

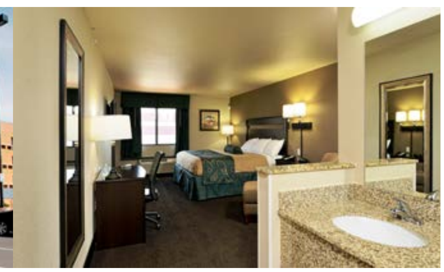

MANAGEMENT'S DISCUSSION AND ANALYSIS
OF RESULTS AND OPERATIONS AND FINANCIAL CONDITION
For the three months ended March 31, 2016
(Expressed in U.S. Dollars)

Dated: May 11, 2016

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FORWARD-LOOKING DISCLAIMER

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: references to potential expansion, conversion and new build opportunities of the Oak Tree Inn rail crew hotels; the expectations of STR (as defined below) with respect to key performance indicators in the U.S. hotel and lodging industry; the expectations of AAA (as defined below) and Global Business Travel Association with respect to leisure and business travel levels in the U.S. and AHIP management's expectations of the related impact on lodging demand for the Branded Hotels (as defined below); AHIP management's expectations and outlook with respect to RevPAR (as defined below), ADR (as defined below), lodging demand, occupancy rates, cash flows from hotel operations, real estate values and other key performance indicators; 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 expansion of the Oak Tree Inn hotels in North Platte, Nebraska and Hermiston, Oregon and the expected cost and completion timing therefore; expected ongoing impact of low oil prices on the U.S. hotel and lodging industry and on AHIP's future performance particularly on AHIP's Oklahoma hotels; expectations for the Pittsburgh and Oklahoma hotel markets; expected terms of future debt financings; AHIP's ability to repay maturing debt; the expected maturities and amortization periods on future long term debt; the expected guaranteed room night revenue from its railway customers; the expected impacts of AHIP's investment in yield management technology in the latter half of 2016; AHIP's intention to make capital investments or improvements in its Branded Hotels and Rail Hotels (as defined below); AHIP's intention to make expenditures necessary to comply with loan and franchisor requirements and otherwise to optimize operating performance; the targeted date for completion of the design of the DC&P and ICFR (as defined) for certain Branded Hotels and the Railway Portfolio acquired within the 12 months prior to March 31, 2016; AHIP's intention to maintain total indebtedness at approximately 50 to 55% of AHIP's gross book value; management's intention to obtain additional equity financing and/or secured debt financing with similar interest rates and terms as past financings to meet AHIP's planned growth strategy; AHIP's intention to provide stable, sustainable and growing cash flows through operation of its properties and AHIP's other stated objectives; the switch to the payment of U.S. dollar denominated monthly cash distributions and the timing thereof; AHIP's intention to declare regular monthly cash distributions and the expected timing of the record and payment dates for monthly distributions.

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: 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 AHIP's 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 therefore; the U.S. REIT (as defined below) 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. Certain material factors or assumptions are applied in making forward-looking statements and actual results may differ materially from those expressed or implied in such forward-looking statements. In addition, forward-looking statements involve significant risks and uncertainties and should not be read as guarantees of future performance or results. Those risks and uncertainties include, among other things, risks related to: general economic conditions and consumer confidence; the growth in the U.S. hotel and lodging industry; prices for the Units (as defined below) ; liquidity; tax risks; ability to access debt and capital markets; financing risks; changes in interest rates; 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**") for the year ended December 31, 2015, 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 11, 2016. AHIP does not undertake any obligation to update any such forward looking information, whether as a result of new information, future events or otherwise, except as required by applicable law.

BASIS OF PRESENTATION

This MD&A for the three months ended March 31, 2016 has been prepared and includes material financial information as of May 11, 2016. This MD&A should be read in conjunction with AHIP's unaudited condensed consolidated interim financial statements for the three months ended March 31, 2016 and 2015 and audited consolidated financial statements for the years ended December 31, 2015 and 2014, prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board. Historical results, including trends which might appear, should not be taken as indicative of future operations or results.

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

Additional information relating to AHIP, including AHIP's AIF for the year ended December 31, 2015, is available on SEDAR at www.sedar.com.

The Board of Directors of AHIP's general partner, American Hotel Income Properties REIT (GP) Inc. (the "**General Partner**") , upon recommendation of its Audit Committee, approved the contents of this MD&A for release on May 11, 2016.

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 is not guaranteed. AHIP has not independently verified any of the data from third party sources referred to in this MD&A nor ascertained the underlying assumptions relied upon by such sources.

NON-IFRS MEASURES

AHIP has included certain non-IFRS financial measures throughout this MD&A. Management believes that in addition to conventional measures prepared in accordance with IFRS, investors in the real estate and lodging industries use these non-IFRS financial measures to evaluate AHIP's performance, ability to generate cash flows and 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 measures 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, FFO per Unit, AFFO per Unit, gross operating profit, net operating income, furniture, fixtures and equipment reserves, earnings before interest, taxes, depreciation and amortization, interest coverage ratio, same property metrics, occupancy, average daily rate, revenue per available room and payout ratio.

a) <u>Debt-to-Gross Book Value</u>

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 meant to limit AHIP's financial leverage.

"**Debt**" means the face value (excluding deferred financing costs, unamortized mark-to-market adjustments and interest swaps) of revolving lines of credit, term loans, promissory note, contingent consideration and deferred compensation payable.

"**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) <u>Funds from Operations ("**FFO**") and Adjusted Funds from Operations ("**AFFO**")</u>

AHIP believes FFO and AFFO are important measures of operating performance of real estate properties. In addition, AHIP believes that AFFO is indicative of AHIP's ability to pay distributions.

"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 measure prescribed under IFRS. AHIP calculates FFO in accordance with the Real Property Association of Canada ("**REALpac**") White Paper on Funds from Operations as revised April 2014. 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) business acquisition costs related to the purchase of a property being accounted for as a business combination; (iv) deferred income tax expense (recovery); (v) foreign exchange gains and losses on monetary items such as loans and receivables due to a net investment in a foreign operation; (vi) fair value adjustments to financial instruments; and (vii) adjustments for property taxes accounted for under IFRIC 21 *Levies* ("**IFRIC 21**"), an interpretation of the requirements under IFRS in IAS 37 *Provisions, Contingent Liabilities, and Contingent Assets* for the recognition of liabilities for obligations to pay levies and taxes.

"AFFO" is not defined under IFRS and may not be comparable to AFFO used by other issuers. AHIP has defined AFFO as FFO subject to certain adjustments including: (i) amortization of deferred financing costs; (ii) amortization of mark-to-market adjustments on assumed term loans; (iii) accretion of contingent consideration; (iv) accretion of deferred compensation payable; (v) securities-based compensation; and (vi) deducting FF&E Reserves (as defined below) for normalized maintenance capital expenditures. Other adjustments may be made to AFFO as determined by the General Partner at its discretion. Upon the acquisition of certain hotels, AHIP has negotiated FF&E Reserve waivers with its lenders for periods of up to 24 months and has not factored in the benefit of these FF&E Reserve waivers in calculating AFFO.

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

AHIP believes GOP and NOI are important measures of operating performance of real estate properties.

"GOP" is defined as total revenues less hotel operating expenses, energy and property maintenance (excluding depreciation and amortization).

"NOI" is defined as GOP less property taxes and insurance (excluding depreciation and amortization).

AHIP calculates "**GOP Margin**" as GOP divided by total revenues. AHIP calculates "**NOI Margin**" as NOI divided by total revenues.

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

AHIP calculates "EBITDA" as NOI less corporate and 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. Specifically, interest expense is computed as net finance costs less non-cash items including accretion of contingent consideration, accretion of deferred compensation payable, amortization of deferred financing costs, amortization of mark-to-market adjustments on assumed term loans, and changes in fair values of 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) 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 during the comparable reporting periods.

g) Payout Ratio

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

OPERATIONAL METRICS

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

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

b) Occupancy

"**Occupancy**" 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.

c) 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.

d) Revenue Per Available Room ("**RevPAR**")

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

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 credit facility to pay expenses, service debt or to make distributions to unitholders.

OVERVIEW

ABOUT AHIP

AHIP is a limited partnership formed under the *Limited Partnerships Act* (Ontario) to invest in hotel real estate properties primarily in the U.S. AHIP was established by the General Partner and Maverick Management Corp., as the initial limited partner, 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 as of June 9, 2015 ("**Limited Partnership Agreement**"). AHIP's head office and address for service is 1660 – 401 West Georgia Street, Vancouver, British Columbia, Canada, V6B 5A1.

AHIP was established for the purposes of:

(i) acquiring common shares and a ROC share of American Hotel Income Properties REIT Inc. (the "**U.S. REIT**"). A ROC share is defined as a share in the capital of the U.S. REIT which is designated as a preferred share;

(ii) temporarily holding cash and investments for the purposes of paying the expenses and liabilities of AHIP and making distributions to unitholders; and

(iii) in connection with the undertaking set out above, reinvesting income and gains of AHIP and taking other actions besides the mere protection and preservation of AHIP's property.

The principal business of AHIP is to issue limited partnership units ("**Units**") and to acquire and hold shares of 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 operating segments: (i) "**Rail Hotels**", which are properties that have rail crew lodging agreements including Oak Tree Inn hotels; and (ii) "**Branded Hotels**", which are properties that have franchise agreements.

AHIP's long-term objectives are to:

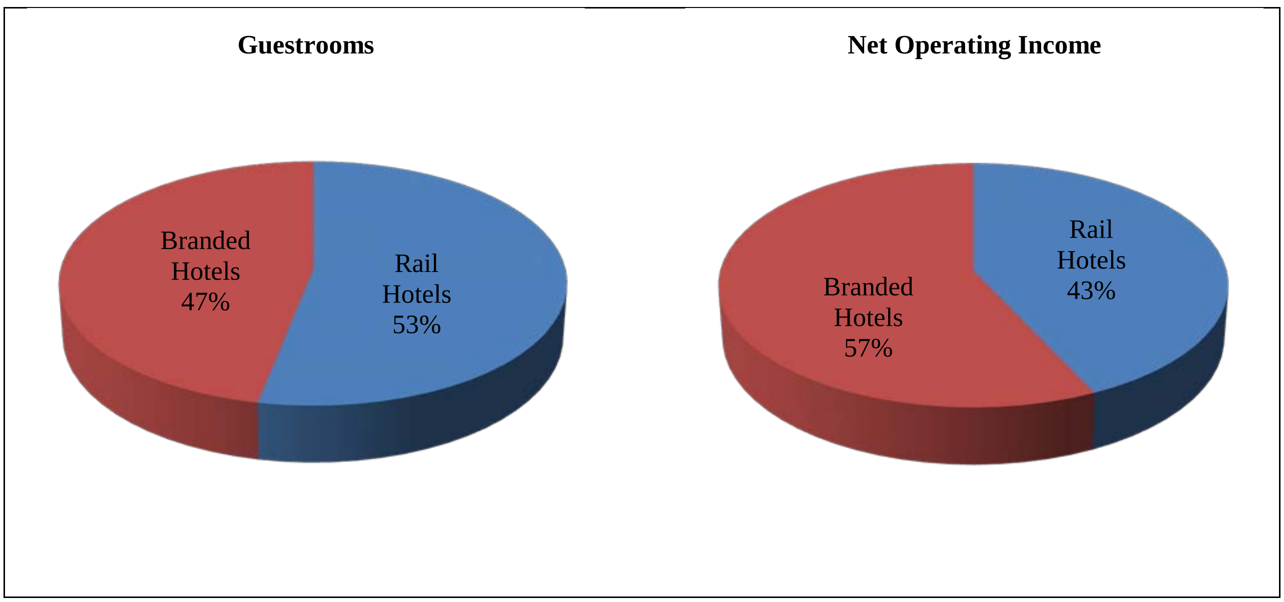
(i) generate stable and growing cash distributions from hotel properties substantially in the U.S.;

(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 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 and on the OTCQX International Marketplace in the U.S. under the symbol AHOTF.

As of May 11, 2016, AHIP's diversified portfolio is comprised of 80 hotels located in 27 states across the U.S., representing an aggregate of 7,072 guestrooms. AHIP's operating properties include 45 Rail Hotels (comprised of 3,742 guestrooms) which operate under AHIP's industry leading and proprietary "**Oak Tree Inn**" brand. These Oak Tree Inn hotels have been specifically designed for freight rail crew lodging customers while also providing transient customers with a superior quality, select service experience. Management estimates that approximately 82% of the total room revenues within the Rail Hotel portfolio are covered under lodging agreements containing minimum revenue guarantees. AHIP's 35 Branded Hotels (comprised of 3,330 guestrooms) are located near transportation hubs and other major demand generators that cater primarily to corporate transient travelers and are supported by distribution networks of the world's largest hotel brands. This operating segment includes 12 properties which operate under various Marriott brands (Courtyard, Fairfield Inn & Suites, Residence Inn, and Springhill Suites), 11 properties under various Intercontinental Hotels Group ("**IHG**") brands (Holiday Inn, Holiday Inn Express and Staybridge Suites), 10 properties under a Hilton brand (Hampton Inn), one property under a Carlson-Rezidor brand (Country Inn & Suites) and one property under a Choice brand (Sleep Inn).



RECENT DEVELOPMENTS

a) Appointment of New Board Members

On January 4, 2016, AHIP announced the appointment of Ms. Beth Walters and Mr. Rick Frank to the Board of Directors of the General Partner.

b) Completion of acquisition of 133-room Rail Crew Hotel in Lincoln, Nebraska

On January 8, 2016, AHIP announced the completion of the acquisition of a 133-room rail crew hotel located in Lincoln, Nebraska for an aggregate purchase price of approximately $3.9 million including capital expenditures and excluding closing and post-acquisition adjustments. The acquisition was funded with cash on hand.

c) Completion of $2.0 million mortgage on Norman, Oklahoma Hotel

On March 29, 2016, AHIP obtained a $2.0 million term loan (the "**Norman Term Loan**") secured by a Branded Hotel located in Norman, Oklahoma. The Norman Term Loan has a 5-year term maturing on April 1, 2021 with a variable interest rate based on the 30-day LIBOR rate plus 2.80% and is being amortized over 240 months with the first principal payment starting in May 2016.

OUTLOOK

According to data from STR, Inc. ("**STR**") U.S. hotel RevPAR has now increased for 73 consecutive months and this trend is expected to continue throughout 2016. For the first quarter on a year-over-year basis, the U.S. hotel industry's occupancy dipped by 0.5% to 60.7% primarily due to lower business demand as a result of the timing of Easter holidays, which occurred during March rather than April last year. However, ADR rose by 3.2% to $120.92, and therefore RevPAR increased by 2.7% to $73.34. STR expects this trend to continue and has projected RevPAR growth rates of +5.0% for 2016, and a further +4.5% in 2017. Management expects both U.S. leisure and business demand to remain strong, as the American Automobile Association ("**AAA**") estimates that lower gas prices have helped motivate Americans to drive at record levels, and prompted many families to take road trips this year and the Global Business Travel Association forecasts that U.S. business travel volume will also increase by 2.1% in 2016. Generally, management expects AHIP's diversified, Branded Hotel portfolio to participate in the expected growth over the next 24 months.

Management expects lodging demand within its Oklahoma hotels to remain weak until energy related demand returns. AHIP's Hotel Manager (as defined below) continues to provide strong yield management and this is expected to result in AHIP's properties continuing to outperform its competitive set. According to STR data for the first quarter of 2016, AHIP's Oklahoma hotels outperformed its competitive set RevPAR by +3.8%, with market RevPAR decreasing by 12.3%. Similarly, AHIP's Pittsburgh hotels also continued to outperform their competitive set RevPAR by +16.4%, with market RevPAR decreasing by 11% driven primarily by the impacts of new supply.

During the first quarter, AHIP spent approximately $3.0 million of its planned $23.0 million 2016 capital expenditure program across its two hotel portfolios. The capital expenditure program, which will be funded by restricted cash balances along with FF&E Reserves, includes property specific capital improvements designed to enhance rail crew and commercial guest satisfaction, build and maintain guest loyalty, ensure life safety, extend asset life, and meet brand franchise standards. Management expects the 2016 capital expenditure program to be completed with minimal guest room displacement, and will provide the Hotel Manager with the best-in-class product to effectively compete within their respective markets.

Rail Time Indicators, an independent railroad industry publication, states that although total U.S. Class I rail carload volume for the first quarter of 2016 was down 6.1% on a year-over-year basis, this volume decrease is moderating compared to the decreases in the last quarter. AHIP's largest railway customers expect an easing of volume declines to continue throughout the remainder of 2016, and AHIP expects to maintain its guaranteed rail crew contract revenue stream during this period. The Hotel Manager's marketing strategy of capturing non-rail, commercial room night demand for the Oak Tree Inn hotels to supplement the rail crew business during periods of underutilized capacity, has generated approximately 16% more commercial occupied room nights during the first quarter of 2016 than the previous year, at an ADR which is 30.3% higher than the contracted rail crew ADR. Management expects this strategy will continue to generate higher rated additional non-rail crew room nights and NOI Margins. This will be further enhanced with the implementation of the planned capital investment in yield management technology during the latter half of 2016. AHIP continues to build on its long standing relationship with its railway customers by identifying potential new rail crew hotel developments and acquisitions which satisfy its current and future railway customers' requirements for high quality, rail crew facilities with long term guaranteed room night contracts.

AHIP specifically targets acquisitions within markets which display strong demand generators and where demand growth is expected to outpace new supply. Management expects that recent tightening of U.S. hotel lending criteria may result in fewer, high leverage portfolio buyers qualifying for favourable financing, and with its conservative balance sheet, AHIP will be able to continue its acquisition strategy of purchasing high quality, select service hotel assets in the U.S. on an accretive basis at prices below replacement cost.

AHIP has proven its ability to execute on its strategy of building a diversified and unique hotel portfolio utilizing a prudent capital structure. With increased liquidity, a currency-aligned distribution, a healthy balance sheet, conservative Payout Ratio and no significant debt maturities until 2023, AHIP is well positioned to deliver a stable and reliable income stream to unitholders.

FINANCIAL HIGHLIGHTS AND KEY PERFORMANCE INDICATORS

(US$000s unless otherwise noted and except per Unit amounts)		**Three months ended March 31, 2016**		**Three months ended March 31, 2015**
Number of rooms(1)		7,048		5,228
Number of properties(1)		80		61
Number of restaurants(1)		31		29
Properties under development(1)		3		1
Rooms under development(1)		72		24
Occupancy rate(2)		68.7%		74.5%
Average daily room rate	$	82.80	$	74.99
Revenue per available room	$	56.88	$	55.86
Revenues	$	40,134	$	29,529
Net operating income	$	13,984	$	8,720
Net loss and comprehensive loss	$	(1,491)	$	(346)
EBITDA	$	10,692	$	6,829
EBITDA Margin %		26.6%		23.1%
Funds from operations (FFO)	$	7,204	$	4,355
Diluted FFO per Unit	$	0.21	$	0.18
Adjusted funds from operations (AFFO)	$	6,108	$	3,548
Diluted AFFO per Unit	$	0.18	$	0.15
Distributions declared	$	5,708	$	4,435
AFFO Payout Ratio		93.5%		125.0%
Debt-to-Gross book value(1)		50.0%		52.1%
Interest Coverage Ratio		3.1x		2.5x
Weighted average loan face interest rate(1)		4.58%		4.71%
Weighted average loan term to maturity(1)		8.0 years		7.4 years
Number of Units outstanding(1)		34,912,160		24,402,490
Diluted weighted average number of Units outstanding		34,950,557		24,361,590
Same property Occupancy rate		68.9%		74.7%
Same property ADR	$	81.02	$	74.72
Same property RevPAR	$	55.82	$	55.82

(1) At period end.
(2) Occupancy reflects actual occupancy at Rail Hotels without any adjustment for guaranteed room revenues.

OPERATIONAL AND FINANCIAL HIGHLIGHTS

The increase in ADR, RevPAR, revenues and NOI for the three months ended March 31, 2016 compared to the same period last year resulted from the growth of AHIP's total portfolio during the past 12 months. Specifically, the acquisition of 12 Branded Hotels totaling 984 guestrooms and the acquisition of seven Rail Hotels totaling 789 guestrooms, contributed to the improved operating results. The change in portfolio mix between Rail Hotels and Branded Hotels led to higher ADR in the three months ended March 31, 2016 compared to the same period last year as Branded Hotels generate higher ADR levels than Rail Hotels. The continued weakness in the oil and gas industry coupled with the impacts of new supply in certain markets during 2016 contributed to lower occupancy at certain branded hotels. A lower number of rooms occupied by AHIP's railway customers also impacted occupancy, however, the contractual rail crew guarantees provided revenue support, which translated into higher ADR. Overall, these factors have resulted in RevPAR increasing by 1.8% for the current quarter compared to the same period in the prior year.

FFO was $7.2 million for the three months ended March 31, 2016 (2015 - $4.4 million). The increase was due to higher NOI from the addition of new hotels to the portfolio in between the respective periods. Diluted FFO per Unit was $0.21 for the quarter compared to $0.18 for the same period last year.

AFFO was $6.1 million for the three months ended March 31, 2016 (2015 - $3.5 million). The increase was due to higher NOI arising from additional hotels in the portfolio offset by higher FF&E Reserves based on higher revenues. Diluted AFFO per Unit was $0.18 for the three months ended March 31, 2016 compared to $0.15 for the same period in the prior year.

RESULTS OF OPERATIONS

OPERATIONS

The following discussion highlights selected financial information for AHIP for the three months ended March 31, 2016 and March 31, 2015. This information should be read in conjunction with AHIP's condensed consolidated interim financial statements and the related notes to the financial statements for the three months ended March 31, 2016 and March 31, 2015.

(US$000s unless otherwise noted and except per Unit amounts)	**Three months ended March 31, 2016**	**Three months ended March 31, 2015**
Revenues	$ 40,134	$ 29,529
Hotel expenses	26,150	20,809
Net operating income	13,984	8,720
Depreciation and amortization	5,830	4,224
Income from operating activities	8,154	4,496
Corporate and administrative	3,292	1,891
Loss on disposal of property and equipment	20	24
Business acquisition costs	706	126
Income before undernoted	4,136	2,455
Finance income	(5)	(12)
Finance costs	6,277	2,813
Loss before income taxes	(2,136)	(346)
Current income taxes	108	-
Deferred income tax recovery	(753)	-
Net loss and comprehensive loss	$ (1,491)	$ (346)
Basic and diluted net loss per Unit	$ (0.04)	$ (0.01)
Basic weighted average number of Units outstanding	34,908,308	24,361,590
Diluted weighted average number of Units outstanding	34,950,557	24,376,590

The increase in revenues, expenses and NOI arose from the hotel acquisitions that occurred between reporting periods. Hotel expenses consisted of hotel operating expenditures including labour costs, sales and marketing, franchise fees, energy, property maintenance, property taxes and insurance.

Depreciation and amortization expenses consisted of depreciation charges on property, buildings and equipment, and amortization of intangible assets. Depreciation and amortization expenses for the quarter were $5.8 million (2015 - $4.2 million). The increase reflected the portfolio changes between the reporting periods.

Corporate and administrative expenses consisted of hotel management fees, salaries, benefits and directors' fees, foreign exchange gains, securities-based compensation, professional fees and office and general expenses as noted in the following table.

(US$000s)	**Three months ended March 31, 2016**	**Three months ended March 31, 2015**
Hotel management fees	$ 1,880	$ 1,344
Salaries, benefits and directors fees	349	178
Foreign exchange gains	(14)	(192)
Securities-based compensation	46	18
Professional fees	809	411
Office and other expenses	222	132
Total corporate and administrative expenses	$ 3,292	$ 1,891

The increase in corporate and administrative expenses was due primarily to higher management fees resulting from higher revenues for the current period compared to the same period last year. Professional fees were higher for the three months ended March 31, 2016 arising from higher tax compliance and advisory expenses due to the increase in the number of hotels compared to the same period in 2015.

Business acquisition costs consisted primarily of professional fees directly attributable to the acquisition of hotel properties. Under IFRS, all transactional costs related to business combinations are expensed in the period incurred irrespective of the final outcome of the acquisition. Business acquisition costs were approximately $706,000 for the three months ended March 31, 2016, compared to approximately $126,000 for the same period in 2015. The difference is due to $266,000 in franchise termination fees related to the acquisition of the Lincoln property and its subsequent conversion to an Oak Tree Inn coupled with specific transactions undertaken during each period.

Finance costs consist of interest on term loans, preferred share dividends, accretion on contingent consideration (if any) and deferred compensation payable, amortization of deferred financing costs and the mark-to-market adjustment on assumed loans, and the changes in the fair value of the interest rate swap contracts offset by interest income. Net finance costs were $6.3 million for the three months ended March 31, 2016, compared to $2.8 million for the same period in 2015. The increase was the result of the addition of new term loans during the latter part of 2015 to acquire various hotel properties and changes in the fair value of the interest rate swap contracts caused by declines in current interest rates relative to the swap contracted rate.

AHIP is not a SIFT limited partnership pursuant to the *Income Tax Act* (Canada) (the "**Tax Act**"). Under the Tax Act, as long as AHIP meets prescribed conditions relating to the nature of its assets and revenues, it is not liable to pay Canadian income taxes provided that its taxable income is fully distributed to unitholders during the period. AHIP's indirect subsidiaries, Lodging Enterprises LLC, IML Enterprises LLC and AHIP Enterprises LLC are taxable real estate investment trust subsidiaries ("**TRS**") of the U.S. REIT and are subject to income taxes. Deferred income taxes are recognized in respect of temporary differences between the carrying amounts of the intangible assets and contingent consideration for financial reporting purposes and the amounts used for taxation purposes. Deferred income taxes are measured at the tax rates that are expected to be applied to temporary differences when they reverse based on the laws that have been enacted or substantively enacted by the reporting date. AHIP has used a blended tax rate of approximately 40% to calculate its related deferred income tax provisions.

The U.S. REIT is taxed as a real estate investment trust ("**REIT**") for U.S. federal income tax purposes. For purposes of the REIT qualification rules, the U.S. REIT cannot directly operate any of its hotels. Instead, it must lease its hotels to a third party lessee or to a TRS, provided that the TRS engages an eligible independent contractor to manage the hotels. As of March 31, 2016, the U.S. REIT had leased all of its hotels to its wholly-owned TRS entities (or wholly-owned subsidiaries of such entities). Each of these TRS entities, or its wholly-owned subsidiary, pays qualifying rent, and the TRS entities, or their applicable wholly-owned subsidiaries, have entered into management contracts with qualified external managers. The TRS entities directly receive all revenues from, and funds all expenses relating to, hotel operations.

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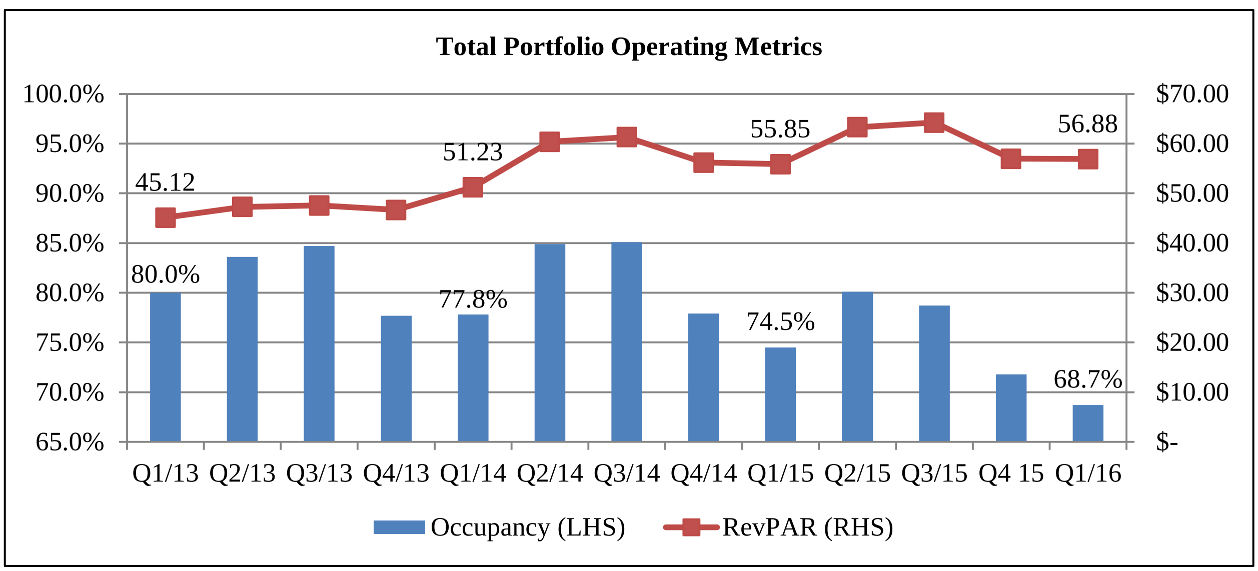
TOTAL PORTFOLIO OPERATING STATEMENTS

(US$000s unless otherwise noted)		**Three months ended March 31, 2016**		**Three months ended March 31, 2015**
Number of rooms[1]		7,048		5,228
Number of properties[1]		80		61
Number of restaurants[1]		31		29
Occupancy rate[2]		68.7%		74.5%
Average daily rate[3]	$	82.80	$	74.99
Revenue per available room	$	56.88	$	55.86
Revenues				
Rooms	$	36,412	$	25,928
Food and beverage		3,267		3,337
Other		455		264
TOTAL REVENUES		40,134		29,529
Expenses				
Operating expenses		19,783		15,775
Energy		1,956		1,536
Property maintenance		2,016		1,458
TOTAL EXPENSES		23,755		18,769
GROSS OPERATING PROFIT		16,379		10,760
GOP Margin %		*40.8%*		*36.4%*
Taxes and insurance		2,395		2,040
NET OPERATING INCOME	$	13,984	$	8,720
NOI Margin %		*34.8%*		*29.5%*

(1) At period end.
(2) Occupancy reflects actual occupancy at Rail Hotels without any adjustment for guaranteed rail crew room revenues.
(3) ADR reflects inclusion of guaranteed rail crew room revenues.



Overall portfolio RevPAR increased by 1.8% during the current quarter compared to the same period in 2015. This resulted from a 10.4% increase in ADR offset by lower occupancies. The increase in ADR was attributable to the change in portfolio mix between Rail Hotels and Branded Hotels reflecting the addition of 12 Branded Hotels and seven Rail Hotels between the reporting periods. Branded Hotels typically achieve higher ADR than the Rail Hotels. For the three months ended March 31, 2016 the Branded Hotels achieved an ADR of $100.38 compared to the ADR for the Rail Hotels of $64.93 for the same periods. In addition, the revenue support from the contractual rail crew guaranteed revenues also resulted in higher ADR.

AHIP's Branded Hotel portfolio achieved quarter-over-quarter pro-forma RevPAR growth of +4.4%, which includes operating results for certain hotels for periods prior to their ownership by AHIP. The largest RevPAR gains occurred in the Virginia and North Carolina regions with RevPAR growth rates of +16.6% and 13.8%, respectively. The Florida region achieved RevPAR gains of +7.6% while the Pittsburgh and Midwest regions experienced RevPAR gains of +3.4% and +2.2%, respectively. The Texas/Oklahoma region experienced RevPAR declines of 5.7% due to weakness in the oil and gas industry.

Overall portfolio occupancy was 68.7% for the three months ended March 31, 2016 compared to 74.5% for the same period last year. The decline in occupancy resulted from lower activity at certain hotels due to fewer rail and commercial guests at certain Rail Hotels coupled with weaker demand in the Texas/Oklahoma hotels due to the slowdown in the oil and gas industry and impact of new hotel supply.

Total revenues grew by 35.9% to $40.1 million for the quarter (2015 - $29.5 million). The increase in total revenues was directly attributable to the increased number of hotel properties compared to the prior year.

GOP Margin increased to 40.8% in the current quarter compared to 36.4% during the same quarter in 2015. The improvement in GOP Margin reflects the greater weighting of Branded Hotels in the current year compared to the prior year, which resulted in higher ADR and higher GOP and NOI margins. Improved cost controls coupled with better yield management implemented by the Hotel Manager also contributed to higher margins. NOI Margin for the quarter increased to 34.8% as a result of higher GOP offset by higher property taxes and insurance premiums arising from changes within the portfolio.

RAIL HOTELS OPERATING STATEMENTS

(US$000s unless otherwise noted)	Three months ended March 31, 2016	Three months ended March 31, 2015
Number of rooms[(1)]	3,718	2,881
Number of properties[(1)]	45	38
Number of restaurants[(1)]	27	26
Occupancy rate[(2)]	64.6%	79.9%
Average daily rate[(3)]	$ 64.93	$ 57.16
Revenue per available room	$ 41.94	$ 45.67
Revenues		
Rooms	$ 14,159	$ 11,563
Food and beverage	2,759	2,990
Other	86	58
TOTAL REVENUES	17,004	14,611
Expenses		
Operating expenses	8,117	7,947
Energy	895	800
Property maintenance	993	820
TOTAL EXPENSES	10,005	9,567
GROSS OPERATING PROFIT	6,999	5,044
GOP Margin %	*41.2%*	*34.5%*
Taxes and insurance	987	963
NET OPERATING INCOME	$ 6,012	$ 4,081
NOI Margin %	*35.4%*	*27.9%*

(1) At period end.
(2) Occupancy reflects actual occupancy at Rail Hotels without any adjustment for guaranteed rail crew room revenues.
(3) ADR reflects inclusion of guaranteed rail crew room revenues.

Total revenues were higher in 2016 reflecting the addition of six rail crew hotels during the last four months of 2015 and one rail crew hotel in January 2016.

The decline in occupancy arose from lower non-rail room sales at certain hotels due to the decline in oil and gas activity throughout the U.S., fewer construction projects and limited mining activity in certain markets. In addition, declining rail volumes due to lower coal shipments and other commodities have resulted in lower actual occupancies at certain properties triggering contractual rail crew guarantee revenues, which have been recorded in room revenues and has been reflected in the increased ADR.

ADR increased by 13.6% to $64.93 for the three months ended March 31, 2016, from $57.16 for the same period in 2015, due to contractual rate increases in the rail crew contracts coupled with the addition of contractually guaranteed rail crew revenues.

GOP Margin for the current quarter was 41.2% compared to 34.5% in the prior period. NOI Margin increased to 35.4% compared to 27.9% last year. The margin improvements were from lower occupancy-related hotel operating expenses, improved cost containment by the Hotel Manager and securing commercial travelers at certain rail crew hotels.

BRANDED HOTELS OPERATING STATEMENTS

(US$000s unless otherwise noted)	**Three months ended March 31, 2016**	**Three months ended March 31, 2015**
Number of rooms[(1)]	3,330	2,347
Number of properties[(1)]	35	23
Number of restaurants[(1)]	4	3
Occupancy rate	73.2%	67.9%
Average daily rate	$ 100.38	$ 100.12
Revenue per available room	$ 73.48	$ 67.98
Revenues		
Rooms	$ 22,253	$ 14,365
Food and beverage	508	347
Other	369	206
TOTAL REVENUES	23,130	14,918
Expenses		
Operating expenses	11,666	7,829
Energy	1,061	735
Property maintenance	1,023	638
TOTAL EXPENSES	13,750	9,202
GROSS OPERATING PROFIT	9,380	5,716
GOP Margin %	*40.6%*	*38.3%*
Taxes and insurance	1,408	1,077
NET OPERATING INCOME	$ 7,972	$ 4,639
NOI Margin %	*34.5%*	*31.1%*

(1) At period end.

The higher NOI Margin achieved by the Branded Hotels compared to the NOI Margin achieved by the Rail Hotels reflects the rooms-only and transient guest focus of these limited service properties, which experience higher ADR. The significant growth in revenues, RevPAR, GOP and margins for the quarter was primarily due to the acquisition of 12 Branded Hotels after the first quarter of 2015 coupled with improved yield management and effective cost controls achieved by the Hotel Manager. On a year-over-year basis, RevPAR increased by +8.1% led by growth in the Virginia, North Carolina and Florida regions with most of the growth being driven by higher occupancy. In addition, during 2015, certain hotels in Pittsburgh, Virginia and North Carolina experienced guest displacement due to extensive renovations being undertaken at these hotels. For the current quarter, the renovations generated a positive tailwind on operating results contributing to higher revenues and NOI.

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SAME PROPERTY OPERATING METRICS

RAIL HOTELS – SAME PROPERTY

The following table presents same property Rail Hotel operating metrics for the three months ended March 31, 2016 and March 31, 2015. A property must be owned for the entire year during both reporting periods for inclusion in this table, which adjusts for the impact of properties that have been acquired during the year.

(US$000s unless otherwise noted)	Three months ended March 31, 2016	Three months ended March 31, 2015
Occupancy rate(2)	65.4%	79.9%
Average daily rate(3)	$ 64.88	$ 57.16
Revenue per available room	$ 42.43	$ 45.67
Revenues		
Rooms	$ 11,302	$ 11,563
Food and beverage	2,567	2,990
Other	53	58
TOTAL REVENUES	13,922	14,611
Expenses		
Operating expenses	7,128	7,947
Energy	748	800
Property maintenance	800	820
TOTAL EXPENSES	8,676	9,567
GROSS OPERATING PROFIT	5,246	5,044
GOP Margin %	*37.7%*	*35.2%*
Taxes and insurance(1)	856	925
NET OPERATING INCOME	$ 4,390	$ 4,119
NOI Margin %	*31.5%*	*28.2%*

(1) Same hotel property taxes are not adjusted for IFRIC 21.
(2) Occupancy reflects actual occupancy at Rail Hotels without any adjustment for guaranteed rail crew room revenues.
(3) ADR reflects inclusion of guaranteed rail crew room revenues.

Total revenues were lower during the current quarter primarily due to the continued decline in Class I rail carload volumes due to lower coal shipments and other commodities. This has resulted in lower actual occupancies at certain properties triggering contractual rail crew guarantee revenues, which has been recorded in room revenues and has been reflected in the increased ADR. The decrease in revenues was offset by an increase in non-rail crew occupancy at certain Rail Hotels due to efforts by the Hotel Manager to actively market guest rooms to commercial guests to take up excess capacity arising from lower rail crew occupancies.

For the full year, GOP Margins increased to 37.7% as a result of improved cost controls achieved by the Hotel Manager, and the impacts of higher average rates from more commercial customers. Lower property taxes and insurance premiums also contributed to higher NOI and NOI Margins compared to the prior year.

BRANDED HOTELS – SAME PROPERTY

The following table presents same property Branded Hotel operating metrics for the three months ended March 31, 2016 and March 31, 2015, respectively. A property must be owned for the entire year in both reporting periods for inclusion in this table, which adjusts for the impact of properties that have been acquired during the year.

(US$000s unless otherwise noted)	Three months ended March 31, 2016	Three months ended March 31, 2015
Occupancy rate	73.3%	68.5%
Average daily rate	$ 98.98	$ 99.24
Revenue per available room	$ 72.55	$ 67.98
Revenues		
Rooms	$ 15,492	$ 14,364
Food and beverage	389	347
Other	279	207
TOTAL REVENUES	16,160	14,918
Expenses		
Operating expenses	8,350	7,819
Energy	748	735
Property maintenance	755	638
TOTAL EXPENSES	9,853	9,192
GROSS OPERATING PROFIT	6,307	5,726
GOP Margin %	*39.0%*	*38.4%*
Taxes and insurance(1)	804	788
NET OPERATING INCOME	$ 5,503	$ 4,938
NOI Margin %	*34.1%*	*33.1%*

(1) The same hotel property tax figure does not reflect IFRIC 21

For the current quarter, occupancies, RevPAR, total revenues and NOI were higher compared to prior year reflecting strong performance at certain Florida, North Carolina and Virginia hotels offset by weakness in Pittsburgh and Oklahoma hotels. Same-property Branded Hotels RevPAR was up +6.7% led by the Virginia region (up by +16.6%), North Carolina region (up by +13.8%) and the Florida region (up by +11.8%). In addition, during 2015 significant renovation programs totaling approximately $10 million were undertaken at the Residence Inn Cranberry (Pittsburgh), Hampton Inn Harrisonburg University (Virginia) and Hampton Inn Asheboro (North Carolina) which caused significant guest displacement and affected their operating results. These renovations were completed in mid-2015 and the current quarter reflects the positive tailwind from the renovations and uninterrupted operations for these hotels. Specifically, year-over-year RevPAR gains of +25.1% were recorded at the Residence Inn Cranberry, +23.6% at the Hampton Inn Harrisonburg University and +24.2% at the Hampton Inn Asheboro. The Hotel Manager also provided effective yield management which supported hotels in Oklahoma and Pittsburgh. According to STR data for the first quarter of 2016, AHIP's Oklahoma hotels outperformed its competitive set RevPAR by +3.8%, with market RevPAR decreasing by 12.3%. Similarly, AHIP's Pittsburgh hotels outperformed their competitive set RevPAR by +16.4%, with market RevPAR decreasing by 11% driven primarily by the impacts of new supply. Improvements in GOP and NOI Margins also reflected cost containment strategies implemented by the Hotel Manager.

RECONCILIATION OF NON-IFRS OPERATING RESULTS

FUNDS FROM OPERATIONS ("FFO")

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 used as a substitute for net income, 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. AHIP calculates FFO in accordance with the REALpac White Paper on Funds from Operations as described under the heading "Non-IFRS Measures" above.

Net loss and comprehensive loss reconciled to FFO is calculated as follows:

(US$000s unless otherwise noted and except Unit and per Unit amounts)	**Three months ended March 31, 2016**	**Three months ended March 31, 2015**
Net loss and comprehensive loss	**$ (1,491)**	**$ (346)**
Add/(deduct):		
Depreciation and amortization	5,830	4,224
Loss on disposal of property and equipment	20	24
Business acquisition costs	686	126
IFRIC 21 property taxes	264	327
Fair value changes of interest rate swaps	2,648	-
Deferred income tax recovery	(753)	-
Funds from operations ("FFO")	**$ 7,204**	**$ 4,355**
Diluted weighted average number of Units outstanding	34,950,557	24,376,590
Diluted FFO per Unit	**$ 0.21**	**$ 0.18**

FFO increased to $7.2 million for the current quarter (2015 - $4.4 million). The increase was due to higher NOI arising from hotel acquisitions and improvements in operating performance from effective yield management and cost controls. The increase in business acquisition costs were due to more transactions in 2016 compared to the same period in the prior year.

Diluted FFO per Unit was $0.21 for the three months ended March 31, 2016, compared to $0.18 for the same period last year, reflecting higher NOI.

ADJUSTED FUNDS FROM OPERATIONS ("AFFO")

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 to indicate economic performance and available cash flow after maintenance capital expenditures. AFFO is not defined under IFRS and 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, AHIP makes certain adjustments to FFO as described under the heading "Non-IFRS Measures" above. The reconciliation of FFO to AFFO is calculated as follows:

(US$000s unless otherwise noted and except Unit and per Unit amounts)	Three months ended March 31, 2016	Three months ended March 31, 2015
Funds from operations ("FFO")	**$ 7,204**	**$ 4,355**
Add/(deduct):		
Securities-based compensation expense	46	18
Amortization of finance costs	189	99
FF&E Reserves(1)	(1,331)	(924)
Adjusted Funds from operations ("AFFO")	**$ 6,108**	**$ 3,548**
Diluted weighted average number of Units outstanding	34,950,557	24,376,590
Diluted AFFO per Unit	**$ 0.18**	**$ 0.15**

(1) AHIP has negotiated FF&E Reserve waivers with its lenders for periods of up to 24 months. AHIP does not factor in the benefit of these FF&E Reserve waivers in calculating AFFO.

AFFO increased to $6.1 million for the current quarter (2015 - $3.5 million) reflecting higher revenues and NOI arising from portfolio acquisitions and improved operating performance from better yield management and cost controls compared to the prior year offset by higher FF&E Reserves.

AFFO per Unit was $0.18 for the three months ended March 31, 2016, compared to $0.15 for the same period last year with higher NOI offset by the increase in the number of Units outstanding during these relative periods.

RECONCILIATION OF CASH FLOW FROM OPERATIONS TO AFFO

As an alternative measure of cash flow from operations, AFFO is indicative of AHIP's ability to pay distributions to unitholders. In calculating AFFO, AHIP makes certain adjustments to cash flow from operations as calculated below:

(US$000s unless otherwise noted)	**Three months ended March 31, 2016**	**Three months ended March 31, 2015**
Cash flow from operations	**$ 7,644**	**$ 2,378**
Add/(deduct):		
Change in non-cash working capital	(873)	1,772
Business acquisition costs	686	126
IFRIC 21 property tax adjustment	264	327
Interest paid	3,158	2,679
Interest expense	(3,440)	(2,810)
FF&E Reserves (excluding any waivers)	(1,331)	(924)
AFFO	**$ 6,108**	**$ 3,548**
Distributions declared	$ 5,708	$ 4,435
AFFO Payout Ratio	**93.5%**	**125.0%**

The decrease in the AFFO Payout Ratio reflects higher cash flows generated from a larger, diversified portfolio and improved operating performance.

DISTRIBUTIONS DECLARED COMPARED TO OPERATING CASH FLOWS

(US$000s)	**Three months ended March 31, 2016**	**Three months ended March 31, 2015**
Cash flow from operations (including interest paid)	$ 7,644	$ 2,378
Distributions declared	5,708	4,435
Excess of cash flow to distributions	$ 1,936	$ (2,057)

For the three months ended March 31, 2016, cash flow from operations exceeded distributions reflecting higher cash flows from a larger portfolio and improved operating performance.

CAPITAL EXPENDITURES

After AHIP acquires a Branded Hotel property, it may be required to complete a property improvement plan ("**PIP**") in order to be granted a new franchise license for that particular hotel property. PIP's are intended to bring the hotel property up to the franchisors' current standards. The funds for the completion of the PIP's are held in escrow by AHIP's lenders and these funds are released as the work is completed. In addition, on a regular basis, AHIP is required by its lenders to escrow additional FF&E Reserves over the term of the respective loans. AHIP intends to spend the amounts necessary to comply with any reasonable loan or franchisor requirements and otherwise to the extent that such expenditures are in the best interests of the hotel to optimize operating performance and ensure the hotels are competitive within their respective competitive market segments.

AMERICAN HOTEL INCOME PROPERTIES REIT LP

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 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014
Revenues	$ 40,134	$ 39,758	$ 40,349	$ 34,131	$ 29,529	$ 27,849	$ 25,529	$ 22,541
NOI	13,984	13,152	15,527	13,507	8,720	9,127	9,449	8,044
Net income (loss) and comprehensive income (loss)	(1,491)	945	2,712	2,386	(346)	209	2,029	650
FFO	$ 7,204	$ 7,161	$ 8,923	$ 7,605	$ 4,355	$ 4,741	$ 5,409	$ 4,440
AFFO	6,108	6,165	7,897	6,742	3,548	4,167	4,870	4,099
Distributions	5,708	5,887	5,759	5,644	4,435	4,807	3,982	3,333
Total assets	$ 574,174	$ 577,403	$ 579,829	$ 512,731	$ 431,684	$ 433,715	$ 321,813	$ 304,577
Total debt (face value)	$ 307,990	$ 309,516	$ 305,831	$ 266,920	$ 235,997	$ 232,328	$ 160,395	$ 142,012
Basic weighted average number of Units outstanding (000s)	34,908	34,845	32,788	28,682	24,362	22,897	19,468	15,974
Amounts on a per Unit Basis								
Basic and diluted net income (loss) per Unit	$ (0.04)	$ 0.03	$ 0.08	$ 0.08	$ (0.01)	$ 0.01	$ 0.10	$ 0.04
Diluted FFO per Unit	$ 0.21	$ 0.21	$ 0.27	$ 0.27	$ 0.18	$ 0.21	$ 0.28	$ 0.28
Diluted AFFO per Unit	$ 0.18	$ 0.18	$ 0.24	$ 0.24	$ 0.15	$ 0.18	$ 0.25	$ 0.26

The hotel industry is seasonal in nature. Generally, occupancy rates, revenues and operating results for hotels located in the U.S. are greater in the second and third quarters of the calendar year than in the first and fourth quarters. These fluctuations may impact earnings and cash flow.

Furthermore, the seasonality of revenues also has an impact on earnings, specifically EBITDA Margin, due to certain fixed expenditures such as property taxes, insurance and utilities.

FINANCIAL CONDITION

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 operations, cash on hand and AHIP's operating line of credit represent the primary sources of liquidity. Cash flows from operations are dependent on 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 investment activities.

The following table provides an overview of AHIP's change in cash from operating, financing and investing activities for the three months ended March 31, 2016 and 2015:

(US$000s)	Three months ended March 31, 2016	Three months ended March 31, 2015
Net change in cash related to:		
Operating activities	$ 7,644	$ 2,378
Investing activities	(4,687)	(5,070)
Financing activities	(7,271)	(967)
Decrease in cash	$ (4,314)	$ (3,659)

The change in cash for the three months ended March 31, 2016 compared to the same periods in 2015 was largely due to:

- Operating activities – higher NOI arising additional Branded Hotel and Rail Hotel and improved operating performance;
- Investing activities – acquisition of the rail crew hotel located in Lincoln, Nebraska in 2016 coupled with advances on three expansions to be delivered during 2016 compared to the new Wellington hotel completed in February 2015; and
- Financing activities – payments on the contingent consideration promissory note in 2016 coupled with higher distributions offset by the advance of the Norman Term Loan compared to the proceeds from the debt financing for the acquisition of the Oak Tree Inn hotel in Wellington, Kansas and lower distributions in 2015.

The following table sets out AHIP's contractual obligations at their face values over the next five years and thereafter.

(US$000s)	TOTAL	2016	2017	2018	2019	2020	Thereafter
Term loans	$ 304,540	$ 2,653	$ 4,852	$ 10,365	$ 5,523	$ 5,765	$ 275,382
Operating leases	1,422	585	496	243	90	8	-
Deferred compensation payable	850	163	250	250	187	-	-
Promissory note	2,600	2,600	-	-	-	-	-
Total	$ 309,412	$ 6,001	$ 5,598	$ 10,858	$ 5,800	$ 5,773	$ 275,382

Under the terms of AHIP's franchise agreements arising from its acquisition of Branded Hotels, AHIP is required to complete various PIPs. AHIP's operating subsidiaries have entered into contracts or commitments with various suppliers to provide products and services in compliance with these renovation plans. Payments for these items are held as restricted cash and funds are dispersed in the ordinary course of business. As at March 31, 2016, AHIP's total restricted cash balance relating to PIPs, FF&E Reserves and other reserves was $15.9 million (March 31, 2015 - $15.7 million).

DEBT STRATEGY

AHIP's overall borrowing policy is to obtain secured mortgage financing on a primarily 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 total indebtedness at approximately 50% to 55% of AHIP's gross book value. 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, 2016, AHIP's debt-to-gross book value was 50.0% (March 31, 2015 – 52.1%).

(US$000s unless otherwise noted)	March 31, 2016	March 31, 2015
Debt	$ 307,990	$ 235,997
Gross Book Value	$ 616,031	$ 452,595
Debt-to-Gross Book Value	50.0%	52.1%

The following table calculates AHIP's Interest Coverage Ratio for the three months ended March 31, 2016 compared to the same periods in the prior year:

(US$000s unless otherwise noted)	Three months ended March 31, 2016	Three months ended March 31, 2015
EBITDA	$ 10,692	$ 6,829
Interest expense(1)	$ 3,440	$ 2,711
Interest Coverage Ratio (times)	3.1x	2.5x

(1) Interest expense is computed as finance costs adjusted for non-cash items including accretion of contingent consideration (if any), accretion of deferred compensation payable, amortization of deferred financing costs, amortization of mark-to-market adjustments on assumed term loans and changes in fair value of the interest rate swap contracts.

The following table sets out the interest rates and terms of AHIP's existing debt financing obligations:

(US$000s unless otherwise noted)	Balance at March 31, 2016	Interest Rate	Initial Term (years)	Maturity Date
NC/GA Portfolio Assumed Loan #1	$ 5,445	5.69%	5	August 1, 2018
Norman Term Loan	2,000	3.23%(1)	5	April 1, 2021
Oak Tree Inn Hotel Loans	82,457	4.72%	7	March 1, 2023
Pittsburgh Portfolio Term Loans	38,000	5.02%	10	December 6, 2023
NC/GA Portfolio Assumed Loan #2	7,528	5.28%	10	February 1, 2024
Virginia Portfolio Term Loan	24,500	4.97%	10	April 6, 2024
NC/GA Portfolio Term Loan	6,000	4.72%	10	July 6, 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
Midwestern Portfolio Term Loan	32,000	4.24%	10	July 6, 2025
Florida Portfolio Term Loan	19,000	4.21%	10	August 6, 2025
Railway Portfolio Term Loan	20,000	4.25%	10	September 16, 2025
	$ 304,540			

(1) Floating rate term loan with interest rate as at March 31, 2016.

The weighted average face interest rate as at March 31, 2016 was 4.58% (December 31, 2015 – 4.59%; March 31, 2015 – 4.71%) and the weighted average loan term to maturity as at March 31, 2016 was 8.0 years (December 31, 2015 – 8.3 years; March 31, 2015 – 7.4 years). As at March 31, 2016, all of AHIP's total mortgages were fixed rate mortgages with the exception of the Norman Term Loan which is at a floating interest rate. The Oak Tree Inn hotel Loans are variable rate loans that have corresponding interest rate swap contracts that fix the interest rate for the duration of the loan.

CAPITAL RESOURCES

Management intends to obtain additional equity financing and/or secured debt financing with similar interest rates and terms to meet AHIP's planned growth strategy. Management has not identified any unfavourable trends or fluctuations that may impact AHIP's ability to obtain additional equity financing and/or secured 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.

From the closing date of AHIP's initial public offering ("**IPO**") on February 20, 2013 to December 31, 2013, AHIP issued 14,437,800 Units. For the year ended December 31, 2014, AHIP issued 9,897,763 Units from bought-deal public offerings, as partial consideration for the purchase of new Oak Tree Inn hotels and employee equity grants. For the year ended December 31, 2015, AHIP issued 10,572,702 Units from bought-deal public offerings, as partial consideration for the purchase of new Oak Tree Inn hotels and employee equity grants.

On March 31, 2016, 3,895 Units were issued to senior management on the vesting of Restricted Stock Units.

As at March 31, 2016, there were 34,912,160 Units issued and outstanding. On March 31, 2016, the Units were traded on the TSX with a closing price of Cdn$10.54, and on the OTCQX with a closing price of $8.05. As at May 11, 2016, there were 34,971,248 Units outstanding. See "Subsequent Events", below.

As at March 31, 2016, there were 114,834 Restricted Stock Units issued and outstanding, which vest between December 15, 2016 and March 15, 2019. Such Restricted Stock Units are comprised of: (i) 74,137 Restricted Stock Units that vest for Units on a one-for-one basis; and (ii) 40,697 Restricted Stock Units that were granted as performance awards and vest subject to a multiple of 0% to 200% based on the achievement of certain objectives.

DISTRIBUTION HISTORY

DISTRIBUTION POLICY

AHIP's current policy is to declare and pay monthly cash distributions using available cash and to maintain a conservative AFFO Payout Ratio. 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. Effective for the April 2016 distribution payable on May 13, 2016 to unitholders of record as of April 29, 2016, AHIP will commence paying monthly cash distributions of US$0.054 per Unit to Unitholders, which is equivalent to US$0.648 per Unit on an annualized basis. The change in distribution currency was adopted by AHIP to better align distribution payments to AHIP's cash flows, which are all generated in the U.S., to eliminate costly currency hedging strategies, and will reduce the pro-forma AFFO Payout Ratio to approximately 75% of full year analyst consensus AFFO. Distribution declarations 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. Prior to April 1, 2016, AHIP was paying monthly cash distributions of Cdn$0.075 per Unit to unitholders, which was equivalent to Cdn$0.90 per Unit on an annualized basis.

DISTRIBUTION SUMMARY

AHIP declared the following cash distributions to unitholders of record from January 1, 2016 to March 31, 2016 as follows:

Month	Record Date	Payment Date	Distribution per Unit (Cdn$)	Amount (Cdn$000s)	Amount ($000s)
January 2016	January 29, 2016	February 15, 2016	$ 0.075	$ 2,618	$ 1,797
February 2016	February 29, 2016	March 15, 2016	$ 0.075	$ 2,618	$ 1,888
March 2016	March 31, 2016	April 15, 2016	$ 0.075	$ 2,628	$ 2,023
			$ 0.225	$ 7,864	$ 5,708

Distributions totaling Cdn$7.9 million ($5.7 million) were declared during the three months ended March 31, 2016 (March 31, 2015 – Cdn$5.5 million ($4.4 million)).

(Cdn$ except as noted)	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014
Annualized distribution	$ 0.90	$ 0.90	$ 0.90	$ 0.90	$ 0.90	$ 0.90	$ 0.90	$ 0.90
Period-end close price	$ 10.54	$ 10.65	$ 9.91	$ 10.31	$ 11.21	$ 10.03	$ 10.61	$ 10.29
Annualized distribution yield on closing price (%)	8.5%	8.5%	9.1%	8.7%	8.0%	9.0%	8.5%	8.7%

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

AHIP has entered into hotel management agreements with various wholly owned subsidiaries of Tower Rock Hotels & Resorts Inc. (the "**Hotel Manager**"), a company indirectly controlled by the Chief Executive Officer of the General Partner, to manage and operate AHIP's hotel properties.

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

The hotel management agreements also provide for payment of the following amounts to the Hotel Manager: a base management fee equal to 3.5% of gross revenues; a capital expenditure fee equal to 5.0% of capital expenditures, including maintenance capital expenditures; and an annual administration fee of $20,000 for each property acquired on February 20, 2013 ("**Initial Portfolio**") and $25,000 for each property acquired after February 20, 2013. For greater clarity, the annual administration fee for the Initial Portfolio was $15,000 effective February 20, 2013; $20,000 effective February 20, 2015 and $25,000 effective February 20, 2016. The Hotel Manager is also eligible to receive an incentive fee if certain thresholds are met. The incentive fee may not exceed 50% of the aggregate base hotel management fees for the year in which the incentive fee is earned. For the three months ended March 31, 2016 and March 31, 2015, the Hotel Manager did not qualify for any incentive fees and as a result no incentive fee amounts were recorded in the unaudited condensed consolidated interim financial statements.

AHIP recorded the following fees charged by the Hotel Manager in corporate and administrative expenses for the three months ended March 31, 2016 and March 31, 2015:

(US$000s)	Three months ended March 31, 2016	Three months ended March 31, 2015
Management fees	$ 1,402	$ 1,034
Administration fees	478	310
	$ 1,880	$ 1,344
Total fees as a percentage of total revenues	4.7%	4.6%
Total cost recoveries	$ 11,596	$ 9,275
Total cost recoveries as a percentage of total revenues	28.9%	31.4%

Capital expenditure fees of $79,220 for the three months ended March 31, 2016, (March 31, 2015 - $87,059) were capitalized to property, buildings and equipment. In addition, during the three months ended March 31, 2016, the Hotel Manager was reimbursed $11.6 million from the hotel properties for payroll and general and administrative costs (March 31, 2015 - $9.3 million). The increase in reimbursements reflects the additional hotels in the current period compared to the prior year.

CRITICAL ACCOUNTING ESTIMATES AND ACCOUNTING STANDARDS

The preparation of the consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities as at the date of the consolidated financial statements, and the reported amounts of income and expenses during the financial reporting period. Actual results may differ from these estimates.

ACCOUNTING ESTIMATES

Significant areas of estimates include the following:

i) Business combinations

The acquisition of a business is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange of assets given, liabilities incurred or assumed. The identifiable assets, liabilities and contingent liabilities acquired are recognized at their fair values at the acquisition dates. AHIP obtained third-party valuations to support management's determination of the fair value of property, buildings and equipment. Management evaluated the incremental earning stream attributable to the lodging agreements discounted at an expected rate of return to support the determination of the value of intangible assets for the rail crew hotel portfolios. The value of the intangible assets for the Branded Hotels consists of franchise application fees paid upon the acquisition of these properties. The fair values of loans assumed are determined based on various factors including AHIP's assessment of market interest rates for comparable loans.

ii) Depreciation and amortization

Management has estimated the useful lives of property, buildings and equipment in the determination of depreciation. The estimated useful lives of property, buildings and equipment are determined based on various factors including historical data and AHIP's expected use of the assets. Intangible assets are amortized over the average remaining contractual term of the lodging or franchise agreements.

ACCOUNTING STANDARDS ADOPTED IN THE PERIOD:

No new accounting standards were adopted during the current period.

SUBSEQUENT EVENTS

a) Expansion of Hearne, Texas Rail Hotel

On April 1, 2016, AHIP completed the acquisition of a 24-room expansion at the existing, high-occupancy Oak Tree Inn hotel in Hearne, Texas for a total purchase price of $2.4 million. The expansion was constructed by SunOne Developments Inc. pursuant to the Master Development Agreement. AHIP funded the expansion with cash on hand and the issuance of $475,000 (or 59,088 Units) from treasury. The Units were issued at a price of Cdn$10.44, which represented the five-day volume-weighted average trading price of the AHIP Units for the five trading days immediately prior to their issuance.

b) April 2016 Distributions

On April 18, 2016, AHIP announced a cash distribution of $0.054 per Unit for the period from April 1, 2016 to April 30, 2016. The distribution will be paid on May 13, 2016 to unitholders of record on April 29, 2016. This will be AHIP's first U.S. dollar denominated distribution.

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, 2016, AHIP's management, under the supervision of its CEO and CFO, has designed DC&P and ICFR, with the exception of the scope of design of DC&P and ICFR as noted below. Management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("**COSO**") in Internal Control – Integrated Framework (2013).

In accordance with Section 3.3(1)(b) of NI 52-109, AHIP's CEO and CFO have limited the scope of design of DC&P and ICFR to exclude the controls, policies and procedures related to the Midwestern and Florida Portfolios within the Branded Hotel portfolio and the Railway Portfolio, as they were acquired less than 365 days before the last day of the three month period ended March 31, 2016. The results of these portfolios constitutes approximately 26.1% and 12.5%, respectively, of AHIP's income from operating activities for the three months ended March 31, 2016, included in the unaudited condensed consolidated interim financial statements and related notes. AHIP intends to complete the design of DC&P and ICFR for the Midwestern Portfolio by June 30, 2016 and the remaining portfolios by September 30, 2016.

FOREIGN EXCHANGE MANAGEMENT

All of AHIP's investments and substantially all of its operations are conducted in U.S. dollars. Effective with the April 2016 distribution payable on May 13, 2016 to unitholders of record as of April 29, 2016, AHIP will pay distributions to unitholders in U.S. dollars. Prior to this date, AHIP paid its distributions in Canadian dollars. Therefore, AHIP has minimal exposure to fluctuations in currency exchange rates with respect to its distributions. However, a weaker Canadian dollar increases the amount of equity funds required to complete investments in the U.S. For the three months ended March 31, 2016, AHIP did not enter 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(1)	**March 31, 2016**	**December 31, 2015**	**September 30, 2015**	**June 30, 2015**	**March 31, 2015**
Cdn$/US$	$ 1.2971	$ 1.3840	$ 1.3394	$ 1.2474	$ 1.2683
US$/Cdn$	$ 0.7710	$ 0.7225	$ 0.7466	$ 0.8017	$ 0.7885

(1) Bank of Canada noon rate on the respective dates

RISKS AND UNCERTAINTIES

Investing in Units involves a high degree of risk. In addition to the risks identified in this section and elsewhere in this MD&A, investors should carefully consider all of the risk factors noted in AHIP's AIF, a copy of which is available on SEDAR at www.sedar.com, before purchasing Units. 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 and AHIP's ability to make cash distributions to unitholders. In that event, the value of the Units could decline and investors may lose all or part of their investment.

The Units involve a certain degree of risk. Any person currently holding or considering the purchase of Units 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. The Units should only be purchased by persons who can afford to lose all of their investment.

ADDITIONAL INFORMATION

Additional information relating to AHIP, including the company's AIF, is available on SEDAR at www.sedar.com.

AMERICAN HOTEL INCOME PROPERTIES REIT LP

RAIL HOTELS PORTFOLIO AS AT MAY 11, 2016

Hotel Address	Location	Number of Rooms	Restaurant	Acquisition Date
2407 East Holland Avenue	Alpine, TX	40	Yes	Feb. 20, 2013
2111 Camino Del Llano	Belen, NM	160	Yes	Sept. 16, 2015
3522 N. Highway 59	Bill, WY	112	Yes	Feb. 20, 2013
620 Souder Road	Brunswick, MD	25	Yes	Nov. 24, 2014
3475 Union Road	Buffalo, NY	56	-	Feb. 20, 2013
1625 Stillwater Avenue	Cheyenne, WV	60	Yes	Feb. 20, 2013
2300 Valley West Ct.	Clinton, IA	123	-	Feb. 20, 2013
21233 Coal River Road	Comfort, WV	25	-	Feb. 20, 2013
1608 US 60 Business W	Dexter, MO	133	Yes	Feb. 20, 2013
4000 Siskiyou Avenue	Dunsmuir, CA	21	Yes	Feb. 20, 2013
100 North 6th Avenue	Edgemont, SD	56	-	Sept. 16, 2015
95 Spruce Road	Elko, NV	120	-	Feb. 20, 2013
2505 US 69	Fort Scott, KS	70	-	Nov. 11, 2015
2700 N. Diers Parkway	Fremont, NE	100	Yes	Feb. 20, 2013
2307 Wyoming Avenue	Gillette, WY	156	-	Sept. 16, 2015
2006 North Merrill Avenue	Glendive, MT	74	Yes	Oct. 29 2014
100 15th Street SE	Glenwood, MN	56	Yes	Feb. 20, 2013
1170 W. Flaming Gorge Way	Green River, WY	191	Yes	Feb. 20, 2013
800 West Laramie Street	Guernsey, WY	96	-	Sept. 16, 2015
1051 North Market	Hearne, TX	140	Yes	Feb. 20, 2013
1110 SE 4th Street	Hermiston, OR	62	-	Feb. 20, 2013
1710 Jefferson Street	Jefferson City, MO	77	-	Sept. 12, 2013
501 SW Boulevard	Kansas City, KS	110	-	Feb. 20, 2013
2545 Cornhusker Highway	Lincoln, NE	133	-	Jan. 8, 2016
7875 Airline Highway	Livonia, LA	42	Yes	Feb. 20, 2013
8233 Airline Highway	Livonia, LA	60	-	Feb. 20, 2013
123 Westvaco Road	Low Moor, VA	30	Yes	Feb. 20, 2013
1127 Pony Express Highway	Marysville, KS	139	Yes	Feb. 20, 2013
528 S. George Nigh Expressway	McAlester, OK	61	-	Feb. 20, 2013
777 W Center Street	Milford, UT	75	Yes	Feb. 20, 2013
128 S. Willow	Missouri Valley, IA	41	Yes	Feb. 20, 2013
707 E. Webster Street	Morrill, NE	97	Yes	Feb. 20, 2013
451 Halligan Drive	North Platte, NE	111	Yes	Feb. 20, 2013
22 N. Frontage Street	Pecos, TX	61	-	Feb. 20, 2013
101 Grand Avenue	Ravenna, NE	118	-	Sept. 16, 2015
2005 E. Daley Street	Rawlins, WY	62	Yes	Feb. 20, 2013
2680 Airport Road	Santa Teresa, NM	56	Yes	May 6, 2014
K27 & Commerce Street	Sharon Springs, KS	50	Yes	Feb. 20, 2013
U.S. 285 & 2nd Street	Vaughn, NM	60	Yes	Feb. 20, 2013
1177 E. 16th Street	Wellington, KS	80	Yes	Feb. 20, 2013
1004 E 16th Street	Wellington, KS	110	-	Feb. 25, 2015
1706 N. Park Drive	Winslow, AZ	72	-	Feb. 20, 2013
98 Moffat Avenue	Yampa, CO	37	Yes	Feb. 20, 2013
35450 Yermo Road	Yermo, CA	65	Yes	Feb. 20, 2013
1731 S. Sunridge Drive	Yuma, AZ	119	Yes	Feb. 20, 2013
TOTAL RAIL HOTELS	**45 properties**	**3,742**	**27**	

BRANDED HOTELS PORTFOLIO AS AT MAY 11, 2016

Hotel Address	Brand	Location	Number of Rooms	Restaurant	Acquisition Date
Florida Region					
3712 SW 38th Ct	Courtyard	Ocala, FL	169	Yes	Aug. 6, 2015
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
3610 SW 38th Avenue	Residence Inn	Ocala, FL	87	-	Aug. 6, 2015
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
Midwest Region					
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 Holliday Lane	Holiday Inn Express	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
North Carolina Region					
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
920 Executive Way	Fairfield Inn & Suites	Asheboro, NC	87	-	Jul. 3, 2014
1530 Cinema Drive	Courtyard	Statesville, NC	94	-	Nov. 25, 2014
1508 Cinema Drive	Hampton Inn	Statesville, NC	80	-	Nov. 25, 2014
Pittsburgh Region					
555 Trumbull Drive	Hampton Inn	Pittsburgh, PA	132	-	Nov. 21, 2013
8514 University Boulevard	Hampton Inn	Moon (Pittsburgh), PA	127	-	Nov. 21, 2013
210 Executive Drive	Hampton Inn	Cranberry Township, PA	116	-	Nov. 21, 2013
1308 Freedom Road	Residence Inn	Cranberry Township, PA	96	-	Nov. 21, 2013
Texas/Oklahoma Region					
8231 Amarillo Blvd. West	Holiday Inn	Amarillo, TX	151	Yes	Oct. 27, 2014
4401 SW 15th Street	Holiday Inn	Oklahoma City, OK	147	Yes	Nov. 3, 2014
13800 Quail Springs Parkway	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
1740 Airport Boulevard	Fairfield Inn & Suites	Amarillo, TX	79	-	Oct. 27, 2014
960 Ed Noble Parkway	Country Inn	Norman, OK	77	-	Jun. 18, 2015
7840 NW 39 Expressway	Holiday Inn Express	Bethany, OK	69	-	Jun. 18, 2015
6915 I-40 West	Sleep Inn & Suites	Amarillo, TX	63	-	Oct. 27, 2014
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
Virginia Region					
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 BRANDED HOTELS	**35 properties**		**3,330**	**4**	
GRAND TOTAL	**80 properties**		**7,048**	**31**	

AMERICAN HOTEL INCOME PROPERTIES REIT LP

PROPERTIES UNDER DEVELOPMENT AS AT MAY 11, 2016

Hotel Address	Location	Number of Rooms	Restaurant	Completion Date
1110 SE 4th Street (expansion)	Hermiston, OR	24	-	June 2016
451 Halligan Drive (expansion)	North Platte, NE	24	-	July 2016
TOTAL DEVELOPMENTS	**2 Properties**	**48**	**-**	

AMERICAN HOTEL INCOME PROPERTIES REIT LP

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