

## **BNP RESIDENTIAL PROPERTIES, INC.**

### **CODE OF CONDUCT AND BUSINESS ETHICS**

#### **I. Introduction**

This Code of Conduct and Business Ethics (“Code”) reflects the commitment of BNP (the “Company”) to conduct our business in accordance with all applicable laws and the highest ethical standards. This Code is applicable to all officers and employees of the Company (collectively, “employees”), and should serve as a guide in recognizing and resolving properly the ethical and legal issues encountered in conducting Company business and in making decisions that conform to the expected ethical and legal standards, and should help ensure the Company’s compliance with the laws that regulate its business. This Code also applies in many respects to the members of the Company’s Board of Directors.

#### **A. General Policy — Compliance with Laws, Rules and Regulations**

It is the Company’s policy that all employees adhere at all times to the highest ethical and professional standards and comply with all applicable laws, rules and regulations in transacting the Company’s business. It is the responsibility of each employee, officer and director to adhere to the standards and restrictions imposed by those laws, rules and regulations. Employees are also responsible for making a good-faith effort to comply with contractual obligations that the Company may have with third parties.

#### **B. Scope**

Employees with supervisory responsibilities must ensure that employees under their direction or control are acquainted with this Code. Directors and officers must also be aware that there are special legal requirements not covered by this Code that apply to corporate fiduciaries. Conduct contrary to the guidelines set forth in this Code is outside the scope of any employee’s employment.

Beyond compliance with all legal requirements, each employee must adhere to the overriding ethical and professional standards that generally govern the conduct of business. The Company’s best interests are not served by any unethical conduct or practice even though such conduct or practice is not in technical violation of the law. You should consider this Code as a baseline or minimum requirement which must always be followed. If you are in doubt, contact the General Counsel for guidance with respect to your particular situation.

### **C. Violations of the Code**

Any violation of the applicable laws and regulations, or the principles of ethics and business conduct set forth in this Code, will be grounds for disciplinary action, up to and including discharge from employment, and may subject the employee or former employee to civil liability and/or criminal prosecution. Any employee who authorizes or permits another to engage in a violation also will be subject to disciplinary action, up to and including discharge from employment.

### **D. Reporting of Illegal or Unethical Conduct**

**Any employee who is aware of or suspects misconduct, illegal activities, unethical behavior, fraud, abuse of Company assets or violations or potential violations of laws, rules, regulations or this Code has an affirmative duty to advise his or her supervisor or the General Counsel (see contact information at the end of this Code).**

Every employee has the right to report other persons' (whether the Company or an individual within the Company) violations of this Code or seek the advice of the General Counsel without risk to the employee's job status or position by reason of such report or inquiry. The Company shall attempt to ensure that each person to whom a report is made or from whom advice is sought shall use every reasonable means available to keep confidential the identity of any employee who requests such protection. Some disclosure may be required to investigate the report and act upon it. Further, an employee who reports a possible violation of this Code shall not be subject to discipline or otherwise retaliated against or disadvantaged with respect to his or her employment by the Company as a result of such reporting.

## **II. CONFLICTS OF INTEREST**

The Company is determined to build and maintain the highest standard of business ethics in the conduct of its affairs. Accordingly, a heavy responsibility is placed on all employees of the Company on whose character and judgment the confidence of the public ultimately depends. While this responsibility is shared by all employees, it rests in special measure on the officers and directors of the Company and on those employees with management responsibility whose decisions and advice guide the Company. All employees and directors of the Company should be scrupulous in avoiding a conflict of interest with regard to their own or the Company's interests. Conflicts of interest are prohibited as a matter of Company policy, except under guidelines approved by the Board of Directors or committees of the Board.

A "conflict of interest" exists whenever an individual's private interests interfere or conflict in any way with the interests of the Company. Employees and directors must avoid circumstances which might cause them to place their own interests above their

obligations to the Company. A conflict situation can arise when an employee or director takes actions or has interests that may make it difficult to perform his or her Company work objectively and effectively. Conflicts of interest may also arise when an employee or director, or members of his or her family, receives improper personal benefits as a result of his or her position in the Company, whether received from the Company or a third party.

For the purpose of this Policy, the interest of each employee includes any interests of his or her "immediate family," defined as spouse, children, parents, siblings, mothers- and fathers-in-law, sons- and daughters-in-law, and brothers- and sisters-in-law.

### **A. Corporate Opportunities**

Employees and directors are prohibited from (i) taking for themselves personally opportunities that properly belong to the Company or are discovered through the use of Company property, information or position; (ii) using Company property, information or position for personal gain; and (iii) competing with the Company. It is the duty of each employee to avoid having an interest in any transaction between the Company and/or any of its subsidiaries and a third party which might conflict with the proper performance of his or her corporate duties or responsibilities, or which might adversely affect his or her independent judgment with respect to such transaction.

Accordingly, unless specifically approved by the Board of Directors of the Company after full disclosure of all relevant facts:

1. No employee or director or immediate family member shall own an interest in any supplier, contractor, subcontractor, competitor, customer or other entity with which the Company does business.
2. No employee or director shall own or acquire property with the knowledge that its value is likely to be benefited by any action taken by the Company that the individual knows is being considered by the Company.
3. No employee or director shall own or acquire any property where confidential or unpublished information, obtained through the Company or in the course of performing duties for the Company, has in any way been utilized in the ownership or acquisition of such property.
4. No employee or director shall appropriate or divert to others any business opportunity in which it is known or could reasonably be anticipated that the Company would be interested.
5. All full-time employees should avoid outside business activities that may conflict with their ability to devote their full-time efforts to the business of the Company.

In many cases, a potential conflict of interest or violation of trust may be avoided by making a full disclosure of the facts to the Company prior to the completion of any transaction, thereby permitting the Company to make an informed, independent decision regarding the implication of any such transaction. Such disclosure should be made to the General Counsel.

The Company reserves the right to condition the approval of any specific transaction on such terms and conditions as the Company in its sole discretion may require including, but not limited to, specific financial reporting and audit requirements.

This Code is not intended to preclude ownership of publicly-traded securities of a corporation with which the Company or any of its subsidiaries has dealings; nor is it intended to preclude ownership of other security holdings which could not be used to exert any influence whether because of their relatively small size or because of the insignificance of the corporation's dealings with the Company. Accordingly, ownership of securities which are traded on a public stock exchange and ownership of securities where the aggregate amount owned by the officer or employee providing services to the Company or related person constitutes less than five percent (5%) of the securities shall be deemed not to involve "financial interest" of the nature prohibited by this Code.

The above exception notwithstanding, purchases and sales of securities and other property should be avoided which are so timed in relation to the Company's or any of its affiliates' operations that they might be regarded as attempting to profit by using improperly obtained special knowledge of the Company's investment intentions or other confidential information obtained by reason of official positions.

## **B. Benefits, Favors, Gifts and Entertainment**

Each employee must avoid receipt of benefits, favors, gifts, and entertainment which might conflict with the proper performance of his or her corporate responsibilities or which might adversely affect his or her independent judgment on behalf of the Company or any of its affiliates. The Company discourages the receipt of gifts either directly or indirectly by employees as any gift may be misconstrued as an attempt to influence business decisions.

Gifts of nominal value are permitted, provided they are given as a gesture of professional friendship and do not involve a Company commitment to transact business. Employees should never accept a gift in cash or cash equivalent (except that acceptance of gift cards, gift certificates and the like of nominal value are permissible). If a benefit, favor or gift is more than a token gift of nominal value and is offered in return for or in expectation of corporate business, it should not be accepted. In no event should a gift be accepted from a supplier or potential

supplier during, or in connection with, contract negotiations. In regard to acceptance of business entertainment, it is recognized that entertainment or an occasional meal may be incidental to business relationships of value to the Company; however, such hospitality should not be excessive or unusual in nature and the individual should be satisfied that such hospitality is consistent with the best interests of the Company and with the terms and spirit of this Policy.

### **C. Fair Dealing**

Each employee should treat the Company's customers, suppliers, competitors, and employees fairly. No one should take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any other unfair-dealing practice. In deciding among competing suppliers, weigh all material facts impartially. Seek to buy from qualified suppliers at the lowest permissible cost, keeping in mind the requirements for quality, performance, and vendors' ability to meet delivery schedules.

### **D. Disclosure**

Each employee and director must, when he or she finds that he or she has an interest or affiliation which might conflict with the proper performance of his or her corporate duties or responsibilities to the Company, or which might tend to adversely affect his or her independent judgment on behalf of the Company, or when he or she finds himself or herself in doubt as to the proper application of this Policy, report the facts to the General Counsel's office and be guided by the instructions he or she receives from the General Counsel's office. Except as otherwise directed by those instructions, an employee or director should refrain from participating in any matters that might reasonably be affected by his or her adverse interest.

## **III. GOVERNMENTAL REGULATIONS**

### **A. Compliance with Governmental Authority**

The Company shall comply with the laws, regulations, decrees, and orders of every governmental agency, regulatory authority, and judicial body having jurisdiction over it. The Company shall cooperate with governmental agencies in the proper performance of their duties to the fullest extent possible. To ensure the Company's compliance and cooperation commitment is satisfied, the General Counsel's office should be informed immediately of any governmental request or inquiry.

### **B. Political Activities**

The Company does not make contributions to political candidates or political parties except as permitted by applicable law. However, nothing shall prevent the Company from advocating a position, expressing a view or taking other appropriate action with respect to any legislative or political matters affecting the Company or its interests. The Company considers that voting, contributing financially to the party or candidate of one's choice, keeping informed on political matters, serving in civic bodies, and campaigning and office holding at local, state or national levels are important rights and responsibilities of the citizens of a democracy. Accordingly, individual directors and employees, acting solely in their individual capacity and at their own expense, are not constrained by this Code from engaging in political activity, making political contributions, expressing views or taking other appropriate action on any political or legislative matter.

### **C. Relationships with Governmental Officials**

Payments (regardless of amount), entertainment (other than meals where Company-related work activities are conducted), and gifts (of more than nominal value) to government officials and other government personnel of the United States and other domestic or foreign jurisdictions, regardless of motive, constitute a violation of this Code. The Company's relationship with public officials shall, in all respects, be of such a nature that the integrity and reputation of the officials and the Company will not be impugned in the event the full details of the relationship, including any gifts or entertainment, become public.

### **D. Worker Health and Safety**

The Company is committed to providing and maintaining a safe and healthful workplace for its employees. The Company will use its best efforts to comply with all applicable Occupational Safety and Health Act (OSHA) standards.

Management and supervisory personnel are to make sure that all employees observe all applicable safety and health laws and governmental regulations. Employees are expected to conform to the requirements of any safety procedures and guidelines prescribed by the Company from time to time.

To protect employees from work place health and safety hazards, the Company needs the help of all of its employees. Accidents, no matter how minor, are to be reported immediately to a supervisor. All employees are encouraged to bring hazards or suspected violations to the attention of supervisory personnel or the Director of Property Management. No employee who reports violations of health and safety guidelines should fear reprisal.

## **IV. PROPER AND TIMELY REPORTING, RECORDING, AND PROTECTION OF FUNDS, ASSETS, AND DISBURSEMENTS**

As a public company, it is of critical importance that the Company's filings with the Securities and Exchange Commission be accurate and timely. Depending on his or her position with the Company, an employee or director may be called upon to provide necessary information to assure that the Company's public reports are complete, fair, and understandable. The Company expects employees and directors to take this responsibility seriously and to provide prompt, accurate answers to inquiries related to the Company's public disclosure requirements.

All Company funds, assets, and disbursements shall be properly recorded in the appropriate records and books of account. To assure the Company's assets are protected and financial statements are maintained in accordance with generally accepted accounting principles or such other standards as may be appropriate, the following policies apply:

1. Employees must ensure that all Company documents are completed accurately, truthfully, in a timely manner, and are properly authorized.
2. Financial activities and transactions must be recorded in compliance with all applicable laws and accounting practices and in accordance with the generally accepted accounting principles designated by the Company. The making of false or misleading entries, records or documentation is strictly prohibited.
3. Never create a false or misleading report under the Company's name. In addition, no payments or established accounts shall be used for any purpose other than as described by their supporting documentation. No undisclosed funds or assets may be established.
4. Never defraud, influence, coerce, manipulate or mislead any other employee or director, or any outside auditor or lawyer for the Company, for the purpose of rendering the books, records or financial statements of the Company incorrect or misleading.
5. Errors or possible errors or misstatements in the Company's books and records of a material nature must be brought to the attention of the Chief Financial Officer and the General Counsel promptly upon discovery.
6. All employees and directors are expected to cooperate fully with the Company's internal auditors and outside auditors. Never impede or interfere with the financial statement audit process.

## **V. COMPLIANCE WITH INTERNAL CONTROLS AND DISCLOSURE CONTROLS**

**A.** The Company has a system of internal controls that must be strictly adhered to by all employees providing financial and business transaction information to and within the Company. These internal controls are the backbone of the integrity of the Company's financial records and financial statements.

Employees shall promptly report to the General Counsel any actual or suspected breaches or violations of the Company's internal controls.

Employees shall promptly report to the General Counsel any actual or suspected fraudulent or questionable transactions or occurrences. Potentially fraudulent transactions include, without limitation, embezzlement, forgery or alteration of checks and other documents, theft, misappropriation or conversion to personal use of Company assets, and falsification of records.

Employees and directors are encouraged to bring to the attention of the General Counsel any changes that the employee or director believes may improve the Company's internal controls.

**B.** The Company has adopted a system of disclosure controls to assure that all important information regarding the business and prospects of the Company is brought to the attention of the Chief Executive Officer and Chief Financial Officer of the Company. The accuracy and timeliness of compliance is necessary to enable those officers to provide the financial statements and periodic report certifications required by federal law.

Employees shall strictly adhere to the system of disclosure controls, including the internal reporting responsibilities assigned to them by the Company.

Employees shall promptly report in accordance with Company policy any material event or occurrence that arises in the course of their duties and responsibilities. General economic conditions need not be reported.

**C.** Employees shall be candid in discussing matters concerning internal controls and business disclosures with the Company's directors, management, internal and outside auditors, and inside and outside counsel.

**D. Employees having concerns or complaints regarding questionable accounting or auditing are encouraged to report those concerns or complaints (anonymously, confidentially or otherwise) to the Audit Committee of the Board of Directors (which will, subject to its duties arising under applicable law, regulations, and legal proceedings, treat such submissions confidentially). See the Company's "Whistleblower Procedures for Accounting Matters" for instructions to communicate such matters to the Audit Committee.**

## **VI. EMPLOYMENT PRACTICES**

### **A. Equal Employment Opportunity**

The Company is committed to equal employment opportunity for all job applicants and employees. No job applicant or employee will be discriminated against because of race, color, religion, sex, national origin, age, disability, or any other legally protected status. This prohibition of discrimination applies to practices in recruiting, hiring, employment, training, promotion, working conditions, compensation, benefits, job rules, discipline, and all other aspects of employment and employee relations. The Company's EEO policy is set out more fully in the Company's Employee Handbook.

### **B. Non-Discrimination in Company Business**

In the conduct of Company business, employees should respect the rights and cultural differences of others, both inside and outside the Company. It is the policy of the Company not to discriminate against any person on the basis of race, color, religion, sex, national origin, age, disability, or other legally protected status .

### **C. Harassment**

The Company is committed to maintaining a work environment free from unlawful harassment and will not tolerate harassment by an employee toward any employee, a customer, resident or supplier. The Company's harassment policy is set out more fully in the Company's Employee Handbook.

## **VII. COMPLIANCE WITH INSIDER TRADING LAWS**

### **A. Trading in Company Securities**

In accordance with the Company's Insider Trading Policy, employees and directors are prohibited from trading in Company securities when they have material information that is not publicly known. Information is generally considered "material" if (a) there is a substantial likelihood that a reasonable investor would find the information important in determining whether to trade in a security, or (b) the information, if made public, would likely affect the market price of a company's securities. Inside information typically includes, but is not limited to, knowledge of pending Company business transactions, corporate finance activity, mergers or acquisitions, unannounced earnings and financial results, and other significant developments affecting the Company. Even when you lack undisclosed material information, it is a prudent practice to trade only when it is unlikely there is any unannounced material information anywhere within the Company and upon the prior approval of the Chief Financial Officer. Officers and directors of the Company must contact the Chief Financial Officer

for approval before making any trade in Company securities. In addition, employees and directors should not engage in short-term speculation in Company securities, nor should an employee or director engage in any transaction in which he or she profits if the value of Company securities falls. A more detailed discussion of these restrictions is set forth in the Insider Trading Policy contained in the Company's Employee Handbook.

#### **B. Trading in the Securities of Other Companies**

Employees and directors should not trade in securities of a company which has been targeted for acquisition by the Company or which owns property which is being analyzed as a possible acquisition or which is being considered for or has just been awarded an important contract with the Company without first obtaining the approval of the General Counsel's office.

#### **C. Transactions by Officers and Directors**

Executive officers and directors of the Company are subject to additional statutory restrictions covering transactions in Company securities. These restrictions prohibit them from: (a) profiting on transactions within a six-month period, and (b) selling the shares of beneficial interest of the Company short. The Company has separately published policies on transactions by executive officers and directors. This Code supplements all such previously published policies.

### **VIII. CONFIDENTIALITY**

One of the Company's most valuable assets is the information gathered and developed in the management and operation of its business. Some of this information is not known to the public or our competitors, and each employee and director must safeguard and keep private all Company proprietary and confidential information and trade secrets. Confidential information includes, generally, all non-public information that might be of use to competitors of the Company or harmful to the Company or its customers if disclosed. The disclosure of such Company information is permitted only when required by law or when disclosure would be in the best interest of the Company, and in each such case, the approval of the General Counsel's office shall be obtained prior to the release of such information. Any employee or director receiving a subpoena that calls for the disclosure of confidential information should contact the General Counsel's office.

### **IX. PROTECTION AND PROPER USE OF COMPANY ASSETS**

All employees should protect the Company's assets and ensure their efficient use. Theft, carelessness, and waste have a direct impact on the Company's profitability. All Company assets should be used solely for legitimate business purposes.

### **X. AMENDMENT, MODIFICATION OR WAIVER**

This Code may be amended, modified or waived only by a vote of the Board that such amendment, modification or waiver is appropriate. Any such amendment, modification or waiver will be disclosed as required by applicable securities laws and regulations, and stock exchange rules.

## **XI. CONCLUSION**

This Code summarizes important policies, standards, and guidelines of the Company with which you should be familiar and with which you are expected to comply. Employees are encouraged to talk to supervisors, managers, and appropriate personnel or the General Counsel if they have any questions about the meaning of any provision of this Code.

**For any employee wishing to report an ethical, legal or other violation of this Code (anonymously, if desired), contact the office of the General Counsel at the Company's corporate headquarters at 301 S. College Street, Suite 3850, Charlotte, North Carolina, 28202 Attention: General Counsel.**

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