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 ended March 31, 2019
(Expressed in U.S. Dollars)

Dated: May 7, 2019

Staybridge Suites Tampa East – Brandon, Tampa, FL

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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 payout ratios; 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 expectation that in some cases renovations may impact hotel operations including some guest displacement, which may affect quarterly results; AHIP's focus on proactive asset management to enhance hotel profitability by focusing on revenue management and improving operating efficiencies and productivity; AHIP's intention to undertake an active capital recycling program to improve the quality of its assets and income stream; AHIP continuing 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 the FFO Payout Ratio (as defined below) and AFFO Payout Ratio (as defined below) will improve in the coming quarters as renovated properties begin contributing higher income levels; the expectation that cash flows will improve once renovated hotels come back online and AHIP moves into its seasonally stronger second and third quarters; 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 and revolving credit facilities, Debentures (as defined below), finance and operating leases, purchase obligations and deferred compensation; 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; AHIP not having identified any unfavorable trends or fluctuations that may impact AHIP's ability to obtain additional equity or debt financing; the expected timing of the payment of the April 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; AHIP will be successful in carrying out an active capital recycling program and such program will have its intended benefits; AHIP's performance will improve in the seasonally stronger second and third quarters; 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 accretively 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 22, 2019 for the year ended December 31, 2018, 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 May 7, 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.

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 May 7, 2019.

PART II

OVERVIEW OF AHIP

AHIP is a limited partnership formed under the *Limited Partnerships Act* (Ontario) to invest in hotel real estate properties in the United States ("**U.S.**") and engaged primarily in growing a portfolio of premium branded, select-service hotels in larger secondary markets with diverse and 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:

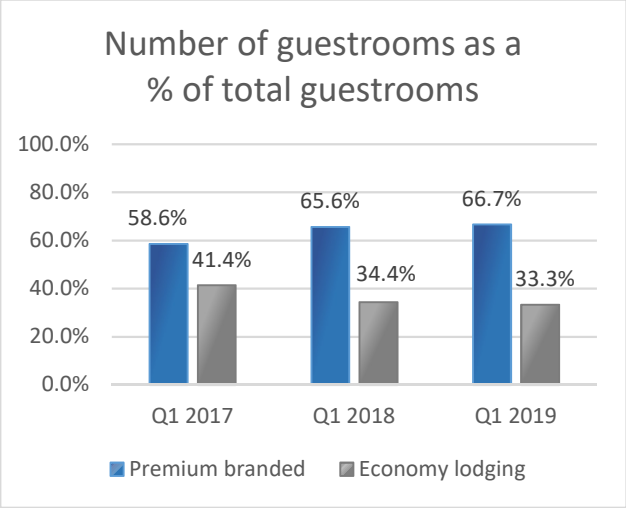
(i) generate stable and growing cash distributions from hotel properties located in the U.S.;
(ii) enhance the value of its assets and maximize the long-term value of its hotel properties through active asset management; and
(iii) expand its asset base and increase its AFFO per Unit through an accretive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

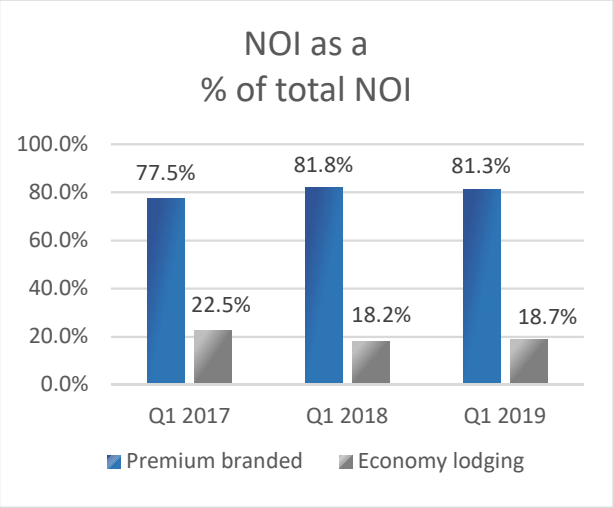
AHIP's Units trade on the Toronto Stock Exchange ("**TSX**") under the symbol HOT.UN (Canadian dollar ticker) and HOT.U (U.S. dollar ticker) as well as on the OTCQX International Marketplace in the U.S. under the symbol AHOTF (U.S. dollar ticker). AHIP's Debentures (defined below) trade on the TSX under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

As of May 7, 2019, AHIP's diversified portfolio is comprised of 112 hotels with a total of 11,524 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 3,840 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 March 31, 2019, 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.

BASIS OF PRESENTATION

This MD&A for the three months ended March 31, 2019 includes material financial information as of May 7, 2019. This MD&A should be read in conjunction with AHIP's unaudited condensed consolidated interim financial statements for the three months ended March 31, 2019 and 2018 and the 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. Additional information relating to AHIP, including its AIF for the year ended December 31, 2018, is available on SEDAR at www.sedar.com.

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

THIRD PARTY INFORMATION

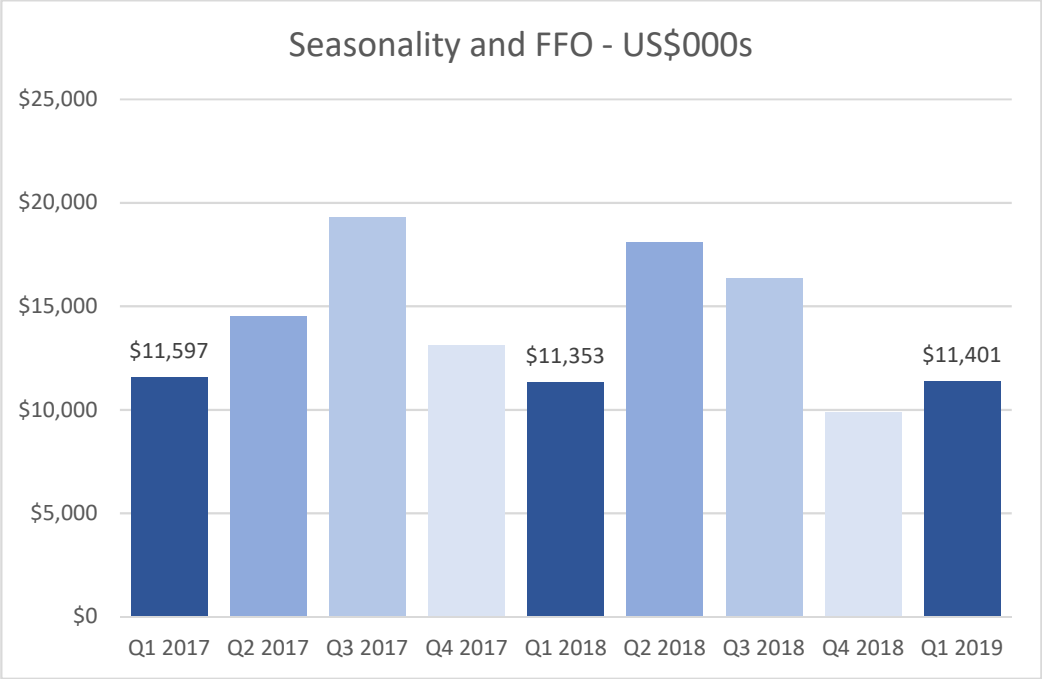
This MD&A includes market information, industry data and forecasts obtained from independent industry publications, market research and analyst reports, surveys and other publicly available sources. Although AHIP management believes these sources to be generally reliable, market and industry data is 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.

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 FFO, which highlight the seasonality of its operations, are shown in the following table:



As a result of the impact of seasonal fluctuations in FFO or AFFO in any period, management considers a rolling four quarter FFO and AFFO Payout Ratio more relevant for the purposes of assessing AHIP's distribution paying capacity than a payout ratio in any given quarter.

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.

RECENT DEVELOPMENTS

a) Completion of $7.2 million in renovations at three larger hotels

On January 16, 2019, AHIP completed a $3.0 million renovation at the 284-room Embassy Suites Columbus hotel in Dublin, OH. The renovations included a completely modernized atrium, lobby, restaurant bar and breakfast buffet, and updates to all guestrooms and bathrooms.

On February 1, 2019, AHIP completed a $2.3 million renovation at the 100-room Staybridge Suites Tampa East hotel in Tampa, FL including a full renovation of guest rooms, public areas, and exterior spaces. In addition, AHIP completed a $1.9 million renovation at the 131-room Residence Inn Baltimore White Marsh hotel in Baltimore, MD including guestroom and corridor renovations.

b) Changes to Senior Leadership Team

Effective February 1, 2019, Ian McAuley resigned as President of AHIP.

Effective February 11, 2019, Chris Cameron was hired as Chief Investment Officer with responsibility for leading AHIP's investment and capital recycling strategies.

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 the first quarter of 2019, U.S. GDP grew by 3.2% on an annualized basis fueled in part by rising inventory production and exports, along with higher government infrastructure spending. This combined with a healthy labor market and steady wage gains bode well for the U.S. hotel industry.

According to STR, Inc. ("**STR**"), during the first quarter of 2019, U.S. hotel RevPAR grew by 1.5% with ADR increasing by 1.1% and occupancy improving 0.4%. In addition, demand increased by 2.4% while supply increased by 2.0%.

The following table summarizes Q1 2019 RevPAR growth in the U.S. hotel industry by chain scale (according to STR):

Chain Scale Segments	Representative Hotels in AHIP's Portfolio	RevPAR Growth
Upper upscale	Embassy Suites	1.2%
Upscale	Courtyard, Hilton Garden Inn, Homewood Suites, Residence Inn, Springhill Suites, Staybridge Suites	-0.5%
Upper midscale	Fairfield Inn, Hampton Inn, Holiday Inn, Holiday Inn Express, TownePlace Suites	0.4%
Midscale	Sleep Inn, Wingate by Wyndham, Baymont	-0.1%
Economy	Days Inn, Super 8, Travelodge	1.9%

OUTLOOK

For 2019, STR currently forecasts RevPAR growth rates of 2.3% led primarily by increases in ADR. The following table summarizes forecasted 2019 RevPAR growth in the U.S. hotel industry by chain scale for those segments in which AHIP owns hotels:

Chain Scale Segments	AHIP's Operating Segment	RevPAR Growth
Upper upscale	Premium Branded	0.4%
Upscale	Premium Branded	-0.6%
Upper Midscale	Premium Branded	0.2%
Midscale	Premium Branded	1.0%
Economy	Economy Lodging	1.8%

During 2019, AHIP will continue its property improvement plans with ten larger Premium Branded hotels undergoing significant renovations during the year. As a result, some revenue displacement is expected; however, AHIP believes the total impact should be less disruptive than from renovations carried out during 2018. Following completion of these renovations, the hotels 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 occupancies as a result of the continued strength in the U.S. rail industry and along with meaningful contributions from the Wyndham rebranding should deliver RevPAR growth within this segment.

AHIP is focused on asset management to drive ADR-related revenue growth. This coupled with procurement savings along with improved productivity in key business processes should help maintain 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 diversified portfolio positions AHIP well to deliver a stable and reliable U.S. dollar denominated income stream to unitholders.

FIRST QUARTER HIGHLIGHTS AND KEY PERFORMANCE INDICATORS

(US$000s unless noted and except Units and per Unit amounts)		Three months ended March 31, 2019		Three months ended March 31, 2018	% change
TOTAL PORTFOLIO INFORMATION					
Number of rooms [1]		11,524		11,709	(1.6%)
Number of properties [1]		112		115	(2.6%)
Number of restaurants [1]		40		41	n.m.
Occupancy rate		72.4%		73.5%	(1.1 pp)
Average daily room rate	$	97.32	$	95.55	1.9%
Revenue per available room	$	70.46	$	70.23	0.3%
Revenues	$	80,531	$	81,066	(0.7%)
Net operating income [4]	$	25,821	$	25,650	0.7%
NOI Margin %		32.1%		31.6%	0.5 pp
Net income (loss) and comprehensive income (loss)	$	(456)	$	1,376	n.m.
Basic and diluted net income (loss) per Unit	$	(0.01)	$	0.02	n.m.
EBITDA [4]	$	20,889	$	20,661	1.1%
EBITDA Margin %		25.9%		25.5%	0.4 pp
FUNDS FROM OPERATIONS (FFO)					
Funds from operations	$	11,401	$	11,353	0.4%
Diluted FFO per Unit [3]	$	0.15	$	0.15	0.0%
FFO Payout Ratio - rolling four quarters		90.7%		83.5%	7.2 pp
ADJUSTED FUNDS FROM OPERATIONS (AFFO)					
Adjusted funds from operations	$	9,949	$	9,904	0.5%
Diluted AFFO per Unit [2][3]	$	0.13	$	0.13	0.0%
AFFO Payout Ratio - rolling four quarters		98.7%		93.9%	4.8 pp
Distributions declared	$	12,557	$	12,665	(0.9%)
Quarterly distributions declared per unit	$	0.162	$	0.162	0.0%
CAPITALIZATION AND LEVERAGE					
Debt-to-Gross Book Value [1]		53.8%		53.6%	0.2 pp
Debt-to-EBITDA (trailing twelve month basis)		8.1x		8.2x	n.m.
Interest Coverage Ratio		2.3x		2.3x	n.m.
Weighted average Debt face interest rate [1]		4.64%		4.64%	0.0%
Weighted average Debt term to maturity [1]		6.2 years		7.1 years	n.m.
Number of Units outstanding [1]		78,119,336		78,047,806	0.1%
Diluted weighted average number of Units outstanding – IFRS [3]		78,204,277		78,207,113	0.0%

(1) At period end.
(2) The Debentures were dilutive for AFFO for the three months ended March 31, 2019 and 2018. Therefore, Debenture finance costs of $611 were added back to AFFO for the three months ended March 31, 2019 (March 31, 2018 - $611). 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 90,724 and 159,307 unvested Restricted Stock Units as at March 31, 2019 and March 31, 2018, respectively.
(4) Not adjusted for IFRIC 21 property taxes.
(5) n.m. = not meaningful.

OPERATIONAL AND FINANCIAL HIGHLIGHTS

Total revenues were lower for the three months ended March 31, 2019, compared to the same period last year, as a result of disruptions caused by renovations at five of AHIP's larger hotels coupled with impacts of the U.S. government shutdown during January 2019 which affected group business at our hotels in Florida, New Jersey and Oklahoma. This was offset by strong RevPAR growth in our hotels in Kentucky, Arizona and North Carolina as a result of solid group and transient demand. The Economy Lodging segment continued its strong performance reflecting the benefits of the revenue guarantees in our rail crew lodging agreements and higher occupancies from Wyndham. Despite the lower revenues, NOI increased as a result of lower property taxes and insurance expense.

During the seasonally weaker first quarter, total revenues declined by $535 thousand (or 0.7%) to $80.5 million (2018 – $81.1 million) with Premium Branded revenues declining by $741 thousand (or 1.2%) to $63.5 million (2018 – $64.3 million) caused primarily by renovation and government shutdown impacts. This was offset by Economy Lodging revenues growing by $206 thousand (or 1.2%) to $17.0 million (2017 – $16.8 million) as a result of higher occupancies and ADR growth.

AHIP's total portfolio RevPAR increased by 0.3% with Premium Branded RevPAR decreasing by 2.0% offset by Economy Lodging RevPAR growing by 6.7% led by ADR growth rates of 4.3%. AHIP's total portfolio NOI increased by $171 thousand (or 0.7%) to $25.8 million (2018 – $25.7 million) and NOI margin increased by 50 basis points to 32.1% (2018 – 31.6%) reflecting lower property taxes and insurance expenses. Net loss for the quarter was $456 thousand (2018 – net income of $1.4 million) as a result of approximately $2.1 million in fair value changes in the interest rate swap contracts.

FFO for the three months ended March 31, 2019 increased by $48 thousand (or 0.4%) to $11.4 million (2018 – $11.4 million) as a result of higher NOI as noted above. This resulted in a Diluted FFO per Unit for the quarter remaining unchanged at $0.15 (2018 – $0.15). AFFO for the three months ended March 31, 2019 increased by $45 thousand (or 0.5%) to $9.9 million (2018 – $9.9 million) and Diluted AFFO per Unit was unchanged at $0.13 (2018 – $0.13) for the reasons stated above.

As a result of the impact of seasonal fluctuations in FFO or AFFO in any period, management considers a rolling four quarter FFO and AFFO Payout Ratio more relevant for the purposes of assessing AHIP's distribution paying capacity than a payout ratio in any given quarter. As at March 31, 2019 on rolling four quarter basis, AHIP's FFO Payout Ratio was 90.7% (2018 – 83.5%) and its AFFO Payout Ratio was 98.7% (2018 – 93.9%).

RESULTS OF OPERATIONS

The following discussion highlights selected financial information for AHIP for the three months ended March 31, 2019. This information should be read in conjunction with AHIP's unaudited condensed consolidated interim financial statements and related notes for the three months ended March 31, 2019 and 2018.

(US$000s unless noted and except Units and per Unit amounts)	Three months ended March 31, 2019	Three months ended March 31, 2018
Revenues	$ 80,531	$ 81,066
Hotel expenses	55,116	55,692
Net operating income (including IFRIC 21)	25,415	25,374
Depreciation and amortization	11,914	12,063
Income from operating activities	13,501	13,311
Corporate and administrative	4,932	4,990
Loss on disposal of property, buildings and equipment	1	5
Business acquisition costs	-	320
Income before undernoted	8,568	7,996
Finance income	(74)	(5)
Finance costs	10,286	7,925
Income (loss) before income taxes	(1,644)	76
Current income tax expense	20	-
Deferred income tax recovery	(1,208)	(1,300)
Net income (loss) and comprehensive income (loss)	$ (456)	$ 1,376
Basic and diluted net income (loss) per Unit	$ (0.01)	$ 0.02
Basic weighted average number of Units outstanding	78,113,553	78,047,806
Diluted weighted average number of Units outstanding (1)	78,204,277	78,207,113

(1) Diluted weighted average number of Units calculated under IFRS includes the 90,724 and 159,307 unvested Restricted Stock Units as at March 31, 2019 and March 31, 2018, respectively.

The decrease in revenues for the three months ended March 31, 2019 compared to the same period last year related to displacement arising from significant renovations at five larger hotels and the federal government shutdown during January 2019 offset by lower property tax and insurance expense. 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 ended March 31, 2019 were $11.9 million compared to $12.1 million last year.

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 administrative expenses.

(US$000s)	Three months ended March 31, 2019	Three months ended March 31, 2018
Hotel management fees	$ 2,947	$ 2,976
General administrative expenses	1,985	2,014
Total corporate and administrative expenses	$ 4,932	$ 4,990

The decrease in general administrative expenses reflected increased staffing costs offset by lower professional fees and administrative expenses

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 March 31, 2019	Three months ended March 31, 2018
Interest expense on term loans and revolving credit facilities	$ 8,255	$ 8,205
Interest expense on Debentures	611	611
Amortization of finance costs	423	317
Accretion of Debenture liability	99	94
Amortization of Debenture transaction costs	85	79
Interest expense on finance lease liability	69	22
Amortization of deferred compensation	8	6
Dividends on preferred shares	4	4
Amortization of mark-to-market adjustments	(12)	(25)
Changes in fair values of swap contracts	744	(1,388)
Total finance costs	$ 10,286	$ 7,925

For the current quarter, total finance costs were up $2.4 million (or 29.8%) to $10.3 million (2018 – $7.9 million) with the changes caused primarily by fluctuations in the fair value of interest rate swap contracts between reporting periods. Specifically, the current quarter reflected an unrealized fair value loss of $744 thousand compared to an unrealized fair value gain of $1.4 million last year with the changes reflecting movements in interest rates in each period.

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

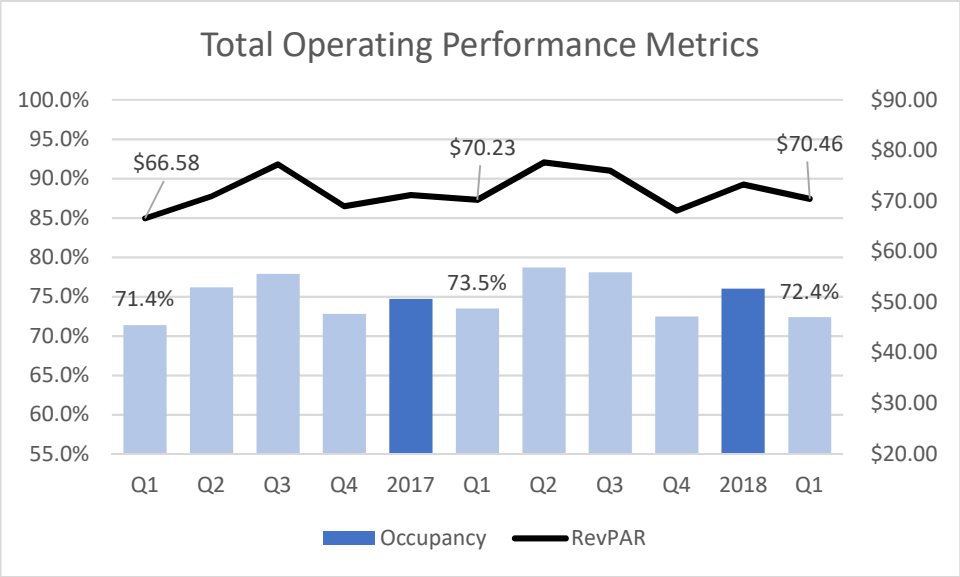
(US$000s unless noted)		Three months ended March 31, 2019		Three months ended March 31, 2018
Number of rooms [1]		11,524		11,709
Number of properties [1]		112		115
Number of restaurants [1]		40		41
Occupancy rate		72.4%		73.5%
Average daily rate [2]	$	97.32	$	95.55
Revenue per available room	$	70.46	$	70.23
REVENUES				
Rooms	$	73,030	$	73,999
Food and beverage		6,420		5,884
Other		1,081		1,183
TOTAL REVENUES		80,531		81,066
EXPENSES				
Operating expenses		42,617		42,627
Energy		3,697		3,805
Property maintenance		4,092		4,068
Taxes, insurance and ground lease [3]		4,304		4,916
TOTAL EXPENSES		54,710		55,416
NET OPERATING INCOME	$	25,821	$	25,650
NOI Margin %		*32.1%*		*31.6%*

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

Total portfolio RevPAR was up 0.3% as higher ADR from recently renovated hotels was offset by fewer occupied rooms arising from renovation displacement and the government shutdown.

During the seasonally weaker first quarter, total revenues declined by $535 thousand (or 0.7%) to $80.5 million (2018 – $81.1 million) with Premium Branded revenues declining by $741 thousand (or 1.2%) to $63.5 million (2018 – $64.3 million) offset by Economy Lodging revenues increasing by $206 thousand (or 1.2%) to $17.0 million (2018 – $16.8 million). Specifically, AHIP's total portfolio RevPAR decreased by 0.3%

with Premium Branded RevPAR declining by 2.0% offset by Economy Lodging RevPAR increasing by 6.7%. The reduction in portfolio revenues was offset by property tax reductions resulting in portfolio NOI increasing by $171 thousand (or 0.7%) to $25.8 million (2018 – $25.7 million) and NOI margin increasing by 50 basis points to 32.1% (2018 – 31.6%).



PREMIUM BRANDED HOTELS OPERATING STATEMENTS

(US$000s unless noted)		Three months ended March 31, 2019		Three months ended March 31, 2018
Number of rooms [1]		7,684		7,684
Number of properties [1]		67		67
Number of restaurants [1]		14		14
Occupancy rate		74.3%		76.9%
Average daily rate	$	114.21	$	112.63
Revenue per available room	$	84.86	$	86.61
REVENUES				
Rooms	$	58,668	$	59,882
Food and beverage		3,826		3,288
Other		1,048		1,113
TOTAL REVENUES		63,542		64,283
EXPENSES				
Operating expenses		33,341		33,469
Energy		2,619		2,743
Property maintenance		3,017		3,011
Taxes, insurance and ground lease [2]		3,583		4,076
TOTAL EXPENSES		42,560		43,299
NET OPERATING INCOME	$	20,982	$	20,984
NOI Margin %		*33.0%*		*32.6%*

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

For AHIP's Premium Branded hotels, total revenues for the three months ended March 31, 2019 decreased by $741 thousand (or 1.2%) to $63.5 million (2018 – $64.3 million) with lower occupancy offset by rising ADR. The revenue declines were caused primarily by renovations at the 284-room Embassy Suites Columbus, the 131-room Residence Inn Baltimore/White Marsh, the 100-room Staybridge Suites Tampa, the 89-room Fairfield Inn Jacksonville and the 109-room Residence Inn Chattanooga. In addition, revenues were lower in Florida, New Jersey and Oklahoma as a result of the federal government shutdown during January 2019. The estimated revenue impact of the government shutdown was approximately $1.1 million. This was partially offset by higher revenues in Kentucky, Arizona, North Carolina and Texas from greater corporate and transient demand as well as post-renovation recoveries.

From a RevPAR perspective, positive RevPAR growth was experienced in Kentucky, Arizona, North Carolina, and Texas which saw RevPAR increases of 29.3%, 12.2%, 7.7%, 2.1%, respectively as a result of strong demand. RevPAR declines were experienced in Oklahoma, New Jersey and Florida with RevPAR decreasing by 11.2%, 8.2% and 6.7%, respectively caused by the government shutdown and new supply. Certain Virginia hotels were also impacted by new supply as RevPAR declined by 7.5%. Lower property

taxes, insurance and operating expenses offset the revenue declines resulting in NOI remaining unchanged and NOI margins improving by 40 basis points to 33.0% (2018 – 32.6%).

ECONOMY LODGING HOTELS OPERATING STATEMENTS

(US$000s unless noted)		Three months ended March 31, 2019		Three months ended March 31, 2018
Number of rooms [1]		3,840		4,025
Number of properties [1]		45		48
Number of restaurants [1]		26		27
Occupancy rate		68.5%		67.0%
Average daily rate [2]	$	60.67	$	58.15
Revenue per available room	$	41.56	$	38.96
REVENUES				
Rooms	$	14,362	$	14,117
Food and beverage		2,594		2,596
Other		33		70
TOTAL REVENUES		16,989		16,783
EXPENSES				
Operating expenses		9,276		9,158
Energy		1,078		1,062
Property maintenance		1,075		1,057
Taxes and insurance [3]		721		840
TOTAL EXPENSES		12,150		12,117
NET OPERATING INCOME	$	4,839	$	4,666
NOI Margin %		*28.5%*		*27.8%*

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

During 2018, AHIP sold three underperforming Economy Lodging hotels totalling 185 rooms resulting in a 4.6% reduction in available rooms. However, the impact of these sold hotels to total NOI was not significant. For the three months ended March 31, 2019, the Economy Lodging Portfolio experienced higher RevPAR, revenues and NOI. Specifically, occupancy increased by 1.5 percentage points to 68.5% (2018 – 67.0%) as a result of higher Wyndham generated occupancies and changes in available rooms and ADR increased by 4.3% as a result of more guaranteed revenues as poor weather in the Midwest impacted key rail lines resulting in fewer occupied rail crew rooms. This resulted in RevPAR increasing by 6.7% to $41.56 (2018 – $38.96); revenues increased by $206 thousand (or 1.2%) to $17.0 million (2018 – $16.8 million); and NOI increased by $173 thousand (or 3.7%) to $4.8 million (2018 – $4.7 million). NOI margins also improved by 70 basis points to 28.5% (2018 – 27.8%).

SAME PROPERTY OPERATING METRICS

AHIP has modified its same property definition to align with its publicly traded U.S. hotel REIT peers. A property must be owned and operated for the entire year in both reporting periods for inclusion in same property operating metrics. As such, properties acquired and sold during the comparable reporting period are not included in the same property tables. For the current periods presented, AHIP had no changes to its Premium Branded portfolio and as a result, no same property tables were presented for the current reporting period. For AHIP's Economy Lodging Portfolio, three hotels totalling 185 guestrooms were sold during 2018 that had no meaningful impact to total NOI. A brief summary of same property operating results for Economy Lodging Portfolio is presented below:

ECONOMY LODGING HOTELS - SAME PROPERTY

(US$000s unless noted)		Three months ended March 31, 2019		Three months ended March 31, 2018
Number of rooms [1]		3,840		3,840
Number of properties [1]		45		45
Occupancy rate		68.5%		69.6%
Average daily rate [2]	$	60.67	$	57.68
Revenue per available room	$	41.56	$	40.15
REVENUES	$	16,989	$	16,629
NET OPERATING INCOME [3]	$	4,839	$	4,727
NOI Margin %		*28.5%*		*28.4%*

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

For the three months ended March 31, 2019, the Economy Lodging Portfolio experienced higher RevPAR, revenues and NOI. RevPAR increased by 3.5% to $41.56 (2018 – $40.15) as a result of fewer rail crew rooms occupied and higher guaranteed contract revenues as poor winter weather in the midwestern U.S. impacted railway operations; revenues increased by $360 thousand (or 2.2%) to $17.0 million (2018 – $16.6 million); and NOI increased by $112 thousand (or 2.4%) to $4.8 million (2018 – $4.7 million). NOI margins also improved by 10 basis points to 28.5% (2018 – 28.4%).

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 March 31, 2019		Three months ended March 31, 2018
Net income (loss) and comprehensive income (loss)	$	(456)	$	1,376
Add/(deduct):				
Depreciation and amortization		11,914		12,063
Loss on disposal of assets		1		5
Business acquisition costs		-		320
IFRIC 21 property taxes		406		277
Fair value changes of interest rate swaps		744		(1,388)
Deferred income tax recovery		(1,208)		(1,300)
Funds from operations ("FFO")	$	11,401	$	11,353
Add/(deduct):				
Securities-based compensation expense		61		149
Amortization of finance costs		603		471
Actual maintenance capital expenditures		(2,116)		(2,069)
Adjusted Funds from operations ("AFFO")	$	9,949	$	9,904
Diluted weighted average number of Units outstanding - IFRS (1)		78,204,277		78,207,113
Diluted FFO per Unit	$	0.15	$	0.15
Diluted AFFO per Unit (2)	$	0.13	$	0.13

(1) Diluted weighted average number of Units calculated under IFRS included the 90,724 and 159,307 unvested Restricted Stock Units as at March 31, 2019 and March 31, 2018, respectively.

(2) The Debentures were dilutive for AFFO for the three months ended March 31, 2019 and 2018. Therefore, Debenture finance costs of $611 were added back to AFFO for the three months ended March 31, 2019 (March 31, 2018 - $611). 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 March 31, 2019, FFO increased by $48 thousand (or 0.4%) to $11.4 million (2018 – $11.4 million) as a result of the increase in NOI and diluted FFO per Unit was unchanged at $0.15 (2018 – $0.15).

AFFO for the three months ended March 31, 2019 increased by $45 thousand (or 0.5%) to $9.9 million (2018 – $9.9 million) as a result of higher NOI and diluted AFFO per Unit was unchanged at $0.13 (2018 – $0.13).

ROLLING FOUR QUARTER FFO AND AFFO PAYOUT RATIO

As a result of the impact of seasonal fluctuations in FFO or AFFO in any period, management considers a rolling four quarter FFO and AFFO Payout Ratio more relevant for the purposes of assessing AHIP's distribution paying capacity than a payout ratio in any given quarter. The calculations are presented below:

FFO Payout Ratio

AHIP's FFO Payout Ratio for the four quarters ended March 31, 2019 is calculated as follows:

(US$000s unless noted)	Trailing 12 months ended March 31, 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018
Distributions declared	$ 50,515	$ 12,557	$ 12,646	$ 12,645	$ 12,667
FFO	55,696	11,401	9,866	16,355	18,074
FFO Payout Ratio	90.7%				

AHIP's FFO Payout Ratio for the four quarters ended March 31, 2018 is calculated as follows:

(US$000s unless noted)	Trailing 12 months ended March 31, 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017
Distributions declared	$ 48,674	$ 12,665	$ 12,732	$ 12,669	$ 10,608
FFO	58,322	11,353	13,150	19,306	14,513
FFO Payout Ratio	83.5%				

AFFO Payout Ratio

AHIP's AFFO Payout Ratio for the four quarters ended March 31, 2019 is calculated as follows:

(US$000s unless noted)	Trailing 12 months ended March 31, 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018
Distributions declared	$ 50,515	$ 12,557	$ 12,646	$ 12,645	$ 12,667
AFFO	51,177	9,949	9,220	14,954	17,054
AFFO Payout Ratio	98.7%				

AHIP's AFFO Payout Ratio for the four quarters ended March 31, 2018 is calculated as follows:

(US$000s unless noted)	Trailing 12 months ended March 31, 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017
Distributions declared	$ 48,674	$ 12,665	$ 12,732	$ 12,669	$ 10,608
AFFO	51,853	9,904	11,988	17,512	12,449
AFFO Payout Ratio	93.9%				

AHIP expects the payout ratios to improve in the coming quarters as the renovated properties begin contributing higher income levels.

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 March 31, 2019	Three months ended March 31, 2018
Cash flow from operating activities	$ 6,898	$ 10,989
Add/(deduct):		
Changes in non-cash working capital	5,139	929
Business acquisition costs	-	320
Securities-based compensation	273	38
IFRIC 21 property taxes	406	277
Amortization of other liabilities	38	33
Interest paid	8,250	8,229
Interest expense	(8,939)	(8,842)
Actual maintenance capital expenditures	(2,116)	(2,069)
AFFO	$ 9,949	$ 9,904

DISTRIBUTIONS DECLARED COMPARED TO CASH FLOWS FROM OPERATING ACTIVITIES

(US$000s)	Three months ended March 31, 2019	Three months ended March 31, 2018
Cash flow from operating activities (including interest paid)	$ 6,898	$ 10,989
Distributions declared	12,557	12,665
Shortfall of cash flow to distributions	$ (5,659)	$ (1,676)

For the three months and year ended March 31, 2019, cash flow from operating activities were lower than distributions declared due to temporary working capital changes and as more properties were under renovation in the current quarter compared to last year. It is expected that cash flows will improve as those properties come back online and AHIP moves into its seasonally stronger second and third quarters.

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, 2019 to March 31, 2019 as follows:

Month	Record Date	Payment Date	Distribution per Unit	Amount ($000s)
January 2019	January 31, 2019	February 15, 2019	$ 0.054	$ 4,218
February 2019	February 28, 2019	March 15, 2019	$ 0.054	$ 4,218
March 2019	March 29, 2019	April 13, 2019	$ 0.054	$ 4,121 (1)
Totals			$ 0.162	$ 12,557

(1) Quarterly amounts include distributions accrued on unvested Restricted Stock Units. Distributions for the month of March 2019 was $4,218 and was reduced by reversal of distributions accrued on the unvested Restricted Stock Units that were cancelled during the first quarter of 2019.

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

Per Unit	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 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	$ 7.19	$ 6.34	$ 9.17	$ 8.32	$ 7.91	$ 9.34	$ 9.50	$ 9.96
Annualized distribution yield on Closing Price (%) (1)	12.0%	13.9%	9.2%	10.3%	10.6%	8.7%	8.5%	8.4%

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

PART III

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)								
	Q1 2019	**Q4 2018**	**Q3 2018**	**Q2 2018**	**Q1 2018**	**Q4 2017**	**Q3 2017**	**Q2 2017**
Revenues	$ 80,531	$ 79,555	$ 88,029	$ 89,911	$ 81,066	$ 82,222	$ 90,311	$ 69,452
NOI – includes IFRIC 21	25,415	22,109	30,617	35,513	25,374	25,148	34,018	25,791
Net income (loss) and comprehensive income (loss)	(456)	(6,109)	4,232	8,854	1,376	(5,613)	8,816	(5,496)
FFO	$ 11,401	$ 9,866	$ 16,355	$ 18,074	$ 11,353	$ 13,150	$ 19,306	$ 14,513
AFFO	9,949	9,220	14,954	17,054	9,904	11,988	17,512	12,449
Distributions declared	12,557	12,646	12,645	12,667	12,665	12,732	12,669	10,608
Total assets	$ 1,260,338	$ 1,263,177	$ 1,280,743	$ 1,281,313	$ 1,295,473	$ 1,295,733	$ 1,309,634	$ 1,315,102
Total debt (face value)	$ 762,752	$ 754,372	$ 755,935	$ 754,180	$ 755,926	$ 752,783	$ 754,292	$ 753,834
Basic weighted average number of Units outstanding (000s)	78,114	78,064	78,062	78,062	78,048	78,036	78,034	63,316
Amounts on a per Unit Basis								
Basic and diluted net income (loss) per Unit	$ (0.01)	$ (0.08)	$ 0.05	$ 0.11	$ 0.02	$ (0.07)	$ 0.11	$ (0.09)
Diluted FFO per Unit	$ 0.15	$ 0.13	$ 0.21	$ 0.23	$ 0.15	$ 0.17	$ 0.25	$ 0.23
Diluted AFFO per Unit	$ 0.13	$ 0.12	$ 0.19	$ 0.21	$ 0.13	$ 0.14	$ 0.22	$ 0.20

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 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 ended March 31, 2019 and 2018:

(US$000s)	Three months ended March 31, 2019	Three months ended March 31, 2018
Net change in cash related to:		
Operating activities	$ 6,898	$ 10,989
Investing activities	(4,925)	(4,411)
Financing activities	(6,272)	(3,241)
Change in cash	$ (4,299)	$ 3,337

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

- Net cash provided from operating activities for the three months ended March 31, 2019 was $6.9 million compared to $11.0 million for the three months ended March 31, 2018, which reflected the impact of lower revenues caused by the hotels under renovation and by the U.S. government shutdown during January 2019;
- Net cash generated from investing activities for the three months ended March 31, 2019 was consistent with the same period in the prior year; and
- Net cash used in financing activities for the quarter ended March 31, 2019 was $6.3 million compared to $3.2 million last year due to additional loan proceeds received in March 2018.

CONTRACTUAL OBLIGATIONS

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

(US$000s)	TOTAL	2019	2020	2021	2022	2023	Thereafter
Term loans and revolving credit facilities	$ 710,218	$ 5,506	$ 23,091	$ 14,586	$ 69,881	$ 108,669	$ 488,485
Debentures	48,875	-	-	-	48,875	-	-
Operating leases	4,356	298	219	219	210	200	3,210
Finance lease liability	3,534	2,327	528	425	223	31	-
Purchase Obligations	2,761	591	601	549	517	214	289
Deferred compensation	125	125	-	-	-	-	-
Total	$ 769,869	$ 8,847	$ 24,439	$ 15,779	$ 119,706	$ 109,114	$ 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. Partial 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 March 31, 2019, AHIP's cash balance was $12.3 million and AHIP had approximately $22.0 million available in revolving credit facilities. AHIP's total restricted cash balance was $33.4 million (December 31, 2018 – $36.5 million) and included $16.7 million (December 31, 2018 – $20.6 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 Q1 2019, AHIP completed the renovation projects at three hotels as noted below. The following table also lists the hotel properties that are scheduled to undergo PIP renovation projects during 2019 with an estimated cost of more than $500 thousand:

	Scheduled Renovation Dates			
Hotel Name and Guestrooms	**Q1 2019**	**Q2 2019**	**Q3 2019**	**Q4 2019**
Embassy Suites Columbus (284 guestrooms)	Completed			
Staybridge Suites Tampa (100 guestrooms)	Completed			
Residence Inn White Marsh (131 guestrooms)	Completed			
Fairfield Inn & Suites Jacksonville (89 guestrooms)	X	X		
Residence Inn Chattanooga (109 guestrooms)	X	X		
Homewood Suites Allentown (108 guestrooms)		X	X	
Homewood Suites Bethlehem (113 guestrooms)		X	X	
Homewood Suites Dover (108 guestrooms)		X	X	
Holiday Inn Express Fort Myers (111 guestrooms)			X	X
Holiday Inn Express Sarasota (101 guestrooms)			X	X
Embassy Suites Tempe (224 guestrooms)		X	X	
Embassy Suites Cleveland (271 guestrooms)		X	X	X
TownePlace Suites Chattanooga (87 guestrooms)				X

GROUND AND AIR RIGHTS LEASES

Certain hotels are subject to non-cancellable leases as at March 31, 2019 as follows:

Hotel Properties	Lease Type	Lease Expiration Date
Embassy Suites Cincinnati, Covington, KY (1)	Air rights lease	July 1, 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 quarter ended March 31, 2019 was $50 thousand (March 31, 2018 – $50 thousand). The Fairfield Inn White Marsh hotel ground lease was recorded as a capital lease and the estimated present value of the remaining lease payments as March 31, 2019 was approximately $1.9 million (March 31, 2018 – $1.9 million). AHIP provided notice to the lessor exercising its option to buy out the ground lease for the Fairfield Inn White Marsh hotel for approximately $1.9 million and the transaction was completed on April 2, 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 March 31, 2019, AHIP's Debt-to-Gross Book Value was 53.8% (2018 – 53.6%) as follows:

(US$000s unless noted)	March 31, 2019	March 31, 2018
Debt	$ 762,752	$ 755,926
Gross Book Value	$ 1,417,753	$ 1,409,407
Debt-to-Gross Book Value	53.8%	53.6%

The following table calculates AHIP's Interest Coverage Ratio for the three months ended March 31, 2019 and 2018:

(US$000s unless noted)		Three months ended March 31, 2019		Three months ended March 31, 2018
EBITDA	$	20,889	$	20,660
Interest expense [1]	$	8,935	$	8,838
Interest Coverage Ratio (times)		2.3x		2.3x

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

The following table calculates AHIP's Debt-to-EBITDA Ratio as at March 31, 2019 and 2018:

(US$000s unless noted)		March 31, 2019		March 31, 2018
Debt	$	762,752	$	755,926
EBITDA (trailing twelve months)	$	94,066	$	92,632
Debt-to-EBITDA (times)		8.1x		8.2x

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

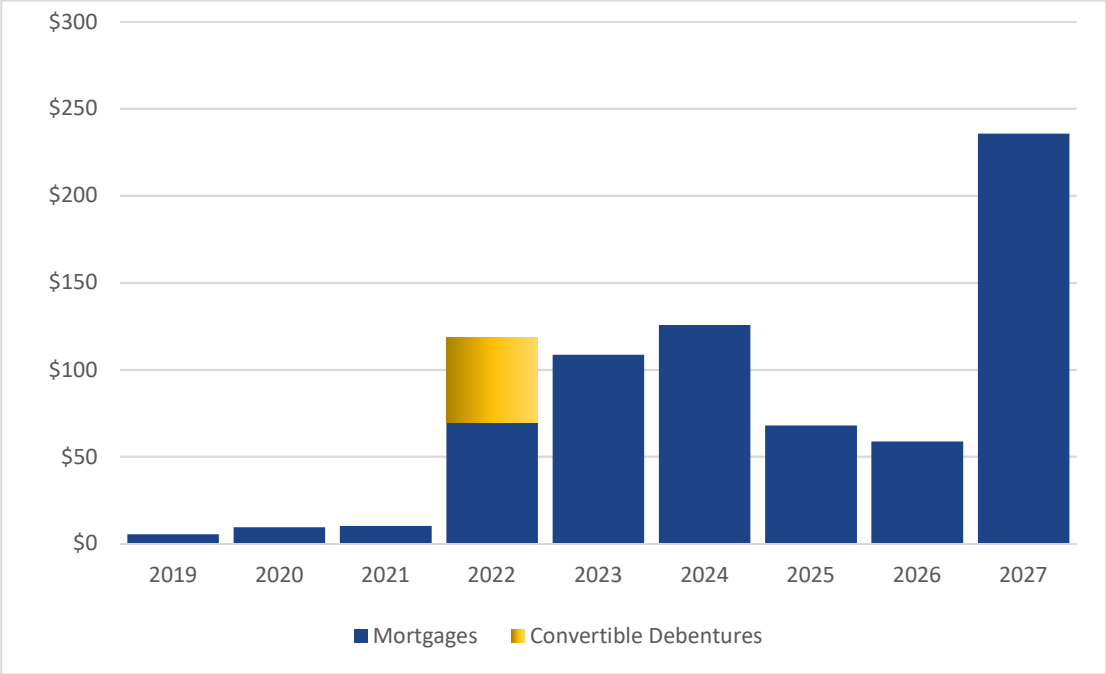
(US$000s unless noted)	Principal Balance at March 31, 2019	Interest Rate	Initial Term (years)	Maturity Date
Secured Revolver	4,300	LIBOR + 2.75%	3	March 16, 2021
Nashville Hotel Term Loan	4,195	4.80% (1)	5	December 20, 2021
Debentures	48,875	5.00%	5	June 30, 2022
Eastern Seaboard Term Loan Pool #4	56,500	4.46%	5	July 6, 2022
Economy Lodging Hotel Loans	73,224	4.72% (1)	7	February 1, 2023
2016 Economy Lodging Term Loan	4,450	4.10% (1)	7	February 1, 2023
2018 Economy Lodging Term Loan	3,543	LIBOR + 2.80%	5	February 28, 2023
Pittsburgh Portfolio Term Loans	36,759	5.02%	10	December 6, 2023
NC/GA Portfolio Assumed Loan #2	7,163	5.28%	10	February 1, 2024
Virginia Portfolio Term Loan	24,181	4.97%	10	April 6, 2024
NC/GA Portfolio Term Loan	5,752	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	18,602	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	26,455	4.43%	10	November 6, 2026
Florida 6 Portfolio Term Loan	35,784	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	$ 745,593			

(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 March 31, 2019 was 4.64% (March 31, 2018 – 4.64%) and the weighted average debt term to maturity was 6.2 years (March 31, 2018 – 7.1 years). As at March 31, 2019, approximately 97% of AHIP's mortgages were effectively fixed rate mortgages. Interest rate swaps are in place to fix the interest rates for approximately $81.9 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 March 31, 2019, a net loss of $744 thousand was recorded resulting from changes in the fair value of the interest rate swap contracts compared to a net gain of $1.4 million for the same period last year.

As at March 31, 2019, Debentures in the aggregate principal amount of approximately $48.9 million remained outstanding and were traded on the TSX with a closing price of $92.50 per Debenture.

DEBT MATURITY LADDER (as at March 31, 2019) – US$ millions



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 unaudited condensed consolidated interim financial statements.

PARTNERS' CAPITAL

AHIP is authorized to issue an unlimited number of Units. As at March 31, 2019, there were 90,724 Restricted Stock Units issued and outstanding (March 31, 2018 – 159,307).

As at March 31, 2019, there were 78,119,336 Units issued and outstanding (March 31, 2018 – 78,047,806). On March 31, 2019, the Units were traded on the TSX with a closing price of Cdn$7.19 per Unit under the ticker HOT.UN; a closing price of $5.30 per Unit under the ticker HOT.U; and were traded on the OTCQX with a closing price of $5.44 per Unit under the ticker AHOTF.

As at May 7, 2019, there were 78,119,336 Units and 90,724 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 IV

OFF-BALANCE SHEET ARRANGEMENTS

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

TRANSACTIONS WITH RELATED PARTIES

For the three months ended March 31, 2018 and prior to Aimbridge Hospitality becoming the Hotel Manager effective April 26, 2018), AHIP incurred management fees of approximately $2.4 million, administrative fees of $544 thousand, and capital management fees of $217 thousand capitalized to property, buildings and equipment with various wholly owned subsidiaries of ONE Lodging Management Inc., the previous hotel manager, a company indirectly controlled by a director of the General Partner, to manage and operate the hotel properties. For further details, please see the disclosure under the heading "Transactions with Related Parties" in the AIF.

SUBSEQUENT EVENTS

(a) *Land purchase:*

On April 1, 2019, AHIP exercised its option to buy out the ground lease associated with its Fairfield Inn & Suites White Marsh hotel in Baltimore, Maryland for approximately $1.9 million plus closing costs.

(b) *April 2019 Distribution:*

On April 15, 2019, a cash distribution of $0.054 per unit was declared for the period from April 1, 2019 to April 30, 2019. The distribution is expected to be paid on May 15, 2019 to unitholders of record on April 30, 2019.

(c) *Appointment of Senior Vice President, Asset Management and Chief Operating Officer:*

Effective May 1, 2019, Mr. Bruce Pittet was hired as Senior Vice President, Asset Management and Chief Operating Officer with responsibility for enhancing hotel profitability, leading the hotel renovation programs and managing brand relationships.

SIGNIFICANT ACCOUNTING POLICIES

AHIP's significant accounting policies are described in Note 3 of its unaudited condensed consolidated financial statements for the three months ended March 31, 2019 and 2018. On January 1, 2019, AHIP adopted IFRS 16 Leases ("**IFRS 16**"). IFRS 16 sets out a new model for lease accounting, replacing IAS 17 Leases. The new standard recognizes the initial present value of unavoidable future lease payments as right-of-use assets and lease liabilities on the statement of financial position, including those for most leases that were previously accounted for as operating leases. As a result of the adoption of IFRS 16, finance leases included in land and equipment with a net book value of approximately $2.0 million and $222 thousand, respectively, were reclassified as right-of-use property and right-of-use vehicles.

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.

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 March 31, 2019, AHIP's management, under the supervision of its CEO and CFO, has designed the DC&P and ICFR. Management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in Internal Control – Integrated Framework (2013).

PART V

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 March 31, 2019, 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	March 31, 2019	December 31, 2018	September 30, 2018	June 30, 2018	March 31, 2018
Cdn$/US$	$ 1.3363	$ 1.3642	$ 1.2945	$ 1.3168	$ 1.2894
US$/Cdn$ (1)	$ 0.7483	$ 0.7330	$ 0.7725	$ 0.7594	$ 0.7756

(1) Bank of Canada period end exchange rate.

NON-IFRS MEASURES

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

a) Debt-to-Gross Book Value

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

"**Debt**" means any obligation for borrowed money including the face amount outstanding of revolving credit facilities, term loans, convertible debentures, deferred compensation payable and finance lease liabilities provided that: (i) an obligation will constitute indebtedness only to the extent that it would appear as a liability on the consolidated 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) Net Operating Income ("**NOI**")*

AHIP believes NOI is an important measure of operating performance of real estate properties.

NOI is defined as total revenues less hotel operating expenses, energy, property maintenance, property taxes (excluding adjustments under IFRIC 21), insurance and ground lease payments (excluding depreciation and amortization). AHIP calculates "**NOI Margin**" as NOI divided by total revenues.

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

AHIP calculates EBITDA as NOI (excluding adjustments under IFRIC 21) less hotel management fees and general administrative expenses. 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 or sold during the comparable reporting periods.

h) FFO Payout Ratio and AFFO Payout Ratio

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

OPERATIONAL METRICS

Occupancy is a major driver of room revenue as well as food and beverage revenues. Fluctuations in occupancy are accompanied by fluctuations in most categories of variable hotel operating expenses, including housekeeping and other 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**")*

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

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

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

PART VI

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.

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 MAY 7, 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 MAY 7, 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 MAY 7, 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 MAY 7, 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 MAY 7, 2019 CONTINUED

Hotel Address	Brand	Location	Number of Rooms	Restaurant	Acquisition Date
2545 Cornhusker Highway	Super 8	Lincoln, NE	133	-	Jan. 7, 2016
720 Royal Parkway	Super 8	Nashville, TN	103	-	Dec. 1, 2016
TOTAL SUPER 8 HOTELS		**2 PROPERTIES**	236	-	
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**	**3,840**	**26**	
GRAND TOTAL		**112 PROPERTIES**	**11,524**	**40**	