

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 770-818-4187		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 3284 Northside Parkway, N.W., Suite 150			7 City, town, or post office, state, and ZIP code of contact Atlanta, GA 30327		
8 Date of action See Below		9 Classification and description Common Stock			
10 CUSIP number 74039L103	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 shareholders 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 reduced the basis of the security in the hands of the US tax payer(s) as follows:**

Date:	Per Share taxable dividend	Per Share reduction of basis
	Common Stock	Common Stock
04/15/19	\$0.00	\$.26
07/15/19	\$0.00	\$.2625
10/15/19	\$0.00	\$.2625
01/15/20	\$0.00	\$.2625

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) provides that the portion of a distribution which is not a dividend shall be applied against and reduce the adjusted basis of common stock.

Multiple horizontal lines for providing details for item 17.

18 Can any resulting loss be recognized? ▶ No

Multiple horizontal lines for providing details for item 18.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ These organizational actions are effective on the dates of the distributions identified above in item 15.

Multiple horizontal lines for providing details for item 19.

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. Cronin Date ▶ 1/27/20

Print your name ▶ Michael J. Cronin Title ▶ C.A.O./E.V.P

Paid Preparer Use Only

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