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BNP RESIDENTIAL PROPERTIES INC
Form 10-K
March 30, 2001

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2000

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____.

Commission File Number 1-9496

BNP RESIDENTIAL PROPERTIES, INC.
(Exact name of registrant as specified in its charter)

Maryland 56-1574675
(State or other jurisdiction of (I.R.S. Employer Identification No.)
incorporation or organization)

3850 One First Union Center, Charlotte, NC 28202-6032
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code 704/944-0100

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered:
Common Stock, par value \$.01 per share	American Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of the Form 10-K or any amendment to this Form 10-K. ☒

The aggregate market value of the voting stock held by non-affiliates of the Registrant at March 19, 2001, was approximately \$54,100,000.

The number of shares of Registrant's Common Stock outstanding on March 19, 2001, was 5,706,950.

DOCUMENTS INCORPORATED BY REFERENCE

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Portions of the 2001 Proxy Statement for the Registrant's Annual Meeting of Shareholders, to be filed with the Securities and Exchange Commission within 120 days after the end of the year covered by this Form 10-K, are incorporated by reference in Part III, Items 10, 11, 12 and 13 of this Form 10-K.

Index to exhibits at page 48

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PART I

ITEM 1. BUSINESS

Company Profile

BNP Residential Properties, Inc., formerly Boddie-Noell Properties, Inc., is a self-administered and self-managed real estate investment trust that

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owns and operates apartment communities in North Carolina and Virginia. We currently own and operate 15 apartment communities containing 3,680 units, and have the right to acquire one additional apartment community containing 108 units. We also own 43 restaurant properties, which we lease to a third party under a master lease on a triple-net basis. We manage four other apartment communities through BNP Management, Inc., an unconsolidated subsidiary. We refer to BNP Management, Inc. as the Management Company.

BNP Residential Properties, Inc. is structured as an UpREIT, or "umbrella partnership real estate investment trust." We are the sole general partner and own a controlling interest in BNP Residential Properties Limited Partnership, through which we conduct all of our operations. We refer to this partnership as the Operating Partnership. We refer to the limited partners of the Operating Partnership as "minority unitholders" or "minority interest."

As of March 5, 2001, we have 5,706,950 shares of common stock and 1,707,480 Operating Partnership minority units outstanding. We have 1,513 shareholders of record. We estimate that there are approximately 8,000 beneficial owners of our common stock. Our shares are listed on the American Stock Exchange, trading under the symbol "BNP."

Our executive offices are located at 3850 One First Union Center, Charlotte, North Carolina 28202-6032, and our telephone number is 704/944-0100.

History and Development of BNP Residential Properties, Inc.

The company was originally incorporated in the state of Delaware in 1987. Beginning in 1987, we elected to be taxed as a REIT under the Internal Revenue Code. As such, we generally are not, and will not be, subject to federal or state income taxes on net income. As a REIT, we are subject to a number of organizational and operational requirements, including a requirement that we currently distribute at least 95% (90% beginning in 2001) of our REIT taxable income as dividends.

In 1987, we purchased 47 existing restaurant properties located in North Carolina and Virginia for an aggregate purchase price of \$43.2 million. From 1987 through 1992, our assets primarily consisted of these 47 restaurant properties. During this period we operated as an externally administered and externally managed REIT. We leased the restaurants to Boddie-Noell Enterprises, Inc. ("Enterprises"), a Hardee's franchisee, under a master lease on a triple-net basis. A master lease is a single lease that covers multiple properties, while a triple-net lease is one where the lessee pays all operating expenses, maintenance, property insurance and real estate taxes.

In 1993, we began to change our focus from restaurant properties to apartment communities, with the objective of increasing funds from operations and enhancing shareholder value. During 1993 through 1996, we acquired five apartment communities. Four of these apartment communities are located in North Carolina, and one is located in Virginia. In 1994 we acquired BT Venture Corporation, an integrated real estate management, development and acquisition company, and began operating as a self-administered and self-managed REIT.

In 1997, we reincorporated in the state of Maryland and reorganized to our present UpREIT structure. Prior to the reorganization, most property owners who sold us properties recognized gain on their sale. However, through our UpREIT structure, we can acquire properties in exchange for Operating Partnership units and trigger no immediate tax obligation for certain sellers. We believe that our conversion to an UpREIT enables us to acquire properties not otherwise available or at lower prices because of the tax advantages to certain

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property sellers of receiving limited partnership interests instead of cash as consideration. Minority unitholders will generally be able to redeem their units for cash or, at our option as general partner, for shares of common stock of the company on a one-for-one basis. Distributions of cash from the Operating Partnership are allocated between the REIT and the minority unitholders based on their respective unit ownership.

In September 1997, we signed an agreement to acquire a portfolio of seven apartment communities located in North Carolina by issuing Operating Partnership units. We refer to this acquisition as the "Chrysson acquisition," and to the sellers as the "Chrysson Parties." Under the terms of the acquisition agreement, we will have a right of first refusal to purchase any project developed in the future by the development entity owned by the Chrysson Parties.

During 1997 and 1998, we acquired nine apartment communities by issuing Operating Partnership units. We acquired six of these communities from the Chrysson Parties. In January 1999, we acquired one additional apartment community in a direct purchase by paying cash and assuming long-term debt.

In December 1997, we completed a common stock offering and issued 2.7 million shares of common stock. We used proceeds of this offering to retire long term debt. This common stock offering almost doubled the number of the company's common shares outstanding.

Restaurant sales and restaurant rental income have been declining since 1992, reflecting the increased competition and widespread price discounting in the fast food industry. In August 1997, CKE Restaurants, Inc. purchased Hardee's Food Systems, Inc., the restaurant franchisor. CKE operates, franchises, or owns interests in approximately 3,800 restaurants, including Hardee's and Carl's Jr. restaurants. While the rate of decline in restaurant sales has slowed in recent years, we have not seen improvement in restaurant sales to date. In June 1999, we sold three restaurants to Enterprises, the lessee, under an agreement that allows Enterprises to close up to seven restaurants and buy them back for no less than net carrying value.

Recent Developments

Effective April 24, 2000, we changed the name of the company to BNP Residential Properties, Inc. We believe the new name more clearly reflects our business activities and will eliminate the confusion that has existed because of the similarity of our former name to that of Boddie-Noell Enterprises.

In June 2000, we sold one additional restaurant to Enterprises, the lessee, under the agreement that allows Enterprises to close up to seven restaurants and buy them back for no less than net carrying value.

In late December 2000, we acquired one additional apartment community, located in Cary, North Carolina, in a direct purchase. We have combined this community, formerly known as Page Mill Apartments, with our Oak Hollow Apartments, and will operate the combined properties as one community.

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Current Operations

We conduct all of our operations through the Operating Partnership. We currently own approximately 77% of the outstanding Operating Partnership units.

We currently own and operate 15 apartment communities. These communities are located in North Carolina and Virginia, and contain 3,680 apartment units. Under the terms of the Chrysson acquisition agreement, we have

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the right to acquire an additional apartment community with 108 apartment units. We plan to exercise our option to acquire this community when it reaches certain performance targets specified in the agreement. We also own the 43 restaurant properties that we lease to Enterprises under a triple-net master lease. In addition, we manage four other apartment communities through an unconsolidated subsidiary.

We have 135 employees, including management, accounting, legal, acquisitions, development, property management, leasing, maintenance and administrative personnel.

Business Strategy

Our principal investment objectives are to provide our shareholders with current income and to increase the value of the company's common stock. We focus on increasing long term growth in funds from operations and funds available for distribution per share, and on increasing the value of our portfolio through effective management, growth, financing, and investment strategies. We expect to implement our strategies primarily through the acquisition, operation, leasing and management of apartment communities.

We seek to acquire apartment properties in areas within the southeastern United States exhibiting substantial economic growth and an expanding job base in which we can establish a significant market presence in the apartment community marketplace. Through our UpREIT structure, we have the ability to acquire apartment communities by issuing Operating Partnership units in tax-deferred exchanges with owners of such properties. We expect that we will finance future acquisitions of apartment communities principally with Operating Partnership units as well as loans and funds from additional offerings of common stock, preferred stock, or joint venture arrangements.

We will selectively consider opportunities to develop new apartment communities, to add additional units to existing communities, and to acquire and rehabilitate older apartment communities. Members of our management team have directed over \$115 million of development or redevelopment projects, including 13 apartment communities containing over 2,500 apartment units. This development and redevelopment experience will enable us to build additional apartment communities and to rehabilitate existing communities when economic conditions and available capital make such opportunities attractive.

Our residents are typically mid- to high-end "residents by necessity"--individuals or families with moderate to high incomes that live in apartments by necessity. They include retirees, young professionals, manager-level white-collar workers, medical personnel, teachers, members of the military and young families.

We strongly emphasize on-site property management. We seek opportunities and have developed internal programs to increase average occupancy rates, reduce resident turnover, raise rents and control costs. On-site community managers report directly to regional managers who are locally based. This flat organization provides for efficient staffing levels, reduces overhead expenses, and enables us to respond to the needs of residents and on-site employees. In an effort to reduce long term operating costs, we regularly review each apartment community and promptly attend to maintenance and recurring capital

needs. Our employees supervise all renovation and repair activities, which are generally completed by outside contractors.

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We continue to seek additional sources of revenue at our existing apartment communities. These may include water submetering and marketing of cable television, high-speed internet service, and long distance telephone services.

As a consequence of our focus on apartments, we may elect to sell our restaurant properties and reinvest the proceeds in additional apartment communities. However, no sale of the restaurants is pending, and we intend to divest the restaurants only when we believe such a transaction will enhance shareholder value.

ITEM 2. PROPERTIES

Apartment Communities

Through the Operating Partnership, we own and manage 15 apartment communities consisting of 3,680 apartment units. For the fourth quarter of 2000, our average economic occupancy rate was 94.7%, and average monthly revenue per occupied unit was \$748. The average age of the apartment communities is approximately 9.5 years. Our apartment communities are generally wood framed, two and three story buildings, with exterior entrances, individually metered gas and electric service, and individual heating and cooling systems.

In late 1999, we began to install individual water and sewer submeters at all of our apartment communities. At the end of 2000, this work had been completed at approximately two-thirds of our apartment communities.

Our apartment units are comprised of 35.4% one-bedroom units, 57.7% two-bedroom units, and 6.9% three-bedroom units. The units average 986 square feet in area and are well equipped with modern appliances and other conveniences. Our communities generally include swimming pools, tennis courts and clubrooms, and most have exercise facilities. The communities are held subject to loans, discussed in the notes to the financial statements.

The table on page 8 summarizes information about each of our apartment communities.

Restaurant Properties

We lease the 43 restaurant properties on a triple-net basis to Enterprises under a master lease. The master lease, as amended in 1995, has a primary term expiring in December 2007, but grants Enterprises three five-year renewal options. Enterprises pays annual rent equal to the greater of the specified minimum rent or 9.875% of food sales from the restaurants. Under certain conditions, and subject to our approval, Enterprises has the right to substitute another restaurant property for a property covered by the lease. After December 31, 2007, Enterprises has the right to terminate the lease on up to five restaurant properties per year by offering to purchase them under specified terms. In addition, we entered into a separate agreement that allows Enterprises to purchase, under specified terms, up to seven restaurant properties deemed non-economic for no less than net carrying value.

In 1999 and 2000, we sold four restaurants deemed non-economic to Enterprises. With the sale of these properties, the annual minimum rent on the remaining restaurants was approximately \$4.2 million in 2000, compared to \$4.5 million minimum rent on 47 restaurants in previous years.

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was approximately \$920,000 per property. At December 31, 2000, the net carrying value of the 43 restaurant properties was \$29.9 million (an average of \$695,000 per property).

The restaurant properties are operated by Enterprises as Hardee's restaurants pursuant to franchise agreements with Hardee's Food Systems, Inc. These agreements require that the properties conform to a standard design specified by Hardee's. The current design consists of a one-story brick, stucco or wood building that embodies a contemporary style with substantial plate glass window areas. The buildings average 3,400 square feet and are located on sites averaging 1.2 acres. The buildings are suitable for conversion to a number of uses, but the exteriors would have to be substantially modified prior to their use in non-restaurant applications. Hardee's owns a design patent on certain elements of the building and requires franchisees to make certain exterior modifications if the location is discontinued as a Hardee's restaurant.

Enterprises is responsible for all aspects of the operation, maintenance and upkeep of the restaurant properties. In addition, Enterprises is responsible for the cost of any improvement, expansion, remodeling or replacement required to keep the properties competitive or in conformity with Hardee's building standards. During 1999, Hardee's developed a new concept referred to as "Star Hardee's." This concept involves the implementation of a new menu and substantial renovation of the stores. The required renovation includes new signage, exterior and interior color schemes, kitchen equipment, furniture, decorations and lighting. The estimated cost to complete the required modification is between \$100,000 and \$150,000 per store. To date, Enterprises has completed the renovation of 16 of our stores to the Star Hardee's concept. The decision to modify a particular restaurant property is based on a number of factors, including the date of its last modification and the number, age and design features of competing restaurants located in the market area of the particular property. All of the costs of the conversion of a store to the Star Hardee's concept are borne by Enterprises.

The locations of our restaurant properties are listed on page 9 of this Annual Report.

INFORMATION ABOUT APARTMENT COMMUNITIES

Community	Location	No. of Apt. Units	Year Compl	Date Acquired	Total Acreage	Total Rentable Area (Sq. Ft.)	Apartment Unit Type	
							1 BR	2 BR
Abbingtion Place	Greensboro, NC	360	1997	12/97	37.4	400,728	96	216
Allerton Place	Greensboro, NC	228	1998	9/98	19.2	241,842	54	126
Chason Ridge	Fayetteville, NC	252	1994	1/99	21.9	246,886	56	164
Harris Hill	Charlotte, NC	184	1988	12/94	18.4	167,920	67	117
Latitudes	Virginia Beach, VA	448	1989	10/94	24.9	358,700	269	159
Madison Hall	Clemmons, NC	128	1997	8/98	10.5	110,352	42	86

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Oak Hollow	Cary, NC	220	1983	7/98	30.0	215,960	56	164
Oakbrook	Charlotte, NC	162	1985	6/94	16.4	178,668	32	120
Paces Commons	Charlotte, NC	336	1988	6/93	24.8	322,046	154	142
Paces Village	Greensboro, NC	198	1988	4/96	15.5	167,886	88	110
Pepperstone	Greensboro, NC	108	1992	12/97	10.1	113,076	-	108
Savannah Place	Winston-Salem, NC	172	1991	12/97	15.4	182,196	44	128
Summerlyn Place	Burlington, NC	140	1998	9/98	12.1	156,756	48	84
Waterford Place	Greensboro, NC	240	1997	12/97	20.6	277,296	72	120
Woods Edge	Durham, NC	264	1985	6/98	32.4	268,620	66	198

Community acquired December 2000 (2):

Oak Hollow Ph 2	Cary, NC	240	1986	12/00	26.8	220,840	160	80
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Chrysson Community under purchase option (3):

Brookford Place	Winston-Salem, NC	108	2000	-	6.3	103,392	36	72
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Community	Location	No. of Apt. Units	Average Economic Occupancy Percent (1)			Average Monthly Revenue per Occupied Unit		
			2000	1999	1998	2000	1999	1998
Abbingtion Place	Greensboro, NC	360	96.3	92.9	93.6	\$764	\$757	\$781
Allerton Place	Greensboro, NC	228	95.3	94.9	94.8	778	788	804
Chason Ridge	Fayetteville, NC	252	96.2	95.8	-	659	659	-
Harris Hill	Charlotte, NC	184	94.5	96.7	96.0	728	733	720
Latitudes	Virginia Beach, VA	448	97.5	97.8	95.5	732	684	665
Madison Hall	Clemmons, NC	128	94.4	92.6	91.7	612	645	650
Oak Hollow	Cary, NC	220	96.6	95.5	95.9	722	717	728
Oakbrook	Charlotte, NC	162	95.6	95.3	95.9	783	779	775
Paces Commons	Charlotte, NC	336	94.8	95.9	93.2	717	710	705
Paces Village	Greensboro, NC	198	96.2	93.1	93.8	666	656	672
Pepperstone	Greensboro, NC	108	96.5	96.9	97.1	681	681	682
Savannah Place	Winston-Salem, NC	172	93.3	92.8	97.6	749	768	777
Summerlyn Place	Burlington, NC	140	96.1	93.2	94.0	798	804	846
Waterford Place	Greensboro, NC	240	95.9	95.3	92.4	857	846	867
Woods Edge	Durham, NC	264	97.2	94.4	95.6	751	731	742
Community acquired December 2000 (2):								
Oak Hollow Ph 2	Cary, NC	240	-	-	-	-	-	-
Chrysson Community under purchase option (3):								
Brookford Place	Winston-Salem, NC	108	-	-	-	-	-	-

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RESTAURANT PROPERTIES LOCATIONS

Virginia (28 properties)

Ashland

106 North Washington

Blackstone

North Main Street

Bluefield

701 South College Street

Chester

12401 Jefferson Davis Hwy.

Clarksville

916 Virginia Avenue

Clintwood

U.S. Highway 83

Dublin

208 College Avenue

Franklin

105 North Mechanic Street

Galax

425 Main Street

Hopewell

East City Point Road

Lebanon

Route 1

Lynchburg

8411 Timberlake Road

2231 Langhorne road

Norfolk

3908 Princess Anne Road

Orange

200 Madison Road

Petersburg

1865 Crater Road, South

Richmond

921 Myers Street

6850 Forest Hill Avenue

7917 Midlothian Pike

Roanoke

4407 Abenham Avenue SW

3401 Hollins Road

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Rocky Mount
322 Tanyard Road, NE

Smithfield
Smithfield Shopping Center

Staunton
1201 Greenville Avenue

Verona
160 East Route 612

Virginia Beach
4261 Holland Road
1951 Lynnhaven Parkway

Wise
US Highway 23, Business

North Carolina
(15 properties)

Bessemer City
Route 1

Burlington
2712 Alamance Road

Denver
Route 1

Eden
202 West Kings Highway

Fayetteville
3505 Ramsey Street
360 North Eastern Blvd.

Gastonia
816 East Franklin Street

Hillsborough
380 S. Churton Street

Kinston
200 West Vernon Street
1404 Richlands Street

Newton
South Ashe & North "D"

Siler City
Chatham Shopping Center

Spring Lake
400 South Main Street

Thomasville
1116 East Main Street

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Randolph Street

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ITEM 3. LEGAL PROCEEDINGS

We are a party to a variety of legal proceedings arising in the ordinary course of business. We do not expect any of these matters, individually and in aggregate, to have a material adverse impact on the company.

In the event a claim was successful, we believe that we are adequately covered by insurance and indemnification agreements. We have insurance coverage on each of our apartment communities. Our restaurant properties are subject to an indemnification agreement whereby Enterprises, the lessee, is responsible for all claims arising from a restaurant property. In addition, Enterprises is required to provide insurance, which identifies the company as a named insured, on each restaurant property. Each apartment property that we manage but do not own is covered by an insurance policy under which we are a named insured.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to a vote of security holders during the fourth quarter of fiscal year 2000.

ITEM X. EXECUTIVE OFFICERS OF THE REGISTRANT

We have set forth below a listing and brief biography of each of the executive officers of the company.

Name	Age	Position	Office
D. Scott Wilkerson	43	Director, President and Chief Executive Officer	October
Philip S. Payne	49	Director, Executive Vice President, Treasurer and Chief Financial Officer	October
Pamela B. Bruno	47	Vice President, Controller and Chief Accounting Officer	October
Douglas E. Anderson	53	Vice President, Secretary	April

D. Scott Wilkerson--Director, President and Chief Executive Officer. Mr. Wilkerson joined BT Venture Corporation in 1987 and served in various officer level positions, including Vice President of Administration and Finance and Vice President for Acquisitions and Development, before becoming President of BT Venture in January 1994. He was named our Chief Executive Officer in April 1995 and a Director in December 1997. From 1980 to 1986, Mr. Wilkerson was with Arthur Andersen LLP, in Charlotte, North Carolina, serving as tax manager from 1985 to 1986. His specialization was in the representation of real estate syndicators, developers and management companies. Mr. Wilkerson received a BS degree in accounting from the University of North Carolina at Charlotte in 1980. He is a licensed certified public accountant and licensed real estate broker. He serves on the boards of directors of the National Multifamily Housing Council and the Apartment Association of North Carolina, and he is the immediate past president of the Charlotte Apartment Association. He is active in various

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professional, civic and charitable activities.

Philip S. Payne--Director, Executive Vice President, Treasurer and Chief Financial Officer. Mr. Payne joined BT Venture Corporation in 1990 as Vice President of Capital Market Activities and became Executive Vice President and Chief Financial Officer of BT Venture in January 1993. He was named our Treasurer in April 1995 and a Director in December 1997. From 1987 to 1990, he was a principal in

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Payne Knowles Investment Group, a financial planning firm. From 1983 to 1987, he was a registered representative with Legg Mason Wood Walker. From 1978 to 1983, Mr. Payne practiced law, and he currently maintains his license to practice law in Virginia. He received a BS degree from the College of William and Mary in 1973 and a JD degree in 1978 from the same institution. Mr. Payne is a member of the Editorial Board of Real Estate Portfolio, a publication of the National Association of Real Estate Investment Trusts. He serves on the board of directors of the National Multifamily Housing Council.

Pamela B. Bruno--Vice President, Controller and Chief Accounting Officer. Ms. Bruno joined BT Venture Corporation in 1993 as Controller and became our Vice President and Chief Accounting Officer in October 1994. From 1984 to 1993, Ms. Bruno was with Ernst & Young LLP, in Charlotte, North Carolina, and Anchorage, Alaska, serving as audit manager from 1987 through 1993. She received a BS degree in accounting from the University of North Carolina at Charlotte in 1984. She is a licensed certified public accountant.

Douglas E. Anderson--Vice President and Secretary. Mr. Anderson has served as Vice President and Secretary since our inception in 1987. He has been with Enterprises since 1977 and is currently a director, executive vice president and secretary of Enterprises. Mr. Anderson is also president of BNE Land and Development Company, the real estate development division of Enterprises. He serves as a director of Wachovia Bank of Rocky Mount, North Carolina. In addition, he serves on the Board of Visitors of the Lineberger Comprehensive Cancer Center in Chapel Hill, North Carolina. He received a BS degree in finance and accounting from the University of North Carolina at Chapel Hill in 1970.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Market Information and Dividends

Our common stock is traded on the American Stock Exchange under the symbol "BNP." There were approximately 1,500 shareholders of record on March 19, 2001. The table below shows, for the periods indicated, the range of high, low, and closing sale prices of our common stock as reported by the American Stock Exchange and the dividends paid per share. As of March 19, 2001, the closing price of the company's common stock was \$9.95 per share.

		Stock Price		Di
High	Low	Close	Pe	
-----	-----	-----	-----	

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2000

Fourth quarter	\$ 8.75	\$ 7.25	\$ 7.50
Third quarter	9.125	8.00	8.50
Second quarter	9.25	7.875	8.375
First quarter	10.625	7.75	7.75

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	High	Stock Price Low	Close	Pe
1999				
Fourth quarter	\$10.00	\$ 8.00	\$ 8.375	
Third quarter	11.6875	9.50	10.00	
Second quarter	11.75	10.875	11.50	
First quarter	11.875	10.50	11.375	

We have paid regular quarterly dividends to holders of our common stock since our inception, and we intend to continue to do so. We anticipate that we will pay all dividends from current funds from operations. We expect distributions to substantially exceed the 90% annual distribution requirement for a REIT.

We have a dividend reinvestment plan that is available to all shareholders of record. Under this plan, as amended in July 1996, the plan administrator, First Union National Bank of North Carolina, reinvests dividends on behalf of plan participants in our common stock. First Union will either issue new shares or purchase shares on the open market, at our direction. In addition, shareholders who participate in the plan may elect to make direct cash investments or supplement their reinvestment program with additional cash investments of any amount from \$25 to \$10,000 per quarter. Participants do not pay any commissions on stock purchased under the plan.

Sales of Unregistered Securities

There were no sales of unregistered securities in 2000.

ITEM 6. SELECTED FINANCIAL DATA

We present below selected financial information. We encourage you to read the financial statements and the notes accompanying the financial statements in this Annual Report. This information is not intended to be a replacement for the financial statements.

This financial information includes all apartment communities and restaurant properties that we owned. While the number of restaurant properties has generally remained constant, you should note in reviewing this information that we acquired apartment properties throughout the periods presented. Therefore, the information is not comparable between periods.

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	Year ended December 31			
	2000	1999	1998	1997
(in thousands, except per share and property data)				
Operating data:				
Revenue:				
Apartment rental income	\$ 29,269	\$ 28,608	\$ 21,925	\$ 11,197
Restaurant rental income	4,162	4,339	4,500	4,500
Equity and other income	427	510	715	555
Total revenue	33,858	33,457	27,140	16,251
Expenses:				
Depreciation	7,156	6,956	5,406	2,686
Amortization	579	569	531	580
Apartment operations	9,766	9,423	6,817	3,415

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	Year ended December 31			
	2000	1999	1998	1997
(in thousands, except per share and property data)				
Corporate administration	2,391	2,352	1,697	1,131
Costs of terminated equity transaction	237	-	-	-
Interest	11,151	10,703	8,209	6,487
Total expenses	31,280	30,003	22,660	14,299
Income before minority interest of Unitholders	2,578	3,454	4,480	1,953
Minority interest in Operating Partnership	595	728	742	39
Income before extraordinary item	\$ 1,983	\$ 2,726	\$ 3,738	\$ 1,913
Net income	\$ 1,983	\$ 2,726	\$ 3,686	\$ 1,730
Basic earnings per share (1)	\$ 0.35	\$ 0.46	\$ 0.62	\$ 0.54
Diluted earnings per share (1)	\$ 0.35	\$ 0.46	\$ 0.62	\$ 0.52
Dividends per share	\$ 1.24	\$ 1.24	\$ 1.24	\$ 1.24
Balance Sheet data:				
Real estate assets (before accumulated depreciation)				
Apartment communities	\$ 217,818	\$ 203,365	\$ 188,539	\$ 128,050
Restaurant properties	39,702	40,545	43,205	43,205
Real estate assets, net	224,705	217,984	212,192	157,108

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Total assets	230,691	224,270	221,121	166,112
Total debt	163,612	150,883	140,524	93,436
Minority interest	19,737	21,317	20,681	12,346
Shareholders' equity	44,548	49,896	56,749	55,785

Apartment Property data:

Apartment communities				
owned at year end	15	15	14	9
Apartment units owned				
at year end	3,680	3,440	3,188	2,208
Average apartment				
economic occupancy	95.9%	95.1%	94.7%	95.3%
Average monthly revenue				
per occupied unit	\$ 737	\$ 729	\$ 737	\$ 698

Other data:

EBITDA	\$ 21,463	\$ 21,682	\$ 18,626	\$ 11,706
Funds from operations (2)	10,139	10,816	10,292	4,916
Funds available				
for distribution (2)	9,243	9,868	9,660	4,844
Net cash provided by				
(used in):				
Operating activities	\$ 10,854	\$ 10,919	\$ 9,420	\$ 5,007
Investing activities	(13,407)	111	(43,862)	(48,095)
Financing activities	3,177	(11,089)	32,473	44,705

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	Year ended December 31			
	2000	1999	1998	1997
(in thousands, except per share and property data)				
Weighted average number of				
shares outstanding	5,708	5,973	5,924	3,180
Weighted average number of				
Operating Partnership minority				
units outstanding	1,711	1,601	1,192	81

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion contains forward-looking statements within the meaning of federal securities law. You can identify such statements by the use of forward-looking terminology, such as "may," "will," "expect," "anticipate," "estimate," "continue" or other similar words. These statements discuss future expectations, contain projections of results of operations or of financial condition or state other "forward-looking" information.

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Although we believe that our plans, intentions, and expectations

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reflected in or suggested by these forward-looking statements are reasonable, we cannot assure you that we will achieve our plans, intentions or expectations. When you consider such forward-looking statements, you should keep in mind the following important factors that could cause our actual results to differ materially from those contained in any forward-looking statement:

- o our markets could suffer unexpected increases in the development of apartment, other rental, or competitive housing alternatives;
- o general economic conditions could cause the financial condition of a large number of our tenants to deteriorate;
- o we may not be able to complete development, acquisition or joint venture projects as quickly or on as favorable terms as anticipated;
- o we may not be able to lease or re-lease apartments quickly or on as favorable terms as under existing leases;
- o we may have incorrectly assessed the environmental condition of our properties;
- o an unexpected increase in interest rates could increase our debt service costs;
- o we may not be able to meet our long term liquidity requirements on favorable terms;
- o we could lose key executive officers; and
- o our concentrated markets may suffer an unexpected decline in economic growth or increase in unemployment rates.

Given these uncertainties, we caution you not to place undue reliance on forward-looking statements. We undertake no obligation to publicly release the results of any revision to these forward-looking statements that may be made to reflect any future events or circumstances or to reflect the occurrence of unanticipated events.

You should read the discussion in conjunction with the financial statements and notes thereto included in this Annual Report.

Results of Operations

2000 Compared to 1999

Revenues

Total revenue in 2000 was \$33.9 million, an increase of 1.2% compared to 1999. Apartment rental income accounted for 86.4% of our total revenue in 2000 compared to 85.5% in 1999.

Apartment rental income in 2000 was \$29.3 million, an increase of 2.3% compared to 1999. This increase reflects improvements in both occupancy and average rental rates in 2000. Average economic occupancy for all apartments was 95.9% in 2000 compared to 95.1% in 1999. Average monthly revenue per occupied unit for all apartments was \$737 in 2000 compared to \$729 in 1999. These comparisons reflect the results for all 3,440 apartments in operation through the entire 12 months of both

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2000 and 1999. (Our acquisition of Oak Hollow Apartments - Phase 2 took place in late December 2000.)

Apartment rental income was consistent with our expectations in 2000. Our apartment communities continue to show improved occupancy and rental rates despite the fact that we operate in some of the most competitive apartment markets in the United States.

With the exception of Virginia Beach, Virginia, significant new apartment construction over the past few years has resulted in an oversupply of apartments in our markets. While the majority of the new apartment communities are asking for rents that are higher than those we receive at our communities, the discounting and specials offered by these new communities as they compete for occupancy limits our ability to significantly raise rents at our communities.

As a result, we do not expect any significant improvement in our apartment markets in 2001. In light of this, we will continue to emphasize occupancy as a means of maximizing cash flow from our apartment communities. We will also strive to maintain our competitive position by keeping the apartment communities in an excellent state of repair and by making selective improvements. We believe that we have good properties in excellent locations, and that we are well positioned to compete effectively in our markets.

Restaurant rental income in 2000 was \$4.2 million, a decrease of 4.1% compared to 1999. Restaurant rental income accounted for 12.3% of our total revenue in 2000 compared to 13.0% in 1999. The decrease in restaurant rental income is due to the sales of three restaurant properties in June 1999 and one restaurant property in June 2000. The four restaurants were sold to Enterprises, the lessee, under the non-economic clause of an agreement that allows Enterprises to close up to seven restaurants and buy them back for no less than net carrying value. We received approximately \$644,000 as a result of the June 2000 restaurant closing. In January 2001, Enterprises notified us of its intention to close and buy back one additional restaurant in May 2001.

Under the lease, restaurant rental payments are the greater of a specified minimum rent or 9.875% of food sales. Prior to the sales of the four restaurants, the minimum rent was \$4,500,000 per year. The minimum rent is reduced by approximately \$96,000 per year for each restaurant that is sold. Restaurant rental income in both 2000 and 1999 was the minimum rent specified in the lease agreement.

"Same store" sales (for our 43 restaurants that were open through the entire 12 months of both 2000 and 1999) declined by 3.6% in 2000 compared to 1999. Sales at these stores would have to increase by approximately 8% before we would receive rent exceeding the minimum rent.

Interest and other income decreased by 16.3% to \$427,000 in 2000 as compared to 1999. This decrease is primarily attributable to a \$47,000 reduction in interest income due to repayment in February 2000 of \$525,000 in principal on a note receivable from a joint venture partnership. Our interest in the net income of the Management Company was \$131,000 in 2000 compared to \$123,000 in 1999.

Effective January 1, 2001, we acquired the minority 5% economic interest and 99% voting interest in the Management Company. Going forward, we will include the revenues and expenses of our third-party management activities in our consolidated revenue and expense amounts. We do not expect this change to have a significant effect on our financial position, operating results or cash flows in future periods.

Expenses

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Total expenses, including non-cash charges for depreciation and amortization, in 2000 were \$31.3 million, an increase of 4.3% compared to 1999.

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Apartment operations expense was \$9.8 million in 2000, an increase of 3.6% compared to 1999. Apartment operations expense represented 33.4% of related apartment rental income, compared to 32.9% in 1999. This increase is primarily attributable to higher costs for compensation of on-site staff, taxes, and property insurance.

We reclassified certain 1999 and 1998 expenses from Apartment operations expense to Administrative expense to conform to our current classification. Amounts included in Apartment operations expense in this Annual Report represent only direct costs of on-site operations for all years presented. The amounts we reclassified were approximately \$600,000 for 1999 and \$364,000 for 1998.

Operating expenses for restaurant properties are insignificant because the restaurant properties' triple-net lease arrangement requires the lessee to pay virtually all of the expenses associated with the restaurant properties.

Administrative expense was \$2.4 million in 2000, an increase of 1.7% compared to 1999. We include our apartment property management costs as well as corporate expenses in this line item. Administrative costs were in line with management's expectations.

During 2000, we entered into negotiations for a private equity transaction. The company terminated those negotiations during the fourth quarter of 2000, and we recorded a charge of \$237,000 for those costs. Because this is a significant and non-recurring charge, we have reported this charge as a separate line item in our statement of operations.

Depreciation and amortization totaled \$7.7 million in 2000, an increase of 2.8% compared to 1999. These increases reflect the impact of additions and replacements at apartment communities.

Interest expense was \$11.2 million in 2000, an increase of 4.2% compared to 1999. This increase is primarily attributable to the approximate 0.75% increase in variable interest rates during the first half of 2000. Overall, weighted average interest rates were 7.3% in 2000 compared to 7.2% in 1999.

Net income

Net income available to common shareholders in 2000 was \$2.0 million, a decrease of 27.3% compared to 1999. Operating Partnership earnings before depreciation and amortization in 2000 were \$10.3 million, a decrease of 6.1%, while non-cash charges for depreciation and amortization totaled \$7.7 million, an increase of 2.8%, compared to 1999. The minority interest in Operating Partnership earnings in 2000 was \$595,000, a decrease of 18.3% compared to 1999.

Net income per share for the year 2000 was \$0.35 compared to \$0.46 for 1999. The decline in net income was primarily due to increases in interest expense, decrease in restaurant rental income, increases in non-cash charges for depreciation and amortization, and the significant non-recurring charge for the terminated equity transaction.

1999 Compared to 1998

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Revenues

Total revenue in 1999 was \$33.5 million, an increase of 23.3% over 1998. This increase is primarily attributable to apartment community acquisitions in 1998 and January 1999. Apartment rental income accounted for 85.5% of our total revenue in 1999 compared to 80.8% in 1998.

Apartment rental income in 1999 was \$28.6 million, an increase of 30.5% over 1998. This increase is primarily the result of apartment community acquisitions. Average economic occupancy for all

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apartments was 95.1% in 1999 and 94.7% in 1998. Average monthly revenue per occupied unit for all apartments was \$729 in 1999 and \$737 in 1998.

On a same-units basis, rental income for apartments owned throughout both years increased 0.3%. Average economic occupancy for these units was 95.3% for 1999 and 94.6% in 1998. Average monthly revenue per occupied unit for these units was \$732 in 1999 and \$735 in 1998.

Restaurant rental income in 1999 was \$4.3 million, a decrease of 3.6% compared to 1998. Restaurant rental income was the minimum rent for both 1999 and 1998. The decline in rental income was the result of the sale of three restaurants in 1999. Excluding the three restaurants that were sold during 1999, restaurant food sales declined 3.1% for the year.

Interest and other income decreased by 28.7% to \$510,000 in 1999 as compared to 1998. This decrease is primarily attributable to a \$210,000 reduction in interest income due to repayment in February 1999 of \$2.0 million in principal on a note receivable from a joint venture partnership. Our interest in the net income of the Management Company was \$123,000 in 1999 compared to \$115,000 in 1998.

Expenses

Total expenses in 1999 were \$30.0 million, an increase of 32.4% over 1998. This increase is primarily due to apartment community acquisitions in 1998 and early 1999.

Apartment operations expense was \$9.4 million in 1999, an increase of 38.2% compared to 1998. This increase reflects the impact of apartment acquisitions in 1998 and early 1999 as well as higher operating costs. Apartment operations expense totaled 32.9% of related rental income in 1999 compared to 31.1% in 1998. On a same-units basis, operations expense for apartments owned throughout both years increased 3.9% in 1999 compared to 1998.

We reclassified certain 1999 and 1998 expenses from Apartment operations expense to Administrative expense to conform to our current classification. Amounts included in Apartment operations expense in this Annual Report represent only direct costs of on-site operations for all years presented. The amounts we reclassified were approximately \$600,000 for 1999 and \$364,000 for 1998.

Apartment operations expenses were generally in line with management's expectations. The increase in apartment operations expense as a percent of related income is primarily attributable to shortfalls in rental income. Increases in on-site personnel compensation, taxes and insurance further increased apartment operations expense as a percent of related income.

Operating expenses for restaurant properties are insignificant because

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the restaurant properties' triple-net lease arrangement requires the lessee to pay virtually all of the expenses associated with the restaurant properties.

Administrative expense was \$2.4 million in 1999, a 38.6% increase compared to 1998. We include our apartment property management costs as well as corporate expenses in this line item. The increase in administrative costs is generally attributable to additional management and administrative staff and overhead costs corresponding to the addition of apartment communities. In addition, legal and professional fees expense totaled \$269,000 in 1999 compared to \$198,000 in 1998, reflecting the increased complexity and costs associated with administration of our UpREIT structure.

The increases in depreciation and amortization expense are primarily attributable to the addition of apartment communities. Depreciation expense was \$7.0 million in 1999, an increase of 28.7% compared to 1998. For apartment communities owned throughout both years, depreciation expense increased 3.8%, reflecting the impact of additions and replacements at those communities.

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Interest expense was \$10.7 million in 1999, an increase of 30.4% compared to 1998. This increase reflects the effect of increased debt related to apartment acquisitions in 1998 and early 1999. We were able to obtain favorable rates, fixed at rates ranging from 6.345% to 6.650% on new debt issues in the second half of 1998, which resulted in weighted average interest rates of 7.2% in 1999 compared to 7.5% in 1998.

Net income

Net income available to common shareholders in 1999 was \$2.7 million, a decrease of 26.0% compared to 1998. Operating Partnership earnings before depreciation and amortization in 1999 were \$11.0 million, an increase of 5.4%, while non-cash charges for depreciation and amortization totaled \$7.5 million, an increase of 26.8% compared to 1998. The minority interest in Operating Partnership earnings in 1999 was \$728,000, a decrease of 1.9% compared to 1998.

Funds from Operations

Funds from operations and funds available for distribution are defined in footnote 2 on page 14. We calculated funds from operations as follows (all amounts in thousands):

	2000	1999
Income before minority interest and extraordinary item	\$ 2,577	\$ 3,454
Depreciation	7,156	6,956
Amortization of management intangible	406	406
Funds from operations - Operating Partnership	\$ 10,139	\$ 10,816

A reconciliation of funds from operations to funds available for distribution follows (all amounts in thousands):

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	2000	1999
Funds from operations - Operating Partnership	\$10,139	\$10,816
Amortization of loan costs	173	163
Recurring capital expenditures	(1,070)	(1,111)
Funds available for distribution	\$ 9,243	\$ 9,868

A further reconciliation of funds from operations of the Operating Partnership to basic funds from operations available to common shareholders follows (all amounts in thousands):

	2000	1999
Funds from operations - Operating Partnership	\$10,139	\$10,816
Minority interest in funds from operations	(2,339)	(2,280)
Basic funds from operations available to common shareholders	\$ 7,801	\$ 8,537

Other information about our historical cash flows follows (all amounts in thousands):

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	2000	1999
Net cash provided by (used in)		
Operating activities	\$ 10,854	\$ 10,919
Investing activities	(13,407)	111
Financing activities	3,177	(11,089)
Dividends and distributions paid to		
Shareholders	\$ 7,077	\$ 7,421
Minority unitholders in Operating Partnership	2,102	1,942
Scheduled debt principal payments	\$ 332	\$ 547
Non-recurring capital expenditures		
Acquisition improvements and replacements	297	819
Other apartment property improvements	755	486
Weighted average common shares outstanding	5,708	5,973
Weighted average Operating Partnership minority units outstanding	1,711	1,601

Funds from operations in 2000 (before deduction for minority interest)

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totaled \$10.1 million, a decrease of 6.3% compared to \$10.8 million in 1999. The modest increase in contribution from apartment operations was not adequate to offset increases in interest expense, decrease in restaurant rental income, or the significant non-recurring costs of a terminated equity transaction. We operated the same 3,440 apartment units throughout both 2000 and 1999. Funds from operations in 1999 (before deduction for minority interest) increased 5.1% compared to 1998, reflecting the impact of 1998 additions to our apartment portfolio.

Funds available for distribution totaled \$9.2 million in 2000, a decrease of 6.3% compared to 1999. Funds available for distribution totaled \$9.9 million in 1999, an increase of 2.2% compared to 1998. The variance in increases in funds available for distribution compared to increases in funds from operations reflects the impact of recurring capital expenditures for major capital maintenance costs at our older communities. Recurring capital expenditures averaged \$311 per apartment unit in 2000, \$323 per unit in 1999, and \$290 per unit in 1998.

Capital Resources and Liquidity

Capital Resources

In December 2000, we acquired an apartment community for a total cost of approximately \$12.4 million, paid in cash. We financed this acquisition with a \$9.7 million draw on a variable-rate loan secured by a deed of trust on the community and \$2.7 million draws on our lines of credit. In addition, during 2000, we made draws totaling \$1.2 million on our lines of credit to fund capital improvements at our apartment properties and to redeem common stock and Operating Partnership minority units.

In June 2000, we received approximately \$644,000 proceeds from the sale of a restaurant. We applied this cash to fund capital improvements at our apartment properties.

In January 1999, we acquired an apartment community for a total cost of approximately \$12.5 million. In conjunction with this acquisition, we made cash payments totaling approximately \$1.8 million, and assumed long term debt and related liabilities totaling \$10.7 million. We financed this acquisition through draws on our line of credit.

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In December 1998, we established a share buy-back program that authorized the repurchase and retirement of up to 300,000 shares of our common stock. During the fourth quarter of 1999, we repurchased and retired approximately 272,000 shares of our common stock at a cost of approximately \$2.5 million. In early 2000, we repurchased and retired approximately 28,000 shares of our common stock at a cost of approximately \$255,000.

During 1999, we made draws totaling \$9.0 million on our line of credit that is secured by our restaurant properties. We applied these funds toward our apartment acquisition, the buyback of common stock, and to retire a \$6.1 million note payable to an affiliate.

During 1999, we also entered into a line of credit arrangement that is secured by a deed of trust on Latitudes Apartments. We applied a \$12.7 million draw against this line of credit to retire a fixed rate deed of trust loan secured by Latitudes Apartments.

During June through September 1998, we acquired five apartment

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communities for a total cost of approximately \$59.3 million. In conjunction with these acquisitions, we issued Operating Partnership units with an imputed value of approximately \$8.0 million. We financed these acquisitions through assumption or issue of fixed rate deed of trust loans totaling \$39.3 million and draws on our line of credit totaling \$12.0 million.

In December 1997 and January 1998, we issued 2.7 million shares of our common stock through a common stock offering. In January 1998, we received \$2.6 million over-allotment proceeds from this offering, which we applied to pay down existing debt.

During 1999 and 1998, we issued 67,000 shares of our common stock through our Dividend Reinvestment and Stock Purchase Plan. In addition, during 1998, we issued 109,000 shares of our common stock to affiliates for additional consideration and to retire debt related to previous acquisitions.

During 1999, 1998 and 1997, we issued 1.7 million Operating Partnership units in conjunction with acquisitions of apartment communities. Holders of Operating Partnership units will generally be able to redeem their units for cash or, at our option, for shares of our common stock on a one-for-one basis after one year following issuance.

We intend to pursue our growth strategy through the utilization of our flexible capital structure. This may include the issuance of Operating Partnership units, common stock and/or preferred stock, additional debt, and joint venture investments. We may use our lines of credit or fixed rate, long-term debt to acquire apartment communities.

Cash Flows and Liquidity

Net cash flows from operating activities were \$10.9 million in 2000 and 1999, and \$9.4 million in 1998. Investing and financing activities focused primarily on apartment acquisitions and capital expenditures at apartment communities, along with payments of dividends and distributions.

We capitalize expenditures to acquire new assets, to materially enhance the value of existing assets, or to substantially extend the useful life of existing assets. All floor covering, appliance, and HVAC replacements, as well as major capital maintenance expenditures are capitalized. We have generally funded recurring capital expenditures for apartment properties from cash provided by operating activities.

We paid dividends of \$0.31 per share per quarter in each quarter of 2000, 1999, and 1998. Our dividend payout ratio (the ratio of dividends plus distributions paid to Operating Partnership funds from operations) was 90.5% in 2000, 86.6% in 1999, and 85.5% in 1998. We intend to pay dividends

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quarterly, expect that these dividends will substantially exceed the 90% distribution requirement for REITs, and anticipate that all dividends will be paid from current funds from operations.

Short- and Long-term Liquidity Requirements

At December 31, 2000, total long-term debt was \$163.6 million, including \$116.4 million of notes payable at fixed interest rates ranging from 6.345% to 8.55%, and \$47.2 million at variable rates indexed on 30-day LIBOR rates. The weighted average interest rate on debt outstanding was 7.5%. A 1% fluctuation in variable interest rates would increase or decrease our annual interest expense by approximately \$480,000.

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A summary of scheduled principal payments on long-term debt is included in the notes to the financial statements in this Annual Report. Significant scheduled balloon payments include maturities of:

- o Our line of credit secured by deeds of trust and assignment of rents of 43 restaurants, due January 2002 (\$23.3 million outstanding at December 31, 2000);
- o Our lines of credit secured by a deed of trust and assignment of rents of Latitudes Apartments, due December 2004 (up to \$19.6 million, \$14.2 million outstanding at December 31, 2000);
- o Our deed of trust loan for Oak Hollow Apartments - Phase 2, due December 2004 (up to \$11.7 million for acquisition and renovation construction, \$9.7 million outstanding at December 31, 2000).

We continue to produce sufficient cash flow to fund our regular dividend. However, any number of unforeseen events, or a combination of such events (for example, a substantial decline in apartment operations, a substantial increase in short-term interest rates, or the sale of the restaurant properties or other assets), might necessitate a reduction in the current dividend.

We generally expect to meet our short-term liquidity requirements through net cash provided by operations and utilization of credit facilities. We believe that net cash provided by operations is, and will continue to be, adequate to meet the REIT operating requirements in both the short and the long term. We anticipate funding our future acquisition activities primarily by using short-term credit facilities as an interim measure, to be replaced by funds from equity offerings, long-term debt, or joint venture investments. We expect to meet our long-term liquidity requirements, such as scheduled debt maturities and repayment of short term financing of possible property acquisitions, through long term secured and unsecured borrowings and the issuance of debt securities or additional equity securities. We believe we have sufficient resources to meet our short-term liquidity requirements.

We received approximately 12.3% of our revenue in 2000, compared to 13.0% in 1999 and 16.6% in 1998, from Enterprises' payment of rent for the use of our restaurant properties. In addition, Enterprises is responsible for all of the costs associated with the maintenance and operations of these properties. Over time, we expect that restaurant rental income will continue to represent a decreasing percentage of our total revenue.

Under our current line of credit agreement, Enterprises has the right to purchase, under specified terms, up to three additional restaurants deemed "non-economic" for no less than net carrying value. The annual minimum rent would be reduced by approximately \$96,000 for each restaurant. We would receive sale proceeds of the greater of net carrying value or fair value. As of December 31, 2000, the average net book value of the restaurant properties was approximately \$695,000. We would most likely apply sale proceeds to reduce outstanding debt on our line of credit. In January 2001, we received notification of Enterprises' intention to purchase one additional restaurant property in May 2001.

Enterprises is a privately owned company with total assets exceeding \$230 million and net equity exceeding \$75 million. Enterprises' principal line of business is the operation of approximately 330 Hardee's restaurants. In addition to its Hardee's operations, Enterprises is the franchisor of Texas

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Steakhouse and Saloon, a casual dining concept with 25 restaurants. Of these, Enterprises owns and operates 13 restaurants, and 12 are owned and operated by franchisees. Enterprises also conducts extensive real estate investment and development activities through BNE Land and Development. These activities involve a full range of property types, including land, commercial, retail, office, apartment and single-family properties. We have had extensive discussions with management of Enterprises and have reviewed Enterprises' financial statements, cash flow analysis, restaurant contribution analysis, sales trend analysis and projections. We believe that Enterprises will have sufficient liquidity and capital resources to meet its obligations under the master lease as well as its general corporate operating needs.

Inflation

We do not believe that inflation poses a material risk to the company. The leases at our apartment properties are short term in nature. None are longer than two years. The restaurant properties are leased on a triple-net basis, which places the risk of rising operating and maintenance costs on the lessee.

Environmental Matters

Phase I environmental studies performed on the apartment communities when we acquired each of them did not identify any problems that we believe would have a material adverse effect on our results of operations, liquidity or capital resources. Environmental transaction screens for each of the restaurant properties in 1995 did not indicate existence of any environmental problems that warranted further investigation. Enterprises has indemnified us for environmental problems associated with the restaurant properties under the master lease.

Recently Issued Accounting Standards

In June 1998, the Financial Accounting Standards Board issued Statement No. 133, Accounting for Derivative Instruments and Hedging Activities. This Statement, as amended by Statement No. 137 and Statement No. 138, must be adopted in years beginning after June 15, 2000. The Statement will require the recognition of all derivatives on our consolidated balance sheet at fair value. We do not anticipate that the adoption of this Statement will have a material impact on our results of operations or financial position.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

A summary of long-term debt as of December 31, 2000 and 1999, is included in the notes to the financial statements in this Annual Report. At December 31, 2000, total long-term debt was \$163.6 million, including \$116.4 million notes payable at fixed interest rates ranging from 6.35% to 8.55%, and \$47.2 million at variable rates indexed on 30-day LIBOR rates. The weighted average interest rate on debt outstanding was 7.5% at December 31, 2000, and 7.2% at December 31, 1999. A 1% change in variable interest rates would increase or decrease our annual interest expense by approximately \$480,000.

The table below provides information about our long-term debt instruments and presents expected principal maturities and related weighted average interest rates on those instruments (all amounts in thousands):

Expected maturity dates					Later
2001	2002	2003	2004	2005	
-----	-----	-----	-----	-----	-----

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Fixed rate notes	\$ 380	\$ 414	\$ 449	\$ 487	\$5,952	\$108,680
Average interest rate	7.98%	7.98%	7.98%	7.98%	8.50%	7.00%

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	Expected maturity dates					
	2001	2002	2003	2004	2005	Later
Variable rate notes	-	23,330	-	23,919	-	-
Average interest rate		8.41%		8.61%		

We estimate the fair value of fixed rate and variable rate notes using discounted cash flow analysis, based on our current incremental borrowing rates for similar types of borrowing arrangements. The fair value of our notes payable at December 31, 2000, totaled approximately \$163.3 million.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The financial statements and supplementary data are listed under Item 14(a) and filed as part of this Annual Report on the pages indicated.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The section under the heading "Election of Directors" of the Proxy Statement for Annual Meeting of Shareholders to be held May 24, 2001, (the "Proxy Statement") is incorporated herein by reference for information on Directors of the Registrant. See Item X in Part I of this Annual Report for information regarding Executive Officers of the Registrant.

ITEM 11. EXECUTIVE COMPENSATION

The section under the heading "Election of Directors" entitled "Compensation of Directors" of the Proxy Statement and the section entitled "Executive Compensation" of the Proxy Statement are incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The section under the heading "Security Ownership of Certain Beneficial Owners and Management" of the Proxy Statement is incorporated herein by

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reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The section entitled "Certain Relationships and Related Transactions" of the Proxy Statement is incorporated herein by reference.

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PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

(a) 1. and 2. Financial Statements and Schedules

The financial statements and schedules listed below are filed as part of this Annual Report on the pages indicated.

Index to Financial Statements	Page
Financial Statements and Notes:	
Report of Independent Auditors	28
Consolidated Balance Sheets as of December 31, 2000 and 1999	29
Consolidated Statements of Operations for the Years Ended December 31, 2000, 1999, and 1998	30
Consolidated Statements of Shareholders' Equity for the Years Ended December 31, 2000, 1999, and 1998	31
Consolidated Statements of Cash Flows for the Years Ended December 31, 2000, 1999, and 1998	32
Notes to Consolidated Financial Statements	33
Schedules:	
Schedule III - Real Estate and Accumulated Depreciation	44

The financial statements and schedules are filed as part of this report. All other schedules are omitted because they are not applicable or the required information is included in the financial statements or notes thereto.

(a) 3. Exhibits

The Registrant agrees to furnish a copy of all agreements related to long-term debt upon request of the Commission.

Exhibit No.

- | | |
|------|--|
| 2.1* | Master Agreement of Merger and Acquisition by and among BNP Residential Properties, Inc., BNP Residential Properties Limited Partnership, Paul G. Chrysson, James G. Chrysson, W. Michael Gilley, Matthew G. Gallins, James D. Yopp, and the partnerships and limited liability companies listed therein, dated September 22, 1997 (filed as Exhibit 2.1 to Registration Statement No. 333-39803 on Form S-2, December 16, 1997, and incorporated herein by reference) |
| 2.2* | Amendment to Master Agreement of Merger and Acquisition dated September 22, 1997, by and among BNP Residential Properties, Inc., BNP Residential Properties Limited Partnership, Paul G. Chrysson, James G. Chrysson, W. Michael Gilley, |

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- Matthew G. Gallins, James D. Yopp, and the partnerships and limited liability companies listed therein, dated November 3, 1997 (filed as Exhibit 2.3 to BNP Residential Properties, Inc. Current Report on Form 8-K dated December 1, 1997, and incorporated herein by reference)
- 3.1* Articles of Incorporation (filed as Exhibit 3.1 to BNP Residential Properties, Inc., Current Report on Form 8-K dated March 17, 1999, and incorporated herein by reference)
- 3.2* By-Laws (filed as Exhibit 3.2 to BNP Residential Properties, Inc., Current Report on Form

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- 4* 8-K dated March 17, 1999, and incorporated herein by reference) Rights Agreement, dated March 18, 1999, between the Company and First Union National Bank (filed as Exhibit 4 to BNP Residential Properties, Inc. Current Report on Form 8-K dated March 17, 1999, and incorporated herein by reference)
- 10.1* Amended and Restated Agreement of Limited Partnership of BNP Residential Properties Limited Partnership (filed as Exhibit 10.1 to BNP Residential Properties, Inc. Annual Report on Form 10-K dated December 31, 1998, and incorporated herein by reference)
- 10.2* Amended and Restated Master Lease Agreement dated December 21, 1995, between BNP Residential Properties, Inc. and Boddie-Noell Enterprises, Inc. (filed as Exhibit 10.1 to BNP Residential Properties, Inc. Annual Report on Form 10-K dated December 31, 1995, and incorporated herein by reference)
- 10.3* BNP Residential Properties, Inc. 1994 Stock Option and Incentive Plan effective August 4, 1994, and amended effective May 15, 1998 (filed as an exhibit in Schedule 14A of Proxy Statement dated April 13, 1998, and incorporated herein by reference)
- 10.4* Form and description of Employment Agreements dated July 15, 1997, between BNP Residential Properties, Inc. and certain officers (filed as Exhibit 10 to BNP Residential Properties, Inc. Quarterly Report on Form 10-Q for the quarter ended September 30, 1997, and incorporated herein by reference)
- 21 Subsidiaries of the Registrant
- 23 Consent of Ernst & Young LLP

* Incorporated herein by reference

(b) Reports on Form 8-K - None.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

BNP RESIDENTIAL PROPERTIES, INC.

Date: March 28, 2001

/s/ Philip S. Payne

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Philip S. Payne
Executive Vice President and
Chief Financial Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature:	Title:	Date:
/s/ D. Scott Wilkerson D. Scott Wilkerson	President and Chief Executive Officer, Director	March 28, 2001
/s/ Philip S. Payne Philip S. Payne	Executive Vice President, Treasurer and Chief Financial Officer, Director	March 28, 2001
/s/ Pamela B. Bruno Pamela B. Bruno	Vice President, Controller and Chief Accounting Officer	March 28, 2001
/s/ B. Mayo Boddie B. Mayo Boddie	Chairman of the Board of Directors	March 28, 2001
/s/ Stephen R. Blank Stephen R. Blank	Director	March 28, 2001
/s/ Paul G. Chrysson Paul G. Chrysson	Director	March 28, 2001
/s/ W. Michael Gilley W. Michael Gilley	Director	March 28, 2001
/s/ William H. Stanley William H. Stanley	Director	March 28, 2001

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Report of Independent Auditors

Board of Directors and Stockholders
BNP Residential Properties, Inc.

We have audited the accompanying consolidated balance sheets of BNP Residential Properties, Inc. as of December 31, 2000 and 1999, and the related consolidated statements of income, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2000. Our audits also included the financial statement schedule listed in the Index at Item 14(a). These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

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We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of BNP Residential Properties, Inc. at December 31, 2000 and 1999, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2000, in conformity with accounting principles generally accepted in the United States. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

/s/ ERNST & YOUNG LLP

Raleigh, North Carolina
January 5, 2001

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BNP RESIDENTIAL PROPERTIES, INC. Consolidated Balance Sheets

	Dece 2000

Assets	
Real estate investments at cost:	
Apartment properties	\$217,818,208
Restaurant properties	39,702,060

	257,520,268
Less accumulated depreciation	(32,815,205)

	224,705,063
Cash and cash equivalents	1,056,052
Prepaid expenses and other assets	1,510,541
Investment in and advances to Management Company	714,892
Notes receivable	100,000
Other assets, net of accumulated amortization:	
Intangible related to acquisition of management operations	1,521,288
Deferred financing costs	1,083,560

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Total assets	\$230,691,396
Liabilities and Shareholders' Equity	
Mortgage and other notes payable	\$163,611,737
Accounts payable and accrued expenses	149,412
Accrued interest on mortgage and other notes payable	794,836
Escrowed security deposits and deferred revenue	383,626
Deferred cable equipment rental revenue	800,000
Deferred credit for interest defeasance	666,688
	166,406,299
Minority interest in Operating Partnership	19,737,035
Shareholders' equity:	
Common stock, \$.01 par value, 100,000,000 shares authorized,	
5,706,950 shares issued and outstanding at December 31, 2000	
5,734,906 shares issued and outstanding at December 31, 1999	57,069
Additional paid-in capital	69,707,155
Dividend distributions in excess of net income	(25,216,162)
Total shareholders' equity	44,548,062
Total liabilities and shareholders' equity	\$230,691,396

See accompanying notes.

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BNP RESIDENTIAL PROPERTIES, INC. Consolidated Statements of Operations

	Years ended Decem	
	2000	1999
Revenues		
Apartment rental income	\$29,269,100	\$28,608,4
Restaurant rental income	4,161,968	4,338,8
Interest and other income	426,897	510,1
	33,857,965	33,457,4
Expenses		
Apartment operations	9,766,085	9,422,8
Administrative expenses	2,391,429	2,352,3
Costs of terminated equity transaction	237,450	
Depreciation	7,155,697	6,955,9
Amortization	579,216	569,0
Interest on notes payable to affiliates	-	131,5
Interest - other	11,150,565	10,571,4

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	31,280,442	30,003,2
Income before minority interest and extraordinary item	2,577,523	3,454,2
Minority interest in Operating Partnership	594,534	727,9
Income before extraordinary item	1,982,989	2,726,2
Extraordinary item - loss on early extinguishment of debt	-	
Net income	\$ 1,982,989	\$ 2,726,2
Per share data:		
Basic earnings per share --		
Income before extraordinary item	\$0.35	\$0.4
Extraordinary item	-	
Net income	\$0.35	\$0.4
Diluted earnings per share --		
Income before extraordinary item	\$0.35	\$0.4
Extraordinary item	-	
Net income	\$0.35	\$0.4
Dividends declared	\$1.24	\$1.2
Weighted average shares outstanding	5,707,561	5,972,57

See accompanying notes.

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BNP RESIDENTIAL PROPERTIES, INC.
Consolidated Statements of Shareholders' Equity

	Common Stock Shares	Amount	Additional paid-in capital	Dividend distributi in excess net incom
Balance at December 31, 1997	5,630,775	\$56,308	\$67,503,012	\$ (11,774,3
Common stock issued	347,155	3,471	4,614,624	
Dividends paid	-	-	-	(7,340,1
Net income	-	-	-	3,686,3
Balance at December 31, 1998	5,977,930	59,779	72,117,636	(15,428,1
Common stock issued	29,020	290	324,090	
Common stock retired	(272,044)	(2,720)	(2,480,101)	
Dividends paid	-	-	-	(7,420,6

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Net income	-	-	-	2,726,2
Balance at December 31, 1999	5,734,906	57,349	69,961,625	(20,122,5
Common stock retired	(27,956)	(280)	(254,470)	
Dividends paid	-	-	-	(7,076,6
Net income	-	-	-	1,982,9
Balance at December 31, 2000	5,706,950	\$57,069	\$69,707,155	\$ (25,216,1

See accompanying notes.

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BNP RESIDENTIAL PROPERTIES, INC. Consolidated Statements of Cash Flows

	Years ended Dec 2000	1999
Operating activities		
Net income	\$ 1,982,989	\$ 2,726,26
Adjustments to reconcile net income to		
net cash provided by operating activities:		
Extraordinary item - loss on early extinguishment of debt	-	
Minority interest in Operating Partnership	594,534	727,99
Equity in income of Management Company	(131,295)	(122,77
Depreciation and amortization of intangibles	7,734,913	7,525,04
Amortization of defeasance credit	(166,656)	(166,65
Changes in operating assets and liabilities:		
Prepaid expenses and other assets	170,854	180,48
Accounts payable and accrued expenses	18,004	(111,54
Security deposits and deferred revenue	651,028	160,53
Net cash provided by operating activities	10,854,371	10,919,35
Investing activities		
Acquisitions of apartment communities	(12,324,599)	(1,796,74
Additions to apartment communities	(2,119,917)	(2,413,59
Sale of restaurant properties	643,598	2,079,71
Investment in and advances to Management Company	(131,108)	330,00
Investment in notes receivable	525,000	1,911,81
Net cash (used in) provided by investing activities	(13,407,026)	111,18
Financing activities		
Net proceeds from issuance of common stock	-	324,38
Redemption of Operating Partnership minority units	(72,527)	
Repurchase of common stock	(254,750)	(2,482,82
Distributions to Operating Partnership minority unitholders	(2,101,732)	(1,942,38
Payment of dividends to shareholders	(7,076,618)	(7,420,64

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Proceeds from notes payable	13,686,984	17,807,51
Principal payments on notes payable	(958,595)	(17,140,10
Payment of deferred financing costs	(45,586)	(234,65
	-----	-----
Net cash provided by (used in) financing activities	3,177,176	(11,088,70
	-----	-----
Net increase (decrease) in cash and cash equivalents	624,521	(58,16
Cash and cash equivalents at beginning of year	431,531	489,69
	-----	-----
Cash and cash equivalents at end of year	\$ 1,056,052	\$ 431,53
	=====	=====

See accompanying notes.

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BNP RESIDENTIAL PROPERTIES, INC.
Notes to Consolidated Financial Statements
December 31, 2000

Note 1. Summary of Significant Accounting Policies

Basis of presentation

The consolidated financial statements include the accounts of BNP Residential Properties, Inc. (the "company"), formerly Boddie-Noell Properties, Inc., and BNP Residential Properties Limited Partnership (the "Operating Partnership"), formerly Boddie-Noell Properties Limited Partnership. The company is the general partner and owns a majority interest in the Operating Partnership. All significant intercompany balances and transactions have been eliminated in the consolidated financial statements.

We are a self-administered and self-managed real estate investment trust ("REIT") that owns and operates apartment communities in North Carolina and Virginia. On December 31, 2000, we owned 15 apartment communities containing 3,680 apartments and had the right to acquire one additional apartment community containing 108 apartment units. We also own 43 restaurant properties, which we lease to Boddie-Noell Enterprises, Inc. ("Enterprises") under a master lease on a triple-net basis.

The Operating Partnership has a 1% voting interest and 95% economic interest in BNP Management, Inc. (the "Management Company"). We use the equity method to account for this investment. The Management Company currently manages four apartment communities, containing 891 apartment units, which are owned by other parties. We do not expect the operations of the Management Company to have a significant impact on our financial position, operating results or cash flows.

UpREIT Structure

In 1997, we converted to an UpREIT structure where the company is the Operating Partnership's sole general partner. UpREIT stands for "umbrella partnership real estate investment trust." We contributed our real estate properties and all other assets and liabilities to a limited liability company wholly owned by the Operating Partnership in exchange for ownership units of the Operating Partnership. We currently own approximately 77% of the units. Other unitholders will generally be able to redeem their units for cash or, at our option as

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general partner, for shares of common stock of the company on a one-for-one basis. UpREITs are generally structured so that distributions of cash from the Operating Partnership are allocated between the REIT and the limited partners based on their respective unit ownership.

Segment Reporting

Operating segments are revenue-producing components of the company for which separate financial information is produced internally for our management. Under this definition, we operated, for all periods presented, as a single segment (apartment operations). Operating expenses for restaurant properties are insignificant because the lessee pays virtually all of the expenses associated with those properties.

Real Estate Investments

Real estate investments are stated at the lower of cost, less accumulated depreciation, or fair value. We compute depreciation using the straight-line method over the estimated useful lives of the related assets, generally 40 years for buildings, 20 years for land improvements, 10 years for fixtures and equipment, and five years for carpet and vinyl replacements. We expense ordinary repairs and maintenance costs at apartment communities. We capitalize significant improvements, renovations and replacements at apartment communities. Costs of repairs and maintenance and capital improvements at restaurant properties are borne by Enterprises.

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We evaluate our real estate assets from time to time, or upon occurrence of significant adverse changes in operations, to assess whether any impairment indicators are present that affect the recovery of the recorded value. If we considered any real estate assets to be impaired, we would record a loss to reduce the carrying value of the property to its estimated fair value. At December 31, 2000 and 1999, none of our assets were considered impaired.

Cash and Cash Equivalents

We consider all highly liquid investments with maturities of three months or less when purchased to be cash equivalents.

Deferred Costs

We amortize the intangible asset related to the 1994 acquisition of management operations using the straight-line method over ten years. Accumulated amortization on this asset was approximately \$2.2 million at December 31, 2000, and \$1.8 million at December 31, 1999.

We defer costs incurred in connection with proposed acquisition of properties and stock offerings until the proposed transactions are consummated. If we determine that the proposed transaction is not probable, we charge these costs to expense. During 2000, we recorded a charge of \$237,000 for costs of an equity transaction that was terminated by the company during the fourth quarter.

We defer financing costs and amortize them using the straight-line method over the terms of the related notes. If we pay down or pay off notes prior to their maturity, we write off the related unamortized financing costs. Accumulated amortization on these assets was \$430,000 at December 31, 2000, and \$257,000 at December 31, 1999.

Fair Values of Financial Instruments

The carrying amount reported on the balance sheet for cash and cash equivalents approximates fair value.

We estimate the fair value of fixed rate notes and variable rate notes payable using discounted cash flow analysis, based on our current incremental borrowing rates for similar types of borrowing arrangements. At December 31, 2000, the

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fair value of our mortgage and other notes payable approximated the carrying value.

Use of Estimates

We are required to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes in order to prepare them in accordance with generally accepted accounting principles. Depreciation amounts included in these financial statements reflect our estimate of the life and related depreciation rates for rental properties. In addition, the carrying amount of the intangible asset related to acquisition of management operations reflects our evaluation of the continuing value and useful life of this asset. Actual results could differ from these estimates.

Revenue Recognition

We record rental and other revenue as they are earned. In December 2000, we received \$800,000 advance payment for use of our cable equipment at five apartment communities. At December 31, 2000, we have included this amount in deferred revenue, and we plan to recognize this rental revenue over ten years beginning in 2001.

Advertising Costs

We expense advertising costs as they are incurred. Advertising expense totaled \$296,000 in 2000, \$270,000 in 1999, and \$211,000 in 1998.

Stock-Based Compensation

We measure compensation cost for stock option plans in accordance with Accounting Principles Board Opinion No. 25, Accounting for Stock Issued to Employees. Accordingly, no compensation cost has been recognized for our fixed stock option plans.

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Income Taxes

We operate as, and elect to be taxed as, a REIT under the Internal Revenue Code. Accordingly, we were not subject to federal or state income taxes on amounts distributed to shareholders, provided we distributed at least 95% of our REIT taxable income and met certain other requirements for qualifying as a REIT. We have made no provision for federal or state income taxes. For federal and state income tax purposes, we reported real estate investments with a total cost basis of \$232.5 million and accumulated depreciation of \$45.9 million.

Earnings Per Share

We calculate earnings per share based on the weighted average number of shares outstanding during each year.

Comprehensive Income

Comprehensive income is defined as changes in shareholders' equity exclusive of transactions with owners (such as capital contributions and dividends). We did not have any comprehensive income items in 2000, 1999, or 1998, other than net income as reported.

New Accounting Pronouncements

In June 1998, the Financial Accounting Standards Board issued Statement No. 133, Accounting for Derivative Instruments and Hedging Activities. This statement, as amended by Statement No. 137 and Statement No. 138, must be adopted in years beginning after June 15, 2000. The Statement will require the recognition of all derivatives on our consolidated balance sheet at fair value. We do not anticipate that the adoption of this Statement will have a material impact on our results of operations or financial position.

Reclassifications

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Certain amounts in the 1999 and 1998 financial statements have been reclassified to conform to the 2000 presentation. These reclassifications had no effect on net income, shareholders' equity or cash flows as previously reported.

Note 2. Real Estate Investments

Real estate investments consist of the following:

	2000	1999
	-----	-----
Apartment properties		
Land	\$ 20,758,291	\$ 18,844,291
Buildings and improvements	197,038,755	184,521,114
Other equipment	21,162	-
less accumulated depreciation	(23,008,923)	(16,642,517)
	-----	-----
	194,809,285	186,722,888
Restaurant properties		
Land	11,087,892	11,323,843
Buildings and improvements	28,614,168	29,220,898
less accumulated depreciation	(9,806,282)	(9,283,691)
	-----	-----
	29,895,778	31,261,050
	-----	-----
	\$224,705,063	\$217,983,938
	=====	=====

The results of operations of the following apartment communities are included in the financial statements from the dates of acquisition, as follows:

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2000 acquisition:

- o Oak Hollow Apartments - Phase 2 (formerly known as Page Mill Apartments) acquired effective December 28, 2000, for a total cost of approximately \$12.4 million, paid in cash.

1999 acquisition:

- o Chason Ridge Apartments acquired effective January 1, 1999, for a total cost of approximately \$12.5 million, including cash payments totaling approximately \$1.8 million and assumption of debt.

1998 acquisitions:

- o Woods Edge Apartments acquired effective June 1, 1998, for a total cost of approximately \$14.1 million, including cash payments totaling approximately \$2.4 million, issuance of Operating Partnership units with an imputed value of \$2.7 million, and assumption of debt.
- o Oak Hollow Apartments acquired effective July 27, 1998, for a total cost of approximately \$12.3 million, including cash payments totaling approximately \$2.4 million, issuance of Operating Partnership units with an imputed value of \$1.5 million, and assumption of debt.
- o Madison Hall Apartments acquired effective August 22, 1998, for a total cost of approximately \$6.4 million, including cash payments totaling approximately \$5.3 million and issuance of Operating Partnership units with an imputed value of \$1.1 million
- o Summerlyn Place Apartments acquired effective September 2, 1998, for a total cost of approximately \$10.4 million, including cash payments of approximately \$9.1 million and issuance of Operating Partnership units with an imputed value of \$1.3 million.
- o Allerton Place Apartments acquired effective September 9, 1998, for a total

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cost of approximately \$16.0 million, including cash payments totaling approximately \$14.7 million and issuance of Operating Partnership units with an imputed value of \$1.3 million.

In June 2000, we sold one restaurant property to the lessee (who is an affiliate) for its net carrying value of approximately \$644,000. In June 1999, we sold three restaurant properties to the lessee for their net carrying value of approximately \$2.1 million. We applied the proceeds from these sales to improvements at apartment communities and to reduce our line of credit that is secured by the restaurant properties.

The following unaudited pro forma summary information does not include the operations, depreciation, or financing expense for Madison Hall, Summerlyn Place, or Allerton Place until their respective acquisition dates in 1998 because these communities were acquired immediately upon their attainment of "stabilized" status. An apartment community is considered stabilized when construction of all buildings has been completed and the community has attained 90% occupancy for 90 days. Under the terms of the acquisition agreements for these properties and the financing for their purchases, these conditions must be met before purchase of the property. Otherwise, the unaudited pro forma summary information presents the results of operations as if the acquisitions described above had occurred on January 1, 1998. These pro forma amounts may not represent how we would have performed if these purchases had really occurred on that date. In addition, they do not purport to project our results of operations for any future period.

	1998

Total revenue	\$31,083,000
Income before extraordinary item	3,779,000
Net income	3,730,000
Earnings per share	0.63

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Note 3. Notes Payable

Notes payable at December 31 consist of the following:

	2000	

Revolving lines of credit with a bank:		
Principal sum of up to \$23.3 million, due January 2002, secured by deeds of trust and assignment of rents of 43 restaurant properties. Interest-only payments on the outstanding balance due monthly at a variable interest rate of 30-day LIBOR plus 1.75% (8.43% at December 31, 2000).	\$ 23,329,787	\$ 20
Principal sum of up to \$17.6 million, due December 2004, secured by a deed of trust and assignment of rents of Latitudes Apartments. Interest-only payments on the outstanding balance due monthly at a variable interest rate of 30-day LIBOR plus 2.0% (8.68% at December 31, 2000). At December 31, 2000, \$1.4 million of funds were available under this revolving line of credit, with \$2.0 million		

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reserved subject to available draws against a variable rate note payable to the same lender.

14,219,331

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Principal sum of up to \$2.0 million, due January 2002, secured by a deed of trust and assignment of rents of Latitudes Apartments. Interest-only payments on the outstanding balance due monthly at a variable interest rate of 30-day LIBOR plus 2.0% (8.68% at December 31, 2000). At December 31, 2000, this entire line of credit was available.

-

Variable rate notes payable:

Note payable to a bank in the principal amount of up to \$11.7 million due December 2004, secured by a deed of trust and assignment of rents of Oak Hollow Apartments - Phase 2. Interest-only payments on the outstanding principal balance due monthly at a variable interest rate of 30-day LIBOR plus 1.85% (8.53% at December 31, 2000). At December 31, 2000, \$2.0 million is available to fund renovations at this community.

9,700,000

Note payable to a bank in the principal amount of up to \$2,625,000 due February 2000, interest on the outstanding principal balance at 30-day LIBOR plus 2.25% payable monthly.

-

Fixed rate notes payable:

Notes payable comprised of four loans, payable in monthly installments totaling approximately \$248,000 including principal and interest at rates ranging from 7.66% to 8.55%, with maturities in 2005 through 2034. Secured by deeds of trust and assignment of rents of four apartment communities.

31,891,381

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2000

Notes payable comprised of 10 loans, interest rates ranging from 6.35% to 6.97%, payable in interest-only monthly installments totaling approximately \$478,000, with maturities in 2007 and 2008. Secured by deeds of trust and assignment of rents of 10 apartment communities.

84,365,500

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Notes payable, comprised of 10 loans, payable in monthly installments totaling approximately \$2,200 including principal and interest at 7.99%, with maturity in 2005. Secured by 10 trucks.

105,738

\$163,611,737

\$15

As of December 31, 2000, scheduled principal payments were approximately as follows: 2001 - \$380,000; 2002 - \$23,744,000; 2003 - \$449,000; 2004 - \$24,407,000; 2005 - \$5,952,000; thereafter - \$108,680,000.

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During 2000, in conjunction with the sale of a restaurant property, we reduced our line of credit secured by our restaurant properties to a maximum of \$23.3 million. This line of credit matures in January 2002.

We financed the acquisition of Oak Hollow Apartments - Phase 2 in December 2000 with a \$9.7 million draw on a variable rate deed of trust loan for up to \$11.7 million. The note is payable at maturity in December 2004, and provides for monthly interest payments on the outstanding balance at 30-day LIBOR plus 1.85%. Additional draws totaling \$2.0 million are available through December 2002 to fund renovations to the apartment community. In conjunction with this financing, we paid and recorded \$46,000 in deferred loan costs in 2000.

In conjunction with the acquisition of Chason Ridge Apartments in January 1999, we assumed a HUD-insured loan in the amount of \$9.7 million, payable in monthly installments of \$72,000 including principal and interest at 8.5%. In addition, the note provides for payment of mortgage insurance with a premium of 0.5% of the loan balance. A deed of trust and assignment of rents of Chason Ridge Apartments secure the loan. The interest rate on this loan exceeded current market rates at the time of the acquisition, and the note may not be prepaid until January 2005. Accordingly, the seller gave a \$1.0 million credit for defeasance of above-market interest, which we will apply to reduce recorded interest expense monthly through 2004.

In January 1998, we applied \$1.9 million proceeds from a common stock offering to pay off the outstanding balance of a line of credit with a bank. In conjunction with this payoff, we wrote off unamortized loan costs of \$17,000. In March 1998, we applied \$7.0 million proceeds from a fixed rate deed of trust loan and operating cash to retire an \$8.5 million variable rate mortgage note secured by deeds of trust on and assignment of rents of three apartment communities. In conjunction with this refinancing, we wrote off unamortized loan costs of \$43,000. We have reflected these write-offs, net of minority interests' share, in the financial statements as an extraordinary item.

Interest payments were as follows:

	2000	1999	1998
	-----	-----	-----
Payments to affiliates	\$ -	\$ 239,484	\$ 482,750
Payments to other lenders	11,264,798	10,730,979	7,579,941
	-----	-----	-----
	\$11,264,798	\$10,970,463	\$8,062,691
	=====	=====	=====

The loan agreements related to the lines of credit include covenants and restrictions relating to, among other things, specified levels of debt service coverage, leverage and net worth. To date, we have met all applicable requirements.

Note 4. Shareholders' Equity

Authorized Capital Stock

Our bylaws and certificate of incorporation allow the Board of Directors to authorize the issuance of up to 100 million shares of common stock and 10 million shares of preferred stock, issuable in series whose characteristics would be set by the Board of Directors. No preferred shares have been issued.

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Approximately 2.6 million authorized shares of common stock are reserved for future issuance under the company's Stock Option and Incentive Plan, Dividend Reinvestment and Stock Purchase Plan, and for conversion of Operating Partnership units issued for acquisitions of apartment communities.

Common Stock Offering

In December 1997, we completed a common stock offering and issued 2,500,000 shares of common stock at a price of \$14.125 per share. Net proceeds of the offering were approximately \$32.3 million. In January 1998, the underwriters exercised their over-allotment option for 200,000 shares, and we received additional proceeds of \$2.6 million.

Dividend Reinvestment and Stock Purchase Plan

Our Dividend Reinvestment and Stock Purchase Plan ("DRIP Plan") allows the company, at its option, to issue shares directly to Plan participants. We issued 29,020 shares in 1999 and 38,069 shares in 1998 through the Plan.

Dividend Payments

We paid dividend distributions totaling \$1.24 per share each year during 2000, 1999, and 1998. The allocation between non-taxable return of capital and taxable ordinary dividend income to shareholders was as follows.

	2000	1999	1998
	-----	-----	-----
Non-taxable return of capital	50.1%	49.7%	44.8%
Taxable ordinary dividend income	49.9%	50.3%	55.2%

Earnings per Common Share

We calculated basic and diluted earnings per share using the following amounts.

	2000	1999	
	-----	-----	
Numerators:			
Numerator for basic earnings per share -			
Income before extraordinary item	\$1,982,989	\$2,726,261	\$3
Extraordinary item	-	-	
	-----	-----	-----
Net income	\$1,982,989	\$2,726,261	\$3
	=====	=====	=====
Numerator for diluted earnings per share -			
Income before extraordinary item (1)	\$2,577,523	\$3,454,260	\$4
Extraordinary item (1)	-	-	
	-----	-----	-----
Net income (1)	\$2,577,523	\$3,454,260	\$4
	=====	=====	=====

2000	1999
-----	-----

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Denominators:

Denominator for basic earnings per share -

Weighted average shares outstanding	5,707,561	5,972,576	5
-------------------------------------	-----------	-----------	---

Effect of dilutive securities:

Contingent stock - acquisition	-	-	1
--------------------------------	---	---	---

Convertible Operating Partnership units	1,710,788	1,600,780	1
---	-----------	-----------	---

Stock options (2)	-	-	
-------------------	---	---	--

Dilutive potential common stock	1,710,788	1,600,780	1
---------------------------------	-----------	-----------	---

Denominator for diluted earnings per share -

Adjusted weighted average shares and	7,418,349	7,573,356	7
--------------------------------------	-----------	-----------	---

assumed conversions			
---------------------	--	--	--

Stock Option and Incentive Plan

We have reserved 570,000 shares of the company's common stock for issuance under our employee Stock Option and Incentive Plan. Options have been granted to employees at prices equal to the fair market value of the stock on the dates the options were granted or repriced. Options are generally exercisable in four annual installments beginning one year after the date of grant, and expire 10 years after the date of grant.

The following table summarizes information about stock options outstanding at December 31, 2000.

	Weighted Average Remaining Contractual Life (Years)	Number of Options Outstanding	Number of Options Exercisable
Exercise price \$9.25 per share	9.15	47,500	-
Exercise price \$11.25 per share	7.83	60,000	30,000
Exercise price \$13.125 per share	7.50	120,000	60,000
Exercise price \$12.25 per share	6.33	110,000	82,500
Exercise price \$12.50 per share	3.88	140,000	140,000
All options outstanding	6.37	477,500	312,500

We calculated the fair value of each option grant on the date of grant using the Black-Scholes option-pricing model. We used the following assumptions to estimate the fair value of options granted:

	2000	1999
Weighted average fair value	\$ 0.02	\$ 0.17
Weighted average exercise price	9.25	12.50
Weighted average dividend yield	13.41%	9.97%

	2000	1999
Expected volatility	0.163	0.152
Weighted average risk-free interest rate	5.18%	4.88%
Expected vesting period	4 years	4 years

Had we determined compensation cost for our fixed stock option plans consistent with the fair value method outlined in Financial Accounting Standards Board Statement No. 123, the impact on our net income and earnings per share would not have been material.

Changes in outstanding stock options were as follows:

	2000		1999		1998
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price	Shares
Beginning balance	430,000	\$12.44	430,000	\$12.44	250,000
Granted	47,500	9.25	-	-	180,000
Exercised	-	-	-	-	-
Repurchased	-	-	-	-	-
Forfeited	-	-	-	-	-
Ending balance	477,500	\$12.12	430,000	\$12.44	430,000
Exercisable at the end of the year	312,500	\$12.43	240,000	\$12.44	167,500

Note 5. Rental Operations

Apartment Properties

We lease our residential apartments under operating leases with monthly payments due in advance. Terms of the apartment leases are generally one year or less, with none longer than two years.

Restaurant Properties - Master Lease Agreement

The lease agreement with Enterprises has a primary term expiring in December 2007, but grants Enterprises three five-year renewal options. Enterprises pays annual rent equal to the greater of the specified minimum rent or 9.875% of food sales from the restaurants. Under certain conditions as defined in the agreement, both Enterprises and the company have the right to substitute another restaurant property for a property covered by the lease. After December 31, 2007, Enterprises has the right to terminate the lease on up to five restaurant properties per year by offering to purchase them under specified terms. In

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addition, we entered into a separate agreement with Enterprises that, after December 31, 1997, allows Enterprises to purchase, under specified terms, up to seven restaurant properties deemed non-economic.

In June 2000, we sold one restaurant, and in June 1999, we sold three restaurants to Enterprises, the lessee, under the non-economic clause of the restaurant master lease. Under the terms of this clause, the lessee may close up to seven restaurants and buy them back for no less than net carrying value.

The lease requires Enterprises to pay monthly installments of minimum rent and quarterly payments calculated based on the percentage rent, subject to an annual calculation of the greater of minimum or percentage rent. We received the minimum rent in 2000, 1999, and 1998. After the anticipated sale of one additional restaurant property in 2001 (see Note 10), the expected annual minimum rent will be approximately \$4,053,000 in 2001 and \$4,021,000 in years 2002 through 2007.

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Note 6. Related Party Transactions

Certain directors and officers of the company hold similar positions with Enterprises and Boddie Investment Company. We purchased 47 restaurant properties from BNE Realty Partners, Limited Partnership (an affiliate of Enterprises) for \$43.2 million in 1987. We derived approximately 12.3% of our revenue in 2000 from Enterprises' payment of rent for the use of our restaurant properties. In addition, Enterprises is responsible for all taxes, utilities, renovations, insurance and maintenance expenses relating to the operation of the restaurant properties.

Certain current and former directors of the company were the sole shareholders and directors of BT Venture Corporation, which we acquired in 1994.

In connection with the acquisition of BT Venture Corporation, we assumed a note payable to Enterprises in the amount of \$6,100,000 and a note payable to Boddie Investment Company in the amount of \$956,000. In May 1998, we issued 65,648 shares of our common stock to retire the note payable to Boddie Investment Company. In May 1999, we retired the note payable to Enterprises with a cash payment.

In September 1997, we signed an agreement to acquire a portfolio of seven apartment communities. We refer to these acquisitions as the "Chrysson acquisitions" and to the former owners as the "Chrysson Parties." Certain current directors of the company were shareholders and officers in the Chrysson Parties. We have issued 1,349,954 Operating Partnership units through December 31, 2000, in conjunction with acquisitions of six of the apartment communities. We will issue approximately 139,000 units to acquire one remaining Chrysson apartment community when it has reached certain performance standards specified in the agreement.

In February 1997, we signed a participating loan agreement with The Villages of Chapel Hill Limited Partnership, a limited partnership whose general partner is Boddie Investment Company. Under the terms of the agreement, we committed to loan The Villages up to \$2,625,000 to fund a substantial rehabilitation of its apartment community. We also guaranteed a \$1,500,000 bank loan. In exchange, we receive minimum interest on our loan at the greater of 12.5% or the 30-day LIBOR rate plus 6.125% and an annual loan guarantee fee. We also receive 25% participation in increased rental revenue for seven years and 25% participation in the increase in value of the property at the end of seven years or upon its sale. Through December 31, 1998, we advanced \$2.5 million under the loan agreement. In February 1999, The Villages reduced the outstanding principal

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balance of its note payable to us to \$625,000. In February 2000, The Villages further reduced the outstanding principal balance of its note payable to us to \$100,000. We received interest and participation income of \$103,000 in 2000, \$151,000 in 1999, and \$323,000 in 1998. In addition, we received guarantee fees of \$37,500 in 2000, 1999, and 1998.

We have made loans totaling \$180,000 to certain officers of the company. In addition, the company has guaranteed a note payable to a bank by one officer by agreeing to redeem up to 39,570 shares of our common stock at an imputed value of approximately \$435,000 in the event of a default.

Certain officers of the company are also officers of the Management Company and own a 5% economic interest and a 99% voting interest in it. The Management Company provides fee management for four limited partnerships whose general partner is Boddie Investment Company.

Note 7. Profit Sharing Plan

The employees of the company are participants in a profit sharing plan pursuant to Section 401 of the Internal Revenue Code. We make limited matching contributions through the Management Company based on the level of employee participation as defined in the plan.

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Note 8. Commitments and Contingencies

We have agreements with three of our executive officers that provide for cash compensation and other benefits if we terminate them without cause or if a change in control of the company occurs.

The company is a party to a variety of legal proceedings arising in the ordinary course of its business. We believe that such matters will not have a material effect on the financial position of the company.

Note 9. Quarterly Financial Data (Unaudited)

We present below selected financial data (unaudited) for the years ended December 31, 2000 and 1999:

	Revenues	Income before Extraordinary Item Total	Per Share	Ne
	-----	-----	-----	-----
2000				
First quarter	\$ 8,480,489	\$ 690,789	\$0.12	\$
Second quarter	8,456,528	379,653	0.07	
Third quarter	8,454,495	566,749	0.10	
Fourth quarter (1)	8,466,453	345,798	0.06	
	-----	-----	-----	-----
	\$33,857,965	\$1,982,989	\$0.35	\$1
	=====	=====	=====	=====
1999				
First quarter	\$ 8,360,466	\$ 810,486	\$0.14	\$
Second quarter	8,540,797	654,609	0.10	
Third quarter	8,287,560	674,426	0.12	
Fourth quarter	8,268,660	586,740	0.10	

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\$33,457,483	\$2,726,261	\$0.46	\$2
=====	=====	=====	=====

Note 10. Subsequent Events

The Board of Directors declared a regular quarterly dividend of \$0.31 per share on January 22, 2001, payable on February 15, 2001, to shareholders of record on February 1, 2001.

In January 2001, Enterprises notified us of its intention to purchase one additional restaurant. We expect to receive approximately \$400,000 proceeds from this property sale in May 2001, which we will apply to reduce the line of credit secured by it. After sale of this restaurant property, the annual minimum rent will be reduced to \$4.0 million in 2001 and subsequent years. In addition, in conjunction with this sale, our line of credit secured by restaurant properties will be reduced to \$22.8 million.

Effective January 1, 2001, we acquired the minority 5% economic interest and 99% voting interest in BNP Management, Inc. for cash payments totaling \$16,000.

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BNP RESIDENTIAL PROPERTIES, INC.

Schedule III - Real Estate and Accumulated Depreciation Year ended December 31, 2000

Description	Encumb.	Initial Costs		Costs Capitalized	Gross Carried a
		Land	Buildings & Improvem'ts	Subsequent to Acquisition	Land
Apartment Properties:					
North Carolina:					
Abbingtion Place, Greensboro	\$ 15,785,250	\$2,302,000	\$ 23,598,676	\$ 440,197	\$2,302,000
Allerton Place, Greensboro	10,270,000	1,384,000	14,650,428	178,036	1,384,000
Chason Ridge, Fayetteville	9,603,300	624,000	11,790,472	249,730	624,000
Harris Hill, Charlotte	5,864,390	1,003,298	7,867,857	759,553	1,003,298
Madison Hall, Clemmons	4,245,000	303,000	6,054,307	155,696	303,000
Oak Hollow, Cary	8,385,000	1,480,000	10,808,689	369,799	1,480,000
Oak Hollow - Phase 2, Cary	9,700,000	1,914,000	10,485,239	-	1,914,000
Oakbrook, Charlotte	6,186,889	848,835	8,523,384	803,680	848,835
Paces Commons, Charlotte	10,236,803	1,430,158	12,871,424	1,127,277	1,430,158
Paces Village, Greensboro	7,000,000	1,250,000	9,416,580	472,389	1,250,000
Pepperstone, Greensboro	3,883,750	552,000	5,015,153	283,016	552,000
Savannah Place, Winston-Salem	7,312,500	790,000	10,032,721	293,229	790,000
Summerlyn Place, Burlington	6,645,000	837,000	9,559,115	101,785	837,000
Waterford Place, Greensboro	11,089,000	1,686,000	16,745,972	207,238	1,686,000
Woods Edge, Durham	9,750,000	994,000	13,061,195	1,207,906	994,000
	125,956,882	17,398,291	170,481,211	6,649,532	17,398,291
Virginia:					
Latitudes, Virginia Beach	14,219,331	3,360,000	18,606,667	1,305,823	3,360,000

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Total Apartment Properties	140,176,213	20,758,291	189,087,878	7,955,355	20,758,291
Restaurant Properties:					
North Carolina:					
Bessemer City	(1)	152,079	391,060	-	152,079
Burlington	(1)	162,411	417,629	-	162,411
Denver	(1)	275,484	708,387	-	275,484
Eden	(1)	253,282	651,296	-	253,282
Fayetteville (Ramsey)	(1)	260,135	668,919	-	260,135
Fayetteville (N.Eastern)	(1)	308,271	792,696	-	308,271
Fayetteville (Bragg)		235,951	606,730	-	-

Description	Accumulated Depreciation	Date of Constr.	Date Acquired	Life (Years)
Apartment Properties:				
North Carolina:				
Abbington Place, Greensboro	\$2,859,223	1997	Dec-97	40
Allerton Place, Greensboro	1,205,625	1998	Sep-98	40
Chason Ridge, Fayetteville	752,948	1994	Jan-99	40
Harris Hill, Charlotte	1,595,884	1988	Dec-94	40
Madison Hall, Clemmons	466,380	1997	Aug-98	40
Oak Hollow, Cary	787,499	1983	Jul-98	40
Oak Hollow - Phase 2, Cary	-	1986	Dec-00	40
Oakbrook, Charlotte	1,714,433	1985	Jun-94	40
Paces Commons, Charlotte	2,956,109	1988	Jun-93	40
Paces Village, Greensboro	1,426,632	1988	Apr-96	40
Pepperstone, Greensboro	588,812	1992	Dec-97	40
Savannah Place, Winston-Salem	1,104,630	1991	Dec-97	40
Summerlyn Place, Burlington	705,755	1998	Sep-98	40
Waterford Place, Greensboro	1,993,488	1997	Dec-97	40
Woods Edge, Durham	1,070,897	1985	Jun-98	40

	19,228,315			
Virginia:				
Latitudes, Virginia Beach	3,780,608	1989	Oct-94	38

Total Apartment Properties	23,008,923			
Restaurant Properties:				
North Carolina:				
Bessemer City	134,020	Nov-77	Apr-87	40
Burlington	143,124	Oct-85	Apr-87	40
Denver	242,770	Jul-83	Apr-87	40
Eden	223,204	Jun-73	Apr-87	40
Fayetteville (Ramsey)	229,244	Oct-73	Apr-87	40
Fayetteville (N.Eastern)	271,663	Sep-83	Apr-87	40
Fayetteville (Bragg)	-	Jan-85	Apr-87	40

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Description	Encumb.	Initial Costs		Costs	Gross
		Land	Buildings & Improvem'ts	Capitalized Subsequent to Acquisition	Carried a B I
Gastonia (E. Franklin)	(1)	230,421	592,511	—	230,421
Hillsborough	(1)	290,868	747,948	—	290,868
Kinston (W. Vernon)	(1)	237,135	609,777	—	237,135
Kinston (Richlands)	(1)	231,678	595,743	—	231,678
Newton	(1)	223,453	574,594	—	223,453
Siler City	(1)	268,312	689,945	—	268,312
Spring Lake	(1)	218,925	562,949	—	218,925
Thomasville (E. Main)	(1)	253,716	652,411	—	253,716
Thomasville (Randolph)	(1)	327,727	842,726	—	327,727
		3,929,848	10,105,321	—	3,693,897
Virginia:					
Ashland	(1)	296,509	762,452	—	296,509
Blackstone	(1)	275,565	708,596	—	275,565
Bluefield	(1)	205,700	528,947	—	205,700
Chester	(1)	300,165	771,852	—	300,165
Clarksville	(1)	211,545	543,972	—	211,545
Clintwood	(1)	222,673	572,588	—	222,673
Dublin	(1)	364,065	936,168	—	364,065
Franklin	(1)	287,867	740,230	—	287,867
Galax	(1)	309,578	796,057	—	309,578
Hopewell	(1)	263,939	678,701	—	263,939
Lebanon	(1)	266,340	684,876	—	266,340
Lynchburg (Langhorne)	(1)	249,865	642,509	—	249,865
Lynchburg (Timberlake)	(1)	276,153	710,107	—	276,153
Norfolk	(1)	325,822	837,829	—	325,822
Orange	(1)	244,883	629,699	—	244,883
Petersburg	(1)	357,984	920,531	—	357,984
Richmond (Forest Hill)	(1)	196,084	504,216	—	196,084
Richmond (Midlothian)	(1)	270,736	696,179	—	270,736
Richmond (Myers)	(1)	321,946	827,861	—	321,946
Roanoke (Hollins)	(1)	257,863	663,076	—	257,863
Roanoke (Abenham)	(1)	235,864	606,507	—	235,864

Description	Accumulated Depreciation	Date of Constr.	Date Acquired	Life (Years)
Gastonia (E. Franklin)	203,057	Apr-63	Apr-87	40
Hillsborough	256,327	Mar-78	Apr-87	40
Kinston (W. Vernon)	208,975	Jul-62	Apr-87	40
Kinston (Richlands)	204,165	Dec-81	Apr-87	40
Newton	196,918	Mar-76	Apr-87	40
Siler City	236,450	May-79	Apr-87	40
Spring Lake	192,927	Mar-76	Apr-87	40
Thomasville (E. Main)	223,586	Feb-66	Apr-87	40
Thomasville (Randolph)	288,808	Apr-74	Apr-87	40

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	3,255,238			
Virginia:				
Ashland	261,298	Apr-87	Apr-87	40
Blackstone	242,842	Sep-79	Apr-87	40
Bluefield	181,274	Feb-85	Apr-87	40
Chester	264,519	May-73	Apr-87	40
Clarksville	186,423	Oct-85	Apr-87	40
Clintwood	196,230	Jan-81	Apr-87	40
Dublin	320,832	Jul-83	Apr-87	40
Franklin	253,682	Feb-75	Apr-87	40
Galax	272,814	Jun-74	Apr-87	40
Hopewell	232,596	Jun-78	Apr-87	40
Lebanon	234,713	Jun-83	Apr-87	40
Lynchburg (Langhorne)	220,192	Sep-82	Apr-87	40
Lynchburg (Timberlake)	243,359	Aug-83	Apr-87	40
Norfolk	287,130	Aug-84	Apr-87	40
Orange	215,802	Aug-74	Apr-87	40
Petersburg	315,473	Mar-74	Apr-87	40
Richmond (Forest Hill)	172,799	Nov-74	Apr-87	40
Richmond (Midlothian)	238,585	Jan-74	Apr-87	40
Richmond (Myers)	283,714	Apr-83	Apr-87	40
Roanoke (Hollins)	227,242	Feb-73	Apr-87	40
Roanoke (Abenham)	207,855	Nov-82	Apr-87	40

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Description	Encumb.	Initial Costs		Costs	Gross
		Land	Buildings & Improvem'ts	Capitalized Subsequent to Acquisition	Carried a B I
Rocky Mount	(1)	248,434	638,829	-	248,434
Smithfield	(1)	223,070	573,608	-	223,070
Staunton	(1)	260,569	670,035	-	260,569
Verona	(1)	191,631	492,765	-	191,631
Virginia Beach (Lynnhaven)	(1)	271,570	698,322	-	231,731
Virginia Beach (Holland)	(1)	277,943	714,710	-	277,943
Wise	(1)	219,471	564,355	-	219,471
		7,433,834	19,115,577	-	7,393,995
Total Restaurant Properties	23,329,787	11,363,682	29,220,898	-	11,087,892
Total Real Estate	\$ 163,506,000	\$32,121,973	\$ 218,308,776	\$ 7,955,355	\$31,846,183

Description

Accumulated Date of Date Life

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	Depreciation	Constr. Acquired	(Years)	
Rocky Mount	218,931	May-80	Apr-87	40
Smithfield	196,580	Apr-77	Apr-87	40
Staunton	229,627	Sep-83	Apr-87	40
Verona	168,873	Jan-85	Apr-87	40
Virginia Beach (Lynnhaven)	239,320	Jun-80	Apr-87	40
Virginia Beach (Holland)	244,936	Aug-83	Apr-87	40
Wise	193,403	Jun-80	Apr-87	40

	6,551,044			

Total Restaurant Properties	9,806,282			

Total Real Estate	\$32,815,205			
	=====			

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BNP RESIDENTIAL PROPERTIES, INC.

Schedule III - Real Estate and Accumulated Depreciation

	2000	1999
Real estate investments:		
Balance at beginning of year	\$ 243,910,146	\$ 231,743,720
Additions during year		
Acquisitions by merger	-	-
Other acquisitions	12,399,239	12,414,472
Improvements, etc.	2,099,992	2,415,495
Deductions during year	(910,271)	(2,663,541)
Balance at close of year	\$ 257,499,106	\$ 243,910,146
Accumulated depreciation:		
Balance at beginning of year	\$ 25,926,208	\$ 19,552,177
Provision for depreciation	7,155,697	6,955,955
Deductions during year	(266,700)	(581,924)
Balance at close of year	\$ 32,815,205	\$ 25,926,208

INDEX TO EXHIBITS

Exhibit No.

2.1*	Master Agreement of Merger and Acquisition by and among BNP Residential Properties, Inc., BNP Residential Properties Limited Partnership, Paul G. Chrysson, James G. Chrysson, W. Michael Gilley, Matthew G. Gallins, James D. Yopp, and the partnership and limited liability companies listed therein, dated September 22, 1997 (filed as Exhibit 2.1 to Registration Statement No. 333-39803 on Form S-2, December 16, 1997, and incorporated herein by reference)
2.2*	Amendment to Master Agreement of Merger and Acquisition dated September 22, 1997, by and among BNP Residential Properties, Inc., BNP Residential Properties Limited Partnership, Paul G. Chrysson, James G. Chrysson, W. Michael Gilley, Matthew G. Gallins, James D. Yopp, and the partnerships and limited liability companies listed therein, dated November 3, 1997 (filed as Exhibit 2.3 to BNP Residential Properties Inc. Current Report on Form 8-K dated December 1, 1997, and incorporated herein by reference)
3.1*	Articles of Incorporation (filed as Exhibit 3.1 to BNP Residential Properties, Inc. Current Report on Form 8-K dated March 17, 1999, and incorporated herein by reference)
3.2*	By-Laws (filed as Exhibit 3.2 to BNP Residential Properties, Inc., Current Report on Form 8-K dated March 17, 1999, and incorporated herein by reference)
4*	Rights Agreement, dated March 18, 1999, between the Company and First Union National Bank (filed as Exhibit 4 to BNP Residential Properties, Inc. Current Report on Form 8-K dated March 17, 1999, and incorporated herein by reference)
10.1*	Amended and Restated Agreement of Limited Partnership of BNP Residential Properties Limited Partnership (filed as Exhibit 10.1 to BNP Residential Properties, Inc. Annual Report on Form 10-K dated December 31, 1998, and incorporated herein by reference)
10.2*	Amended and Restated Master Lease Agreement dated December 21, 1995, between BNP Residential Properties, Inc. and Boddie-Noell Enterprises, Inc. (filed as Exhibit 10.1 to BNP Residential Properties, Inc. Annual Report on Form 10-K dated December 31, 1995, and incorporated herein by reference)
10.3*	BNP Residential Properties, Inc. 1994 Stock Option and Incentive Plan effective August 4, 1994, and amended effective May 15, 1998 (filed as an exhibit in Schedule 14A of Proxy Statement dated April 13, 1998, and incorporated herein by reference)
10.4*	Form and description of Employment Agreements dated July 15, 1997, between BNP Residential Properties, Inc. and certain officers (filed as Exhibit 10 to BNP Residential Properties, Inc. Quarterly Report on Form 10-Q for the quarter ended September 30, 1997, and incorporated herein by reference)
21	Subsidiaries of the Registrant
23	Consent of Ernst & Young LLP

* Incorporated herein by reference