

Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

Part I Reporting Issuer

1 Issuer's name Preferred Apartment Communities, Inc.		2 Issuer's employer identification number (EIN) 27-1712193	
3 Name of contact for additional information Michael J. Cronin	4 Telephone No. of contact 678-589-7734	5 Email address of contact mcronin@pacapts.com	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact 3625 Cumberland Boulevard		7 City, town, or post office, state, and Zip code of contact Atlanta, GA 30339	
8 Date of action SEE BELOW		9 Classification and description Series B Preferred Stock	
10 CUSIP number 74039L764	11 Serial number(s)	12 Ticker symbol APTS	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 ▶ **The Taxpayer made cash distributions to its preferred shareholders that were in excess of its current and accumulated earnings and profits. See Part II, Line 15 for the amount of these distributions per share.**

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 ▶ **The distributions are taxable income or reduction of basis in the hands of the US taxpayer(s) as follows: Preferred Series B Dividend, per share**

Date:	Taxable	Reduction of Basis
03/28/2013	\$0.08483	\$0.03597

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 ▶ **The Taxpayer's earnings and profits were calculated under IRC §312, as modified by IRC §857(d) for a real estate investment trust, and the regulations thereunder. Amounts in excess of earnings and profits reduce the shareholder's tax basis in its shares to the extent of basis.**

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 §301(c)(2)

18 Can any resulting loss be recognized? ▶ No

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ These actions are effective on the dates of distribution identified above.

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 ▶ Michael J. Crow Date ▶ 1/31/14

Print your name ▶ Michael J. Crow Title ▶ C.A.O.

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
<u>N/A</u>	<u>[Signature]</u>			
Firm's name ▶	Firm's EIN ▶		Phone no.	
Firm's address ▶				