

**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: **Series M - Preferred Stock**

10 CUSIP number: **74039E711**
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:**

Preferred Dividend		
Date:	Taxable	Reduction of Basis
2/20/19	\$2.2482	\$2.5434
3/20/19	\$2.2482	\$2.5434
4/22/19	\$2.2482	\$2.5434
5/20/19	\$2.2482	\$2.5434
6/20/19	\$2.2482	\$2.5434
7/22/19	\$2.2482	\$2.5434

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.

Blank lines for providing details for question 17.

18 Can any resulting loss be recognized? ▶ No

Blank lines for providing details for question 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.

Blank lines for providing details for question 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.