

# Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

## Part I Reporting Issuer

1 Issuer's name <u>AMERICAN HOTEL INCOME PROPERTIES REIT INC.</u>		2 Issuer's employer identification number (EIN) <u>98-1091240</u>	
3 Name of contact for additional information <u>ANNE YU</u>	4 Telephone No. of contact <u>604-633-2876</u>	5 Email address of contact <u>AYU@AHIPREIT.COM</u>	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact <u>800-925 WEST GEORGIA STREET</u>		7 City, town, or post office, state, and ZIP code of contact <u>VANCOUVER, BC, CANADA V6C 3L2</u>	
8 Date of action <u>SEE PAYMENT DATES IN BOX 14 BELOW</u>		9 Classification and description <u>COMMON STOCK, SERIES A PREFERRED SHARE, AND CLASS B PREFERRED SHARE</u>	
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

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**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 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.

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**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, 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 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

<b>Sign Here</b>	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.	
	Signature ▶ <u>"Azim Lalani"</u>	Date ▶ <u>December 13, 2018</u>
	Print your name ▶ <u>Azim Lalani</u>	Title ▶ <u>Authorized Person</u>

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

FORM 8937  
TAX YEAR: 2018

THE CORPORATION PAID DISTRIBUTIONS AS FOLLOWS:

FOR THE MONTH	PAYABLE DATE	RETURN OF CAPITAL ALLOCATED TO ONE LIMITED PARTNERSHIP UNIT OF AMERICAN HOTEL INCOME 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
Oct-18	11/15/2018	0.02160
Nov-18	12/15/2018	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.