

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

▶ See separate instructions.

**Part I Reporting Issuer**

1 Issuer's name  AMERICAN HOTEL INCOME PROPERTIES REIT INC.		2 Issuer's employer identification number (EIN)  98-1091240	
3 Name of contact for additional information  ANNE YU	4 Telephone No. of contact  604-633-2876	5 Email address of contact  AYU@AHIPREIT.COM	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact  SUITE 1660 - 401 WEST GEORGIA STREET		7 City, town, or post office, state, and Zip code of contact  VANCOUVER, BC, CANADA V6B 5A1	
8 Date of action  SEE PAYMENT DATES IN BOX 14 BELOW		9 Classification and description  COMMON STOCK	
10 CUSIP number	11 Serial number(s)	12 Ticker symbol	13 Account number(s)

**Part II Organizational Action** Attach additional statements if needed. See back of form for additional questions.

14 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

---



---



---



---



---



---



---



---



---

15 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 share or as a percentage of old basis ▶ DIVIDENDS PAID IN EXCESS OF THE CURRENT AND ACCUMULATED EARNINGS AND PROFITS 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 DETERMINES, BASED ON THE AUDITED FINANCIAL STATEMENTS, THAT 8.85% OF THE TOTAL DISTRIBUTIONS PAID EACH MONTH OF 2014 SHOULD CONSTITUTE A RETURN OF CAPITAL, WHICH WOULD REDUCE THE TAX BASIS OF THE STOCK OF THE ISSUER FOR U.S. FEDERAL INCOME TAX PURPOSES ON A PER SHARE BASIS.

---



---



---



---



---

16 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, 8.85% OF THE TOTAL DISTRIBUTION PAID EACH MONTH OF 2014 SHOULD REDUCE THE STOCK OF THE ISSUER.

---



---



---



---



---

**Part II** Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ IRC SEC.  
301(C)(2) PROVIDES THAT THE PORTION OF A DISTRIBUTION WHICH IS NOT A DIVIDEND SHALL BE  
APPLIED AGAINST AND REDUCE THE ADJUSTED BASIS OF THE STOCK OF THE ISSUER.

18 Can any resulting loss be recognized? ▶ FOR US FEDERAL INCOME TAX PURPOSES, THE DISTRIBUTION WILL  
NOT RESULT IN ANY TAX LOSS FOR THE SHAREHOLDERS OF THE ISSUER.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ N/A

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

**Sign Here**

Signature ▶	<u>"Azim Lalani"</u>	Date ▶	<u>04-02-2015</u>
Print your name ▶	<u>Azim Lalani</u>	Title ▶	<u>Authorized Person</u>

AMERICAN HOTEL INCOME PROPERTIES REIT INC.  
FEIN: 98-1091240

APPENDIX A

FORM 8937  
TAX YEAR: 2014

THE CORPORATION PAID DISTRIBUTIONS AS FOLLOWS:

FOR THE MONTH	PAYABLE DATE	RETURN OF CAPITAL ALLOCATED TO ONE COMMON SHARE UNIT OF AMERICAN HOTEL INCOME PROPERTIES REIT LP (NOTE A)
Jan-14	2/17/2014	\$0.00597
Feb-14	3/17/2014	\$0.00599
Mar-14	4/15/2014	\$0.00601
Apr-14	5/15/2014	\$0.00606
May-14	6/16/2014	\$0.00611
Jun-14	7/15/2014	\$0.00622
Jul-14	8/15/2014	\$0.00610
Aug-14	9/15/2014	\$0.00611
Sep-14	10/15/2014	\$0.00592
Oct-14	11/14/2014	\$0.00589
Nov-14	12/15/2014	\$0.00581
Dec-14	1/15/2015	\$0.00572

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