

PREFERRED APARTMENT COMMUNITIES, INC. CORPORATE GOVERNANCE GUIDELINES

As updated and adopted by the Board of Directors as of November 3, 2016

The Board of Directors (the "Board") of Preferred Apartment Communities, Inc. (the "Company") has developed and adopted these Corporate Governance Guidelines (the "Guidelines") to promote the functioning of the Board and its committees and to set forth a common set of expectations with respect thereto. These guidelines are not intended to change or affect any rights or obligations under the management agreement (the "Management Agreement") pursuant to which Preferred Apartment Advisors, LLC (the "Manager") manages the operations of the Company. The Board will periodically review and reassess the adequacy of these guidelines.

A. Responsibilities of the Board

The fundamental role of the directors is to exercise their business judgment to act in what they reasonably believe to be the best interests of the Company and its stockholders. In fulfilling that responsibility the directors should be able to rely on the honesty and integrity of the Company's senior management (and other employees of the Manager or its affiliates providing services to the Company) and expert legal, accounting, financial and other advisors. The Board is also responsible for overseeing the operations and results of the business; evaluating and approving sound business strategies; selecting and evaluating the CEO; planning for succession with regard to directors and management; assessing major risk factors and reviewing policies to manage and mitigate risk; and assuring the Company's business is conducted on an ethical basis in compliance with applicable laws, rules and regulations. All directors are expected to comply with the Code of Business Conduct and all other policies of the Company.

The directors should have the benefit of directors' and officers' insurance, paid by the Company, providing indemnification to the fullest extent allowed under the Company's charter and Maryland law, and to exculpation as provided by the Company's charter and Maryland law.

Directors are expected to devote the time necessary to appropriately discharge their responsibilities and to prepare for and attend and participate in Board meetings and meetings of committees on which they serve. Each director is also required to bring to the attention of the Board any potential conflicts of interest and to ensure that other commitments do not materially interfere with the director's service as a director for the Company.

B. Board Composition

1. *Director Criteria.* The Nominating and Corporate Governance Committee is responsible for reviewing with the Board from time to time the appropriate skills and characteristics required of directors in the context of the current make-up of the Board. This assessment should include directors' qualification as independent, as well as consideration of diversity, age, skills and experience, ethics, leadership, interpersonal skills, financial

acumen, industry knowledge, and diversity of viewpoints, in each case, in the context of the Board's needs.

2. *Director Independence.* A majority of the directors shall satisfy the independence requirements of Section 10A of the Securities Exchange Act of 1934, the criteria established by the New York Stock Exchange (the "NYSE") then in effect, and any other regulatory authority to which the Company is subject.
3. *Conflicts of Interest.* It is the responsibility of each director to ensure that other commitments do not conflict or materially interfere with the director's responsibilities to the Company. If a director has any concerns about whether serving as a director of another company might conflict with his or her duties to the Company, the director should consult the Chairman of the Board ("Chairman") in advance of accepting an invitation to serve on the other company's board and should inform the Nominating and Corporate Governance Committee in writing of the outcome.
4. *Retirement.* The Board does not believe that age alone should determine whether an individual should serve as a director and therefore does not believe that a fixed retirement age for directors is appropriate.
5. *Term Limits.* The Board does not believe it should establish term limits. While term limits could help ensure that there are fresh ideas and viewpoints available to the Board, they hold the disadvantage of losing the contribution of directors who have been able to develop, over a period of time, increasing insight into the Company and its operations and, therefore, provide an increasing contribution to the Board as a whole.
6. *Size of the Board.* The Board currently has nine members. The Board reviews from time to time the appropriateness of its size. The Board will consider changing its size to accommodate outstanding candidates or to satisfy specific governance needs in compliance with its charter and By-Laws.
7. *Change in Director Responsibilities.* The Board does not believe that directors who retire or change from the position they held when they came on the Board should necessarily leave the Board. There should, however, be an opportunity for the Board, via the Nominating and Corporate Governance Committee, to review the continued appropriateness of Board membership under these circumstances. When a director's principal occupation or business association changes substantially from the position he or she held when originally invited to join the Board, the director shall provide notice of that change to the Nominating and Corporate Governance Committee. Such Committee will review, within a reasonable time following notice, whether the new occupation, or retirement, of the director is consistent with the specific rationale for originally selecting that individual and the guidelines for board membership. The Committee will determine what action, if any, should be taken based on its review of the circumstances of retirement, if that is the case, or in the case of a new position, the responsibility and type of position, and industry involved. The bias of the Committee will be to maintain the director unless the basis for originally selecting the individual no longer exists.

8. *Selection of Chairman and CEO.* The Board elects its Chairman and appoints the Company's Chief Executive Officer ("CEO") according to its view of what is best for the Company at any given time. The Board does not believe there should be a fixed rule as to whether the offices of Chairman and CEO should be vested in the same person or two different people, or whether the Chairman should be an employee of the Company or the Manager. The needs of the Company and the individuals available for these roles may dictate different outcomes at different times, and the Board believes that retaining flexibility in these decisions is in the best interest of the Company.

C. Board Meetings

1. *Meetings.* The Board plans to hold at least four meetings per year pursuant to a pre-determined schedule, with additional meetings scheduled as necessary or appropriate. The Chairman, in consultation with the other members of the Board, will determine the frequency and length of meetings of the Board.
2. *Agenda.* The Chairman, and in consultation with other members of the Board and senior management, will establish the agenda for each Board meeting. Each director is encouraged to submit items to be included in the agenda. Directors may also raise subjects that are not on the agenda at any meeting.
3. *Materials.* Information and data that are important to the Board's understanding of the business to be conducted at a Board meeting should generally be distributed in writing to the directors before the meeting, in order to provide reasonable time for review.
4. *Written Consent.* Any action required or permitted to be taken at a meeting of the Board may be taken by unanimous written consent of the members of the Board in lieu of a meeting.

D. Executive Sessions

The independent directors will meet in executive session as part of each of the four regular quarterly meetings held each year and shall have the opportunity to meet in executive session as part of all other Board meetings.

E. Board Access to Officers and Manager Employees

Directors shall have full access to officers of the Company and, as necessary and appropriate, the Company's independent advisors, including legal counsel and independent accountants, and employees of the Manager and its affiliates providing services to the Company. Any meetings or contacts that a director wishes to initiate may be arranged through the CEO or the Secretary or directly by the director. Each director will use his or her judgment to ensure that any such contact is not disruptive to the business operations of the Company and will, to the extent appropriate, provide the Chairman of the Board with a copy of all written communications between a director and an officer or advisor to the Company or employee of the Manager or its affiliates.

The Board encourages senior management to invite to Board meetings officers, other key individuals and independent advisors who can provide additional insight into the matters being discussed, or whom senior management believes should be given exposure to the Board.

F. Retention of Advisors and Consultants

The Board and each committee of the Board shall have the authority to retain outside financial, legal or other advisors as they deem appropriate, and shall have the authority to obtain advice, reports or opinions from internal and external counsel and advisors.

G. Board Evaluation

The Nominating and Corporate Governance Committee is responsible for coordinating self-evaluations by the directors of the Board's performance to determine whether the Board is functioning effectively. The Nominating and Corporate Governance Committee will receive comments from all directors which will be discussed with the full Board. The assessment will focus on the Board's contribution to the Company and specifically focus on areas in which the Board can improve. Each committee of the Board should conduct a self-evaluation at least annually, as required in the committee charters.

H. Board Compensation

The Compensation Committee shall periodically review director compensation and determine the form and amount of director compensation in accordance with the provisions of its charter. Directors who are employees of the Manager or its affiliates will not receive additional compensation for performance as a director.

The Board encourages stock ownership by directors and believes that the number of shares of the Company's stock owned by each director is a personal decision.

I. Director Orientation and Education

The Company shall maintain and review periodically its orientation process for new directors that shall include meetings with senior management and visits to the Company's facilities. All directors will be invited to participate in the orientation program. The Company will provide directors with the opportunity to participate in continuing education programs that are relevant to their service on the Board.

J. Board Committees

1. *Committees.* The Board will have at all times an Audit Committee, a Compensation Committee, a Conflicts Committee and a Nominating and Corporate Governance Committee. The Board may, from time to time, establish or maintain additional committees as the Board deems necessary or appropriate. All of the members of the Audit Committee, the Compensation Committee, the Nominating and Corporate Governance Committee and the Conflicts Committee will be independent directors under the criteria established by the NYSE, as then in effect. Members of the Audit Committee

shall also satisfy the requirements of Rule 10A-3 of the Securities Exchange Act of 1934, as amended. Committee members will be appointed by the Board upon recommendation by the Nominating and Corporate Governance Committee, in accordance with the charter and principles of the committee.

2. *Committee Charters.* In addition, each committee must have a written charter that satisfies the NYSE requirements. The charters will set forth the purpose, authority and responsibilities of the committees as well as qualifications for committee membership, procedures for committee member appointment and removal, committee structure and operations and how the committee reports to the Board.
3. *Assignment and Rotation of Committee Members.* Committee members will be appointed by the Board upon recommendation by the Nominating and Corporate Governance Committee, in accordance with the charter and principles of the committee. Consideration will be given to rotating committee members periodically, but the Board does not believe that rotation should be mandated as a policy.
4. *Committees Meetings, Agenda and Materials.* Each committee chair, in consultation with the committee members and appropriate officers of the Company, will determine the frequency of committee meetings consistent with the committee's charter, provided that a majority of committee members may call a meeting of the committee on which they are members at any time. Each committee chair, in consultation with the other members of the committee and senior management, will develop the committee's agenda. Information and data that are important to the committee's understanding of the business to be conducted at a committee meeting should generally be distributed in writing to the committee members before the meeting, in order to provide reasonable time for review. Any action required or permitted to be taken at a meeting of a committee may be taken by unanimous written consent of the members of the committee in lieu of a meeting.

K. Management Agreement

The Conflicts Committee shall periodically review the performance of the Manager and the terms of the Management Agreement. In addition, in light of the fact that the Management Agreement obligates the Manager to provide the Company with a dedicated management team, the Board should apprise itself regarding the Manager's policies regarding succession in the event of an emergency with respect to or the retirement of the Company's CEO and other executives.