

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): February 7, 2019

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 February 7, 2019, we issued a press release announcing our results of operations for the three months ended December 31, 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, which we refer to as 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, which we refer to as the 33 Act, except as shall be expressly set forth by specific reference in such filing.

Item 5.03 Amendments to Articles of Incorporation or Bylaws; Change in Fiscal Year

On February 7, 2019, our Board of Directors approved a change in our fiscal year from September 30 to December 31. As a result of this change, the Company will file a transition report on Form 10-Q for the three-months ended December 31, 2018.

A copy of the press release announcing the change in fiscal year end is attached as Exhibit 99.1 to this Current Report on Form 8-K. The press release shall not be deemed “filed” for purposes of the Exchange Act nor shall it be deemed incorporated by reference in any filing under the 33 Act or the Exchange Act, 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>
99.1	Press release dated February 7, 2019.
99.2	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.

February 7, 2019

BRT APARTMENTS CORP.

/s/ George Zweier

George Zweier, Vice President
and Chief Financial Officer



BRT APARTMENTS CORP. REPORTS FOR QUARTER ENDED DECEMBER 31, 2018

Grew Rental Revenue 10.6% for the Quarter Ended December 31, 2018

Great Neck, New York – February 7, 2019 - BRT APARTMENTS CORP. (NYSE:BRT), a growing multi-family real estate investment trust with properties located primarily in the Southeast United States and Texas today announced operating results for the three months ended December 31, 2018.

Jeffrey A. Gould, President and Chief Executive Officer, stated: “During the quarter, BRT acquired a 266-unit value-add opportunity in the growing South Carolina market and completed two opportunistic asset sales generating annual internal rates of return for BRT ranging from 15.9 percent to 20.0 percent. Management remains focused on growing the Company in markets with strong underlying fundamentals complemented by diverse and growing local economies. We remain selective in our deployment of capital and our acquisition process to ensure that the Company is well-positioned for the long-term.”

Financial Results:

Net income attributable to common stockholders was \$8.1 million, or \$0.51 per diluted share, for the current three months, compared to net income of \$6.4 million, or \$0.45 per diluted share, for the three months ended December 31, 2017. The quarters ended December 31, 2018 and 2017 include \$0.72 and \$0.70, respectively, of net income per fully diluted share from gains on property sales, after giving effect to \$0.50 and \$0.18, per fully diluted share, respectively, of non-controlling interests. The current quarter also includes \$0.08 of net income per fully diluted share from gain on insurance recoveries, after giving effect to \$0.02 per fully diluted share of non-controlling interests.

Funds from Operations¹, or FFO, for the current quarter grew 25.0% to \$0.25 per fully diluted share, from \$0.20 per fully diluted share in the three months ended December 31, 2017. FFO for the current quarter was \$4.2 million compared to \$3.0 million in the corresponding period of the prior year. FFO for the current quarter includes gain on insurance recoveries of \$1.2 million, or \$0.08 per fully diluted share, after giving effect to \$352,000, or \$0.02 per fully diluted share, respectively, of non-controlling interests. There was no corresponding gain in the 2017 quarter. Adjusted Funds from Operations, or AFFO, for the current quarter was \$0.22 per fully diluted share, compared to \$0.26 per fully diluted share in the corresponding prior year period. AFFO for the current quarter was \$3.6 million compared to \$3.8 million in the corresponding 2017 quarter.

Diluted per share net income, FFO and AFFO were impacted during the quarter ended December 31, 2018 by the approximate 1.7 million increase in the weighted average number of shares of common

¹ A description and reconciliation of non-GAAP financial measures to GAAP financial measures is presented later in this release.

stock since October 1, 2017 due primarily to stock issuances pursuant to the Company's at-the-market offering program.

Operating Results:

As of February 7, 2019, BRT owns 35 multi-family properties with 9,696 units (including 402 units at a property under development), and interests in three unconsolidated multi-family joint ventures with 687 units (including 339 units in lease-up).

During the current quarter, weighted average total occupancy at same store properties was approximately 93.0%, compared to approximately 93.7% during the corresponding 2017 quarter. Weighted average rental rate per occupied unit at same store properties during the current quarter was \$1,005 per month compared to \$973 per month during the corresponding 2017 quarter. Same store properties include all our consolidated properties acquired before October 1, 2017, other than those in lease-up or development, and a Katy, Texas property that was damaged by Hurricane Harvey.

Rental and other revenues from real estate properties for the current three months increased 10.6% to \$31.2 million from \$28.2 million for the quarter ended December 31, 2017 due primarily to the net impact of acquisitions and dispositions since October 1, 2017.

Total expenses for the quarter ended December 31, 2018 increased to \$36.8 million from \$32.3 million for the quarter ended December 31, 2017 due primarily to the net impact of acquisitions and dispositions since October 1, 2017.

Portfolio Activity:

During the current quarter, BRT acquired a multi-family property with 266 units for a purchase price of \$37.8 million, including \$26.4 million of mortgage debt. BRT also sold two properties for an aggregate sales price of \$92.9 million and its share of the gain, net of non-controlling interests of \$8.0 million, was \$11.5 million.

Balance Sheet:

At December 31, 2018, BRT had \$32.4 million of cash and cash equivalents, total assets of \$1.1 billion, total debt of \$808.9 million, and total stockholders' equity of \$198.8 million. At February 1, 2019, BRT had \$29.3 million of cash and cash equivalents.

Change in Fiscal Year:

On February 7, 2019, the Board of Directors of the Company authorized a change in the Company's fiscal year end from September 30 to December 31. The change is intended to better align the Company's fiscal year with the fiscal year of other multi-family REITs. As a result of the change in fiscal year, the Company's 2019 fiscal year began on January 1, 2019 and will end on December 31, 2019 and the next periodic report to be filed by the Company will be a Quarterly Report on Form 10-Q for the period ending March 31, 2019, which will be filed in May 2019.

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; 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.

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, including statements regarding the apparent improvement in the economic environment and BRT's ability to originate additional loans. 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 and in the Quarterly Reports on Form 10-Q and Current Reports on Form 8-K filed thereafter.

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-Q filed with the Securities and Exchange Commission for the quarter ended December 31, 2018 and the supplemental disclosures regarding the quarter on the investor relations section of the Company's website at: http://brtapartments.com/investor_relations for further details. The Transition Report on Form 10-Q 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.brtapartments.com.

Contact: Investor Relations - (516) 466-3100

BRT APARTMENTS CORP.
60 Cutter Mill Road
Suite 303
Great Neck, New York 11021
Telephone (516) 466-3100
Telecopier (516) 466-3132
www.BRTapartments.com

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

	December 31, 2018 (Unaudited)	September 30, 2018
ASSETS		
Real estate properties, net of accumulated depreciation	\$ 1,029,239	\$ 1,020,874
Real estate loan	4,750	4,900
Cash and cash equivalents	32,428	27,360
Restricted cash	8,180	6,686
Deposits and escrows	21,268	24,458
Investments in unconsolidated joint ventures	19,758	20,078
Other assets	8,084	10,080
Real estate property held for sale	—	38,928
Real estate loan	<u>\$ 1,123,707</u>	<u>\$ 1,153,364</u>
LIABILITIES AND EQUITY		
Mortgages payable, net of deferred costs	\$ 771,817	\$ 792,432
Junior subordinated notes, net of deferred costs	37,043	37,038
Accounts payable and accrued liabilities	<u>24,487</u>	<u>27,409</u>
Total Liabilities	833,347	856,879
Total BRT Apartments Corp. stockholders' equity	198,775	197,987
Non-controlling interests	<u>91,585</u>	<u>98,498</u>
Total Equity	290,360	296,485
Total Liabilities and Equity	<u>\$ 1,123,707</u>	<u>\$ 1,153,364</u>

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

	Three Months Ended December 31,	
	2018	2017
Revenues:		
Rental and other revenues from real estate properties	\$ 31,216	\$ 28,162
Other income	223	187
Total revenues	<u>31,439</u>	<u>28,349</u>
Expenses:		
Real estate operating expenses	15,224	13,347
Interest expense	8,946	7,980
General and administrative	2,476	2,303
Depreciation	10,192	8,648
Total expenses	<u>36,838</u>	<u>32,278</u>
Total revenue less total expenses	(5,399)	(3,929)
Equity in loss of unconsolidated joint ventures	(125)	(25)
Gain on sale of real estate	19,514	12,519
Gain on insurance recovery	1,585	—
Loss on extinguishment of debt	(207)	(257)
Income from continuing operations	<u>15,368</u>	<u>8,308</u>
Income tax provision	58	106
Net income from continuing operations, net of taxes	15,310	8,202
Net income attributable to non-controlling interests	(7,237)	(1,851)
Net income attributable to common stockholders	<u>\$ 8,073</u>	<u>\$ 6,351</u>
Per share amounts attributable to common stockholders:		
Basic	<u>\$ 0.51</u>	<u>\$ 0.45</u>
Diluted	<u>\$ 0.51</u>	<u>\$ 0.45</u>
Funds from operations - Note 1	<u>\$ 4,209</u>	<u>\$ 3,039</u>
Funds from operations per common share - diluted - Note 2	<u>\$ 0.26</u>	<u>\$ 0.20</u>
Adjusted funds from operations - Note 1	<u>\$ 3,563</u>	<u>\$ 3,833</u>
Adjusted funds from operations per common share - diluted -Note 2	<u>\$ 0.22</u>	<u>\$ 0.26</u>
Weighted average number of shares of common stock outstanding:		
Basic	<u>15,744,233</u>	<u>14,022,438</u>
Diluted	<u>15,944,233</u>	<u>14,222,438</u>

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

	Three Months Ended	
	December 31,	
	2018	2017
Note 1:		
Funds from operations is summarized in the following table:		
GAAP Net income attributable to common stockholders	\$ 8,073	\$ 6,351
Add: depreciation of properties	10,192	8,648
Add: our share of depreciation in unconsolidated joint ventures	468	369
Deduct: gain on sale of real estate	(19,514)	(12,519)
Adjustments for non-controlling interests	4,990	190
<i>NAREIT Funds from operations attributable to common stockholders</i>	4,209	3,039
Adjustments for: straight-line rent accruals	(10)	(10)
Add: loss on extinguishment of debt	207	257
Add: amortization of restricted stock and restricted stock units	324	315
Add: amortization of deferred mortgage costs	177	359
Deduct gain on insurance recovery	(1,585)	—
Adjustments for non-controlling interests	241	\$ (127)
<i>Adjusted funds from operations attributable to common stockholders</i>	\$ 3,563	\$ 3,833
Note 2:		
GAAP Net (loss) income attributable to common stockholders	\$ 0.51	\$ 0.45
Add: depreciation of properties	0.63	0.59
Add: our share of depreciation in unconsolidated joint ventures	0.03	0.02
Deduct: gain on sale of real estate	(1.22)	(0.88)
Adjustment for non-controlling interests	0.31	0.02
<i>NAREIT Funds from operations per common stock basic and diluted</i>	0.26	0.20
Adjustments for: straight line rent accruals	—	—
Add: loss on extinguishment of debt	0.01	0.02
Add: amortization of restricted stock and restricted stock units	0.02	0.02
Add: amortization of deferred mortgage costs	0.01	0.03
Deduct gain on insurance recovery	(0.10)	—
Adjustments for non-controlling interests	0.02	(0.01)
<i>Adjusted funds from operations per common stock basic and diluted</i>	\$ 0.22	\$ 0.26



SUPPLEMENTAL FINANCIAL
INFORMATION FOR
QUARTER ENDED DECEMBER 31, 2018

February 7, 2019

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 Transition Report on Form 10-Q for the quarter ended December 31, 2018 to be filed contemporaneously herewith.

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

	December 31,		September 30,		
	2018	2017	2018	2017	2016
Market Information					
Market capitalization	\$ 181,900,519	\$ 166,663,487	\$ 189,681,411	\$ 150,320,535	\$ 111,190,680
Shares outstanding	15,900,395	14,136,004	15,754,270	14,022,438	13,898,835
Closing share price	\$ 11.44	\$ 11.79	\$ 12.04	\$ 10.72	\$ 8.00
Quarterly dividend declared per share	\$ 0.20	\$ 0.18	\$ 0.20	\$ 0.18 (4)	\$ -
Portfolio					
Multi-family properties owned	35	33	36	33	33
Units	9,696 (1)	9,684 (1)	10,121 (1)	9,568	9,420
Average occupancy (2)	93.2 %	93.7 %	93.7 %	93.8 %	92.8 %
Average monthly rental revenue per occupied unit (2)	\$1,019	\$967	\$964	\$933	\$852
Per Share Data					
	Quarter ended December 31,				
	2018	2017			
	(Unaudited)	(Unaudited)			
Earnings per share (basic)	\$ 0.51	\$ 0.45			
Earnings per share (diluted)	\$ 0.51	\$ 0.45			
FFO per share of common stock (diluted) (3)	\$ 0.26	\$ 0.20			
AFFO per share of common stock (diluted) (3)	\$ 0.22	\$ 0.26			

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

(2) For the period presented. Average includes stabilized properties for the period presented. See definition of stabilized properties on page 13.

(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 13.

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



**Operating Results
(Unaudited)**

(dollars in thousands, except per share amounts)

	Quarter ended December 31,	
	2018	2017
Revenues		
Rental and other revenue from real estate properties	\$ 31,216	\$ 28,162
Other income	223	187
Total revenues	31,439	28,349
Expenses		
Real estate operating expenses	15,224	13,347
Interest expense	8,946	7,980
General and administrative	2,476	2,303
Depreciation	10,192	8,648
Total expenses	36,838	32,278
Total revenues less total expenses	(5,399)	(3,929)
Equity in loss of unconsolidated joint ventures	(125)	(25)
Gain on sale of real estate	19,514	12,519
Gain on insurance recovery	1,585	-
Loss on extinguishment of debt	(207)	(257)
Income from continuing operations	15,368	8,308
Income tax provision	58	106
Income from continuing operations, net of taxes	15,310	8,202
Net (income) attributable to non-controlling interests	(7,237)	(1,851)
Net income attributable to common stockholders	\$ 8,073	\$ 6,351
Weighted average number of shares of common stock outstanding:		
Basic	15,744,233	14,022,438
Diluted	15,944,233	14,222,438
Per share amounts attributable to common stockholders:		
Basic	\$ 0.51	\$ 0.45
Diluted	\$ 0.51	\$ 0.45



Funds From Operations (Unaudited)

(dollars in thousands, except per share amounts)

	Quarter ended December 31,	
	2018	2017
GAAP Net income attributable to common stockholders	\$ 8,073	\$ 6,351
Add: depreciation of properties	10,192	8,648
Add: our share of depreciation in unconsolidated joint ventures	468	369
Deduct: gain on sales of real estate	(19,514)	(12,519)
Adjustment for non-controlling interests	4,990	190
Funds from operations (FFO) attributable to common stockholders	4,209	3,039
Adjust for straight line rent accruals	(10)	(10)
Add: loss on extinguishment of debt	207	257
Add: amortization of restricted stock and restricted stock units	324	315
Add: amortization of deferred mortgage costs	177	359
Deduct: gain on insurance recovery	(1,585)	-
Adjustment for non-controlling interests	241	(127)
Adjusted funds from operations (AFFO) attributable to common stockholders	\$ 3,563	\$ 3,833
Per share data		
GAAP Net income attributable to common stockholders	\$ 0.51	\$ 0.45
Add: depreciation of properties	0.63	0.59
Add: our share of depreciation in unconsolidated joint ventures	0.03	0.02
Deduct: gain on sales of real estate	(1.22)	(0.88)
Adjustment for non-controlling interests	0.31	0.02
Funds from operations (FFO) attributable to common stockholders	0.26	0.20
Add: loss on extinguishment of debt	0.01	0.02
Add: amortization of restricted stock and restricted stock units	0.02	0.02
Add: amortization of deferred mortgage costs	0.01	0.03
Deduct: gain on insurance recovery	(0.10)	-
Adjustment for non-controlling interests	0.02	(0.01)
Adjusted funds from operations (AFFO) attributable to common stockholders	\$ 0.22	\$ 0.26



Consolidated Balance Sheets

(amounts in thousands, except per share amounts)

	At December 31,	At September 30,		
	2018 (Unaudited)	2018	2017	2016
Assets				
Real estate properties, net of accumulated depreciation	\$ 1,029,239	\$ 1,020,874	\$ 902,281	\$ 759,576
Real estate loan	4,750	4,900	5,500	19,500
Cash and cash equivalents	32,428	27,360	12,383	27,399
Restricted cash	8,180	6,686	6,151	7,383
Deposits and escrows	21,268	24,458	27,839	18,972
Investments in unconsolidated joint ventures	19,758	20,078	21,415	298
Other assets	8,084	10,080	9,359	7,775
Real estate properties held for sale	-	38,928	8,969	33,996
Total Assets	\$ 1,123,707	\$ 1,153,364	\$ 993,897	\$ 874,899
Liabilities and equity				
Liabilities				
Mortgages payable, net of deferred costs	\$ 771,817	\$ 792,432	\$ 697,826	\$ 588,457
Junior subordinated notes, net of deferred costs	37,043	37,038	37,018	36,998
Accounts payable and accrued liabilities	24,487	27,409	22,348	20,716
Mortgage payable held for sale	-	-	-	27,052
Total liabilities	833,347	856,879	757,192	673,223
Equity				
Common Stock, \$.01 par value, 300,000 shares authorized; 15,038 Issued at December 31, 2018 and 15,048 and 13,333 Issued at September 30, 2018 and 2017	150	150	133	-
Shares of beneficial interest, \$3 par value per share	-	-	-	39,696
Additional paid in capital	216,981	220,135	201,910	161,321
Accumulated other comprehensive income (loss)	1,688	2,629	1,000	(1,602)
Accumulated deficit	(20,044)	(24,927)	(37,047)	(48,125)
Total BRT Apartments Corp. stockholders' equity	198,775	197,987	165,996	151,290
Non-controlling interests	91,585	98,498	70,709	50,386
Total Equity	290,360	296,485	236,705	201,676
Total Liabilities and Equity	\$ 1,123,707	\$ 1,153,364	\$ 993,897	\$ 874,899



Pro Rata Operating Results (Unaudited)

(dollars in thousands)

	Three Months ended December 31, 2018		
	Consolidated Amount	Non-controlling Interest	BRT Proportionate Amount (1)
Revenues			
Rental and other revenue from real estate properties	\$ 31,216	\$ 8,435	\$ 22,781
Other income	223	-	223
Total revenues	<u>31,439</u>	<u>8,435</u>	<u>23,004</u>
Expenses			
Real estate operating expenses	15,224	4,110	11,114
Interest expense	8,946	2,372	6,574
General and administrative	2,476	-	2,476
Depreciation	10,192	3,057	7,135
Total expenses	<u>36,838</u>	<u>9,539</u>	<u>27,299</u>
Total revenues less total expenses	(5,399)	(1,104)	(4,295)
Equity in loss of unconsolidated joint ventures	(125)	-	(125)
Gain on sale of real estate	19,514	8,046	11,468
Gain on insurance recovery	1,585	352	1,233
Loss on extinguishment of debt	(207)	(57)	(150)
Income from continuing operations	<u>15,368</u>	<u>7,237</u>	<u>8,131</u>
Income tax provision	58	-	58
Net Income	<u>\$ 15,310</u>	<u>\$ 7,237</u>	<u>\$ 8,073</u>

(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 (Unaudited)

(amounts in thousands, except per share amounts)

	At December 31, 2018		
	Consolidated Amount	Non-controlling Interest	BRT Proportionate Amount (1)
Assets			
Real estate properties, net of accumulated depreciation	\$ 1,029,239	\$ 300,000	\$ 729,239
Real estate loan	4,750	-	4,750
Cash and cash equivalents	32,428	3,757	28,671
Restricted cash	8,180	-	8,180
Deposits and escrows	21,268	8,255	13,013
Investments in unconsolidated joint ventures	19,758	-	19,758
Other assets	8,084	2,194	5,890
Total Assets	\$ 1,123,707	\$ 314,206	\$ 809,501
Liabilities and equity			
Liabilities			
Mortgages payable, net of deferred costs	\$ 771,817	\$ 217,245	\$ 554,572
Junior subordinated notes, net of deferred costs	37,043	-	37,043
Accounts payable and accrued liabilities	24,487	5,376	19,111
Total liabilities	833,347	222,621	610,726
Equity			
Common Stock, \$.01 par value, 300,000 shares authorized; 15,038 issued	150	-	150
Additional paid in capital	216,981	-	216,981
Accumulated other comprehensive income	1,688	-	1,688
Accumulated deficit	(20,044)	-	(20,044)
Total BRT Apartments Corp. stockholders' equity	198,775	-	198,775
Non-controlling interest	91,585	91,585	-
Total equity	290,360	91,585	198,775
Total Liabilities and Equity	\$ 1,123,707	\$ 314,206	\$ 809,501

(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)

Quarter Ended December 31, 2018

	Units (1)	Revenues	Expenses	NOI (2)	% of NOI Contribution	Average Occupancy (3)	Weighted Average Monthly Rent per Occupied Unit (3)
Texas	3,096	\$ 9,913	\$ 5,362	\$ 4,551	28%	91.6%	\$ 1,034
Georgia	1,545	4,974	2,350	2,624	16%	91.9%	1,018
Florida	1,248	4,014	1,813	2,201	14%	95.2%	1,016
Mississippi	776	2,244	836	1,408	9%	97.9%	920
South Carolina	678	1,961	977	984	6%	93.1%	1,126
Alabama	412	1,055	481	574	4%	91.6%	826
Indiana	400	936	619	317	2%	91.3%	736
Missouri	355	1,582	740	842	5%	94.6%	1,132
Tennessee	300	1,065	380	685	4%	97.4%	1,140
Ohio	264	726	337	389	2%	97.2%	871
Virginia	220	921	325	596	4%	95.2%	1,335
Other	-	376	186	190	1%	N/A	N/A
Current Portfolio Totals	9,294	\$ 29,767	\$ 14,406	\$ 15,361	96%	93.2%	\$ 1,019
Properties sold during QE 12/31/2018	691	1,449	818	631	4%		
Totals		\$ 31,216	\$ 15,224	\$ 15,992	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 12 and the definition at page 13.

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



Same Store Comparisons
Quarters Ended December 31,
2018 and 2017

(dollars in thousands, except monthly rent amounts)

	Units	Revenues			Property Operating Expenses			NOI (1)		
		2018	2017	% Change	2018	2017	% Change	2018	2017	% Change
Texas	2,427	\$ 7,804	\$ 7,570	3.1%	\$ 4,276	\$ 4,209	1.6%	\$ 3,528	\$ 3,361	5.0%
Georgia	959	2,878	2,896	(0.6%)	1,361	1,244	9.4%	1,517	1,652	(8.2%)
Mississippi	776	2,244	2,124	5.6%	836	724	15.5%	1,408	1,400	0.6%
Florida	518	1,674	1,505	11.2%	767	653	17.5%	907	852	6.5%
South Carolina	412	1,323	1,272	4.0%	703	708	(0.7%)	620	564	9.9%
Indiana	400	936	913	2.5%	619	540	14.6%	317	373	(15.0%)
Tennessee	300	1,065	1,047	1.7%	380	406	(6.4%)	685	641	6.9%
Ohio	264	726	693	4.8%	337	300	12.3%	389	393	(1.0%)
Virginia	220	921	898	2.6%	325	316	2.8%	596	582	2.4%
Alabama	208	501	495	1.2%	230	214	7.5%	271	281	(3.6%)
Missouri	181	776	821	(5.5%)	430	395	8.9%	346	426	(18.8%)
Totals	6,665	\$ 20,848	\$ 20,234	3.0%	\$ 10,264	\$ 9,709	5.7%	\$ 10,584	\$ 10,525	0.6%

	Weighted Average Occupancy			Weighted Average Monthly Rent per Occupied Unit		
	2018	2017	% Change	2018	2017	% Change
Texas	91.4%	92.1%	(0.8%)	\$ 1,033	\$ 1,008	2.4%
Georgia	93.9%	94.3%	(0.4%)	984	950	3.6%
Mississippi	97.7%	96.7%	1.0%	920	877	4.9%
Florida	96.1%	91.7%	4.7%	1,026	979	4.8%
South Carolina	91.6%	91.4%	0.2%	1,035	1,007	2.8%
Indiana	91.3%	96.2%	(5.1%)	736	689	6.8%
Tennessee	97.4%	98.9%	(1.5%)	1,140	1,109	2.8%
Ohio	97.2%	98.2%	(1.0%)	871	820	6.1%
Virginia	95.2%	93.2%	2.1%	1,335	1,275	4.8%
Alabama	89.5%	96.3%	(7.1%)	793	725	9.5%
Missouri	92.1%	91.0%	1.2%	1,394	1,585	(12.0%)
Totals	93.0%	93.7%	(0.8%)	\$ 1,005	\$ 973	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. When a property is re-assessed at a higher value for real estate tax purposes, we generally appeal the re-assessment if we believe that a reduction is obtainable - if successful, the reduction will typically be reflected in the following year.

See definition of Same Store on page 13



Acquisitions and Dispositions
Quarter Ended December 31, 2018
(dollars in thousands)

Acquisitions

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 (1)	Mortgage Prepayment Charge	BRT Portion of Mortgage Prepayment Charge
North Charleston, SC	11/7/2018	271	\$ 51,650	\$ 11,921	\$ 5,951	-	-
Lake St. Louis, MO	12/18/2018	420	41,200	7,593	5,516	207	150
		691	\$ 92,850	\$ 19,514	\$ 11,467	\$ 207	\$ 150

(1) BRT's share of the gain equals the property gain of \$19,514 less the non-controlling interest of \$5,970 for North Charleston, SC, and \$2,077 for Lake St. Louis, MO.



**Value-Add Program and Capital Expenditures
Quarter Ended December 31, 2018**

Value-Add Program

Units Rehabilitated (1)	Estimated Rehab Costs (2)	Estimated Rehab Costs Per unit	Estimated Average Monthly Rent Increase (3)	Estimated Annualized ROI (3)
288	\$1,105,000	\$3,837	\$81	25.5%

(1) Refers to rehabilitated units at 19 properties with respect to which a new lease or renewal lease was entered into during the period.

(2) Reflects rehab 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.

Capital Expenditures

Estimated Recurring Capital Expenditures (1)	\$	624,000
Estimated Non-Recurring Capital Expenditures (2)		2,842,000
Write-offs		<u>(373,000)</u>
Total Capital Expenditures		3,093,000
 Replacements (3)		 <u>674,000</u>
Total Capital Expenditures and Replacements	\$	<u><u>3,767,000</u></u>

(1) Recurring capital expenditures represent our estimate of expenditures incurred at the property to maintain the property's existing operations - it excludes revenue enhancing projects.

(2) Non-recurring capital expenditures represent our estimate of significant improvements to the common areas, property exteriors, or interior units of the property, as well as revenue enhancing upgrades.

(3) Replacements are expensed as incurred at the property.



Debt Analysis
As of December 31, 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	\$ 32,930	\$ 3,930	\$ 29,000	4%	4.96%
2020	6,772	6,772	-	0%	-
2021	22,622	8,620	14,002	2%	4.29%
2022	70,111	8,767	61,344	9%	4.83%
2023	92,478	8,557	83,921	12%	3.95%
Thereafter	553,193	39,840	513,353	73%	4.20%
Total	\$ 778,106	\$ 76,486	\$ 701,620	100%	

Weighted Average Remaining Term to Maturity	6.9 years
Weighted Average Interest Rate	4.25%
Debt Service Coverage Ratio for the quarter ended December 31, 2018 (2)	1.36

(1) Based on balloon payments at maturity.
(2) See definition on page 13.

Junior Subordinated Notes

Principal Balance	\$37,400
Interest Rate	3 month LIBOR + 2.00% (i.e. 4.52% at 12/31/2018)
Maturity	April 30, 2036



**NON-GAAP FINANCIAL MEASURES
DEFINITIONS**

(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 December 31,	
	2018	2017
	(Unaudited)	(Unaudited)
GAAP Net income attributable to common stockholders	\$ 8,073	\$ 6,351
Less: Other Income	(223)	(187)
Add: Interest expense	8,946	7,980
General and administrative	2,476	2,303
Depreciation	10,192	8,648
Less: Gain on sale of real estate	(19,514)	(12,519)
Gain on insurance proceeds	(1,585)	
Add: Loss on extinguishment of debt	207	257
Equity in loss of unconsolidated joint ventures	125	25
Provision for taxes	58	106
Add: Net income attributable to non-controlling interests	7,237	1,851
Net Operating Income	\$ 15,992	\$ 14,815



NON-GAAP FINANCIAL MEASURES DEFINITIONS *(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.

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 2/8/2019

Property	City	State	Year Built	Year Acquired	Property Age	No. of Units	QE 12/31/2018 Avg. Occupancy	QE 12/31/2018 Avg. Rent per Occupied Unit	% Ownership
Silvana Oaks	North Charleston	SC	2010	2012	10	208	91.6%	\$ 1,167	100%
Avondale Station	Decatur	GA	1950	2012	70	212	94.3%	1,059	100%
Stonecrossing	Houston	TX	1978	2013	42	240	90.7%	882	91%
Pathway	Houston	TX	1979	2013	41	144	92.6%	925	91%
Brixworth at Bridgestreet	Huntsville	AL	1985	2013	35	208	89.5%	793	80%
Newbridge Commons	Columbus	OH	1999	2013	21	264	97.2%	871	100%
Waterside at Castleton	Indianapolis	IN	1983	2014	37	400	91.3%	736	80%
Crossings of Bellevue	Nashville	TN	1985	2014	35	300	97.4%	1,140	80%
Kendall Manor	Houston	TX	1981	2014	39	272	91.9%	808	80%
Avalon	Pensacola	FL	2008	2014	12	276	97.0%	1,017	100%
Parkway Grande	San Marcos	TX	2014	2015	6	192	91.4%	1,072	80%
Woodland Trails	LaGrange	GA	2010	2015	10	236	94.5%	939	100%
Retreat at Cinco Ranch	Katy	TX	2008	2016	12	268	90.5%	1,155	75%
Grove at River Place	Macon	GA	1988	2016	32	240	91.9%	712	80%
Civic Center 1	Southaven	MS	2002	2016	18	392	98.3%	896	60%
Verandas at Shavano Park	San Antonio	TX	2014	2016	6	288	90.7%	1,061	65%
Chatham Court and Reflections	Dallas	TX	1986	2016	34	494	92.4%	944	50%
Waters Edge at Harbison	Columbia	SC	1996	2016	24	204	91.5%	900	80%
Pointe at Lenox Park	Atlanta	GA	1989	2016	31	271	84.8%	1,224	74%
Civic Center 2	Southaven	MS	2005	2016	15	384	97.5%	944	60%
Verandas at Alamo Ranch	San Antonio	TX	2015	2016	5	288	90.3%	1,007	72%
Kilburn Crossing	Fredericksburg	VA	2005	2016	15	220	95.2%	1,335	100%
OPOP Towers	St. Louis	MO	2014	2017	6	128	95.1%	1,392	76%
OPOP Lofts	St. Louis	MO	2014	2017	6	53	84.9%	1,400	76%
Vanguard Heights	Creve Coeur	MO	2016	2017	4	174	92.7%	1,537	78%
Mercer Crossing	Dallas	TX	2014/2016	2017	5	509	91.1%	1,328	50%
Jackson Square	Tallahassee	FL	1996	2017	24	242	95.0%	1,038	80%
Magnolia Pointe	Madison	AL	1991	2017	29	204	93.8%	859	80%
Woodland Apartments	Boerne	TX	2007	2017	13	120	91.2%	932	80%
The Avenue	Ocoee	FL	1998	2018	22	522	95.9%	1,030	50%
Parc at 980	Lawrenceville	GA	1997	2018	23	586	93.3%	1,072	50%
Anatole Apartments	Daytona Beach	FL	1986	2018	34	208	89.4%	920	80%
Landings of Carrier Parkway	Grand Prairie (Dallas)	TX	2001	2018	19	281	94.3%	978	50%
Crestmont at Thornblade	Greenville	SC	1998	2018	22	266	N/A	N/A	90%
<i>Total/Weighted Average</i>						22.5	9,294		

Development Projects

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

9,696

Unconsolidated Joint Ventures	City	State	Year Built	Property Age	No. of Units
Canalside Sola (1)	Columbia	SC	N/A	N/A	338
Canalside Lofts	Columbia	SC	2008/2013	11	374
Gateway Oaks	Forney	TX	2016	4	313
<i>Total</i>					1,025

(1) Development project