



**AMERICAN HOTEL INCOME PROPERTIES REIT LP REPORTS
SECOND QUARTER 2018 RESULTS**

- Revenue increased 29.5% from Q2 2017, Net Income grew to \$8.9 million
 - EBITDA increased 34.5% from year-ago period
 - RevPAR grew 9.5% from Q2 2017
 - Renovations at two larger hotels are nearly complete

(All numbers are in U.S. dollars unless otherwise indicated)

VANCOUVER, B.C. (August 9, 2018) – American Hotel Income Properties REIT LP (“**AHIP**”, the “**Company**”) (TSX: HOT.UN, TSX: HOT.U, TSX: HOT.DB.U), which has 114 select-service hotels located across the United States, announced today its financial results for the three months ended June 30, 2018.

THREE MONTHS ENDED JUNE 30, 2018 FINANCIAL HIGHLIGHTS

- Total revenues for the quarter increased 29.5% to \$89.9 million (Q2 2017 – \$69.5 million) due to higher occupancy and ADR across both the Premium Branded and Economy Lodging segments.
- Net income for the second quarter was \$8.9 million, compared to a net loss of \$5.5 million in Q2 2017. Diluted net income per Unit for the quarter was \$0.11 compared to a diluted net loss per Unit of \$0.09 in the same quarter of last year.
- **Total portfolio** revenue per available room (“**RevPAR**”) grew 9.5% from the same quarter last year, led by ADR increases of 6.0%, reflecting the full inclusion of income from AHIP’s acquisitions of higher quality, premium branded properties in June 2017, and occupancy increases of 3.3%.
- RevPAR for **Premium Branded Hotels** grew 4.2% to \$95.53 during the second quarter (Q2 2017 – \$91.72), ADR for Premium Branded hotels improved 3.4% to \$117.07 (Q2 2017 - \$113.24), while occupancy improved by 60 basis points to 81.6% (Q2 2017 – 81.0%). Importantly, the improvement in these performance metrics was achieved despite significant hotel renovations at three large properties during the quarter, which impacted NOI by approximately \$1.0 million. The Embassy Suites Cincinnati, the Embassy Suites DFW South and Hilton Garden Inn White Marsh experienced RevPAR declines of 10.5%, 18.3% and 10.2%, respectively. The renovations at the Hilton Garden Inn White Marsh were completed in June 2018.
- Net operating income (“**NOI**”) increased 37.7% to \$35.5 million, with NOI from Premium Branded hotels growing 46.5% to \$29.2 million and NOI from Economy Lodging hotels growing 7.9% to \$6.3 million.
- EBITDA for the quarter increased 34.5% to \$30.1 million compared to \$22.3 million in the same period last year. EBITDA margin increased 120 basis points to 33.4% (Q2 2017 – 32.2%) reflecting full inclusion of income from the portfolio of hotels acquired on June 22, 2017, aggressive cost containment and reduced property taxes and insurance expenses.
- Funds from operations (“**FFO**”) increased 24.5% to \$18.1 million, and adjusted funds from operations (“**AFFO**”) increased 37.0% to \$17.1 million due to higher income. Q2 2018 Diluted FFO per Unit was \$0.23, and Diluted AFFO per Unit was \$0.21.

- The AFFO payout ratio for Q2 2018 was 74.3% (Q2 2017 – 85.2%) reflective of the increased income during the quarter. The hotel business is seasonal in nature, and this can cause quarterly fluctuations in revenues, expenses and cash flows. AHIP expects its annual AFFO payout ratio for 2018 to be in the low 90% range.

“Our second quarter performance demonstrated early contributions from our recent branding initiatives and significant property acquisitions over the past 18 months,” said Rob O’Neill, AHIP’s CEO. “The rebranding of our Economy Lodging hotels to Wyndham brands is proving to have a meaningful impact, with second quarter same-property transient (non-rail crew) revenue up 12.5% from the same quarter last year, due mostly to higher Average Daily Rates from increased demand. In addition, the impact of the 18 hotels we acquired along the Eastern Seaboard in June of last year is beginning to show, as we enter their seasonally stronger summer months. Each of these properties exceeded their fair share of RevPAR in their respective markets during the second quarter. In addition, four of the hotels we acquired through that portfolio achieved more than a 5.5% increase in RevPAR index compared to Q2 last year.”

Mr. O’Neill continued: “I continue to see great value in our units, with our industry-leading high yield and exposure to the U.S. dollar strength through our U.S. dollar distribution. It’s why I have purchased an additional 142,900 additional units of the Company through open market purchases during the second quarter and have opted to receive my entire 2018 compensation in equity. I truly believe that the capital markets will recognize the real value of our units as our expanded portfolio of hotels begin demonstrating their full potential.”

Ian McAuley, President of AHIP added: “The renovations we’ve undertaken during the quarter have significantly enhanced their guest appeal and market position. The Embassy Suites Cincinnati and Embassy Suites DFW South each now provide a very modern and stylish atrium, lounge and lobby where guests can relax, work and meet, with communal seating areas, digital stations and improved bar offerings. The Embassy Suites DFW South substantially completed renovations this week, while we expect renovations at the Embassy Suites Cincinnati will conclude in the next few weeks. During the second quarter we also welcomed Aimbridge Hospitality as our new exclusive hotel manager, and we continue to be very pleased with their performance so far. As just a few examples of the positive impact Aimbridge is already having, we’ve identified nearly \$1.0 million in run-rate savings we hope to capture over the next year through new procurement contracts, another \$350,000 in savings from joining the Aimbridge insurance program, and \$600,000 of labour efficiencies through improved housekeeping programs. With support from our internal asset management team, Aimbridge has also increased the focus on revenue management and established heightened property-level and regional accountability, which is already driving improved top-line performance at many of our hotels. We expect these positive changes will help to offset ongoing margin pressure from increasing labour costs facing the industry.”

Mr. McAuley continued: “The composition of our hotel portfolio is continuously being evaluated to ensure we have the right properties for our long-term strategy. For this reason, we sold a rail crew hotel in Ravenna, Nebraska property in May. We are also reviewing opportunities to sell other smaller Economy Lodging properties. The proceeds from the sale of any such properties will be used to fund accretive future hotel renovations within our hotel portfolio.”

- **Same-Property Metrics:**

- Same-property metrics represent the performance of only 87 hotels (or 76.3%) of AHIP’s total hotel portfolio during Q2 2018, meaning 27 hotel properties were excluded in total portfolio same-property metrics as they were not owned during both full comparable periods or had expired rail crew contracts. Similarly, only 44 hotels (or 65.7%) of AHIP’s Premium Branded Hotels were included in AHIP’s Premium Branded same-property hotel metrics.

- **Total portfolio same-property** revenues for the second quarter increased 1.7% to \$51.1 million (Q2 2017 - \$50.3 million).
 - **Same-property** RevPAR for **Premium Branded Hotels** increased 0.9% from Q2 last year to \$84.93, as a result of a 0.8% increase in ADR and marginally better occupancy due to strong performance in Oklahoma from increased oil and gas activity.
 - **Same-property** RevPAR for **Economy Lodging Hotels** increased 3.7% relative to Q2 2017 to \$43.59, driven by a 2.8% increase in occupancy and a 0.9% increase in ADR due to increased rail crew occupancies and Wyndham-driven transient guests.
 - **Total portfolio** same-property NOI increased to \$19.0 million (Q2 2017 - \$18.1 million), due to a 1.8% improvement in same-property RevPAR and a 1.3% increase in occupancy, alongside continued efforts to contain operating costs, property taxes and insurance premiums. Total Portfolio same-property NOI margin for the second quarter was 37.2%, up 120 basis points from 36.0% in Q2 last year.
- As at June 30, 2018, AHIP's debt had a weighted average remaining term of 6.9 years (Q2 2017 – 8.0 years) and a weighted average interest rate of 4.64% (Q2 2017 – 4.60%). Substantially all of AHIP's term loans have fixed interest rates.
 - AHIP paid U.S. dollar monthly distributions of \$0.054 per Unit during the quarter, which is equivalent to \$0.648 per Unit on an annualized basis.
 - As at June 30, 2018, AHIP had an unrestricted cash balance of \$9.2 million and \$33.3 million available through revolving credit facilities, of which \$5.1 million was utilized. The Company also had a restricted cash balance of \$48.7 million, including \$29.6 million on deposit for upcoming property improvement plans ("PIP's").
 - AHIP's debt-to-gross book value as at June 30, 2018 was 53.7% (June 30, 2017 – 53.9%), which is within AHIP's target range of 50% to 55%.

SIX MONTHS ENDED JUNE 30, 2018 FINANCIAL HIGHLIGHTS

- Total revenues for the first six months of 2018 increased 30.3% to \$171.0 million (H1 2017 – \$131.2 million) due to higher occupancy and higher ADR.
- Net income for the first half of 2018 was \$10.2 million, compared to a net loss of \$3.1 million in H1 2017. Diluted net income per Unit for period was \$0.13 compared to a diluted net loss per Unit of \$0.05 in the first half of 2017.
- **Total portfolio** RevPAR grew 7.5% from the same quarter last year, led by ADR increases of 4.3%, reflecting AHIP's recent acquisitions of higher quality, premium branded properties, and occupancy increases of 3.1%.
- FFO for the first six months of 2018 increased 12.6% to \$29.4 million (H1 2017 – \$26.1 million), while AFFO increased 15.3% to \$26.8 million (H1 2017 – \$23.2 million).
- For the first six months of 2018, Diluted FFO per Unit was \$0.37 (H1 2017 – \$0.43) and Diluted AFFO per Unit was \$0.34 (H1 2017 – \$0.38).
- EBITDA for the first half of 2018 increased 28.6% to \$50.4 million compared to \$39.2 million in the same period last year. The EBITDA margin declined 40 basis points to 29.5% (H1 2017 – 29.9%) reflecting lower first quarter income due to weather related impacts, new supply and lower government-related travel.

- The AFFO payout ratio for the first half of 2018 was 94.6% (H1 2017 – 86.5%) reflecting the seasonally weaker first quarter of 2018.

SECOND QUARTER DEVELOPMENTS

- On April 2, 2018, AHIP announced that Aimbridge Hospitality would assume hotel management responsibilities for all of its hotels from ONE Lodging. The assumption of AHIP's hotel management contracts by Aimbridge was completed on April 25, 2018. AHIP also announced that it had reached an agreement with SunOne Developments Inc., the Company's former hotel development partner, to terminate its exclusive hotel development agreement at no cost to AHIP.
- During the second quarter, Rob O'Neill, CEO, purchased 142,900 additional units of AHIP through open market purchases. Since January 1, 2018, Mr. O'Neill has acquired 156,116 additional units of AHIP, including 13,216 units provided as part of his agreement with the Company to take 100% of his 2018 compensation in the form of equity.

SUBSEQUENT EVENTS

- For 2018, based on its estimates of taxable income, AHIP expects that 40% of its monthly distributions will be considered a return of capital and 60% will be taxable. As a result, effective the July 2018 distribution, AHIP has instructed its transfer agent to advise brokers to apply any applicable withholding taxes to the taxable portion of the monthly distribution only.

The information in this news release should be read in conjunction with AHIP's unaudited condensed interim consolidated financial statements and management's discussion and analysis ("MD&A") for the three and six months ended June 30, 2018, which are available on AHIP's website at www.ahipreit.com and on SEDAR at www.sedar.com.

Q2 2018 FINANCIAL RESULTS CONFERENCE CALL

Management will host a conference call at 8:30 a.m. (Eastern), 5:30 a.m. (Pacific) on Friday, August 10, 2018 to review the financial results for the three months ended June 30, 2018.

To participate in this conference call, please dial one of the following numbers at least five minutes prior to the commencement of the call and ask to join the American Hotel Income Properties' Q2 2018 Analyst Call.

Dial in numbers:	North America Toll free:	1-877-291-4570
	International or local Toronto:	1-647-788-4919

The conference call will also be webcast live (in listen-only mode). The link to the webcast can be found on the Events tab of the following webpage: <https://www.ahipreit.com/news-and-events/>

CONFERENCE CALL REPLAY

A replay of the conference call will be available by dialing one of the following replay numbers. You will be able to dial in and listen to the conference call replay two hours after the call end time, and the replay will be available until September 10, 2018. An audio recording of this conference call will also be available at www.ahipreit.com under the Events tab on the News and Events page.

Please enter replay PIN number 5187345 followed by the # key.

Replay dial in numbers:	North America Toll free:	1-800-585-8367
	International or local Toronto:	1-416-621-4642

NON-IFRS MEASURES

Certain non-IFRS financial measures are included in this news release, which include NOI, EBITDA, FFO, Diluted FFO per Unit, AFFO, Diluted AFFO per Unit, interest coverage ratio, AFFO payout ratio and debt-to-gross book value. These terms are not measures recognized under International Financial Reporting Standards (“IFRS”) and do not have standardized meanings prescribed by IFRS. Real estate issuers often refer to NOI, FFO, Diluted FFO per Unit, AFFO, Diluted AFFO per Unit and AFFO payout ratio as supplemental measures of performance and interest coverage ratio and debt-to-gross book value as supplemental measures of financial condition.

Debt-to-gross book value, NOI, EBITDA, FFO, Diluted FFO per Unit, AFFO, Diluted AFFO per Unit, interest coverage ratio and AFFO payout ratio should not be construed as alternatives to measurements determined in accordance with IFRS as indicators of AHIP’s performance or financial condition. AHIP’s method of calculating NOI, EBITDA, FFO, Diluted FFO per Unit, AFFO, Diluted AFFO per Unit, interest coverage ratio, AFFO payout ratio and debt-to-gross book value may differ from other issuers’ methods and accordingly may not be comparable to measures used by other issuers. For further information, including reconciliations of certain of these non-IFRS financial measures to the closest comparable IFRS measure, please refer to AHIP’s MD&A dated August 8, 2018, which is available on SEDAR at www.sedar.com and on AHIP’s website at www.ahipreit.com.

FORWARD-LOOKING INFORMATION

Certain statements in this news release may constitute “forward-looking information” within the meaning of applicable securities laws (also known as forward-looking statements). Forward looking information involves known and unknown risks, uncertainties and other factors, and it may cause actual results, performance or achievements or industry results, to be materially different from any future results, performance or achievements or industry results expressed or implied by such forward-looking information. Forward-looking information generally can be identified by the use of terms and phrases such as “anticipate”, “believe”, “could”, “estimate”, “expect”, “feel”, “intend”, “may”, “plan”, “predict”, “project”, “subject to”, “will”, “would”, and similar terms and phrases, including references to assumptions. Some of the specific forward-looking statements in this news release include, but are not limited to, statements with respect to: management’s expectation that it will see the impact of AHIP’s renovations, branding strategy and new hotel manager in the next several quarters; the expected cost and timing of PIP renovations to be completed in 2018 and the expected impacts thereof on the applicable hotels including on occupancy levels and revenues and AHIP’s operating results; AHIP management’s expectation that the renovations at the Embassy Suites Cincinnati will complete in the next few weeks; AHIP management’s expectation that the seasonal nature of the hotel business will cause quarterly fluctuations in revenues, expenses and cash flows; AHIP’s objective to build on its proven track record of successful investment, deliver reliable and consistent U.S. dollar denominated distributions to unitholders while maintaining a conservative annual AFFO Payout Ratio, and generate value through the continued growth of its diversified hotel portfolio; AHIP 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; AHIP having no intention of changing its monthly distribution based on the Company’s current performance and expectations; AHIP’s expectation that the annual AFFO payout ratio will be in the low 90% range for 2018 on a full year basis; AHIP is considering opportunities to sell two smaller Economy Lodging properties and that the proceeds will be used to fund future accretive hotel renovations within its hotel portfolio; the recent completion of renovations at AHIP’s Hilton Garden Inn White Marsh make it better positioned to increase its market share; for 2018 AHIP expects that 40% of its monthly distributions will be considered a return of capital and 60% will be taxable.

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; the continued strength of the U.S. lodging industry; AHIP will be able to successfully integrate properties acquired into its portfolio; capital markets will provide AHIP with readily available access to equity and/or debt financing on terms acceptable to AHIP; the accuracy of third party reports with respect to lodging industry data; the value of the U.S. dollar; the rebranding of AHIP's Economy Lodging Hotels achieving its intended results; the cost, timing and impact of PIP renovations for 2018 being consistent with management's expectations and AHIP will realize the expected benefits of such renovations; AHIP will realize the expected benefits of Aimbridge assuming management responsibilities for AHIP's hotels; the transition of management responsibilities for AHIP's hotels will not have any negative impact on the operation or performance of AHIP's hotels; and AHIP will realize the expected benefits of the termination of the exclusive development agreement with SunOne Developments. 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 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 not realizing any or all of the expected benefits of Aimbridge assuming management responsibilities for AHIP's hotels; the ongoing transition of management responsibilities for AHIP's hotels from ONE to Aimbridge having a negative impact on the operation and performance of AHIP's hotels; AHIP not realizing the expected benefits of the rebranding of its Economy Lodging Hotels under Wyndham brands; AHIP not realizing the expected benefits of renovations to be completed in 2018 and that such renovations are not completed in accordance with expected timing or budgets; distributions are not guaranteed and may be reduced or suspended at any time at the discretion of AHIP's board of directors; general economic conditions; future growth potential; Unit prices; liquidity; tax risk; tax laws currently in effect remaining unchanged; ability to access capital markets; competition for real property investments; environmental matters; the value of the U.S. dollar; and changes in legislation or regulations. Management believes that the expectations reflected in forward-looking statements are based upon reasonable assumptions and information currently available; however, management can give no assurance that actual results will be consistent with these forward-looking statements. Additional information about risks and uncertainties is contained in AHIP's MD&A dated August 8, 2018 and annual information form for the year ended December 31, 2017, copies of which are available on SEDAR at www.sedar.com.

The forward-looking information contained herein is expressly qualified in its entirety by this cautionary statement. Forward-looking information reflects management's current beliefs and is based on information currently available to AHIP. The forward-looking information is made as of the date of this news release and AHIP assumes no obligation to update or revise such information to reflect new events or circumstances, except as may be required by applicable law.

ADDITIONAL INFORMATION

Additional information relating to AHIP, including AHIP's unaudited condensed consolidated interim financial statements for the three and six months ended June 30, 2018 and 2017, AHIP's MD&A dated August 8, 2018, and other public filings are available on SEDAR at www.sedar.com.

ABOUT AMERICAN HOTEL INCOME PROPERTIES REIT LP

American Hotel Income Properties REIT LP (TSX: HOT.UN, TSX: HOT.U, TSX: HOT.DB.U), or AHIP, is a limited partnership formed to invest in hotel real estate properties located substantially in the United States. AHIP currently has 114 hotels, and is engaged in growing its portfolio of premium branded, select-service hotels in larger secondary markets that have diverse and stable demand. AHIP hotels operate under brands affiliated with Marriott, Hilton, IHG, Wyndham and Choice Hotels through license agreements. The company's long-term objectives are to build on its proven track record of successful investment, deliver reliable and consistent U.S. dollar denominated distributions to unitholders, and generate value through the continued growth of its diversified hotel portfolio. More information is available at www.ahipreit.com.

For further information, please contact:

Jamie Kokoska

Director, Investor Relations

Phone: 604-670-6242

Email: jkokoska@ahipreit.com

SECOND QUARTER HIGHLIGHTS AND KEY PERFORMANCE INDICATORS

(US\$000s unless noted and except Units and per Unit amounts)	Three months ended June 30, 2018	Three months ended June 30, 2017	Six months ended June 30, 2018	Six months ended June 30, 2017
Number of rooms	11,591	11,570	11,591	11,570
Number of properties	114	113	114	113
Number of restaurants	41	41	41	41
Occupancy rate	78.7%	76.2%	76.1%	73.8%
Average daily room rate	\$ 98.66	\$ 93.07	\$ 97.16	\$ 93.16
Revenue per available room	\$ 77.65	\$ 70.92	\$ 73.94	\$ 68.75
Revenues	\$ 89,911	\$ 69,452	\$ 170,977	\$ 131,177
Net operating income	\$ 35,513	\$ 25,791	\$ 60,887	\$ 46,586
Net income (loss) and comprehensive income (loss)	\$ 8,854	\$ (5,496)	\$ 10,230	\$ (3,114)
Diluted net income (loss) per Unit	\$ 0.11	\$ (0.09)	\$ 0.13	\$ (0.05)
EBITDA	\$ 30,053	\$ 22,347	\$ 50,437	\$ 39,227
EBITDA Margin %	33.4%	32.2%	29.5%	29.9%
Funds from operations (FFO)	\$ 18,074	\$ 14,513	\$ 29,427	\$ 26,123
Diluted FFO per Unit	\$ 0.23	\$ 0.23	\$ 0.37	\$ 0.43
Adjusted funds from operations (AFFO)	\$ 17,054	\$ 12,449	\$ 26,785	\$ 23,232
Diluted AFFO per Unit	\$ 0.21	\$ 0.20	\$ 0.34	\$ 0.38
Distributions declared	\$ 12,667	\$ 10,608	\$ 25,332	\$ 20,090
AFFO Payout Ratio	74.3%	85.2%	94.6%	86.5%
Debt-to-Gross Book Value	53.7%	53.9%	53.7%	53.9%
Debt-to-EBITDA	7.5x	11.5x	7.5x	11.5x
Interest Coverage Ratio	3.3x	3.7x	2.8x	3.3x
Weighted average debt face interest rate	4.64%	4.60%	4.64%	4.60%
Weighted average debt term to maturity	6.9 years	8.0 years	6.9 years	8.0 years
Number of Units outstanding	78,062,194	78,033,606	78,062,194	78,033,606
Diluted weighted average number of Units outstanding	78,247,893	63,535,747	78,220,461	61,073,711
Same property Occupancy rate	77.2%	76.2%	75.2%	74.4%
Same property Average daily room rate	\$ 84.84	\$ 84.44	\$ 85.02	\$ 84.96
Same property RevPAR	\$ 65.50	\$ 64.34	\$ 63.94	\$ 63.21
Same property Revenues	\$ 51,147	\$ 50,268	\$ 99,142	\$ 98,107
Same property Net operating income	\$ 19,031	\$ 18,088	\$ 35,615	\$ 35,314
Same property NOI Margin %	37.2%	36.0%	35.9%	36.0%