

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, DC 20549

FORM 10-Q

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended March 31, 2021

OR

Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Commission File Number 001-07172

BRT APARTMENTS CORP.

(Exact name of Registrant as specified in its charter)

Maryland

(State or other jurisdiction of
incorporation or organization)

13-2755856

(I.R.S. Employer Identification No.)

60 Cutter Mill Road, Great Neck, NY
(Address of principal executive offices)

11021
(Zip Code)

516-466-3100

(Registrant's telephone number, including area code)

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

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Common Stock	BRT	NYSE

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 whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulations S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See definition of "large accelerated filer" "accelerated filer", "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Indicate the number of shares outstanding of each of the issuer's classes of stock, as of the latest practicable date.

17,582,975 Shares of Common Stock,
par value \$0.01 per share, outstanding on May 6, 2021

BRT APARTMENTS CORP. AND SUBSIDIARIES
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Explanatory Note

Unless otherwise indicated or the context otherwise requires, all references to (i) “us”, “we”, “BRT” or the “Company” refer to BRT Apartments Corp. and its consolidated and unconsolidated subsidiaries; (ii) all interest rates give effect to the related interest rate derivative, if any; (iii) "acquisitions" include investments in and by unconsolidated joint ventures; (iv) units under rehabilitation for which we have received or accrued rental income from business interruption insurance, while not physically occupied, are treated as leased (*i.e.*, occupied) at rental rates in effect at the time of the casualty, and (v) "same store properties" refer to properties that we owned and operated for the entirety of both periods being compared, except for properties that are under construction, in lease-up, or are undergoing development or redevelopment. We move properties previously excluded from our same store portfolio (because they were under construction, in lease up or are in development or redevelopment) into the same store designation once they have stabilized (as described below) and such status has been reflected fully in all quarters during the applicable periods of comparison. Newly constructed, lease-up, development and redevelopment properties are deemed stabilized upon the earlier to occur of the first full calendar quarter beginning (a) 12 months after the property is fully completed and put in service and (b) attainment of at least 90% physical occupancy.

Part I - FINANCIAL INFORMATION

Item 1. Financial Statements

BRT APARTMENTS CORP. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Amounts in thousands, except per share data)

	March 31, 2021 (unaudited)	December 31, 2020 (audited)
ASSETS		
Real estate properties, net of accumulated depreciation and amortization of \$30,777 and \$30,837	\$ 142,078	\$ 160,192
Investments in unconsolidated joint ventures	164,248	169,474
Cash and cash equivalents	19,406	19,885
Restricted cash	8,511	8,800
Other assets	6,910	7,390
Real estate property held for sale	16,800	—
Total Assets	<u>\$ 357,953</u>	<u>\$ 365,741</u>
LIABILITIES AND EQUITY		
Liabilities:		
Mortgages payable, net of deferred costs of \$498 and \$563	\$ 129,698	\$ 130,434
Junior subordinated notes, net of deferred costs of \$312 and \$317	37,088	37,083
Accounts payable and accrued liabilities	20,678	20,536
Total Liabilities	187,464	188,053
Commitments and contingencies		
Equity:		
BRT Apartments Corp. stockholders' equity:		
Preferred shares \$.01 par value 2,000 shares authorized, none outstanding	—	—
Common stock, \$.01 par value, 300,000 shares authorized; 16,820 and 16,432 shares outstanding	168	164
Additional paid-in capital	246,139	245,605
Accumulated other comprehensive loss	(15)	(19)
Accumulated deficit	(75,754)	(67,978)
Total BRT Apartments Corp. stockholders' equity	170,538	177,772
Non-controlling interests	(49)	(84)
Total Equity	170,489	177,688
Total Liabilities and Equity	<u>\$ 357,953</u>	<u>\$ 365,741</u>

See accompanying notes to consolidated financial statements.

BRT APARTMENTS CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)
(Dollars in thousands, except per share data)

	Three Months Ended March 31,	
	2021	2020
Revenues:		
Rental and other revenue from real estate properties	\$ 7,095	\$ 6,745
Other income	4	179
Total revenues	<u>7,099</u>	<u>6,924</u>
Expenses:		
Real estate operating expenses - including \$7 and \$8 to related parties	3,117	3,058
Interest expense	1,660	1,860
General and administrative - including \$172 and \$226 to related parties	3,114	3,367
Depreciation	<u>1,537</u>	<u>1,561</u>
Total expenses	<u>9,428</u>	<u>9,846</u>
Total revenues less total expenses	(2,329)	(2,922)
Equity in loss of unconsolidated joint ventures	<u>(1,345)</u>	<u>(1,815)</u>
Loss from continuing operations	(3,674)	(4,737)
Income tax provision	57	62
Net loss from continuing operations, net of taxes	<u>(3,731)</u>	<u>(4,799)</u>
Net income attributable to non-controlling interests	(34)	(32)
Net loss attributable to common stockholders	<u>\$ (3,765)</u>	<u>\$ (4,831)</u>
Weighted average number of shares of common stock outstanding:		
Basic	<u>17,319,222</u>	<u>16,932,252</u>
Diluted	<u>17,319,222</u>	<u>16,932,252</u>
Per share amounts attributable to common stockholders:		
Basic	<u>\$ (0.22)</u>	<u>\$ (0.29)</u>
Diluted	<u>\$ (0.22)</u>	<u>\$ (0.29)</u>

See accompanying notes to consolidated financial statements.

BRT APARTMENTS CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(Unaudited)
(Dollars in thousands)

	Three Months Ended March 31,	
	2021	2020
Net (loss)	\$ (3,731)	\$ (4,799)
Other comprehensive loss:		
Unrealized income (loss) on derivative instruments	5	(23)
Other comprehensive income (loss)	5	(23)
Comprehensive loss	(3,726)	(4,822)
Comprehensive (income)loss attributable to non-controlling interests	(35)	(29)
Comprehensive loss attributable to common stockholders	<u>\$ (3,761)</u>	<u>\$ (4,851)</u>

See accompanying notes to consolidated financial statements.

BRT APARTMENTS CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EQUITY
(Unaudited)
(Dollars in thousands, except per share data)

	Common Stock	Additional Paid-In Capital	Accumulated Other Comprehensive (Loss) income	Accumulated Deficit	Non- Controlling Interest	Total
Balances, December 31, 2020	\$ 164	\$ 245,605	\$ (19)	\$ (67,978)	\$ (84)	\$ 177,688
Distributions - common stock - \$0.22 per share	—	—	—	(4,011)	—	(4,011)
Restricted stock and restricted stock units vesting	4	(4)	—	—	—	—
Compensation expense - restricted stock and restricted stock units	—	538	—	—	—	538
Net (loss) income	—	—	—	(3,765)	34	(3,731)
Other comprehensive income	—	—	4	—	1	5
Comprehensive loss	—	—	—	—	—	(3,726)
Balances, March 31, 2021	<u>\$ 168</u>	<u>\$ 246,139</u>	<u>\$ (15)</u>	<u>\$ (75,754)</u>	<u>\$ (49)</u>	<u>\$ 170,489</u>

	Common Stock	Additional Paid-In Capital	Accumulated Other Comprehensive (Loss) income	Accumulated Deficit	Non- Controlling Interest	Total
Balances, December 31, 2019	\$ 156	\$ 232,331	\$ (10)	\$ (32,824)	\$ (93)	\$ 199,560
Distributions - common stock - \$0.22 per share	—	—	—	(3,822)	—	(3,822)
Restricted stock vesting	1	(1)	—	—	—	—
Compensation expense - restricted stock and restricted stock units	—	438	—	—	—	438
Distributions to non-controlling interests	—	—	—	—	(89)	(89)
Shares issued through equity offering program, net	7	12,070	—	—	—	12,077
Shares repurchased	—	(616)	—	—	—	(616)
Net (loss) income	—	—	—	(4,831)	32	(4,799)
Other comprehensive loss	—	—	(20)	—	(3)	(23)
Comprehensive loss	—	—	—	—	—	(4,822)
Balances, March 31, 2020	<u>\$ 164</u>	<u>\$ 244,222</u>	<u>\$ (30)</u>	<u>\$ (41,477)</u>	<u>\$ (153)</u>	<u>\$ 202,726</u>

See accompanying notes to consolidated financial statements

BRT APARTMENTS CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(Dollars in Thousands)

	Three Months Ended March 31,	
	2021	2020
Cash flows from operating activities:		
Net loss	\$ (3,731)	\$ (4,799)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation	1,537	1,561
Amortization of deferred financing costs	80	70
Amortization of restricted stock and restricted stock units	538	438
Equity in loss of unconsolidated joint ventures	1,345	1,815
Increases and decreases from changes in other assets and liabilities:		
Decrease (increase) in other assets	470	(331)
Increase in accounts payable and accrued liabilities	(87)	1,803
Net cash provided by operating activities	152	557
Cash flows from investing activities:		
Collections from real estate loan	—	150
Improvements to real estate properties	(223)	(323)
Distributions from unconsolidated joint ventures	3,881	3,010
Contributions to unconsolidated joint ventures	—	(13,700)
Net cash provided by (used in) investing activities	3,658	(10,863)
Cash flows from financing activities:		
Mortgage principal payments	(801)	(756)
Dividends paid	(3,777)	(3,778)
Distributions to non-controlling interests	—	(89)
Proceeds from the sale of common stock	—	12,077
Repurchase of shares of common stock	—	(616)
Net cash (used in) provided by financing activities	(4,578)	6,838
Net decrease in cash, cash equivalents and restricted cash	(768)	(3,468)
Cash, cash equivalents and restricted cash at beginning of period	28,685	32,418
Cash, cash equivalents and restricted cash at end of period	\$ 27,917	\$ 28,950
Supplemental disclosure of cash flow information:		
Cash paid during the period for interest	\$ 1,587	\$ 1,810
Cash paid for income taxes	\$ 6	\$ 10
Reclassification of property to held for sale	\$ 16,800	\$ —

See accompanying notes to consolidated financial statements

BRT APARTMENTS CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(Dollars in Thousands)

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the consolidated balance sheets that sum to the total of the same such amounts shown in the consolidated statements of cash flows.

	March 31,	
	2021	2020
Cash and cash equivalents	19,406	18,707
Restricted cash	8,511	10,243
Total cash, cash equivalents and restricted cash, shown in consolidated statement of cash flows	<u>\$ 27,917</u>	<u>\$ 28,950</u>

BRT APARTMENTS CORP. AND SUBSIDIARIES
Notes to Consolidated Financial Statements
March 31, 2021

Note 1 – Organization and Background

BRT Apartments Corp. (the "Company" or "BRT"), a Maryland corporation, owns and operates multi-family properties. The Company conducts its operations to qualify as a real estate investment trust, or REIT, for federal income tax purposes.

Generally, the multi-family properties are acquired with joint venture partners in transactions in which the Company contributes a significant portion of the equity. At March 31, 2021, the Company: (a) wholly owns eight multi-family properties located in six states with an aggregate of 1,880 units, and a carrying value of \$152,317,000 (including \$16,800,000 classified as held for sale); and (b) has interests, through unconsolidated entities, in 31 multi-family properties located in nine states with an aggregate of 9,162 units and the carrying value of this net equity investment is \$164,248,000. BRT's equity interests in these unconsolidated entities range from 32% to 90%. Most of the Company's properties are located in the Southeast United States and Texas.

The Company also owns and operates various other real estate assets. At March 31, 2021, the carrying value of the other real estate assets was \$6,617,000.

Note 2 – Basis of Preparation

The accompanying interim unaudited consolidated financial statements as of March 31, 2021, and for the three months ended March 31, 2021 and 2020, reflect all normal recurring adjustments which, in the opinion of management, are necessary for a fair presentation of the results for such interim periods. The results of operations for the three months ended March 31, 2021 and 2020, are not necessarily indicative of the results for the full year. The consolidated audited balance sheet as of December 31, 2020, has been derived from the audited financial statements at that date but does not include all the information and footnotes required by accounting principles generally accepted in the United States ("GAAP"). Accordingly, these unaudited statements should be read in conjunction with the Company's audited financial statements included in its Annual Report on Form 10-K for the year ended December 31, 2020, as amended, filed with the Securities and Exchange Commission ("SEC").

The consolidated financial statements include the accounts and operations of the Company and its wholly-owned subsidiaries.

The Company accounts for its investments in unconsolidated joint ventures under the equity method of accounting. For each venture, the Company evaluated the rights provided to each party in the venture to assess the consolidation of the venture. All investments in unconsolidated joint ventures have sufficient equity at risk to permit the entity to finance its activities without additional subordinated financial support and, as a group, the holders of the equity at risk have power through voting rights to direct the activities of these ventures. As a result, none of these joint ventures are variable interest entities ("VIEs"). Additionally, the Company does not exercise substantial operating control over these entities, and therefore the entities are not consolidated. These investments are recorded initially at cost, as investments in unconsolidated joint ventures, and subsequently adjusted for their share of equity in earnings, cash contributions and distributions. The distributions to each joint venture partner are determined pursuant to the applicable operating agreement and may not be pro-rata to the percentage equity interest each partner has in the applicable venture.

The joint venture that owns a property in Yonkers, New York, was determined not to be a VIE but is consolidated because the Company has controlling rights in such entity.

The preparation of the financial statements in conformity with GAAP, requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements. Actual results could differ from those estimates. Substantially all of the Company's assets are comprised of multi-family real estate assets generally leased to tenants on a one-year basis. Therefore, the Company aggregates real estate assets for reporting purposes and operates in one reportable segment.

Note 3 - Equity

Equity Distribution Agreements

In November 2019, the Company entered into equity distribution agreements, as amended March 31, 2021, with three sales agents to sell up to an aggregate of \$30,000,000 of its common stock from time-to-time in an at-the-market offering. During the three months ended March 31, 2020, the Company sold 694,298 shares for an aggregate sales price of \$12,293,000, before commissions and fees of \$185,000 and offering related expenses of \$31,000. From the commencement of this program through March 31, 2021, the Company has sold 806,261 shares for an aggregate sales price of \$14,316,000 before commissions and fees of \$314,000 and offering related expenses of \$56,000. There were no shares sold subsequent to March 31, 2020.

Common Stock Dividend Distribution

The Company declared a quarterly cash distribution of \$0.22 per share, payable on April 7, 2021 to stockholders of record on March 24, 2021.

Stock Based Compensation

The Company's 2020 Incentive Plan permits the Company to grant: (i) stock options, restricted stock, restricted stock units, performance shares awards and any one or more of the foregoing, for up to a maximum of 1,000,000 shares; and (ii) cash settled dividend equivalent rights in tandem with the grant of restricted stock units and certain performance based awards.

Restricted Stock Units

In June 2016, the Company issued restricted stock units (the "Units") to acquire up to 450,000 shares of common stock pursuant to the 2016 Amended and Restated Incentive Plan (the "2016 Incentive Plan"). The Units entitled the recipients, subject to continued service through the March 31, 2021 vesting date, to receive (i) the underlying shares if and to the extent certain performance and/or market conditions are satisfied at the vesting date, and (ii) an amount equal to the cash dividends (the "RSU Dividend Equivalents") paid from the grant date through the vesting date with respect to the shares of common stock underlying the Units if, when, and to the extent, the related Units vest. For financial statement purposes, because the Units were not participating securities, the shares underlying the Units are excluded in the outstanding shares reflected on the consolidated balance sheet and from the calculation of basic earnings per share. The shares underlying the Units are contingently issuable shares.

Expense is recognized over the five-year vesting period on the Units which the Company expects to vest. For each of the three months ended March 31, 2021 and 2020, respectively, the Company recorded \$37,000 and \$35,000, respectively, of compensation expense related to the amortization of unearned compensation with respect to the Units.

Subsequent to March 31, 2021, it was determined that the market conditions with respect to 250,000 shares underlying Units had been satisfied; such shares, with an aggregate market value of \$4.2 million as of the vesting date, were issued and an aggregate of \$ 775,000 of RSU Dividend Equivalents was paid. It was also determined that the performance conditions with respect to 200,000 shares underlying Units had not been satisfied; the 200,000 Units were forfeited.

Restricted Stock

In January 2021, the Company granted 156,774 shares of restricted stock pursuant to the 2020 Incentive Plan. As of March 31, 2021, an aggregate of 763,369 shares of unvested restricted stock are outstanding pursuant to the 2020 Incentive Plan, the 2018 Incentive Plan (the "2018 Plan") and the 2016 Incentive Plan (the "2016 Plan"; and together with the 2018 Plan, the "Prior Plans"). No additional awards may be granted under the Prior Plans. The shares of restricted stock vest five years from the date of grant and under specified circumstances, including a change in control, may vest earlier. For financial statement purposes, the restricted stock is not included in the outstanding shares shown on the consolidated balance sheets until they vest, but are included in the earnings per share computation.

For the three months ended March 31, 2021 and 2020, the Company recorded \$501,000 and \$403,000, respectively, of compensation expense related to the amortization of unearned compensation with respect to the restricted stock awards. At March 31, 2021 and December 31, 2020, \$6,304,000 and \$4,411,000 has been deferred as unearned compensation and will be charged to expense over the remaining vesting periods of these restricted stock awards. The weighted average remaining vesting period of these shares of restricted stock is 2.9 years.

Stock Buyback

On September 12, 2019, the Board of Directors approved a repurchase plan authorizing the Company, effective as of October 1, 2019, to repurchase up to \$5,000,000 of shares of common stock through September 30, 2021. During the three months ended March 31, 2021, the Company did not repurchase any shares. During the three months ended March 31, 2020, the Company repurchased 39,093 shares of common stock at an average market price of \$15.76 for an aggregate cost of \$616,000.

Per Share Data

Basic earnings (loss) per share is determined by dividing net income (loss) applicable to common stockholders for the applicable period by the weighted average number of shares of common stock outstanding during such period. The Units are excluded from the basic earnings per share calculation, as they are not participating securities. Diluted earnings per share reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into shares of common stock or resulted in the issuance of shares of common stock that share in the earnings of the Company. Diluted earnings per share is determined by dividing net income applicable to common stockholders for the applicable period by the weighted average number of shares of common stock deemed to be outstanding during such period. In calculating diluted earnings per share for the three months ended March 31, 2021 and 2020, the Company did not include any shares underlying the Units as their effect would have been anti-dilutive.

The following table sets forth the computation of basic and diluted earnings per share (dollars in thousands, except share amounts):

	<u>Three Months Ended March 31,</u>	
	<u>2021</u>	<u>2020</u>
Numerator for basic and diluted earnings (loss) per share attributable to common stockholders:		
Net loss attributable to common stockholders	\$ (3,765)	\$ (4,831)
Denominator:		
Denominator for basic and diluted earnings per share—weighted average number of shares	<u>17,319,222</u>	<u>16,932,252</u>
Basic loss per share	<u>\$ (0.22)</u>	<u>\$ (0.29)</u>
Diluted loss per share	<u>\$ (0.22)</u>	<u>\$ (0.29)</u>

Note 4 - Leases

Lessor Accounting

The Company owns one commercial rental property which is leased to two tenants under operating leases with current expirations ranging from 2024 to 2028, with tenant options to extend or terminate the leases. Revenues from such leases are reported as rental income, net, and are comprised of (i) lease components, which includes fixed lease payments and (ii) non-lease components which includes reimbursements of property level operating expenses. The Company does not separate non-lease components from the related lease components, as the timing and pattern of transfer are the same, and accounts for the combined component in accordance with ASC 842.

Due to the impact of the COVID-19 pandemic, in 2020, concession agreements were entered into with the Company's two commercial tenants. In accordance with the FASB Staff Q&A, Topics 842 and 840 - Accounting for Lease Concessions Related to the Effects of COVID-19 Pandemic, a lessor may make an accounting policy election to (i) not evaluate whether such COVID-19 pandemic related rent-relief is a lease modification under ASC 842 and (ii) treat each tenant rent deferral or forgiveness as if it were contemplated as part of the existing lease contract. The Company elected to apply this accounting policy to the two lease agreements, based on the type of concession provided to the tenant, where the revised cash flows are substantially the same or less than the original lease agreement. As a result, during the three months ended June 30, 2020, the Company issued total abatements of \$75,000 for the two tenants.

Lessee Accounting

The Company is a lessee under a ground lease in Yonkers, NY which is classified as an operating lease. The ground lease expires September 30, 2024 and provides for one 21-year renewal option. As of March 31, 2021, the remaining lease term, including the renewal option, is 24.5 years.

The Company is a lessee under a corporate office lease in Great Neck, New York, which is classified as an operating lease. The lease expires on December 31, 2031 and provides a 5-year renewal option. As of March 31, 2021, the remaining lease term, including renewal options deemed exercised, is 15.8 years.

As of March 31, 2021, the Company's Right of Use ("ROU") assets and lease liabilities were \$2,719,000 and \$2,767,000, respectively. As of December 31, 2020, the Company's ROU assets and lease liabilities were \$2,652,000 and \$2,674,000, respectively.

The discount rate applied to measure each ROU asset and lease liability is based on the Company's incremental borrowing rate ("IBR"). The Company considers the general economic environment and its historical borrowing rate activity and factors in various financing and asset specific adjustments to ensure the IBR is appropriate to the intended use of the underlying lease. As the Company did not elect to apply the hindsight practical expedient, lease term assumptions determined under ASC 840 were carried forward and applied in calculating the lease liabilities recorded under ASC 842. The Company's ground lease offers a renewal option which it assesses against relevant economic factors to determine whether it is reasonably certain of exercising or not exercising the option. Lease payments associated with renewal periods that the Company is reasonably certain will be exercised, if any, are included in the measurement of the corresponding lease liability and ROU asset.

Note 5 - Real Estate Properties

Real estate properties, excluding a property held for sale, consist of the following (dollars in thousands):

	March 31, 2021	December 31, 2020
Land	\$ 23,317	\$ 25,585
Building	141,143	154,854
Building improvements	8,395	10,590
Real estate properties	172,855	191,029
Accumulated depreciation	(30,777)	(30,837)
Total real estate properties, net	<u>\$ 142,078</u>	<u>\$ 160,192</u>

A summary of real estate property owned, excluding a property held for sale, is as follows (dollars in thousands):

	December 31, 2020 Balance	Capitalized Costs and Improvements	Depreciation	Reclassified to Held for Sale	March 31, 2021 Balance
Multi-family	\$ 153,604	\$ 223	\$ (1,509)	\$ (16,800)	\$ 135,518
Land - Daytona, FL	4,379	—	—	—	4,379
Retail shopping center and other	2,209	—	(28)	—	2,181
Total real estate properties	<u>\$ 160,192</u>	<u>\$ 223</u>	<u>\$ (1,537)</u>	<u>\$ (16,800)</u>	<u>\$ 142,078</u>

Note 6 - Impairment Charges

The Company reviews each real estate asset owned, including those held through investments in unconsolidated joint ventures, for impairment when there is an event or a change in circumstances indicating that the carrying amount may not be recoverable.

The Company measures and records impairment charges, and reduces the carrying value of owned properties, when indicators of impairment are present and the expected undiscounted cash flows related to those properties are less than their carrying amounts. For its unconsolidated joint venture investments, the Company measures and records impairment losses, and reduces the carrying value of the equity investment when indicators of impairment are present and the expected discounted cash flows related to the investment is less than the carrying value.

In cases where the Company does not expect to recover its carrying value on properties held for use, the Company reduces its carrying value to fair value, and for properties held for sale, the Company reduces its carrying value to the fair value less costs to sell. During the three months ended March 31, 2021 and 2020, no impairment charges were recorded.

Note 7 – Real Estate Property Held For Sale

In March 2021, the Company entered into a contract to sell Kendall Manor, a property located in Houston, TX, for \$24,500,000 with a net book value of \$16,800,000. The buyer's right to terminate the contract expired on March 17, 2021. At March 31, 2021, the Company reclassified the net book value of the property's land, building and building improvements as Property held-for-sale in the accompanying balance sheet. It is anticipated that the sale of this property will be completed in May 2021.

Note 8 - Restricted Cash

Restricted cash represents funds held for specific purposes and are therefore not available for general corporate purposes. The restricted cash reflected on the consolidated balance sheets represents funds that are held by the Company specifically for capital improvements at certain multi-family properties owned by unconsolidated joint ventures.

Note 9 – Investment in Unconsolidated Ventures

At March 31, 2021 and December 31, 2020, the Company held interests in unconsolidated joint ventures (the "Unconsolidated Properties"), that own 31 multi-family properties. The condensed balance sheets below present information regarding such properties (dollars in thousands):

	<u>March 31, 2021</u>	<u>December 31, 2020</u>
ASSETS		
Real estate properties, net of accumulated depreciation of \$155,455 and \$145,600	\$ 1,064,820	\$ 1,075,178
Cash and cash equivalents	14,900	16,939
Other assets	27,667	29,392
Total Assets	<u>\$ 1,107,387</u>	<u>\$ 1,121,509</u>
LIABILITIES AND EQUITY		
Liabilities:		
Mortgages payable, net of deferred costs of \$5,311 and \$5,537	\$ 828,591	\$ 829,646
Accounts payable and accrued liabilities	15,099	20,237
Total Liabilities	843,690	849,883
Commitments and contingencies		
Equity:		
Total unconsolidated joint venture equity	263,697	271,626
Total Liabilities and Equity	<u>\$ 1,107,387</u>	<u>\$ 1,121,509</u>
BRT's interest in joint venture equity	<u>\$ 164,248</u>	<u>\$ 169,474</u>

As of the indicated dates, real estate properties of our unconsolidated joint ventures consist of the following (dollars in thousands):

	March 31, 2021	December 31, 2020
Land	\$ 148,341	\$ 148,341
Building	1,027,979	1,029,739
Building improvements	43,955	42,698
Real estate properties	1,220,275	1,220,778
Accumulated depreciation	(155,455)	(145,600)
Total real estate properties, net	<u>\$ 1,064,820</u>	<u>\$ 1,075,178</u>

At March 31, 2021 and December 31, 2020, the weighted average interest rate on the mortgages payable is 3.96% and 3.96%, respectively, and the weighted average remaining term to maturity is 7.42 years and 7.67 years, respectively.

The condensed income statement below presents information regarding the Unconsolidated Properties (dollars in thousands):

	Three Months Ended March 31,	
	2021	2020
Revenues:		
Rental and other revenue	\$ 32,672	\$ 30,843
Total revenues	32,672	30,843
Expenses:		
Real estate operating expenses	15,703	14,532
Interest expense	8,522	8,757
Depreciation	10,385	10,357
Total expenses	34,610	33,646
Total revenues less total expenses	(1,938)	(2,803)
Other equity earnings	9	8
Impairment charges	(2,323)	—
Insurance recoveries	2,323	—
Net loss from joint ventures	<u>\$ (1,929)</u>	<u>\$ (2,795)</u>
BRT's equity in loss from joint ventures	<u>\$ (1,345)</u>	<u>\$ (1,815)</u>

During the three months ended March 31, 2021, we recognized \$2,300,000 of impairment charges at three of our equity investments located in Texas due to storm damage and also recognized \$2,300,000 of insurance recoveries related to the impairment charges resulting from the Texas ice storm damage. There were no comparable charges in the corresponding period of the prior year.

On April 20, 2021, the Company sold its joint venture interest in Anatole Apartments, a property located in Daytona Beach, FL. The Company will recognize a gain of approximately \$2,200,000 on the sale in the quarter ending June 30, 2021.

On May 4, 2021, the Company purchased an additional 14.69% interest in Civic Center I and Civic Center II - Southaven, MS, from its existing joint venture partner for \$6,031,000. After giving effect to this purchase, the Company owns 74.69% of the equity interest in these properties.

On May 7, 2021, the Company entered into an agreement to acquire the 41.9% interest owned by its joint venture partners in the entity that owns Bells Bluff, a 402-unit multi-family property located in West Nashville, TN. The purchase price for the interest, after giving effect to the joint venture partners' carried interest, is approximately \$28,000,000, subject to working capital and certain other adjustments. After giving effect to this purchase, Bells Bluff will be wholly-owned by the Company.

The completion of this purchase is subject to customary closing conditions, including the refinancing of the \$47,200,000 floating rate (*i.e.*, 2.975% at March 31, 2021) mortgage debt on the property.

Note 10 – Debt Obligations

Debt obligations consist of the following (dollars in thousands):

	<u>March 31, 2021</u>	<u>December 31, 2020</u>
Mortgages payable	\$ 130,196	\$ 130,997
Junior subordinated notes	37,400	37,400
Deferred financing costs	(810)	(880)
Total debt obligations, net of deferred costs	<u>\$ 166,786</u>	<u>\$ 167,517</u>

Mortgages Payable

The weighted average interest rate on the Company's mortgages payable at March 31, 2021 was 4.15% and the weighted average remaining term to maturity is 4.13 years. For the three months ended March 31, 2021 and 2020 interest expense, which includes amortization of deferred financing costs, was \$1,429,000 and \$1,475,000, respectively.

Credit Facility

The Company's credit facility with an affiliate of Valley National Bank, as amended and modified from time-to-time, allows the Company to borrow, subject to compliance with borrowing base requirements and other conditions, up to \$15,000,000 to facilitate the acquisition of multi-family properties and for working capital (including dividend payments) and operating expenses. The facility is secured by the cash available in certain cash accounts maintained by the Company at Valley National Bank, matures April 2023 and bears an adjustable interest rate of 50 basis points over the prime rate, with a floor of 4.25%. The interest rate in effect as of March 31, 2021 is 4.25%. For the three months ended March 31, 2021 and 2020, interest expense, which includes amortization of deferred financing costs and unused fees, was \$17,000 and \$15,000. Deferred financing costs of \$2,000 and \$12,000, are recorded in other assets on the Consolidated balance sheets at March 31, 2021 and December 31, 2020, respectively. There is an unused facility fee of 0.25% per annum on the difference between the outstanding loan balance and maximum amount then available under the facility. At March 31, 2021, the Company is in compliance in all material respects with its obligation under the facility. At March 31, 2021 and April 30, 2021, there was no outstanding balance on the facility.

Junior Subordinated Notes

At March 31, 2021 and December 31, 2020, the outstanding principal balance of the Company's junior subordinated notes was \$37,400,000, before deferred financing costs of \$312,000 and \$317,000, respectively. The interest rate on the outstanding balance resets quarterly and is based on three months LIBOR + 2.00%. The rate in effect at March 31, 2021 and 2020 was or 2.21% and 3.77%, respectively. The notes mature April 30, 2036.

The junior subordinated notes require interest only payments through the maturity date of April 30, 2036, at which time repayment of the outstanding principal and unpaid interest become due. Interest expense for the three months ended March 31, 2021 and 2020, which includes amortization of deferred financing costs, was \$214,000 and \$370,000, respectively.

Note 11 – Related Party Transactions

The Company has retained certain of its executive officers and Fredric H. Gould, a director, among other things, to participate in the Company's multi-family property analysis and approval process (which includes service on an investment committee); provide investment advice; and provide long-term planning and consulting with executives and employees with respect to other business matters, as required. The aggregate fees incurred and paid for these services in each of the three months ended March 31, 2021 and 2020 were \$350,000.

Management of certain properties owned by the Company and certain joint venture properties is provided by Majestic Property Management Corp. ("Majestic Property"), a company wholly owned by Fredric H. Gould. Certain of the Company's officers and directors are also officers and directors of Majestic Property. Majestic Property may also provide real estate

brokerage and construction supervision services to these properties. These fees amounted to \$7,000 and \$8,000 for the three months ended March 31, 2021 and 2020, respectively.

Pursuant to a shared services agreement between the Company and several affiliated entities, including Gould Investors L.P., the owner and operator of a diversified portfolio of real estate and other assets, and One Liberty Properties, Inc., a NYSE listed equity REIT, the (i) services of the part time personnel that perform certain executive, administrative, legal, accounting and clerical functions and (ii) certain facilities and other resources, are provided to the Company. The allocation of expenses for the facilities, personnel and other resources shared by, among others, the Company and Gould Investors, is computed in accordance with such agreement and is included in general and administrative expense on the consolidated statements of operations. During the three months ended March 31, 2021 and 2020, respectively, allocated general and administrative expenses reimbursed by the Company to Gould Investors pursuant to the shared services agreement aggregated \$172,000 and \$226,000, respectively. Fredric H. Gould is executive officer and sole stockholder of Georgetown Partners, Inc., the managing general partner of Gould Investors L.P. ("Gould Investors"). Mr Gould is also the vice chairman of the board of directors of One Liberty Properties and certain of the Company's officers and directors are also officers or directors of One Liberty Properties and Georgetown Partners.

Note 12 – Fair Value Measurements

Financial Instruments Not Carried at Fair Value

The following methods and assumptions were used to estimate the fair value of each class of financial instruments that are not recorded at fair value on the consolidated balance sheets:

Cash and cash equivalents, restricted cash, accounts receivable (included in other assets), accounts payable and accrued liabilities: The carrying amounts reported in the balance sheets for these instruments approximate their fair value due to the short term nature of these accounts.

Junior subordinated notes: At March 31, 2021 and December 31, 2020, the estimated fair value of the notes is lower than their carrying value by approximately \$8,596,000 and \$8,670,000, respectively, based on a market interest rate of 4.19% and 4.22%, respectively.

Mortgages payable: At March 31, 2021, the estimated fair value of the Company's mortgages payable is greater than their carrying value by approximately \$265,000, assuming market interest rates between 3.43% and 4.09%. At December 31, 2020, the estimated fair value of the Company's mortgages payable was greater than their carrying value by approximately \$3,831,000, assuming market interest rates between 2.87% and 3.28%. Market interest rates were determined using rates which the Company believes reflects institutional lender yield requirements at the balance sheet dates.

Considerable judgment is necessary to interpret market data and develop estimated fair value. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value.

Financial Instruments Carried at Fair Value

The Company's fair value measurements are based on the assumptions that market participants would use in pricing the asset or liability. As a basis for considering market participant assumptions in fair value measurements, there is a fair value hierarchy that distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity and the reporting entity's own assumptions about market participant assumptions. Level 1 assets/liabilities are valued based on quoted prices for identical instruments in active markets, Level 2 assets/liabilities are valued based on quoted prices in active markets for similar instruments, on quoted prices in less active or inactive markets, or on other "observable" market inputs, and Level 3 assets/liabilities are valued based significantly on "unobservable" market inputs. The Company does not currently own any financial instruments that are classified as Level 3.

Set forth below is information regarding the Company's financial assets and liabilities measured at fair value as of March 31, 2021 (dollars in thousands):

	Carrying and Fair Value	Fair Value Measurements Using Fair Value Hierarchy		
		Level 1	Level 2	Level 3
Financial Liabilities:				
Interest rate swap	\$ 18	\$ —	\$ 18	\$ —

Set forth below is information regarding the Company’s financial assets and liabilities measured at fair value as of December 31, 2020 (dollars in thousands):

	Carrying and Fair Value	Fair Value Measurements Using Fair Value Hierarchy		
		Level 1	Level 2	Level 3
Financial Liabilities:				
Interest rate swap	\$ 23	\$ —	\$ 23	\$ —

Derivative financial instruments: Fair values are approximated using widely accepted valuation techniques including discounted cash flow analysis on the expected cash flows of the derivatives. This analysis reflects the contractual terms of the derivatives, including the period to maturity, and uses observable market-based inputs, including interest rate curves, and implied volatilities. At March 31, 2021 and December 31, 2020, this derivative is included in other liabilities on the consolidated balance sheet.

Although the Company has determined that the majority of the inputs used to value its derivative fall within Level 2 of the fair value hierarchy, the credit valuation adjustments associated with it utilize Level 3 inputs, such as estimates of current credit spreads to evaluate the likelihood of default by itself and its counterparties. As of March 31, 2021 and December 31, 2020, the Company assessed the significance of the impact of the credit valuation adjustments on the overall valuation of its derivative position and determined that the credit valuation adjustments are not significant to the overall valuation of its derivative. As a result, the Company determined that its derivative valuation is classified in Level 2 of the fair value hierarchy.

Note 13 – Derivative Financial Instruments

Cash Flow Hedges of Interest Rate Risk

The Company's objective in using interest rate derivatives are to add stability to interest expense and to manage its exposure to interest rate movements. To accomplish this objective, the Company primarily uses interest rate swaps as part of its interest rate risk management strategy. Interest rate swaps designated as cash flow hedges involve the receipt of variable amounts from a counterparty in exchange for the Company making fixed-rate payments over the life of the agreements without exchange of the underlying notional amount.

The changes in the fair value of derivatives designated and that qualify as cash flow hedges is recorded in Accumulated Other Comprehensive (Loss) income and is subsequently reclassified into earnings in the period that the hedged forecasted transaction affects earnings.

As of March 31, 2021, the Company had the following outstanding interest rate derivatives that were designated as cash flow hedges of interest rate risk (dollars in thousands):

Interest Rate Derivative	Current Notional Amount	Fixed Rate	Maturity
Interest rate swap	\$ 1,001	5.25 %	April 1, 2022

The table below presents the fair value of the Company’s derivative financial instruments as well as its classification on the consolidated balance sheets as of the dates indicated (dollars in thousands):

Derivatives as of:			
March 31, 2021		December 31, 2020	
Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Accounts payable and accrued liabilities	\$ 18	Accounts payable and accrued liabilities	\$ 23

The following table presents the effect of the Company’s interest rate swaps on the consolidated statements of comprehensive income (loss) for the dates indicated (dollars in thousands):

	Three Months Ended March 31,	
	2021	2020
Amount of (loss) gain recognized on derivative in Other Comprehensive Income	\$ —	\$ (24)
Amount of (loss) gain reclassified from Accumulated Other Comprehensive Income into Interest expense	\$ (5)	\$ (1)
Total amount of Interest expense presented in the Consolidated Statements of Operations	\$ 1,660	\$ 1,860

The Company estimates an additional \$18,000 will be reclassified from other comprehensive loss as an increase to interest expense over the next twelve months.

Credit-risk-related Contingent Features

The agreement between the Company and its derivative counterparties provides that if the Company defaults on any of its indebtedness, including default where repayment of the indebtedness has not been accelerated by the lender, the Company could be declared in default on its derivative obligations.

As of March 31, 2021 and December 31, 2020, the fair value of derivatives in a net liability position including interest but excluding any adjustment for nonperformance risk related to these agreements was \$20,000 and \$25,000, respectively. As of March 31, 2021 and December 31, 2020, the Company has not posted any collateral related to this agreement and was not in breach of any agreement provisions. If the Company had breached any of these provisions, it could have been required to settle its obligations under the agreement termination value of \$20,000 and \$25,000, at March 31, 2021 and December 31, 2020 respectively.

Note 14 – New Accounting Pronouncements

In March 2020, the Financial Accounting Standard Board issued ASU 2020-04, Reference Rate Reform (Topic 848). ASU 2020-04 contains practical expedients for reference rate reform related activities that impact debt, lease, derivatives and other contracts. This guidance in ASU 2020-04 is optional and may be elected over time as reference rate reform activities occur. During the first quarter of 2020, the Company has elected to apply hedge accounting expedients related to probability and the assessments of effectiveness for future LIBOR-indexed cash flows to assume that the index upon which future hedged transactions will be based matches the index on the corresponding derivatives. Application of these expedients preserves the presentation of derivatives consistent with past presentation. The Company continues to evaluate the impact of the guidance and may apply other elections as applicable as additional changes in the market occur.

In August 2018, the FASB issued ASU 2018-13, *Disclosure Framework — Changes to the Disclosure Requirements for Fair Value Measurement*, which removes, modifies, and adds certain disclosure requirements related to fair value measurements in ASC Topic 820. This guidance is effective for public companies in fiscal years beginning after December 15, 2019, with early adoption permitted. The Company adopted this guidance effective January 1, 2020. The adoption of this guidance did not have a material effect on the consolidated financial statements.

In June 2018, the FASB issued ASU 2018-07, *Compensation—Stock Compensation (Topic 718): Improvements to Nonemployee Share-Based Payment Accounting*. This update provides specific guidance for transactions for acquiring goods and services from nonemployees and specifies that Topic 718 applies to all share-based payment transactions in which a grantor acquires goods or services to be used or consumed in a grantor’s own operations by issuing share-based payment awards. The amendments also clarify that Topic 718 does not apply to share-based payments used to effectively provide (i) financing to the issuer or (ii) awards granted in conjunction with selling goods or services to customers as part of a contract accounted for under ASC Topic 606, Revenue from Contracts with Customers. The Company adopted this guidance effective January 1, 2020. The adoption of this guidance did not have a material effect on the consolidated financial statements.

In February 2016, the FASB issued ASU 2016-13, *Measurement of Credit Losses on Financial Instruments* (“ASU 2016-13”) establishing ASC Topic 326, *Financial Instruments - Credit Losses* (“ASC 326”), as amended by subsequent ASUs on the topic. ASU 2016-13 changes how entities will account for credit losses for most financial assets and certain other instruments that are not measured at fair value through net income. The guidance replaces the current “incurred loss” model with an “expected loss” model that requires consideration of a broader range of information to estimate expected credit losses over the lifetime of the financial asset. ASU 2016-13 is effective for interim and annual reporting periods in fiscal years

beginning after December 15, 2022. We are currently evaluating the impact of the adoption of ASU 2016-13 on our consolidated financial statements.

Note 15 – Subsequent Events

Subsequent events have been evaluated and any significant events, relative to our consolidated financial statements as of March 31, 2021, that warrant additional disclosure, have been included in the notes to the consolidated financial statements.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Cautionary Statement Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q (the "Quarterly Report"), together with other statements and information publicly disseminated by us, contains certain forward looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended ("the Exchange Act"). We intend such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995 and include this statement for purposes of complying with these safe harbor provisions. Forward-looking statements relate to expectations, beliefs, projections, future plans and strategies, anticipated events or trends concerning matters that are not historical facts. Forward looking statements are generally identifiable by use of words such as "may," "will," "will likely result," "shall," "should," "could," "believe," "expect," "intend," "anticipate," "estimate," "project" or similar expressions or variations thereof.

Forward-looking statements contained in this Quarterly Report are based on our beliefs, assumptions and expectations of our future performance taking into account all information currently available to us. These beliefs, assumptions and expectations can change as a result of many possible events or factors, not all of which are known to us or within our control, and which could materially affect actual results, performance or achievements. Factors which may cause actual results to vary from our forward-looking statements include, but are not limited to:

- the impact of the COVID-19 pandemic;
- general economic and business conditions, including those currently affecting our nation's economy and real estate markets;
- the availability of, and costs associated with, sources of capital and liquidity;
- accessibility of debt and equity capital markets;
- general and local real estate conditions, including any changes in the value of our real estate;
- changes in Federal, state and local governmental laws and regulations, including laws and regulations relating to taxes and real estate and related investments;
- the level and volatility of interest rates;
- our acquisition strategy, which may not produce the cash flows or income expected;
- the competitive environment in which we operate, including competition that could adversely affect our ability to acquire properties and/or limit our ability to lease apartments or increase or maintain rental income;
- a limited number of multi-family property acquisition opportunities acceptable to us;
- our multi-family properties are concentrated in the Southeastern United States and Texas, which makes us more susceptible to adverse developments in those markets;
- risks associated with our strategy of acquiring value-add multi-family properties, which involves greater risks than more conservative strategies;
- the condition of Fannie Mae or Freddie Mac, which could adversely impact us;
- our failure to comply with laws, including those requiring access to our properties by disabled persons, which could result in substantial costs;
- insufficient cash flows, which could limit our ability to make required payments on our debt obligations;
- our ability and the ability of our joint venture partners to maintain compliance with the covenants contained in our and our joint venture partners' debt facilities and debt instruments;
- impairment in the value of real estate we own;
- failure of property managers to properly manage properties;
- disagreements with, or misconduct by, joint venture partners;
- decreased rental rates or increasing vacancy rates;

- our ability to lease units in newly acquired or newly constructed multi-family properties;
- potential defaults on or non-renewal of leases by tenants;
- creditworthiness of tenants;
- our ability to evaluate, finance, complete and integrate acquisitions, including the acquisition of the Remaining Interest (as defined), successfully;
- development and acquisition risks, including rising or unanticipated costs and failure of such acquisitions and developments to perform in accordance with projections;
- the timing of acquisitions and dispositions;
- our ability to reinvest the net proceeds of dispositions into more, or as favorable, acquisition opportunities;
- potential natural disasters such as hurricanes, tornadoes and floods;
- board determinations as to timing and payment of dividends, if any, and our ability or willingness to pay future dividends;
- financing risks, including the risks that our cash flows from operations may be insufficient to meet required debt service obligations and we may be unable to refinance our existing debt upon maturity or obtain new financing on attractive terms or at all;
- lack of or insufficient amounts of insurance to cover, among other things, losses from catastrophes;
- our ability to maintain our qualification as a REIT;
- possible environmental liabilities, including costs, fines or penalties that may be incurred due to necessary remediation of contamination of properties presently owned or previously owned by us or a subsidiary owned by us or acquired by us;
- our dependence on information systems;
- risks associated with breaches of our or our joint venture partners' information technology systems;
- failure to comply with the provisions and covenants and coverage ratios in our debt instruments;
- risks associated with the stock ownership restrictions of the Code for REITs and the stock ownership limit imposed by our charter;
- increases in real estate taxes at properties we acquire due to such acquisitions or other factors;
- the other factors described in this Quarterly Report on Form 10-Q and our Annual Report on Form 10-K for the year ended December 31, 2020, as amended (the "Annual Report"), including those factors set forth, under the sections of such reports, as applicable, entitled "Risk Factors," "Business," and "Management's Discussion and Analysis of Financial Condition and Results of Operations".

We caution you not to place undue reliance on forward-looking statements, which speak only as of the date of this Quarterly Report. Except to the extent otherwise required by applicable law or regulation, we undertake no obligation to update these forward-looking statements to reflect events or circumstances after the date of the filing of this Quarterly Report or to reflect the occurrence of unanticipated events.

Overview

We are an internally managed real estate investment trust, also known as a REIT, that is focused on the ownership, and operation of multi-family properties. These properties derive revenue from tenant rental payments. Generally, these properties are owned by unconsolidated joint ventures in which we contributed 32% to 90% of the equity. At March 31, 2021, we: (i) wholly own eight multi-family properties located in six states with an aggregate of 1,880 units and a carrying value of \$152.3 million; and (ii) have ownership interests, through unconsolidated entities, in 31 multi-family properties located in nine states with 9,162 units - the carrying value of our net equity investment therein is \$164.2 million. These 39 properties are located in 11 states; most of our properties are located in the southeast United States and Texas. See- "Off Balance Sheet Arrangements" for information regarding the contributions of our unconsolidated subsidiaries and our reliance upon the cash flow and liquidity provided by such subsidiaries.

As used herein, the term "same store properties" refers to operating properties that were owned for the entirety of the periods being presented. For the three months ended March 31, 2021 and 2020, there were eight same store properties.

Challenges and Uncertainties Presented by COVID-19

While the nation-wide economic hardships resulting from the responses to the pandemic did not have a material impact on our results of operations for the three months ended March 31, 2021, the pandemic, among other things, may adversely affect the ability of our residents to pay rent (due to furloughs, layoffs and/or the expiration of, or reduction in, unemployment benefits) and as a result, our ability to pay dividends and/or the debt service on our mortgages.

Recent Developments

In February 2021, three of our unconsolidated joint venture properties located in Texas (*i.e.*, Verandas at Shavano, Verandas at Alamo and The Woodland) sustained damage from several winter storms. As a result, each of these properties recorded impairment charges, of which BRT's proportionate share is \$1.7 million, representing the net book value of the assets damaged. We anticipate that the cost to replace the damaged property and the lost rents will be covered by insurance and the properties have recorded insurance recoveries in an amount equal to the impairment charges.

On March 3, 2021, we entered into an agreement to sell Kendall Manor - Houston, TX, a wholly-owned property, to an unrelated third party for approximately \$24.5 million and anticipate the transaction will close in May 2021. We estimate that during the quarter ending June 30, 2021, we will recognize a gain on the sale of this property of approximately \$7.4 million. During the quarter ended March 31, 2021, our rental revenues, operating expenses, interest expense and depreciation expense associated with this property were \$739,000, \$456,000, \$164,000 and \$123,000, respectively.

Effective as of April 1, 2021, we and VNB New York, LLC, an affiliate of Valley National Bank, entered into a modification agreement with respect to our credit facility. The modification (i) increased the amount we are permitted to borrow, subject to compliance with borrowing base requirements and other conditions, from \$10 million to \$15 million, (ii) extended the term of the facility from April 18, 2021 to April 18, 2023 and (iii) increased the number of wholly-owned properties we are required to own from three to four and modified certain requirements with respect to such properties.

On April 20, 2021, we completed the sale of our 80% interest in Anatole Apartments - Daytona Beach, FL, to our joint venture partner, for \$7.5 million. We estimate that during the quarter ending June 30, 2021, we will recognize a gain on sale of our partnership interest of \$2.2 million from such sale.

On May 4, 2021, we purchased an additional 14.69% interest in Civic Center I and Civic Center II - Southaven, MS, from our joint venture partner for \$6.0 million. After giving effect to such purchase, we own 74.69% of the venture that owns this property.

On May 7, 2021, we entered into an agreement to acquire the 41.9% interest (the "Remaining Interest") owned by our joint venture partners in the entity that owns Bells Bluff, a 402-unit multi-family property located in West Nashville, TN. If we acquire the Remaining Interest, Bells Bluff will be wholly-owned by us. The purchase price for the Remaining Interest, after giving effect to our partners' carried interest, is approximately \$28 million, subject to working capital and certain other adjustments. We anticipate that this purchase will be completed in the summer of 2021. The completion of this purchase is subject to customary closing conditions, including the refinancing of the \$47.2 million floating rate (*i.e.*, 2.975% at March 31, 2021) mortgage debt on the property. See Part II, Item 5. "*Other Information*"

We can provide no assurance that the Kendall Manor and Bells Bluff transactions will be completed.

Results of Operations – Three months ended March 31, 2021 compared to three months ended March 31, 2020.

Revenues

The following table compares our revenues for the periods indicated:

(Dollars in thousands):	Three Months Ended March 31,		Increase (Decrease)	% Change
	2021	2020		
Rental revenue	\$ 7,095	\$ 6,745	\$ 350	5.2
Other income	4	179	(175)	(97.8)
Total revenues	<u>\$ 7,099</u>	<u>\$ 6,924</u>	<u>\$ 175</u>	2.5

Rental revenue

The increase is primarily due to:

- \$176,000 from same store properties due to an increase in average rental rates,
- \$ 96,000 from same store properties due to an increase in occupancy, and
- \$83,000 from same store properties due to an increase in ancillary income (e.g., late fees, utility reimbursements, etc).

Other income

The decrease is due to the inclusion, in the three months ended March 31, 2020, of the interest that was collected on the Newark loan receivable. This loan was sold on September 30, 2020.

Expenses

The following table compares our expenses for the periods indicated:

(Dollars in thousands)	Three Months Ended March 31,		Increase (Decrease)	% Change
	2021	2020		
Real estate operating expenses	\$ 3,117	\$ 3,058	\$ 59	1.9
Interest expense	1,660	1,860	(200)	(10.8)
General and administrative	3,114	3,367	(253)	(7.5)
Depreciation	1,537	1,561	(24)	(1.5)
Total expenses	<u>\$ 9,428</u>	<u>\$ 9,846</u>	<u>\$ (418)</u>	(4.2)

Interest expense.

The decrease is due primarily to a \$154,000 decrease in such expense on our floating rate junior subordinated notes due to a decline in interest rates.

General and administrative.

The increase is due primarily to a \$161,000 increase in professional fees and a \$100,000 increase for the non-cash amortization of restricted stock (primarily related to the higher fair value of the shares granted in 2021 in comparison to the shares granted in 2016).

Equity in (loss) of unconsolidated joint ventures.

The table below reflects the condensed income statements of our Unconsolidated Properties. In accordance, among other things, with US generally accepted accounting principles, each of the line items in the chart below (other than equity in (loss) of unconsolidated joint ventures) is presented as if these properties are wholly owned by us though, as noted earlier, our equity interests in these properties range from 32% to 90% (see note 9 of our consolidated financial statements) (dollars in thousands):

	<u>Three Months Ended March 31,</u>		<u>Increase (Decrease)</u>	<u>% change</u>
	<u>2021</u>	<u>2020</u>		
Rental revenues from unconsolidated joint ventures	\$ 32,672	\$ 30,843	\$ 1,829	5.9 %
Real estate operating expense from unconsolidated joint ventures	15,703	14,532	1,171	8.1 %
Interest expense from unconsolidated joint ventures	8,522	8,757	(235)	(2.7)%
Depreciation from unconsolidated joint ventures	10,385	10,357	28	0.3 %
Total expenses from unconsolidated joint ventures	34,610	33,646	964	2.9 %
Total revenues less total expenses from unconsolidated joint ventures	(1,938)	(2,803)	865	30.9 %
Other equity earnings	9	8	1	12.5 %
Impairment charges	(2,323)	—	(2,323)	N/A
Insurance recoveries	2,323	—	2,323	N/A
Net loss	<u>(1,929)</u>	<u>(2,795)</u>	<u>866</u>	<u>31.0 %</u>
Equity in (loss) of unconsolidated joint ventures	<u>\$ (1,345)</u>	<u>\$ (1,815)</u>	<u>\$ 470</u>	

Set forth below is an explanation of the most significant changes in the components of the net loss of our unconsolidated joint ventures. Same store properties at unconsolidated joint ventures represent 28 properties that have been owned for the entirety of the periods being compared and exclude any properties that were in lease up during that same period.

Rental revenue from unconsolidated joint ventures

The increase is due primarily to:

- \$976,000 from unconsolidated same store properties - \$447,000 of the increase is due to the increase in variable ancillary fees payments (e.g., late fees, waiver fees and tech/cable package), \$382,000 from increased occupancy and \$147,000 from an increase in rental rates,
- \$417,000 from the inclusion, for the entire three months ended March 31, 2021, of a property that was only owned for a portion of the corresponding period in the prior year, and
- \$386,000 from two properties (i.e., Bells Bluff and Sola Station) that were in lease up in the corresponding period in the prior year.

Real estate operating expenses from unconsolidated joint ventures

The increase is due to:

- \$718,000 from same store properties, primarily due to increases of (i) \$395,000 primarily due to increased water and sewer charges, (ii) \$224,000 in real estate tax expense, and (iii) \$213,000 due to increased insurance premiums,
- \$287,000 from the inclusion, for the entire three months ended March 31, 2021, of a property that was only owned for a portion of the corresponding period in the prior year, and
- \$207,000 from the two properties that were in lease up in the corresponding period of the prior year.

The increase was offset by a \$242,000 decrease in repairs and maintenance and replacement expense at same store properties.

Interest expense from unconsolidated joint ventures. The decline in is primarily due to the refinancing of a variable rate construction loan to a fixed rate permanent mortgage on the Sola Station, Columbia, SC property.

Impairment charges. During the three months ended March 31, 2021, we recognized \$2.3 million of impairment charges at three of our properties located in Texas due to storm damage. There were no comparable charges in the corresponding period of the prior year.

Insurance recoveries. During the three months ended March 31, 2021, we recognized \$2.3 million of insurance recoveries related to the impairment charges resulting from the Texas ice storm damage.

Liquidity and Capital Resources

We require funds to pay operating expenses and debt service, acquire properties, make capital improvements, fund capital contributions, pay dividends and, to the extent we deem appropriate, reduce other than in the ordinary course, our indebtedness over time. Generally, our primary sources of capital and liquidity have been the operations of our multi-family properties (including distributions from the joint ventures that own such properties), mortgage debt financings and re-financings, equity contributions for acquisitions from our joint venture partners, our share of the proceeds from the sale of properties, the sale of shares of our common stock pursuant to our at-the-market equity distribution program, borrowings from our credit facility and our available cash (including restricted cash). On March 31, 2021 and April 30, 2021, our cash and cash equivalents, were approximately \$19.4 million and \$22.0 million, respectively, and excludes funds held at our unconsolidated joint ventures.

We anticipate that through 2023, our operating expenses, \$122.7 million of mortgage amortization and interest expense and \$177.0 million of balloon payments (including \$108.0 million and \$102.4 million, respectively, from unconsolidated joint ventures) due with respect to mortgages maturing from 2021 to 2023, estimated cash dividend payments of at least \$42.6 million (assuming (i) the current quarterly dividend rate of \$0.22 per share and (ii) 17.6 million shares outstanding), will be funded from cash generated from operations (including distributions from unconsolidated joint ventures), sales of properties and our credit facility. Our operating cash flow and available cash is insufficient to fully fund the \$177.0 million of balloon payments, and if we are unable to refinance such debt, we may need to issue additional equity or dispose of properties, in each case on potentially unfavorable terms.

Capital improvements at (i) 18 multi-family properties will be funded by approximately \$8.5 million of restricted cash available at March 31, 2021 and the cash flow from operations at such properties and (ii) other properties will be funded from the cash flow from operations of such properties.

Our ability to acquire additional multi-family properties (including our acquisition of the Remaining Interest in Bells Bluff and the interests of joint venture partners in other properties), is limited by our available cash, and our ability to (i) draw on our credit facility, (ii) obtain, on acceptable terms, equity contributions from joint venture partners and mortgage debt from lenders, (iii) raise capital from the sale of our common stock, and (iv) use the net proceeds available to us from other property sales. Further, if and to the extent we generate ordinary taxable income, we will be required to make distributions to stockholders to maintain our REIT status and as a result, will be limited in our ability to use gains, if any, from property sales, as a source of funds for operating expenses, debt service and property acquisitions.

Junior Subordinated Notes

As of March 31, 2021, \$37.4 million (excluding deferred costs of \$312,000) in principal amount of our junior subordinated notes is outstanding. These notes mature in April 2036, contain limited covenants (including covenants prohibiting us from paying dividends or repurchasing capital stock if there is an event of default (as defined therein) on these notes), are redeemable at our option and bear an interest rate, which resets and is payable quarterly, of three-month LIBOR plus 200 basis points. At March 31, 2021 and 2020, the interest rate on these notes was 2.21% and 3.77%, respectively.

Credit Facility

Our credit facility with VNB New York, LLC, an affiliate of Valley National Bank (collectively, "VNB") as amended and modified from time to time, allows us to borrow, subject to compliance with borrowing base requirements and other conditions, up to \$15 million. The facility is available for the (i) acquisition of, and investment in, multi-family properties, and (ii) working capital (including dividend payments) and operating expenses. It is secured by the cash available in certain cash accounts maintained by the Company at VNB, matures April 2023 and bears an annual interest rate of 50 basis points over the prime rate, with a floor of 4.25%. At March 31, 2021, the annual interest rate on this facility was 4.25%. There is an unused facility fee of 0.25% per annum on the difference between the outstanding loan balance and maximum amount then available under the facility.

The facility includes restrictions and covenants which limit, among other things, the incurrence of liens, and which require compliance with financial ratios relating to, among other things, the minimum amount of debt service coverage with respect to the properties (and amounts drawn on the facility) used in calculating the borrowing base, the minimum number of wholly owned properties and the minimum number of properties used in calculating the borrowing base. Net proceeds received from the sale, financing or refinancing of wholly owned properties are generally required to be used to repay amounts outstanding under the facility. We are in compliance in all material respects with the facility.

Off Balance Sheet Arrangements

Although we are not a party to any off-balance sheet arrangements (as such term is defined in Item 303(a)(4) of Regulation S-K), the following information may be of interest to investors. We are joint venture partners in approximately 31

unconsolidated joint ventures which own multi-family properties and that the distributions from these joint venture properties (\$3.9 million in the quarter ended March 31, 2021) are a material source of our liquidity and cash flow. Further, we may be required to make significant capital contributions with respect to these properties. At March 31, 2021, these joint venture properties have a net equity carrying value of \$164.3 million and are subject to net mortgage debt, which is not reflected on our consolidated balance sheet, of \$828.6 million. Although BRT Apartments Corp. is not the obligor with respect to such mortgage debt, the loss of any of these properties due to mortgage foreclosure or similar proceedings would have a material adverse effect on our results of operations and financial condition. These joint venture arrangements have been, and we anticipate that they will continue to be, material to our liquidity and capital resource position. See note 9 to our consolidated financial statements.

Cash Distribution Policy

We have elected to be treated as a REIT under the Internal Revenue Code of 1986, as amended, which we refer to as the “Code.” To qualify as a REIT, we must meet a number of organizational and operational requirements, including a requirement that we distribute to our stockholders within the time frames prescribed by the Code at least 90% of our ordinary taxable income. Management currently intends to maintain our REIT status. As a REIT, we generally will not be subject to corporate Federal income tax on taxable income we distribute to stockholders in accordance with the Code. If we fail to qualify as a REIT in any taxable year, we will be subject to Federal income taxes at regular corporate rates and may not be able to qualify as a REIT for four subsequent tax years. Even if we qualify for Federal taxation as a REIT, we are subject to certain state and local taxes on our income and to Federal income and excise taxes on undistributed taxable income, (*i.e.*, taxable income not distributed in the amounts and in the time frames prescribed by the Code).

Our net operating loss at December 31, 2020 was estimated to be approximately \$32.7 million; therefore, we are not currently required by Code provisions relating to REITs to pay cash dividends to maintain our status as a REIT. Notwithstanding the foregoing, on April 7, 2021, we paid a cash dividend of \$0.22 per share.

We are carefully monitoring our discretionary spending, in light of the pandemic. Our largest recurring discretionary expenditure has been our quarterly dividend (which was \$ 0.22 per share of common stock, or in the approximate amount of \$3.8 million, for the most recent quarter). Each quarter, our board of directors evaluates the timing and amount of our dividend based on its assessment of, among other things, our short and long- term cash and liquidity requirements, prospects, debt maturities, projections of our REIT taxable income, net income, funds from operations, adjusted funds from operations and the dividend policies of our peers.

Funds from Operations; Adjusted Funds from Operations; Net Operating Income

We disclose below funds from operations (“FFO”) and adjusted funds from operations (“AFFO”) because we believe that such metrics are a widely recognized and appropriate measure of the performance of an equity REIT.

We compute FFO in accordance with the “White Paper on Funds From Operations” issued by the National Association of Real Estate Investment Trusts (“NAREIT”) and NAREIT’s related guidance. FFO is defined in the White Paper as net income (calculated in accordance with GAAP), excluding depreciation and amortization related to real estate, gains and losses from the sale of certain real estate assets, gains and losses from change in control, impairment write-downs of certain real estate assets and investments in entities where the impairment is directly attributable to decreases in the value of depreciable real estate held by the entity. Adjustments for unconsolidated partnerships and joint ventures are calculated to reflect funds from operations on the same basis. In computing FFO, we do not add back to net income the amortization of costs in connection with our financing activities or depreciation of non-real estate assets. We compute AFFO by deducting from FFO our straight-line rent accruals, loss on extinguishment of debt, restricted stock and restricted stock unit expense, deferred mortgage costs and gain on insurance recovery. Since the NAREIT White Paper only provides guidelines for computing FFO, the computation of AFFO may vary from one REIT to another.

We believe that FFO and AFFO are useful and standard supplemental measures of the operating performance for equity REITs and are used frequently by securities analysts, investors and other interested parties in evaluating equity REITs, many of which present FFO and AFFO when reporting their operating results. FFO and AFFO are intended to exclude GAAP historical cost depreciation and amortization of real estate assets, which assumes that the carrying value of real estate assets diminishes predictably over time. In fact, real estate values have historically risen and fallen with market conditions. As a result, we believe that FFO and AFFO provide a performance measure that when compared year over year, should reflect the impact to operations from trends in occupancy rates, rental rates, operating costs, interest costs and other matters without the inclusion of depreciation and amortization, providing a perspective that may not be necessarily apparent from net income. We also consider FFO and AFFO to be useful to us in evaluating potential property acquisitions.

FFO and AFFO do not represent net income or cash flows from operations as defined by GAAP. FFO and AFFO should not be considered to be an alternative to net income as a reliable measure of our operating performance; nor should FFO and AFFO be considered an alternative to cash flows from operating, investing or financing activities (as defined by GAAP) as measures of liquidity. FFO and AFFO do not measure whether cash flow is sufficient to fund all of our cash needs, including principal amortization and capital improvements. FFO and AFFO do not represent cash flows from operating, investing or financing activities as defined by GAAP.

Management recognizes that there are limitations in the use of FFO and AFFO. In evaluating our performance, management is careful to examine GAAP measures such as net income and cash flows from operating, investing and financing activities.

The tables below provides a reconciliation of net loss determined in accordance with GAAP to FFO and AFFO on a dollar and per share basis for each of the indicated periods (dollars in thousands except per share amounts):

	Three Months Ended March 31,	
	2021	2020
GAAP Net loss attributable to common stockholders	\$ (3,765)	\$ (4,831)
Add: depreciation of properties	1,537	1,561
Add: our share of depreciation in unconsolidated joint ventures	6,599	6,572
Add: our share of impairment charge in unconsolidated joint venture	1,662	—
Adjustments for non-controlling interests	(4)	(4)
<i>NAREIT Funds from operations attributable to common stockholders</i>	6,029	3,298
Adjustments for: straight-line rent accruals	(10)	(10)
Add: amortization of restricted stock and restricted stock units	538	438
Add: amortization of deferred borrowing costs	80	80
Add: our share of deferred mortgage costs from unconsolidated joint venture properties	148	160
Less: our share of insurance recovery	(1,662)	—
Adjustments for non-controlling interests	2	2
<i>Adjusted funds from operations attributable to common stockholders</i>	\$ 5,125	\$ 3,968

	Three Months Ended March 31,	
	2021	2020
GAAP Net loss attributable to common stockholders	\$ (0.22)	\$ (0.29)
Add: depreciation of properties	0.09	0.09
Add: our share of depreciation in unconsolidated joint ventures	0.38	0.39
Add: our share of impairment charge in unconsolidated joint venture	0.10	—
Adjustment for non-controlling interests	—	—
<i>NAREIT Funds from operations per diluted common share</i>	0.35	0.19
Adjustments for: straight line rent accruals	—	—
Add: amortization of restricted stock and restricted stock units	0.04	0.03
Add: amortization of deferred borrowing costs	—	—
Add: our share of deferred mortgage costs from unconsolidated joint venture properties	0.01	0.01
Less: our share of insurance recovery	(0.10)	—
Adjustments for non-controlling interests	—	—
<i>Adjusted funds from operations per diluted common share</i>	\$ 0.30	\$ 0.23

Net Operating Income, or NOI, is a non-GAAP measure of performance. NOI is used by our management and many investors to evaluate and compare the performance of our properties to other comparable properties, to determine trends at our properties and to determine the estimated fair value of our properties. The usefulness of NOI may be limited in that it does not take into account, among other things, general and administrative expense, interest expense, loss on extinguishment of debt, casualty losses, insurance recoveries and gains or losses as determined by GAAP. NOI is a property specific performance metric and does not measure our performance as a whole.

We compute NOI, by adjusting net income (loss) to (a) add back (1) depreciation expense, (2) general and administrative expenses, (3) interest expense, (4) loss on extinguishment of debt, (5) equity in loss of unconsolidated joint ventures, (6) provision for taxes, (7) the impact of non-controlling interests, and (b) deduct (1) other income, (2) gain on sale of real estate, and (3) gain on insurance recoveries related to casualty loss. Other REIT's may use different methodologies for calculating NOI, and accordingly, our NOI may not be comparable to other REIT's. We believe NOI provides an operating perspective not immediately apparent from GAAP operating income or net income (loss). NOI is one of the measures we use to evaluate our performance because it (i) measures the core operations of property performance by excluding corporate level expenses and other items unrelated to property operating performance and (ii) captures trends in rental housing and property operating expenses. However, NOI should only be used as an alternative measure of our financial performance.

The following table provides a reconciliation of net income attributable to common stockholders as computed in accordance with GAAP to NOI of our consolidated properties for the periods presented (dollars in thousands):

	Three Months Ended March 31,	
	2021	2020
GAAP Net loss attributable to common stockholders	\$ (3,765)	\$ (4,831)
Less: Other Income	(4)	(179)
Add: Interest expense	1,660	1,860
General and administrative	3,114	3,367
Impairment charge	—	—
Depreciation	1,537	1,561
Provision for taxes	57	62
Less: Gain on sale of real estate	—	—
Add: Loss on extinguishment of debt	—	—
Equity in loss of unconsolidated joint venture properties	1,345	1,815
Add: Net income attributable to non-controlling interests	34	32
Net Operating Income	\$ 3,978	\$ 3,687
Less: Non-same store Net Operating Income	\$ (249)	\$ (245)
Same store Net Operating Income	\$ 3,729	\$ 3,442

For the three months ended March 31, 2021, NOI increased \$291,000, from the corresponding period in 2020, primarily due to a \$350,000 increase in rental rates offset by a \$59,000 increase in operating expenses. Same store NOI in the three months ended March 31, 2021, increased by \$287,000 from the corresponding period in 2020, for the same reasons.

Item 3. Quantitative and Qualitative Disclosures About Market Risks

All of our mortgage debt is fixed rate, other than one mortgage, which is subject to an interest rate swap agreement that effectively fixes the interest rate. As of March 31, 2021, the fair value of this derivative instrument is dependent upon existing market interest rates and swap spreads, which change over time. At March 31, 2021, if there had been (i) an increase of 100 basis points in forward interest rates, the fair market value of this derivative instruments and the net unrealized gain thereon would have increased by approximately \$9,000 and (ii) if there had been a decrease of 100 basis points in forward interest rates, the fair market value of these derivatives and the net unrealized gain thereon would have decreased by approximately \$9,000. These changes would not have any impact on our net income or cash.

Our junior subordinated notes bear interest at the rate of three month LIBOR plus 200 basis points. At March 31, 2021, the interest rate on these notes was 2.21%. A 100 basis point increase in the rate would increase our related interest expense by approximately \$374,000 annually and a 100 basis point decrease in the rate would decrease our related interest expense by \$71,000 annually.

Item 4. Controls and Procedures

As required under Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended, we carried out an evaluation under the supervision and with the participation of our management, including our Chief Executive Officer, Senior Vice President-Finance and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures as of March 31, 2021.

As disclosed in Part II, Item 9A. *Controls and Procedures* in our Annual Report, a material weakness was identified in the internal controls over financial reporting related to the consolidation of properties that should have been accounted for using the equity method of accounting rather than consolidated.

Despite the remediation plan described below, because we have not acquired any properties since the restatement (the "Restatement") of our financial statements in the Spring of 2020, there has not been an appropriate opportunity to test the enhanced controls to conclude they are operating effectively, the Chief Executive Officer, Senior Vice President-Finance, and Chief Financial Officer concluded that as of the end of the period covered by this report, our disclosure controls and procedures were not effective as of such date.

Subsequent to March 31, 2020, management implemented a remediation plan to address the control deficiency that led to the material weakness. We made significant changes to the process of evaluating the accounting for investments in property ventures. Specifically, we implemented procedures to assess each investment in accordance with the applicable accounting guidance and prepare an analysis spreadsheet that highlights the key criteria and decision points leading to the consolidation or equity method determination. Specific multi-level reviews of this enhanced documentation have been implemented to ensure that the correct contract terms are included in the analyses and the criteria and decision points are properly assessed. As these controls operate over a subjective area, include management judgment, and require certain technical and operational expertise, we have determined them to be management review controls. Additionally, due to the technical knowledge needed to perform the analysis and review, we have also implemented additional required training on the subject matter (*i.e.*, consolidation accounting). We have implemented the enhanced procedures and documentation standards and our plan is to test the remediation of this material weakness by the end of 2021, subject to there being sufficient opportunities to conclude, through testing, that the enhanced control is operating effectively.

Despite the foregoing, our management has concluded that, the financial statements fairly present in all material respects, our financial position, results of operations and cash flows as of the dates, and for the periods presented, in conformity GAAP.

Part II - Other Information

Item 1A. Risk Factors

The following supplements the risk factors disclosed in Part I, Item 1A of our Annual Report

Our failure to comply with our obligations under our debt instruments may reduce our stockholders' equity, and adversely affect our net income and ability to pay dividends.

Our debt instruments includes covenants that require us to maintain certain financial ratios, including various coverage ratios, and comply with other requirements. Failure to meet interest and other payment obligations under our debt instruments or a breach by us of the covenants to comply with certain financial ratios would place us in non-compliance under such instruments. If the lender called a default and required us to repay the full amount outstanding under such instrument, we might be required to rapidly dispose of our properties, including properties securing such debt instruments, which could have an adverse impact on the amounts we receive on such disposition. Commercial real estate mortgage loans tend to be non-amortizing as to principal, and as a result, acceleration of the debt under any debt instrument may result in a “balloon” payment for the entire principal amount. In 2021, a lender notified us that we were not in compliance with a financial covenant under a debt instrument and subsequently waived such non-compliance for the applicable reporting period. If we are unable to dispose of our properties in a timely fashion to the satisfaction of the lender or if the net operating income from the properties decreases during the measured period to an extent that applicable target coverage ratios cannot be met, such lender could exercise remedies available to it under the applicable debt instrument and as otherwise provided by law, including the possible appointment of a receiver to manage the property, application of deposits or reserves maintained under the debt instrument for payment of the debt, or foreclose and/or cause the forced sale of the property or asset securing such debt. A foreclosure or other forced disposition of our assets could result in the disposition of same at below the carrying value of such asset. The disposition of our properties or assets at below our carrying value may adversely affect our net income, reduce our stockholders' equity and adversely affect our ability to pay dividends.

Item 5. Other Information

We and the parties to the equity distribution agreements pursuant to which we sell securities in our at-the-market offering program, entered into an amendment thereto as of March 31, 2021. Among other things, the amendment reflects our change in auditors and the Restatement.

As described in “Management’s Discussion and Analysis of Financial Condition and Results of Operations-Recent Developments”, we entered into an agreement to purchase the Remaining Interest in Bells Bluff. The purchase price for such interest, after giving effect to our partners' carried interest, is approximately \$28 million, subject to working capital and certain other adjustments. We anticipate that this purchase will be completed in the summer of 2021. The completion of this purchase is subject to customary closing conditions, including the refinancing of the \$47.2 million floating rate (*i.e.*, 2.975% at March 31, 2021) mortgage debt on the property. In connection with the refinancing of the mortgage debt on the property, we may become an obligor or carve-out guarantor of the refinanced debt. We can provide no assurance that such transaction will be completed, or if completed, will be beneficial to us.

During: (i) the three months ended March 31, 2021, Bells Bluff generated \$1.5 million of rental and other revenues and \$821,000, \$372,000 and \$787,000 of operating expenses, interest expense and depreciation, respectively, (ii) 2020, Bells Bluff generated \$5.6 million of rental and other revenues and \$2.9 million, \$1.7 million and \$3.1 million, of operating expenses, interest expense and depreciation, respectively; and (iii) 2019, Bells Bluff generated \$1.8 million of rental and other revenues and \$1.6 million, \$2.2 million and \$1.3 million of operating expenses, interest expense and depreciation, respectively. For the three months ended March 31, 2021 and the twelve months ended December 31, 2020, the average occupancy rate at this property was 81.5% and 74.7%, respectively, and for the three months ended March 31, 2021 and the twelve months ended December 31, 2020, the average monthly rental rate at Bells Bluff was \$1,417, and \$1,482, respectively.

Item 6. Exhibits

In reviewing the agreements included as exhibits to this Quarterly Report on Form 10-Q, please remember they are included to provide you with information regarding their terms and are not intended to provide any other factual or disclosure information about us or the other parties to the agreements. Certain agreements contain representations and warranties by each of the parties to the applicable agreement. These representations and warranties have been made solely for the benefit of the other parties to the applicable agreement and

- should not in all instances be treated as categorical statements of fact, but rather as a way of allocating the risk to one of the parties if those statements prove to be inaccurate;
- have been qualified by disclosures that were made to the other party in connection with the negotiation of the applicable agreement, which disclosures are not necessarily reflected in the agreement;
- may apply standards of materiality in a way that is different from what may be viewed as material to you or other investors; and
- were made only as of the date of the applicable agreement or such other date or dates as may be specified in the agreement and are subject to more recent developments.

Accordingly, representations and warranties in such agreements may not describe the actual state of affairs as of the date they were made or at any other time.

Exhibit No.	Title of Exhibits
10.1	Amendment No. 1 to Equity Distribution Agreements entered into as of March 31, 2021 among us, B. Riley Securities, Inc., JMP Securities LLC, and D.A. Davidson & Co.
10.2	Modification Agreement entered into as of April 1, 2021 between us and VNB New York, LLC.
31.1	Certification of President and Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Senior Vice President—Finance pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.3	Certification of Vice President and Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of President and Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification of Senior Vice President—Finance pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.3	Certification of Vice President and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101	The following financial information from the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2021, formatted in Inline XBRL: (i) Consolidated Balance Sheets, (ii) Consolidated Statements of Operations, (iii) Statements of Comprehensive Income (Loss), (iv) Consolidated Statements of Equity, (v) Consolidated Statements of Cash Flows and (vi) Notes to Consolidated Financial Statements. XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
104	Cover Page Interactive Date File (formatted as inline XBRL and contained in Exhibit 101)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

BRT APARTMENTS CORP.

May 7, 2021

/s/Jeffrey A. Gould
Jeffrey A. Gould, President and
Chief Executive Officer

May 7, 2021

/s/George Zweier
George Zweier, Vice President
and Chief Financial Officer
(principal financial officer)

AMENDMENT NO. 1 TO EQUITY DISTRIBUTION AGREEMENTS

This Amendment No. 1 to Equity Distribution Agreements (this “Amendment”) is entered into as of March 31, 2021, among:

- (i) BRT Apartments Corp, Inc., a Maryland corporation (the “Company”);
- (ii) B. Riley Securities, Inc. (formerly B. Riley FBR, Inc.) (“B. Riley”);
- (iii) JMP Securities LLC (“JMP”); and
- (iv) D.A. Davidson & Co. (“DAD”); each of B. Riley, JMP and DAD, an “Agent” and together the “Agents”).

RECITALS

WHEREAS, the Company and each Agent are parties those certain Equity Distribution Agreements, each dated November 26, 2019 (each an “Original Agreement” and together the “Original Agreements”);

WHEREAS, the Company appointed Ernst & Young, LLP as its auditor, effective June 18, 2020;

WHEREAS, all capitalized terms not defined herein shall have the meanings ascribed to them in the Original Agreements;

NOW, THEREFORE, in consideration of the premises and the respective representations, warranties, covenants and agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company and each Agent hereto hereby agree to amend each Original Agreement as follows:

1. All reference to “BDO USA, LLP” are amended and replaced with “Ernst & Young, LLP”.
2. The first sentence in Section 5 is hereby deleted and replaced with:

“Except as disclosed in the Registration Statement or Prospectus (including the Incorporated Documents), the Company represents and warrants to the Agent that as of each Applicable Time (as defined below):”.
3. All references to “November 26, 2019” set forth in Schedule 1 and Exhibit 7(l) of the Original Agreements are revised to read “November 26, 2019 (as amended by Amendment No. 1, dated March 31, 2021)”.
4. In addition to the requirements under Section 9 of the Original Agreements, the Company agrees to pay the reasonable fees and disbursements of the Agents’ counsel in an amount not to exceed \$15,000 in connection with this Amendment No. 1 to Sales Agreement.

5. Except as specifically set forth herein, all other provisions of the Original Agreements shall remain in full force and effect.

6. This Amendment together with each Original Agreement (including all exhibits attached hereto) constitutes the entire agreement among the Company and each Agent and supersedes all other prior and contemporaneous agreements and undertakings, both written and oral, among the parties hereto with regard to the subject matter hereof. Neither this Amendment nor any term hereof may be amended except pursuant to a written instrument executed by the Company and such Agent. In the event that any one or more of the provisions contained herein, or the application thereof in any circumstance, is held invalid, illegal or unenforceable as written by a court of competent jurisdiction, then such provision shall be given full force and effect to the fullest possible extent that it is valid, legal and enforceable, and the remainder of the terms and provisions herein shall be construed as if such invalid, illegal or unenforceable term or provision was not contained herein, but only to the extent that giving effect to such provision and the remainder of the terms and provisions hereof shall be in accordance with the intent of the parties as reflected in this Amendment. All references in each Original Agreement to the "Agreement" shall mean such Original Agreement as amended by this Amendment; *provided, however*, that all references to "date of this Agreement" in such Original Agreement shall continue to refer to the date of such Original Agreement.

7. EACH OF THE COMPANY (ON ITS BEHALF AND, TO THE EXTENT PERMITTED BY APPLICABLE LAW, ON BEHALF OF ITS STOCKHOLDERS AND AFFILIATES) AND EACH AGENT HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AMENDMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

8. THIS AMENDMENT AND ANY CLAIM, CONTROVERSY OR DISPUTE ARISING UNDER OR RELATED TO THIS AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF, THE STATE OF NEW YORK WITHOUT REGARD TO ITS CHOICE OF LAW PROVISIONS.

9. Each of the Company and Agents agrees that any legal suit, action or proceeding arising out of or based upon this Amendment or the transactions contemplated hereby ("Related Proceedings") shall be instituted in (i) the federal courts of the United States of America located in the City and County of New York, Borough of Manhattan or (ii) the courts of the State of New York located in the City and County of New York, Borough of Manhattan (collectively, the "Specified Courts"), and irrevocably submits to the exclusive jurisdiction (except for proceedings instituted in regard to the enforcement of a judgment of any Specified Court, as to which such jurisdiction is non-exclusive) of the Specified Courts in any such suit, action or proceeding. Service of any process, summons, notice or document by mail to a party's address set forth in Section 13 of respective Original Agreement, as amended by this Amendment, shall be effective service of process upon such party for any suit, action or proceeding brought in any Specified Court. Each of the Company and the Agent irrevocably and unconditionally waives any objection to the laying of venue of any suit, action or proceeding in the Specified Courts and irrevocably and unconditionally waives and agrees not to plead or claim in any Specified Court that any such suit, action or proceeding brought in any Specified Court has been brought in an inconvenient forum.


10. This Amendment may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Delivery of an executed amendment by one party to the other may be made by facsimile transmission or electronic transmission (e.g., PDF).

[Remainder of Page Intentionally Blank]

If the foregoing correctly sets forth the understanding between the Company and each Agent, please so indicate in the space provided below for that purpose, whereupon this Amendment shall constitute a binding amendment to the respective Original Agreement between the Company and each Agent.

Very truly yours,

B. RILEY SECURITIES, INC.

By: 
Name: Patrice McNicoll
Title: Co-Head of Investment Banking

JMP SECURITIES LLC

By: _____
Name:
Title:

D.A. DAVIDSON & CO.

By: _____
Name:
Title:

[Signature Page to Amendment No. 1]


If the foregoing correctly sets forth the understanding between the Company and each Agent, please so indicate in the space provided below for that purpose, whereupon this Amendment shall constitute a binding amendment to the respective Original Agreement between the Company and each Agent.

Very truly yours,

B. RILEY SECURITIES, INC.

By: _____
Name: Patrice McNicoll
Title: Co-Head of Investment Banking

JMP SECURITIES LLC

By: _____  _____
Name: Eric Clark
Title: Director

D.A. DAVIDSON & CO.

By: _____
Name:
Title:

If the foregoing correctly sets forth the understanding between the Company and each Agent, please so indicate in the space provided below for that purpose, whereupon this Amendment shall constitute a binding amendment to the respective Original Agreement between the Company and each Agent.

Very truly yours,

B. RILEY SECURITIES, INC.

By: _____
Name: Patrice McNicoll
Title: Co-Head of Investment Banking

JMP SECURITIES LLC

By: _____
Name:
Title:


D.A. DAVIDSON & CO.

By: Keith E. Goffler
Name: Keith E. Goffler
Title: Managing Director

[Signature Page to Amendment No. 1]

**ACCEPTED as of the date
first-above written:**

BRT APARTMENTS CORP.

By: 
Name: David W. Kalish
Title: Senior Vice President - Finance

[Signature Page to Amendment No. 1]



MODIFICATION AGREEMENT

This MODIFICATION AGREEMENT is entered into at New York, New York, as of **April 1, 2021**, between **BRT APARTMENTS CORP.**, a Maryland corporation, with an address of **60 Cutter Mill Road, Suite 303, Great Neck, New York 11021** (the "Borrower") and VNB New York, LLC, a New York limited liability company with an address of One Penn Plaza Suite 2930, New York, New York 10119 (the "Lender").

WHEREAS, the Lender established a revolving line of credit (the "Revolving Loan") for Borrower respecting which Lender agreed to lend to Borrower upon Borrower's request, but subject to the terms and conditions set forth in various loan documents, of up to **Ten Million Dollars and Zero Cents (\$10,000,000.00)** (the "Revolving Loan Amount");

WHEREAS, the Revolving Loan is evidenced by that certain Revolving Credit Note, dated **April 18, 2019** (as previously amended, modified or supplemented, the "Note"), by the Borrower in favor of the Lender in the face amount of the Revolving Loan Amount;

WHEREAS, in connection with the Revolving Loan, Borrower and Lender entered into that certain Loan Agreement, dated **April 18, 2019** (as previously amended, modified or supplemented, the "Loan Agreement"), and Borrower entered into that certain Security Agreement, dated **April 18, 2019** (as previously amended, modified or supplemented, the "Security Agreement");

WHEREAS, pursuant to the Security Agreement, Borrower granted the Lender a first priority security interest in and lien on the personal property described therein (the "Personalty");

WHEREAS, the Note, Loan Agreement and the Security Agreement and all other documents and instruments executed in connection with or relating to the Loan are referred to herein, collectively, as the "Loan Documents"; and all collateral granted to the Lender to secure the Loan is referred to herein, collectively, as the "Collateral";

WHEREAS, the Borrower and the Lender have agreed to modify the Loan and the Loan Documents in accordance with the terms of this Agreement.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Lender and the Borrower mutually agree as follows:

1. MODIFICATION

1.1 Recitals and Representations Accurate. The above recitals are hereby made a part of this Agreement and the Borrower acknowledges and agrees that each of the recitals is true and correct.

1.2 Ratification. All of the terms, covenants, provisions, representations, warranties, and conditions of the Loan Documents, as amended or modified hereby, are ratified, acknowledged, confirmed, and continued in full force and effect as if fully restated herein. Lender and Borrower each acknowledge that if there is a discrepancy between this Modification Agreement and the Loan Agreement, exclusive of Section 1.4, 1.5, 1.6, 1.7, 1.8 and 1.12 herein, then the terms and conditions of the Loan Agreement shall prevail.

1.3 Collateral. The Borrower confirms and ratifies its continuing mortgage, pledge, assignment, and/or grant of security interest in and lien on the Collateral to and in favor of the Lender as set forth in the Loan Documents.

1.4 Maturity Date. Section 2.07 (a) of Loan Agreement dated as of April 18, 2019 between BRT Apartments Corp. as Borrower and VNB New York, LLC as Lender is hereby substituted and replaced with the following:

2.07 (a) The Loan shall be due and payable, if not required to be paid earlier pursuant to this Agreement, on April 18, 2023 (the "Maturity Date").

1.5 Increased Revolving Loan Amount and Promissory Note Amount. The dollar amount for each of (i) the maximum total of Revolving Credit Loans to be outstanding at any time prior to the Maturity Date and (ii) the Revolving Credit Note, are each hereby increased to **\$15,000,000.00 (Fifteen Million Dollars and zero cents).**

For clarity, in the first paragraph of the Revolving Credit Note dated April 18, 2019, beginning with "FOR VALUE RECEIVED" and ending with "(as defined below)", with BRT Apartments Corp. as Borrower and VNB New York, LLC as Lender, the reference to the dollar amount of Ten Million Dollars and 00/100 (\$10,000,000.00) in sub-paragraph (a) is being changed to read Fifteen Million Dollars and 00/100 (\$15,000,000.00). Also, the dollar amount in the header above the first paragraph of the Revolving Credit Note is being changed to \$15,000,000.00 from \$10,000,000.00.

For clarity, the definition of Commitment in the Loan Agreement is hereby substituted and replaced with the following:

"Commitment" means Lender's obligation to make Revolving Credit Loans to the Borrower in an outstanding amount not to exceed FIFTEEN MILLION AND 00/100 Dollars (\$15,000,000.00) pursuant to the terms and subject to the conditions of this Agreement.

1.6 Borrowing Base Availability. The definition of Borrowing Base Availability in the Loan Agreement is hereby substituted and replaced with the following:

"Borrowing Base Availability" shall mean as of any Borrowing Base Determination Date, an amount equal to the lesser of (a) \$15,000,000 less the outstanding principal amount of the Loan and (b) the Aggregate Borrowing Base Calculation Result less the outstanding principal amount of the Loan.

1.7 Borrowing Base Certificate. Exhibit F (FORM OF BORROWING BASE CERTIFICATE) of the Loan Agreement is hereby substituted and replaced with the replacement Exhibit F as attached to this Modification Agreement.

1.8 Number of 100% Properties. Section 5.03 (b) of the Loan Agreement is hereby substituted and replaced with the following:

5.03 (b) Number of 100% Properties. Borrower shall own, directly or indirectly, not less than four (4) 100% Properties, of which a minimum of three (3) must be Positive 100% Properties, of which a minimum of two (2) must be a Four Quarter Property.

1.9 Interest, Fees, Costs and Expenses. The Borrower shall, simultaneously with the execution of this Agreement, pay to the Lender all accrued interest owing on the Loan as of the date of this Agreement together with all fees, costs and expenses due and owing to the Lender by the Borrower under the Loan Documents. As part of the aforementioned in this paragraph, upon the full execution of this Modification Agreement by the Borrower and the Lender, the Borrower shall immediately pay to the Lender \$37,500.00 which shall be deemed a modification fee which is fully due by the Borrower and fully earned by the Lender on a non-refundable basis. On April 18, 2022, if the Revolving Loan credit facility to the Borrower remains in effect (not terminated) as of that date, the Borrower will then on April 18, 2022 pay to

the Lender an additional \$37,500.00, which additional \$37,500.00 would be deemed a credit facility fee that is then fully owed by the Borrower and fully earned by the Lender on a non-refundable basis.

1.10 Principal Balance. The Borrower acknowledges and agrees that the current outstanding principal balance of the Note as of the date hereof is **\$0.00**.

1.11 Representations and Warranties. The Borrower hereby represents and warrants to the Lender that:

- (a) The person executing this Agreement is duly authorized to do so and to bind the Borrower to the terms hereof;
- (b) Each of the Loan Documents is a valid and legal binding obligation of the Borrower, enforceable in accordance with its terms, and is not subject to any defenses, counterclaims, or offsets of any kind;
- (c) All financial statements delivered to the Lender were true, accurate and complete, in all material respects, as of the date of delivery to the Lender;
- (d) Since the date of the Loan Documents there has been no material adverse change in the condition, financial or otherwise, of the Borrower, except as disclosed to the Lender in writing;
- (e) There exists no action, suit, proceeding or investigation, at law or in equity, before any court, board, administrative body or other entity, pending or threatened, affecting the Borrower or its property, wherein an unfavorable decision, ruling or finding would materially adversely affect the business operations, property or financial condition of the Borrower; and
- (f) There exists no event of default, or other circumstance that with the passage of time or giving of notice or both will become an event of default, under any of the Loan Documents.

1.12 Borrower Option to Request for Revolving Credit Facility Termination after Full Repayment. Fully conditional on (i) Borrower providing to Lender at a minimum of 30 days advance written request notification for the termination of the Borrower's Revolving Loan credit facility with the Lender and (ii) the Lender having received full indefeasible payment by 100% clear funds from the Borrower of all Obligations as defined in and subject to the terms and conditions of the Loan Agreement (which Obligations may be specified in a payoff letter to be provided by the Lender to the Borrower), the Lender agrees that if these conditions are met in entirety, then the Lender would provide written confirmation to the Borrower of the termination of the Borrower's Revolving Loan credit facility with the Lender, in form satisfactory to the Lender, within 15 days after the conditions in subsections (i) and (ii) of this paragraph have both been completely met.

2. MISCELLANEOUS

2.1 Set-Off. The Borrower shall continue to adhere to the terms and conditions of Section 7.05 of the Loan Agreement

2.2 Release of the Lender. The Borrower hereby confirms that as of the date hereof it has no claim, set-off, counterclaim, defense, or other cause of action against the Lender including, but not limited to, a defense of usury, any claim or cause of action at common law, in equity, statutory or otherwise, in contract or in tort, for fraud, malfeasance, misrepresentation, financial loss, usury, deceptive trade practice, or any other loss, damage or liability of any kind, including, without limitation, any claim to exemplary or punitive damages arising out of any transaction between the Borrower and the Lender. To the extent that any such set-off, counterclaim, defense, or other cause of action may exist or might hereafter arise based on facts known or unknown that exist as of this date, such set-off, counterclaim,

defense and other cause of action is hereby expressly and knowingly waived and released by the Borrower. The Borrower acknowledges that this release is part of the consideration to the Lender for the financial and other accommodations granted by the Lender in this Agreement.

2.3 Costs and Expenses. The Borrower shall continue to adhere to the terms and conditions of Section 7.04 of the Loan Agreement. Additionally, the Borrower shall pay to the Lender on demand any and all costs and expenses (including, without limitation, reasonable attorneys' fees and disbursements, court costs, litigation and other expenses) incurred or paid by the Lender, in association with the terms and conditions of this Modification Agreement.

2.4 Indemnification. The Borrower shall continue to adhere to the terms and conditions of Section 7.04 of the Loan Agreement.

2.5 Severability. If any provision of this Agreement or portion of such provision or the application thereof to any person or circumstance shall to any extent be held invalid or unenforceable, the remainder of this Agreement (or the remainder of such provision) and the application thereof to other persons or circumstances shall not be affected thereby.

2.6 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be an original, but all of which shall constitute but one agreement.

2.7 Complete Agreement. This Agreement and the other Loan Documents constitute the entire agreement and understanding between and among the parties hereto relating to the subject matter hereof, and supersedes all prior proposals, negotiations, agreements and understandings among the parties hereto with respect to such subject matter.

2.8 Binding Effect of Agreement. This Agreement shall be binding upon and inure to the benefit of the respective heirs, executors, administrators, legal representatives, successors and assigns of the parties hereto, and shall remain in full force and effect (and the Lender shall be entitled to rely thereon) until released in writing by the Lender. The Lender may transfer and assign this Agreement and deliver the Collateral to the assignee, who shall thereupon have all of the rights of the Lender; and the Lender shall then be relieved and discharged of any responsibility or liability with respect to this Agreement and the Collateral. Except as expressly provided herein or in the other Loan Documents, nothing, expressed or implied, is intended to confer upon any party, other than the parties hereto, any rights, remedies, obligations or liabilities under or by reason of this Agreement or the other Loan Documents.

2.9 Further Assurances. The Borrower will from time to time execute and deliver to the Lender such documents, and take or cause to be taken, all such other further action, as the Lender may request in order to effect and confirm or vest more securely in the Lender all rights contemplated by this Agreement (including, without limitation, to correct clerical errors) or to vest more fully in or assure to the Lender the security interest in the Collateral or to comply with applicable statute or law and to facilitate the collection of the Collateral (including, without limitation, the execution of stock transfer orders and stock powers, endorsement of promissory notes and instruments and notifications to obligors on the Collateral). To the extent permitted by applicable law, the Borrower authorizes the Lender to file financing statements, continuation statements or amendments without the Borrower's signature appearing thereon, and any such financing statements, continuation statements or amendments may be signed by the Lender on behalf of the Borrower, if necessary, and may be filed at any time in any jurisdiction. The Lender may at any time and from time to time file financing statements, continuation statements and amendments thereto which contain any information required by the New York Uniform Commercial Code as amended from time to time (the "Code") for the sufficiency or filing office acceptance of any financing statement, continuation statement or amendment, including whether the Borrower is an organization, the type of organization and any organization identification number issued to the Borrower. The Borrower agrees to furnish any such information to the Lender promptly upon request. In addition, the Borrower shall at any time and from time to time take such steps as the Lender may reasonably request for the Lender (i) to obtain an acknowledgment, in form and substance satisfactory to the Lender, of any bailee having

possession of any of the Collateral that the bailee holds such Collateral for the Lender, (ii) to obtain "control" (as defined in the Code) of any Collateral comprised of deposit accounts, electronic chattel paper, letter of credit rights or investment property, with any agreements establishing control to be in form and substance satisfactory to Lender, and (iii) otherwise to insure the continued perfection and priority of the Lender's security interest in any of the Collateral and the preservation of its rights therein. The Borrower hereby constitutes the Lender its attorney-in-fact to execute, if necessary, and file all filings required or so requested for the foregoing purposes, all acts of such attorney being hereby ratified and confirmed; and such power, being coupled with an interest, shall be irrevocable until this Agreement terminates in accordance with its terms, all obligations of the Borrower to the Lender are irrevocably paid in full and the Collateral is released.

2.10 Amendments and Waivers. This Agreement may be amended and the Borrower may take any action herein prohibited, or omit to perform any act herein required to be performed by it, if the Borrower shall obtain the Lender's prior written consent to each such amendment, action or omission to act. No delay or omission on the part of the Lender in exercising any right hereunder shall operate as a waiver of such right or any other right and waiver on any one or more occasions shall not be construed as a bar to or waiver of any right or remedy of the Lender on any future occasion.

2.11 Terms of Agreement. This Agreement shall continue in force and effect so long as any obligation of the Borrower to Lender shall be outstanding and is supplementary to each and every other agreement between the Borrower and Lender and shall not be so construed as to limit or otherwise derogate from any of the rights or remedies of Lender or any of the liabilities, obligations or undertakings of the Borrower under any such agreement, nor shall any contemporaneous or subsequent agreement between the Borrower and the Lender be construed to limit or otherwise derogate from any of the rights or remedies of Lender or any of the liabilities, obligations or undertakings of the Borrower hereunder, unless such other agreement specifically refers to this Agreement and expressly so provides.

2.12 Notices. Any notices under or pursuant to this Agreement shall be deemed duly received and effective if delivered in hand to any officer or agent of the Borrower or Lender, or if mailed by registered or certified mail, return receipt requested, addressed to the Borrower or Lender at the address set forth in this Agreement or as any party may from time to time designate by written notice to the other party.

2.13 New York Law. This Agreement shall be governed by the laws of the State of New York.

2.14 Reproductions. This Agreement and all documents which have been or may be hereinafter furnished by Borrower to the Lender may be reproduced by the Lender by any photographic, photostatic, microfilm, xerographic or similar process, and any such reproduction shall be admissible in evidence as the original itself in any judicial or administrative proceeding (whether or not the original is in existence and whether or not such reproduction was made in the regular course of business).

2.15 Venue. Borrower irrevocably submits to the nonexclusive jurisdiction of any Federal or state court sitting in New York, over any suit, action or proceeding arising out of or relating to this Agreement. Borrower irrevocably waives to the fullest extent it may effectively do so under applicable law, any objection it may now or hereafter have to the laying of the venue of any such suit, action or proceeding brought in any such court and any claim that the same has been brought in an inconvenient forum. Borrower irrevocably appoints the Secretary of State of the State of New York as its authorized agent to accept and acknowledge on its behalf any and all process which may be served in any such suit, action or proceeding, consents to such process being served (i) by mailing a copy thereof by registered or certified mail, postage prepaid, return receipt requested, to Borrower's address shown above or as notified to the Lender and (ii) by serving the same upon such agent, and agrees that such service shall in every respect be deemed effective service upon Borrower.

2.16 JURY WAIVER. BORROWER AND LENDER EACH HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY, AND AFTER AN OPPORTUNITY TO CONSULT WITH LEGAL COUNSEL, WAIVE (A) ANY AND ALL RIGHTS TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING IN

CONNECTION WITH THIS AGREEMENT, THE OBLIGATIONS, ALL MATTERS CONTEMPLATED HEREBY AND DOCUMENTS EXECUTED IN CONNECTION HERewith AND (B) AGREE NOT TO SEEK TO CONSOLIDATE ANY SUCH ACTION WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CAN NOT BE, OR HAS NOT BEEN WAIVED. THE BORROWER CERTIFIES THAT NEITHER THE LENDER NOR ANY OF ITS REPRESENTATIVES, AGENTS OR COUNSEL HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT THE LENDER WOULD NOT IN THE EVENT OF ANY SUCH PROCEEDING SEEK TO ENFORCE THIS WAIVER OF RIGHT TO TRIAL BY JURY.

2.17 Not a Novation. This Agreement is not a novation. The Loan Documents shall remain in full force and effect, as modified by this Agreement with its related documents. This Agreement and the Loan Documents may only be modified by a writing signed by the parties.

Executed as of the date written above.

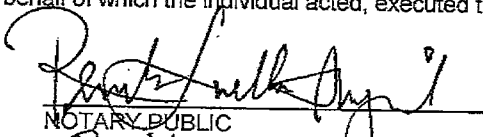
Borrower:

BRT APARTMENTS CORP

By: 
David W. Kalish, Senior Vice President - Finance

STATE OF NEW YORK :
COUNTY OF Nassau :
SS.

On the 14th day of April in the year 2021, before me, the undersigned, a Notary Public in and for said State, personally appeared, David W. Kalish, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her capacity, and that by his/her signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.


NOTARY PUBLIC
Renita Luella Imperial
TYPE OR PRINT NAME

RENITA LUELLA IMPERIAL
NOTARY PUBLIC-STATE OF NEW YORK
No. 011M6284325
Qualified in Nassau County
My Commission Expires June 17, 2021

Accepted: VNB New York, LLC

By: _____
Name: Andrew S. Baron
Title: First Vice President

CONNECTION WITH THIS AGREEMENT, THE OBLIGATIONS, ALL MATTERS CONTEMPLATED HEREBY AND DOCUMENTS EXECUTED IN CONNECTION HERewith AND (B) AGREE NOT TO SEEK TO CONSOLIDATE ANY SUCH ACTION WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CAN NOT BE, OR HAS NOT BEEN WAIVED. THE BORROWER CERTIFIES THAT NEITHER THE LENDER NOR ANY OF ITS REPRESENTATIVES, AGENTS OR COUNSEL HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT THE LENDER WOULD NOT IN THE EVENT OF ANY SUCH PROCEEDING SEEK TO ENFORCE THIS WAIVER OF RIGHT TO TRIAL BY JURY.

2.17 Not a Novation. This Agreement is not a novation. The Loan Documents shall remain in full force and effect, as modified by this Agreement with its related documents. This Agreement and the Loan Documents may only be modified by a writing signed by the parties.

Executed as of the date written above.

Borrower:

BRT APARTMENTS CORP.

By:

David W. Kalish, Senior Vice President - Finance

STATE OF NEW YORK

:
SS.

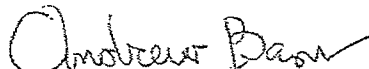
COUNTY OF _____

On the ____ day of _____ in the year 20____, before me, the undersigned, a Notary Public in and for said State, personally appeared, David W. Kalish, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her capacity, and that by his/her signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

NOTARY PUBLIC

TYPE OR PRINT NAME

Accepted: VNB New York, LLC

By: 

Name: Andrew S. Baron

Title: First Vice President

EXHIBIT F

BRT APARTMENTS CORP. BORROWING BASE CERTIFICATE DATED _____

All capitalized terms used herein shall have the meanings ascribed thereto in the Loan Agreement between BRT Apartments Corp. ("Borrower") and VNB New York, LLC ("Lender") dated April 18, 2019, as amended.

Section I - Four Quarter Properties Positive Borrowing Base Calculation Result:

Insert the aggregate dollar amount of all Four Quarter Properties Positive Borrowing Base Calculation Result amounts from Worksheet A:

(Attach Worksheet A titled "Four Quarter Properties Positive Properties Worksheet") (1) \$ _____

Section II - One to Three Quarter Properties Positive Borrowing Base Calculation Result:

Insert the aggregate dollar amount of all One to Three Quarter Properties Positive Borrowing Base Calculation Result amounts from Worksheet B:

(Attach Worksheet B titled "One to Three Quarter Properties Positive Properties Worksheet") (2) \$ _____

Section III - Aggregate Borrowing Base Calculation Result:

This is equal to the sum of (1) and (2) above (if zero, insert zero):

(3) \$ _____

Section IV- Current Loan Amount:

(For clarity, this is the principal Loan amount owed by the Borrower to the Lender as of the date on the top of this page for this Borrowing Base Certificate.)

(4) \$ _____

Section V- Borrowing Base Availability:

This is equal to the lesser of (i) \$15,000,000 minus the outstanding principal balance of the Loan and (ii) the resulting dollar amount calculated by subtracting the dollar amount in (4) above from the dollar amount in (3) above; if the calculated result is negative, a paydown of the Loan in an amount equal to this Negative Borrowing Base Availability amount is required to be made by

the Borrower within two business days of submission of this Borrowing Base Certificate: (5) \$ _____

Certification: The undersigned, for the Borrower, hereby certifies to the Lender that (a) the information provided herein is true, correct, complete and accurate for the dates stated above (b) the Borrower is currently in compliance with all terms, covenants, conditions contained in any agreement, and in all loan documents, between the Borrower and the Lender, and all of the Borrower's representations and warranties in any other loan documents are currently true and correct and (c) no default or event of default has occurred and is currently continuing under any agreement or loan document between Borrower and the Lender. The Borrower acknowledges and attests that in the event of any conflict between this Borrowing Base Certificate and any of the other loan documents, the terms of the other loan documents shall control. The Borrower further acknowledges that the Lender will rely on the foregoing in making credit available to the Borrower.

All of the above is attested to as accurate by BRT Apartments Corp.

By: _____

Date: _____

Name:

Title:

EXHIBIT 31.1
CERTIFICATION

I, Jeffrey A. Gould, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended March 31, 2021 of BRT Apartments Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

The foregoing certification is being furnished pursuant to 18 U.S.C. Section 1350. It is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and it is not to be incorporated by reference into any filing of the Company, regardless of any general incorporation language in such filing.

Date: May 7, 2021

/s/ Jeffrey A. Gould

Jeffrey A. Gould
President and
Chief Executive Officer

EXHIBIT 31.2
CERTIFICATION

I, David W. Kalish, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended March 31, 2021 of BRT Apartments Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

The foregoing certification is being furnished pursuant to 18 U.S.C. Section 1350. It is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and it is not to be incorporated by reference into any filing of the Company, regardless of any general incorporation language in such filing.

Date: May 7, 2021

/s/ David W. Kalish

David W. Kalish
Senior Vice President - Finance

EXHIBIT 31.3
CERTIFICATION

I, George Zweier, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended March 31, 2021 of BRT Apartments Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

The foregoing certification is being furnished pursuant to 18 U.S.C. Section 1350. It is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and it is not to be incorporated by reference into any filing of the Company, regardless of any general incorporation language in such filing.

Date: May 7, 2021

/s/ George Zweier _____

George Zweier
Vice President and
Chief Financial Officer

EXHIBIT 32.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER

PURSUANT TO 18 U.S.C. SECTION 1350
(SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002)

I, Jeffrey A. Gould, do hereby certify, pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge, based upon a review of the Quarterly Report on Form 10-Q for the quarter ended March 31, 2021 of BRT Apartments Corp. ("the Registrant"), as filed with the Securities and Exchange Commission on the date hereof (the "Report"):

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

The foregoing certification is being furnished pursuant to 18 U.S.C. Section 1350. It is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and it is not to be incorporated by reference into any filing of the Company, regardless of any general incorporation language in such filing.

Date: May 7, 2021

/s/ Jeffrey A. Gould
Jeffrey A. Gould
President and
Chief Executive Officer

EXHIBIT 32.2

CERTIFICATION OF SENIOR VICE PRESIDENT-FINANCE

PURSUANT TO 18 U.S.C. SECTION 1350
(SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002)

I, David W. Kalish, do hereby certify, pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge, based upon a review of the Quarterly Report on Form 10-Q for the quarter ended March 31, 2021 of BRT Apartments Corp. ("the Registrant"), as filed with the Securities and Exchange Commission on the date hereof (the "Report"):

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

The foregoing certification is being furnished pursuant to 18 U.S.C. Section 1350. It is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and it is not to be incorporated by reference into any filing of the Company, regardless of any general incorporation language in such filing.

Date: May 7, 2021

/s/ David W. Kalish
David W. Kalish
Senior Vice President - Finance

EXHIBIT 32.3

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

PURSUANT TO 18 U.S.C. SECTION 1350
(SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002)

I, George Zweier, do hereby certify, pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge, based upon a review of the Quarterly Report on Form 10-Q for the quarter ended March 31, 2021 of BRT Apartments Corp. ("the Registrant"), as filed with the Securities and Exchange Commission on the date hereof (the "Report"):

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

The foregoing certification is being furnished pursuant to 18 U.S.C. Section 1350. It is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and it is not to be incorporated by reference into any filing of the Company, regardless of any general incorporation language in such filing.

Date: May 7, 2021

/s/ George Zweier

George Zweier
Vice President and
Chief Financial Officer