## (December 2017 Department of the Treasury

## **Report of Organizational Actions Affecting Basis of Securities**

▶ See separate instructions.

OMB No. 1545-0123

Internal Revenue Service Reporting Issuer Part I 2 Issuer's employer identification number (EIN) Issuer's name AMERICAN HOTEL INCOME PROPERTIES REIT INC 98-1091240 3 Name of contact for additional information 4 Telephone No. of contact 5 Email address of contact ANNE YU AYU@AHIPREIT.COM 6 Number and street (or P.O. box if mail is not delivered to street address) of contact 7 City, town, or post office, state, and ZIP code of contact 800-925 WEST GEORGIA STREET VANCOUVER, BC, CANADA V6C 3L2 9 Classification and description 8 Date of action SEE PAYMENT DATES IN BOX 14 BELOW COMMON STOCK, SERIES A PREFERRED SHARE, AND CLASS B PREFERRED SHARE 10 CUSIP number 11 Serial number(s) 12 Ticker symbol 13 Account number(s) Organizational Action Attach additional statements if needed. See back of form for additional questions. Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ► SEE APPENDIX A Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per 15 share or as a percentage of old basis ► <u>DIVIDENDS PAID IN EXCESS OF THE CURRENT AND ACCUMULATED EARNINGS AND PROFITS</u> OF A CORPORATION REDUCE THE BASIS OF THE STOCK OF THE CORPORATION PURSUANT TO INTERNAL REVENUE CODE (IRC) SECTION 301(C)(2) AND SECTION 316(A). THE CORPORATION CURRENTLY ESTIMATES THAT 40% OF THE TOTAL DISTRIBUTIONS PAID IN EACH MONTH OF 2018 SHOULD CONSTITUTE A RETURN OF CAPITAL, WHICH WOULD REDUCE THE TAX BASIS OF THE STOCK OF THE OF THE ISSUER FOR U.S. FEDERAL INCOME TAX PURPOSES ON A PER SHARE BASIS Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ▶ BASED ON THE ISSUER'S CURRENT AND ACCUMULATED EARNINGS AND PROFITS, A PORTION OF THE TOTAL DISTRIBUTION PAID IN EACH MONTH OF 2018 SHOULD REDUCE THE BASIS OF THE STOCK OF THE ISSUER. SEE APPENDIX A.

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| Part I       | Organization          | onal Action (cor  | ntinued)                    |                          |              |   |           |
|--------------|-----------------------|-------------------|-----------------------------|--------------------------|--------------|---|-----------|
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|              |                       |                   | e section(s) and subsection |                          |              |   |           |
|              |                       |                   |                             | A DIVIDEND SHALL B       | E APPLIED    | AGAINST AND REDUCE  | ГНЕ       |
| ADJUS1       | TED BASIS OF THE      | STOCK OF THE I    | SSUER.                      |                          |              |   |           |
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| <b>18</b> Ca | an any resulting loss | be recognized? ►  | FOR US FEDERAL INCO         | ME TAX PURPOSES,         | THE DISTE    | RIBUTION WILL NOT RESU  | LT IN ANY |
| TAX LO       | SS FOR THE SHAF       | REHOLDERS OF TI   | HE ISSUER.                  |                          |              |   |           |
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| <b>19</b> Pr | ovide any other info  | rmation necessary | to implement the adjustmen  | nt, such as the reportab | ole tax year | ► N/A   |           |
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| Sian         |                       |                   |                             |                          |              | tatements, and to the best of m<br>hich preparer has any knowledg |           |
| Sign<br>Here | Signature ▶           | "Azim Lalan       | <u>i"</u>                   |                          | Date ► _     | 06/29/2018  |           |
|              | Print your name ►     | Azim Lalan        | <u>i</u>                    |                          | Title ►      | Authorized Person   | <u>1</u>  |

AMERICAN HOTEL INCOME PROPERTIES REIT INC.

FEIN: 98-1091240

FORM 8937 TAX YEAR: 2018

THE CORPORATION PAID DISTRIBUTIONS AS FOLLOWS:

| RETURN OF CAPITAL ALLOCATED TO ONE LIMITED |
|--|
| PARTNERSHIP UNIT OF AMERICAN HOTEL INCOME  |

| FOR THE MONTH | PAYABLE DATE | PROPERTIES REIT LP (NOTE A) |        |
|---------------|--------------|-----------------------------|--------|
|               |              |                             |        |
| Jan-18        | 2/15/2018    |                             | 0.0216 |
| Feb-18        | 3/15/2018    |                             | 0.0216 |
| Mar-18        | 4/13/2018    |                             | 0.0216 |
| Apr-18        | 5/15/2018    |                             | 0.0216 |
| May-18        | 6/15/2018    |                             | 0.0216 |
| Jun-18        | 7/13/2018    |                             | 0.0216 |

NOTE A: DISTRIBUTIONS PAID EACH MONTH FROM AMERICAN HOTEL INCOME PROPERTIES REIT INC. TO AMERICAN HOTEL INCOME PROPERTIES REIT LP ALLOCATED TO EACH LIMITED PARTNERSHIP UNIT OF AMERICAN HOTEL INCOME PROPERTIES REIT LP SHOULD CONSTITUTE AS RETURN OF CAPITAL, WHICH WOULD REDUCE THE TAX BASIS OF AMERICAN HOTEL INCOME PROPERTIES REIT INC. STOCK FOR U.S. FEDERAL INCOME TAX PURPOSES ON A PER UNIT BASIS.