Form **8937**
(December 2011)
Department of the Treasury
Internal Revenue Service

Report of Organizational Actions
Affecting Basis of Securities

▶ See separate instructions.

OMB No. 1545-2224

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

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 AND SERIES A PREFERRED SHARE

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 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 CORPORTION CURRENTLY ESTIMATES THAT 14.27% OF THE TOTAL DISTRIBUTIONS PAID EACH MONTH OF 2015 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, A PORTION OF THE TOTAL DISTRIBUTION PAID EACH MONTH OF 2015 SHOULD REDUCE THE BASIS OF THE STOCK OF THE ISSUER. SEE APPENDIX A.

For Paperwork Reduction Act Notice, see the separate Instructions.

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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 ▶ <u>IRC SEC.</u>
<u>301(C)(2) PROVIDES THAT THE PORTION OF A DISTRIBUTION WHICH IS NOT A DIVIDEND SHALL BE</u>
<u>APPLIED AGAINST AND REDUCE THE ADJUSTED BASIS OF THE STOCK OF THE ISSUER.</u>

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

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

Sign Here	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 ▶ "Azim Lalani"	Date ▶ December 17, 2015
	Print your name ▶ Azim Lalani	Title ▶ Authorized Person

Send Form 8937 (including accompanying statements) to: Department of the Treasury, Internal Revenue Service, Ogden, UT 84201-0054

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FEIN: 98-1091240

FORM 8937
TAX YEAR: 2015

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-15	2/13/2015	0.00895
Feb-15	3/13/2015	0.00863
Mar-15	4/15/2015	0.00838
Apr-15	5/15/2015	0.00875
May-15	6/15/2015	0.00875
Jun-15	7/15/2015	0.00882
Jul-15	8/14/2015	0.00824
Aug-15	9/15/2015	0.00818
Sep-15	10/15/2015	0.00819
Oct-15	11/12/2015	0.00805
Nov-15	12/15/2015	0.00802
Dec-15	1/15/2016	0.00775

NOTE A: DISTRIBUTIONS PAID EACH QUARTER 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 A RETURN OF CAPITAL, WHICH WOULD REDUCE THE TAX BASIS FOR U.S. FEDERAL INCOME TAX PURPOSES ON A PER UNIT BASIS.