore, there can be no assurance that climate change will not have a material adverse effect on AHIP.

RISKS RELATED TO THE HOTEL AND LODGING INDUSTRY

Investment in the hotel industry is subject to numerous risks, which include but are not limited to the following:

(a) Operating Risks. AHIP's ability to make distributions to unitholders and interest and principal payments to holders of Debentures may be adversely affected by various operating risks common to the lodging industry, including competition, over-building and dependence on business travel and tourism. The hotel properties that are owned have different economic characteristics than many other real estate assets. A typical office property, for example, has long-term leases with third-party tenants, which provides a relatively stable long-term stream of revenue. Hotels, on the other hand, generate revenue from guests that typically stay at the hotel for only a few nights, which causes the room rate and Occupancy levels at each of the hotels to change every day, and results in earnings that can be highly volatile. In addition, the hotels are subject to various operating risks common to the lodging industry, many of which are beyond AHIP's control, including, among others, the following:

- competition from other hotels in the markets in which AHIP operates;
- over-building of hotels in the markets in which AHIP operates, which results in increased supply and will adversely affect Occupancy and revenues at AHIP's hotels;
- dependence on business and commercial travelers and tourism;
- dependence of the Economy Lodging Hotels on contracts with large U.S. railroad operators;
- increases in energy costs and other expenses affecting travel, which may affect travel patterns and reduce the number of business and commercial travelers and tourists;
- requirements for periodic capital reinvestment to repair and upgrade hotels;
- increases in operating costs due to inflation and other factors that may not be offset by increased room rates;
- changes in interest rates;
- changes in the availability, cost and terms of financing;
- legislated increases to mandatory minimum wages could significantly increase labour expenses of the Hotel Managers, which expenses are required to be reimbursed by AHIP;
- unionization of workers employed by the Hotel Managers could significantly increase administrative, labour and other expenses of the Hotel Managers, which expenses are required to be reimbursed by AHIP;
- changes in governmental laws and regulations, fiscal policies and zoning ordinances and the related costs of compliance with laws and regulations, fiscal policies and ordinances;
- adverse effects of international, national, regional and local economic and market conditions;

- unforeseen events beyond AHIP's control, such as terrorist attacks or threat of terrorist attacks, terror alert levels, travel-related health concerns, including pandemics and epidemics, imposition of taxes or surcharges by regulatory authorities, travel-related accidents and unusual weather patterns, including natural disasters such as hurricanes, tsunamis or earthquakes;

- negative publicity related to AHIP, its hotels or the brands under which AHIP's hotels operate, including harm to reputation from sources such as online hotel reviews and social media, cyber attacks or as a result of misconduct or unethical behaviour of hotel employees, environmental matters, litigation or regulatory proceedings, failure of the Hotel Manager to deliver minimum or required standards of service and quality and activities of guests at AHIP's properties;

- adverse effects of worsening conditions in the lodging industry;

- the value of the U.S. dollar, or U.S. governmental laws, regulations, or executive orders, which may adversely affect the number of international business and commercial travelers and tourists entering the U.S. and in particular the gateway markets where AHIP hotels are located; and

- risks generally associated with the ownership of hotels and real estate, as are discussed in detail herein.

The occurrence of any of the foregoing could materially and adversely affect AHIP.

(b) *Seasonality of the Lodging Industry*. The seasonality of the lodging industry could have a material adverse effect on AHIP. The lodging industry is seasonal in nature, which can be expected to cause quarterly fluctuations in Occupancy, room rates, revenues, operating expenses, cash flows and AFFO Payout Ratio. AHIP's quarterly earnings may be adversely affected by factors outside AHIP's control, including weather conditions and poor economic factors in certain markets in which AHIP operates. AHIP can provide no assurances that cash flows will be sufficient to offset any shortfalls that occur as a result of these seasonal fluctuations.

(c) *Cyclical Nature of the Lodging Industry*. The cyclical nature of the lodging industry may cause fluctuations in AHIP's operating performance, which could have a material adverse effect on AHIP. The lodging industry historically has been highly cyclical in nature. Fluctuations in lodging demand and, therefore, operating performance, are caused largely by general economic and local market conditions, which subsequently affect levels of business and leisure travel. In addition to general economic conditions, new hotel room supply is an important factor that can affect the lodging industry's performance, and overbuilding has the potential to further exacerbate the negative impact of an economic recession. Room rates and Occupancy, and thus RevPAR, tend to increase when demand growth exceeds supply growth. An adverse change in lodging fundamentals could

result in returns that are substantially below its expectations or result in losses, which could have a material adverse effect on AHIP.

(d) *Competition*. The hotel sector is highly competitive. AHIP faces competition from many sources, including from other hotels and AirBnB residences located in the immediate vicinity of the various properties owned by AHIP, and the broader geographic areas where AHIP's hotels are and will be located. Such competition may reduce Occupancy Rates and revenues of AHIP and could have a material adverse effect on AHIP's business, cash flows, financial condition and results of operations and ability to make distributions to unitholders and interest and principal payments to holders of Debentures. Increases in the cost to AHIP of acquiring hotel properties may materially adversely affect the ability of AHIP to acquire such properties on favourable terms, and may otherwise have a material adverse effect on AHIP's business, cash flows, financial condition and results of operations and AHIP's ability to make distributions to unitholders and interest and principal payments to holders of Debentures.

(e) *Franchised Hotels*. Each of the Premium Branded and Economy Lodging Hotels is subject to a franchise agreement and AHIP may become subject to the risks that are found in concentrating its hotel properties in one or several franchise brands. The continuation of the franchises is subject to specified operating standards and other terms and conditions. Such standards are often subject to change over time, in some cases at the discretion of the franchisor, and may restrict a franchisee's ability to make improvements or modifications to a hotel property without the consent of the franchisor. Franchisors typically periodically inspect licensed properties to confirm adherence to operating standards. The failure of a hotel to conform to such standards or the failure of AHIP or the Hotel Managers to maintain such standards or adhere to such other terms and conditions could result in the loss or cancellation of the franchise agreement and potential liquidated damages. It is possible that a franchisor could condition the continuation of a franchise agreement on the completion of capital improvements which AHIP determines are too expensive or otherwise unwarranted in light of general economic conditions or the operating results or prospects of the affected hotel. In that event, AHIP may elect to allow the franchise agreement to lapse. If a franchise were terminated, AHIP would generally seek to obtain a suitable replacement franchise. However, there can be no assurance that AHIP would be able to obtain a suitable replacement franchise on acceptable terms, or at all. The loss of a franchise agreement could have a material adverse effect upon the operations or the underlying value of the hotel covered by the franchise because of the loss of associated name recognition, marketing support and centralized reservation systems provided by the franchisor.

(f) *AHIP's business may be adversely affected by consolidation in the lodging industry*. Consolidation among hotel brand companies or other participants in the lodging industry may increase the negotiating leverage of the resulting companies, which might result in AHIP incurring increased franchise or management fees. AHIP's hotels operate under multiple licensed brands, each of which offer differing guest amenities and may be associated with different loyalty reward programs. The consolidation of two or more hotel brand companies may cause AHIP's financial condition and results of operations to be more dependent on the success and reputation of a

limited number of owners of these licensed brands. In addition, to the extent that consolidation among hotel brand companies adversely affects the loyalty reward program offered by one or more of AHIP's hotels, customer loyalty to those hotels may suffer and demand for guestrooms may decrease. Furthermore, because each hotel brand company relies on its own network of reservation systems, hotel management systems and customer databases, the integration of two or more networks may result in a disruption to operations of these systems, such as disruptions in processing guest reservations, delayed bookings or sales, or lost guest reservations, which could adversely affect AHIP's financial condition, results of operations and cash available for distributions to Unitholders and available for payment of interest and principal to holders of Debentures.

(g) *AHIP is subject to risks associated with the employment of hotel personnel*. The Hotel Managers are responsible for hiring and maintaining the labor force at each of AHIP's hotels. Although AHIP does not directly employ or manage employees at its hotels, AHIP is subject to many of the costs and risks generally associated with the hotel labor force. Increased labor costs due to factors like additional taxes, minimum wage increases or requirements to incur additional employee benefits costs may adversely impact AHIP's operating costs. Several local jurisdictions in the U.S. have enacted, or have announced they are considering, legislation increasing the minimum wage applicable to hotel workers in the jurisdiction. If a jurisdiction in which AHIP owns a hotel adopts such legislation, the cost to operate the hotel may increase significantly, which could have a material adverse effect on AHIP's business, financial condition, results of operations and AHIP's ability to pay distributions to Unitholders and make interest and principal payments to holders of Debentures.

Labor costs are expected to be particularly challenging for any of AHIP's hotels that from time to time have a unionized labor force. From time to time, hotel operations at such hotels may be disrupted as a result of strikes, lockouts, public demonstrations (which may target non-union hotels as well as those employing unionized labor) or other negative actions and publicity. AHIP also may incur increased legal costs and indirect labor costs as a result of contract disputes or other events. Additionally, hotels where the Hotel Managers from time to time have collective bargaining agreements with employees are more highly affected by labor force activities than others. The resolution of labor disputes or re-negotiated labor contracts could lead to increased labor costs, either by increases in wages or benefits or by changes in work rules that raise hotel operating costs. Furthermore, labor agreements may limit the ability of the Hotel Managers to reduce the size of hotel workforces during an economic downturn because collective bargaining agreements are negotiated between the hotel managers and labor unions. AHIP does not have the ability to control the outcome of these negotiations.

(h) *Restrictive covenants, termination fees and other provisions in franchise agreements and Hotel Management Agreements*. Certain of AHIP's franchise agreements contain restrictive covenants and the Hotel Management Agreements contain termination provisions that do not provide AHIP with flexibility to sell, refinance or rebrand, as applicable, a hotel without the consent certain franchisors or the payment of termination fees to the Master Hotel Manager. Such provisions

could preclude AHIP from taking, or make it costly for AHIP to take, actions with respect to the sale, refinancing or rebranding of a hotel that would otherwise be in AHIP's best interest. For example, the terms of some of the franchise agreements may restrict AHIP's ability to sell a hotel unless the purchaser is not a competitor of the franchisor, assumes the related agreement and meets specified other conditions. In addition, AHIP's franchise agreements restrict AHIP's ability to rebrand particular hotels without the consent of the franchisor, which could result in significant operational disruptions and litigation if AHIP does not obtain such consent. AHIP could be forced to pay consent or termination fees to hotel managers or franchisors under these agreements as a condition to changing management or franchise brands for AHIP's hotels, and these fees could deter AHIP from taking actions that would otherwise be in AHIP's best interest or could cause AHIP to incur substantial expense. These conditions could adversely affect AHIP's financial position, results of operations, and cash flows and the market price of the Units and the Debentures.

(i) *Increasing use of Internet Travel Intermediaries by Consumers*. Some of AHIP's hotel rooms are booked through Internet travel intermediaries. As Internet bookings increase, these intermediaries may be able to obtain higher commissions, reduced room rates or other significant contract concessions from AHIP and the Hotel Managers. Moreover, some of these Internet travel intermediaries are attempting to offer hotel rooms as a commodity, by increasing the importance of price and general indicators of quality (such as "three-star downtown hotel") at the expense of brand identification. These agencies hope that consumers will eventually develop brand loyalties to their reservations system rather than to the brands under which AHIP's properties are franchised. Although most of the business for AHIP's hotels is expected to continue to be derived from traditional channels, if the amount of sales made through Internet intermediaries increases significantly, room revenues may flatten or decrease and AHIP's profitability may be adversely affected. In addition, the rise of social media reviews, including, but not limited to, tripadvisor.com and Google, could impact hotel Occupancy levels and results of operations as individuals might be more inclined to write about dissatisfaction than satisfaction with a hotel stay or experience.

(j) Increased use of business-related technology may reduce the need for business-related travel. The increased use of teleconference and video-conference technology by businesses could result in decreased business travel as companies increase the use of technologies that allow multiple parties from different locations to participate at meetings without traveling to a centralized meeting location, such as AHIP's hotels. To the extent that such technologies play an increased role in day-to-day business and the necessity for business-related travel decreases, demand for AHIP's hotel rooms may decrease and AHIP could be materially and adversely affected.

(k) *Consumer trends and preferences, particularly with respect to younger generations, could change away from select-service hotels*. Consumer trends and preferences continuously change, especially within younger generations. Many new hotel brands have been introduced over recent years to specifically address the perceived unique needs and preferences of younger travelers. As AHIP's Premium Branded Hotel portfolio is concentrated in select-service hotels, significant consumer

shifts in preferences away from select-service hotels could have a material adverse effect on AHIP's financial position, results of operations and cash flows.

RISKS RELATED TO THE UNITS

(a) *Volatile Market Price for Units.* The market price for Units may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond AHIP's control, including the following: (i) actual or anticipated fluctuations in AHIP's quarterly results of operations; (ii) recommendations by securities research analysts; (iii) changes in the economic performance or market valuations of other issuers that investors deem comparable to AHIP; (iv) addition or departure of AHIP's executive officers and other key personnel; (v) release or expiration of lock-up or other transfer restrictions on outstanding Units; (vi) sales or perceived sales of additional Units; (vii) liquidity of the Units; (viii) prevailing interest rates; (ix) significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving AHIP or its competitors; and (x) news reports relating to trends, concerns, technological or competitive developments, regulatory changes and other related issues in AHIP's industry or target markets. Financial markets have recently experienced significant price and volume fluctuations that have particularly affected the market prices of equity securities of public entities and that have, in many cases, been unrelated to the operating performance, underlying asset values or prospects of such entities. Accordingly, the market price of the Units may decline even if AHIP's operating results, underlying asset values or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. As well, certain institutional investors may base their investment decisions on consideration of AHIP's environmental, governance and social practices and performance against such institutions' respective investment guidelines and criteria, and failure to meet such criteria may result in a limited or no investment in the Units by those institutions, which could materially adversely affect the trading price of the Units. There can be no assurance that continuing fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil continue for a protracted period of time, AHIP's operations could be materially adversely impacted and the trading price of the Units may be materially adversely affected.

(b) *Return on Investment Not Guaranteed.* The Units are equity securities of AHIP and are not traditional fixed income securities. A fundamental characteristic that distinguishes the Units from traditional fixed income securities is that AHIP does not have a fixed obligation to make payments to holders of Units and does not promise to return the initial purchase price of a Unit on a certain date in the future. AHIP has the ability to reduce or suspend distributions if circumstances so warrant. The ability of AHIP to make cash distributions, and the actual amount distributed, to unitholders will be entirely dependent on the operations and assets of AHIP and its direct and indirect subsidiaries, and will be subject to various factors including financial performance, obligations under applicable credit facilities, fluctuations in working capital and capital expenditure requirements. There can be no assurance regarding the amount of income to be generated by AHIP's properties. The market value of the Units will deteriorate if AHIP is unable to meet its distribution targets in the future, and that deterioration may be significant. In addition,

unlike interest payments or an interest-bearing debt security, AHIP's cash distributions, to the extent they exceed the amount of income for income tax purposes allocated to the unitholder by AHIP for the year, will result in a net reduction of the adjusted cost base of the unitholder's Units (i.e. tax deferred returns of capital). The monthly cash distributions made to unitholders in 2019 may or may not comprise tax deferred returns of capital, thus affecting the after-tax returns to holders of Units. Therefore, the rate of return over a defined period for a unitholder may not be comparable to the rate of return on a fixed income security that provides no "return on capital" over the same period. AFFO may exceed actual cash available to AHIP from time to time because of items such as seasonality, principal repayments and capital expenditures in excess of stipulated reserves identified by AHIP in its calculation of AFFO and redemptions of Units, if any. AHIP may be required to use part of its debt capacity or to reduce distributions in order to accommodate such items.

(c) *Return on Investment Not Comparable to Fixed-Income Security*. The return on an investment in the Units is not comparable to the return on an investment in a fixed-income security. Cash distributions are not guaranteed and the anticipated return on investment is based upon many performance assumptions. Although AHIP intends to distribute its available cash to unitholders, such cash distributions are not guaranteed and may be reduced or suspended in the future. AHIP's ability to make cash distributions and the actual amount distributed will depend on a number of factors, including the financial performance of the Premium Branded Hotels, Economy Lodging Hotels, debt covenants and obligations, interest rates, the Occupancy Rates of AHIP's properties, working capital requirements, future capital requirements and AHIP's ability to complete future acquisitions. AHIP may be required to supplement its cash distributions from working capital. In addition, the market value of the Units may decline if AHIP reduces its cash distributions or is unable to meet its cash distribution targets in the future.

(d) *Currency Exchange Rate Risk*. The offering price for Units is typically denominated in Canadian dollars. The Canadian dollar is not maintained at a fixed exchange rate compared to foreign currencies but rather the value of the Canadian dollar has a floating exchange rate in relation to other currencies. Although AHIP's public offerings of Units to date have primarily been made to Canadian residents and in Canadian dollars, the U.S. REIT and its Affiliates conduct business in the U.S. Consequently, income and expense or any ultimate gain on sale will be earned or incurred in U.S. dollars. As a result of fluctuations in the Canada/U.S. dollar exchange rate, the value of an investment in Units and the return on the original investment may be greater or less than that determined only with reference to U.S. dollars. Accordingly, investors who acquire their units in Canadian dollars are subject to currency exchange rate risk.

Since May 2016, AHIP has been paying U.S. dollar denominated distributions. As a result of fluctuations in the Canada/U.S. dollar exchange rate, the value of distributions may be greater or less than that determined only with reference to U.S. dollars. Unitholders may make arrangements with their brokers or other intermediaries in order to have their distributions converted to Canadian dollars. However, the unitholder will bear the expense, if any, of such currency

conversion which will reduce the net amount received by such a unitholder with respect to each distribution so converted.

On November 10, 2017 AHIP's Units began trading on the TSX in U.S dollars. AHIP's Units now trade on the TSX in both Canadian dollars under the symbol HOT.UN and U.S. dollars under the symbol HOT.U.

(e) *Unitholders' Legal Rights*. Unitholders do not have all of the statutory rights normally associated with ownership of shares of a company including, for example, the right to bring "oppression" or "derivative" actions against AHIP. The Units are not "deposits" within the meaning of the *Canada Deposit Insurance Corporation Act* and are not insured under the provisions of that Act or any other legislation. Furthermore, AHIP is not a trust company and, accordingly, is not registered under any trust and loan company legislation as AHIP does not carry on or intend to carry on the business of a trust company. In addition, AHIP may not, by virtue of being a limited partnership, be recognized as a legal entity under various other Canadian federal and provincial statues, which could result in both AHIP and its unitholders being deprived of certain rights they would otherwise have if AHIP was a corporation.

All of AHIP's subsidiaries, other than AHIP Management Ltd., are organized in foreign jurisdictions and are governed by foreign law. The majority of AHIP's assets are currently located outside of Canada. As a result, it may be difficult or impossible for investors to effect service within Canada upon AHIP's subsidiaries or their respective directors and officers who are not residents of Canada or to realize against them in Canada upon judgments of courts of Canada predicated upon the civil liability provisions of applicable Canadian securities laws.

(f) *Inability to Invest Proceeds from Offerings of AHIP's Securities*. AHIP's failure to apply the net proceeds of any offering of its securities effectively or to find suitable hotel properties to acquire in a timely manner or on acceptable terms could result in returns that are substantially below expectations or result in losses. Until appropriate investments can be identified, AHIP may invest the net proceeds of any offering of its securities in interest-bearing short-term securities or money market accounts. These investments are expected to provide a lower net return than AHIP seeks to achieve from its hotel properties. AHIP may be unable to invest the net proceeds on acceptable terms, or at all, which could delay unitholders from receiving an appropriate return on their investment. AHIP cannot assure unitholders that AHIP will be able to identify properties that meet its investment criteria, that AHIP will successfully consummate any investment opportunities AHIP identifies, or that investments AHIP may make will generate income or cash flow.

(g) *Dilution.* The number of Units AHIP is authorized to issue is unlimited. AHIP may, in AHIP's sole discretion, issue additional Units from time to time. Any issuance of Units, including, without limitation, Units issued in consideration for properties acquired by AHIP, Units issued in connection with deferred compensation and Units issued under any distribution reinvestment plan, will have a dilutive effect on existing unitholders.

(h) *Structural Subordination of Units*. In the event of bankruptcy, liquidation or reorganization of AHIP's subsidiaries, holders of their indebtedness and their trade creditors will generally be entitled to payment of their claims from the assets of those subsidiaries before any assets are made available for distribution to AHIP or unitholders. The Units are effectively subordinated to the debt and other obligations of AHIP's subsidiaries. AHIP's subsidiaries generate all of AHIP's cash available for distribution and hold substantially all of AHIP's assets.

(i) *Future Offerings of Debt or Equity Securities Ranking Senior to Units*. If AHIP decides to issue debt or equity securities in the future ranking senior to the Units or otherwise incur additional indebtedness, it is possible that these securities or indebtedness will be governed by an indenture or other instrument containing covenants restricting AHIP's operating flexibility and limiting AHIP's ability to make distributions to unitholders. Additionally, any convertible or exchangeable securities that AHIP issues in the future may have rights, preferences and privileges, including with respect to distributions, more favorable than those of Units and may result in dilution to unitholders. Because AHIP's decision to issue debt or equity securities in any future offering or otherwise incur indebtedness will depend on market conditions and other factors beyond AHIP's control, AHIP cannot predict or estimate the amount, timing or nature of AHIP's future offerings or financings, any of which could reduce the market price of the Units and dilute the value of the Units.

(j) *Limited Control*. Unitholders have limited control over changes in AHIP's policies and operations, which increases the uncertainty and risks of an investment in Units. The board of directors of the General Partner determines major policies, including, among others, policies regarding financing, growth, debt capitalization and distributions. The board of directors of the General Partner may amend or revise these and other policies without a vote of unitholders. Under the Limited Partnership Agreement, unitholders have a right to vote only on limited matters. The directors' broad discretion in setting policies and unitholders' inability to exert control over those policies increases the uncertainty and risks of an investment in Units.

(k) *Disclosure Controls and Procedures and Internal Controls over Financial Reporting*. AHIP could be adversely affected if there are deficiencies in its disclosure controls and procedures or in its internal controls over financial reporting. The design and effectiveness of AHIP's disclosure controls and procedures and its internal controls over financial reporting may not prevent all errors, misstatements or misrepresentations. Deficiencies, including material weaknesses, in internal controls over financial reporting which may occur could result in misstatements of AHIP's results of operations, restatements of financial statements, a decline in the Unit price, or otherwise materially adversely affect AHIP's business, reputation, results of operations, financial condition or liquidity.

(l) *International Financial Reporting Standards*. In February 2008, the Accounting Standards Board of Canada confirmed its decision to require that all publicly accountable enterprises report under IFRS for interim and annual financial statements. AHIP is required to report under IFRS. There are ongoing projects conducted by the International Accounting Standards Board, and joint projects with the Financial Accounting Standards Board in the U.S. that are expected to result in new

pronouncements that continue to evolve, which could adversely impact the manner in which AHIP reports its financial position and operating results.

(m) *Future sales of Units by officers and directors*. Subject to compliance with applicable securities laws, directors and officers of the General Partner and their affiliates may sell some or all of their Units in the future. No prediction can be made as to the effect, if any, such future sales of Units will have on the market price of the Units prevailing from time to time. However, the future sale of a substantial number of Units by the directors and officers of the General Partner and their affiliates, or the perception that such sales could occur, could adversely affect prevailing market prices for the Units.

(n) *AHIP's business could be negatively affected as a result of actions by activist unitholders.* Unitholder campaigns to effect changes in publicly-traded companies are sometimes led by activist investors through various corporate actions, including proxy contests. Responding to these actions, if they occur, could disrupt AHIP's operations by diverting the attention of management and AHIP's employees as well as AHIP's financial resources. Unitholder activism could create perceived uncertainties as to AHIP's future direction, which could result in the loss of potential business opportunities and make it more difficult to attract and retain qualified personnel and business partners. Furthermore, the election of individuals to the Board with a specific agenda could adversely affect AHIP's ability to effectively and timely implement AHIP's strategic plans.

(o) *Possible Loss of Limited Liability of Limited Partners.* Limited partners may lose their limited liability in certain circumstances, including by taking part in the control of AHIP's business. The principles of law in the various jurisdictions of Canada recognizing the limited liability of the limited partners of limited partnerships subsisting under the laws of one province, but carrying on business in another jurisdiction, have not been authoritatively established. If limited liability is lost, there is a risk that limited partners may be liable beyond their contribution and share of AHIP's undistributed net income in the event of judgment on a claim in an amount exceeding the sum of the General Partner's net assets and AHIP's net assets. A transferee of a Unit will become a limited partner and shall be subject to the obligations and entitled to the rights of limited partners under the Limited Partnership Agreement on the date on which the General Partner amends AHIP's record of limited partners to reflect that the transferee is a limited partner.

(p) *The TSX may not continue to list AHIP's securities*. AHIP's Units trade on the TSX under the symbols "HOT.UN" and "HOT.U" and the Debentures trade on the TSX under the symbol "HOT.DB.U". In order for these securities to remain listed, AHIP is required to meet the continued listing requirements of the TSX or, in the alternative, any other nationally-recognized exchange in Canada or the U.S. to which AHIP applies to have its securities listed. AHIP may be unable to satisfy those listing requirements, and there is no guarantee that AHIP's securities will remain listed on the TSX or any other nationally recognized exchange. If AHIP's securities are delisted from the TSX or another nationally-recognized exchange, AHIP could face significant material adverse consequences, including:

- a limited, or no, availability of market quotations for AHIP's securities;

- a limited ability of AHIP's securityholders to make transactions in AHIP's securities;
- additional trading restrictions being placed on AHIP's securities;
- reduced liquidity with respect to AHIP's securities;
- a determination that the Units or Debentures are a "penny stock," which would require brokers trading in such securities to adhere to more stringent rules, possibly resulting in a reduced level of trading activity in the secondary trading market for such securities;
- a limited amount of news and analyst coverage; and
- a decreased ability to issue additional securities or obtain additional financing in the future.

RISKS RELATING TO THE DEBENTURES

(a) *AHIP may not be able to Satisfy Interest Payments on the Debentures*. The likelihood that holders of Debentures will receive the payments owing to them in connection with the Debentures will be dependent upon the financial health and creditworthiness of AHIP and the ability of AHIP to earn revenues. The Debentures are subordinated to any Senior Indebtedness (as such term is defined in the indenture governing the Debentures (the "**Indenture**")). This subordination may significantly reduce the possibilities for holders of Debentures of obtaining payment of the amounts owed under the Debentures.

(b) *Inability to Purchase on a Change of Control*. AHIP will be required to offer to purchase all outstanding Debentures upon the occurrence of a Change of Control (as such term is defined in the Indenture). However, it is possible that, following a Change of Control, AHIP will not have sufficient funds at that time to make the required purchase of outstanding Debentures or that restrictions contained in other indebtedness will restrict those purchases.

(c) *Redemption prior to Maturity*. The Debentures may be redeemed, at the option of AHIP, on and after June 30, 2020 and prior to the Maturity Date (as such term is defined in the Indenture) at any time and from time to time (provided that, in the case of any redemption between June 30, 2020 and June 30, 2021, the Current Market Price (as defined in the Indenture) of the Units is not less than 125% of the Conversion Price (as defined in the Indenture) upon payment of the principal, together with any accrued and unpaid interest). Debenture holders should assume that this redemption option will be exercised if AHIP is able to refinance at a lower interest rate or it is otherwise in the interest of AHIP to redeem the Debentures.

(d) *Conversion Following Certain Transactions*. In the case of certain transactions, each Debenture will become convertible into securities, cash or property receivable by a holder of Units in the kind and amount of securities, cash or property into which the Debenture was convertible immediately prior to the transaction. This change could substantially lessen or eliminate the value of the conversion privilege associated with the Debentures in the future.

(e) *Subordination of Debentures*. The Debentures are unsecured obligations of AHIP and are subordinate in right of payment to all of AHIP's Senior Indebtedness. In the event of the insolvency, bankruptcy, liquidation, reorganization, dissolution or winding up of AHIP, the assets that serve as collateral for any Senior Indebtedness would be made available to satisfy the obligations of the creditors of such Senior Indebtedness before being available to pay AHIP's obligations to Debenture holders. Accordingly, all or a substantial portion of AHIP's assets could be unavailable to satisfy the claims of the Debenture holders.

(f) *Dilution on Redemption or Conversion*. AHIP may, in certain circumstances, determine to redeem outstanding Debentures for Units or to repay outstanding principal amounts thereunder at maturity of the Debentures by issuing additional Units. In addition, holders of Debentures may elect to convert their Debentures into Units. The issuance of additional Units may have a dilutive effect on Unitholders and an adverse impact on the price of the Units.

(g) *Prevailing Yields on Similar Securities*. Prevailing yields on similar securities will affect the market value of the Debentures. Assuming all other factors remain unchanged, the market value of the Debentures will decline as prevailing yields for similar securities rise, and will increase as prevailing yields for similar securities decline.

(h) *No Increased Payments if Withholding is Required.* The Indenture does not contain a requirement that AHIP increase the amount of interest or other payments to Debenture holders in the event that AHIP is required to withhold amounts in respect of income or similar taxes on payment of interest or other amounts on the Debentures (including on a conversion of a Debenture into Units). The General Partner, on behalf of AHIP, does not currently intend to withhold amounts in respect of income or similar taxes on payment of interest or other amounts on the Debentures (including a conversion of a Debenture into Units); however, AHIP is not providing any assurances that its intention will not change in the future. Non–residents of Canada should consult their tax advisors regarding the tax consequences of acquiring, holding, converting and disposing of Debentures.

CANADIAN FEDERAL INCOME TAX-RELATED RISKS – DEBENTURES

(a) *Withholding Taxes.* The Debenture Indenture does not contain a requirement that AHIP increase the amount of interest or other payments to holders of the Debentures ("**Holder**") in the event that AHIP is required to withhold amounts in respect of income or similar taxes on payments of interest or other amounts on the Debentures (including on a conversion of Debenture into Units). Holders that are not residents of Canada for the purposes of the Tax Act should consult their own tax advisors regarding the tax consequences of acquiring, holding, converting and disposing of Debentures.

(b) *Income Tax Consequences Vary According to the Circumstances of Each Investor.* Income tax consequences in relation to the Debentures will vary according to the circumstances of each investor. Prospective investors should seek independent advice from their own tax and legal advisors prior to investing in the Debentures.

(c) *Qualified Investment for Plans.* Provided that the Units at all relevant times are listed on a designated stock exchange for purposes of the Tax Act (which includes the Exchange), the Debentures, and the Units acquired upon conversion thereof, will be qualified investments under the Tax Act for trusts governed by registered retirement savings plan ("**RRSP**"), registered retirement income fund ("**RRIF**"), deferred profit sharing plans (except that the Debentures will not be a qualified investment for a deferred profit sharing plan to which AHIP or an employer with which AHIP does not deal at arm's length has made a contribution), registered education savings plans ("**RESP**"), registered disability savings plans ("**RDSP**") and tax free savings accounts ("**TFSA**"), each as defined in the Tax Act (each a "**Plan**"). However, there can be no assurance that tax laws relating to qualified investments will not be changed. If the Debentures are not or cease to be qualified investments for Plans, a Plan and/or its annuitant, beneficiary or subscriber thereunder or holder thereof may become subject to additional tax or penalties or may be otherwise adversely affected, including the revocation of the registration of a RESP.

(d) *Prohibited Investments.* A holder of a TFSA or an RDSP, a subscriber of an RESP or an annuitant under a RRSP or RRIF, as the case may be, will be subject to a penalty tax if the Debentures, and the Units acquired upon conversion thereof, are or become a "prohibited investment" as defined in the Tax Act for the TFSA, RDSP, RESP, RRSP or RRIF.

(e) *After-Tax Returns from Investment.* The after-tax return from an investment in Debentures and any Units acquired under the terms of the Debentures to a Holder will depend on a number of factors including the Holder's ability to claim foreign tax credits or foreign tax deductions under the Tax Act in respect of U.S. taxes paid by the REIT or by the Holder. A Holder's ability to claim foreign tax credits or foreign tax deductions in respect of any U.S. taxes may be affected where the Holder does not have sufficient taxes otherwise payable under Part I of the Tax Act or sufficient U.S. source income in the taxation year the U.S. taxes are paid or where the Holder has other U.S. source income or losses, has paid other U.S. taxes or, in certain circumstances, has not filed a U.S. federal income tax return. Furthermore, foreign tax credits or foreign tax deductions will be dependent upon the Canadian federal, provincial and territorial income tax rates and U.S. federal and state income tax rates that will prevail in future years to apply to applicable sources of income.

As set out under "Principal United States Federal Income Tax Considerations", if the Debenture 5 Percent Exception is not met, a Holder may be subject to U.S. tax on a conversion, redemption, repayment or other disposition of a Debenture. To the extent that a Holder is subject to U.S. tax on disposition of the Debentures or any Units acquired under the terms of the Debentures, the portion of such U.S. tax paid that is not claimed as a foreign tax credit may generally not be available as a foreign tax deduction. Where such Holders are not entitled to all benefits under the Treaty, the proceeds receivable on a conversion, redemption, repayment or other disposition, as the case may be, of the Debentures or Units acquired under the terms of the Debentures may not qualify as U.S. source income for purposes of the Tax Act (including for Canadian foreign tax credit purposes), and, where such Holders are trusts, their beneficiaries may not be considered to have paid such tax for purposes of the Tax Act and, accordingly, may not be entitled to a foreign tax

credit or deduction in respect of such U.S. tax for Canadian tax purposes. Holders are therefore advised to consult their own tax advisors in regards to foreign tax credits and foreign tax deductions under the Tax Act.

(f) *U.S. Tax Refund or Foreign Tax Credit/Deduction may be a Benefit or Advantage Received out of or under a Plan.* To the extent that an annuitant, a beneficiary, a subscriber or a holder of a Plan that is a Holder files a U.S. federal income tax return and the annuitant, beneficiary, subscriber or holder (rather than the Plan itself) receives a U.S. tax refund of (or claims a foreign tax credit or a foreign tax deduction for an amount in respect of) all or a portion of the amounts withheld by the US REIT, the annuitant, the beneficiary, the subscriber or the holder may, in certain circumstances, be required to include, in computing income for purposes of the Tax Act, or to pay a penalty tax on, an applicable portion of such amount of U.S. tax as a benefit or advantage received out of or under the Plan. Annuitants, beneficiaries, subscribers or holders of Plans that are Holders should consult their own tax advisors in this regard.

The rules governing the Canadian federal income taxation of Holders are complex. This "Canadian Tax-Related Risks" section does not address or consider all aspects of Canadian federal income tax of an investment in AHIP and does not consider provincial, territorial, U.S., State, or other foreign tax legislation or considerations. Prospective investors should consult their own professional advisors as to the tax consequences to them of making an investment in, and of holding or converting, Debentures.

CANADIAN FEDERAL INCOME TAX-RELATED RISKS – UNITS

The following provides a summary of significant Canadian federal income tax risks, but does not summarize, address or consider all aspects of these or all such risks:

(a) *Qualified Investment for Plans.* The Units will be qualified investments under the Tax Act for trusts governed by RRSP, RRIF, RESP, RDSP, deferred profit sharing plans and TFSA Plans, provided that at all relevant times, the Units are listed on a designated stock exchange for purposes of the Tax Act (which includes the TSX).

(b) *Prohibited Investments.* A holder of a TFSA or an RDSP, a subscriber of an RESP or an annuitant under an RRSP or RRIF, as the case may be, will be subject to a penalty tax if the Units are or become a "prohibited investment" as defined in the Tax Act for the TFSA, RDSP, RESP, RRSP or RRIF.

(c) *U.S. Tax Refund or Foreign Tax Credit/Deduction may be a Benefit or Advantage Received out of or under a Plan.* To the extent that an annuitant, a beneficiary, a subscriber or a holder of a Plan that is a unitholder files a U.S. federal income tax return and the annuitant, beneficiary, subscriber or holder (rather than the Plan itself) receives a U.S. tax refund of (or claims a foreign tax credit or a foreign tax deduction for an amount in respect of) all or a portion of the amounts withheld by the U.S. REIT, the annuitant, the beneficiary, the subscriber or the holder may, in certain circumstances, be required to include, in computing income for purposes of the Tax Act, or to pay a penalty tax on, an applicable portion of such amount of U.S. tax as a benefit or advantage

received out of or under the Plan. Annuitants, beneficiaries, subscribers or holders of Plans that are unitholders should consult their own tax advisors in this regard.

(d) *Cash Distributions may be Insufficient to Pay Tax Liability.* In general, a unitholder must include in computing the unitholder's income, gain, loss and deduction the unitholder's proportionate share of income of AHIP allocated to the unitholder pursuant to the Limited Partnership Agreement for the fiscal year of AHIP ending with or within the unitholder's taxation year. However, the cash distributed to a unitholder may not be sufficient to pay the full amount of such unitholder's tax liability in respect of its investment in AHIP because each unitholder's tax liability depends on such unitholder's particular tax situation. In addition, the actual amount and timing of distributions will be subject to the discretion of the General Partner, and AHIP cannot assure unitholders that AHIP will in fact make cash distributions as intended. Even if AHIP is unable to distribute cash in amounts that are sufficient to fund the unitholders' tax liabilities, each of the unitholders will still be required to pay income taxes on its proportionate share of AHIP's income allocated to the unitholder.

(e) *After-Tax Returns from Investment.* The after-tax return from an investment in Units to a unitholder will depend on a number of factors, including whether or not the underlying income will be "foreign accrual property income" for purposes of the Tax Act and the unitholder's ability to recognize, for purposes of the Tax Act, U.S. taxes paid by AHIP or by the unitholder through foreign tax credits or foreign tax deductions under the Tax Act. A unitholder's ability to recognize U.S. taxes through foreign tax credits or foreign tax deductions may be affected where the unitholder does not have sufficient taxes otherwise payable under Part I of the Tax Act or sufficient U.S. source income in the taxation year the U.S. taxes are paid or where the unitholder has other U.S. source income or losses, has paid other U.S. taxes or, in certain circumstances, has not filed a U.S. federal income tax return. Foreign tax credits or foreign tax deductions will be dependent upon the Canadian federal and provincial and U.S. federal and state income tax rates that will prevail in future years to apply to applicable sources of income.

Furthermore, if: (i) a unitholder holds, or has held, actually or constructively, more than 5% of the outstanding Units, as determined for U.S. federal income tax purposes; or (ii) the regularly traded exception is not satisfied, a unitholder may be subject to additional U.S. tax on disposition of the Units. The portion of such U.S. tax paid that is not applied as a foreign tax credit may generally not be available as a foreign tax deduction. Where such unitholders are not entitled to all benefits under the Canada-U.S. Income Tax Convention (the "**Treaty**"), the proceeds receivable on a disposition of a Unit may not qualify as U.S. source income for purposes of the Tax Act (including for Canadian foreign tax credit purposes), and, where such unitholders are trusts, their beneficiaries may not be considered to have paid such tax for purposes of the Tax Act and, accordingly, may not be entitled to a foreign tax credit or deduction in respect of such U.S. tax for Canadian tax purposes. Unitholders are therefore advised to consult their own tax advisors in regards to foreign tax credits and foreign tax deductions.

(f) *SIFT Measures.* The exposure of AHIP to the tax on SIFT partnerships imposed by the SIFT Measures will depend on whether or not AHIP holds "non-portfolio properties" (as defined in the

Tax Act) and earns "taxable non-portfolio earnings" (as defined in the Tax Act) in respect thereof. Where AHIP holds any "non-portfolio properties", it may be subject to adverse consequences, including a tax on its "taxable non-portfolio earnings", with the result that the amount of cash available for distribution by AHIP may be reduced, and that the taxable non-portfolio earnings net of any SIFT tax (being the tax imposed under the Tax Act on "SIFT partnerships" and "SIFT trusts" as these terms are defined in the Tax Act) would be, depending on the circumstances, included in the income of unitholders for purposes of the Tax Act as eligible dividends (as defined in the Tax Act).

(g) *Change in Canadian Tax Laws.* There can be no assurances that Canadian federal income tax laws respecting the treatment of partnerships and SIFT partnerships will not be changed, or that administrative policies and assessing practices of the Canada Revenue Agency ("**CRA**") will not develop, in a manner which adversely affects AHIP and the unitholders.

(h) *Foreign Accrual Property Income Exception.* If the U.S. REIT or any other "controlled foreign affiliate" ("**CFA**") of AHIP fails to meet at least one of the defined foreign accrual property income ("**FAPI**") exceptions throughout a particular taxation year, an amount of FAPI may be required to be included in computing the income of AHIP for Canadian federal income tax purposes. At such time as AHIP receives a dividend from the U.S. REIT or other relevant CFA out of this type of income that was previously treated as FAPI (net of the amount of any previous "foreign accrual tax" deduction, if any), that dividend will effectively not be included in computing the income of AHIP and there will be a corresponding reduction in the adjusted cost base to AHIP of the U.S. REIT or CFA shares to the extent such adjusted cost base was increased as a result of such FAPI. A unitholder may in certain circumstances face a degree of double-taxation on amounts, if any, that are FAPI when both U.S. and Canadian taxes are considered.

(i) *Capital Gain or Loss on Redemption of Preferred Share of the U.S. REIT.* AHIP intends to redeem fractions of the Series A preferred shares ("**ROC Share**") over time to fund its cash distribution obligations. AHIP may realize a capital gain or loss on such redemption as a result of the foreign currency exchange rate being higher or lower at the time of redemption than at the time of share subscription. The capital gain must be included in income, but any capital loss on such redemption may either be suspended or be denied and added to the adjusted cost base of the remaining fractions of the ROC Share unless AHIP sells the ROC Share of the U.S. REIT, which sale is not contemplated.

(j) *Currency Conversion.* For purposes of the Tax Act, unitholders are generally required to compute their Canadian tax results using Canadian currency. Where an amount that is relevant in computing a taxpayer's Canadian tax results is expressed in a currency other than Canadian currency, such amount must be converted to Canadian currency using the rate of exchange quoted by the Bank of Canada at noon on the day such amount first arose, or using such other rate of exchange as is acceptable to the CRA. As a result, unitholders may realize gains and losses for tax purposes by virtue of the fluctuation of the value of foreign currencies relative to Canadian dollars.

The rules governing the Canadian federal income taxation of unitholders are complex. This "Canadian Tax-Related Risks" section does not address or consider all aspects of Canadian federal income tax of an investment in AHIP and does not consider provincial, territorial, U.S., State, or other foreign tax legislation or considerations. Prospective investors should consult their own professional advisors as to the tax consequences to them of making an investment in, and of holding, Units.

U.S. FEDERAL INCOME TAX-RELATED RISKS

The following provides a summary of significant U.S. tax risks, but does not summarize, address or consider all aspects of these or all such risks:

a) *U.S. Tax Reform.* The present U.S. federal income tax treatment of REITs may be modified, possibly with retroactive effect by legislative, judicial or administrative action at any time. In particular, on December 22, 2017, the Tax Cuts and Jobs Act (the "**TCJA**") was signed into law. The TCJA makes major changes to the Internal Revenue Code, including several provisions of the Internal Revenue Code that affect the taxation of REITs and holders of their securities. As a result of the changes to U.S. federal tax laws implemented by the TCJA, U.S. REIT's taxable income and the amount of distributions to stockholders required in order to maintain REIT status, and the relative tax advantage as a REIT, may significantly change. The effect of the significant changes made by the TCJA are uncertain. The IRS has issued various proposed Treasury Regulations, guidance, and rulings relating to the TCJA. Further, technical corrections legislation with respect to the TCJA has been proposed. The proposed legislation's and/or Treasury Regulations' final form and effect cannot be predicted and may be adverse. Many of the amendments will require further guidance through the issuance of Treasury Regulations in order to assess their effect. There may be substantial delay before such Treasury Regulations are promulgated, increasing the uncertainty as to the ultimate effect of the statutory amendments on REITs. Current and prospective investors should consult their tax advisors regarding the implications of the TCJA on AHIP and their investment in AHIP.

b) *U.S. federal income tax treatment of the Debentures.* The Debentures are complex financial instruments and no assurance can be given that the IRS or the courts will agree with the U.S. tax treatment of the Debentures as described in the AHIP's Prospectus Supplement, dated June 2, 2017 (the "**Prospectus**"), available on SEDAR at www.sedar.com. AHIP has not sought any rulings concerning the treatment of the Debentures and the U.S. federal income tax consequences described in the Prospectus are not binding on the IRS or the courts, either of which could disagree with the explanations or conclusions contained in the Prospectus. Prospective non-U.S. Debenture holders should consult with their tax advisors regarding the consequences to them of the possible re-characterization of the Debentures as equity (or otherwise) for U.S. federal income tax purposes.

c) *AHIP's status as a partnership for U.S. federal income tax purposes*. There is a risk that for the current year, and for any subsequent year, AHIP does not meet the "qualifying income" exception to continue to be treated as a partnership for U.S. federal income tax purposes, and is, thus, treated as a corporation for U.S. federal income tax purposes. Should AHIP be treated as a corporation for U.S. federal income tax purposes, the U.S. federal income tax consequences will

differ significantly from those described in the Prospectus and distributions to unitholders may be materially lower than if AHIP were treated as a partnership for U.S. federal income tax purposes.

d) *AHIP not being engaged in a U.S. trade or business*. AHIP believes that it is not engaged in a U.S. trade or business for U.S. federal income tax purposes, and it intends to use commercially reasonable efforts to structure its activities to avoid generating income treated as effectively connected with a trade or business within the U.S. ("**ECI**"), including U.S. real property interest gain (see Item (g) below). It is possible, however, that the IRS or the courts could disagree or that the U.S. federal tax laws could change and AHIP could be considered to be engaged in a U.S. trade or business, which would have a material adverse effect on non-U.S. unitholders and/or non-U.S. Debenture holders, including requirements to file U.S. federal income tax returns and be subject to U.S. federal income tax at regular graduated rates.

e) *The U.S. federal income tax treatment with regard to 5% or smaller non-U.S. unitholders, depends on the Units being "regularly traded".* There is a risk that for the current quarter, and for any subsequent quarter, the Units may not be considered to be "regularly traded on an established securities market". Further, management is not certain whether the Debentures themselves are considered "regularly traded on an established securities market". Hence, should the Units not be considered to be "regularly traded on an established securities market", non-U.S. unitholders and non-U.S. Debenture holders would be taxable upon the disposition of their Units and Debentures, respectively, and would also be subject to U.S. federal income tax return filing requirements with respect to such disposition. Further, Non-U.S. Unitholders who hold, actually or constructively, more than 5% of the outstanding Units at any time during the shorter of the five-year period ending on the date of disposition, or the period that such Units were held would be taxable upon the disposition of their Units and would be subject to U.S. tax return filing requirements, regardless of whether the Units are considered to be "regularly traded". Similarly, where on the date the Debentures were acquired by a non-U.S. Debenture holder, the Debentures held by such holder had a fair market value greater than 5% of the fair market value of the AHIP's total outstanding Units (or the greater than 5% ownership test was met upon subsequent purchases of additional Debentures by such holder), such Non-U.S. Debenture holder would be taxable upon the disposition of his or her Debentures and would be subject to U.S. federal income tax return filing requirements.

f) *U.S. withholding tax may be required on a transfer of the Debentures*. A purchaser of Debentures is required to withhold 15 percent U.S. tax if the Debentures are not themselves considered regularly traded and on the date the Debentures are acquired by the selling holder the Debenture holder did not meet the Non-Traded Debenture 5 Percent Exception (as defined in the Prospectus). A purchaser may not be able to determine whether a seller of the Debenture meets the Non-Traded Debenture 5 Percent Exception and therefore, may be required to withhold 15 percent upon the purchase of the Debentures.

g) *U.S. real property interest gains recognized by the U.S. REIT or AHIP will cause non- U.S. Unitholders to be subject to U.S. federal income tax and U.S. tax return filing obligations.* Management intends to take all reasonable steps to limit AHIP from recognizing U.S. real property interest gains that

may cause a non-U.S. unitholder to recognize a gain as ECI and, therefore, give rise to a U.S. federal income tax return filing requirement. However, no assurances can be given that U.S. real property interest gains will not be recognized in a particular year. Non-U.S. unitholders who are allocated ECI (including U.S. real property interest gains) are required to file a U.S. federal income tax return.

h) *The U.S. REIT may not qualify in the future as a REIT for U.S. federal income tax purposes*. Given the highly complex nature of the rules governing REITs and the possibility of future changes in circumstances, no assurances can be given that the U.S. REIT will qualify as a REIT for U.S. federal income tax purposes, whether in its first taxable year or in any subsequent year. Should the U.S. REIT fail to qualify as a REIT, it should be subject to U.S. federal income tax, which may result in materially reduced distributions to unitholders. A REIT that becomes disqualified as a REIT cannot generally elect again to become a REIT prior to the fifth taxable year beginning after the first taxable year for which the termination is effective.

i) *U.S. REIT Not Closely-Held Requirement.* 100% of the U.S. REIT common shares and Series A preferred are owned by AHIP. AHIP is expected by management to continue to be widely-held such that five or fewer individuals would not indirectly own more than 50% of the value of the U.S. REIT (the "Not Closely-Held Requirement"). There is no ownership limitation contained in the Limited Partnership Agreement, so there can be no guarantee that the U.S. REIT would be able to effectively prevent five or fewer individuals from acquiring more than 50% of the Units and, thereby, indirectly acquiring more than 50% of the value of the U.S. REIT. Management will monitor the ownership of AHIP on a regular basis to evaluate its ownership so as to prevent a violation of the Not Closely-Held Requirement.

j) *Withholding certificates may not be granted by the U.S. Internal Revenue Service*. Where necessary, AHIP and/or the U.S. REIT will be making withholding certificate applications to the U.S. Internal Revenue Service (the "**IRS**") to request for a reduction in U.S. federal income tax withholdings that would otherwise apply to an amount that more closely resembles the actual tax liability. No assurance can be given that the IRS will approve a withholding certificate application.

k) *Unitholders May Recognize Taxable Income Without Receiving Corresponding Cash Distributions*. Because AHIP is expected by management to be treated as a partnership for U.S. federal income tax purposes, unitholders will be required to recognize income in accordance with AHIP's recognition and allocation of such income. AHIP may derive taxable income from investments that is not matched by a corresponding distribution of cash. It is also possible that the U.S. federal income tax liability of a unitholder with respect to its allocable share of AHIP's income for a particular taxable year could exceed the cash distribution to the unitholder for the year.

l) *Change of Law.* There can be no assurance that U.S. federal income tax laws, the terms of the Treaty, and the IRS and Department of the Treasury administrative and legislative policies in respect of the U.S. federal income tax consequences described in this AIF will not be changed, possibly on a retroactive basis, in a manner that adversely affects unitholders and/or Debenture holders (see, for example, Item (a) above). In particular, any such change could increase the amount of U.S. federal income tax or withholding tax payable by AHIP or its subsidiaries, reducing

the amount of distributions which AHIP would otherwise receive and thereby reducing the amount available to pay distributions to unitholders.

The rules governing the United States federal income taxation of unitholders and holders of Debentures are complex. This "U.S. Federal Income Tax-Related Risks" section does not address or consider all aspects of Canadian federal income tax of an investment in AHIP and does not consider provincial, territorial, U.S., State, or other foreign tax legislation or considerations. Current and prospective investors should consult their own professional advisors as to the tax consequences to them of making an investment in, and of holding, units or Debentures.

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

PREMIUM BRANDED HOTEL PORTFOLIO AS AT MARCH 5, 2019

Hotel Address	Brand	Location	Number of Rooms	Restaurant	Acquisition Date
FLORIDA/GEORGIA					
3712 SW 38th Avenue	Courtyard	Ocala, FL	169	Yes	Aug. 6, 2015
3427 Forum Boulevard	Holiday Inn Express	Fort Myers, FL	111	-	Nov. 29, 2016
5730 Gantt Road	Holiday Inn Express	Sarasota, FL	101	-	Nov. 29, 2016
3624 North Falkenburg Road	Staybridge Suites	Tampa, FL	100	-	Nov. 29, 2016
4735 Helen Hauser Blvd.	Fairfield Inn & Suites	Titusville, FL	96	-	Nov. 25, 2014
4101 SW 38th Avenue	Fairfield Inn & Suites	Ocala, FL	96	-	Aug. 6, 2015
561 Chaffee Point Boulevard	Fairfield Inn & Suites	Jacksonville, FL	89	-	Oct. 27, 2016
538 Southwest Corporate Dr.	Fairfield Inn & Suites	Lake City, FL	89	-	Oct. 27, 2016
3610 SW 38th Avenue	Residence Inn	Ocala, FL	87	-	Aug. 6, 2015
3751 East Fowler Avenue	Wingate	Tampa, FL	86	-	Nov. 29, 2016
4355 West New Haven Ave	Fairfield Inn & Suites	Melbourne, FL	83	-	Nov. 25, 2014
1319 East King Avenue	Fairfield Inn & Suites	Kingsland, GA	82	-	Jul. 3, 2014
13575 Cypress Glen Lane	Courtyard	Tampa, FL	81	Yes	Nov. 29, 2016
10971 West Colonial Drive	Fairfield Inn & Suites	Orlando/Ocoee, FL	80	-	Nov. 29, 2016
TOTAL FLORIDA/GEORGIA		14 PROPERTIES	1,350	2	
MARYLAND					
5015 Campbell Boulevard	Hilton Garden Inn	Baltimore, MD	155	Yes	June 22, 2017
4980 Mercantile Road	Residence Inn	Baltimore, MD	131	-	June 22, 2017
7035 Arundel Mill Circle	Residence Inn	Hanover, MD	131	-	June 22, 2017
7027 Arundel Mill Circle	Hampton Inn	Hanover, MD	130	-	June 22, 2017
7544 Teague Road	SpringHill Suites	Hanover, MD	128	-	June 22, 2017
8225 Town Center Drive	Hampton Inn	Baltimore, MD	127	-	June 22, 2017
8477 Cordon Way	Fairfield Inn & Suites	Baltimore, MD	116	-	June 22, 2017
7021 Arundel Mill Circle	TownePlace Suites	Hanover, MD	109	-	June 22, 2017
TOTAL MARYLAND		8 PROPERTIES	1,027	1	
TEXAS/ARIZONA					
4650 West Airport Freeway	Embassy Suites	Irving, TX	305	Yes	Jan. 6, 2017
4400 South Rural Road	Embassy Suites	Tempe, AZ	224	Yes	Jan. 6, 2017
8231 Amarillo Blvd. West	Holiday Inn	Amarillo, TX	151	Yes	Oct. 27, 2014
1740 Airport Boulevard	Fairfield Inn & Suites	Amarillo, TX	79	-	Oct. 27, 2014
6915 I-40 West	Sleep Inn & Suites	Amarillo, TX	63	-	Oct. 27, 2014
TOTAL TEXAS/ARIZONA		5 PROPERTIES	822	3	
OHIO/KENTUCKY					
5100 Upper Metro Place	Embassy Suites	Dublin, OH	284	Yes	Jan. 19, 2017
5800 Rockside Woods Blvd.	Embassy Suites	Independence, OH	271	Yes	Jan. 19, 2017
10 East Rivercentre Blvd.	Embassy Suites	Covington, KY	227	Yes	Jan. 19, 2017
TOTAL OHIO/KENTUCKY		3 PROPERTIES	782	3	

PREMIUM BRANDED HOTEL PORTFOLIO AS AT MARCH 5, 2019 CONTINUED

Hotel Address	Brand	Location	Number of Rooms	Restaurant	Acquisition Date
PENNSYLVANIA					
555 Trumbull Drive	Hampton Inn	Pittsburgh, PA	132	-	Nov. 21, 2013
8514 University Boulevard	Hampton Inn	Moon Township, PA	127	-	Nov. 21, 2013
210 Executive Drive	Hampton Inn	Cranberry Township, PA	116	-	Nov. 21, 2013
2031 Avenue C	Homewood Suites	Bethlehem, PA	113	-	June 22, 2017
7686 Industrial Boulevard	Homewood Suites	Allentown, PA	108	-	June 22, 2017
1308 Freedom Road	Residence Inn	Cranberry Township, PA	96	-	Nov. 21, 2013
TOTAL PENNSYLVANIA		6 PROPERTIES	692	-	
NEW JERSEY					
1000 Bishops Gate Boulevard	Residence Inn	Mount Laurel, NJ	144	-	June 22, 2017
3008 English Creek Avenue	Homewood Suites	Egg Harbor Township, NJ	120	-	June 22, 2017
1302 Campus Parkway	Courtyard	Wall Township, NJ	113	Yes	June 22, 2017
2 Commerce Centre Drive	Homewood Suites	Dover, NJ	108	-	June 22, 2017
230 Jumping Brook Road	Residence Inn	Neptune, NJ	105	-	June 22, 2017
3022 Fire Road	Residence Inn	Egg Harbor Township, NJ	101	-	June 22, 2017
TOTAL NEW JERSEY		6 PROPERTIES	691	1	
OKLAHOMA					
4401 SW 15th Street	Holiday Inn	Oklahoma City, OK	147	Yes	Nov. 3, 2014
13800 Quail Springs Pk.	Holiday Inn	Oklahoma City, OK	109	Yes	Nov. 3, 2014
4411 SW 15th Street	Staybridge Suites	Oklahoma City, OK	103	-	Nov. 3, 2014
2814 Williams Avenue	Hampton Inn	Woodward, OK	81	-	Nov. 3, 2014
7840 NW 39 Expressway	Holiday Inn Express	Bethany, OK	69	-	Jun. 18, 2015
3004 South 4th Street	Hampton Inn	Chickasha, OK	63	-	Jun. 18, 2015
2610 S. 4th Street	Holiday Inn Express	Chickasha, OK	62	-	Jun. 18, 2015
TOTAL OKLAHOMA		7 PROPERTIES	634	2	
NORTH CAROLINA					
1137 E. Dixie Drive	Hampton Inn	Asheboro, NC	111	-	Jul. 3, 2014
10024 US Hwy 15/501	Springhill Suites	Pinehurst, NC	107	-	Jul. 11, 2014
1530 Cinema Drive	Courtyard	Statesville, NC	94	Yes	Nov. 25, 2014
920 Executive Way	Fairfield Inn & Suites	Asheboro, NC	87	-	Jul. 3, 2014
1508 Cinema Drive	Hampton Inn	Statesville, NC	80	-	Nov. 25, 2014
TOTAL NORTH CAROLINA		5 PROPERTIES	479	1	
VIRGINIA					
85 University Boulevard	Hampton Inn	Harrisonburg, VA	159	-	Mar. 12, 2014
43 Covenant Drive	Hampton Inn	Harrisonburg, VA	90	-	Mar. 12, 2014
898 Wiggins Road	Hampton Inn	Emporia, VA	85	-	Mar. 12, 2014
150 Arnold Drive	Fairfield Inn & Suites	South Hill, VA	68	-	Mar. 12, 2014
TOTAL VIRGINIA		4 PROPERTIES	402	-	

PREMIUM BRANDED HOTEL PORTFOLIO AS AT MARCH 5, 2019 CONTINUED

Hotel Address	Brand	Location	Number of Rooms	Restaurant	Acquisition Date
MIDWEST					
2080 Holliday Drive	Holiday Inn Express	Dubuque, IA	87	-	Jun. 18, 2015
121 Swords Drive	Holiday Inn Express	Mattoon, IL	69	-	Jun. 18, 2015
2501 Holiday Lane	Holiday Inn Express	South Jacksonville, IL	69	-	Jun. 18, 2015
311 S. Johnson Drive	Holiday Inn Express	Nevada, MO	68	-	Jun. 18, 2015
3007 W. 18th Avenue	Holiday Inn Express	Emporia, KS	68	-	Jun. 18, 2015
TOTAL MIDWEST		5 PROPERTIES	361	-	
NEW YORK/CONNECTICUT					
2 Sawgrass Drive	SpringHill Suites	Bellport, NY	128	-	June 22, 2017
291 Old Gate Lane	Hilton Garden Inn	Milford, CT	120	Yes	June 22, 2017
TOTAL NEW YORK/CONNECTICUT		2 PROPERTIES	248	1	
TENNESSEE					
2340 Center Street	Residence Inn	Chattanooga, TN	109	-	Oct. 27, 2016
7010 McCutcheon Road	TownePlace Suites	Chattanooga, TN	87	-	Oct. 27, 2016
TOTAL TENNESSEE		2 PROPERTIES	196	-	
TOTAL PREMIUM BRANDED		67 PROPERTIES	7,684	14	

ECONOMY LODGING HOTEL PORTFOLIO AS AT MARCH 5, 2019

Hotel Address	Brand	Location	Number of Rooms	Restaurant	Acquisition Date
3475 Union Road	Baymont Inn & Suites	Buffalo, NY	56	-	Feb. 20, 2013
2300 Valley West Ct.	Baymont Inn & Suites	Clinton, IA	123	-	Feb. 20, 2013
1608 E. US Business 60	Baymont Inn & Suites	Dexter, MO	133	Yes	Feb. 20, 2013
95 Spruce Road	Baymont Inn & Suites	Elko, NV	119	-	Feb. 20, 2013
2700 N. Diers Parkway	Baymont Inn & Suites	Fremont, NE	100	Yes	Feb. 20, 2013
2006 North Merrill Avenue	Baymont Inn & Suites	Glendive, MT	74	Yes	Oct. 28, 2014
100 15th Street SE	Baymont Inn & Suites	Glenwood, MN	56	Yes	Feb. 20, 2013
1051 North Market Street	Baymont Inn & Suites	Hearne, TX	140	Yes	Feb. 20, 2013
501 SW Boulevard	Baymont Inn & Suites	Kansas City, KS	107	-	Feb. 20, 2013
451 Halligan Drive	Baymont Inn & Suites	North Platte, NE	135	Yes	Feb. 20, 2013
2005 E. Daley Street	Baymont Inn & Suites	Rawlins, WY	62	Yes	Feb. 20, 2013
1130 E. 16th Street	Baymont Inn & Suites	Wellington, KS	110	-	Feb. 25, 2015
6390 Hwy 93 South	Baymont Inn & Suites	Whitefish, MT	64	-	Nov. 7, 2017
35450 Yermo Road	Baymont Inn & Suites	Yermo, CA	65	Yes	Feb. 20, 2013
1731 S. Sunridge Drive	Baymont Inn & Suites	Yuma, AZ	119	Yes	Feb. 20, 2013
TOTAL BAYMONT HOTELS		15 PROPERTIES	1,463	9	
2407 East Holland Avenue	Travelodge	Alpine, TX	40	Yes	Feb. 20, 2013
2111 Camino Del Llano	Travelodge	Belen, NM	158	Yes	Sept. 16, 2015
3522 N. Highway 59	Travelodge	Bill, WY	112	Yes	Feb. 20, 2013
620 Souder Road	Travelodge	Brunswick, MD	25	Yes	Nov. 24, 2014
1625 Stillwater Avenue	Travelodge	Cheyenne, WY	60	Yes	Feb. 20, 2013
4000 Siskiyou Avenue	Travelodge	Dunsmuir, CA	21	Yes	Feb. 20, 2013
100 North 6th Avenue	Travelodge	Edgemont, SD	56	-	Sept. 16, 2015
2505 S. Main St.	Travelodge	Fort Scott, KS	70	-	Nov. 11, 2015
2307 Wyoming Avenue	Travelodge	Gillette, WY	156	-	Sept. 16, 2015
1170 W. Flaming Gorge Way	Travelodge	Green River, WY	191	Yes	Feb. 20, 2013
800 West Laramie Street	Travelodge	Guernsey, WY	96	-	Sept. 16, 2015
1110 SE 4th Street	Travelodge	Hermiston, OR	86	-	Feb. 20, 2013
1710 Jefferson Street	Travelodge	Jefferson City, MO	77	-	Sept. 12, 2013
8233 Airline Highway	Travelodge	Livonia, LA	60	-	Feb. 20, 2013
123 Westvaco Road	Travelodge	Low Moor, VA	30	Yes	Feb. 20, 2013
1127 Pony Express Highway	Travelodge	Marysville, KS	139	Yes	Feb. 20, 2013
528 S. George Nigh Expressway	Travelodge	McAlester, OK	61	-	Feb. 20, 2013
777 W Center Street	Travelodge	Milford, UT	75	Yes	Feb. 20, 2013
128 S. Willow Rd.	Travelodge	Missouri Valley, IA	41	Yes	Feb. 20, 2013
707 E. Webster Street	Travelodge	Morrill, NE	97	Yes	Feb. 20, 2013
22 N. Frontage Street	Travelodge	Pecos, TX	61	-	Feb. 20, 2013
12 Kitty Hawk Road	Travelodge	Santa Teresa, NM	56	Yes	May 6, 2014
109 E. Commerce St.	Travelodge	Sharon Springs, KS	50	Yes	Feb. 20, 2013
U.S. 285 & 2nd Street	Travelodge	Vaughn, NM	60	Yes	Feb. 20, 2013
1177 E. 16th Street	Travelodge	Wellington, KS	80	Yes	Feb. 20, 2013
1706 N. Park Drive	Travelodge	Winslow, AZ	72	-	Feb. 20, 2013
98 Moffat Avenue	Travelodge	Yampa, CO	37	Yes	Feb. 20, 2013
TOTAL TRAVELODGE HOTELS		27 PROPERTIES	2,067	17	

ECONOMY LODGING HOTEL PORTFOLIO AS AT MARCH 5, 2019 CONTINUED

Hotel Address	Brand	Location	Number of Rooms	Restaurant	Acquisition Date
2545 Cornhusker Highway	Super 8	Lincoln, NE	132	-	Jan. 7, 2016
720 Royal Parkway	Super 8	Nashville, TN	103	-	Dec. 1, 2016
TOTAL SUPER 8 HOTELS		2 PROPERTIES	235	-	
3431 14th Ave S	Days Inn	Fargo, ND	74	-	Oct. 13, 2017
TOTAL DAYS INN HOTELS		1 PROPERTY	74	-	
TOTAL ECONOMY LODGING HOTELS		45 PROPERTIES	3,839	26	
GRAND TOTAL		112 PROPERTIES	11,523	40	