AMERICAN HOTEL INCOME PROPERTIES REIT LP

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three months and nine months ended September 30, 2013

Dated: November 7, 2013

AMERICAN HOTEL INCOME PROPERTIES REIT LP
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FORWARD-LOOKING DISCLAIMER

Management's discussion and analysis ("MD&A") of the financial position and the results of operations of American Hotel Income Properties REIT LP ("AHIP") for the three and nine months ended September 30, 2013 should be read in conjunction with AHIP's unaudited condensed consolidated interim financial statements for the same period. Historical results, including trends which might appear, should not be taken as indicative of future operations or results.

Certain information in this MD&A contains forward-looking information within the meaning of applicable securities laws (also known as forward-looking statements) including, among others, statements made or implied under the headings "*Overview*", "*Results of Operations*", "*Financial Condition*", "*Liquidity and Capital Resources*", *"Subsequent Events"* and "*Risks and Uncertainties*" relating to AHIP's objectives, strategies to achieve those objectives, beliefs, plans, estimates, projections and intentions; and similar statements concerning anticipated future events, results, circumstances, performance or expectations that are not historical facts. Forward-looking statements generally can be identified by words such as "outlook", "believe", "expect", "may", "anticipate", "should", "intend", "estimates" and similar expressions.

Forward-looking statements are provided for the purpose of presenting information about management's current expectations and plans relating to the future and readers are cautioned that such statements may not be appropriate for other purposes. Forward-looking statements involve significant risks and uncertainties and should not be read as guarantees of future performance or results. Those risks and uncertainties include, among other things, risks related to: general economic conditions; unit prices; liquidity; tax risk; ability to access capital markets; competition for real property investments; environmental matters and changes in legislation. Management believes that the expectations reflected in forward-looking statements are based upon reasonable assumptions and information currently available; however, management can give no assurance that actual results will be consistent with these forward-looking statements.

Factors and assumptions that were applied in drawing conclusions and could cause actual results, performance, or achievements to differ materially from those expressed or implied by forward-looking statements, include, but are not limited to, statements with respect to expectations, projections or other characterizations of future events or circumstances, and AHIP's objectives, goals, strategies, beliefs, intentions, plans, estimates, projections and outlook, including statements relating to the estimates or predictions of actions of customers, suppliers, competitors or regulatory authorities, and statements regarding AHIP's future economic performance. AHIP has based these forward-looking statements on AHIP's current expectations about future events.

Readers are cautioned that the foregoing list of factors that may affect future results is not exhaustive. When relying on forward-looking statements to make decisions with respect to AHIP, investors and others should carefully consider the foregoing factors and other uncertainties and potential events.

These forward-looking statements are made as of November 7, 2013 and AHIP assumes no obligation to update or revise them to reflect new events or circumstances, except as required by law.

BASIS OF PRESENTATION

The unaudited condensed consolidated interim financial statements of AHIP for the three and nine months ended September 30, 2013 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). All amounts presented in this MD&A are in United States dollars, unless otherwise noted.

AHIP was formed on October 12, 2012 and had no operating activities prior to indirectly acquiring its initial portfolio, Lodging Enterprises, on February 20, 2013. Therefore, comparative results for the three and nine month periods ended September 30, 2012 for AHIP's indirectly owned operating subsidiaries are not available. As such, certain operating results of AHIP presented for the nine month period ended September 30, 2013 reflect only the operational results of Lodging Enterprises for the 222-day period from the acquisition of Lodging Enterprises on February 20, 2013 to

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September 30, 2013. Any comparative information provided is for reference purposes only and is not intended to represent a comprehensive comparison of the condensed consolidated interim financial results.

NON-IFRS MEASURES

Certain non-IFRS financial measures are included in this MD&A, which include debt to gross book value, funds from operations ("FFO"), adjusted funds from operations ("AFFO") and net operating income ("NOI"). These terms are not measures recognized under IFRS and do not have standardized meanings prescribed by IFRS. Real estate investment trusts often refer to FFO, AFFO and NOI as supplemental measures of performance and debt to gross book value as a supplemental measure of financial condition.

AHIP believes that debt to gross book value is an important measure of financial condition.

"Debt" means the face value of the Construction Facility and Term Loan.

"Gross book value" means, at any time, the book value of the total assets of AHIP, 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 deferred income tax liabilities arising out of fair value adjustments in respect of indirect acquisitions.

AHIP believes that AFFO is an important measure of economic performance and is indicative of AHIP's ability to pay distributions, while FFO and NOI are important measures of operating performance and the performance of real estate properties. The IFRS measurement most directly comparable to FFO, AFFO and NOI is net income. See "*Reconciliation of Non-IFRS Operating Results*" for a reconciliation of FFO, AFFO and NOI to net income for the applicable reporting period.

"FFO" is defined as net income and comprehensive income in accordance with IFRS, excluding: (i) depreciation and amortization; (ii) gains (or losses) from sales of hotel properties; (iii) business acquisition costs; and (iv) deferred income tax expense/recovery.

"AFFO" is defined as FFO subject to certain adjustments, including: (i) amortization of deferred financing costs (ii) amortization of contingent consideration; and (iii) deducting a reserve for normalized maintenance capital expenditures, as determined by the General Partner (defined below). Other adjustments may be made to AFFO as determined by the General Partner in its discretion.

"NOI" is defined as revenue after operating expenses have been deducted (excluding depreciation and amortization).

Debt to gross book value, FFO, AFFO and NOI should not be construed as alternatives to measurements determined in accordance with IFRS as indicators of AHIP's performance or financial condition. AHIP's method of calculating debt, gross book value, FFO, AFFO and NOI may differ from other issuers' methods and accordingly may not be comparable to measures used by other issuers.

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OVERVIEW

About AHIP

AHIP is a limited partnership formed under the Limited Partnership Act (Ontario) to invest in hotel real estate properties primarily in the U.S. AHIP was established by and among 8290768 Canada Inc. (renamed "American Hotel Income Properties REIT (GP) Inc." on October 26, 2012) (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. AHIP's head office and address for service is located at 1660 – 401 West Georgia Street, Vancouver, British Columbia, V6B 5A1.

AHIP was established, among other things, for the purposes of:

(a) acquiring common shares and, where applicable, a ROC Share of American Hotel Income Properties REIT Inc. (the "U.S. REIT"), a ROC share being defined as a share in the capital of the U.S. REIT which is designated within such capital 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 units of AHIP ("Units") and to acquire and hold shares of the U.S. REIT. The U.S. REIT was established, among other things, for the purposes of indirectly acquiring and owning hotel real estate properties in the U.S.

AHIP's long-term objectives will be 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.

Operational and financial highlights

a) *Announcement of Acquisition Properties on October 10, 2013*:

On October 10, 2013 AHIP announced that it has agreed to acquire four hotel properties located in metropolitan Pittsburgh, Pennsylvania (the "Acquisition Properties") for an aggregate purchase price of approximately $57.3 million, excluding post-acquisition adjustments and brand mandated property improvement plans. The Acquisition Properties comprise an aggregate of 471 guest rooms and consists of three hotels under the 'Hampton Inn' flag (a Hilton brand), and one hotel under the 'Residence Inn' flag (a Marriott brand).

b) *Filing of Short-Form Prospectus (the "Prospectus") on October 24, 2013*:

On October 10, 2013 AHIP announced it had entered into an agreement with a syndicate of underwriters (the "Underwriters"), to sell, on a bought deal basis up to 3,967,500 subscription receipts ("Subscription Receipts"),

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inclusive of 517,500 Subscriptions Receipts issued pursuant to the exercise in full of the over-allotment option, at a price of Cdn$10.15 per Subscription Receipt for gross proceeds to AHIP of approximately Cdn$40.3 million (the "Offering"). The Underwriters' Fee will equal 4% of the gross proceeds of the Offering.

AHIP filed the final Prospectus on October 24, 2013. On October 31, 2013 AHIP announced the completion of the Offering, including the full exercise of the over-allotment option.

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

The completion of the Acquisition Properties transaction is expected to occur on or about November 21, 2013 and not later than January 10, 2014. The proceeds from the Offering will be held by Computershare Trust Company of Canada (the "Subscription Receipt Agent"), and invested in short-term obligations of, or guaranteed by, the Government of Canada or such other investments approved by AHIP and consented to by the Underwriters. In the absence of a Termination Event (as defined in the Prospectus), each Subscription Receipt entitles the holder to receive, without payment of additional consideration, one unit of AHIP (each, a "Unit") and an amount per Subscription Receipt equal to the amount per Unit of any cash distributions made by AHIP for which record dates have occurred during the period from and including October 31, 2013 to and including the day immediately preceding the date Units are issued or deemed to be issued (which amount will include the distribution in the amount of Cdn$0.075 per Unit payable on November 15, 2013 to unitholders of record on October 31, 2013).

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

The Subscription Receipts are listed on the TSX under the symbol HOT.R. Additional information relating to the Subscription Receipts is included in the Prospectus.

c) *Acquisition of Lodging Enterprises on February 20, 2013*

On February 20, 2013, wholly-owned subsidiaries of AHIP indirectly acquired 100% of the outstanding share capital of Lodging Enterprises consisting of 32 hotel properties located throughout the U.S., of which three properties were under construction at the date of the acquisition. The aggregate purchase price, pursuant to the Unit Purchase Agreement between AHIP and the sellers of Lodging Enterprises dated November 19, 2012 (the "Purchase Agreement"), was $127.5 million, subject to working capital and capital expenditure adjustments, of which $59.6 million was paid in cash, $74.5 million was assumed under an existing Term Loan and the balance attributable to contingent consideration.

The preliminary allocation of purchase price to the assets acquired and liabilities assumed is as follows:

Property, buildings and equipment	$129,041,343
Intangible assets	8,929,315
Deferred income tax asset	1,966,541
Deferred income tax liability	(2,200,000)
Trade and other receivables	789,502
Other assets	413,739
Cash provided by seller	1,755,111
Deposits	224,056
Accounts payable and accrued expenses	(1,869,389)
Deferred revenue	(33,685)
Term Loan	(74,538,344)
Net assets acquired	$64,478,189

Consideration:	
Cash	$59,561,840
Contingent consideration (earnout)	4,916,349
	$64,478,189

Pursuant to the Purchase Agreement, $5,500,000 of the purchase price is allocated as contingent consideration and subject to an earnout provision upon achievement of certain performance-based targets prior to December 31, 2015. To the extent earned, AHIP's indirect U.S. subsidiary has the option of paying such amount in cash or in units of AHIP, or a combination thereof, by January 20, 2016. This contingent consideration has been recorded at a present value of $4,916,349 using a 4.0% discount rate. As at September 30, 2013 the unamortized balance of the contingent consideration is $5,035,443.

The Purchase Agreement provides for an additional $250,000 compensation to be paid to the sellers of Lodging Enterprises for each Qualifying New Contract that Lodging Enterprises enters into within two years following February 20, 2013 to a maximum of $1,250,000. A "Qualifying New Contract" is defined in the Purchase Agreement as a bona fide written agreement for guaranteed room rentals comprising financial and other terms substantially consistent with other similar contracts between Lodging Enterprises and any American or Canadian railway company with national operations that meet minimum contract term and revenue objectives. AHIP shall determine whether the contract satisfies the requirements of a Qualifying New Contract per the purchase agreement and shall provide the seller with a computation notice within ten business days following December 31, 2015.

Payment may be made in cash or Units, at the option of AHIP, and due within 20 days following December 31, 2015.

As it is uncertain whether Lodging Enterprises will be able to enter into additional Qualifying New Contracts by 2015, the fees will be recognized upon the signing of each Qualifying New Contract, and the fees for the signing of Qualifying New Contracts were not included in the purchase price of Lodging Enterprises at the date of acquisition. At September 30, 2013, the $228,884 present value amount of deferred compensation payable related to the signing of a railway contract for the Santa Teresa property (Note 9) is included in the condensed consolidated interim statement of financial position as a long-term liability.

AHIP is in the process of finalizing the allocation of the values to all of the assets acquired and liabilities assumed. Specifically, management expects to conclude the valuation of the intangible assets by the end of the year. Accordingly, the actual amounts for each of these assets and liabilities may vary from the amounts disclosed above and the variations may be material. Changes in the preliminary estimates of fair values of the above assets and liabilities may increase or decrease the amount of depreciation and amortization recognized on property, buildings and equipment and intangible assets acquired in periods after the closing of the transaction. For the three and nine months ended September 30, 2013, management's process of determining the allocation of the values for property, buildings and equipment, intangible assets, and deferred income tax liability resulted in the following revisions:

For the three months ended September 30, 2013	Revised estimate Sept 30, 2013	Revised estimate June 30, 2013
Intangible assets	$ 8,929,315	$ 8,907,370
Trade and other receivables	789,502	811,447

For the nine months ended September 30, 2013	Revised estimate Sept 30, 2013	Original estimate as reported March 31, 2013
Property, buildings and equipment	$ 129,041,343	$ 130,241,344
Intangible assets	8,929,315	7,992,934
Deferred income tax liability	(2,200,000)	(1,985,564)
Trade and other receivables	789,502	811,447

For the three and nine months ended September 30, 2013, business acquisition costs totaling $271,404 and $1,754,265, respectively, were included in the condensed consolidated interim statement of income, of which $8,069 and $1,291,313 were related to the acquisition of Lodging Enterprises.

SUMMARY OF KEY INFORMATION FOR LODGING ENTERPRISES

	September 30, 2013	**February 20, 2013** [(1)]
Number of properties in operation	33	32
Number of available rooms	2,641	2,565
Occupancy rate [(2)]	83.4%	n/a
Revenue per available room ("RevPAR") [(2)]	$46.80	n/a

[(1)] date of acquisition of Lodging Enterprises

[(2)] for 222-day period ended Sept 30, 2013

	September 30, 2013
Cash balance (excluding restricted cash of $51,237)	$ 20,958,211
Gross Book Value [(1)]	$ 167,584,729
Debt outstanding [(1)]	$ 69,784,601
Debt to gross book value [(1)]	41.6%

[(1)] see "Reconciliation of non-IFRS Operating Results"

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		Three-month period ended September 30, 2013 *(unaudited)*		Nine-month period ended September 30, 2013 *(unaudited)*
Revenue	$	14,342,715	$	33,557,014
Distributions declared	$	2,254,828	$	5,525,796
Distributions paid [(1)]	$	2,245,159	$	4,774,185

[(1)] $751,611 is included in accounts payable and accrued liabilities at September 30, 2013 and paid on October 15, 2013. Distributions represent Cdn $0.90 per Unit on an annualized basis.

Certain operating results of AHIP presented for the nine month period ended September 30, 2013 reflect only the operational results of Lodging Enterprises for the 222-day period from the acquisition of Lodging Enterprises on February 20, 2013 to September 30, 2013. Total revenue was attributable to the operating results of Lodging Enterprises subsequent to the acquisition date of February 20, 2013.

		Three-month period ended September 30, 2013 *(unaudited)*		Nine-month [(3)] period ended September 30, 2013 *(unaudited)*
Funds from Operations (FFO) [(1)]	$	2,745,793	$	6,369,890
FFO per unit	*$*	*0.26*	*$*	*0.61*
Adjusted Funds from Operations (AFFO) [(1)]	$	2,508,542	$	5,814,527
AFFO per unit	*$*	*0.24*	*$*	*0.56*
AFFO payout ratio [(2)]		*89.9%*		*95.0%*

[(1)] see "Reconciliation of non-IFRS Operating Results"

[(2)] AFFO payout ratio is calculated as distributions declared divided by AFFO

[(3)] AHIP did not have any operating activities until it acquired Lodging Enterprises on February 20, 2013; therefore, only 222 days of hotel operating results are reflected to the period ended September 30, 2013.

Outlook

Following the closing of the Acquisition Properties, which AHIP expects to occur on or about November 21, 2013 and not later than January 10, 2014, AHIP's portfolio will be comprised of 37 hotels located in 20 states across the United States, representing an aggregate of 3,114 rooms, including a recently acquired 77-room property in Jefferson City, Missouri, but excluding the two previously announced properties currently under development through SunOne Developments Inc. ("SunOne"), which are expected by AHIP management to aggregate 81 additional rooms. Of AHIP's 33 currently operating properties, 32 operate under AHIP's flagship 'Oak Tree Inn' brand and one under the 'Best Western' brand. All 33 properties are specifically designed for railway employee lodging customers. Following the closing of the Acquisition Properties, management estimates that approximately 61% of the total available room-nights in AHIP's portfolio will be covered under contracts containing minimum occupancy guarantees.

AHIP continues to evaluate opportunities to acquire additional high quality economy, select service and extended stay hotel assets in the U.S. on an accretive basis. Management remains focused on augmenting its initial portfolio and has evaluated numerous suitable portfolios of hotels that meet AHIP's investment criteria. Offers have been made on multiple hotel portfolios and AHIP is in its initial phase of due diligence evaluating certain of those opportunities. The Pittsburgh acquisition is a representative example of the good physical quality and strong in-place cash flow / yield that

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AHIP requires for its acquisitions.

In reference to the 2013-2014 forecasts released by STR on September 10, 2013, STR's President and COO stated that "the outlook for the U.S. industry is very positive for the next 18 months. The industry will continue with favorable supply and demand conditions that will position the industry to see RevPAR growth driven mainly by ADR. Supply growth will increase in 2014 to 1.1 percent but remains below the long-term average of 1.7 percent. The industry is poised for robust RevPAR growth of 5.7 percent in 2013 and 6.0 percent in 2014."

As the outlook for the U.S. hotel and lodging sectors remains bullish, AHIP believes it is well positioned to benefit from the expansion of its existing portfolio, and a combination of organic growth, participation in strategic development opportunities with SunOne, and accretive acquisitions to increase the number and quality of its hotel properties.

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RESULTS OF OPERATIONS

Operations

The following discussion highlights selected financial information for AHIP for the three and nine month periods ended September 30, 2013. This information has been compiled from, and should be read in conjunction with, the unaudited condensed consolidated interim financial statements and related notes.

		Three-month period ended September 30, 2013 *(unaudited)*
Revenue		14,342,715
Hotel expenses		11,257,972
RESULTS FROM OPERATING ACTIVITIES		3,084,743
Corporate and administrative		1,103,857
Business acquisition costs		271,404
INCOME BEFORE FINANCE COSTS AND INCOME TAXES		1,709,482
Net finance costs		969,616
INCOME BEFORE INCOME TAXES		739,866
Current income tax expense		67,181
Deferred income tax expense		(368,967)
		(301,786)
NET INCOME AND COMPREHENSIVE INCOME	$	1,041,652
Basic and diluted weighted average net income per Unit	$	0.10
Basic and diluted weighted average number of Units outstanding		10,405,000

During the three month period ended September 30, 2013, AHIP recorded net income and comprehensive income of $1,041,652, which was primarily due to operating profits from the hotel properties, reduced by corporate and administrative costs of $1,103,857, business acquisition costs of $271,404, and net finance costs of $969,616. Further details on these items are provided below.

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		Nine-month period ended September 30, 2013 *(unaudited)*
Revenue		33,557,014
Hotel expenses		26,258,222
RESULTS FROM OPERATING ACTIVITIES		7,298,792
Corporate and administrative		2,803,422
Business acquisition costs		1,754,265
INCOME BEFORE FINANCE COSTS AND INCOME TAXES		2,741,105
Net finance costs		2,370,564
INCOME BEFORE INCOME TAXES		370,541
Current income tax expense		101,139
Deferred income tax expense		(367,675)
		(266,536)
NET INCOME AND COMPREHENSIVE INCOME	$	637,077
Basic and diluted weighted average net income per Unit	$	0.07
Basic and diluted weighted average number of Units outstanding		8,904,252

The operating results of AHIP presented for the nine month period ended September 30, 2013 reflect only the operational results of Lodging Enterprises for the 222-day period from the acquisition of Lodging Enterprises on February 20, 2013 to September 30, 2013.

During the nine month period ended September 30, 2013, AHIP recorded net income and comprehensive income of $637,077, which was primarily due to operating profits from the hotel properties, reduced by:

- corporate and administrative costs of $2,803,422 which included management fees paid to TR Lodging ($1,472,768), corporate payroll costs and director fees ($542,423), professional fees ($478,581), travel expense ($91,527), public company-related costs ($170,818) and general office expenses ($47,305).

- business acquisition costs of $1,754,265 comprised of costs directly-related to the purchase of Lodging Enterprises on February 20, 2013 ($1,291,313, which included purchaser fees of $481,247 property transfer taxes of $108,976 and professional fees of $701,090), expenses directly-related to the pursuit of the Acquisition Properties ($207,986, of which $192,774 were legal fees), and tax and legal fees ($222,362) and travel expenses ($32,604) from the evaluation of other potential acquisitions not realized.

- net finance costs of $2,370,564 arising from the debt facilities that related directly to the acquisition comprised of interest expense for the Term Loan and Construction Facility ($2,161,697), in amortization of deferred financing costs ($119,768), and in accretion expense on the contingent consideration ($119,094), offset by interest income ($29,995).

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Revenue

Revenue is derived primarily from the operation of AHIP's hotels and restaurants. Rental and other income is comprised of items including fees for property damage, vehicle charges, and maintenance charges at offsite customer locations.

(unaudited)	Three-month period ended September 30, 2013	Nine-month period ended September 30, 2013
Available room nights	237,351	565,631
Rooms occupied	201,065	471,970
Average occupancy rate	84.7%	83.4%
Rooms	11,285,043	26,474,172
Food	2,800,066	6,456,385
Rental and other	257,606	626,457
Total revenue	$ 14,342,715	$ 33,557,014
Revenue per available room ("RevPAR")	$ 47.55	$ 46.80
Average daily room rate ("ADR")	$ 56.13	$ 56.09

Total revenue for the three and nine month periods ended September 30, 2013 was $14,342,715 and $33,557,014, respectively.

Hotel Expenses

(unaudited)	Three-month period ended September 30, 2013	Nine-month period ended September 30, 2013
Operating expenses	7,207,816	16,866,953
Energy	735,018	1,616,241
Property maintenance	792,086	1,820,053
Property taxes and insurance	721,348	1,608,752
Depreciation and amortization	1,801,704	4,346,223
	$ 11,257,972	$ 26,258,222

For the three month period ended September 30, 2013:

- Operating expenses were $7,207,816 comprised of hotel labour costs, food costs, and hotel general and administrative costs such as insurance, telephone, and marketing expenses. While the level of operating expenses largely correlate with hotel occupancy, these categories include underlying fixed cost components. In addition, some of the expenses are not driven strictly by occupancy rates, such as travel costs that were incurred in the three month period ended September 30, 2013 due to continued integration activities between Lodging Enterprises and TR Lodging and higher travel commissions arising from increased use of online reservations at some hotel locations.
- Energy expense of $735,018 was primarily related to gas and electricity rates/usage.

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- Property maintenance expense of $792,086 arose from regular maintenance and repair activities on the hotel buildings and equipment.
- Property taxes and insurance expense was $721,348.
- Depreciation and amortization expense includes depreciation of property, buildings and equipment ($1,355,638) as well as the amortization of the intangible assets ($445,466). For the three months ended September 30, 2013, depreciation and amortization reflected the preliminary allocation of the purchase price of the business acquisition to the fair value of the property, buildings and equipment and intangible assets. The post-acquisition value of these assets was based on a preliminary allocation of the purchase price (See "*Overview – Operational and financial highlights*").

For the nine month period ended September 30, 2013:

- Operating expenses were $16,866,953.
- Energy expense of $1,616,241 was related to usage and gas and electricity rates.
- Property maintenance expense was $1,820,053. TR Lodging postponed discretionary spending on certain items during the transition period after the acquisition of Lodging Enterprises to allow operating budget review, amendment and reallocations if required by the hotel manager.
- Property taxes and insurance expense was $1,608,752.
- Depreciation and amortization expense includes depreciation of property, buildings and equipment ($3,261,359) and the amortization of the intangible assets ($1,084,828). For the nine months ended September 30, 2013, depreciation and amortization reflected the preliminary allocation of the purchase price of the business acquisition to the fair value of the property, buildings and equipment and intangible assets. The post-acquisition value of these assets was based on a preliminary allocation of the purchase price (See "*Overview – Operational and financial highlights*").

Corporate and administrative expenses

AHIP incurred $1,103,857 and $2,803,422 in general and administrative expenses for the three and nine months ended September 30, 2013, respectively. Corporate and administrative expenses were comprised of two major categories:

- Management fees of $621,924 and $1,472,768 paid by Lodging Enterprises to TR Lodging for the three and nine months ended September 30, 2013, respectively. TR Lodging became the hotel manager for Lodging Enterprises on February 20, 2013. See "*Transactions with Related Parties*".
- General and administrative expense of $506,471 and $1,330,654 for the three and nine months ended September 30, 2013, respectively.
  - For the three month period ended September 30, 2013, general and administrative expense comprised of corporate payroll costs and director fees ($203,917), professional fees ($239,038), travel expense ($7,721), public company-related costs ($92,959) and general office expenses $37,164.
  - For the nine month period ended September 30, 2013, general and administrative expense comprised of corporate payroll costs and director fees ($542,423), professional fees ($478,581), travel expense ($91,527), public company-related costs ($170,818) and general office expenses ($47,305).

Business acquisition costs

AHIP incurred $271,404 and $1,754,265 in business acquisition costs in the three and nine month periods ended September 30, 2013, respectively. Business acquisition costs were primarily associated with the purchase of Lodging Enterprises and accounted for $8,069 and $1,291,313 for the three and nine month periods ended September 30, 2013, respectively.

  - For the three month period ended September 30, business acquisition costs of $271,404 comprised of expenses that were directly-related to the Acquisition Properties transaction ($207,986, which included legal fees of $192,774), expenses that were directly-related to the purchase of Lodging Enterprises ($8,069), and legal fees ($53,371) and travel expenses ($1,977) for the evaluation of other potential acquisitions not realized

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- For the nine month period ended September 30, business acquisition costs of $1,754,265 comprised of costs directly-related to the purchase of Lodging Enterprises on February 20, 2013 ($1,291,313, which included purchaser fees of $481,247 (related to the acquisition such as title policies and endorsements, legal opinions, escrow fees and out-of-pocket expenses), property transfer taxes of $108,976 and professional fees of $701,090), expenses directly-related to the pursuit of the Acquisition Properties ($207,986, of which $192,774 were legal fees), and professional fees ($222,362) and travel expenses ($32,604) from the evaluation of other potential acquisitions not realized.

Net finance costs

The net finance costs for the three month period ended September 30, 2013 of $969,616 were comprised of interest expense on the Term Loan and Construction Facility ($874,382), amortization of deferred financing costs ($52,168), and accretion expense on the contingent consideration ($49,132), offset by interest income ($6,066).

The net finance costs for the nine months ended September 30, 2013 of $2,370,564 comprised of interest expense on the Term Loan and Construction Facility ($2,161,697), amortization of deferred financing costs ($119,767), and accretion expense on the contingent consideration ($119,094), offset by interest income ($29,994).

Income taxes

AHIP's indirect subsidiary, Lodging Enterprises, is a taxable subsidiary of the U.S. REIT. For the three and nine month periods ended September 30, 2013, AHIP recorded a current tax expense of $67,181 and $101,139, respectively, offset by deferred income tax recovery of $368,967 and $367,675, respectively, for a net tax recovery of $301,786 and $266,536, respectively. Prior to February 20, 2013, Lodging Enterprises was registered as an LLC such that its income was taxed in the hands of its unitholders rather than within Lodging Enterprises.

Deferred income tax is recognized in respect of temporary differences between the carrying amounts as at September 30, 2013 of the intangible assets $7,844,487 and contingent consideration of $5,035,443 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 40% to calculate its related deferred income tax provisions.

Cash flows from operating, financing, and investing activities

The following tables provide an overview of AHIP's cash flows from operating, financing and investing activities:

For the three month period ended September 30, 2013:

Cash balance (excluding restricted cash of $37,199) as at July 1, 2013:	$	24,120,535
Net change in cash related to:		
Operations		2,313,867
Investing		(2,402,775)
Financing		(3,073,416)
Net change in cash during the period		(3,162,324)
Cash balance (excluding restricted cash of $51,237) as at September 30, 2013	$	20,958,211

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The net change in cash during the three months ended September 30, 2013 was due to the following key factors:

- *Operations* – Cash provided by operations was $2,313,867, resulting from profit from operating activities ($3,084,743) offset by net finance costs ($969,616), corporate and administrative costs ($1,103,857), business acquisition costs ($271,404) and net income tax recovery ($301,786), together with a decrease in non-cash operating working capital ($333,504).

- *Investing* – Cash used in investing activities was due to additions to property, buildings and equipment ($1,937,775) and the payment of franchise application fees in connection with the proposed acquisition of the Acquisition Properties ($465,000).

- Financing – Cash used in financing activities was due to principal debt repayments on the Term Loan ($804,006) and distributions paid during the period ($2,245,159, excluding a distribution of $751,611 accrued for the month of September 2013 that was included in accounts payable and accrued liabilities at September 30, 2013 and subsequently paid on October 15, 2013).

For the nine month period ended September 30, 2013:

Cash balance (excluding restricted cash of $250,000) as at January 1, 2013:	$	185,990
Net change in cash related to:		
Operations		3,144,794
Investing		(63,184,504)
Financing		80,811,931
Net change in cash during the period		20,772,221
Cash balance (excluding restricted cash of $51,237) as at September 30, 2013	$	20,958,211

The net change in cash during the nine months ended September 30, 2013 was due to the following key factors:

- *Operations* – Cash provided by operations was $3,144,794, resulting from profit from operating activities ($7,298,792) offset by net finance costs ($2,370,564), corporate and administrative costs ($2,803,422), business acquisition costs ($1,754,265) and current income taxes ($101,139), together with a decrease in non-cash working capital, net of working capital items related to the purchase price allocation already captured under investing activities ($2,086,108).

- *Investing* – Cash used in investing activities was due to the acquisition of Lodging Enterprises ($57,806,729, net of cash acquired) and additions in the nine month period ended September 30, 2013 in property, buildings and equipment ($4,912,775).

- Financing – Cash provided by financing activities arose from the close of the initial public offering ($90,248,657 net proceeds), together with proceeds from the Construction Facility ($2,250,000) and a residual construction reserve balance for capital expenditures ($198,763), offset by financing costs paid related to the Term Loan ($1,011,302), principal debt repayments on the Term Loan ($6,100,002, which included $4,500,551 relating to the assumption of the Term Loan from the sellers as part of the acquisition of Lodging Enterprises), and distributions paid during the period ($4,774,185, excluding a distribution of $751,611 accrued for the month of September 2013 that was included in accounts payable and accrued liabilities at September 30, 2013 and subsequently paid on October 15, 2013).

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Comparison of IPO Forecast to actual results

A financial forecast (the "IPO Forecast") for the three-month periods ending March 31, 2013, June 30, 2013, September 30, 2013, and December 31, 2013 and the twelve-month period ending December 31, 2013 was included in AHIP's final prospectus dated February 12, 2013 (the "IPO Prospectus") as filed on SEDAR and with the securities commissions and other securities regulatory authorities in all provinces and territories of Canada. Comparison to the IPO Forecast information is included for reference purposes only and is not intended to represent a comprehensive comparison of the condensed consolidated interim financial results.

(Unaudited)	Actual Three month period ended September 30, 2013	IPO Forecast Three month period ended September 30, 2013	(Un)Favourable $ Variance	(Un)Favourable % Variance
Revenue	$ 14,342,715	$ 14,650,503	$ (307,788)	-2.1%
Operating expenses	7,207,816	7,234,094	26,278	0.4%
Energy	735,018	732,474	(2,544)	-0.3%
Property maintenance	792,086	770,868	(21,218)	-2.8%
Property taxes and insurance	721,348	670,682	(50,666)	-7.6%
Depreciation and amortization	1,801,704	1,776,814	(24,890)	-1.4%
	$ 11,257,972	**$ 11,184,932**	**$ (73,040)**	-0.7%
Results from operating activities	**3,084,743**	**3,465,571**	**(380,828)**	-11.0%
Corporate and administrative	1,103,857	1,058,974	(44,883)	-4.2%
Business acquisition costs (1)	271,404	-	(271,404)	n/a
Income before finance costs and income taxes	**1,709,482**	**2,406,597**	**(697,115)**	-29.0%
Finance income	6,066	36,103	(30,037)	-83.2%
Finance costs	(975,682)	(874,960)	(100,722)	11.5%
Net finance costs	(969,616)	(838,857)	(130,759)	15.6%
Income before income taxes	**739,866**	**1,567,740**	**(827,874)**	-52.8%
Current income tax expense	$ (67,181)	(47,725)	(19,456)	-40.8%
Deferred income tax recovery	$ 368,967	148,033	220,934	149.2%
	301,786	100,308	201,478	200.9%
Net income and comprehensive income	**$ 1,041,652**	**$ 1,668,048**	**$ (626,396)**	-37.6%

(1) AHIP incurred business acquisition costs of $271,404 comprised of expenses that were directly-related to the Acquisition Properties transaction ($207,986, which included legal fees of $192,774), expenses that were directly-related to the purchase of Lodging Enterprises ($8,069), and legal fees ($53,371) and travel expenses ($1,977) for the evaluation of other potential acquisitions not realized.

The significant differences between the IPO Forecast and actual results for the three month period ended September 30, 2013 are discussed below:

Revenue

Revenue was $14,342,715 compared to $14,650,503 in the IPO Forecast, representing an unfavourable variance of $307,788 or 2.1%. The older hotel property in Livonia, Louisiana, where the newly constructed Livonia hotel opened on May 16, 2013 did not perform as forecasted at the time of the IPO. Rail shipments were lower than anticipated during the three month period ended September 30, 2013 which adversely impacted the number of guests staying at several hotel locations, resulting in a decline in additional revenues over the guaranteed minimums relative to the IPO Forecast for the period. The decline was partially offset by the increased occupancy from transient guests and from unanticipated group bookings arising from crews on regional construction projects that included power plant repairs and gas drilling projects.

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Operating expenses

Operating expenses were $7,207,816, which were $26,278 or 0.4% lower than IPO Forecast.

Property maintenance

Property maintenance costs were $792,086 which were $21,218 or 2.8% higher than the IPO Forecast, resulting from marginally higher maintenance on equipment in the period than as forecasted at the time of the IPO.

Property taxes and insurance

During the three month period ended September 30, 2013, management compiled an updated analysis of property tax expenses based on new information received. Property tax and insurance expense was $50,666 or 7.6% higher than IPO Forecast. For the nine-month period ended September 30, 2013 actual property tax and insurance expenses were $1,608,752 which is in line with expectations based on a prorated IPO Forecast for 222 days of $1,632,367. The higher expenses in the three months ended September 30, 2013 represented a true-up of expenses attributable to the period ended September 30, 2013 since date of acquisition on February 20, 2013.

Corporate and administrative costs

Corporate and administrative costs were $1,103,857 for the three month period ended September 30, 2013 compared to $1,058,974 in the IPO Forecast for the same period, representing an unfavourable variance of $44,883 or 4.2%, which was primarily due to an increase in headcount in the corporate office and higher rent expense relative to the IPO Forecast.

Business acquisition costs

Business acquisition costs of $271,404 comprised of expenses that were directly-related to the Acquisition Properties transaction ($207,986, which included legal fees of $192,774), expenses that were directly-related to the purchase of Lodging Enterprises ($8,069), and legal fees ($53,371) and travel expenses ($1,977) for the evaluation of other potential acquisitions not realized. Costs related to the evaluation of other potential acquisitions will fluctuate based on activities relating to executing AHIP's growth and acquisition strategy.

Net finance costs

Net finance costs were $969,616 compared to $838,857 in the IPO Forecast, representing an unfavourable variance of $130,759 or 15.6%, primarily due to the following: higher amortization of deferred financing costs ($52,168), higher amortization of contingent consideration ($49,132), and lower interest income ($30,037).

Current income tax expense

Current income tax recovery for the three month period ended September 30, 2013 was $67,181 compared to current income tax expense of $47,725 in the IPO Forecast, representing an unfavourable variance of $19,456 or 40.8%, which was primarily due to differences in the calculation of current income tax expense estimate. The final current income tax expense will be calculated on an annual basis and such amount may vary on an annualized basis.

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FINANCIAL CONDITION

	As at September 30, 2013 (Unaudited)	As at December 31, 2012
Total Assets	$ 165,118,468	$ 2,127,208
Total Liabilities	81,085,665	1,775,332
Partners' Capital	84,032,803	351,876

The financial condition as at September 30, 2013 included amounts related to the assets and liabilities of Lodging Enterprises acquired on February 20, 2013.

Assets

Significant assets included cash ($20,958,211, which excludes restricted cash of $51,237), property, buildings and equipment ($130,692,759, net of depreciation for the nine month period ended September 30, 2013), intangible assets ($8,073,371, net of amortization for the nine month period ended September 30, 2013), and deferred income tax assets ($2,014,177). The opening undepreciated balance of property, buildings and equipment as at February 20, 2013 is based on fair values on the date of the acquisition. Management is still finalizing the analysis on the allocation of the purchase price to the property, buildings and equipment and intangible assets as at September 30, 2013 and expects the final amount for inclusion in AHIP's audited consolidated financial statements for the December 31, 2013 year end.

Liabilities

Significant liabilities included a Term Loan balance ($67,534,601, net of unamortized deferred financing costs of $867,348), a Construction Facility ($2,250,000), contingent consideration related to the acquisition of Lodging Enterprises ($5,035,443) and a deferred tax liability (non-current) related to intangible assets ($1,840,627).

Partners' Capital

On February 20, 2013, AHIP closed its initial public offering of 9,570,000 Units for gross proceeds of Cdn$95,700,000 (US$94,072,545) (including 870,000 Units - Cdn$8,700,000 (US$8,552,050) from a partial exercise of the related over-allotment option).

On March 1, 2013, the exercise of the remaining balance of the related over-allotment option was completed, resulting in the issuance of an additional 435,000 Units for gross proceeds of Cdn$4,350,000 (US$4,235,225).

As at September 30, 2013, there were 10,405,000 Units outstanding.

SEGMENTED INFORMATION

AHIP's investments consist of hotel real estate properties in the U.S. only, and management has not identified any segments requiring additional disclosure.

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RECONCILIATION OF NON-IFRS OPERATING RESULTS

FFO, AFFO and NOI are not measures recognized under IFRS and do not have standardized meanings prescribed by IFRS. FFO, AFFO and NOI are supplemental measures of performance for real estate investment trusts. Management believes that AFFO is an important measure of economic performance and is indicative of the AHIP's ability to pay distributions, while FFO and NOI are important measures of operating performance and the performance of real estate properties. See "*Non-IFRS Measures*".

(Unaudited)	Actual Three month period ended September 30, 2013	Forecast Three month period ended September 30, 2013	(Un)Favourable $ Variance	(Un)Favourable % Variance
NET INCOME AND COMPREHENSIVE INCOME	$ 1,041,652	$ 1,668,048		
Add/(Deduct)				
Depreciation and amortization	1,801,704	1,776,814		
Business acquisition costs [1]	271,404	-		
Deferred income tax expense/(recovery)	(368,967)	(148,033)		
Funds from Operations (FFO)	**$ 2,745,793**	**$ 3,296,829**	**$ (551,036)**	**-16.7%**
FFO per unit	***$ 0.264***			
Add/(Deduct)				
Accretion of contingent consideration	49,132	-		
Amortization of deferred financing costs	52,168	17,500		
Capital expenditure reserve	(338,551)	(338,473) [2]		
Adjusted Funds from Operations (AFFO)	**$ 2,508,542**	**$ 2,975,856**	**$ (467,314)**	**-15.7%**
AFFO per unit	***$ 0.241***			
Net Operating Income (NOI)				
Revenues	$ 14,342,715	14,650,503	(307,788)	-2.1%
Hotel Expenses [3]	(11,257,972)	(11,184,932)	(73,040)	0.7%
Depreciation and amortization	1,801,704	1,776,814	24,890	1.4%
NOI	**$ 4,886,447**	**$ 5,242,385**	**$ (355,938)**	**-6.8%**

(1) Business acquisition costs are comprised of expenses that were directly-related to the Acquisition Properties transaction ($207,986, which included legal fees of $192,774), expenses that were directly-related to the purchase of Lodging Enterprises ($8,069), and legal fees ($53,371) and travel expenses ($1,977) for the evaluation of other potential acquisitions not realized.

(2) Actual results for the three month period ended September 30, 2013 reflect the actual contributions made to the capital reserve account (FFE reserve). The IPO Forecast figure is based on a normalized amount calculated on 3% of room revenues.

(3) Excludes hotel management fees ($621,924) that are recorded in corporate and administrative expenses. See "*Transactions with Related Parties*".

FFO

FFO for the three month period ended September 30, 2013 was $2,745,793 ($0.264 per Unit), which was $551,036 or 16.7% below IPO Forecast FFO as a result of the variance in net income explained earlier. Business acquisition costs have been added back in calculating FFO.

FFO payout ratio on an "all-in" basis was 82.1% (calculated as distributions declared of $2,254,828 divided by FFO of $2,745,793 for the three month period ended September 30, 2013.

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AFFO

AFFO for the three month period ended September 30, 2013 was $2,508,542 ($0.241 per Unit), which was $467,314 or 15.7% below IPO Forecast AFFO as a result of the unfavourable variance in actual FFO compared to IPO Forecast FFO as previously discussed.

The capital expenditure reserve of $338,551 used in the calculation of AFFO is a normalized amount calculated based on 3% of room revenues of the hotel properties for the three month period ended September 30, 2013.

AFFO payout ratio on an "all-in" basis was 89.9% (calculated as distributions declared of $2,254,828 divided by AFFO of $2,508,542 for the three month period ended September 30, 2013).

NOI

NOI for the three month period ended September 30, 2013 was $4,886,447 ($0.470 per Unit), which was $355,938 or 6.8% below IPO Forecast NOI of $5,242,385 with the difference arising from a combination of factors explained above.

LIQUIDITY AND CAPITAL RESOURCES

As at September 30, 2013, AHIP had working capital of $16,745,707, excluding the $51,237 in restricted cash. Working capital was based on current assets ($24,338,161) less restricted cash ($51,237) and current liabilities ($7,541,217). Management believes that there are sufficient funds to meet AHIP's ongoing working capital requirements.

AHIP's indirect subsidiary (Lodging Enterprises) had operating leases for office facility, office equipment and automobiles in the ordinary course of business. In addition, as disclosed in the unaudited condensed consolidated interim financial statements for the three and nine period ended September 30, 2013, AHIP had the following contractual obligations, shown below with the timing of the estimated cash outflows at maturity:

		Value at September 30, 2013	Maturity
Accounts payable and accrued expenses	$	4,156,775	Less than 1 year
Current portion of term loan		3,345,107	Less than 1 year
Term loan		64,189,494	2015 - 2017+
Construction facility		2,250,000	2015
Contingent consideration (earnout) (Note 4)		5,035,443	2016
Deferred compensation payable (Note 9)		228,884	2016

The following table sets out AHIP's contractual obligations as noted above over the next five years and thereafter.

	2013	2014	2015	2016	2017	Thereafter
Contractual Obligations						
Construction Facility and Term Loan	$ 823,152	$ 3,386,284	$ 5,806,605	$ 3,727,099	$ 3,922,954	$ 52,985,855
Operating Leases	75,029	200,263	60,734	-	-	-
Deferred compensation payable	-	-	-	250,000	-	-
Contingent consideration	-	-	-	5,500,000	-	-
	$ 898,181	$ 3,586,547	$ 5,867,339	$ 9,477,099	$ 3,922,954	$ 52,985,855

On July 9, 2013, AHIP announced a commitment with SunOne Developments Inc. ("SunOne") to construct a 56-room Oak Tree Inn hotel and Penny's Diner (collectively "Santa Teresa") located in Santa Teresa, New Mexico, secured by a 10-year railway contract for all 56 rooms. Accordingly, AHIP recorded the present value of $250,000

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in deferred compensation payable at September 30, 2013 for the signing of this railway contract and included the corresponding amount in intangible assets for the three month period ended September 30, 2013. Amortization of this amount will commence when Santa Teresa is operational and the services stipulated in this railway contract can be provided.

In addition, Santa Teresa will be financed and developed in accordance with the Master Development Agreement between SunOne and AHIP. AHIP has agreed to provide mezzanine financing of up to $0.65 million to SunOne, and upon completion AHIP has agreed to a total purchase price of $5.1 million, which is equal to 95% of the as-stabilized appraised value, as determined by a nationally recognized appraisal company. The property is expected to open for business by July, 2014.

On August 23, 2013, AHIP announced a commitment with SunOne to construct a 25-room Oak Tree Inn hotel and Penny's Diner (collectively "Brunswick") located in Brunswick, Maryland, secured by a 10-year railway contract for 15 rooms. Brunswick will be financed and developed in accordance with the Master Development Agreement between SunOne and AHIP. AHIP has agreed to provide mezzanine financing of up to $0.39 million to SunOne, and upon completion AHIP has agreed to a total purchase price of $2.8 million, which is equal to 95% of the as-stabilized appraised value, as determined by a nationally recognized appraisal company. The property is expected to open for business by September 2014.

As at September 30, 2013 AHIP was in full compliance with all of its lending covenants relating to the Term Loan and Construction Facility, and AHIP's consolidated debt to gross book value was 41.6%. The calculation of consolidated debt to gross book value at September 30, 2013 is based on principal debt outstanding ($69,784,601), divided by the sum of: total assets ($165,118,468) plus accumulated depreciation and amortization ($4,346,223) less deferred income tax liabilities ($1,879,962).

Distributions totaling $2,254,828 and $5,525,796 were declared during the three and nine months ended September 30, 2013, respectively, of which $751,611 was included in accounts payable and accrued liabilities at September 30, 2013 and subsequently paid on October 15, 2013.

AHIP intends to make regular monthly cash distributions to its unitholders, using available cash to the maximum extent possible. Management's goal is for the amount of cash available for distribution to approximate the monthly cash receipts of AHIP less reserves and any other adjustments the General Partner reasonably considers are required for expenses and other obligations of AHIP. Management has not identified any legal or practical restrictions on the ability of AHIP's properties to transfer funds within AHIP's structure.

SUMMARY OF QUARTERLY RESULTS

In accordance with Item 1.5 of Form 51-102F1 – Management's Discussion & Analysis, quarterly information has been presented for three quarters only because AHIP was formed on October 12, 2012. Prior to AHIP's acquisition of Lodging Enterprises on February 20, 2013, AHIP did not have any operating activities. The results for the three month period ended March 31, 2013 reflect only 39 days of hotel operations. The weighted average number of Units presented below reflects the closing of the initial public offering on February 20, 2013 and the exercise of the remaining overallotment on March 1, 2013. See the discussion in "*Results from Operations*" for information on the 2013 components presented below:

	Three-month period ended September 30, 2013 *(unaudited)*	Three-month period ended June 30, 2013 *(unaudited)*	Three-month period ended March 31, 2013 *(unaudited)*	Date of formation on October 12, 2012 to December 31, 2012
Revenue	14,342,715	13,640,199	5,574,100	-
Results from operating activities	3,084,743	3,043,408	1,170,641	-
Net income / (loss) and comprehensive income / (loss)	1,041,652	638,636	(1,043,211)	(454,864)
Basic and diluted weighted average net income / (loss) per Unit	$ 0.10	$ 0.06	$ (0.21)	$ (0.93)
Basic and diluted weighted average number of Units outstanding	10,405,000	10,405,000	4,969,831	488,889

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OFF-BALANCE SHEET ARRANGEMENTS

AHIP does not have any off-balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

AHIP entered into a hotel management agreement with TR Lodging, a company controlled by a director of the General Partner, to manage and operate AHIP's hotel properties.

The operating subsidiary of AHIP is responsible for reimbursing TR Lodging for any operating expenses and direct costs incurred on behalf of the operations of the properties and their lodging businesses, such as salary and benefit costs of TR Lodging's hotel staff and other operating expenses. The hotel management agreement also provides for an amount equal to 3.50% of gross revenues to be paid to TR Lodging. In addition, starting in 2014 TR Lodging will collectively receive an incentive fee equal to 15% of the amount by which the gross operating profit exceeds the annual budgeted gross operating profit as approved by the independent directors of the General Partner. The incentive fee may not exceed 50% of the aggregate base hotel management fees for the year in which the incentive fee is earned. TR Lodging is also entitled to a capital expenditure fee equal to 5.0% of capital expenditures, including maintenance capital expenditures (but excluding maintenance and repair expenses).

In addition, TR Lodging is entitled to an accounting, administration and purchasing fee. For each of the 32 hotel properties acquired on February 20, 2013, TR Lodging is entitled to $15,000 per property for each of the first and second years of the agreement, $20,000 per property in the third year of the agreement, and $25,000 per property in each year thereafter. For properties acquired subsequent to February 20, 2013, TR Lodging (or the applicable hotel manager entity) will be entitled to an accounting, administration and purchasing fee of $25,000 per property per year.

AHIP recorded management fees of $621,924 and $1,472,768 in corporate and administrative expenses for the three and nine months ended September 30, 2013, respectively comprised of the following:

	Three-month period ended September 30, 2013 *(unaudited)*	Nine-month period ended September 30, 2013 *(unaudited)*
Management Fee	$ 496,855	$ 1,174,376
Administration Fee	125,069	298,393
	$ 621,924	$ 1,472,769

Of this amount, $1,439 was included in accounts payable and accrued liabilities as at September 30, 2013. In addition, capital management fees of $46,865 and $163,438 for the three and nine months ended September 30, 2013, respectively, were capitalized to property, buildings and equipment, of which $7,422 was included in accounts payable and accrued expenses as at September 30, 2013.

CRITICAL ACCOUNTING ESTIMATES

The preparation of the unaudited condensed consolidated interim 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. For a full list of accounting policies used in the preparation of the unaudited condensed consolidated interim financial statements for the three and nine months ended September 30, 2013, refer to note 3 "Significant accounting policies" in the December 31, 2012 consolidated annual financial statements of AHIP.

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Future Accounting Policy Changes

In November 2009, the IASB issued IFRS 9, Financial Instruments, which is the first step in its project to replace IAS 39, Financial Instruments: Recognition and Measurement. IFRS 9 establishes the measurement and classification of financial assets. Under IFRS 9, financial assets are measured either at fair value through earnings or at amortized cost if certain conditions are met. The effective date of this standard is January 1, 2015, but early adoption is permitted. AHIP has not yet adopted this standard and is assessing the impact of the standard on its financial statements.

SUBSEQUENT EVENTS

a) Proposed Acquisition:

On October 10, 2013 AHIP announced that it has agreed to acquire four hotel properties located in metropolitan Pittsburgh, Pennsylvania for an aggregate purchase price of approximately $57.3 million, excluding post-acquisition adjustments and brand mandated property improvement plans. The Acquisition Properties comprise an aggregate of 471 guest rooms and consists of three hotels under the 'Hampton Inn' flag (a Hilton brand), and one hotel under the 'Residence Inn' flag (a Marriott brand).

b) Short-Form Prospectus:

On October 10, 2013 AHIP announced it had entered into an agreement with a syndicate of underwriters, to sell, on a bought deal basis up to 3,967,500 subscription receipts, inclusive of 517,500 Subscriptions Receipts issued pursuant to the exercise in full of the over-allotment option, at a price of $10.15 per Subscription Receipt for gross proceeds to AHIP of approximately $40.3 million. The Underwriters' Fee will equal 4% of the gross proceeds of the Offering.

AHIP filed the final Prospectus on October 24, 2013. On October 31, 2013 AHIP announced the completion of the Offering, including the full exercise of the over-allotment option.

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

The completion of the Acquisition is expected to occur on or about November 21, 2013 and not later than January 10, 2014. The proceeds from the Offering will be held by Computershare Trust Company of Canada (the “Subscription Receipt Agent”), and invested in short-term obligations of, or guaranteed by, the Government of Canada or such other investments approved by AHIP and consented to by the Underwriters. In the absence of a Termination Event (as defined in the Prospectus), each Subscription Receipt entitles the holder to receive, without payment of additional consideration, one unit of AHIP (each, a “Unit”) and an amount per Subscription Receipt equal to the amount per Unit of any cash distributions made by AHIP for which record dates have occurred during the period from and including October 31, 2013 to and including the day immediately preceding the date Units are issued or deemed to be issued (which amount will include the distribution in the amount of $0.075 per Unit payable on November 15, 2013 to unitholders of record on October 31, 2013).

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

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The Subscription Receipts are listed on the TSX under the symbol HOT.R. Additional information relating to the Subscription Receipts is included in the Prospectus.

c) Forward Interest Rate Lock

On November 4, 2013, AHIP deposited $760,000 with a major international bank (the "Lender") to lock the interest rate (the "Rate Lock") on the four proposed loans relating to the Acquisition Properties for an aggregate gross loan amount of $38 million. The terms of the Rate Lock are as follows:

- 30 day Rate Lock period, with a 30 day extension option
- Interest rate locked at 5.02%
- Deposit of 2% of the loan amount (aggregate of $760,000 for all four loans). If the 10 year swap rate declines by 25 bps during that Rate Lock period, then the Lender can require an additional deposit of 1% (aggregate of $380,000). After that, each incremental decrease of the 10 year swap rate by another 15 bps will require an additional 1% deposit (aggregate of $380,000).

If the loan does not close within 30 days, AHIP may request, on a one-time basis, a 30 day extension of the initial Rate Lock period following deposit of an additional $174,000 in aggregate, and is responsible for paying the breakage costs and transaction costs of the bank. The bank has not committed to close on the loan. If the bank determines not to approve the loan, or the loan otherwise does not close, then AHIP will be responsible for these costs. The deposit will be applied to those costs and costs under the term sheet. If there is any excess left after being applied, then those funds will be returned to AHIP.

AHIP is responsible for paying a transaction fee of between $1,200 to $1,600 per loan from the time of rate lock until the loan closes, or the bank unwinds its hedge position. If the loan closes within 30 days, the bank will waive these daily fees.

d) Distributions

On October 21, 2013, AHIP announced a cash distribution of Cdn$0.075 per unit for the period of October 1, 2013 to October 31, 2013, which is equal to Cdn$0.90 per unit on an annualized basis. The distribution is to be paid on November 15, 2013 to unitholders of record on October 31, 2013.

INTERNAL CONTROLS

National Instrument 52-109 "Certification of Disclosure in Issuers' Annual and Interim Filings" ("NI 52-109") requires the Chief Executive Officer and Chief Financial Officer to be responsible for establishing and maintaining disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in the instrument. In accordance with Section 3.3(1) (b) of NI 52-109, AHIP's Chief Executive Officer and Chief Financial Officer have limited the scope of design of DC&P and ICFR to exclude the controls, policies and procedures related to Lodging Enterprises, as it was acquired on February 20, 2013 and less than 365 days before the last day of the interim period ended September 30, 2013. The results of Lodging Enterprises constitute 100% of AHIP's operating activities and the operational results of Lodging Enterprises for the 222-day period from the acquisition date to September 30, 2013 are included in the unaudited condensed consolidated interim financial statements and related notes. AHIP intends to complete the design of DC&P and ICFR by the end of the first quarter in 2014.

RISKS AND UNCERTAINTIES

Refer to the risk factors discussed on pages 20-33 of AHIP's 2012 Annual Information Form dated March 28, 2013 (the "AIF"), and on pages 61-66 of AHIP's Prospectus, both of which are available on SEDAR at www.sedar.com and on AHIP's website at www.ahipreit.com. Although AHIP believes that the risk factors in the AIF and the Prospectus are the most material risks that AHIP faces, they are not the only ones. Additional risk factors not presently known to AHIP or that AHIP currently believes are immaterial could also materially and adversely affect

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AHIP's investments, prospects, cash flows, results of operations or financial condition and AHIP's ability to make cash distributions to unitholders and negatively affect the value of its Units.

For all of the aforesaid reasons and others set forth herein, the Units involve a certain degree of risk. Any person considering the purchase of Units should be aware of these and other factors set forth in AHIP's AIF and Prospectus 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 is available on SEDAR at www.sedar.com and on AHIP's website at www.ahipreit.com.

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