

**AMERICAN SPECTRUM REALTY, INC.**  
**STANDARDS OF BUSINESS CONDUCT**

**I. INTRODUCTION**

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American Spectrum Realty, Inc. (the “Company”) has a firmly established policy of conducting its affairs in compliance with all applicable laws and regulations and observing the highest standards of business ethics. Integrity, honesty, forthrightness and fairness are of primary importance in all business relationships involving the Company. The Company expects each director, officer and employee (each, an “associate”) to perform his or her duties in such a manner as to preserve the Company’s good name and reputation. The Company intends that every associate shall follow the letter, as well as the spirit, of these Standards of Business Conduct.

These Standards have been adopted by the Board of Directors of the Company and apply to the Company and its subsidiaries and divisions and their associates. Accordingly, references to the Company include its subsidiaries and divisions. These Standards are not intended to be all encompassing. Situations may arise that are not expressly covered or where the proper course of action is unclear. Associates should consult with their supervisors if any questions as to interpretation of these Standards arise. Any associate may bring problems to the attention of management for review, and the Company maintains an open door policy in that regard.

The Company may modify or supplement these Standards from time to time, to comply with evolving corporate governance standards, to comply with applicable corporate governance or other requirements adopted by Congress, the SEC or the American Stock Exchange and otherwise as it deems appropriate. Accordingly, all associates must review these Standards at least once every year.

Any associate of the Company having information or knowledge regarding a violation, or potential violation, of these Standards should immediately report the same to his or her supervisor. If an associate has reason to believe that it would be inappropriate to report the relevant information to his or her supervisor, then the information should be reported in confidence directly to another high-level authority within the Company. Retaliation or reprisal of any kind against an associate who reports a violation (or, in good faith, potential violation) of these Standards is strictly prohibited.

The Company may regard any associate’s acts in violation of these Standards to be outside the course and scope of that associate’s employment. Any associate found to have violated these Standards may be subject to immediate disciplinary action, including reassignment, demotion or, when appropriate, dismissal. Legal proceedings may also be commenced against such individual to recover the amount of any improper expenditures, any other losses which the Company may have incurred or other appropriate relief. Public officials under applicable criminal statutes may also prosecute violators.

Any waiver of any provision of these Standards for a director or executive officer of the Company may be made only by the Board of Directors or an appropriate committee thereof and will be promptly disclosed to the Company's stockholders.

## **II. CORPORATE ASSETS AND INFORMATION**

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### **A. COMPANY FUNDS AND PROPERTY**

Associates of the Company are responsible and accountable for the proper expenditure of funds and use of Company assets under their control, including all funds and assets entrusted to the Company's custody by customers and others. The Company's assets are to be used only for legitimate business purposes both during and following employment with the Company, and should be used efficiently. Examples of improper uses include unauthorized taking or use of corporate property or other resources, and the disbursement of corporate funds, directly or indirectly, for any form of payment that is illegal, for personal gain or otherwise not in accordance with Company policy. Unless authorized by appropriate Company officers, the sale, loan or gift of Company assets to Company associates, customers or suppliers is prohibited.

### **B. CORPORATE RECORDS AND ACCOUNTING**

It is the Company's policy to maintain the highest level of integrity and accountability with respect to all financial reporting, including reports to regulatory authorities, auditors and the Company's stockholders.

All Company data, records and reports must be accurate and truthful and prepared in a proper manner. These include everyday documents such as expense reports and accounting entries, as well as cost estimates, contract proposals and other presentations to management, customers, and the public. It is essential that those who rely on these records and reports - managers, creditors, customers, auditors and other decision makers - have truthful and accurate information. The integrity of the Company's accounting, technical, personnel, financial and other records is based on their validity, accuracy and completeness.

Anyone preparing the type of information described above must be diligent in assuring its integrity and anyone representing or certifying the accuracy of such information should make an inquiry or review adequate to establish a good faith belief in the accuracy of the information. Custodians of the Company's data, records and reports must be sure that such information is released, whether internally or outside the Company, only if adequately protected and only for authorized purposes.

### **C. NON-SOLICITATION, CONFIDENTIAL AND PROPRIETARY INFORMATION**

The Company's associates are responsible for protecting the Company's confidential and proprietary information. No associate shall disclose confidential or proprietary information to a third party without proper authorization or use such information for his or her own personal benefit, or in any manner inconsistent with the Company's interest.

Confidential information includes information or data relating to the Company's planning, business strategy, projects, existing or potential customers, competitors or suppliers, financial results or operations, or any other information that is not generally known to the public. This prohibition also applies to the confidential information of the Company's customers, suppliers and other parties with whom the Company does business.

Proprietary information includes information relating to trade secrets, patents, research studies and results, manufacturing techniques and marketing strategies. It includes records, practices, letters, plans, drawings, software and data stored on electronic or magnetic media. Proprietary information also includes inventions and other information associates may create or develop which relate to the Company's business. Proprietary information is a Company asset. Associates are required to report the creation or development of proprietary information to permit the Company to take the necessary steps to protect its assets. Improper disclosure or use could destroy the value of such information to the Company, and subject the Company to substantial liability to any third-party licensor of such information.

Access to confidential and proprietary information must be limited to authorized persons with a need to know that particular information. Unauthorized disclosure even to other Company associates, for example, in non-job related discussions, is prohibited. Associates should take care not to: (1) discuss Company matters in public places where discussions can be overheard; (2) read Company documents where others can see them; or (3) discard Company documents where they can be retrieved. Associates should also be aware of the insecure nature of conversations conducted on cellular or other mobile telephones and act accordingly.

At the conclusion of employment with the Company, associates are required to return all Company documents, records and other property in their possession, including those that contain confidential or proprietary information. After leaving the Company, former associates have a continuing obligation to safeguard confidential and proprietary information, including keeping it confidential and avoiding its unauthorized use.

During the period beginning upon date of hire and ending on the first anniversary of the date of termination of Associate's employment with the Company, (the "Non-Solicitation Period"), and to the fullest extent permitted under applicable law, Associate agrees that he/she shall not, directly or indirectly, solicit, recruit or hire any associates of or persons who are currently employed by the Company. Furthermore, the Associate agrees not to solicit or encourage any such associate of the Company to leave the employment of the Company.

#### D. INSIDER TRADING

The purchase or sale of securities while possessing material nonpublic information or the selective disclosure of such information to others who may trade is prohibited by federal and state laws. The Company has adopted the following policy with respect to purchases and sales of the Company's securities by associates who have material nonpublic information about the Company and about other firms with which it works closely. For this purpose, advisers and consultants are included within the term "associate." Each associate is responsible for ensuring that he or she does not violate

federal or state securities laws or the Company's policy concerning securities trading. This policy is designed to promote compliance with federal securities laws and to protect the Company, as well as those persons, from the very serious liabilities and penalties that can result from violations of these laws.

Company associates may not trade in the stock of any firm when they know "material nonpublic information" about the firm. This restriction on "insider trading" is not limited to trading in the Company's securities. It includes trading in the securities of other firms such as customers, suppliers or vendors of the Company and those with which the Company may not be negotiating major transactions, such as an acquisition, investment or sale. Information that is not material to the Company may nevertheless be material to one of those other firms.

"Trading" includes purchases and sales of stocks, bond debentures, options, puts, calls and other similar securities. This policy includes trades made pursuant to any investment direction under associate benefit plans as well as trades in the open market. This policy also applies to the exercise of options with an immediate sale of some or all of the shares through a broker (a "cashless exercise").

Associates must not pass material nonpublic information on to others or recommend to anyone the purchase or sale of any securities on the basis of such information. This practice, which is known as "tipping," also violates the securities laws and can result in the same civil and criminal penalties that apply to insider trading whether or not the associate derives any benefit from another's actions.

The same restrictions apply to family members and other persons living in an associate's household. Associates are expected to be responsible for the compliance of the members of their immediate family and personal household. Transactions that may be necessary or justifiable for independent reasons (such as the need to raise money for an emergency expenditure) are no exception to the policy.

Because of the unique potential for abuse of material nonpublic information, it is also the Company's policy that associates may not engage in short-term speculative transactions involving "trading" in the Company's securities. This would include short sales and buying or selling puts or calls.

#### *Definition of Material, Non-Public Information*

Information is material if there is a substantial likelihood that a reasonable investor would consider it important in deciding whether to buy, hold or sell a security. Therefore, any information that could reasonably be expected to affect the price of the security is material. Common examples of material information are:

- Projections of future earnings or losses or changes in such projections.
- Actual earnings.
- A pending or prospective joint venture, merger, acquisition, tender offer or financing.

- A significant sale of assets or disposition of a subsidiary.
- A gain or loss of a material contract, customer or supplier, or material changes in the profitability status of a current contract.
- The development or release of a new product or service.
- Changes in a previously announced schedule for the development or release of a new product or service.
- Changes in senior management or other major personnel changes or labor negotiations.
- Significant increases or decreases in dividends or the declaration of a stock split or the offering of additional securities.
- Financial liquidity problems.

Both positive and negative information can be material. Because any trading that receives scrutiny will be evaluated after the fact (with the benefit of hindsight), questions concerning the materiality of particular information should be resolved in favor of materiality, and trading should be avoided.

Nonpublic information is information that is not generally known or available to the public. Information is considered to be available to the public only when it has been released to the public through the appropriate channels, e.g., by means of a press release or a statement from one of the Company's senior officers, *and* enough time has elapsed to permit the investment market to absorb and evaluate the information. As a general rule, information is considered nonpublic until the third business day after public disclosure.

#### *Black-Out Periods*

No director, officer or accounting department employee may buy or sell any securities of the Company during the period beginning at the close of business on the last day of each fiscal quarter and ending at the close of business on the second full business day after public disclosure and dissemination of revenue and earnings information for the quarter by means of a press release or SEC filing. This prohibition applies whether or not such person possesses material inside information.

The Company may, from time to time, announce similar "blackout" periods for all associates.

#### *Unauthorized Disclosure*

Maintaining the confidentiality of Company information is essential for competitive, security and other business reasons, as well as to comply with securities laws. Information an associate learns about the Company or its business plans in connection with his or her employment is potentially "inside" information until publicly disclosed or made available by the Company. The associate should treat all such information as

confidential and proprietary to the company. The associate may not disclose it to others, such as family members, other relatives, or business or social acquaintances, who do not need to know it for legitimate business reasons.

The timing and nature of the Company's disclosure of material information to outsiders is subject to legal rules, the breach of which could result in substantial liability to the associate, the Company and its management. Accordingly, it is important that only specifically designated representatives of the Company discuss the business of the Company and its affiliates and subsidiaries with the news media, securities analysts and investors. If you receive any inquiry of this type, you should refer the inquiry to the Chief Executive Officer.

Responsibility for adhering to this policy and avoiding improper trading rests with the associate. If an associate violates this policy, the Company may take disciplinary action, including termination for cause. Any person who has any questions about the application of this policy should contact the Chief Executive Officer.

#### E. LEGAL DISPUTES

Associates involved with a Company lawsuit or other legal dispute may not discuss it with outsiders or other Company associates without the prior approval of the Company's Chief Executive Officer.

Failure to follow these restrictions could constitute a breach of the Company's attorney-client privilege and result in the loss of confidential information. Additionally, any associate contacted by any regulatory or law enforcement authority seeking Company information should promptly contact his or her supervisor who should immediately bring the matter to the attention of the Company's Chief Executive Officer. No associate should respond to any such inquiry regarding the Company without first consulting with and obtaining the approval of the Company's Chief Executive Officer.

### III. **CONFLICTS OF INTEREST**

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#### A. CONFLICTS OF INTEREST

Although Company associates are generally free to engage in personal financial and business transactions, there are certain limitations. All associates have a duty to avoid situations where their loyalties may be divided between the Company's interests and their own interests. Associates should avoid even the appearance of such a conflict of interest.

While it is impossible to outline every situation that may give rise to a conflict of interest or the appearance of impropriety, the following are some examples:

1. No associate or closely related family member may have a financial interest or stock ownership in, or obligation to, or receive a loan or guarantee from, a competitor, customer, or supplier of the Company, where the interest, obligation, loan or

guarantee might cause divided loyalty or even the appearance of divided loyalty, except for any such interests held when the associate joined the Company and which were approved by the Chief Executive Officer.

2. No associate may perform services as an associate, independent contractor, advisor or consultant for any competitor of the Company. No associate may perform such services for a customer or supplier of the Company without the prior written approval of the Company's Chief Executive Officer, except for any positions held when the associate joined the Company and which were approved by the Chief Executive Officer.
3. No associate may serve as a director of any competitor of the Company. No associate may serve as a director of any customer or supplier of the Company without the prior written approval of the Company's Chief Executive Officer.
4. No associate may accept a position with another company if doing so would impair the associate's ability to fulfill his or her obligations to the Company.
5. No associate may deprive the Company of a business opportunity, or divert a business opportunity to such associate's own benefit.

#### B. DEALING WITH GOVERNMENT OFFICIALS

Associates who have dealings with government officials must conform to the following standards:

1. All associates who contact public officials must be familiar with the applicable lobbying laws and public disclosure requirements, particularly those laws or regulations that pertain to registrations or filings that must be made by the Company.
2. No payment may be made to, or for the benefit of, any public official in order to induce or entice such official to enact, defeat or violate any law or regulation for the Company's benefit; to influence any official act; or to obtain any favorable action by a governmental agency or official on behalf of the Company.
3. Social amenities, entertainment and other courtesies may be extended to government officials or associates only to the extent appropriate and reasonable under applicable laws and customs. Gifts of greater than nominal value to, or lavish entertainment of, public officials are prohibited. No gifts in the form of cash, stock or other similar consideration shall be given, regardless of amount. Any gift about which an associate is uncertain should not be made without the prior written approval of the Company's Chief Executive Officer. Any expenses incurred by a Company associate in connection with the matters discussed herein shall be accurately recorded on the Company's books and records.

#### C. BUSINESS HOSPITALITY

Good relationships with the Company's suppliers and customers are important and in the long-term best interests of the Company. Business entertainment (including meals

and transportation), gratuities and gifts, whether offered by Company associates or their families to third parties or extended to Company associates or their families by third parties, are permitted, provided the entertainment, meal or transportation provided is not lavish or excessive and the gift or gratuity given is of nominal value (less than \$200) and does not consist of cash or cash equivalents (e.g., gift certificates). Any business entertainment or gift should not exceed the bounds of good taste or customary business standards in the community. Care should be exercised to ensure that any business entertainment or gift could not reasonably be construed by the recipient as a bribe or improper inducement.

The nature of the transactions should be such that their public disclosure would not be embarrassing to the Company or the recipient. All funds expended for business entertainment and gifts must be documented accurately and reflected in the books and records of the Company.

#### D. PROHIBITED PAYMENTS

##### *Bribery and Kickbacks*

No associate of the Company may, directly or indirectly, offer, give, solicit or accept any money, privilege, special benefit, gift, or other item of value for the purpose of obtaining, retaining, or directing business, or bestowing or receiving any kind of special or favored treatment for the Company. The Company does not permit or condone the use or receipt of bribes, kickbacks, or any other illegal or improper payments or transfers in the transaction of its business. The use of any outside consultant, attorney, accountant, or agent in any manner or for any purpose that would be contrary to this prohibition will not be permitted.

##### *Business Dealings Outside the United States*

The Foreign Corrupt Practices Act (the "Act") prohibits a U.S. citizen from engaging in certain types of activities while conducting business outside the United States.

In accordance with the provisions of the Act, no director, officer, associate, or agent of the Company may give or offer to give, directly or indirectly, anything of value to any foreign official (including an official of any political party or candidate for any political office) for the purpose of (i) influencing any act or decision of the recipient in his official capacity; (ii) inducing the recipient to use his influence to affect any act or decision of any foreign government; or (iii) inducing the recipient to do or omit to do any act in violation of the lawful duty of such person. The Act provides that an individual may be fined up to \$100,000 and imprisoned for up to five years for violations of the Act. In addition, the Company may be subject to substantial monetary penalties for violations of the Act by its associates or agents and is prohibited from directly or indirectly paying the monetary fines imposed on individual violators of the law. Modest gratuities and tips may be paid solely for the purpose of expediting or securing the performance of a routine action required to be taken by foreign governmental officials, representatives of customers or suppliers or other persons whose duties are essentially ministerial or clerical in nature. However, such payments may not be made if they are in violation of local law or in order to influence a foreign official or other person to make a decision that

the individual is not required to make, such as any decision whether, or on what terms to award new business to or to continue business with a particular party.

#### *Political Contributions*

No corporate funds or services shall be paid or furnished to any political party or any candidate for, or incumbent in, any public office except as permitted by law and as approved by the Board of Directors.

The prohibitions and limitations on political contributions outlined above relate only to the use of corporate funds and services and are not intended to discourage associates from making personal contributions to candidates or political parties of their choice. Personal involvement in political activity is permitted as long as the activity does not interfere with or impair the performance of the associates' duties for the Company.

In addition, any associate who becomes involved with a political group must make it clear that his or her activities are being conducted purely in a personal capacity and not on behalf of or in connection with the Company.

#### **IV. EQUAL EMPLOYMENT OPPORTUNITY AND UNLAWFUL HARASSMENT**

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The Company maintains a strong policy of equal employment opportunity for all associates and applicants for employment. The Company hires, trains, promotes and compensates associates on the basis of individual competence and potential without regard for race, color, religion, sex, sexual orientation, national origin, citizenship, age, marital status, or non-job related disability, as well as all other classifications protected by applicable laws.

The Company's equal employment opportunity philosophy applies to all aspects of employment with the Company, including recruiting, hiring, training, transfer, promotion, associate benefits and compensation, termination, educational assistance, leave of absence and social and recreational activities.

The Company is committed to adhering to and enforcing its obligations under applicable non-discrimination laws including the Americans with Disabilities Act (the "ADA"). All associates are expected to help implement the Company's goals with regard to equal employment opportunity. Disabled associates and job applicants who want to request reasonable accommodations from the Company are encouraged to consult with their supervisors or the Company's Chief Executive Officer. In addition, associates and job applicants who feel that they have been discriminated against because of a disability should register a complaint with the Company's Chief Executive Officer, or with the appropriate supervisory executive.

The Company opposes harassment of others on the basis of sex, sexual orientation, age, race, color, national origin, religion, marital status, citizenship, disability and other characteristics protected by applicable laws. Harassment includes making derogatory remarks about such characteristics, using negative epithets, making "jokes" about ethnic or other groups, and other verbal and physical behavior.

It is the policy of the Company to provide a non-discriminatory work environment free of intimidation and harassment. All associates are expected to cooperate in maintaining this work environment.

The Company will not tolerate any form of unlawful harassment, whether verbal or physical, at any level. Sexual harassment includes unwelcome sexual advances, requests for sexual favors or other verbal or physical conduct of a sexual nature when: (1) submission to such conduct is made either explicitly or implicitly a term or condition of an individual's employment; (2) submission to or rejection of such conduct by an individual is used as the basis of employment decisions affecting such individual; or (3) such conduct has the purpose or effect of substantially interfering with the affected person's work performance or creating an intimidating, hostile or offensive work environment.

It is the Company's policy to investigate thoroughly and remedy any incidents of harassment. In order to accomplish this, however, harassment must be brought to the attention of the Company. Accordingly, an associate who feels aggrieved because of harassment has an obligation to communicate his or her problem immediately. An associate who feels he or she has been harassed should immediately notify his or her immediate supervisor or the Human Resource Department. All complaints will be treated as confidentially as possible and all investigations will be conducted expeditiously. There will be no retaliation against a person who, in good faith, files a complaint or participates in any way in the investigation of a complaint.

Any associate who has been found, after appropriate investigation, to have harassed another associate will be subject to appropriate sanctions depending on the circumstances, up to and including dismissal.

## **V. FAIR DEALING**

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Each associate shall endeavor to deal fairly with the Company's customers, suppliers, competitors and associates. No associate shall take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any other unfair-dealing practice.

## **VI. ACCOUNTING MATTERS**

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Every associate must cooperate fully with the Company's internal accounting process and its independent auditors. Any associate who becomes aware of a questionable accounting or auditing practice, or has a complaint regarding the Company's accounting, internal accounting controls or auditing matters, should immediately make a report to one of his or her supervisors or, if such associate desires, he or she may contact any member of the Company's Audit Committee. Any supervisor receiving a report from a subordinate must in turn make a report to any member of the Audit Committee. All

reports will be treated as confidentially as possible and no associate will be subject to any retaliation or adverse consequence for making any such report in good faith.

It is the Company's policy that all records that form the basis of an audit or review be retained for a reasonable period of time. Any associate who is unsure whether a particular record must be retained should consult his or her supervisor or the Company's Chief Financial Officer.

## **VII. COMPLIANCE WITH STANDARDS**

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If associates know of or suspect a violation of applicable laws and regulations, these Standards, or the Company's related policies, they should immediately report that information to their supervisor or a higher level of management. No associate reporting a suspected violation will be subject to retaliation because of a good faith report.

Reported violations will be promptly investigated and treated confidentially to the greatest extent possible. It is imperative that the associate reporting the violation not conduct a preliminary investigation of his or her own. Investigations of alleged violations may involve complex legal issues. Associates who act on their own may compromise the integrity of an investigation and adversely affect both themselves and the Company.

The Company intends to use every reasonable effort to prevent the occurrence of conduct not in compliance with these Standards and to halt any such conduct that may occur as soon as reasonably possible after its discovery. Associates who violate these Standards and other Company policies and procedures may be subject to disciplinary action, up to and including discharge. In addition, disciplinary action, up to and including discharge, may be taken against anyone who directs or approves infractions or has knowledge of them and does not move promptly to correct them in accordance with the Company's policies.

Ultimate responsibility to ensure that the Company complies with the laws and ethical standards affecting its business rests on each of its associates. Associates must become familiar with and conduct themselves strictly in compliance with such laws and ethical standards as well as the Company's policies and guidelines pertaining to them.

## CERTIFICATION

I acknowledge that I have received copies of the Company's Standards of Business Conduct. I certify that I have read, understand and will comply with the policies and procedures set forth in those Standards. I understand that, if I am an associate of the Company, my failure to comply in all respects with the Company's policies, is a basis for termination of my employment.

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Associate Signature

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Date

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Printed Name