



AMERICAN HOTEL
INCOME PROPERTIES
REIT LP

**AMERICAN HOTEL INCOME PROPERTIES REIT LP ANNOUNCES
CLOSING OF CDN\$40.3 MILLION BOUGHT DEAL**

VANCOUVER, BC (October 31, 2013) American Hotel Income Properties REIT LP (“**AHIP**”) (Toronto Stock Exchange: HOT.UN; OTCQX: AHOTF) today announced the closing of its previously announced bought deal public offering (the “**Offering**”) of subscription receipts (“**Subscription Receipts**”).

The Offering was conducted through a syndicate of underwriters co-led by Canaccord Genuity Corp. and National Bank Financial Inc., and including TD Securities Inc., CIBC World Markets Inc., Scotia Capital Inc., Haywood Securities Inc., Dundee Securities Ltd. and GMP Securities L.P. (collectively, the “**Underwriters**”). AHIP also announced that the Underwriters have exercised their over-allotment option (the “**Over-Allotment Option**”) in the full amount.

AHIP issued a total of 3,967,500 Subscription Receipts at a price of Cdn\$10.15 per Subscription Receipt (the “**Subscription Price**”) for gross proceeds of Cdn\$40.3 million.

As described in AHIP’s short form prospectus (the “**Prospectus**”) dated October 24, 2013, available on SEDAR at www.sedar.com, AHIP intends to acquire four hotel properties located in metropolitan Pittsburgh, Pennsylvania (the “**Acquisition Properties**”) for an aggregate purchase price of approximately US\$57.3 million (the “**Acquisition**”), before customary closing and post-closing acquisition adjustments, and to fund a US\$6 million restricted cash reserve for brand mandated property improvement plans (the “**PIPs**”) related to the Acquisition Properties.

AHIP will use a portion of the net proceeds from the Offering to satisfy the cash portion of the aggregate purchase price for the Acquisition Properties including the funding of the PIPs, with the remainder of the purchase price satisfied through debt financing described in the Prospectus. The balance of the net proceeds of the Offering will be used: (i) to pay AHIP’s expenses incurred in connection with the Offering; (ii) for future acquisitions of hotel properties, including properties for which mezzanine financing has been provided by AHIP; (iii) to renovate and rebrand AHIP’s recently acquired property in Jefferson City, Missouri to Oak Tree Inn standards; (iv) to fund mezzanine loans for properties to be developed in accordance with the development agreement in place between AHIP and SunOne Developments Inc.; and (v) for general corporate and working capital purposes.

The completion of the Acquisition is expected to occur on or about November 21, 2013 and not later than January 10, 2014. The proceeds from the Offering will be held by Computershare Trust Company of Canada (the “**Subscription Receipt Agent**”), and invested in short-term obligations of, or guaranteed by, the Government of Canada or such other investments approved by AHIP and consented to by the Underwriters. In the absence of a Termination Event (as defined in the Prospectus), each Subscription Receipt entitles the holder to receive, without payment of additional consideration, one unit of AHIP (each, a “**Unit**”) and an amount per Subscription Receipt equal to the amount per Unit of any cash distributions made by AHIP for which record dates have occurred during the period from and including October 31, 2013 to and including the day immediately preceding the date Units are issued or deemed to be issued (which amount will include the



distribution in the amount of \$0.075 per Unit payable on November 15, 2013 to unitholders of record on October 31, 2013).

If a Termination Event occurs, each Subscription Receipt will entitle the holder thereof to receive an amount equal to the Subscription Price plus a pro rata share of interest earned on the related funds by the Subscription Receipt Agent, less any applicable withholding taxes.

The Subscription Receipts are listed on the Toronto Stock Exchange (“**TSX**”) under the symbol HOT.R. Additional information relating to the Subscription Receipts is included in the Prospectus.

AHIP’s Units are listed on the TSX under the symbol HOT.UN. AHIP currently has 10,405,000 Units issued and outstanding. Upon closing of the Acquisition, and the exchange of Subscription Receipts for Units, AHIP will have 14,372,500 Units issued and outstanding.

These securities have not been, and will not be, registered under the United States Securities Act of 1933, as amended, and may not be offered or sold in the United States without registration or an applicable exemption from the registration requirements of such Act. This news release does not constitute an offer for sale of these securities in the United States.

Forward-Looking Information

Certain statements contained in this news release may constitute forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "anticipate", "plan", "expect", "may", "will", "intend", "should", and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Forward-looking statements in this news release include, without limitation, the following: AHIP’s intended uses of the net proceeds from the Offering and the expected closing date of the Acquisition.

Forward-looking information is based on a number of key expectations and assumptions made by AHIP, including, without limitation: a reasonably stable North American economy and stock market and the ability to successfully integrate the Acquisition Properties. Although the forward-looking information contained in this news release is based on what AHIP’s management believes to be reasonable assumptions, AHIP cannot assure investors that actual results will be consistent with such information.

Forward-looking information reflects current expectations of AHIP’s management regarding future events and operating performance as of the date of this news release. Such information involves significant risks and uncertainties, should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not such results will be achieved. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, without limitation, those factors that can be found under “Risk Factors” in the Prospectus.

The forward-looking statements contained herein represent AHIP’s expectations as of the date of this news release, and are subject to change after this date. AHIP assumes no obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise, except as required by applicable law.



About American Hotel Income Properties REIT LP

AHIP is a limited partnership formed under the *Limited Partnerships Act* (Ontario) to invest in hotel real estate properties located substantially in the United States and engaged primarily in the railroad employee accommodation, transportation, and contract-focused lodging sectors. AHIP's long-term objectives are to: (i) generate stable and growing cash distributions from hotel properties substantially in the US; (ii) enhance the value of its assets and maximize the long-term value of the hotel properties through active management; and (iii) expand its asset base and increase its Adjusted Funds From Operations ("**AFFO**") per Unit through an accretive acquisition program, participation in strategic development opportunities and improvements to its properties through targeted value-added capital expenditure programs.

Additional information relating to AHIP, including its other public filings, is available on SEDAR at www.sedar.com and on AHIP's website at www.ahipreit.com.

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