

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): August 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))

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

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

Indicate by check mark whether the registrant 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 August 7, 2019, we issued a press release announcing our results of operations for the three months ended June 30, 2019. 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. 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, 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 August 7, 2019.
99.2	Supplemental Financial Information dated August 7, 2019

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.

August 7, 2019

/s/ George Zweier
George Zweier, Vice President
and Chief Financial Officer



BRT APARTMENTS CORP. REPORTS SECOND QUARTER RESULTS FOR 2019

– Rental Revenue Grew 9.7 Percent –

Great Neck, New York – August 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 June 30, 2019.

“Our portfolio of multi-family properties continued to perform well in the second quarter as rental revenue grew 9.7%. We anticipate that rental revenue will continue to grow as our value-add program, during the current quarter, generated an approximate 30% return on investment,” commented Jeffrey A. Gould, President and Chief Executive Officer. We also made progress growing our portfolio with the acquisition of a value-add multi-family property funded with the use of our credit facility. Our team continues to source additional opportunities in targeted high - growth markets in the Southeast as we work to build additional value for stockholders.”

Financial Results:

Net loss attributable to common stockholders was \$4.3 million, or \$0.27 per diluted share, for the three months ended June 30, 2019, compared to net loss of \$4.7 million, or \$0.33 per diluted share, for the three months ended June 30, 2018. The current quarter includes \$517,000, or \$0.03 per diluted share, without giving effect to the non-controlling interest of \$103,000 or less than \$0.01 per diluted share, from a gain on insurance recovery. There was no similar gain in the corresponding quarter of 2018.

Funds from Operations^[1], or FFO, was \$3.5 million, or \$0.22 per diluted share, for the three months ended June 30, 2019, compared to \$2.7 million, or \$0.20 per diluted share, for the three months ended June 30, 2018.

Adjusted Funds from Operations, or AFFO, for the three months ended June 30, 2019 was \$3.9 million, or \$0.24 per diluted share, compared to \$3.4 million, or \$0.24 per diluted share, in the three months ended June 30, 2018.

Diluted per share FFO and AFFO were impacted during the quarter ended June 30, 2019 by the approximate increase of 1.5 million weighted average shares of common stock outstanding from the second quarter of 2018 through the current quarter, primarily due to stock issuances pursuant to the Company’s at-the-market equity offering program.

[1] A description and reconciliation of non-GAAP financial measures (e.g., FFO, AFFO and NOI) to GAAP financial measures is presented later in this release.

Operating Results:

As of August 6, 2019, BRT owns or has ownership interests in 38 multi-family properties with 10,978 units, including properties in lease-up or owned by unconsolidated joint ventures, and located across 12 states. Most of these properties are owned through consolidated joint ventures in which BRT owns a substantial equity interest.

During the current quarter, average total occupancy at stabilized properties was approximately 94.1% compared to approximately 93.7% during the corresponding 2018 quarter. Average rental rate per occupied unit at stabilized properties during the current quarter was approximately \$1,025 per month compared to approximately \$964 per month during the corresponding 2018 quarter. Stabilized properties include all our consolidated properties, other than those in lease-up or development, and for the corresponding 2018 quarter, also excludes a Katy, Texas property that was damaged by Hurricane Harvey.

Rental revenue for the current three months increased 9.7% to \$32.9 million from \$30.0 million for the three months ended June 30, 2018, due to the net impact of acquisitions and dispositions since April 2018 and increased rental revenue at same store properties.

Total expenses for the three months ended June 30, 2019 were \$38.7 million compared to \$35.9 million for the three months ended June 30, 2018.

Net operating income, or NOI, at same store properties (*i.e.*, Same Store NOI) increased in the current quarter by approximately 5.8% to \$13.7 million.

Portfolio Activity:

As previously reported, during the current quarter, BRT, through a joint venture in which it has an 80% equity interest, acquired a 328-unit multi-family property located in Trussville, Alabama, a suburb of Birmingham, for a purchase price of \$43.0 million, including \$32.3 million of mortgage debt obtained in connection with the acquisition.

Balance Sheet:

At June 30, 2019, BRT had \$17.3 million of cash and cash equivalents, total assets of \$1.2 billion, total debt of \$892.3 million, and total stockholders' equity of \$182.9 million.

At August 6, 2019, BRT's available liquidity was approximately \$35.9 million, including \$16.0 million of cash and cash equivalents, \$9.9 million of restricted cash for property improvements and up to \$10 million available under its credit facility. Cash and cash equivalents include amounts held at the property operating level for working capital purposes.

BRT's mortgage debt of \$846.4 million has a weighted average interest rate of 4.24% and a weighted average remaining term to maturity of 8.1 years. Approximately 95.1% of the mortgage debt bears interest at a fixed rate. The balance of such debt represents variable - rate short-term and construction financing; BRT anticipates refinancing, with fixed rate mortgage debt, the short-term debt in the near future and the construction financing when lease-up at the related property is complete.

Subsequent Events:

As previously reported, on July 10, 2019, BRT sold two multi-family properties located in Houston, Texas for a gross sales price of \$33.2 million and an estimated gain of \$9.9 million, of which \$894,000 is allocated to the non-controlling interest. BRT incurred a \$1.4 million mortgage prepayment charge, of which \$125,000 is allocated to the non-controlling interest. The gain to BRT, after giving effect to the non-controlling interest and BRT's share of the prepayment charge, is approximately \$7.8 million.

Change in Fiscal Year:

As previously reported, the Company changed its 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 accordingly, the results reported herein represent the results for the Company's second quarter of 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, AFFO and NOI 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 are 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 computes NOI by adjusting net income (loss) to (a) add back (1) depreciation expense, (2) general and administrative expenses, (3) interest expense, (4) loss on extinguishment of debt, (5) equity in loss of unconsolidated joint ventures, (6) provision for taxes, (7) the impact of non-controlling interests, and (b) deduct (1) other income, (2) gain on sale of real estate, and (3) gain on insurance recoveries related to casualty loss. BRT defines "Same Store NOI" as NOI for all its properties that were owned for the entirety of the periods being presented, other than properties in lease up, development, and, because of the casualty it suffered in 2017 from Hurricane Harvey, Retreat at Cinco Ranch located in Katy, Texas. Because there is no industry standard definition of NOI and practice is divergent across the industry, the computation of NOI may vary from one REIT to another.

BRT believes that FFO, AFFO and NOI 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 such metrics 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. BRT views Same Store NOI as an important measure of operating performance because it allows a comparison of operating results of properties

owned for the entirety of the current and comparable periods and therefore eliminates variations caused by acquisitions or dispositions during the periods.

FFO, AFFO and NOI do not represent net income or cash flows from operations as defined by GAAP. FFO, AFFO and NOI should not be considered to be an alternative to net income as a reliable measure of our operating performance; nor should FFO, AFFO and NOI 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 sections entitled "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K filed on December 10, 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 to be filed with the Securities and Exchange Commission for the quarter ended June 30, 2019 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 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

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

	<u>June 30, 2019</u>	<u>December 31, 2018</u>
ASSETS		
Real estate properties, net of accumulated depreciation	\$ 1,098,932	\$ 1,029,239
Real estate loan	4,450	4,750
Cash and cash equivalents	17,336	32,428
Restricted cash	9,962	8,180
Deposits and escrows	17,103	21,268
Investments in unconsolidated joint ventures	18,474	19,758
Other assets	8,929	8,084
Real estate property held for sale	22,722	—
Total assets	<u>\$ 1,197,908</u>	<u>\$ 1,123,707</u>
LIABILITIES AND EQUITY		
Mortgages payable, net of deferred costs	\$ 846,409	\$ 771,817
Junior subordinated notes, net of deferred costs	37,053	37,043
Credit facility, net of deferred costs	8,923	—
Accounts payable and accrued liabilities	28,738	24,487
Total Liabilities	921,123	833,347
Total BRT Apartments Corp. stockholders' equity	182,917	198,775
Non-controlling interests	93,868	91,585
Total Equity	<u>276,785</u>	<u>290,360</u>
Total Liabilities and Equity	<u>\$ 1,197,908</u>	<u>\$ 1,123,707</u>

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Revenues:				
Rental and other revenues from real estate properties	\$ 32,930	\$ 29,951	\$ 63,632	\$ 59,427
Other income	190	203	434	378
Total revenues	<u>33,120</u>	<u>30,154</u>	<u>64,066</u>	<u>59,805</u>
Expenses:				
Real estate operating expenses	16,100	14,459	30,914	28,657
Interest expense	9,739	8,786	18,508	17,443
General and administrative	2,481	2,452	5,025	4,905
Depreciation	10,347	10,200	19,964	19,440
Total expenses	<u>38,667</u>	<u>35,897</u>	<u>74,411</u>	<u>70,445</u>
Total revenue less total expenses	(5,547)	(5,743)	(10,345)	(10,640)
Equity in loss of unconsolidated joint ventures	(161)	(127)	(384)	(190)
Gain on sale of real estate	—	—	—	51,981
Gain on insurance recovery	517	—	517	3227
Loss on extinguishment of debt	—	—	—	(593)
(Loss) income from continuing operations	(5,191)	(5,870)	(10,212)	43,785
Income tax provision (benefit)	59	101	121	(152)
Net (loss) income from continuing operations, net of taxes	(5,250)	(5,971)	(10,333)	43,937
Net loss (income) attributable to non-controlling interests	933	1,282	1,769	(23,404)
Net (loss) income attributable to common stockholders	<u>\$ (4,317)</u>	<u>\$ (4,689)</u>	<u>\$ (8,564)</u>	<u>\$ 20,533</u>
Per share amounts attributable to common stockholders:				
Basic	<u>\$ (0.27)</u>	<u>\$ (0.33)</u>	<u>\$ (0.54)</u>	<u>\$ 1.43</u>
Diluted	<u>\$ (0.27)</u>	<u>\$ (0.33)</u>	<u>\$ (0.54)</u>	<u>\$ 1.41</u>
Funds from operations - Note 1				
Funds from operations - Note 1	<u>\$ 3,479</u>	<u>\$ 2,736</u>	<u>\$ 6,541</u>	<u>\$ 8,070</u>
Funds from operations per common share - diluted - Note 1	<u>\$ 0.22</u>	<u>\$ 0.20</u>	<u>\$ 0.41</u>	<u>\$ 0.55</u>
Adjusted funds from operations - Note 1				
Adjusted funds from operations - Note 1	<u>\$ 3,871</u>	<u>\$ 3,383</u>	<u>\$ 7,589</u>	<u>\$ 7,177</u>
Adjusted funds from operations per common share - diluted - Note 2	<u>\$ 0.24</u>	<u>\$ 0.24</u>	<u>\$ 0.48</u>	<u>\$ 0.49</u>
Weighted average number of shares of common stock outstanding:				
Basic	<u>15,900,316</u>	<u>14,411,940</u>	<u>15,893,443</u>	<u>14,327,477</u>
Diluted	<u>15,900,316</u>	<u>14,411,940</u>	<u>15,893,443</u>	<u>14,527,477</u>

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Note 1:				
Funds from operations is summarized in the following table:				
GAAP Net (loss) income attributable to common stockholders	\$ (4,317)	\$ (4,689)	(8,564)	20,533
Add: depreciation of properties	10,347	10,200	19,964	19,440
Add: our share of depreciation in unconsolidated joint ventures	467	385	934	832
Deduct: gain on sale of real estate	—	—	—	(51,981)
Adjustments for non-controlling interests	(3,018)	(3,160)	(5,793)	19,246
<i>NAREIT Funds from operations attributable to common stockholders</i>	3,479	2,736	6,541	8,070
Adjustments for: straight-line rent accruals	(10)	(10)	(20)	(20)
Add: loss on extinguishment of debt	—	—	—	593
Add: amortization of restricted stock and restricted stock units	372	361	737	658
Add: amortization of deferred mortgage costs	558	383	937	756
Deduct gain on insurance recovery	(517)	—	(517)	(3227)
Adjustments for non-controlling interests	(11)	\$ (87)	(89)	347
<i>Adjusted funds from operations attributable to common stockholders</i>	\$ 3,871	\$ 3,383	\$ 7,589	\$ 7,177
Note 2:				
GAAP Net (loss) income attributable to common stockholders	\$ (0.27)	\$ (0.33)	\$ (0.54)	\$ 1.41
Add: depreciation of properties	0.65	0.71	1.25	1.34
Add: our share of depreciation in unconsolidated joint ventures	0.03	0.03	0.06	0.06
Deduct: gain on sale of real estate	—	—	—	(3.58)
Adjustment for non-controlling interests	(0.19)	(0.21)	(0.36)	1.32
<i>NAREIT Funds from operations per common stock basic and diluted</i>	0.22	0.20	0.41	0.55
Adjustments for: straight line rent accruals	—	—	—	—
Add: loss on extinguishment of debt	—	—	—	0.04
Add: amortization of restricted stock and restricted stock units	0.01	0.02	0.05	0.05
Add: amortization of deferred mortgage costs	0.04	0.03	0.06	0.05
Deduct gain on insurance recovery	(0.03)	—	(0.03)	(0.22)
Adjustments for non-controlling interests	—	(0.01)	(0.01)	0.02
<i>Adjusted funds from operations per common stock basic and diluted</i>	\$ 0.24	\$ 0.24	\$ 0.48	\$ 0.49

BRT APARTMENTS CORP. AND SUBSIDIARIES
RECONCILIATION OF NOI TO NET INCOME
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
GAAP Net income attributable to common stockholders	\$ (4,317)	\$ (4,689)	\$ (8,564)	\$ 20,533
Less: Other Income	(190)	(203)	(434)	(378)
Add: Interest expense	9,739	8,786	18,508	17,443
General and administrative	2,481	2,452	5,025	4,905
Depreciation	10,347	10,200	19,964	19,440
Less: Gain on sale of real estate	—	—	—	(51,981)
Gain on insurance proceeds	(517)	—	(517)	(3,227)
Add: Loss on extinguishment of debt	—	—	—	593
Equity in loss of unconsolidated joint ventures	161	127	384	190
Provision for taxes	59	101	121	(152)
Add: Net income attributable to non-controlling interests	(933)	(1,282)	(1,769)	23,404
Net Operating Income (NOI)	\$ 16,830	\$ 15,492	\$ 32,718	\$ 30,770



SUPPLEMENTAL FINANCIAL INFORMATION FOR Q2 2019

August 7, 2019

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



FORWARD LOOKING STATEMENTS

The information set forth herein contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. We intend such forward-looking statements to be covered by the safe harbor provision for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995 and include this statement for purposes of complying with these safe harbor provisions. Forward-looking statements, 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", or similar expressions or variations thereof. Forward-looking statements involve known and unknown risks, uncertainties and other factors which are, in some cases, beyond our control and which could materially affect actual results, performance or achievements. Investors are cautioned not to place undue reliance on any forward-looking statements and are urged to read the sections entitled "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K filed on December 10, 2018 and in reports filed with the SEC thereafter, including our Quarterly Report on Form 10-Q for the period ended June 30, 2019, that we anticipate will be filed shortly after the furnishing of this document.

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.

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

	Quarter ended June 30,		Quarter ended December 31,		
	2019	2018	2018	2017	2016
Market Information					
Market capitalization	\$ 224,621,855	\$ 192,729,319	\$ 180,111,314	\$ 165,324,544	\$ 113,821,631
Shares outstanding	15,896,805	15,116,025	15,743,996	14,022,438	13,897,635
Closing share price	\$ 14.13	\$ 12.75	\$ 11.44	\$ 11.79	\$ 8.19
Quarterly dividend declared per share	\$ 0.20	\$ 0.20	\$ 0.20	\$ 0.18 (4)	\$ -
Portfolio					
Multi-family properties owned	37	36	35	34	30
Units	10,336 (1)	10,121 (1)	9,696 (1)	9,684	8,624
Average occupancy (2)	94.1 %	93.6 %	93.2 %	91.8 %	93.3 %
Average monthly rental revenue per occupied unit (2)	\$1,025	\$964	\$1,019	\$971	\$891
Per Share Data					
	Quarter ended June 30,		Six Months ended June 30,		
	2019	2018	2019	2018	
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	
Earnings per share (basic)	\$ (0.27)	\$ (0.33)	\$ (0.54)	\$ 1.43	
Earnings per share (diluted)	\$ (0.27)	\$ (0.33)	\$ (0.54)	\$ 1.41	
FFO per share of common stock (diluted) (3)	\$ 0.22	\$ 0.20	\$ 0.41	\$ 0.55	
AFFO per share of common stock (diluted) (3)	\$ 0.24	\$ 0.24	\$ 0.48	\$ 0.49	

(1) Includes 402 units at a property in lease-up.

(2) For the period presented average reflects stabilized properties. 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
(Unaudited)**

(dollars in thousands, except per share amounts)

	Quarter ended June 30,		Six months ended June 30,	
	2019	2018	2019	2018
Revenues				
Rental revenue	\$ 32,930	\$ 29,951	\$ 63,632	\$ 59,427
Other income	190	203	434	378
Total revenues	<u>33,120</u>	<u>30,154</u>	<u>64,066</u>	<u>59,805</u>
Expenses				
Real estate operating expenses	16,100	14,459	30,914	28,657
Interest expense	9,739	8,786	18,508	17,443
General and administrative	2,481	2,452	5,025	4,905
Depreciation	10,347	10,200	19,964	19,440
Total expenses	<u>38,667</u>	<u>35,897</u>	<u>74,411</u>	<u>70,445</u>
Total revenues less total expenses	(5,547)	(5,743)	(10,345)	(10,640)
Equity in loss of unconsolidated joint ventures	(161)	(127)	(384)	(190)
Gain on sale of real estate	-	-	-	51,981
Gain on insurance recoveries	517	-	517	3,227
Loss on extinguishment of debt	-	-	-	(593)
(Loss) income from continuing operations	(5,191)	(5,870)	(10,212)	43,785
Income tax provision (benefit)	59	101	121	(152)
Net (loss) income from continuing operations, net of taxes	(5,250)	(5,971)	(10,333)	43,937
Net loss (income) attributable to non-controlling interests	933	1,282	1,769	(23,404)
Net (loss) income attributable to common stockholders	<u>\$ (4,317)</u>	<u>\$ (4,689)</u>	<u>\$ (8,564)</u>	<u>\$ 20,533</u>
Weighted average number of shares of common stock outstanding:				
Basic	<u>15,900,316</u>	<u>14,411,940</u>	<u>15,893,443</u>	<u>14,327,477</u>
Diluted	<u>15,900,316</u>	<u>14,411,940</u>	<u>15,893,443</u>	<u>14,527,477</u>
Per share amounts attributable to common stockholders:				
Basic	<u>\$ (0.27)</u>	<u>\$ (0.33)</u>	<u>\$ (0.54)</u>	<u>\$ 1.43</u>
Diluted	<u>\$ (0.27)</u>	<u>\$ (0.33)</u>	<u>\$ (0.54)</u>	<u>\$ 1.41</u>



Funds From Operations (Unaudited)

(dollars in thousands, except per share amounts)

	Quarter ended June 30,		Six months ended June 30,	
	2019	2018	2019	2018
GAAP Net (loss) income attributable to common stockholders	\$ (4,317)	\$ (4,689)	\$ (8,564)	\$ 20,533
Add: depreciation of properties	10,347	10,200	19,964	19,440
Add: our share of depreciation in unconsolidated joint ventures	467	385	934	832
Deduct: gain on sales of real estate	-	-	-	(51,981)
Adjustment for non-controlling interests	(3,018)	(3,160)	(5,793)	19,246
Funds from operations (FFO) attributable to common stockholders	3,479	2,736	6,541	8,070
Adjust for straight line rent accruals	(10)	(10)	(20)	(20)
Add: loss on extinguishment of debt	-	-	-	593
Add: amortization of restricted stock and restricted stock units	372	361	737	658
Add: amortization of deferred mortgage costs	558	383	937	756
Deduct: gain on insurance recovery	(517)	-	(517)	(3,227)
Adjustment for non-controlling interests	(11)	(87)	(89)	347
Adjusted funds from operations (AFFO) attributable to common stockholders	\$ 3,871	\$ 3,383	\$ 7,589	\$ 7,177
Per share data				
GAAP Net (loss) income attributable to common stockholders	\$ (0.27)	\$ (0.33)	\$ (0.54)	\$ 1.41
Add: depreciation of properties	0.65	0.71	1.25	1.34
Add: our share of depreciation in unconsolidated joint ventures	0.03	0.03	0.06	0.06
Deduct: gain on sales of real estate	-	-	-	(3.58)
Adjustment for non-controlling interests	(0.19)	(0.21)	(0.36)	1.32
Funds from operations (FFO) attributable to common stockholders	0.22	0.20	0.41	0.55
Add: loss on extinguishment of debt	-	-	-	0.04
Add: amortization of restricted stock and restricted stock units	0.01	0.02	0.05	0.05
Add: amortization of deferred mortgage costs	0.04	0.03	0.06	0.05
Deduct: gain on insurance recovery	(0.03)	-	(0.03)	(0.22)
Adjustment for non-controlling interests	-	(0.01)	(0.01)	0.02
Adjusted funds from operations (AFFO) attributable to common stockholders	\$ 0.24	\$ 0.24	\$ 0.48	\$ 0.49



Consolidated Balance Sheets
(Unaudited)

(amounts in thousands, except per share amounts)

	At June 30,	At December 31,		
	2019	2018	2017	2016
Assets				
Real estate properties, net of accumulated depreciation	\$ 1,098,932	\$ 1,029,239	\$ 931,996	\$ 746,183
Real estate loan	4,450	4,750	5,350	5,900
Cash and cash equivalents	17,336	32,428	13,687	51,231
Restricted cash	9,962	8,180	8,074	6,683
Deposits and escrows	17,103	21,268	23,630	18,283
Investments in unconsolidated joint ventures	18,474	19,758	21,115	14,672
Other assets	8,929	8,084	8,933	6,122
Real estate property held for sale	22,722			
Total Assets	\$ 1,197,908	\$ 1,123,707	\$ 1,012,785	\$ 849,074
Liabilities and equity				
Liabilities				
Mortgages payable, net of deferred costs	\$ 846,409	\$ 771,817	\$ 712,061	\$ 573,577
Junior subordinated notes, net of deferred costs	37,053	37,043	37,023	37,003
Credit Facility	8,923			
Accounts payable and accrued liabilities	28,738	24,487	20,354	18,873
Total liabilities	921,123	833,347	769,438	629,453
Equity				
Common Stock, \$.01 par value, 300,000 shares authorized; 15,172 issued at June 30, 2019, 15,038 issued at December 31, 2018, and 13,333 Issued at December 31, 2017 and 2016	152	150	133	-
Shares of beneficial interest, \$3 par value per share	-	-	-	39,693
Additional paid in capital	217,671	216,981	202,225	161,639
Accumulated other comprehensive income	143	1,688	1,346	1,666
Accumulated deficit	(35,049)	(20,044)	(33,292)	(32,355)
Total BRT Apartments Corp. stockholders' equity	182,917	198,775	170,412	170,643
Non-controlling interests	93,868	91,585	72,935	48,978
Total Equity	276,785	290,360	243,347	219,621
Total Liabilities and Equity	\$ 1,197,908	\$ 1,123,707	\$ 1,012,785	\$ 849,074



BRT's Share of the Operating Results (Unaudited)

(dollars in thousands)

	Three Months ended June 30, 2019		
	Consolidated Amount	Non-controlling Interest	BRT's Share (1)
Revenues			
Rental revenue	\$ 32,930	\$ 8,812	\$ 24,118
Other income	190	-	190
Total revenues	33,120	8,812	24,308
Expenses			
Real estate operating expenses	16,100	4,309	11,791
Interest expense	9,739	2,521	7,218
General and administrative	2,481	-	2,481
Depreciation	10,347	3,018	7,329
Total expenses	38,667	9,848	28,819
Total revenues less total expenses	(5,547)	(1,036)	(4,511)
Equity in loss of unconsolidated joint ventures	(161)	-	(161)
Gain on insurance recoveries	517	103	414
Loss from continuing operations	(5,191)	(933)	(4,258)
Income tax provision	59	-	59
Net Loss	\$ (5,250)	\$ (933)	\$ (4,317)

	Six Months ended June 30, 2019		
	Consolidated Amount	Non-controlling Interest	BRT's Share (1)
Revenues			
Rental revenue	\$ 63,632	\$ 17,001	\$ 46,631
Other income	434	-	434
Total revenues	64,066	17,001	47,065
Expenses			
Real estate operating expenses	30,914	8,304	22,610
Interest expense	18,508	4,776	13,732
General and administrative	5,025	-	5,025
Depreciation	19,964	5,793	14,171
Total expenses	74,411	18,873	55,538
Total revenues less total expenses	(10,345)	(1,872)	(8,473)
Equity in loss of unconsolidated joint ventures	(384)	-	(384)
Gain on insurance recoveries	517	103	414
Loss from continuing operations	(10,212)	(1,769)	(8,443)
Income tax provision	121	-	121
Net Loss	\$ (10,333)	\$ (1,769)	\$ (8,564)

(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.



BRT's Share of the Consolidated Balance Sheets (Unaudited)

(amounts in thousands, except per share amounts)

	At June 30, 2019		
	Consolidated Amount	Non-controlling Interest	BRT's Share (1)
Assets			
Real estate properties, net of accumulated depreciation	\$ 1,098,932	\$ 325,210	\$ 773,722
Real estate loan	4,450	-	4,450
Cash and cash equivalents	17,336	3,501	13,835
Restricted cash	9,962	-	9,962
Deposits and escrows	17,103	7,104	9,999
Investments in unconsolidated joint ventures	18,474	-	18,474
Other assets	8,929	1,728	7,201
Real estate property held for sale	22,722	2,045	20,677
Total Assets	\$ 1,197,908	\$ 339,588	\$ 858,320
Liabilities and equity			
Liabilities			
Mortgages payable, net of deferred costs	\$ 846,409	\$ 240,035	\$ 606,374
Junior subordinated notes, net of deferred costs	37,053	-	37,053
Credit Facility	8,923	-	8,923
Accounts payable and accrued liabilities	28,738	5,685	23,053
Total liabilities	921,123	245,720	675,403
Equity			
Common Stock, \$.01 par value, 300,000 shares authorized; 15,172 issued	152	-	152
Additional paid in capital	217,671	-	217,671
Accumulated other comprehensive income	143	-	143
Accumulated deficit	(35,049)	-	(35,049)
Total BRT Apartments Corp. stockholders' equity	182,917	-	182,917
Non-controlling interest	93,868	93,868	-
Total equity	276,785	93,868	182,917
Total Liabilities and Equity	\$ 1,197,908	\$ 339,588	\$ 858,320

(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 June 30, 2019

	Units	Revenues	Expenses	NOI (1)	% of NOI Contribution	Average Occupancy (2)	Weighted Average Monthly Rent per Occupied Unit (2)
Texas	3,096	\$ 10,034	\$ 5,472	\$ 4,562	27%	91.8%	\$ 1,026
Georgia	1,545	5,286	2,393	2,893	17%	94.4%	1,042
Florida	1,248	4,238	2,014	2,224	13%	95.3%	1,041
Mississippi	776	2,304	862	1,442	9%	97.2%	944
Alabama	740	1,781	728	1,053	6%	97.5%	863
Tennessee	702	1,267	721	546	3%	96.8%	1,142
South Carolina	678	2,285	1,321	964	6%	92.3%	1,054
Indiana	400	957	591	366	2%	96.7%	675
Missouri	355	1,639	725	914	5%	94.8%	1,451
North Carolina	312	1,081	455	626	4%	91.0%	1,061
Ohio	264	716	334	382	2%	93.4%	895
Virginia	220	966	356	610	4%	96.5%	1,380
Other	-	376	128	248	1%	N/A	N/A
Current Portfolio Totals	10,336	\$ 32,930	\$ 16,100	\$ 16,830	100%	94.1%	\$ 1,025

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

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

Six months ended June 30, 2019

	Units	Revenues	Expenses	NOI (1)	% of NOI Contribution	Average Occupancy (2)	Weighted Average Monthly Rent per Occupied Unit (2)
Texas	3,096	\$ 20,108	\$ 10,872	\$ 9,236	28%	92.0%	\$ 1,029
Georgia	1,545	10,350	4,745	5,605	17%	93.1%	1,035
Florida	1,248	8,282	3,796	4,486	14%	95.0%	1,029
Mississippi	776	4,568	1,697	2,871	9%	96.9%	940
Alabama	740	2,869	1,216	1,653	5%	96.9%	834
Tennessee	702	2,351	1,359	992	3%	97.5%	1,138
South Carolina	678	4,578	2,544	2,034	6%	92.0%	1,060
Indiana	400	1,925	1,128	797	2%	96.4%	688
Missouri	355	3,223	1,452	1,771	5%	94.2%	1,440
North Carolina	312	1,303	554	749	2%	90.9%	1,059
Ohio	264	1,429	638	791	2%	94.1%	886
Virginia	220	1,908	678	1,230	4%	95.6%	1,372
Other	-	738	235	503	2%	N/A	N/A
Current Portfolio Totals	10,336	\$ 63,632	\$ 30,914	\$ 32,718	100%	93.6%	\$ 1,023

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

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



**Same Store Comparisons
Quarters Ended June 30,
2019 and 2018**

(dollars in thousands, except monthly rent amounts)

	Units	Revenues			Property Operating Expenses			NOI		
		2019	2018	% Change	2019	2018	% Change	2019	2018	% Change
Texas	2,547	\$ 8,264	\$ 7,969	3.7%	\$ 4,516	\$ 4,226	6.9%	\$ 3,748	\$ 3,743	0.1%
Georgia	1,545	5,286	4,939	7.0%	2,393	2,371	0.9%	2,893	2,568	12.7%
Florida	1,040	3,616	3,246	11.4%	1,597	1,383	15.5%	2,019	1,863	8.4%
Mississippi	776	2,304	2,164	6.5%	862	817	5.5%	1,442	1,347	7.1%
South Carolina	412	1,396	1,334	4.6%	803	738	8.8%	593	596	(0.5%)
Alabama	412	1,136	1,028	10.5%	481	492	(2.2%)	655	536	22.2%
Indiana	400	957	934	2.5%	591	549	7.7%	366	385	(4.9%)
Tennessee	300	1,064	1,032	3.1%	423	381	11.0%	641	651	(1.5%)
Ohio	264	716	717	(0.1%)	334	311	7.4%	382	406	(5.9%)
Virginia	220	966	829	16.5%	356	319	11.6%	610	510	19.6%
Missouri	181	783	750	4.4%	431	400	7.7%	352	350	0.6%
Totals	8,097	\$ 26,488	\$ 24,942	6.2%	\$ 12,787	\$ 11,987	6.7%	\$ 13,701	\$ 12,955	5.8%

	Weighted Average Occupancy			Weighted Average Monthly Rent per Occupied Unit		
	2019	2018	% Change	2019	2018	% Change
Texas	91.9%	92.1%	(0.1%)	\$ 1,020	\$ 997	2.3%
Georgia	94.4%	92.9%	1.6%	1,042	990	5.3%
Mississippi	97.2%	97.3%	(0.1%)	944	892	5.8%
Florida	95.6%	93.0%	2.8%	1,065	995	6.9%
South Carolina	93.8%	93.7%	0.1%	1,041	1,009	3.2%
Alabama	97.2%	93.3%	4.2%	814	779	4.5%
Indiana	96.7%	96.6%	0.1%	675	684	(1.3%)
Tennessee	96.8%	97.7%	(0.9%)	1,142	1,099	4.0%
Ohio	93.4%	97.6%	(4.3%)	895	850	5.3%
Virginia	96.5%	95.3%	1.3%	1,380	1,280	7.8%
Missouri	93.1%	84.0%	10.8%	1,345	1,483	(9.3%)
Totals	94.4%	93.5%	1.0%	\$ 1,013	\$ 975	3.9%

See definition of Same Store on page 14



**Same Store Comparisons
Six Months Ended June 30,
2019 and 2018**

(dollars in thousands, except monthly rent amounts)

	Units	Revenues			Property Operating Expenses			NOI		
		2019	2018	% Change	2019	2018	% Change	2019	2018	% Change
Texas	2,547	\$ 16,534	\$ 15,926	3.8%	\$ 8,998	\$ 8,517	5.6%	\$ 7,536	\$ 7,409	1.7%
Georgia	959	5,961	5,820	2.4%	2,693	2,523	6.7%	3,268	3,297	(0.9%)
Mississippi	776	4,568	4,277	6.8%	1,697	1,642	3.3%	2,871	2,635	9.0%
Florida	518	3,463	3,086	12.2%	1,583	1,424	11.2%	1,880	1,662	13.1%
South Carolina	412	2,762	2,597	6.4%	1,539	1,444	6.6%	1,223	1,153	6.1%
Indiana	400	1,925	1,821	5.7%	1,128	1,065	5.9%	797	756	5.4%
Tennessee	300	2,130	2,092	1.8%	804	752	6.9%	1,326	1,340	(1.0%)
Ohio	264	1,429	1,400	2.1%	638	615	3.7%	791	785	0.8%
Virginia	220	1,908	1,792	6.5%	678	600	13.0%	1,230	1,192	3.2%
Alabama	412	2,224	2,036	9.2%	969	960	0.9%	1,255	1,076	16.6%
Missouri	181	1,567	1,526	2.7%	861	843	2.1%	706	683	3.4%
Totals	6,989	\$ 44,471	\$ 42,373	5.0%	\$ 21,588	\$ 20,385	5.9%	\$ 22,883	\$ 21,988	4.1%

	Weighted Average Occupancy			Weighted Average Monthly Rent per Occupied Unit		
	2019	2018	% Change	2019	2018	% Change
Texas	92.1%	92.2%	(0.1%)	\$ 1,022	\$ 997	2.6%
Georgia	92.7%	93.3%	(0.6%)	990	964	2.7%
Mississippi	96.9%	96.8%	0.1%	940	880	6.8%
Florida	96.4%	90.3%	6.7%	1,046	992	5.5%
South Carolina	93.2%	92.3%	1.0%	1,036	996	4.1%
Indiana	96.4%	95.7%	0.7%	688	679	1.3%
Tennessee	97.5%	98.5%	(1.0%)	1,138	1,110	2.6%
Ohio	94.1%	97.1%	(3.1%)	886	834	6.3%
Virginia	95.6%	95.0%	0.6%	1,373	1,287	6.6%
Alabama	96.6%	94.8%	1.9%	802	765	4.8%
Missouri	92.3%	85.3%	8.2%	1,364	1,551	(12.1%)
Totals	94.0%	93.4%	0.6%	\$ 998	\$ 967	3.2%

See definition of Same Store on page 14



Acquisitions and Dispositions

(dollars in thousands)

Acquisitions for six months ended June 30, 2019

Location	Purchase Date	No. of Units	Contract Purchase Price	Acquisition Mortgage Debt	Initial BRT Equity	Ownership Percentage	Capitalized Acquisition Costs
Kannapolis, NC	3/12/2019	312	\$ 48,065	\$ 33,347 (1)	\$ 11,231	65%	\$ 559
Birmingham, AL	5/7/2019	328	43,000	32,250	11,625	80%	546
		<u>640</u>	<u>\$ 91,065</u>	<u>\$ 65,597</u>	<u>22,856</u>		<u>\$ 1,105</u>

Dispositions subsequent to six months ended June 30, 2019

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
Houston, TX (2)	7/10/2019	328	\$ 33,200	\$ 9,900	\$ 9,006	\$ 1,400	\$ 1,275

(1) Mortgage was assumed as part of the acquisition.

(2) Aggregate sale of 2 properties



**Value-Add Program and Capital Expenditures
Quarter Ended June 30, 2019**

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)	Estimated units to be renovated (24 months)
312	\$1,341,000	\$4,298	\$108	30.0%	1,000

(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 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

	Consolidated Amount	Non-Controlling Interest	BRT Share of Capital Expenditures (4)
Estimated Recurring Capital Expenditures (1)	\$ 353,000	\$ 80,000	\$ 273,000
Estimated Non-Recurring Capital Expenditures (2)	2,179,000	604,000	1,575,000
Total Capital Expenditures	<u>\$ 2,532,000</u>	<u>\$ 684,000</u>	<u>\$ 1,848,000</u>
Replacements (operating expense) (3)	<u>\$ 876,087</u>	<u>\$ 203,491</u>	<u>\$ 672,596</u>
Estimated Recurring Capital Expenditures and Replacements per unit (10,336 units)	\$ 123	\$ 28	\$ 95

(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, and revenue enhancing upgrades.

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

(4) Based on BRT's equity interest



Debt Analysis
As of June 30, 2019
(dollars in thousands)

Mortgage Debt Schedule

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	\$ 3,266	\$ 3,266	\$ -	0%	-
2020	7,512	7,512	-	0%	-
2021	23,057	9,055	14,002	2%	4.29%
2022	132,166	9,338	122,828	17%	4.57%
2023	54,595	9,029	45,566	6%	4.04%
Thereafter	632,261	73,758	558,503	75%	4.19%
Total	<u>\$ 852,857</u>	<u>\$ 111,958</u>	<u>\$ 740,899</u>	<u>100%</u>	

Weighted Average Remaining Term to Maturity 8.1 years
 Weighted Average Interest Rate 4.24%
 Debt Service Coverage Ratio for the quarter ended June 30, 2019 1.38 (2)

(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., 4.58% at 6/30/2019)
 Maturity April 30, 2036

Credit Facility (as of August 6, 2019)

Maximum Amount Available Up to \$10,000
 Amount Outstanding as of August 6, 2019 \$0
 Interest Rate Prime + 0.50% (floor of 5.00%)



**NON-GAAP FINANCIAL MEASURES
DEFINITIONS**
(dollars in thousands)

We compute NOI by adjusting net income (loss) to (a) add back (1) depreciation expense, (2) general and administrative expenses, (3) interest expense, (4) loss on extinguishment of debt, (5) equity in loss of unconsolidated joint ventures, (6) provision for taxes, (7) the impact of non-controlling interests, and (b) deduct (1) other income, (2) gain on sale of real estate, and (3) gain on insurance recoveries related to casualty loss. We define "Same Store NOI" as NOI for all our properties that were owned for the entirety of the periods being presented, other than properties in lease up, development, and, because of the casualty it suffered in 2017 from Hurricane Harvey, Retreat at Cinco Ranch located in Katy, Texas. 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. We view Same Store NOI as an important measure of operating performance because it allows a comparison of operating results of properties owned for the entirety of the current and comparable periods and therefore eliminates variations caused by acquisitions or dispositions during the periods. 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 June 30,		Six Months ended June 30,	
	2019	2018	2019	2018
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
GAAP Net income attributable to common stockholders	\$ (4,317)	\$ (4,689)	\$ (8,564)	\$ 20,533
Less: Other Income	(190)	(203)	(434)	(378)
Add: Interest expense	9,739	8,786	18,508	17,443
General and administrative	2,481	2,452	5,025	4,905
Depreciation	10,347	10,200	19,964	19,440
Less: Gain on sale of real estate	-	-	-	(51,981)
Gain on insurance proceeds	(517)	-	(517)	(3,227)
Add: Loss on extinguishment of debt	-	-	-	593
Equity in loss of unconsolidated joint ventures	161	127	384	190
Provision for taxes	59	101	121	(152)
Add: Net income attributable to non-controlling interests	(933)	(1,282)	(1,769)	23,404
Net Operating Income	\$ 16,830	\$ 15,492	\$ 32,718	\$ 30,770



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 8/6/2019

Property	City	State	Year Built	Year Acquired	Property Age	No. of Units	Q2 2019 Avg. Occupancy	Q2 2019 Avg.		% Ownership
								Rent per Occupied Unit		
Silvana Oaks	North Charleston	SC	2010	2012	10	208	95.2%	\$ 1,162	100%	
Avondale Station	Decatur	GA	1950	2012	70	212	97.0%	1,087	100%	
Brixworth at Bridgestreet	Huntsville	AL	1985	2013	35	208	97.9%	752	80%	
Newbridge Commons	Columbus	OH	1999	2013	21	264	93.4%	895	100%	
Waterside at Castleton	Indianapolis	IN	1983	2014	37	400	96.7%	675	80%	
Crossings of Bellevue	Nashville	TN	1985	2014	35	300	96.8%	1,142	80%	
Kendall Manor	Houston	TX	1981	2014	39	272	90.8%	790	100%	
Avalon	Pensacola	FL	2008	2014	12	276	97.1%	1,051	100%	
Parkway Grande	San Marcos	TX	2014	2015	6	192	92.9%	1,081	80%	
Woodland Trails	LaGrange	GA	2010	2015	10	236	96.6%	964	100%	
Retreat at Cinco Ranch	Katy	TX	2008	2016	12	268	90.8%	1,075	75%	
Grove at River Place	Macon	GA	1988	2016	32	240	91.2%	737	80%	
Civic Center 1	Southaven	MS	2002	2016	18	392	97.2%	914	60%	
Verandas at Shavano Park	San Antonio	TX	2014	2016	6	288	92.5%	1,064	65%	
Chatham Court and Reflections	Dallas	TX	1986	2016	34	494	89.2%	954	50%	
Waters Edge at Harbison	Columbia	SC	1996	2016	24	204	92.3%	914	80%	
Pointe at Lenox Park	Atlanta	GA	1989	2016	31	271	92.6%	1,178	74%	
Civic Center 2	Southaven	MS	2005	2016	15	384	97.2%	974	60%	
Verandas at Alamo Ranch	San Antonio	TX	2015	2016	5	288	93.7%	1,029	72%	
Kilburn Crossing	Fredericksburg	VA	2005	2016	15	220	96.5%	1,380	100%	
OPOP Towers	St. Louis	MO	2014	2017	6	128	93.9%	1,354	76%	
OPOP Lofts	St. Louis	MO	2014	2017	6	53	91.2%	1,324	76%	
Vanguard Heights	Creve Coeur	MO	2016	2017	4	174	96.6%	1,556	78%	
Mercer Crossing	Dallas	TX	2014/2016	2017	5	509	91.1%	1,256	50%	
Jackson Square	Tallahassee	FL	1996	2017	24	242	93.9%	1,061	80%	
Magnolia Pointe	Madison	AL	1991	2017	29	204	96.4%	877	80%	
Woodland Apartments	Boerne	TX	2007	2017	13	120	95.5%	946	80%	
The Avenue	Ocoee	FL	1998	2018	22	522	95.5%	1,073	50%	
Parc at 980	Lawrenceville	GA	1997	2018	23	586	94.7%	1,118	50%	
Anatole Apartments	Daytona Beach	FL	1986	2018	34	208	94.2%	921	80%	
Landings of Carrier Parkway	Grand Prairie (Dallas)	TX	2001	2018	19	281	91.7%	1,037	50%	
Crestmont at Thornblade	Greenville	SC	1998	2018	22	266	90.1%	1,076	90%	
The VIVE at Kellswater	Knappolis	NC	2011	2019	9	312	91.0%	1,061	65%	
Somersset at Trussville	Trussville	AL	2007	2019	13	328	98.2%	966	80%	
<i>Total/Weighted Average</i>						21.0	9,550			

Lease-Up Project

Bell's Bluff	Nashville	TN	2018	1	402	58%
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Total (Including Lease-Up Projects)

9,952

Unconsolidated Joint Ventures	City	State	Year Built	Property	
				Age	No. of Units
Canalside Sola (1)	Columbia	SC	2018	1	339
Canalside Lofts	Columbia	SC	2008/2013	11	374
Gateway Oaks	Forney	TX	2016	4	313
<i>Total</i>					1,026

(1) Currently in lease-up