AMERICAN HOTEL INCOME PROPERTIES REIT LP

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

For the three months ended March 31, 2015

(Expressed in U.S. Dollars)

Dated: May 13, 2015

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TABLE OF CONTENTS

TABLE OF CONTENTS 2
FORWARD-LOOKING DISCLAIMER 3
BASIS OF PRESENTATION 4
NON-IFRS MEASURES 4
SEASONALITY 6
OVERVIEW 7
FINANCIAL HIGHLIGHTS AND KEY PERFORMANCE INDICATORS 10
RESULTS OF OPERATIONS 12
RECONCILIATION OF NON-IFRS OPERATING RESULTS 21
SUMMARY OF QUARTERLY RESULTS 24
FINANCIAL CONDITION 24
DISTRIBUTION HISTORY 27
OFF-BALANCE SHEET ARRANGEMENTS 28
TRANSACTIONS WITH RELATED PARTIES 28
CRITICAL ACCOUNTING ESTIMATES AND ACCOUNTING STANDARDS 29
SUBSEQUENT EVENTS 30
INTERNAL CONTROLS 30
CURRENCY SWAP ARRANGEMENTS 31
RISKS AND UNCERTAINTIES 31
ADDITIONAL INFORMATION 32
DETAILS OF PROPERTY PORTFOLIO AS AT MAY 13, 2015 33
DETAILS OF PROPERTY PORTFOLIO AS AT MAY 13, 2015 CONTINUED 34
DETAILS OF PROPERTIES UNDER DEVELOPMENT AS OF MAY 13, 2015 34

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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: the use of the proceeds from AHIP's bought deal offering of Units that closed on April 28, 2015, including, without limitation, to partially fund the potential acquisition of each of the portfolios of branded hotels in the Midwestern and Southeastern U.S., the expansion of the Oak Tree Inn hotel in Dexter, Missouri and the other potential conversion, expansion and new-build opportunities for Oak Tree Inn railway lodging facilities; references to the cost of the portfolios of branded hotels in the Midwestern and Southeastern U.S.; references to the cost of the expansion of the Oak Tree Inn hotel in Dexter, Missouri and the targeted date for the completion of the expansion; the expectations of STR (as defined below) with respect to key performance indicators in the U.S. hotel and lodging industry; AHIP management's expectations and outlook with respect to RevPAR (as defined below), ADR (as defined below), occupancy rates, cash flows from hotel operations, real estate values and other key performance indicators over the next 24 months; expected impact of oil prices on the overall economy, the U.S. hotel and lodging industry and AHIP's performance in the second and third quarters of 2015; expected terms of future debt financings; the expected increase in RevPAR for the Oak Tree Inn Hotels (as defined below) that is to result from contractual cost of living rate increases; AHIP's review of other potential portfolio acquisition opportunities of branded hotels; the expected timing of the completion of the renovation of certain hotels within the Pittsburgh Portfolio (as defined below); AHIP's expectation that it will see improved operating results in the second and third quarters of 2015; AHIP's expectation that improved operating results in the second and third quarters of 2015 will offset the temporary shortfall in cash flows compared to distributions which occurred in the three months ended March 31, 2015; AHIP's intention to provide stable, sustainable and growing cash flows through operation of its properties and AHIP's other stated objectives; AHIP's intention to declare regular monthly cash distributions and the expected timing of the record and payment dates for monthly distributions.

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; 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 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; Unit prices; liquidity; tax

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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 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, 2014, 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 13, 2015. 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.

The potential acquisitions described in this MD&A under the heading "*Recent Developments – Potential Acquisition of High Quality Branded Portfolios*" are indicative only, as these potential transactions are being evaluated and negotiated with the applicable sellers. In addition, each acquisition, if it proceeds, would be subject to conditions, including satisfactory completion of AHIP's due diligence, negotiation of formal legal documents and approval of the board of directors of the General Partner (as defined below). For example, AHIP cautions that there can be no assurance that any transaction will result from the conditional agreements described herein, or what the terms of such a transaction, if any, may be. AHIP undertakes no obligation to update investors on the status of any potential acquisitions described in this MD&A unless and until its acquisition due diligence is complete and the board of directors of the General Partner has approved the transaction, in each case.

BASIS OF PRESENTATION

This MD&A for the three months ended March 31, 2015 has been prepared and includes material financial information as of May 13, 2015. This MD&A should be read in conjunction with AHIP's unaudited condensed consolidated interim financial statements for the three months ended March 31, 2015 and 2014 and audited consolidated financial statements for the years ended December 31, 2014 and 2013, 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, 2014 is available on SEDAR at www.sedar.com.

AHIP's Board of Directors, upon recommendation of its Audit Committee, approved the contents of this MD&A for release on May 13, 2015.

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 industry 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. In addition, they do not have standardized meanings and may not be comparable to measures used by other issuers in the real estate industry. 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, Core 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.

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a) Debt-to-Gross Book Value

AHIP believes that debt-to-gross book value is an important supplemental measure of financial condition. Debt and gross book value are defined in AHIP's Amended and Restated Limited Partnership Agreement dated February 20, 2013.

"**Debt**" means the face value (excluding deferred financing costs and unamortized mark-to-market adjustments) of the revolving line of credit, term loans, 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 the AHIP; and (ii) deferred income tax liabilities arising out of fair value adjustments in respect of indirect acquisitions.

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

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

"FFO" is not defined under IFRS. AHIP calculates FFO in accordance with the Real Property Association of Canada ("**REALpac**") White Paper on Funds from Operations issued 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; and (vi) 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) accretion of contingent consideration; (iii) amortization of mark-to-market adjustments on assumed term loans; (iv) amortization of deferred compensation payable; (v) securities-based compensation; and (vi) deducting FF&E Reserves 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 48 months. AHIP does not factor in the benefit of these FF&E Reserve waivers in calculating AFFO.

c) Core FFO per Unit

Management believes that the computation of FFO per Unit includes certain items that are not indicative of the results provided by AHIP's operating portfolio and affect the comparability of AHIP's period-over-period performance. This includes the dilutive impact of securities-based compensation. Therefore, in addition to FFO per Unit, management uses Core FFO per Unit to exclude this item. Management believes that Core FFO per Unit is a useful supplemental measure, however, this may not be comparable to the modified FFOs per Unit of other issuers.

d) 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.

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

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

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

AHIP calculates "EBITDA" as net operating income less corporate and administrative expenses.

g) 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, amortization of deferred compensation payable, amortization of deferred financing costs and amortization of mark-to-market adjustments on assumed term loans. The interest coverage ratio is a measure of AHIP's ability to service its debt.

h) 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 quarter for inclusion in this metric. These metrics exclude the impact of properties that have been sold or acquired during the comparable reporting periods.

i) 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.

j) 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.

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

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

l) Payout Ratio

AHIP calculates its "**Payout Ratio**" as distributions declared divided by AFFO 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 our control including overall economic cycles and weather conditions. To the extent the cash flow from operations is insufficient during any quarter, due to temporary or seasonal fluctuations in revenues, we expect to utilize cash on hand or borrowings under our 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 American Hotel Income Properties REIT (GP) Inc. (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 ("**Limited Partnership Agreement**"). AHIP's head office and address for service is located at 1660 – 401 West Georgia Street, Vancouver, British Columbia, Canada, V6B 5A1.

AHIP was established for the purposes of:

(a) 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;

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

(c) 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) "**Oak Tree Inn Hotels**" are properties that have railway lodging agreements; and (ii) "**Branded Hotels**" 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 under the symbol HOT.UN and on the OTCQX International Marketplace in the U.S. under the symbol AHOTF.

AHIP's operating properties include 38 hotels which operate under AHIP's proprietary "Oak Tree Inn" brand. These Oak Tree Inn Hotels have been specifically designed for freight railway employee lodging customers while providing transient customers with a superior quality, select service experience. Management estimates that approximately 75% of the total available room-nights within the Oak Tree Inn Hotels are covered under contracts containing minimum occupancy guarantees. The Branded Hotels 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 nine properties under a Hilton brand (Hampton Inn), nine under various Marriott brands (Courtyard, Fairfield Inn & Suites, Residence Inn and Springhill Suites), four under various Intercontinental Hotels Group ("**IHG**") brands (Holiday Inn and Staybridge Suites) and one under a Choice brand (Sleep Inn).

As of May 13, 2015, AHIP's diversified portfolio is comprised of 61 hotels located in 24 states across the U.S., representing an aggregate of 5,228 guestrooms.

Recent Developments

a) Commencement of New Railway Growth Strategy

On January 23, 2015, AHIP commenced a new railway growth strategy involving the construction of additional guestrooms at existing, high occupancy Oak Tree Inn Hotels. The first opportunity involves a commitment with SunOne Developments Inc. ("**SunOne**") to construct a 24-room expansion at the existing 109-room Oak Tree Inn located in Dexter, Missouri. The existing property is currently operating at over 100% occupancy and is secured by a long-term railway contract. AHIP will acquire the additional guestrooms for a total purchase price of $2.7 million. Construction is commencing immediately with completion targeted for late-2015.

b) Acquisition of the Oak Tree Inn Wellington, Kansas on February 25, 2015

On February 25, 2015, AHIP acquired the new 110-room Oak Tree Inn hotel located in Wellington, Kansas from SunOne for approximately $7.4 million (or approximately $67,000 per room). The property is located adjacent to the existing hotel and Penny's Diner and is secured by a long-term railway contract. The acquisition was funded by a combination of cash on hand, new mortgage debt, the offset of approximately $650,000 in mezzanine loans owed by SunOne and the issuance of 66,927 Units, which were issued at Cdn$11.20 per Unit. The new mortgage has a variable rate of the 30-day LIBOR rate plus 3.00% with a minimum interest rate of 4.00%. It has a 10-year term with a 20-year amortization schedule.

c) Potential Acquisition of High Quality Branded Portfolios

On April 8, 2015, in conjunction with announcement of a bought deal offering of Units that was completed on April 28, 2015, AHIP announced that its subsidiary had entered into a conditional Purchase and Sale Agreement ("**PSA**") and a non-binding letter of intent ("**LOI**") for two branded hotel portfolios in the Midwestern and Southeastern United States, respectively. Together, the branded hotel portfolios consist of 12 hotels totaling 984 guestrooms and operate with leading hotel franchisors including Marriott, Hilton and IHG. The aggregate purchase price for the branded hotel portfolios is approximately $86.0 million or approximately $87,400 per room, before brand-mandated property improvement plans and customary closing and post-closing adjustments. Each of the potential transactions are preliminary and subject to various conditions, including satisfactory completion of due diligence by AHIP, and negotiation of formal legal documents and approval of the Board of Directors of the General Partner. The hotels are priced below management's estimate of replacement cost and are expected by management to be immediately accretive to AFFO per Unit. AHIP has received indicative term sheets for the provision of debt for 10 year terms with long interest only periods at a fixed rate of approximately 4%.

Outlook

The U.S. hotel industry continues to perform well with strong demand reflecting continued consumer confidence and a growing U.S. economy. According to data from STR, Inc. ("**STR**"), for the first quarter of 2015, the 12-month moving average occupancy tied the all-time record of 64.9%, which was set in 1995. Other key performance indicators such as rooms sold, ADR and RevPAR are also at all-time highs with ADR continuing to push RevPAR growth resulting in RevPAR increasing for the 61st consecutive month. Supply growth came in at 1.0%, which is still well below historical levels.

For 2015, STR is expecting strong and steady demand growth coupled with limited new supply resulting in occupancy growth of 1.2% and ADR growth of 5.2%. This is expected by STR to translate into RevPAR growth rates of 6.4% for 2015 and a further 5.9% in 2016. Generally, management expects AHIP's Branded Hotel portfolio to participate in the expected growth over the next 24 months.

Management believes that AHIP has entered the hotel market at an opportune time with hotels in secondary and tertiary markets continuing to sell below estimated replacement costs. Furthermore, favorable supply and demand fundamentals coupled with a growing U.S. economy and rising consumer confidence are resulting in continued strength in ADR and occupancy rates, which are expected to translate into improved cash flows from hotel operations, and higher real estate values.

Key economic factors include the impact of lower oil prices. Low oil prices should have a net positive impact on both businesses and consumers and will benefit the overall U.S. economy. The resulting lower gasoline prices will encourage highway travel to branded hotels located in secondary and tertiary markets during the seasonally strong second and third quarters. However, oil dependent businesses, including our properties in Oklahoma, have felt the negative impacts of lower oil prices as companies scale back operating activities in those markets in the short to medium term.

AHIP continues to evaluate opportunities to acquire additional high quality, select service hotel assets in the U.S. on an accretive basis. AHIP specifically targets markets that have strong demand generators and where AHIP expects demand growth will outpace new supply. Recent portfolio acquisitions are representative examples of good physical quality assets with strong in-place cash flows and yields that AHIP is targeting. The commercial mortgage backed securities ("**CMBS**") market continues to drive transaction activity with its market share exceeding 50% in 2015. We continue to see 10-year interest only term loans for conservatively leveraged transactions in the 50-55% range priced with interest rates of approximately 4%. Collectively, this type of financing provides a highly accretive environment for hotel acquisitions priced at trailing, capitalization rates of 8.0-8.5%, after management fees and an FF&E reserve.

The Oak Tree Inn Hotels are expected to have modest RevPAR growth arising from contractual cost of living rate increases negotiated in the various railway contracts and higher occupancies from railway employees caused by higher shipping volumes as the growing U.S. economy continues to generate significant demand for rail capacity. According to Rail Time Indicators, an independent railroad industry publication, the year-to-date total rail carloads to March 2015 were up 0.3% on a year-over-year basis on the strength of higher shipments of farm products, grain and metallic ores and crushed stone, sand and gravel. Despite lower oil prices, chemicals and petroleum products were also up 1.8% year over year. We are currently in discussions with a railway customer regarding the renewal of several hotel contracts that expire between June and August 2015. These contracts cover over 1,100 guestrooms with contracted room guarantees of approximately 700 guestrooms. Negotiations are ongoing and expected to be completed in the coming months.

We continue to see a significant number of accretive, branded hotel acquisition targets, and continued strength in the railway industry supporting the Oak Tree Inn Hotels. AHIP has proven its ability to execute on its business plan and with financial results in line with expectations, AHIP is focused on continuing the momentum in growing its portfolio.

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FINANCIAL HIGHLIGHTS AND KEY PERFORMANCE INDICATORS

(US$000s unless otherwise noted and except per Unit amounts)	Three months ended March 31, 2015	Three months ended March 31, 2014
Number of rooms[(1)]	5,228	3,516
Number of properties[(1)]	61	42
Number of restaurants[(1)]	29	23
Properties under development[(1)]	1	4
Rooms under development[(1)]	24	241
Occupancy rate	74.5%	77.8%
ADR	$ 74.99	$ 65.88
RevPAR	$ 55.85	$ 51.23
Revenues	$ 29,529	$ 17,223
NOI	$ 8,720	$ 5,380
Net loss and comprehensive loss	$ (346)	$ (760)
EBITDA	$ 6,829	$ 3,354
FFO – As Reported	$ 4,355	$ 1,998
FFO per Unit (basic and diluted) – As Reported	$ 0.18	$ 0.14
Core FFO per Unit (basic and diluted)	$ 0.18	$ 0.16
AFFO	$ 3,547	$ 1,900
AFFO per Unit (basic and diluted) – As Reported	$ 0.15	$ 0.13
Distributions declared	$ 4,434	$ 2,945
AFFO payout ratio	125.0%	155.0%
Debt to gross book value[(1)]	52.1%	52.6%
Interest coverage ratio	2.5x	2.4x
Weighted average loan interest rate[(1)]	4.71%	4.89%
Weighted average loan term to maturity[(1)]	7.4 years	6.8 years
Number of Units outstanding[(1)]	24,402,490	14,437,800
Basic weighted average number of Units outstanding	24,361,590	14,437,800
Same property occupancy	76.5%	76.8%
Same property ADR	$ 63.86	$ 66.25
Same property RevPAR	$ 48.85	$ 50.85

(1) At period end.

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Operational and Financial Highlights

The increase in ADR, RevPAR, revenues and NOI for the current quarter compared to the same period last year can be attributed to changes within the portfolio during the past 12 months. Specifically, the acquisition of 15 Branded Hotels totaling 1,473 guestrooms coupled with the opening of four Oak Tree Inn Hotels totaling 208 guest rooms and the inclusion of a full three months of operating results for the Virginia Portfolio during 2015 contributed to the improved operating results. For the three months ended March 31, 2014, the Branded Hotels segment only included the operating results of the Virginia Portfolio for the 19-day period from the acquisition date of March 12, 2014 to March 31, 2014. The decline in occupancy can be attributed to a change in the portfolio mix between the two periods. Specifically, during the first quarter of 2014, the Oak Tree Inn Hotels made up a much larger proportion of the total portfolio with 75% of the total room count. In addition, the Branded Hotel portfolio was comprised of only eight hotels and 874 guestrooms consisting of the Pittsburgh Portfolio for the full quarter and the Virginia Portfolio for the last 19 days for the quarter. This compares to the first quarter of 2015 results where the Oak Tree Inn Hotels made up 55% of the total room count, and the Branded Hotels portfolio had increased to 23 hotels and 2,347 guestrooms for the full quarter. In addition, the first quarter is typically the weakest operating period in the U.S. hotel industry and the Branded Hotel portfolio reflected this weakness with an occupancy decline of 2.5% to 67.9%. The Oak Tree Inn Hotels saw higher occupancy for the current quarter at 79.9% compared to 79.4% in the prior year.

FFO for the current quarter was $4.4 million (2014 – $2.0 million). The increase was due to higher NOI arising from the addition of new hotels in the portfolio. FFO per Unit (basic and diluted) – As Reported was $0.18 for the three months ended March 31, 2015, compared to $0.14 for the same period last year. Core FFO per Unit (basic and diluted), which adjusts for securities-based compensation, was $0.18 for the quarter ended March 31, 2015 compared to $0.16 for the same quarter last year.

AFFO was $3.5 million for the current quarter compared to $1.9 million for the quarter ended March 31, 2014. The increase was due to higher NOI arising from new hotels joining the portfolio offset by higher FF&E Reserves driven by higher revenues. AFFO per Unit (diluted) – As Reported was $0.15 for the three months ended March 31, 2015, compared to $0.13 for the same period last year.

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RESULTS OF OPERATIONS

Operations

The following discussion highlights selected financial information for AHIP for the three months ended March 31, 2015 and March 31, 2014. This information should be read in conjunction with, the condensed consolidated interim financial statements and the related notes to the financial statements for the three months ended March 31, 2015 and March 31, 2014.

(US$000s unless otherwise noted and except per Unit amounts)	Three months ended March 31, 2015	Three months ended March 31, 2014
Revenues	$ 29,529	$ 17,223
Hotel expenses	20,809	11,843
Net operating income	8,720	5,380
Depreciation and amortization	4,224	2,354
Income from operating activities	4,496	3,026
Loss on disposal of property and equipment	24	-
Corporate and administrative	1,891	2,026
Business acquisition costs	126	369
Income before finance costs and income taxes	2,455	631
Finance income	(12)	(29)
Finance costs	2,813	1,566
Loss before income taxes	(346)	(906)
Deferred income tax recovery	-	(146)
Net loss and comprehensive loss	$ (346)	$ (760)
Basic and diluted net loss per Unit	$ (0.01)	$ (0.05)
Basic weighted average number of Units outstanding	24,361,590	14,437,800
Diluted weighted average number of Units outstanding	24,376,590	14,437,800

The increase in revenues, expenses and NOI can be attributed to new hotel additions that occurred between reporting periods. Hotel expenses consist of hotel operating expenditures including labor costs, sales and marketing, franchise fees, energy, property maintenance, property taxes and insurance.

Depreciation and amortization expenses consist of depreciation charges on property, buildings and equipment, and amortization of intangible assets. Depreciation and amortization expenses for the quarter were $4.2 million (2014 - $2.4 million) with the increased amounts due to the addition of a number of hotels between the reporting periods.

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

(US$000s unless otherwise noted)	Three months ended March 31, 2015	Three months ended March 31, 2014
Hotel management fees	$ 1,344	$ 763
Salaries, benefits and directors fees	178	282
Foreign exchange (gains) losses	(192)	321
Securities-based compensation	18	242
Professional fees	411	274
Office and general	132	144
Total corporate and administrative expenses	$ 1,891	$ 2,026

The decrease in corporate and administrative expenses was due primarily to a foreign exchange gain for the current quarter compared to a foreign exchange loss in the same period last year and lower securities–based compensation expense for the three months ended March 31, 2015. The foreign exchange loss in the prior period was due to translation losses arising from holding significant cash balances in Canadian Dollars. This was offset by higher professional fees arising from higher tax compliance expenses due to an increase in the number of hotels for the three months ended March 31, 2015 compared to the same period in 2014.

Business acquisition costs consist primarily of professional fees directly attributable to the acquisition of hotel properties. Under IFRS, all transactional costs are expensed in the period incurred irrespective of the final outcome of the acquisition. Business acquisition costs were approximately $126,000 for the three months ended March 31, 2015, compared to approximately $369,000 for the three months ended March 31, 2014. The difference is due to the specific transactions undertaken during each period. Specifically, the acquisition of the Virginia Portfolio impacted business acquisition costs in 2014.

Finance costs consist of interest on term loans, preferred share dividends, non-cash accretion on contingent consideration and deferred compensation payable, amortization of deferred financing costs and the mark-to-market adjustment on assumed loans offset by interest income.

Net finance costs were $2.8 million for the three months ended March 31, 2015, compared to $1.6 million for the same period in 2014. The increase was the result of the acquisition of hotel properties and related financing during the latter part of 2014, including $19.4 million in term loans for the NC/GA Portfolio in July 2014, a $16.0 million mortgage for the Texas Portfolio in October 2014, a $25.5 million mortgage for the Oklahoma Portfolio in November 2014 and a $26.1 million mortgage for the NC/FL Portfolio in November 2014.

AHIP is a not a SIFT limited partnership pursuant to the *Income Tax Act* (Canada). Under the *Income Tax Act* (Canada), 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 and AHIP Enterprises LLC are taxable real estate investment trust ("**REIT**") subsidiaries ("**TRS**") of the U.S. REIT and are subject to income taxes. Deferred income tax is 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 tax is 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 rate of approximately 40% to calculate its related deferred income tax provisions. The deferred income tax recovery in the period reflects the change in the temporary differences that were previously recognized.

The U.S. REIT is taxed as a 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, 2015, the U.S. REIT had leased all of its hotels to its wholly-owned TRS (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 independent managers. The TRS directly receives all revenue from, and funds all expenses relating to, hotel operations.

Total Portfolio Operating Statements

(US$000s unless otherwise noted)	**Three months ended March 31, 2015**	**Three months ended March 31, 2014**
Number of rooms	5,228	3,516
Number of properties	61	42
Number of restaurants	29	23
Occupancy rate	74.5%	77.8%
ADR	$ 74.99	$ 65.88
RevPAR	$ 55.85	$ 51.23
Revenues		
Rooms	$ 25,928	$ 14,654
Food and beverage	3,337	2,399
Other	264	170
TOTAL REVENUES	29,529	17,223
Expenses		
Operating expenses	15,775	8,738
Energy	1,536	1,103
Property maintenance	1,458	978
TOTAL EXPENSES	18,769	10,819
GOP	10,760	6,404
GOP Margin %	*36.4%*	*37.2%*
Taxes and insurance	2,040	1,024
NOI	$ 8,720	$ 5,380
NOI Margin %	*29.5%*	*31.2%*

Overall portfolio occupancy was 74.5% for the three months ended March 31, 2015 compared to 77.8% for the same period last year. The decrease in occupancy is attributable to the change in the portfolio mix for the Branded Hotels between the two reporting periods. Specifically, in 2014, the Branded Hotel Portfolio consisted of eight hotels and 874 guestrooms. For 2015, this has increased to 23 hotels and 2,347 guestrooms. The significant change in the portfolio mix coupled with the seasonally weakest first quarter has also contributed to the declines in occupancy. For the three months ended March 31, 2015, the Oak Tree Inn Hotels continued their strong performance with an occupancy rate of 79.9% (2014 – 79.4%), while the Branded Hotels had an occupancy rate of 67.9% (2014 – 70.4%). In addition, lower occupancy was also caused by major renovations taking place at several hotels as part of planned renovation programs. All four Pittsburgh hotels have been impacted with some room displacement due to the size and scale of renovations. These renovations were scheduled to occur during the slower operating cycles to minimize guest impacts. The renovations started in late 2014 and are expected to be completed during the next few weeks. Once the renovations are completed, we anticipate better operating results as the hotels move into the seasonally stronger second and third quarters and given they have very strong brand affiliations with Hilton and Marriott. The occupancy rate at the Oklahoma hotels have also been softer led by the recent decline in oil prices and increased competition.

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ADR increased to $74.99 for the current quarter (2014 - $65.88). The increase in ADR reflected the impact of the higher-rated Branded Hotels in the total portfolio. For the three months ended March 31, 2015, the Branded Hotels had an ADR of $100.12 compared to the Oak Tree Inn Hotels ADR of $57.16.

Several markets within the Branded Hotel portfolio achieved double-digit pro-forma RevPAR gains for the three months ended March 31, 2015, which included operating results for periods prior to their ownership. Specifically, the NC/FL Portfolio was up 15.2% and the Virginia Portfolio was up 13.5%. The NC/GA Portfolio and Texas Portfolio both achieved pro-forma RevPAR gains of 5-6%.

Total revenues and GOP grew to $29.5 million and $10.8 million, respectively, for the three months ended March 31, 2015 compared to $17.2 million and $6.4 million, respectively, for the same period in 2014. The increase in total revenues and GOP can be attributed to the acquisition of 19 Branded Hotels in Florida, Georgia, North Carolina, Oklahoma, and Texas, coupled with the opening of four Oak Tree Inn Hotels in Maryland, Missouri, Montana and New Mexico after the first quarter of 2014. In addition, the inclusion of a full three months of operating results from the Virginia Portfolio in the first quarter of 2015 as compared to 19 days for the same period in 2014 contributed to the higher operating results. GOP margin is down slightly due to one-time transitional costs incurred in the current quarter for the 13 hotels acquired during the fourth quarter of 2014. These costs include personnel other expenses incurred in integrating the hotels into the portfolio.

For the three months ended March 31, 2015, NOI margin was lower due to higher insurance premiums for the Oak Tree Inn Hotels that completed their insurance renewal in November 2014. IFRIC 21 also impacted NOI margins as it required the full recognition of the property tax expense on the date the liability was incurred rather than being allocated over the 12 month fiscal period. The downward impact of the IFRIC 21 adjustment on overall NOI margins was 1.1%, and excluding this adjustment, first quarter 2015 NOI margins would have been 30.6%.

Oak Tree Inn Hotels Operating Statements

(US$000s unless otherwise noted)	Three months ended March 31, 2015	Three months ended March 31, 2014
Number of rooms	2,881	2,642
Number of properties	38	34
Number of restaurants	26	23
Occupancy rate	79.9%	79.4%
ADR	$ 57.16	$ 56.65
RevPAR	$ 45.70	$ 44.96
Revenues		
Rooms	$ 11,563	$ 10,582
Food and beverage	2,990	2,399
Other	58	126
TOTAL REVENUES	14,611	13,107
Expenses		
Operating expenses	7,947	6,859
Energy	800	885
Property maintenance	820	753
TOTAL EXPENSES	9,567	8,497
GOP	5,044	4,610
GOP Margin %	*34.5%*	*35.2%*
Taxes and insurance	963	791
NOI	$ 4,081	$ 3,819
NOI Margin %	*27.9%*	*29.1%*

Total revenues for the current quarter are higher and reflected the addition of four Oak Tree Inn Hotels in Brunswick (Maryland), Glendive (Montana), Santa Teresa (New Mexico) and Jefferson City (Missouri) during 2014 and Wellington (Kansas) in February 2015.

GOP margin for the current quarter was 34.5% compared to 35.2% in the prior period. The decrease is due to higher hotel operating expenses resulting from higher occupancy related expenses; higher food and labour costs including market wage adjustments coupled with increases in group medical premiums. This was offset by lower energy costs due to the milder winter in 2015 compared to 2014.

NOI margin for the current quarter was 27.9% compared to 29.1% in the prior period. The lower NOI margin reflects the higher taxes and insurance for the three months ended March 31, 2015 arising from the additional four Oak Tree Inn Hotels acquired during 2014 coupled with higher insurance premiums from the November 2014 insurance renewal and higher property taxes on the existing properties.

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Branded Hotels Operating Statements

(US$000s unless otherwise noted)	Three months ended March 31, 2015	Three months ended March 31, 2014
Number of rooms	2,347	874
Number of properties	23	8
Number of restaurants	3	-
Occupancy rate	67.9%	70.4%
ADR	$ 100.12	$ 114.23
RevPAR	$ 68.01	$ 80.39
Revenues		
Rooms	$ 14,365	$ 4,072
Food and beverage	347	-
Other	206	44
TOTAL REVENUES	14,918	4,116
Expenses		
Operating expenses	7,829	1,880
Energy	735	219
Property maintenance	638	224
TOTAL EXPENSES	9,202	2,323
GOP	5,716	1,793
GOP Margin %	*38.3%*	*43.6%*
Taxes and insurance	1,077	232
NOI	$ 4,639	$ 1,561
NOI Margin %	*31.1%*	*37.9%*

The Branded Hotels segment consist of the four Pittsburgh hotels acquired in November 2013, the four Virginia hotels acquired in March 2014, the four North Carolina/Georgia hotels acquired in July 2014, the three Texas hotels acquired in October 2014 and the eight hotels acquired in Oklahoma, North Carolina and Florida in November 2014.

The higher NOI margin for the Branded Hotels compared to the Oak Tree Inn Hotels reflects the rooms-only and transient guest focus of these limited service properties, which have higher average daily rates.

The significant growth in revenues and NOI is due to the addition of 19 hotels during the second half of 2014. For the three months ended March 31, 2014, there were only eight hotels in this segment which included the operating results of the Virginia Portfolio for the 19 days from the acquisition date of March 12, 2014 to March 31, 2014.

The decline in RevPAR can be attributed to a change in the portfolio mix between the reporting periods. Specifically, the 2014 results consist primarily of the Pittsburgh Portfolio, which had 2014 full year RevPAR of approximately $99. This compares to the pro-forma 2014 full year RevPAR of approximately $70 for the rest of the portfolio. The pro-forma RevPAR includes operating results for periods prior to their acquisition by AHIP.

In addition, the decline in ADR and occupancy was also caused by significant renovations being undertaken at the four hotels in the Pittsburgh Portfolio, which resulted in some guest displacement. The renovations were scheduled to

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occur during the slower operating cycle in the fourth quarter of 2014 and the first quarter of 2015 to minimize impacts to hotel operations. The renovations are progressing well and are expected to be completed over the next few weeks. New branded hotel room supply has also come online over the past few weeks further putting downward pressure on both occupancy and ADR. There was also softness in the broader hotel market that impacted operating metrics. Early indications are that the hotel market is rebounding and therefore operating results are expected to improve as the properties move into the seasonally strong second and third quarters.

The Oklahoma Portfolio has been affected by the drop in oil prices coupled with new supply hitting the market. As a result, there has been pressure on occupancy, ADR and revenues. It is expected that with oil prices stabilizing, we should see stronger operating results as we move into the higher volume spring and summer season.

The remaining Branded Hotels continued to perform well reflecting the broader strength of the U.S. hotel industry and the diversification of the AHIP portfolio. Pro-forma RevPAR for the three months ended March 31, 2015, which includes operating results for periods prior to their ownership, was up 7.8% led by the NC/FL Portfolio which was up 15.2%, the Virginia Portfolio which was up 13.5%, the NC/GA Portfolio which was up 5.8% and the Texas Portfolio which was up 5.3%.

The overall decrease in NOI margin is the result of lower ADR and occupancy for the three months ended March 31, 2015 compared to the same period in the prior year. The decline in margin can be attributed to lower revenues in the Pittsburgh Portfolio and Oklahoma Portfolio due to properties under renovation resulting in guest displacement coupled with the impact of new supply and a drop in oil prices resulting in lower occupancies. Hotel operations consist of a number of fixed expenditures such as property taxes, insurance and energy charges. As a result, declines in revenues have a direct impact on NOI margins. In addition, the 2015 results for the Virginia Portfolio include the seasonally weakest first six weeks of the quarter. This portfolio was acquired on March 12, 2014 and therefore the 2014 operating results did not include this weaker operating period.

Same Property Operating Metrics

Oak Tree Inn Hotels – Same Property

The following table presents same property operating metrics for the three months ended March 31, 2015 and March 31, 2014, respectively. A property must be owned for the entire quarter for inclusion in this table, which adjusts for the impact of properties that have been sold or acquired during the year. Same property calculations exclude the Brunswick, Glendive, Jefferson City, Santa Teresa and Wellington Oak Tree Inn Hotels as they were not owned by AHIP throughout each of the periods presented.

(US$000s unless otherwise noted)	Three months ended March 31, 2015	Three months ended March 31, 2014
Occupancy rate	80.1%	78.2%
ADR	$ 56.63	$ 57.32
RevPAR	$ 45.34	$ 44.81
Revenues		
Rooms	$ 10,133	$ 10,018
Food and beverage	2,511	2,296
Other	55	72
TOTAL REVENUES	12,699	12,386
Expenses		
Operating expenses	6,959	6,565
Energy	700	827
Property maintenance	732	709
TOTAL EXPENSES	8,391	8,101
GOP	4,308	4,285
GOP Margin %	*33.9%*	*34.6%*
Taxes and insurance	829	790
NOI	$ 3,479	$ 3,495
NOI Margin %	*27.4%*	*28.2%*

Occupancy was up by 1.9% during the current quarter due to healthy rail activity that occupied more rooms compared to the prior year resulting in lower room sales to higher paying transient guests. This resulted in a slight decline in ADR compared to the prior year. The higher occupancy contributed to higher food and beverage revenues.

GOP margin for the current quarter was 33.9% compared to 34.6% in the prior period. The decrease in GOP margin was due to higher occupancy related expenses, higher food and labour costs due to market adjustments and increased group benefit expenses. This was offset by lower energy costs due to a milder winter compared to last year. NOI margin dropped by 0.8% due to higher property insurance premiums from the November 2014 renewal coupled with higher property taxes arising from higher assessments and rate increases.

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Branded Hotels – Same Property

The following table presents same property operating metrics for the three months ended March 31, 2015 and March 31, 2014, respectively. A property must be owned for the entire quarter for inclusion in this table, which adjusts for the impact of properties that have been sold or acquired during the year. Same property calculations included only the four hotels in the Pittsburgh Portfolio as the other Branded Hotels were not owned by AHIP throughout each of the periods presented.

(US$000s unless otherwise noted)	**Three months ended March 31, 2015**	**Three months ended March 31, 2014**
Occupancy rate	57.6%	69.3%
ADR	$ 116.84	$ 119.32
RevPAR	$ 67.30	$ 82.68
Revenues		
Rooms	$ 2,853	$ 3,505
Other	35	40
TOTAL REVENUES	2,888	3,545
Expenses		
Operating expenses	1,460	1,607
Energy	198	187
Property maintenance	174	226
TOTAL EXPENSES	1,832	2,020
GOP	1,056	1,525
GOP Margin %	*36.6%*	*43.0%*
Taxes and insurance	207	214
NOI	$ 849	$ 1,311
NOI Margin %	*29.4%*	*37.0%*

The decline in occupancy can be attributed to the significant renovations being undertaken at all four Pittsburgh hotels. Upon acquisition of the Pittsburgh Portfolio in November 2013, AHIP had pre-funded with the lender $6.0 million for brand-mandated property improvement plans with $3.0 million allocated for one hotel and the remaining balance allocated to the other three hotels. The renovations were pre-planned to occur during the seasonally weakest operating periods and started in late 2014 and are expected to be completed during the second quarter of 2015. The renovations were quite extensive and resulted in moderate displacement as rooms were taken out of service resulting in lower rooms sold. The decline in ADR was caused by new supply coming on line taking market share from all four properties currently under renovation. Overall softness in the Pittsburgh market during the first quarter also led to declines in the broader hotel market. Early indications are that the market is recovering and that operating conditions will improve during this quarter. It is also expected that once properties have finished their renovations and given the strength of the Hampton Inn and Residence Inn brands, the Pittsburgh properties will see improved operating results during the seasonally stronger second and third quarters. As a result of the fixed nature of certain operating expenses, such as property taxes and insurance, declines in revenues resulted in large declines in NOI margins.

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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 (loss), cash flow from operations, or any other operating or liquidity measure prescribed under IFRS. Instead, FFO has been included to provide readers and investors with additional information to improve their understanding of AHIP's operating results. AHIP calculates FFO in accordance with the REALpa*c 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$000s unless otherwise noted and except per Unit amounts)	Three months ended March 31, 2015	Three months ended March 31, 2014
Net loss and comprehensive loss	**$ (346)**	**$ (760)**
Add/(deduct):		
Depreciation and amortization	4,224	2,354
Loss on disposal of property and equipment	24	-
Business acquisition costs	126	369
IFRIC 21 property tax adjustment	327	-
Foreign exchange losses	-	181
Deferred income tax recovery	-	(146)
FFO – As Reported	**$ 4,355**	**$ 1,998**
Securities-based compensation expense	18	242
FFO – Core	**4,373**	**2,240**
Basic weighted average number of Units outstanding	24,361,590	14,437,800
Diluted weighted average number of Units outstanding	24,376,590	14,437,800
FFO per Unit (Basic and Diluted) – As Reported	**$ 0.18**	**$ 0.14**
Core FFO per Unit (Basic and Diluted)	**$ 0.18**	**$ 0.16**

FFO was $4.4 million for the three months ended March 31, 2015 compared to $2.0 million for the same period last year. The increase was due to higher NOI arising from new hotels being added to the portfolio. The lower business acquisition costs were due to lower transactional activity in the current period.

FFO per Unit – As Reported was $0.18 for the three months ended March 31, 2015 compared to $0.14 for the same period last year. Core FFO per Unit, which adjusts for the impact of securities-based compensation expense, was $0.18 for the current quarter compared to $0.16 for the first quarter of 2014.

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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$000s unless otherwise noted and except per Unit amounts)	Three months ended March 31, 2015	Three months ended March 31, 2014
FFO – As Reported	**$ 4,355**	**$ 1,998**
Add/(deduct):		
Securities based compensation expense	18	242
Accretion of contingent consideration	52	50
Amortization of deferred compensation payable	6	-
Amortization of deferred financing costs	59	92
Amortization of mark-to-market adjustment on term loans	(18)	-
FF&E Reserves[1]	(925)	(482)
AFFO – As Reported	**$ 3,547**	**$ 1,900**
Basic weighted average number of Units outstanding	24,361,590	14,437,800
Diluted weighted average number of Units outstanding	24,376,590	14,437,800
AFFO per Unit (Basic and Diluted) – As Reported	**$ 0.15**	**$ 0.13**

(1) AHIP has negotiated FF&E Reserve waivers with its lenders for periods of up to 48 months. AHIP does not factor in the benefit of these FF&E Reserve waivers in calculating AFFO.

AFFO was $3.5 million for the three months ended March 31, 2015 compared to $1.9 million for the same period last year. The increase in AFFO reflects portfolio acquisitions during 2014 resulting in higher revenues and NOI offset by higher FF&E Reserves.

AFFO per Unit – As Reported was $0.15 for the three months ended March 31, 2015 compared to $0.13 for the same period last year with the higher NOI from hotel acquisitions offsetting the increases in the number of Units outstanding.

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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$000s unless otherwise noted)	Three months ended March 31, 2015	Three months ended March 31, 2014
Cash flow from operations	**$ 2,378**	**$ 1,639**
Add/(deduct):		
Change in non-cash working capital	1,772	456
Business acquisition costs	126	369
IFRIC 21 property tax adjustment	327	-
Foreign exchange losses	-	181
Interest paid	2,679	1,161
Interest expense	(2,810)	(1,424)
FF&E Reserves[1]	(925)	(482)
AFFO – As Reported	**$ 3,547**	**$ 1,900**
Distributions declared	$ 4,434	$ 2,945
Payout ratio	125.0%	155.0%

[1] AHIP has negotiated FF&E Reserve waivers with its lenders for periods of up to 48 months. AHIP does not factor in the benefit of these FF&E Reserve waivers in calculating AFFO.

DISTRIBUTIONS DECLARED COMPARED TO OPERATING CASH FLOWS

(US$000s)	Three months ended March 31, 2015	Three months ended March 31, 2014
Cash flow from operations (includes interest paid)	$ 2,378	$ 1,639
Distributions declared	(4,434)	(2,945)
Shortfall of cash flow to distributions	$ (2,056)	$ (1,306)

For the three months ended March 31, 2015 and 2014, distributions exceeded cash flow from operations. This shortfall was funded by cash on hand and advances from AHIP's revolving line of credit and reflects the seasonality of the hotel industry where the first quarter is typically the seasonally weakest quarter. Cash flows are expected to improve during the stronger second and third quarters which will offset this temporary shortfall.

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 2015**	**Q4 2014**	**Q3 2014**	**Q2 2014**	**Q1 2014**	**Q4 2013**	**Q3 2013**	**Q2 2013**
Revenues	$ 29,529	$ 27,849	$ 25,529	$ 22,541	$ 17,224	$ 14,495	$ 14,343	$ 13,640
NOI	8,720	9,126	9,448	8,043	5,380	4,400	4,887	4,815
Net income (loss) and comprehensive income (loss)	(346)	209	2,029	651	(760)	(955)	1,042	638
FFO	4,355	4,741	5,408	4,440	1,998	1,297	2,746	2,605
AFFO	3,547	4,167	4,869	4,098	1,900	1,690	2,508	2,369
Distributions	4,434	4,807	3,983	3,334	2,945	2,802	2,255	2,288
Total assets	431,684	433,715	321,813	304,577	258,684	236,502	165,118	166,820
Total debt	229,997	226,328	154,395	136,012	133,657	108,429	70,652	71,456
Basic weighted average number of Units outstanding (000s)	24,362	22,897	19,468	15,974	14,438	13,051	10,405	10,405
Amounts on a per Unit Basis								
Basic and diluted net income (loss) per Unit	$ (0.01)	$ 0.01	$ 0.10	$ 0.04	$ (0.05)	$ (0.07)	$ 0.10	$ 0.06
Diluted FFO per Unit	0.18	0.21	0.28	0.28	0.14	0.10	0.26	0.25
Diluted AFFO per Unit	0.15	0.18	0.25	0.26	0.13	0.13	0.24	0.23

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 and cash on hand represent the primary sources of liquidity. Cash flows from operations are dependent on hotel operations including occupancy levels, room rates and operating costs.

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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, 2015 and March 31, 2014:

(US$000s)	Three months ended March 31, 2015	Three months ended March 31, 2014
Net change in cash related to:		
Operating activities	$ 2,378	$ 1,639
Investing activities	(5,070)	(44,368)
Financing activities	(967)	21,574
Decrease in cash	$ (3,659)	$ (21,155)

The change in cash for the three months ended March 31, 2015 compared to the same period in 2014 was largely due to:

- Operating activities – higher NOI in 2015 from the Branded Hotel and Oak Tree Inn Hotel acquisitions;
- Investing activities – acquisition of the Wellington railway hotel in 2015 compared to the much larger Virginia Portfolio in 2014; and
- Financing activities – loan proceeds related to the acquisition of the Virginia Portfolio in 2014.

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

(US$000s)	TOTAL	2015	2016	2017	2018	2019	Thereafter
Term loans	$ 229,997	$ 3,262	$ 4,613	$ 5,057	$ 59,615	$ 8,553	$ 148,897
Operating leases	1,374	439	470	295	118	52	-
Deferred compensation payable	500	-	500	-	-	-	-
Contingent consideration	5,500	-	5,500	-	-	-	-
	$ 237,371	$ 3,701	$ 11,083	$ 5,352	$ 59,733	$ 8,605	$ 148,897

Under the terms of AHIP's franchise agreements arising from its acquisition of Branded Hotels, AHIP is required to complete brand-mandated property improvement plans. AHIP's operating subsidiaries have entered into contracts or commitments with various suppliers to supply 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.

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 50-55% 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, 2015, AHIP's debt-to-gross book value was 52.1%.

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(US$000s unless otherwise noted)	March 31, 2015	March 31, 2014
Debt	$ 235,997	$ 139,657
Gross Book Value	$ 452,595	$ 265,561
Debt-to-Gross Book Value	52.1%	52.6%

The following table calculates AHIP's interest coverage ratio for the three months ended March 31 2015 compared to the same period last year:

(US$000s unless otherwise noted)	Three months ended March 31, 2015	Three months ended March 31, 2014
EBITDA	$ 6,829	$ 3,354
Interest expense[(1)]	$ 2,711	$ 1,424
Interest coverage ratio (times)	2.5x	2.4x

(1) Interest expense is computed as finance costs adjusted for non-cash items including accretion of contingent consideration, amortization of deferred compensation payable, amortization of deferred financing costs and amortization of mark-to-market adjustments on assumed term loans.

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, 2015	Interest Rate	Initial Term (years)	Maturity Date
Oak Tree Inn Hotel Loan	$ 63,309	4.85%	5	March 1, 2018
NC/GA Portfolio Assumed Loan #1	5,577	5.69%	5	August 1, 2018
Oak Tree Hotel Loan Amendment	1,547	4.25%	5	May 1, 2019
Pittsburgh Portfolio Term Loans	38,000	5.02%	10	December 6, 2023
NC/GA Portfolio Assumed Loan #2	7,627	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
Oak Tree Hotel Loan Amendment	11,102	4.76%	10	January 1, 2025
Oak Tree Hotel Loan Amendment	4,725	4.00%[(1)]	10	April 1, 2025
	$ 229,997			

(1) Floating rate loan bears interest at 30-day LIBOR plus 3.00% with a minimum rate of 4.00%.

The weighted average interest rate as at March 31, 2015 was 4.71% (2014 – 4.89%) and the weighted average loan term to maturity as at March 31, 2015 was 7.4 years (2014 – 6.8 years). As at March 31, 2015, approximately 97.9% (2014 – 100.0%) of AHIP's total mortgages are fixed rate mortgages.

AHIP's various loan agreements contain certain financial covenants that AHIP and its subsidiaries are required to maintain including interest coverage, debt service coverage and tangible net worth ratios. As at March 31, 2015, AHIP was in compliance with all of its lending agreements.

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 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 13,972,500 Units for gross proceeds of Cdn$140,400 (US$136,600).

On May 1, 2014, as partial consideration for the purchase of a new Oak Tree Inn Hotel in Santa Teresa, New Mexico, AHIP issued 101,247 Units at a price of Cdn$10.825 per Unit.

On May 15, 2014, AHIP issued 28,500 Units to an officer for Unit grants that had vested during the quarter.

On June 4, 2014, AHIP completed a bought-deal public offering of 4,900,000 Units, including the partial exercise of the over-allotment option of 552,000 Units, priced at Cdn$10.35 per Unit for gross proceeds of Cdn$50.7 million.

On October 28, 2014, AHIP completed a bought-deal public offering of 4,810,000 Units, including the partial exercise of the over-allotment option of 500,000 Units, priced at Cdn$10.45 per Unit for gross proceeds of Cdn$50.3 million.

On October 28, 2014, as partial consideration for the purchase of a new Oak Tree Inn Hotel in Glendive, Montana, AHIP issued 43,016 Units at a price of Cdn$10.45 per Unit.

On December 30, 2014, AHIP issued 15,000 Units to an officer for Unit grants that had vested during the quarter.

On February 25, 2015, as partial consideration for the purchase of a new Oak Tree Inn Hotel in Wellington, Kansas, AHIP issued 66,927 Units at a price of Cdn$11.20 per Unit.

As at March 31, 2015, there were 24,402,490 Units outstanding. On March 31, 2015, the units were traded on the TSX with a closing ask price of Cdn$11.21, and on the OTCQX with a closing ask price of $9.00. As at May 13, 2015, there were 30,583,740 Units outstanding.

As at March 31, 2015, there were 15,000 Units of Restricted Stock issue and outstanding. Upon vesting, such Units of Restricted Stock will entitle the holder thereof to 15,000 Units, which such Units are to be issued by AHIP from treasury.

As at May 13, 2015, there were 51,231 Units of Restricted Stock issued and outstanding. Upon vesting, such Units of Restricted stock will entitle the holders thereof to 51,231 Units, which such Units are to be issued by AHIP from treasury. In addition, performance awards (in the form of Units of Restricted Stock) were granted on May 6, 2015, which upon vesting could result in as few as zero or as many as 35,068 Units being issued from treasury as settlement therefore. For further details, see "Subsequent Events – Equity Grants" below.

DISTRIBUTION HISTORY

Distribution Policy

AHIP's current policy is to declare and pay monthly cash distributions using available cash. Management's goal is 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. AHIP is currently paying monthly cash distributions of Cdn$0.075 per Unit to Unitholders, which is equivalent to Cdn$0.90 per Unit on an annualized basis. Distribution declarations will be paid to Unitholders of record at the close of business on the last business day of a month on or about the 15th day of the following month.

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Distributions Summary

AHIP declared and paid cash distributions to Unitholders of record from January 1, 2015 to March 31, 2015 as per the following table:

Month	Record Date	Payment Date	Distribution per Unit (Cdn$)	Amount (Cdn$000s)	Amount ($000s)
January 2015	January 30, 2015	February 13, 2015	$ 0.075	$ 1,825	$ 1,525
February 2015	February 27, 2015	March 13, 2015	$ 0.075	$ 1,830	$ 1,476
March 2015	March 31, 2015	April 15, 2015	$ 0.075	$ 1,830	$ 1,433
			$ 0.225	$ 5,485	$ 4,434

Distributions totaling Cdn$5.5 million ($4.4 million) were declared during the three months ended March 31, 2015 (March 31, 2014 – Cdn$3.2 million ($2.5 million)), of which Cdn$1.8 million ($1.6 million) was included in accounts payable and accrued liabilities at March 31, 2015 and subsequently paid on April 15, 2015.

OFF-BALANCE SHEET ARRANGEMENTS

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. 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. Commencing in 2014, the Hotel Manager was 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. AHIP recorded the following fees charged by the Hotel Manager in corporate and administrative expenses for the three months ended March 31, 2015 and March 31, 2014.

(US$000s)	Three months ended March 31, 2015	Three months ended March 31, 2014
Management fees	$ 1,034	$ 603
Administration fees	310	160
	$ 1,344	$ 763

Capital management fees of $87,059 for the three months ended March 31, 2015 (March 31, 2014 - $17,692) were capitalized to property, buildings and equipment. For the three months ended March 31, 2015 and 2014, the Hotel Manager did not qualify for any incentive fees and as a result no incentive fee amounts were recorded in the condensed consolidated interim financial statements. In addition, during the three months ended March 31, 2015, the Hotel Manager was reimbursed $358,636 from the hotel properties for centralized general and administrative costs (March

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31, 2014 - $73,267). As at March 31, 2015, a total of $788,830 was due to the Hotel Manager and is included in accounts payable and accrued liabilities (December 31, 2014 - $381,603).

During 2015, AHIP acquired the Wellington, Kansas hotel from SunOne The purchase price for these assets was calculated based on the greater of: i) 95% of the fair market value of the property under development as determined by an independent appraisal; and ii) the construction cost of the assets at substantial completion, as defined by the Master Development agreement with SunOne. The hotel was paid for as follows:

	Wellington
Property and equipment	$ 7,480
Financed by:	
Cash	$ 1,507
Mezzanine loan receivable	650
New Oak Tree Inn Hotel loan	4,725
Issuance of AHIP Units	600
	$ 7,480

CRITICAL ACCOUNTING ESTIMATES AND ACCOUNTING STANDARDS

The preparation of the condensed consolidated financial statements for the period ended March 31, 2015 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 condensed consolidated interim 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 acquiree's identifiable assets, liabilities and contingent liabilities 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 initial railway portfolio. 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) Distributions

On April 17, 2015, AHIP announced a cash distribution of Cdn$0.075 per unit, which is equivalent to Cdn$0.90 per Unit on an annualized basis, for the period of April 1, 2015 to April 30, 2015 to be paid to Unitholders of record on April 30, 2015. The distribution will be paid on May 15, 2015.

b) Completion of Cdn$66.1 million Bought Deal Offering of Units on April 28, 2015

On April 28, 2015 AHIP completed a public offering of 6,181,250 Units, on a bought deal basis, at a price of Cdn$10.70 per Unit, for total gross proceeds of Cdn$66.1 million ($54.8 million). Included in the offering were 806,250 Units from a full exercise of the over-allotment option. As described in the short form prospectus dated April 21, 2015, AHIP intends to use the net proceeds of the offering to: (i) partially fund the potential acquisition of two high-quality nationally-branded hotel portfolios; (ii) fund potential expansion, conversion and new-build opportunities, including the recently announced $2.7 million expansion of the Oak Tree Inn railway lodging facility in Dexter, Missouri; and (iii) fund working capital and for general corporate purposes.

c) Equity Grants

On May 6, 2015, certain members of AHIP senior management received short term incentive plan ("STIP") awards for their performance during the year ended December 31, 2014. The STIP awards were issued in the form of Units of Restricted Stock and were issued at Cdn$10.75 per Unit of Restricted Stock, which price represents the 5-day volume weighted average trading price at which the Units had traded on the Toronto Stock Exchange during the five most recent trading days ending on the trading day immediately prior to the grant date. The total number of Units of Restricted Stock issued was 21,752, and they will vest over three years in equal annual instalments starting on December 31, 2015.

On May 6, 2015, certain members of AHIP senior management received long term incentive plan ("LTIP") awards. The LTIP awards were issued in the form of Units of Restricted Stock and Performance Awards (also in the form of Units of Restricted Stock) and were issued at Cdn$10.75 per Unit of Restricted Stock, which price represents the 5-day volume weighted average trading price at which the Units had traded on the Toronto Stock Exchange during the five most recent trading days ending on the trading day immediately prior to the grant date. 12,805 Units of Restricted Stock, which represent 40% of the LTIP awards, will vest over three years in equal annual instalments starting on March 31, 2016. 1,674 Units of Restricted Stock, which represent 60% of the LTIP award for one member of AHIP senior management, will vest on March, 30, 2018. The Performance Awards, which represent 60% of the LTIP awards for certain members of AHIP senior management, will vest on March 30, 2018 subject to a multiplier based on the performance of the Units relative to a market benchmark which could result in as few as zero and as many as 35,068 Units being issued as settlement therefor.

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, 2015, AHIP's management, under the supervision of its CEO and CFO, has completed an assessment of the design of AHIP's 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 NC/GA, Texas, Oklahoma and NC/FL Portfolios within the Branded Hotel portfolio, as they were acquired less than 365 days before the last day of the three months ended March 31, 2015. The results of the Branded Hotel portfolio constitutes approximately 37.7% of AHIP's income from operating activities for the three months ended March 31, 2015 included in the condensed consolidated interim financial statements and related notes. AHIP intends to complete the design of DC&P and ICFR for the NC/GA Portfolio by September 30, 2015 and for the Texas, Oklahoma and NC/FL Portfolios by December 31, 2015.

CURRENCY SWAP ARRANGEMENTS

Almost all of AHIP's investments and operations are conducted in U.S. dollars and AHIP pays distributions to Unitholders in Canadian dollars. Therefore, AHIP has exposure to fluctuations in currency exchange rates. In general, AHIP benefits from a stronger U.S. Dollar relative to the Canadian Dollar with the greatest impact on the monthly distributions. Conversely, a weaker Canadian Dollar increases the amount of equity funds required to complete investments in the United States. For the three months ended March 31, 2015, AHIP did not enter into any currency swap arrangements. Management continues to explore currency swap arrangements on a regular basis as a risk management tool.

The following table provides the quarterly CAD/USD exchange rates over the past 12 months:

CAD/USD	Three Months Ended				
Exchange Rate[1]	**Mar 31, 2015**	**Dec 31, 2014**	**Sept 30, 2014**	**Jun 30, 2014**	**Mar 31, 2014**
Period end	$ 1.2683	$ 1.1601	$ 1.1208	$ 1.0676	$ 1.1053

[1] Bank of Canada noon rate on the respective date

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.

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DETAILS OF PROPERTY PORTFOLIO AS AT MAY 13, 2015

Hotel Address	Location	Number of Rooms	Restaurant
Oak Tree Inn Hotels			
2407 East Holland Avenue	Alpine, TX	40	Yes
3522 N. Highway 59	Bill, WY	112	Yes
620 Souder Road(1)	Brunswick, MD	25	Yes
3475 Union Road	Buffalo, NY	56	-
1625 Stillwater Avenue	Cheyenne, WV	60	Yes
2300 Valley West Ct.	Clinton, IA	123	-
21233 Coal River Road	Comfort, WY	25	-
1608 W U.S. Business 60	Dexter, MO	109	Yes
4000 Siskiyou Avenue	Dunsmuir, CA	21	Yes
95 Spruce Road	Elko, NV	120	-
2700 N Diers Parkway	Fremont, NE	100	Yes
2006 North Merrill Avenue(2)	Glendive, MT	50	Yes
220 15th Street SE	Glenwood, MN	56	Yes
1170 W. Flaming Gorge Way	Green River, WY	191	Yes
1051 North Market Street	Hearne, TX	116	Yes
1110 SE 4th Street	Hermiston, OR	62	-
1710 Jefferson Street(3)	Jefferson City, MO	77	-
501 SW Boulevard(4)	Kansas City, KS	110	-
7875 Airline Highway	Livonia, LA	42	Yes
8233 Airline Highway	Livonia, LA	60	-
123 Westvaco Road	Low Moor, VA	30	Yes
1127 Pony Express Highway	Marysville, KS	139	Yes
528 S. George Nigh Expressway	McAlester, OK	61	-
777 W Center Street	Milford, UT	75	Yes
128 S. Willow Road	Missouri Valley, IA	41	Yes
707 E. Webster Street	Morrill, NE	97	Yes
451 Halligan Drive	North Platte, NE	111	Yes
22 N. Frontage Street	Pecos, TX	61	-
2005 E. Daley Street	Rawlins, WY	62	Yes
12 Kitty Hawk Road(5)	Santa Teresa, NM	56	Yes
K27 & Commerce Street	Sharon Springs, KS	50	Yes
U.S. 285 & 2nd Street	Vaughn, NM	60	Yes
1177 E. 16th Street	Wellington, KS	80	Yes
1004 E 16th Street(6)	Wellington, KS	110	-
1706 N. Park Drive	Winslow, AZ	72	-
98 Moffat Avenue	Yampa, CO	37	Yes
35450 Yermo Road	Yermo, CA	65	Yes
1731 S. Sunridge Drive	Yuma, AZ	119	Yes
TOTAL OAK TREE INN HOTELS	**38 properties**	**2,881**	**26**

Footnotes:

(1) Acquired on November 24, 2014
(2) Acquired on October 28, 2014
(3) Opened on February 4, 2014
(4) One hotel room was converted to an office during the three months ended March 31, 2015.
(5) Opened on May 5, 2014
(6) Acquired on February 25, 2015

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DETAILS OF PROPERTY PORTFOLIO AS AT MAY 13, 2015 CONTINUED

Hotel Address	Location	Number of Rooms	Restaurant
Branded Hotels			
8231 Amarillo Boulevard West (Holiday Inn)(10)	Amarillo, TX	151	Yes
6915 I-40 West (Sleep Inn & Suites)(10)	Amarillo, TX	63	-
1740 Airport Boulevard (Fairfield Inn & Suites)(10)	Amarillo, TX	79	-
1137 E. Dixie Drive (Hampton Inn)(9)	Asheboro, NC	111	-
920 Executive Way (Fairfield Inn & Suites)(9)	Asheboro, NC	87	-
1308 Freedom Road (Residence Inn)(7)	Cranberry Township, PA	96	-
210 Executive Drive (Hampton Inn)(7)	Cranberry Township, PA	116	-
898 Wiggins Road (Hampton Inn)(8)	Emporia, VA	85	-
85 University Boulevard (Hampton Inn)(8)	Harrisonburg, VA	160	-
43 Covenant Drive (Hampton Inn)(8)	Harrisonburg, VA	68	-
1319 East King Avenue (Fairfield Inn & Suites)(9)	Kingsland, GA	82	-
4355 West New Haven Ave. (Fairfield Inn & Suites)(12)	Melbourne, FL	83	-
8514 University Boulevard (Hampton Inn)(7)	Moon (Pittsburgh), PA	127	-
4401 SW 15th Street (Holiday Inn)(11)	Oklahoma City, OK	147	Yes
4411 SW 15th Street (Staybridge Suites)(11)	Oklahoma City, OK	103	-
13800 Quail Springs Parkway (Holiday Inn)(11)	Oklahoma City, OK	109	Yes
10024 US Highway 15 & 501 (Springhill Suites)(9)	Pinehurst, NC	107	-
555 Trumbull Drive (Hampton Inn)(7)	Pittsburgh, PA	132	-
150 Arnold Drive (Fairfield Inn & Suites)(8)	South Hill, VA	90	-
1508 Cinema Drive (Hampton Inn)(12)	Statesville, NC	80	-
1530 Cinema Drive (Courtyard)(12)	Statesville, NC	94	-
4735 Helen Hauser Blvd. (Fairfield Inn & Suites)(12)	Titusville, FL	96	-
2814 Williams Avenue (Hampton Inn)(11)	Woodward, OK	81	-
TOTAL BRANDED HOTELS	**23 properties**	**2,347**	**3**
GRAND TOTAL	**61 properties**	**5,228**	**29**

Footnotes:

(7) The "**Pittsburgh Portfolio**" means the portfolio of four branded hotels and 471 guestrooms located in Pittsburgh, Pennsylvania acquired on November 21, 2013;

(8) The "**Virginia Portfolio**" means the portfolio of four branded hotels and 403 guestrooms located in Virginia acquired on March 12, 2014;

(9) The "**NC/GA Portfolio**" means the portfolio of four branded hotels and 387 guestrooms located in North Carolina and Georgia acquired on July 3 and July 11, 2014;

(10) The "**Texas Portfolio**" means the portfolio of three branded hotels and 293 guestrooms located in Amarillo, Texas acquired on October 27, 2014;

(11) The "**Oklahoma Portfolio**" means the portfolio of four branded hotels and 440 guestrooms located in and around Oklahoma City, Oklahoma on November 3, 2014;

(12) The "**NC/FL Portfolio**" means the portfolio of four branded hotels and 353 guestrooms located in North Carolina and Florida acquired on November 25, 2014.

DETAILS OF PROPERTIES UNDER DEVELOPMENT AS OF MAY 13, 2015

Hotel Address	Location	Number of Rooms	Restaurant
1608 W U.S. Business 60 (expansion)	Dexter, MO	24	-
TOTAL DEVELOPMENTS	**1 Property**	**24**	**-**

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