

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported): December 10, 2018

BRT APARTMENTS CORP.
(Exact name of Registrant as specified in charter)

<u>Maryland</u>	<u>001-07172</u>	<u>13-2755856</u>
(State or other jurisdiction of incorporation)	(Commission file No.)	(IRS Employer I.D. No.)

<u>60 Cutter Mill Road, Suite 303, Great Neck, New York</u>	<u>11021</u>
(Address of principal executive offices)	(Zip code)

Registrant's telephone number, including area code 516-466-3100

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405) of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

☐ 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. ☐

Item 2.02 and Item 7.01. Results of Operations and Financial Condition; Regulation FD Disclosure.

On December 10, 2017, we issued a press release announcing our results of operations for the three months and year ended September 30, 2018. The press release refers to certain supplemental financial information available on our website. The press release and the supplemental financial information are furnished as Exhibit 99.1 and Exhibit 99.2, respectively, to this Current Report on Form 8-K and are incorporated herein by reference. The information in this Item 2.02 and 7.01, including the information included in Exhibits 99.1 and 99.2, shall not be deemed to be “filed” for purposes of the Securities Exchange Act of 1934, as amended, or the Exchange Act, and shall not be incorporated by reference into any registration statement or other document filed under the Exchange Act or the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such filing.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

The following exhibits relating to Items 2.02 and 7.01 of this Current Report on Form 8-K are intended to be furnished to, not filed with, the SEC.

<u>Exhibit No.</u>	<u>Description</u>
<u>99.1</u>	Press release dated December 10, 2018.
<u>99.2</u>	Supplemental Financial Information.

SIGNATURE

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

BRT APARTMENTS CORP.

December 10, 2018

By: /s/ George Zweier

George Zweier, Vice President
and Chief Financial Officer

BRT APARTMENTS REPORTS FOURTH QUARTER AND FISCAL YEAR 2018 RESULTS

Great Neck, New York – December 10, 2018 – BRT APARTMENTS CORP. (NYSE:BRT), a real estate investment trust that owns, operates and develops multi-family properties today announced its results of operations for the quarter and fiscal year ended September 30, 2018.

Fiscal Fourth Quarter AND YEAR-END 2018 Highlights:

- Grows rental and other revenues from real estate in the fourth quarter of 2018 by 11.4% over the same period in 2017;
- Improves net income per diluted share to \$1.61 in 2018, up 66% from 2017;
- Increases annual FFO ⁽¹⁾ per diluted share to \$1.03, or 53.7%, from the prior year;
- Improves annual AFFO per diluted share to \$0.97, or 10.2%, from the prior year;
- Grows 2018 rental and other revenues by 13.8% over 2017 through select acquisitions;
- Acquires six multi-family properties with 1,921 units for \$230.3 million in 2018;
- Sells three multi-family properties with 1,368 units for \$170.5 million and a gain of \$64.0 million – our share of this gain is \$36.4 million, after giving effect to \$27.6 million allocated to the non-controlling partners; and
- Buys out the interests of joint venture partners in two properties for an aggregate purchase price of \$5.2 million.

Jeffrey A. Gould, President and Chief Executive Officer of BRT commented: “BRT completed a highly productive year that resulted in meaningful year-over-year increases in FFO and AFFO. We created value in 2018 through targeted property sales that generated IRRs ranging from 15.7% to 25% and recycled our share of the net sale proceeds into six value-add properties that we believe have long-term growth potential. We expect to benefit in 2019 from our value-add program and the demographic and economic tailwinds supporting rental housing. Given our extensive JV relationships in high growth southern markets, we anticipate that 2019 will be another productive year in our efforts to generate long-term stockholder value.”

Results for the Three Months Ended September 30, 2018:

Net loss attributable to common stockholders for the fourth quarter of 2018 was \$3.1 million, or \$0.20 per diluted share, compared to net income attributable to common stockholders of \$5.5 million, or \$0.39 per diluted share, for the 2017 period. Net income for the 2017 quarter includes \$16.8 million, or \$1.19 per diluted share, of gain on sale of real estate. The 2018 quarter includes an aggregate \$1.3 million, or \$0.08 per diluted share, of gains from an insurance recovery and the sale of real estate.

Funds from Operations, or FFO, were \$4.1 million or \$0.26 per diluted share, in the fourth quarter of 2018, compared to \$3.1 million, or \$0.22 per diluted share, in the 2017 period. FFO for the 2018 quarter includes \$1.3 million, or \$0.08 per diluted share, from a gain on an insurance recovery. Adjusted Funds from Operations, or AFFO, were \$3.4 million, or \$0.21 per diluted share, in the fourth quarter of 2018, compared to AFFO of \$3.9 million, or \$0.27 per diluted share, in the 2017 quarter.

(1) A reconciliation of GAAP amounts to non-GAAP amounts is presented with the financial information included in this release.

Rental and other revenues from real estate for the three months ended September 30, 2018 grew 11.4% to \$31.3 million from \$28.1 million for the three months ended September 30, 2017. These revenues increased primarily due to the operations of the multi-family properties acquired in 2018 and 2017, net of such revenues from properties sold in 2018. Total expenses for the current three months increased to \$37.0 million from \$32.5 million for the three months ended September 30, 2017, due primarily to additional operating expenses, interest expense and depreciation relating to multi-family properties acquired in 2018 and 2017, net of such expenses from properties sold in 2018.

Results for the Year Ended September 30, 2018:

Net income attributable to common stockholders in 2018 was \$23.8 million, or \$1.61 per diluted share, compared to net income of \$13.6 million, or \$0.97 per diluted share, in 2017. Net income for 2018 includes \$64.9 million, or \$4.39 per diluted share, of gain on sale of real estate and \$4.5 million, or \$0.30 per diluted share, of gain on an insurance recovery. Net income attributable to common stockholders in 2017 includes \$52.6 million, or \$3.75 per diluted share, of gain on sale of real estate.

FFO was \$15.2 million, or \$1.03 per diluted share, in 2018, compared to \$9.3 million, or \$0.67 per diluted share, in 2017. FFO for 2018 includes the \$4.5 million gain on an insurance recovery. AFFO was \$14.4 million, or \$0.97 per diluted share, in 2018, compared to \$12.3 million, or \$0.88 per diluted share, in 2017.

Diluted per share net income, FFO and AFFO were impacted during the year ended September 30, 2018 by the approximate 761,555 share increase in the weighted average number of shares of common stock outstanding in 2018 due primarily to stock issuances pursuant to BRT's at-the-market offering program.

Rental and other revenues from real estate properties rose 13.8% to \$118.9 million from \$104.5 million in 2017. The increase is due primarily to the revenues generated by multi-family properties acquired in 2018 and 2017, net of such revenues from properties sold in 2018. Total expenses increased to \$139.8 million from \$119.3 million in 2017, due primarily to additional operating expenses, depreciation and interest expense related to the multi-family properties acquired in 2018 and 2017, net of such expenses from properties sold in 2018.

Transaction Activity:

The Company continued to actively manage its portfolio through its opportunistic purchase and sale activities in 2018, completing over \$400 million in cumulative transactions. Acquisitions contributed approximately \$230.3 million of the total and dispositions of multi-family properties totaling approximately \$170.5 million.

At September 30, 2018, BRT owned 36 multi-family properties with an aggregate of 10,121 units, including 402 units under development. Most of the Company's properties are located in the Southeast United States and Texas.

Balance Sheet:

At September 30, 2018, the Company had \$27.4 million of cash and cash equivalents, total assets of \$1.15 billion, total debt of \$829.4 million and total stockholders' equity of \$198.0 million. At November 30, 2018, the Company had approximately \$21.6 million of cash and cash equivalents. During the fiscal year, the Company raised approximately \$20.5 million of equity on its "At-the-Market" equity sales program, selling 1,590,935 shares at a weighted average share price of \$13.15.

Subsequent Events:

On October 30, 2018, BRT, through a joint venture in which it has a 90% ownership interest, purchased Crestmont at Thornblade, a 266-unit value-add multi-family property located in Greenville, South Carolina, for \$37.8 million, including a ten year, 4.69% fixed rate mortgage of \$26.4 million.

On November 7, 2018, the Company sold Factory at Garco Park, a recently developed multi-family property located in N. Charleston, South Carolina, for a sales price of \$51.7 million. The Company estimates that its share of the gain, which will be recognized in the first quarter of fiscal 2019, will be approximately \$5.7 million, after giving effect to non-controlling interests of \$6.3 million.

We entered into a contract to sell Cedar Lakes--Lake St. Louis, Missouri, for a sales price of \$41.3 million. We anticipate that such transaction will close in December 2018 and that if the transaction closes, we will recognize, during the quarter ending December 31, 2018, a gain on the sale of the property of approximately \$7.5 million, of which approximately \$1.9 million will be allocated to the non-controlling partner.

Supplemental Financial Information:

In an effort to enhance its financial disclosures to investors, BRT has posted a supplemental financial information report which can be accessed on the Company's website at www.brtapartments.com under the caption "Investor Relations – Financial Statements and SEC Filings."

Non-GAAP Financial Measures:

BRT discloses FFO and AFFO because it believes that such metrics are widely recognized and appropriate measure of the performance of an equity REIT.

BRT computes 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 (loss) (computed in accordance with generally accepting accounting principles), excluding gains (or losses) from sales of property, plus depreciation and amortization, plus impairment write-downs of depreciable real estate and after adjustments for unconsolidated partnerships and joint ventures. Adjustments for unconsolidated partnerships and joint ventures will be calculated to reflect funds from operations on the same basis. In computing FFO, BRT does not add back to net income the amortization of costs in connection with its financing activities or depreciation of non-real estate assets. BRT computes AFFO by adjusting FFO for loss on extinguishment of debt, straight-line rent accruals, and restricted stock and restricted stock unit expense and deferred mortgage costs (including its share of its unconsolidated joint ventures) 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.

BRT believes 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 assures that the value of real estate assets diminish predictability over time. In fact, real estate values have historically risen and fallen with market conditions. As a result, BRT believes 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. BRT also considers FFO and AFFO to be useful 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.

Management recognizes that there are limitations in the use of FFO and AFFO. In evaluating BRT's performance, management is careful to examine GAAP measures such as net income (loss) and cash flows from operating, investing and financing activities. Management also reviews the reconciliation of net income (loss) to FFO and AFFO.

Forward Looking Information:

Certain information contained herein is forward looking 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. BRT intends 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 includes this statement for purposes of complying with these safe harbor provisions. Forward-looking statements, which are based on certain assumptions and describe our future plans, strategies and expectations, are generally identifiable by use of the words "may," "will," "believe," "expect," "intend," "anticipate," "estimate," "project," "apparent," "experiencing" or similar expressions or variations thereof. Forward looking statements, including statements with respect to BRT's multi-family property acquisition and ownership activities, involve known and unknown risks, uncertainties and other factors, which, in some cases, are beyond BRT's control and could materially affect actual results, performance or achievements. Investors are cautioned not to place undue reliance on any forward-looking statements and to carefully review the section entitled "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended September 30, 2018.

Additional information:

BRT is a real estate investment trust that owns, operates and develops multi-family properties. Interested parties are urged to review the Form 10-K filed with the Securities and Exchange Commission for the year ended September 30, 2018 for further details. The Form 10-K can also be linked through the "Investor Relations" section of BRT's website. For additional information on BRT's operations, activities and properties, please visit its website at www.brtpartments.com.

Contact: Investor Relations

BRT APARTMENTS CORP.

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BRT APARTMENTS CORP. AND SUBSIDIARIES
CONDENSED BALANCE SHEETS
(Dollars in thousands)

	September 30, 2018	September 30, 2017
ASSETS		
Real estate properties, net of accumulated depreciation	\$ 1,020,874	\$ 902,281
Real estate loan	4,900	5,500
Cash and cash equivalents	27,360	12,383
Restricted cash	6,686	6,151
Other assets	54,616	58,613
Real estate properties held for sale	38,928	8,969
Total Assets	<u>\$ 1,153,364</u>	<u>\$ 993,897</u>
LIABILITIES AND EQUITY		
Mortgages payable, net of deferred costs	\$ 792,432	\$ 697,826
Junior subordinated notes, net of deferred costs	37,038	37,018
Accounts payable and accrued liabilities	27,409	22,348
Total Liabilities	856,879	757,192
Total BRT Apartments Corp. stockholders' equity	197,987	165,996
Non-controlling interests	98,498	70,709
Total Equity	296,485	236,705
Total Liabilities and Equity	<u>\$ 1,153,364</u>	<u>\$ 993,897</u>

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

	Three Months Ended September 30,		Twelve Months Ended September 30,	
	2018	2017	2018	2017
Revenues:				
Rental and other revenues from real estate	\$ 31,283	\$ 28,073	\$ 118,872	\$ 104,477
Other income	198	314	763	1,294
Total revenues	31,481	28,387	119,635	105,771
Expenses:				
Real estate operating expenses	15,661	13,641	57,665	51,279
Interest expense	8,966	7,902	34,389	28,171
General and administrative	2,002	2,100	9,210	9,396
Depreciation	10,416	8,861	38,504	30,491
Total expenses	37,045	32,504	139,768	119,337
Total revenue less total expenses	(5,564)	(4,117)	(20,133)	(13,566)
Equity in loss of unconsolidated joint ventures	(173)	(77)	(388)	(384)
Gain on sale of real estate	424	16,763	64,924	52,601
Gain on insurance recovery	1,271	—	4,498	—
Loss on extinguishment of debt	—	(664)	(850)	(1,463)
(Loss) income from continuing operations	(4,042)	11,905	48,051	37,188
Provision for taxes	96	61	50	1,560
(Loss) income from continuing operations, net of taxes	(4,138)	11,844	48,001	35,628
Net (loss) income	(4,138)	11,844	48,001	35,628
Loss (income) attributable to non-controlling interests	1,027	(6,383)	(24,228)	(22,028)
Net (loss) income attributable to common stockholders	<u>\$ (3,111)</u>	<u>\$ 5,461</u>	<u>\$ 23,773</u>	<u>\$ 13,600</u>
Per share amounts attributable to common stockholders:				
Basic	<u>\$ (.20)</u>	<u>\$.39</u>	<u>\$ 1.63</u>	<u>\$ 0.97</u>
Diluted	<u>\$ (.20)</u>	<u>\$.39</u>	<u>\$ 1.61</u>	<u>\$ 0.97</u>
Funds from operations - Note 1	<u>\$ 4,080</u>	<u>\$ 3,080</u>	<u>\$ 15,189</u>	<u>\$ 9,349</u>
Funds from operations per common share - diluted - Note 2	<u>\$ 0.26</u>	<u>\$ 0.22</u>	<u>\$ 1.03</u>	<u>\$ 0.67</u>
Adjusted funds from operations - Note 1	<u>\$ 3,360</u>	<u>\$ 3,880</u>	<u>\$ 14,390</u>	<u>\$ 12,298</u>
Adjusted funds from operations per common share - diluted - Note 2	<u>\$ 0.21</u>	<u>\$ 0.27</u>	<u>\$ 0.97</u>	<u>\$ 0.88</u>
Weighted average number of common shares				
Basic	<u>15,635,953</u>	<u>14,023,735</u>	<u>14,580,398</u>	<u>13,993,638</u>
Diluted	<u>15,635,953</u>	<u>14,123,735</u>	<u>14,780,398</u>	<u>14,018,843</u>

BRT APARTMENTS CORP. AND SUBSIDIARIES
(Dollars in thousands, except per share data)

	Three Months Ended September 30,		Twelve Months Ended September 30,	
	2018	2017	2018	2017
Note 1:				
Funds from operations is summarized in the following table:				
Net (loss) income attributable to common stockholders	\$ (3,111)	\$ 5,461	\$ 23,773	\$ 13,600
Add: depreciation of properties	10,416	8,861	38,504	30,491
Add: our share of depreciation in unconsolidated joint ventures	386	216	1,587	737
Add: amortization of deferred leasing costs	—	—	—	—
Deduct: gain on sales of real estate and partnership interests	(424)	(16,763)	(64,924)	(52,601)
Adjustment for non-controlling interests	(3,187)	5,305	16,249	17,122
NAREIT Funds from operations attributable to common stockholders	4,080	3,080	15,189	9,349
Adjust for: straight-line rent accruals	(10)	(10)	(40)	(56)
Add: loss on extinguishment of debt	—	664	850	1,463
Add: amortization of restricted stock and RSU expense	15	155	988	1,218
Add: amortization of deferred mortgage and debt costs	297	370	1,432	1,244
Deduct: gain on insurance recovery	(1,271)	—	(4,498)	—
Adjustment for non-controlling interests	249	(379)	469	(920)
Adjusted funds from operations attributable to common shareholders	\$ 3,360	\$ 3,880	\$ 14,390	\$ 12,298
Note 2:				
Funds from operations per share is summarized in the following table:				
GAAP Net (loss) income attributable to common shareholders	(0.20)	0.39	\$ 1.61	\$ 0.97
Add: depreciation of properties	0.67	0.62	2.60	2.18
Add: our share of depreciation in unconsolidated joint ventures	0.02	0.02	0.11	0.05
Add: amortization of deferred leasing costs	—	—	—	—
Deduct: gain on sale of real estate and partnership interests	(0.03)	(1.19)	(4.39)	(3.75)
Adjustments for non-controlling interests	(0.20)	0.38	1.10	1.22
NAREIT Funds from operations per common share basic and diluted	0.26	0.22	\$ 1.03	0.67
Adjustments for straight line rent accruals	—	—	—	—
Add: loss on extinguishment of debt	—	0.04	0.06	0.10
Add: amortization of restricted stock and restricted stock units	(0.01)	0.01	0.05	0.09
Add: amortization of deferred mortgage and debt costs	0.02	0.03	0.10	0.09
Deduct: gain on insurance recovery	(0.08)	—	(0.30)	—
Adjustments for non-controlling interests	0.02	(0.03)	0.03	(0.07)
Adjusted funds from operations per common share basic and diluted	0.21	0.27	0.97	\$ 0.88



4Q 2018 SUPPLEMENTAL FINANCIAL INFORMATION

December 10, 2018

BRT APARTMENTS CORP.
60 Cutter Mill Rd., Great Neck, NY 11021



Forward Looking Statements

The information set forth herein contains forward-looking information 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. Forward-looking information included herein that is not historical fact is subject to a number of risks and uncertainties, depending upon the risks and uncertainties described in the Company's filings with the Securities and Exchange Commission (SEC), and actual results realized by the Company could differ materially from the forward-looking information included herein. Existing and prospective investors are cautioned not to place undue reliance on this forward-looking information, which speak only as of the date hereof. The Company undertakes no obligation to update or revise the information herein, whether as a result of new information, future events or circumstances, or otherwise. The Company recommends that current and prospective investors review the information set forth in its Annual Report on Form 10-K for the year ended September 30, 2018 to be filed contemporaneously herewith.

Our fiscal year ends on September 30 and unless otherwise indicated or the context otherwise requires, all references to a quarter or year refer to the applicable fiscal quarter or year.

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.



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Financial Highlights

	September 30,			
	2018	2017	2016	2015
Market Information				
Market capitalization	\$ 189,681,411	\$ 150,320,535	\$ 111,190,680	\$ 99,976,487
Shares outstanding	15,754,270	14,022,438	13,898,835	14,101,056
Closing share price	\$ 12.04	\$ 10.72	\$ 8.00	\$ 7.09
Annual dividends declared per share	\$ 0.78	\$ 0.18 (4)	\$ -	\$ -
Portfolio				
Multi-family properties owned	36	33	33	28
Units	10,121 (1)	9,568 (1)	9,420	8,300
Average occupancy (2)	93.69 %	93.80 %	92.80 %	94.50 %
Average monthly rental revenue per occupied unit (2)	\$964	\$933	\$852	\$810
Per Share Data				
	Quarter ended September 30,		Year ended September 30,	
	2018 (Unaudited)	2017 (Unaudited)	2018 (Unaudited)	2017 (Unaudited)
Earnings per share (basic)	\$ (0.20)	\$ 0.39	\$ 1.63	\$ 0.97
Earnings per share (diluted)	\$ (0.20)	\$ 0.39	\$ 1.61	\$ 0.97
FFO per share of common stock (diluted) (3)	\$ 0.26	\$ 0.22	\$ 1.03	\$ 0.67
AFFO per share of common stock (diluted) (3)	\$ 0.21	\$ 0.27	\$ 0.97	\$ 0.88

(1) Includes 402 units at a property under development.

(2) Average includes stabilized properties for the period presented. See definition of stabilized properties on page 14.

(3) See the reconciliation of Funds From Operations, or FFO, and Adjusted Funds From Operations, or AFFO, to net income, as calculated in accordance with GAAP, on page 3, and the definitions of such terms at page 14.

(4) Dividend of \$0.18 was initiated in September 2017.



Operating Results

(dollars in thousands, except per share amounts)

	Quarter ended September 30,		Year ended September 30,	
	2018	2017	2018	2017
Revenues				
Rental and other revenue from real estate properties	\$ 31,283	\$ 28,073	\$ 118,872	\$ 104,477
Other income	198	314	763	1,294
Total revenues	31,481	28,387	119,635	105,771
Expenses				
Real estate operating expenses	15,661	13,640	57,665	51,279
Interest expense	8,966	7,902	34,389	28,171
General and administrative	2,002	2,101	9,210	9,396
Depreciation	10,416	8,861	38,504	30,491
Total expenses	37,045	32,504	139,768	119,337
Total revenues less total expenses	(5,564)	(4,117)	(20,133)	(13,566)
Equity in loss of unconsolidated joint ventures	(173)	(77)	(388)	(384)
Gain on sale of real estate	424	16,763	64,924	52,601
Gain on insurance recovery	1,271	-	4,498	-
Loss on extinguishment of debt	-	(664)	(850)	(1,463)
(Loss) income from continuing operations	(4,042)	11,905	48,051	37,188
Income tax provision	96	61	50	1,560
(Loss) income from continuing operations, net of taxes	(4,138)	11,844	48,001	35,628
Net loss (income) attributable to non-controlling interests	1,027	(6,383)	(24,228)	(22,028)
Net (loss) income attributable to common stockholders	\$ (3,111)	\$ 5,461	\$ 23,773	\$ 13,600
Weighted average number of shares of common stock outstanding:				
Basic	15,635,953	14,023,735	14,580,398	13,993,638
Diluted	15,635,953	14,123,735	14,780,398	14,018,843
Per share amounts attributable to common stockholders:				
Basic	\$ (0.20)	\$ 0.39	\$ 1.63	\$ 0.97
Diluted	\$ (0.20)	\$ 0.39	\$ 1.61	\$ 0.97



Funds From Operations (Unaudited)

(dollars in thousands, except per share amounts)

	Quarter ended September 30,		Year ended June 30,	
	2018	2017	2018	2017
GAAP Net (loss) income attributable to common stockholders	\$ (3,111)	\$ 5,461	\$ 23,773	\$ 13,600
Add: depreciation of properties	10,416	8,861	38,504	30,491
Add: our share of depreciation in unconsolidated joint ventures	386	216	1,587	737
Deduct: gain on sales of real estate	(424)	(16,763)	(64,924)	(52,601)
Adjustment for non-controlling interests	(3,187)	5,305	16,249	17,122
Funds from operations (FFO) attributable to common stockholders	4,080	3,080	15,189	9,349
Adjust for straight line rent accruals	(10)	(10)	(40)	(56)
Add: loss on extinguishment of debt	-	664	850	1,463
Add: amortization of restricted stock and Restricted Stock Units	15	155	988	1,218
Add: amortization of deferred mortgage costs	297	370	1,432	1,244
Deduct: gain on insurance recovery	(1,271)	-	(4,498)	-
Adjustment for non-controlling interests	249	(379)	469	(920)
Adjusted funds from operations (AFFO) attributable to common stockholders	\$ 3,360	\$ 3,880	\$ 14,390	\$ 12,298
Per share data				
GAAP Net (loss) income attributable to common stockholders	\$ (0.20)	\$ 0.39	\$ 1.61	\$ 0.97
Add: depreciation of properties	0.67	0.62	2.60	2.18
Add: our share of depreciation in unconsolidated joint ventures	0.02	0.02	0.11	0.05
Deduct: gain on sales of real estate	(0.03)	(1.19)	(4.39)	(3.75)
Adjustment for non-controlling interests	(0.20)	0.38	1.10	1.22
Funds from operations (FFO) attributable to common stockholders	0.26	0.22	1.03	0.67
Adjust for straight line rent accruals	-	-	-	-
Add: loss on extinguishment of debt	-	0.04	0.06	0.10
Add: amortization of restricted stock and Restricted Stock Units	(0.01)	0.01	0.05	0.09
Add: amortization of deferred mortgage costs	0.02	0.03	0.10	0.09
Deduct: gain on insurance recovery	(0.08)	-	(0.30)	-
Adjustment for non-controlling interests	0.02	(0.03)	0.03	(0.07)
Adjusted funds from operations (AFFO) attributable to common stockholders	\$ 0.21	\$ 0.27	\$ 0.97	\$ 0.88



Consolidated Balance Sheets

(amounts in thousands, except per share amounts)

	At September 30,			
	2018	2017	2016	2015
Assets				
Real estate properties, net of accumulated depreciation	\$ 1,020,874	\$ 902,281	\$ 759,576	\$ 591,727
Real estate loan	4,900	5,500	19,500	-
Cash and cash equivalents	27,360	12,383	27,399	15,556
Restricted cash	6,686	6,151	7,383	6,518
Deposits and escrows	24,458	27,839	18,972	12,782
Investments in unconsolidated joint ventures	20,078	21,415	298	-
Other assets	10,080	9,359	7,775	6,882
Assets of discontinued operations	-	-	-	163,545
Real estate properties held for sale	38,928	8,969	33,996	23,859
Total Assets	\$ 1,153,364	\$ 993,897	\$ 874,899	\$ 820,869
Liabilities and equity				
Liabilities				
Mortgages payable, net of deferred costs	\$ 792,432	\$ 697,826	\$ 588,457	\$ 451,159
Junior subordinated notes, net of deferred costs	37,038	37,018	36,998	36,978
Accounts payable and accrued liabilities	27,409	22,348	20,716	14,780
Liabilities of discontinued operations	-	-	-	138,530
Mortgage payable held for sale	-	-	27,052	19,248
Total liabilities	856,879	757,192	673,223	660,695
Equity				
Common Stock, \$.01 par value, 300,000 shares authorized; 15,048 and 13,333 Issued at September 30, 2018 and 2017	150	133	-	-
Shares of beneficial interest, \$3 par value per share	-	-	39,696	40,285
Additional paid in capital	220,135	201,910	161,321	161,842
Accumulated other comprehensive income (loss)	2,629	1,000	(1,602)	(58)
Accumulated deficit	(24,927)	(37,047)	(48,125)	(79,414)
Total BRT Apartments Corp. stockholders' equity	197,987	165,996	151,290	122,655
Non-controlling interests	98,498	70,709	50,386	37,519
Total Equity	296,485	236,705	201,676	160,174
Total Liabilities and Equity	\$ 1,153,364	\$ 993,897	\$ 874,899	\$ 820,869



Pro Rata Operating Results

(dollars in thousands)

	Three Months ended September 30, 2018		
	Consolidated Amount	Noncontrolling Interest	BRT Proportionate Amount (1)
Revenues			
Rental and other revenue from real estate properties	\$ 31,283	\$ 8,582	\$ 22,701
Other income	198	-	198
Total revenues	31,481	8,582	22,899
Expenses			
Real estate operating expenses	15,661	4,315	11,346
Interest expense	8,966	2,417	6,549
General and administrative	2,002	-	2,002
Depreciation	10,416	3,195	7,221
Total expenses	37,045	9,927	27,118
Total revenues less total expenses	(5,564)	(1,345)	(4,219)
Equity in loss of unconsolidated joint ventures	(173)	-	(173)
Gain on sale of real estate	424	-	424
Gain on insurance recovery	1,271	318	953
Loss on extinguishment of debt	-	-	-
Loss from continuing operations	(4,042)	(1,027)	(3,015)
Income Tax Provision	96	-	96
Net loss	\$ (4,138)	\$ (1,027)	\$ (3,111)

	Year ended September 30, 2018		
	Consolidated Amount	Noncontrolling Interest	BRT Proportionate Amount (1)
Revenues			
Rental and other revenue from real estate properties	\$ 118,872	\$ 31,843	\$ 87,029
Other income	763	-	763
Total revenues	119,635	31,843	87,792
Expenses			
Real estate operating expenses	57,665	15,502	42,163
Interest expense	34,389	9,092	25,297
General and administrative	9,210	-	9,210
Depreciation	38,504	11,446	27,058
Total expenses	139,768	36,040	103,728
Total revenues less total expenses	(20,133)	(4,197)	(15,936)
Equity in loss of unconsolidated joint ventures	(388)	-	(388)
Gain on sale of real estate	64,924	27,645	37,279
Gain on insurance recovery	4,498	1,125	3,373
Loss on extinguishment of debt	(850)	(345)	(505)
Income from continuing operations	48,051	24,228	23,823
Income tax (benefit) provision	50	-	50
Net income	\$ 48,001	\$ 24,228	\$ 23,773

(1) This column reflects BRT's share of the applicable line item, after deducting the non-controlling interest applicable to such line item. Except with respect to the gain on sale of real estate and loss on extinguishment of debt, the impact of the non-controlling interest on such line item was calculated based on each joint venture partner's percentage equity interest in the applicable joint venture. Gain on sale of real estate and loss on extinguishment of debt were calculated in accordance with the allocation/distribution provisions of the joint venture operating agreement with respect to the properties sold. Generally, in the event of the sale of a multi-family property owned by a joint venture, as a result of allocation/distribution provisions of the applicable joint venture operating agreement, the allocation and distribution of cash and profits to BRT will be less than that implied by BRT's percentage equity interest in the property.



Pro Rata Consolidated Balance Sheets

(amounts in thousands, except per share amounts)

	At September 30, 2018		
	Consolidated Amount	Noncontrolling Interest	BRT Proportionate Amount (1)
Assets			
Real estate properties, net of accumulated depreciation	\$ 1,020,874	\$ 303,200	\$ 717,674
Real estate loan	4,900	-	4,900
Cash and cash equivalents	27,360	3,337	24,023
Restricted cash	6,686	-	6,686
Deposits and escrows	24,458	9,515	14,943
Investments in unconsolidated joint ventures	20,078	-	20,078
Other assets	10,080	4,348	5,732
Real estate properties held for sale	38,928	13,598	25,330
Total Assets	\$ 1,153,364	\$ 333,998	\$ 819,366
Liabilities and equity			
Liabilities			
Mortgages payable, net of deferred costs	\$ 792,432	\$ 228,851	\$ 563,581
Junior subordinated notes, net of deferred costs	37,038	-	37,038
Accounts payable and accrued liabilities	27,409	6,649	20,760
Total liabilities	856,879	235,500	621,379
Equity			
Common Stock, \$.01 par value, 300,000 shares authorized; 15,048 issued	150	-	150
Additional paid in capital	220,135	-	220,135
Accumulated other comprehensive income	2,629	-	2,629
Accumulated deficit	(24,927)	-	(24,927)
Total BRT Apartments Corp. stockholders' equity	197,987	-	197,987
Non-controlling interest	98,498	98,498	-
Total equity	296,485	98,498	197,987
Total Liabilities and Equity	\$ 1,153,364	\$ 333,998	\$ 819,366

(1) This column reflects BRT's share of the applicable line item, after deducting the non-controlling interest applicable to such line item.



Portfolio Data by State

(dollars in thousands, except monthly rent amounts)

Year Ended September 30, 2018

	Units (1)	Revenues	Expenses	NOI (2)	% of NOI Contribution	Average Occupancy (3)	Weighted Average Monthly Rent per Occupied Unit (3)
Texas	3,096	\$ 36,357	\$ 19,832	\$ 16,525	27%	92.3%	\$ 1,001
Georgia	1,545	16,761	7,566	9,195	15%	93.3%	986
Florida	1,248	12,383	5,424	6,959	11%	93.6%	983
Mississippi	776	8,616	3,239	5,377	9%	96.8%	887
Missouri	775	10,622	5,127	5,495	9%	92.8%	987
South Carolina	683	8,717	4,564	4,153	7%	92.5%	1,002
Alabama	412	3,769	1,740	2,029	3%	95.0%	775
Indiana	400	3,689	2,187	1,502	2%	96.2%	686
Tennessee	300	4,215	1,590	2,625	4%	98.6%	1,113
Ohio	264	2,804	1,246	1,558	3%	96.9%	840
Virginia	220	3,589	1,297	2,292	4%	95.4%	1,287
Other	-	1,532	545	987	2%	N/A	N/A
Current Portfolio Totals	9,719	\$ 113,054	\$ 54,357	\$ 58,697	96%	93.9%	\$ 964
Properties sold during Fiscal 2018		5,817	3,308	2,509	4%		
Totals		\$ 118,871	\$ 57,665	\$ 61,206	100%		

(1) Excludes 402 units under development in West Nashville, TN.

(2) See the reconciliation of NOI to net income, as calculated in accordance with GAAP, at page 13 and the definition at page 14.

(3) Excludes sold properties and properties that were not stabilized for the full period presented.



Same Store Comparisons Quarter Ended September 30, 2018 and 2017

(dollars in thousands, except monthly rent amounts)

Quarter ended September 30, 2018

	Units	Revenues			Property Operating Expenses			NOI (1)		
		Q4 2018	Q4 2017	Growth	Q4 2018	Q4 2017	Growth	Q4 2018	Q4 2017	Growth
Texas	2,427	\$ 7,773	\$ 7,500	3.6%	\$ 4,336	\$ 4,106	5.6%	\$ 3,437	\$ 3,394	1.3%
Georgia	959	3,004	2,900	3.6%	1,431	1,288	11.1%	1,573	1,612	(2.4%)
Mississippi	776	2,216	2,117	4.7%	873	855	2.1%	1,343	1,262	6.4%
Missouri	601	1,947	1,947	(0.0%)	1,043	1,082	(3.7%)	904	865	4.6%
South Carolina	412	1,330	1,324	0.4%	760	686	10.8%	570	639	(10.8%)
Indiana	400	955	935	2.2%	583	562	3.8%	372	373	(0.3%)
Tennessee	300	1,076	1,020	5.5%	434	345	25.5%	642	675	(4.9%)
Florida	276	922	829	11.2%	391	370	5.6%	531	459	15.8%
Ohio	264	711	680	4.5%	332	291	14.1%	379	389	(2.6%)
Virginia	220	899	904	(0.5%)	381	325	17.2%	518	579	(10.5%)
Alabama	208	530	489	8.6%	235	237	(0.7%)	295	252	17.0%
Totals	6,843	\$ 21,363	\$ 20,645	3.5%	\$ 10,799	\$ 10,147	6.4%	\$ 10,564	\$ 10,498	0.6%

Quarter ended September 30, 2018

	Weighted Average Occupancy			Weighted Average Monthly Rent per Occupied Unit		
	Q4 2018	Q4 2017	Growth	Q4 2018	Q4 2017	Growth
Texas	92.3%	92.7%	(0.3%)	\$ 1,014	\$ 984	3.1%
Georgia	94.3%	96.0%	(1.8%)	978	939	4.1%
Mississippi	96.8%	97.4%	(0.6%)	909	868	4.8%
Missouri	95.7%	94.2%	1.5%	980	997	(1.7%)
South Carolina	93.1%	92.8%	0.4%	1,019	1,004	1.5%
Indiana	97.8%	97.7%	0.1%	707	682	3.8%
Tennessee	99.0%	97.7%	1.3%	1,122	1,077	4.2%
Florida	97.7%	94.2%	3.7%	1,020	967	5.5%
Ohio	96.3%	96.9%	(0.6%)	858	827	3.8%
Virginia	96.8%	94.8%	2.1%	1,287	1,262	2.1%
Alabama	95.1%	96.3%	(1.2%)	785	702	11.8%
Totals	94.72%	94.46%	0.28%	\$ 977	\$ 946	3.3%

(1) Generally, negative variances in NOI are, among other things, due to higher turnover, changes in occupancy and/or rental rates, increases in real estate taxes, and/or increases in insurance expense. With regards to taxes, when a property is re-assessed at a higher value, we generally appeal the re-assessment if we feel that we can obtain a reduction in the taxes - if successful, the reduction will typically be reflected in the following year.

See definition of Same Store on page 14



Same Store Comparisons
Year ended September 30,
2018 and 2017

(dollars in thousands, except monthly rent amounts)

2018 Results		Revenues			Property Operating Expenses			NOI (1)		
	Units	2018	2017	Growth	2018	2017	Growth	2018	2017	Growth
Texas	1,918	\$ 22,912	\$ 22,102	3.7%	\$ 12,911 (2)	\$ 12,428	3.9%	\$ 10,001	\$ 9,674	3.4%
Georgia	959	11,720	11,251	4.2%	5,198	5,198	0.0%	6,522	6,053	7.7%
Mississippi	776	8,616	8,310	3.7%	3,239	3,248	(0.3%)	5,377	5,062	6.2%
Missouri	420	4,518	4,328	4.4%	2,344	2,022	15.9%	2,174	2,306	(5.7%)
South Carolina	412	5,199	5,296	(1.8%)	2,913	2,722	7.0%	2,286	2,574	(11.2%)
Indiana	400	3,689	3,418	7.9%	2,187	2,082	5.0%	1,502	1,336	12.4%
Tennessee	300	4,216	3,991	5.6%	1,590	1,562	1.8%	2,626	2,429	8.1%
Florida	276	3,362	3,219	4.4%	1,438	1,507	(4.6%)	1,924	1,712	12.4%
Ohio	264	2,804	2,671	5.0%	1,246	1,220	2.1%	1,558	1,451	7.4%
Alabama	208	1,991	1,898	4.9%	892	862	3.5%	1,099	1,036	6.1%
Totals	5,933	\$ 69,027	\$ 66,484	3.8%	\$ 33,958	\$ 32,851	3.4%	\$ 35,069	\$ 33,633	4.3%

2018 Results	Weighted Average Occupancy			Weighted Average Monthly Rent per Occupied Unit		
	2018	2017	Growth	2018	2017	Growth
				\$	\$	
Texas	93.4%	91.8%	1.7%	\$ 936	\$ 923	1.4%
Georgia	93.5%	94.7%	(1.2%)	967	927	4.4%
Mississippi	96.8%	96.5%	0.3%	887	858	3.4%
Missouri	95.5%	92.9%	2.8%	782	789	(0.9%)
South Carolina	92.5%	94.1%	(1.7%)	1,001	1,003	(0.2%)
Indiana	96.2%	92.0%	4.6%	686	652	5.3%
Tennessee	98.6%	97.3%	1.3%	1,113	1,066	4.3%
Florida	91.9%	90.9%	1.1%	997	969	2.9%
Ohio	96.9%	96.8%	0.1%	840	801	4.8%
Alabama	94.3%	95.9%	(1.7%)	743	690	7.6%
Totals	94.5%	93.7%	0.8%	\$ 912	\$ 889	2.6%

(1) Generally, negative variances in NOI are, among other things, due to higher turnover, changes in occupancy and/or rental rates, increases in real estate taxes, and/or increases in insurance expense. With regards to taxes, when a property is re-assessed at a higher value, we generally appeal the re-assessment if we feel that we can obtain a reduction in the taxes - if successful, the reduction will typically be reflected in the following year.



Acquisitions and Dispositions
Year Ended September 30, 2018
(dollars in thousands)

Acquisitions during year ended September 30, 2018

Location	Purchase Date	No. of Units	Contract Purchase Price	Acquisition Mortgage Debt	Initial BRT Equity	Ownership Percentage	Capitalized Acquisition Costs
Madison, AL	12/7/2017	204	\$ 18,420	\$ 15,000	\$ 4,456	80%	\$ 247
Boerne, TX	12/14/2017	120	12,000	9,200	3,780	80%	244
Ocoee, FL	2/7/2018	522	71,347	53,060	12,370	50%	1,047
Lawrenceville, GA	2/15/2018	586	77,229	54,447	15,179	50%	767
Daytona FL	4/30/2018	208	20,500	13,608	6,900	80%	386
Grand Prairie (Dallas), TX	5/17/2018	281	30,800	18,995	7,300	50%	413
		<u>1,921</u>	<u>\$ 230,296</u>	<u>\$ 164,310</u>	<u>\$ 49,985</u>		<u>\$ 3,104</u>

Acquisition subsequent to September 30, 2018

Location	Purchase Date	No. of Units	Contract Purchase Price	Acquisition Mortgage Debt	Initial BRT Equity	Ownership Percentage	Capitalized Acquisition Costs
Greenville, SC	10/30/2018	266	\$ 37,750	\$ 26,425	\$ 12,920	90%	\$ 509

Dispositions

Location	Sale Date	No. of Units	Sales Price	Gain on Sale	BRT Portion of Gain on Sale	Mortgage Prepayment Charge	BRT Portion of Mortgage Prepayment Charge
Melbourne, FL	10/25/2017	208	\$ 22,250	\$ 12,519	\$ 10,015	\$ 260	\$ 200
Valley, AL	2/23/2018	618	51,000	9,712	5,165	\$ -	\$ -
Palm Beach Gardens, FL	2/25/2018	542	97,250	41,831	21,238	\$ 590	\$ 304
		<u>1,368</u>	<u>\$ 170,500</u>	<u>\$ 64,062</u>	<u>\$ 36,418</u>	<u>\$ 850</u>	<u>\$ 504</u>

(1) BRT's share of the gain equals the property gain of \$64,062 less the non-controlling interest of \$2,504 for Melbourne, FL, \$4,547 for Valley, AL, and \$20,593 for Palm Beach Gardens, FL.

Dispositions subsequent to September 30, 2018

Location	Sale Date	No. of Units	Sales Price	Estimated Gain on Sale	Estimated BRT Portion of Gain on Sale	Mortgage Prepayment Charge	BRT Portion of Mortgage Prepayment Charge
North Charleston, SC	11/7/2018	271	\$ 51,650	\$ 12,519	\$ 6,219	\$ -	\$ -

(1) BRT's estimated share of the gain equals the estimated property gain of \$12,519 less the estimated non-controlling interest of \$6,300.



Value-Add Program
Quarter Ended September 30, 2018

Units Completed (1)	Estimated Rehab Costs (2)	Estimated Rehab Costs Per unit	Estimated Average Monthly Rent Increase (3)	Estimated Annualized ROI (3)
342	\$1,360,638	\$3,978	\$85	25.6%

(1) Refers to rehabilitated units at 18 properties with respect to which a new lease or renewal lease was entered into during the period.

(2) Reflects costs incurred during the current and prior periods with respect to units completed, in which a new lease or renewal lease was entered into during the current period.

(3) These results are not necessarily indicative of the results that would be generated if such improvements were made across our portfolio of properties or at any particular property. Rents at a property may increase for reasons wholly unrelated to property improvements, such as changes in demand for rental units in a particular market or sub-market.



Debt Analysis
As of September 30, 2018
(dollars in thousands)

Mortgage Debt

Year	Total Principal Payments	Scheduled Amortization	Principal Payments Due at Maturity	Percent of Total Principal Payments Due At Maturity	Weighted Average Interest Rate (1)
2019	34,819	5,819	29,000	4%	4.68%
2020	62,621	6,877	55,744	8%	3.74%
2021	22,622	8,620	14,002	2%	4.29%
2022	59,496	8,767	50,729	7%	4.63%
2023	92,478	8,557	83,921	12%	3.95%
Thereafter	526,769	37,712	489,057	67%	4.17%
Total	<u>\$ 798,805</u>	<u>\$ 76,352</u>	<u>\$ 722,453</u>	100%	

Weighted Average Remaining Term to Maturity	6.7 years
Weighted Average Interest Rate	4.14%
Debt Service Coverage Ratio for the quarter ended September 30, 2018 (2)	1.42

(1) Based on balloon payments at maturity.

(2) See definition on page 14.

Junior Subordinated Notes

Principal Balance	\$37,400
Interest Rate	3 month LIBOR + 2.00% (i.e., 4.34% at 9/30/2018)
Maturity	April 30, 2036



NON-GAAP FINANCIAL MEASURES DEFINITIONS AND RECONCILIATIONS

(dollars in thousands)

We define NOI as total property revenues less total property operating expenses. Property operating expenses exclude, among other things, depreciation and interest expense on the related property. 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 (loss) income. 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 NOI to net income attributable to common stock holders as computed in accordance with GAAP for the periods presented:

	Three Months ended September 30,	
	2018	2017
GAAP Net loss attributable to common stockholders	\$ (3,111)	\$ 5,461
Less: Other Income	(198)	(314)
Add: Interest expense	8,965	7,902
General and administrative	2,003	2,101
Depreciation	10,416	8,861
Less: Gain on sale of real estate	(424)	(16,763)
Gain on insurance proceeds	(1,271)	
Add: Loss on extinguishment of debt	-	664
Equity in loss of unconsolidated joint ventures	173	77
Provision for taxes	96	61
Add: Net income attributable to non-controlling interests	(1,027)	6,383
Net Operating Income	\$ 15,622	\$ 14,433

	Year ended September 30,	
	2018	2017
GAAP Net loss attributable to common stockholders	\$ 23,773	\$ 13,600
Less: Other Income	(763)	(1,294)
Add: Interest expense	34,389	28,171
General and administrative	9,210	9,396
Depreciation	38,504	30,491
Less: Gain on sale of real estate	(64,924)	(52,601)
Gain on insurance proceeds	(4,498)	-
Add: Loss on extinguishment of debt	850	1,463
Equity in loss of unconsolidated joint ventures	388	384
Provision for taxes	50	1,560
Add: Net income attributable to non-controlling interests	24,228	22,028
Net Operating Income	\$ 61,207	\$ 53,198



NON-GAAP FINANCIAL MEASURES DEFINITIONS AND RECONCILIATIONS

(dollars in thousands)

Funds from Operations (FFO)

FFO is a non-GAAP financial performance measure defined by the National Association of Real Estate Investment Trusts and is widely recognized by investors and analysts as one measure of operating performance of a REIT. The FFO calculation excludes items such as real estate depreciation and amortization, gains and losses on the sale of real estate assets and impairment on depreciable assets. Historical accounting convention used for real estate assets requires straight-line depreciation of buildings and improvements, which implies that the value of real estate assets diminishes predictably over time. Since real estate values have historically risen or fallen with market conditions, it is management's view, and we believe the view of many industry investors and analysts, that the presentation of operating results for a REIT using the historical accounting for depreciation is insufficient. FFO excludes gains and losses from the sale of real estate, which we believe provides management and investors with a helpful additional measure of the performance of our real estate portfolio, as it allows for comparisons, year to year, that reflect the impact on operations from trends in items such as occupancy rates, rental rates, operating costs, general, administrative and other expenses, and interest expenses.

Adjusted Funds from Operations (AFFO)

AFFO, as defined by us, excludes from FFO straight line rent adjustments, loss on extinguishment of debt, amortization of restricted stock and RSU expense, amortization of deferred mortgage costs and gain on insurance recovery. Management believes that excluding acquisition-related expenses from AFFO provides investors with supplemental performance information that is consistent with the performance models and analysis used by management and provides investors a view of the performance of our portfolio over time, including after the time we cease to acquire properties on a frequent and regular basis. We believe that AFFO enables investors to compare the performance of our portfolio with other REITs that have not recently engaged in acquisitions, as well as a comparison of our performance with that of other non-traded REITs, as AFFO, or an equivalent measure is routinely reported by non-traded REITs, and we believe often used by analysts and investors for comparison purposes.

Debt Service Coverage Ratio

Debt service coverage ratio is net operating income ("NOI") divided by total debt service.

Total Debt Service

Total debt service is the cash required to cover the repayment of interest and principal on a debt for a particular period. Total debt service is used in the calculation of the debt service coverage ratio which is used to determine the borrower's ability to make debt service payments.

Stabilized Properties

For all periods presented, stabilized properties include all our consolidated properties, other than those in lease-up or development, and for the three and nine months ended June 30, 2018, also excludes a Katy, Texas property that was damaged by Hurricane Harvey.

Same Store

Same store refers to stabilized properties that we and our consolidated joint ventures owned and operated for the entirety of both periods being compared.



Portfolio Table

As of 12/10/2018

Property	City	State	Year Built	Year Acquired	Property Age	No. of Unit	2018 Average Occupancy	2018 Avg Rent per Occ. Unit	% Ownership
Silvana Oaks	North Charleston	SC	2010	2012	9	208	94.5%	\$ 1,135	100%
Avondale Station	Decatur	GA	1950	2012	69	212	95.2%	1,038	100%
Stonecrossing	Houston	TX	1978	2013	41	240	93.4%	874	91%
Pathway	Houston	TX	1979	2013	40	144	92.9%	909	91%
Brixworth at Bridgestreet	Huntsville	AL	1985	2013	34	208	94.3%	743	80%
Newbridge Commons	Columbus	OH	1999	2013	20	264	96.9%	840	100%
Waterside at Castleton	Indianapolis	IN	1983	2014	36	400	96.2%	686	80%
Crossings of Bellevue	Nashville	TN	1985	2014	34	300	98.6%	1,113	80%
Kendall Manor	Houston	TX	1981	2014	38	272	93.6%	819	80%
Avalon	Pensacola	FL	2008	2014	11	276	91.9%	997	100%
Parkway Grande	San Marcos	TX	2014	2015	5	192	93.5%	1,064	80%
Cedar Lakes	Lake St. Louis	MO	1985	2015	34	420	95.5%	782	80%
Woodland Trails	LaGrange	GA	2010	2015	9	236	95.5%	929	100%
Retreat at Cinco Ranch	Katy	TX	2008	2016	11	268	97.1%	1,012	75%
Grove at River Place	Macon	GA	1988	2016	31	240	93.9%	707	80%
Civic Center 1	Southaven	MS	2002	2016	17	392	97.0%	862	60%
Verandas at Shavano Park	San Antonio	TX	2014	2016	5	288	95.1%	1,004	65%
Chatham Court and Reflections	Dallas	TX	1986	2016	33	494	92.3%	920	50%
Waters Edge at Harbison	Columbia	SC	1996	2016	23	204	90.5%	860	80%
Pointe at Lenox Park	Atlanta	GA	1989	2016	30	271	90.2%	1,184	74%
Civic Center 2	Southaven	MS	2005	2016	14	384	96.6%	913	60%
Verandas at Alamo Ranch	San Antonio	TX	2015	2016	4	288	93.3%	988	72%
Kilburn Crossing	Fredericksburg	VA	2005	2016	14	220	95.4%	1,287	100%
OPOP Towers	St. Louis	MO	2014	2017	5	128	85.8%	1,544	76%
OPOP Lofts	St. Louis	MO	2014	2017	5	53	88.5%	1,435	76%
Vanguard Heights	Creve Coeur	MO	2016	2017	3	174	88.0%	1,534	78%
Mercer Crossing	Dallas	TX	2014/2016	2017	5	509	88.1%	1,277	50%
Jackson Square	Tallahassee	FL	1996	2017	23	242	92.0%	1,000	80%
Magnolia Pointe	Madison	AL	1991	2017	28	204	95.8%	815	80%
Woodland Apartments	Boerne	TX	2007	2017	12	120	91.6%	946	80%
The Avenue	Ocoee	FL	1998	2018	21	522	95.7%	986	50%
Parc at 980	Lawrenceville	GA	1997	2018	22	586	92.6%	1,037	50%
Anatole Apartments	Daytona Beach	FL	1986	2018	33	208	95.3%	885	80%
Landings of Carrier Parkway	Grand Prairie (Dallas)	TX	2001	2018	18	281	93.9%	964	50%
Crestmont at Thornblade	Greenville	SC	1998	2018	21	266	N/A	N/A	90%
<i>Total/Weighted Average</i>					22.1	9,714			

Development Projects

Bell's Bluff	Nashville	TN	N/A		N/A	402	N/A	N/A	58%
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Total (Including Development Projects)

10,116

Unconsolidated Joint Ventures	City	State	Year Built	Property Age	No. of Unit	% Ownership
Canalside Sola (1)	Columbia	SC	N/A	N/A	338	46%
Canalside Lofts	Columbia	SC	2008/2013	11	374	32%
Gateway Oaks	Forney	TX	2016	3	313	50%
<i>Total</i>					1,025	

(1) Development project