Form **8937**(December 2017) Department of the Treasury

Internal Revenue Service

Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

OMB No. 1545-0123

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	Organizational Action (continued)		
PROVID	ist the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax to DES THAT THE PORTION OF A DISTRIBUTION WHICH IS NOT A DIVIDEND SHALL BE TED BASIS OF THE STOCK OF THE ISSUER.		
	an any resulting loss be recognized? ► FOR US FEDERAL INCOME TAX PURPOSES, TOSS FOR THE SHAREHOLDERS OF THE ISSUER.	THE DIST	FRIBUTION WILL NOT RESULT IN ANY
19 Pr	rovide any other information necessary to implement the adjustment, such as the reportab	le tax yea	ar ▶ <u>N/A</u>
	Under penalties of perjury, I declare that I have examined this return, including accompanying sche-	dulge and	estatements, and to the boot of my knowledge and
Sign Here	belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all infor "Azim Lalani"		
	Print your name Azim Lalani	Title >	Authorized Person

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		0.02160
Feb-18	3/15/2018		0.02160
Mar-18	4/13/2018		0.02160
Apr-18	5/15/2018		0.02160
May-18	6/15/2018		0.02160
Jun-18	7/13/2018		0.02160
Jul-18	8/15/2018		0.02160
Aug-18	9/14/2018		0.02160
Sep-18	10/15/2018		0.02160

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.