

**PREFERRED APARTMENT COMMUNITIES, INC.
STOCK OWNERSHIP POLICY**

I. Purpose

The Board of Directors (the “**Board**”) of Preferred Apartment Communities, Inc. (the “**Company**”) has adopted this Stock Ownership Policy (this “**Policy**”) to more closely align the interests of the Chief Executive Officer of the Company (the “**CEO**”), other executives of the Company subject to this Policy from time to time (the CEO and such other executives, collectively, the “**Executives**”) and the non-employee members of the Board (the “**Outside Directors**”) with the interests of the stockholders of the Company, and further, to promote the long-term growth in the price of the Company’s common stock, par value \$0.01 per share (“**Common Stock**”).

II. Effective Date

The effective date of this Policy shall be May 7, 2020 (the “**Effective Date**”).

III. Participation

This Policy applies to (i) the CEO, (ii) the Executives designated in Section V below and any other Executives designated by the Committee or the CEO as being subject to this Policy from time to time, and (iii) all Outside Directors (each a “**Participant**” and, collectively, the “**Participants**”).

IV. Administration and Interpretation

The Nominating and Corporate Governance Committee of the Board (the “**Committee**”) shall have the authority to administer and interpret and to make all determinations regarding this Policy. The Chairperson of the Committee shall oversee all matters relating to the calculation of individual Requirements and shall provide periodic reports to the Committee and the Board not less frequently than annually. Questions regarding this Policy should be directed to the Company’s General Counsel.

V. Minimum Equity Ownership Requirements

Determination of the Respective Requirements. The minimum equity ownership requirement of each Participant (the “**Requirement**”) shall be determined as set forth below. The initial Requirement for each Participant shall be determined either as of the Effective Date or the date on which the individual first becomes a Participant, as applicable. The Requirement for each Participant is as follows:

<u>Participant</u>	<u>Ownership Guideline</u>
Executive Chairman	Five times (5x) annual base salary
CEO	Five times (5x) annual base salary
Chief Financial Officer	Three times (3x) annual base salary
Business Unit Presidents	Two times (2x) annual base salary
Chief Accounting Officer and Treasurer	Two times (2x) annual base salary
Outside Directors	Five times (5x) the value of annual retainer

For the Executives and Outside Directors in office as of the Effective Date, the stock ownership goal will be determined using their base salary and retainer values in effect as of that date. The stock ownership goal under the Policy for persons becoming a Participant after the Effective Date will be determined using their base salaries or retainer values, as applicable, as of the date they become subject to the Policy. The stock ownership goal for Executives and Outside Directors will increase due to promotion or an increase in base salary or annual retainer value, as applicable. Executives not listed above who become Participants subject to this Policy shall have the minimum equity ownership requirement recommended by the CEO, subject to approval by the Committee.

Eligible Equity. Equity that is eligible to count toward satisfaction of a Participant’s respective Requirement shall include, but not be limited to, the following (collectively, referred to as “**Eligible Equity**”):

1. Shares of Common Stock or units of limited partnership interests in the Company’s operating partnership (“**OP Units**”) owned directly by the Participant (such shares of Common Stock or OP Units, collectively referred to as “**Shares**”), whether owned as (a) Shares of Common Stock purchased on the open market, (b) Shares received from the settlement or exercise of vested equity awards, or (c) Shares under unvested restricted share awards, Shares relating to vested or unvested profits interests, and Shares deliverable upon settlement of restricted or unrestricted stock units, but excluding restricted shares, restricted stock units, or restricted OP Units that remain subject to achievement of performance goals, such as performance share units; provided, however, that profits interests with time-based vesting requirements shall not be treated as an award subject to the achievement of performance goals for purposes of this exclusion (all such Shares included under clause (c) referred to as “**Award Shares**”).

2. Shares owned indirectly if the individual has an economic interest in the Shares. For this purpose, indirect ownership includes Shares that would be beneficially owned and reported for purposes of the stock ownership table in the Company's proxy statement (excluding Shares subject to a right to acquire) and Shares beneficially owned and reportable on Table 1 of Forms 3, 4 or 5 under the Securities Exchange Act.

3. Shares owned through savings plans, such as the Company's 401(k) plan and any deferred compensation plan maintained for executives, or acquired through any employee stock purchase plan.

In all circumstances, stock options or stock appreciation rights, unvested performance-based awards, and long-term incentive awards that are settled in cash, do not count towards meeting the required stock ownership.

Because of the complexities of trust accounts, requests to include shares of Common Stock, OP Units and/or Award Shares held in trust must be submitted in writing to the Chairperson of the Committee. The Committee shall subsequently review any such request and shall make the final decision in its sole and absolute discretion.

Satisfying the Requirement. A Participant who is subject to this Policy as of the Effective Date must satisfy his or her respective Requirement within five (5) years of the Effective Date. A Participant who becomes subject to this Policy after the Effective Date must satisfy his or her respective Requirement within five (5) years of the date of becoming a Participant. If a Participant becomes subject to a greater ownership amount due to promotion or an increase in base salary or annual retainer values, the individual is expected to meet the higher ownership threshold within three years of such time; provided, however, that this requirement will not shorten the initial five (5) year compliance period.

If an individual's stock ownership goal under the Policy is not attained by the end of the specified period, the individual shall not be required to purchase shares of Common Stock in the open market but instead is required to retain 100% of the net after tax (and net of any applicable exercise costs) amount ("**Net Shares**") of any equity held, and subsequently awarded, until such goal is met (the "**Net Share Retention Requirement**"). Once a Participant satisfies his or her respective Requirement, he or she may sell or otherwise dispose of Net Shares so long as such transaction would not cause him or her to fail to satisfy his or her respective Requirement. The Net Share Retention Requirement described above, together with the actions described in Section IX, shall be the sole consequence of any failure to attain or to maintain any stock ownership goal under this Policy, including any failure to maintain any stock ownership goal due to a significant decline in the price of the Company's Common Stock that causes a Participant's holdings to fall below the applicable Requirement. Shares purchased by the Participant on the open market are excluded from the Net Share Retention Requirements.

VI. Reporting

Upon request of the Committee (to be made at least annually), each Participant is required to sign and deliver to the Chairperson of the Committee an attestation of the Participant's ownership of Eligible Equity. Any Participant who has not signed and returned his or her attestation shall be

subject to the Net Share Retention Requirement with respect to 100% of all Net Shares. In addition, any Participant who has satisfied his or her Requirement must immediately notify the Committee if at any subsequent time the Participant's ownership of Eligible Equity does not comply with the Requirement unless such non-compliance results solely from fluctuations in the price of Common Stock.

VII. Oversight/Waivers

The Committee or its delegate (to include the Chairperson of the Committee) has the discretion to oversee the Policy on a case-by-case basis.

Particular circumstances may arise from time to time in which compliance with the Requirement would place a severe hardship on a Participant or prevent him or her from complying with a court order. In such instances, a Participant may submit a request in writing to the Chairperson of the Committee that summarizes the applicable circumstances and describes the extent to which a hardship exemption from the Requirement is being requested. The Committee shall subsequently review any such request and shall make the final decision in its sole and absolute discretion. It is expected that these instances will be rare.

If any such request is granted in whole or in part, the Committee, in consultation with the Participant, will develop alternative minimum equity retention guidelines that reflect both the spirit and intention of this Policy and the Participant's individual circumstances.

VIII. Tracking and Valuation Methodology

Valuation Methodology

The value of a Participant's holdings for purposes of determining compliance with the Policy is based on the closing price of a share of Common Stock on the "**Measurement Date**," which shall mean April 1st of each calendar year (or the next trading day if such day is not a trading day) or any other date(s) designated from time to time by the Committee (the "**Measure Price**"). OP Units that are Class A Units shall be counted on a one-for-one basis with a share of Common Stock, and OP Units that are Class B Units (profits interests) shall be counted based on a ratio determined by the Committee at the time of grant of such profits interests. For any Participant who does not satisfy the Requirements as of a Measurement Date, the Committee may, in its discretion utilize the Measure Price on the date that any relevant Shares were acquired by the Participant, if greater, in order to determine compliance with the Participant's Requirements. Adjustments may be made to the valuation to reflect a subdivision or consolidation of the Company's Common Stock or other similar corporate events.

IX. Enforcement

The Committee, in its sole and absolute discretion, may require that Award Shares granted pursuant to the various equity incentive compensation plans of the Company contain provisions that address compliance with and enforcement of this Policy. In addition, the Committee may consider other consequences applicable to a Participant who does not comply with this Policy, including making payments of compensation otherwise payable in cash payable in shares of Common Stock, OP Units and/or Award Shares.

The Company may also consider compliance with this Policy in connection with compensation decisions, promotion opportunities, and other related events to the extent that the Company determines is appropriate.

X. Amendment, Modification, Waiver and Termination

The Committee, in its sole and absolute discretion, may amend, modify, waive or terminate this Policy, either in whole or in part.

XI. Effect on other Restrictions

This Policy shall supplement any other contractual or legal restrictions upon a Participant's ability to sell or otherwise transfer shares of Common Stock, OP Units and/ or Award Shares.