BRT
APARTMENTS

2020

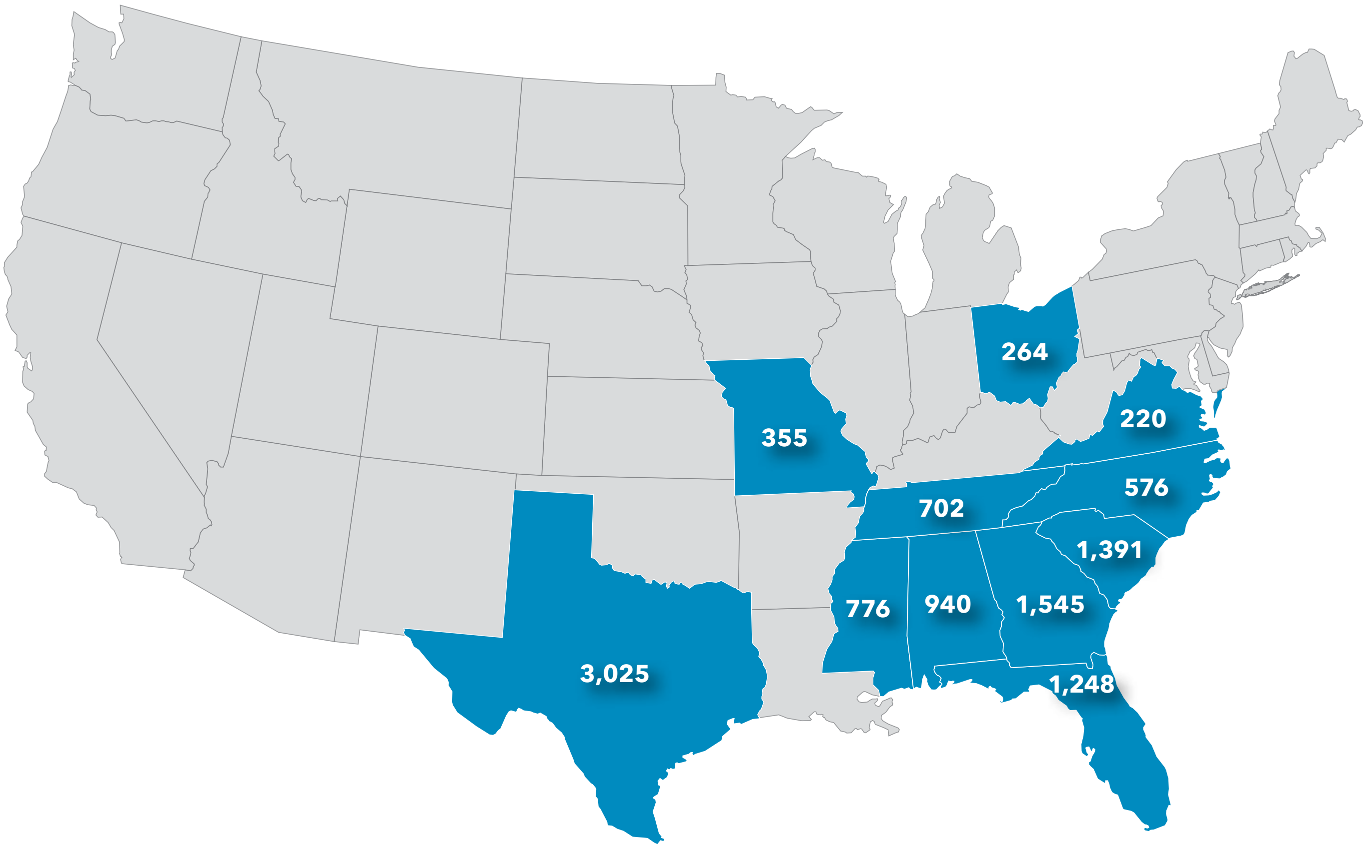
ANNUAL REPORT

BRT APARTMENTS CORP., a Maryland corporation, is an internally managed real estate investment trust, also known as a REIT, that is primarily focused on the ownership, operation and development of multi-family properties. At December 31, 2020, we own or have interests in 39 multi-family properties located in 11 states with an aggregate of 11,042 units, including properties and units owned by unconsolidated joint ventures. Most of our properties are located in the Southeast United States and Texas.

BRT's shares of common stock trade on the New York Stock Exchange under the symbol "BRT." As of December 31, 2020, there were 17,176,401 shares outstanding and 797 holders of record.

UNITS BY STATE

(Including units owned by unconsolidated joint ventures)



TO OUR STOCKHOLDERS

2020 was an unprecedented year for BRT, our industry and our country. With the COVID-19 outbreak in late February, we adapted and refocused our priorities to ensure the safety of our team members and the residents of our multi-family properties. We also re-directed our efforts towards enhancing our financial flexibility and preserving stockholder value by slowing our value-add program and pausing our acquisition activities.

The pandemic highlighted several key strengths of our business model. The first is the resilience of the multifamily sector. The need and demand for quality rental housing has been particularly strong in this past year. The second is the attractiveness of our target markets. Our investment strategy has targeted the Sunbelt region and other growth markets which have benefitted from population and employment growth. Having built a strong presence in these areas, we are well positioned to take advantage of the increased demand for multi-family properties in these growth markets.

We are pleased with our response to the pandemic and the related results. Throughout the year we maintained an average occupancy rate of 92.8% and for the year we generated AFFO[1] per diluted share growth of 10%. We are pleased that we were able to both preserve stockholder value and generate growth, despite the challenges presented by the pandemic.

As we look toward to 2021, we are evaluating carefully the acquisition landscape and our pipeline. We see multifamily valuations as particularly full and, given current valuation levels, we may prefer to be net sellers in 2021 so that we can take some of the embedded equity off the table. In light of our perception of value, since the beginning of 2021, we have entered into agreements to sell two properties—one to our joint venture partner and the other to an unrelated third party.

[1]A description and reconciliation of non-GAAP financial measures (i.e., AFFO) to GAAP financial measures is presented at pages 31–32 of the Annual Report on Form 10-K that accompanies this letter.

Given the consistent demand for our properties in our markets, we believe BRT is well positioned to generate solid internal growth. Our relationships with our joint venture counterparts have further solidified over the past year, and we are excited to work with them as we explore ways to generate gains from value-add programs, property sales or property acquisition at valuations we find compelling.

The two property sales, as well as any additional sales that we may make, will generate substantial gains and additional cash, which will be added to our strong liquidity position. As of February 28, 2021, our available liquidity was $36.1 million, which includes $26.1 million in cash, cash equivalents and restricted cash and the $10 million available on our credit facility. We enter 2021 in a position of operational and financial strength.

We are proud of our efforts in the face of adversity. While every business must come up with effective ways to overcome challenges, the "perfect storm" of challenges presented by COVID-19 were not ones we could have anticipated. Nevertheless, the actions and perseverance of our team during this difficult time allowed us to overcome these challenges.

We are incredibly grateful for the work and adaptability that our team has displayed in the face of this crisis and could not be prouder or more excited in the opportunities for further growth of our business with this extraordinary group of individuals. We look forward to capitalizing on this reliance throughout 2021 and beyond. We thank our Board of Directors for their guidance and our stockholders for their loyal support in our journey.

Sincerely yours,

Israel Rosenzweig
Chairman of the Board

Jeffrey A. Gould
President and Chief Executive Officer

March 29, 2021

FINANCIAL
HIGHLIGHTS

(Dollar amounts in thousands except per share amounts)	Year ended December 31,	
	2020	2019
Rental and other revenue from real estate properties	$27,451	$27,009
Other income	651	752
Total revenues	28,102	27,761
Real estate operating expenses	12,377	12,332
Interest expense	7,100	7,796
General and administrative	11,701	10,091
Impairment charge	3,642	—
Depreciation	6,742	5,916
Total expenses	41,562	36,135
Total revenues less total expenses	(13,460)	(8,374)
Equity in loss of unconsolidated joint ventures	(6,024)	(8,826)
Equity in earnings from sale of unconsolidated joint venture properties	—	9,932
Gain on sale of real estate	—	10,618
Loss on extinguishment of debt	—	(1,387)
(Loss) income from continuing operations	(19,484)	1,963
Provision for taxes	248	270
(Loss) income from continuing operations, net of taxes	(19,732)	1,693
(Income) attributable to non-controlling interests	(130)	(837)
Net (loss) income attributable to common stockholders	$ (19,862)	$ 856
Per share amounts attributable to common stockholders		
Basic (loss) earnings per share	$ (1.16)	$ 0.05
Diluted (loss) earnings per share	$ (1.16)	$ 0.05
Weighted average number of common shares—basic	17,115,697	15,965,631
Weighted average number of common shares—diluted	17,115,697	16,165,631

	December 31,	
	2020	2019
Total assets	$ 365,741	$ 390,610
Real estate properties, net of accumulated depreciation	160,192	169,689
Investment in unconsolidated joint ventures	169,474	177,071
Cash and cash equivalents	19,885	22,699
Restricted cash	8,800	9,719
Mortgages payable, net of deferred costs	130,434	133,215
Junior subordinated notes, net of deferred costs	37,083	37,063
Total BRT Apartments Corp. stockholders' equity	177,688	199,560

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2020

Or

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

Commission file number 001-07172

BRT APARTMENTS CORP.

(Exact name of registrant as specified in its charter)

Maryland (State or other jurisdiction of incorporation or organization)	**13-2755856** (I.R.S. employer identification no.)
60 Cutter Mill Road, Great Neck, New York (Address of principal executive offices)	11021 (Zip Code)

516-466-3100

Registrant's telephone number, including area code

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

Title of each class	Trading Symbol	Name of each exchange on which registered
Shares of common stock, par value $.01 per share	BRT	New York Stock Exchange

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

NONE

(Title of Class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

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

Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☒ Smaller reporting company ☒

Emerging growth company ☐

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

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

Indicate by check mark whether the registrant has filed a report on and attestation to its management’s assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

The aggregate market value of voting and non-voting common equity held by non-affiliates of the registrant was approximately $113.0 million based on the last sale price of the common equity on June 28, 2020, which is the last business day of the registrant's most recently completed second quarter.

As of March 1, 2021, the registrant had 17,333,175 shares of common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the proxy statement for the 2021 annual meeting of stockholders of the Registrant to be filed pursuant to Regulation 14A not later than April 30, 2021, are incorporated by reference into Part III of this Annual Report on Form 10-K.

TABLE OF CONTENTS

Form 10-K

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Explanatory Note

Unless otherwise indicated or the context otherwise requires, all references to (i) "us", "we", "BRT" or the "Company" refer to BRT Apartments Corp. and its consolidated and unconsolidated subsidiaries; (ii) all interest rates give effect to the related interest rate derivative, if any; (iii) "acquisitions" include investments in unconsolidated joint ventures; (iv) units under rehabilitation for which we have received or accrued rental income from business interruption insurance, while not physically occupied, are treated as leased (*i.e.,* occupied) at rental rates in effect at the time of the casualty, (v)references to the impact of the COVID-19 pandemic include the impact of the governmental and non-governmental responses thereto and the economic and financial consequences thereof, (vi) "Restatement" refers to the restatement of our financial statements to reflect that the accounts and operation of many of our joint ventures should have been presented in accordance with the equity method of accounting and should not have been presented on a consolidated basis, as more fully described in notes 2 and 16 to our consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2019 filed May 15, 2020, and (vii) "same store properties" refer to properties that we owned and operated for the entirety of periods being compared, except for properties that are under construction, in lease-up, or are undergoing development or redevelopment. We move properties previously excluded from our same store portfolio (because they were under construction, in lease up or are in development or redevelopment) into the same store designation once they have stabilized (as described below) and such status has been reflected fully in all applicable periods of comparison. Newly constructed, lease-up, development and redevelopment properties are deemed stabilized upon the earlier to occur of the first full calendar quarter beginning (a) 12 months after the property is fully completed and put in service and (b) attainment of at least 90% physical occupancy.

Cautionary Statement Regarding Forward-Looking Statements

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

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

- the impact of the COVID-19 pandemic;
- general economic and business conditions, including those currently affecting our nation's economy and real estate markets;
- the availability of, and costs associated with, sources of capital and liquidity;
- accessibility of debt and equity capital markets;
- general and local real estate conditions, including any changes in the value of our real estate;
- changes in Federal, state and local governmental laws and regulations, including laws and regulations relating to taxes and real estate and related investments;
- the level and volatility of interest rates;
- our acquisition strategy, which may not produce the cash flows or income expected;
- the competitive environment in which we operate, including competition that could adversely affect our ability to acquire properties and/or limit our ability to lease apartments or increase or maintain rental income;
- a limited number of multi-family property acquisition opportunities acceptable to us;
- the concentration of our multi-family properties in the Southeastern United States and Texas, which makes us more susceptible to adverse developments in those markets;

- risks associated with our strategy of acquiring value-add multi-family properties, which involves greater risks than more conservative strategies;
- the condition of Fannie Mae or Freddie Mac, which could adversely impact us;
- our failure to comply with laws, including those requiring access to our properties by disabled persons, which could result in substantial costs;
- insufficient cash flows, which could limit our ability to make required payments on our debt obligations;
- impairment in the value of real estate we own;
- failure of property managers to properly manage properties;
- disagreements with, or misconduct by, joint venture partners;
- decreased rental rates or increasing vacancy rates;
- our ability to lease units in newly acquired or newly constructed multi-family properties;
- potential defaults on or non-renewal of leases by tenants;
- creditworthiness of tenants;
- our ability to obtain financing for acquisitions;
- development and acquisition risks, including rising or unanticipated costs and failure of such acquisitions and developments to perform in accordance with projections;
- the timing of acquisitions and dispositions;
- our ability to reinvest the net proceeds of dispositions into more, or as favorable, acquisition opportunities;
- potential natural disasters such as hurricanes, tornadoes and floods;
- board determinations as to timing and payment of dividends, if any, and our ability or willingness to pay future dividends;
- financing risks, including the risks that our cash flows from operations may be insufficient to meet required debt service obligations and we may be unable to refinance our existing debt upon maturity or obtain new financing on attractive terms or at all;
- lack of or insufficient amounts of insurance to cover, among other things, losses from catastrophes;
- our ability to maintain our qualification as a REIT;
- possible environmental liabilities, including costs, fines or penalties that may be incurred due to necessary remediation of contamination of properties presently owned or previously owned by us or a subsidiary owned by us or acquired by us;
- our dependence on information systems;
- risks associated with breaches of our data security;
- risks associated with the stock ownership restrictions of the Code for REITs and the stock ownership limit imposed by our charter;
- increases in real estate taxes at properties we acquire due to such acquisitions or other factors; and
- the other factors described in this Annual Report, including those set forth under the captions *"Item 1. Business," "Item 1A. Risk Factors,"* and *"Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations"*.

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

PART I

Item l. Business.

General

We are an internally managed real estate investment trust, also known as a REIT, that is focused on the ownership, operation and development of multi-family properties. Generally, these properties are owned by unconsolidated joint ventures in which we contributed 65% to 80% of the equity. At December 31, 2020: (i) eight multi-family properties with an aggregate of 1,880 units and a carrying value of $153.6 million, are wholly-owned by us; and (ii) we have ownership interests, through unconsolidated entities, in 31 multi-family properties with an aggregate of 9,162 units and carrying value of our net equity investment therein is $169.4 million. These 39 properties are located in 11 states; most of our properties are located in the Southeast United States and Texas.

Our website can be accessed at *www.brtapartments.com*, where copies of our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and other filings with the Securities and Exchange Commission, or SEC, can be obtained free of charge.

The Impact of the COVID-19 Pandemic; 2020 and Recent Developments.

In 2020, we focused primarily on responding to the challenges presented by the COVID-19 pandemic: ensuring the health and safety of our residents, employees, and the property managers' employees; working with our residents to facilitate the collectability of rent; maintaining an appropriate balance between rental rates and occupancy levels; and ensuring that we have sufficient liquidity and capital resources to address the challenges presented by the pandemic. The pandemic did not have a direct material adverse effect on our financial condition and results of operations; however, there were indirect negative effects (*e.g.,* we were conservative in implementing our value add program, raising rents and pursuing acquisitions, all of which, if more aggressively pursued, may have allowed us to generate additional income). If current economic conditions worsen or continue for an extended period there may be significant direct adverse effects, including reductions in our rental revenue and cash flow and difficultly in satisfying our debt service obligation. The impact of the pandemic on our business, financial condition, liquidity, results of operations and prospects will depend on future developments, which are highly uncertain and cannot be predicted with confidence. See *"Item 1A. Risk Factors"* and *"Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations-The Impact of the COVID-19 Pandemic; 2020 and Recent Developments"*.

During 2020, we:

- acquired in early February, through an unconsolidated joint venture, an 80% interest in Abbotts Run - Wilmington, North Carolina, a 264 unit multi-family property, for a purchase price of $38.0 million, including assumed mortgage debt of $23.2 million and $17.1 million of equity, of which we contributed $13.7 million.
- sold a $4 million loan representing the remaining unpaid principal balance of a legacy asset. The loan was sold for its principal balance plus interest and fees of $325,000. See note 4 of our consolidated financial statements.
- took a $3.6 million impairment charge related to our entering into a contract to sell our 8.7 acre vacant land parcel in South Daytona Beach, Florida for $4.7 million. This sale, which is scheduled to be completed in mid - 2021, is subject to certain conditions, including the purchaser's satisfaction with its due diligence review and obtaining certain zoning treatment. We can provide no assurance that this transaction will be completed. We anticipate using the $4.4 million of net proceeds from the sale for general working capital purposes, including the payment of our dividend. See note 10 to our consolidated financial statements.
- amended our credit facility to allow for its use for working capital (including dividend payments) and operating expenses and reduced the minimum annual interest rate payable thereon from 5.00% to 4.25%.
- raised approximately $12.1 million of equity in the first quarter of the year from the sale of 694,298 shares of our common stock.
- declared cash dividends of an aggregate of $0.88 per share.
- maintained an average occupancy rate of 92.8%.

On February 2, 2021,we entered into an agreement to sell to our joint venture partner our 80% interest in Anatole Apartments, Daytona Beach, Florida for approximately $7.4 million and anticipate the transaction will close, subject to satisfaction of customary closing conditions, in March or April 2021. We estimate that we will recognize a gain on sale of our partnership interest of $2 million from such sale. In 2020, equity in loss from unconsolidated joint ventures from this property was $250,000.

On March 3, 2021, we entered into an agreement to sell Kendall Manor - Houston, Texas to an unrelated third party for approximately $24.5 million and anticipate the transaction will close, subject to satisfaction of certain conditions, in April or May 2021. We estimate that we will recognize a gain on the sale of this property of approximately $7.5 million. In 2020, our rental revenues, operating expenses, interest expense and depreciation associated with this property were $2.9 million, $1.9 million, $675,000 and $848,000, respectively.

Our Multi-Family Properties

Generally, our multi-family properties are garden apartment, mid-rise or town home style properties that provide residents with amenities, such as a clubhouse, swimming pool, laundry facilities and cable television access. Residential leases are typically for a one-year term and may require security deposits equal to one month's rent. Substantially all of the units at these properties are leased at market rates. Set forth below is selected information regarding the multi-family properties in which we have an interest, as of December 31, 2020, all of which, except for the properties in which we have a 100% ownership interest, are owned by unconsolidated joint ventures:

					Average Monthly Rental Rate Per Occupied Unit (3)(4)($)					Average Physical Occupancy (4)(%)				
Property Name and Location	Number of Units	Age (1)	Acquisition Date	Our Percentage Ownership (%) (2)	2020	2019	2018	2017	2016	2020	2019	2018	2017	2016
Silvana Oaks Apartments—N. Charleston, SC	208	10	10/4/2012	100	1,182	1,162	1,143	1,126	1,077	93.2	94.5	93.2	94.5	93.3
Avondale Station—Decatur, GA	212	66	11/19/2012	100	1,173	1,102	1,047	979	920	95.3	96.2	94.4	97.6	94.6
Newbridge Commons—Columbus, OH	264	21	11/21/2013	100	929	898	853	801	762	95.2	95.2	96.7	96.8	96.9
Kendall Manor—Houston, TX	272	39	7/8/2014	100	834	802	812	840	833	92.1	89.5	93.7	92.1	93.9
Avalon Apartments—Pensacola, FL	276	12	12/22/2014	100	1,124	1,065	1,003	969	970	95.3	96.4	93.8	90.9	91.9
Parkway Grande—San Marcos, TX (5)	192	6	9/10/2015	100	1,035	1,075	1,067	1,044	998	93.4	94.5	93.1	95.0	93.6
Woodland Trails—LaGrange, GA	236	11	11/18/2015	100	1,014	960	938	873	832	96.7	96.1	95.2	95.7	94.6
Kilburn Crossing — Fredericksburg, VA	220	15	11/4/2016	100	1,411	1,389	1,302	1,246	—	96.2	95.1	95.9	95.0	—
Brixworth at Bridge Street—Huntsville, AL	208	35	10/18/2013	80	828	755	760	690	688	97.6	96.4	92.6	95.9	96.8
Crossings of Bellevue—Nashville, TN	300	35	4/2/2014	80	1,186	1,157	1,120	1,066	1,032	96.3	97.3	98.3	97.3	97.8
Retreat at Cinco Ranch— Katy, TX (6)	268	12	1/22/2016	75	1,192	1,134	1,076	1,098	1,177	92.9	91.8	96.2	89.5	90.5
Grove at River Place — Macon, GA	240	32	2/1/2016	80	744	735	709	662	622	92.2	90.7	93.6	95.2	97.2
Civic Center I—Southaven, MS	392	18	2/29/2016	60	958	922	872	834	825	97.1	96.5	97.3	96.4	97.7
The Veranda at Shavano — San Antonio, TX	288	7	5/6/2016	65	1,057	1,062	1,021	982	953	92.5	92.7	93.4	92.0	83.4
Chatham Court and Reflections — Dallas, TX	494	34	5/11/2016	50	969	959	930	876	813	85.2	92.4	92.0	93.4	93.4
Waters Edge at Harbison— Columbia, SC	204	24	5/31/2016	80	929	928	869	878	821	93.9	91.0	91.8	93.7	94.2
The Pointe at Lenox Park— Atlanta, GA	271	31	8/15/2016	74	1,255	1,216	1,201	1,176	1,190	94.6	93.2	88.8	91.1	94.0
Civic Center II — Southaven, MS	384	15	9/1/2016	60	1,031	979	925	883	879	96.6	97.2	96.8	96.7	97.4
Verandas at Alamo Ranch—San Antonio, TX	288	5	9/19/2016	72	1,039	1,022	996	972	974	93.2	93.8	92.4	89.0	85.8
Canalside Lofts — Columbia, SC	374	5	11/10/2016	32	1,406	1,217	1,220	1,185	1,197	90.9	93.0	89.7	92.7	90.2
Canalside Sola — Columbia, SC (7)	339	5	11/10/2016	46	1,395	1,445	1,432	—	—	81.4	68.0	22.0	—	—
Tower at OPOP — St. Louis, MO	128	6	2/28/2017	76	1,322	1,355	1,482	1,544	—	95.3	94.1	87.1	93.5	—
Lofts at OPOP — St. Louis, MO	53	6	2/28/2017	76	1,406	1,383	1,422	1,577	—	91.1	91.3	88.7	95.0	—
Vanguard Heights — Creve Coeur, MO (8)	174	4	4/4/2017	78	1,604	1,560	1,495	1,652	—	95.9	95.3	91.4	74.7	—
Bells Bluff — West Nashville, TN (9)	402	1	6/2/2017	58	1,482	N/A	N/A	N/A	—	74.7	N/A	N/A	N/A	—
Mercer Crossing — Farmers Branch, TX	509	4	6/29/2017	50	1,314	1,308	1,279	1,272	—	90.6	92.0	89.3	91.4	—

Property Name and Location	Number of Units	Age (1)	Acquisition Date	Our Percentage Ownership (%) (2)	Average Monthly Rental Rate Per Occupied Unit (3)(4)($)					Average Physical Occupancy (4)(%)				
					2020	2019	2018	2017	2016	2020	2019	2018	2017	2016
Jackson Square — Tallahassee, FL	242	24	8/30/2017	80	1,090	1,067	1,018	1,062	—	94.8	94.6	91.0	94.2	—
Gateway Oaks — Forney, TX	313	4	9/15/2017	50	1,147	1,148	1,108	988	—	91.1	93.9	92.8	93.7	—
Magnolia Pointe at Madison — Madison, AL	204	29	12/7/2017	80	924	881	826	—	—	97.6	98.5	95.3	—	—
The Woodland Apartments — Boerne, TX	120	13	12/14/2017	80	980	960	918	—	—	96.3	94.1	91.3	—	—
The Avenue Apartments — Ocoee, FL	522	24	2/7/2018	50	1,101	1,071	995	—	—	94.8	94.9	95.8	—	—
Parc at 980 — Lawrenceville, GA	586	23	2/15/2018	50	1,197	1,180	1,041	—	—	94.3	92.6	92.8	—	—
Anatole Apartments — Daytona Beach, FL (10)	208	34	4/30/2018	80	928	933	897	—	—	93.4	91.0	93.2	—	—
Landings of Carrier Parkway — Grand Prairie, TX	281	19	5/17/2018	50	1,098	1,019	957	—	—	94.5	90.4	93.7	—	—
Crestmont at Thornblade — Greenville, SC	266	23	10/30/2018	90	1,051	1,072	1,156	—	—	91.8	88.7	92.1	—	—
The Vive — Kannapolis, NC	312	11	3/12/2019	65	1,103	1,105	—	—	—	94.6	90.6	—	—	—
Somerset at Trussville — Trussville, AL	328	14	5/7/2019	80	998	1,007	—	—	—	97.0	95.1	—	—	—
Village at Lakeside — Auburn, AL	200	32	8/8/2019	80	859	835	—	—	—	96.0	95.7	—	—	—
Abbots Run — Wilmington, NC	264	18	2/20/2020	80	873	—	—	—	—	93.5	—	—	—	—
Total	11,042													

(1) Reflects the approximate age of the property based on the year original construction was completed, other than Lofts at OPOP which was rehabbed in 2014.
(2) Distributions to, and profit sharing between, joint venture partners, are determined pursuant to the applicable agreement governing the relationship between the parties and may not be *pro rata* to the equity ownership percentage each joint venture partner has in the applicable joint venture.
(3) Monthly rental rate per unit reflects our period of ownership.
(4) Reflects, for 2020, 2019 and 2018, the twelve months ended December 31, and for the other two years presented, the twelve months ended September 30 of the indicated year.
(5) In October 2019, we purchased the 20% interest owned by our joint venture partner resulting in our sole ownership of this property.
(6) This property was impacted by Hurricane Harvey. The average monthly rental rate and average physical occupancy for 2018 give effect to rental income received or accrued from business interruption insurance as if such damaged units were leased at rates in effect at the time of the casualty.
(7) This property was in lease up until January 2020.
(8) This property was in lease up until June 2018.
(9) This property was in lease up until September 2020.
(10) In February 2021, we entered into a contract to sell our 80% interest in the venture that owns this property to our joint venture partner. See "*Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - The Impact of the COVID-19 Pandemic; 2020 and Recent Developments*".

The following table sets forth certain information, presented by state, related to our consolidated properties as of December 31, 2020:

State	Number of Properties	Number of Units	Percent of 2020 Rental and other revenues	
Georgia	2	448	23 %	
Texas	2	464	20 %	
Florida	1	276	15 %	
Virginia	1	220	15 %	
South Carolina	1	208	12 %	
Ohio	1	264	11 %	
Other	—	—	4 %	(1)
Total	8	1,880	100 %	

(1) Includes non-multi- family revenues of $1.4 million.

The following table sets forth certain information, presented by state, related to properties owned by unconsolidated joint ventures as of December 31, 2020:

State	Number of Properties	Number of Units	Percent of 2020 JV Rental revenues (1)
Texas	8	2,561	28 %
Georgia	3	1,097	13 %
South Carolina	4	1,183	13 %
Florida	3	972	11 %
Alabama	4	940	9 %
Mississippi	2	776	8 %
Tennessee	2	702	8 %
Missouri	3	355	5 %
North Carolina	2	576	5 %
Total	31	9,162	100 %

(1) The term "JV Rental Revenues" refers to the revenues generated at multi-family properties owned by unconsolidated joint ventures. See note 7 to our consolidated financial statements.

Our Acquisition Process and Underwriting Criteria

We identify multi-family property acquisition opportunities primarily through relationships developed over time by our officers with former borrowers, current joint venture partners, real estate investors and brokers. We are interested in acquiring the following types of multi-family properties:

- Class B or better properties with strong and stable cash flows in markets where we believe there exists opportunity for rental growth and further value creation;
- Class B or better properties that offer significant potential for capital appreciation through repositioning or rehabilitating the asset to drive rental growth;
- properties available at opportunistic prices providing an opportunity for a significant appreciation in value; and
- development of Class A properties in markets where we believe we can generate significant returns from the operation and if appropriate, sale of the development.

Our current business plan is to acquire properties with cap rates ranging from 4.25% to 5.00% that will provide stable risk adjusted total returns (*i.e.,* operating income plus capital appreciation). In identifying opportunities that will achieve these goals, we seek acquisitions that will achieve an initial approximate 5% to 7% annual return on invested cash and an internal rate of return of approximately 10% to 16%. We have also focused, but have not limited ourselves to, acquiring properties located in the Southeast United States and Texas. Subject to the foregoing, we are opportunistic in pursuing multi-family property acquisitions and do not mandate any specific acquisition criteria, though we take the following into account in evaluating an acquisition opportunity: location, demographics, size of the target market, property quality, availability and terms and conditions of long-term fixed-rate mortgage debt, potential for capital appreciation or recurring income, extent and nature of contemplated capital improvements and property age. We generally acquire properties with a joint venture partner with knowledge and experience in owning and operating multi-family properties in the target market as this enhances our understanding of such market and assists us in managing our risk with respect to a particular acquisition.

Approvals of the acquisition of a multi-family property are based on a review of property information as well as other due diligence activities undertaken by us and, as applicable, our venture partner. Those activities include a consideration of economic, demographic and other factors with respect to the target market and sub-market (including the stability of its population and the potential for population growth, the economic and employment base, presence of and barriers to entry of alternative housing stock, rental rates for comparable properties, the competitive positioning of the proposed acquisition and the regulatory environment (*i.e*. applicable rent regulation)), a review of an independent third-party property condition report, a Phase I environmental report with respect to the property, a review of recent and projected results of operations for the property prepared by the seller, us or our joint venture partner, an assessment of our joint venture partner's knowledge and expertise with respect to the acquisition and operation of multi-family properties and the relevant market and sub-market, a site visit to the property and the surrounding area, an inspection of a sample of units at the property, the potential for rent increases and the possibility of enhancing the property and the costs thereof. To the extent a property to be acquired requires renovations or improvements, or if we and our joint venture partner believe that improving a property will generate greater rent, funds are generally set aside by us and our joint venture partner at the time of acquisition to provide the capital needed for such renovation and improvements. At December 31, 2020, we had restricted cash of $8.8 million to fund improvements at 18 multi-family properties.

A key consideration in our acquisition process is the availability of mortgage debt to finance the acquisition (or the ability to assume the mortgage debt on the property) and the terms and conditions (*e.g*., interest rate, amortization and maturity) of such debt. Currently, approximately 35% to 40% of the purchase price is paid in cash, (all or a portion of our share of which may be funded by borrowing from our credit facility) and the balance is financed with mortgage debt. We believe that the use of leverage allows us the ability to earn a greater return on our investment than we would otherwise earn. Generally, the mortgage debt obtained in connection with an acquisition matures five to ten years thereafter, is interest only for one to five years after the acquisition, and provides for a fixed interest rate and for the amortization of the principal of such debt over 30 years.

Potential acquisitions are reviewed and approved by our investment committee. Approval requires the assent of not less than five of the eight members of this committee, all of whom are our executive officers. Board of director approval is required for any single multi-family property acquisition in which our equity investment exceeds $20 million.

We pursue development opportunities when we believe the potential higher returns justify the additional risks. The factors considered in pursuing these opportunities generally include the factors considered in evaluating a standard acquisition opportunity, and we place additional emphasis on our joint venture partner's ability to execute a development project. Though we may from time-to-time pursue other development activities, we do not anticipate development properties will constitute a significant part of our portfolio. We have interests in two multi-family development (properties currently in lease up) with the same joint venture partner or affiliates.

Property Acquisitions

Set forth below is information regarding the property we acquired through an unconsolidated joint venture during 2020 (dollars in thousands):

Location	Purchase Date	No. of Units	Purchase Price	Acquisition Mortgage Debt	Initial BRT Equity	Ownership Percentage	Capitalized Property Acquisition Costs
Wilmington, North Carolina	2/20/2020	264	$38,000	$23,160	$13,700	80 %	$ 459

Property Sales

We monitor our portfolio to identify properties that should be sold. Factors considered in deciding whether to sell a property generally include our evaluation of the current market price of such property compared to its projected economics and changes in the factors considered by us in acquiring such property. We also believe it is important for us to maintain strong relationships with our joint venture partners. Accordingly, we also take into account our partners' desires with respect to property sales. If our partners deem it in their own economic interest to dispose of a property at an earlier date than we would otherwise dispose of a property, we may accommodate such request. We did not sell any multi family properties in 2020.

Joint Venture Arrangements

The arrangements with our multi-family property joint venture partners are deal specific and vary from transaction to transaction. Generally, these arrangements provide for us and our joint venture partner to receive net cash flow available for distribution and/or profits in the following order of priority (in certain cases, we are entitled to these distributions on a senior or preferential basis): (i) a preferred return of 9% to 10% on each party's unreturned capital contributions, until such preferred return has been paid in full; and (ii) the return in full of each party's capital contribution. Thereafter, distributions to, and profit sharing between, joint venture partners, is determined pursuant to the applicable agreement governing the relationship between the parties. Generally, as a result of allocation/distribution provisions of the applicable joint venture operating agreement, the allocation and distribution of cash and profits to BRT is less than that implied by BRT's percentage equity interest in the venture/property.

Though, as noted above, each joint venture operating agreement contains different terms, such agreements generally provide for a buy-sell procedure under specified circumstances, including, (i) if the partners are unable to agree on major decisions or (ii) upon a change in control of our subsidiary owning the interest in the joint venture. Further, these arrangements may also allow us, and in some cases, our joint venture partner, to force the sale of the property after it has been owned by the joint venture for a specified period (*e.g.*, four to five years after the acquisition).

Property Management

The day-to-day management of our multi-family properties is overseen by property management companies operating in the market in which the property is located. Approximately 64% of our properties are managed by management companies that are owned by a joint venture partner or its affiliates. These property management companies are paid fees ranging from 3% to 4% of revenues generated by the applicable property. Generally, we can terminate these management companies upon specified notice or for cause, subject to the approval of the mortgage lender and, in some cases, our joint venture partner. We believe satisfactory replacements for property managers are available, if required.

Mortgage Debt

The following table sets forth scheduled principal (including amortization) mortgage payments due for all of our multi-family properties as of December 31, 2020 (dollars in thousands):

YEAR	Principal Payments Due for Consolidated Properties	Principal Payments Due for Unconsolidated Joint Ventures (1)	Total Principal Payments Due
2021	$ 17,274	$ 5,472	$ 22,746
2022	62,543	75,157	137,700
2023	1,270	43,571	44,841
2024	1,316	9,299	10,615
2025	16,661	23,734	40,395
Thereafter	31,933	677,950	709,883
Total	$ 130,997	$ 835,183	$ 966,180

(1) Does not give effect to the minority interest's share of such debt.

As of December 31, 2020, the weighted average annual interest rate of the mortgage debt on our multi-family properties is 3.99% and the weighted average remaining term to maturity of such debt is approximately 7.2 years. The mortgage debt associated with our multi-family properties is generally non-recourse to (i) the joint venture that owns the property, subject to standard carve-outs and (ii) to us and our subsidiary acquiring the equity interest in such joint venture. We, at the parent entity level (*i.e*., BRT Apartments Corp.), are the standard carve-out guarantor with respect to our wholly owned properties. (The term "standard carve-outs" refers to recourse items to an otherwise non-recourse mortgage and are customary to mortgage financing. While carve-outs vary from lender to lender and transaction to transaction, the carve-outs may include, among other things, a voluntary bankruptcy filing, environmental liabilities, the sale, financing or encumbrance of the property in violation of loan documents, damage to property as a result of intentional misconduct or gross negligence, failure to pay valid taxes and other claims which could create a lien on a property and the conversion of security deposits, insurance proceeds or condemnation awards). At December 31, 2020, the principal amount of mortgage debt outstanding with respect to the properties at which we are the carve-out guarantor is approximately $120.7 million.

Corporate Level Financing Arrangements

See "*Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations* - *Corporate Level Financing Arrangements*" for information about our corporate level financing arrangements.

Insurance

The multi-family properties are covered by all risk property insurance covering 100% of the replacement cost for each building and business interruption and rental loss insurance (covering up to twelve months of loss). On a case-by-case basis, based on an assessment of the likelihood of the risk, availability of insurance, cost of insurance and in accordance with standard market practice, we obtain earthquake, windstorm, flood, terrorism and boiler and machinery insurance. We carry comprehensive liability insurance and umbrella policies for each of our properties which provide no less than $5 million of coverage per incident. We request certain extension of coverage, valuation clauses, and deductibles in accordance with standard market practice and availability.

Although we may carry insurance for potential losses associated with our multi-family properties, we may still incur losses due to uninsured risks, deductibles, co-payments or losses in excess of applicable insurance coverage and those losses may be material. In addition, a substantial amount of our insurance coverage is provided through blanket policies obtained by our joint venture partners or the property managers for such property. A consequence of obtaining insurance coverage in this manner is that losses on properties in which we have no ownership interest could reduce significantly or eliminate the coverage available on one or more properties in which we have an interest.

Status of Former Development Projects

Our former development projects, Canalside Sola — Columbia, SC ("Sola") and Bells Bluff-Nashville, TN ("Bells Bluff"; and together with Sola, "Sola/Bells"), commenced lease up activities during the quarters ended March 31, 2018 and March 31, 2019, respectively, and exited such status in January 2020 and September 2020, respectively. These properties are owned by unconsolidated joint ventures. At December 31, 2020, approximately 85.0% and 75.6%, respectively of Sola Station and Bells Bluff, respectively, had been leased.

Our Other Real Estate Assets and Activities

In addition to our multi-family properties, we own other real estate assets with an aggregate carrying value of $6.6 million at December 31, 2020, including undeveloped land, cooperative apartment units and a leasehold position at a commercial property. See notes 2 and 3 to our consolidated financial statements.

Competition

We compete to acquire multi-family properties with pension and investment funds, real estate developers, private real estate investors and other owners and operators of such properties. Competition to acquire such properties, among other things, is based on price and the ability to secure financing on a timely basis to complete the acquisition. To the extent that a potential joint venture partner introduces us to a multi-family acquisition opportunity, we compete with other sources of equity capital to participate in such joint venture based on the financial returns we are willing to offer such potential partner and the other terms and conditions of the joint venture arrangement. We also compete for tenants at our multi-family properties—such competition depends upon various factors, including alternative housing options available in the applicable sub-market, rent, amenities provided and proximity to employment and quality of life venues.

Many of our competitors possess greater financial and other resources than we possess.

Government Regulation

Multifamily properties are subject to various laws, ordinances and regulations, including regulations relating to common areas, such as swimming pools, activity centers, and recreational facilities. We believe that each of our properties has the necessary permits and approvals to operate its business.

Americans with Disabilities Act

Our properties must comply with applicable provisions of the Americans with Disabilities Act, which we refer to as the "ADA". Among other things, the ADA may require removal of structural barriers to access by persons with disabilities in certain public areas of our properties where such removal is readily achievable. We believe that our properties are in substantial compliance with the ADA and that we will not be required to make substantial capital expenditures to address the requirements of the ADA. However, noncompliance with the ADA could result in imposition of fines or an award of damages to private litigants. Our obligations under the ADA are ongoing and we will continue to assess our properties and make alterations as appropriate.

Fair Housing Act

The Fair Housing Act, which we refer to as the "FHA", its state law counterparts and the regulations promulgated by the U.S. Department of Housing and Urban Development and various state agencies, prohibit discrimination in housing on the basis of race or color, national origin, religion, sex, familial status or handicap (disability) and, in some jurisdictions, financial capability or other bases. Our failure to comply with these laws could result in litigation, fines, penalties or other adverse claims, or could result in limitations or restrictions on our ability to operate, any of which could materially and adversely affect us. We believe that we operate our properties in substantial compliance with the FHA.

Environmental Matters

We are subject to regulation at the federal, state and municipal levels and are exposed to potential liability should our properties or actions result in damage to the environment or to other persons or properties. These conditions include the presence or growth of mold, potential leakage of underground storage tanks, breakage or leaks from sewer lines and risks pertaining to waste handling. The potential costs of compliance, property damage restoration and other costs for which we could be liable or which could occur without regard to our fault or knowledge, are unknown and could potentially be material. There are no material claims made or pending against us with regard to environmental damage, nor are we aware of any potential environmental hazards related to any of our properties which could reasonably be expected to result in a material loss.

Human Capital Resources

As of December 31, 2020, we had nine full time employees who devote substantially all of their business time to us. In addition, part time personnel (including part time executive officers), perform certain executive, administrative, legal, accounting and clerical functions for us. Including our full and part-time personnel, we estimate that we have the equivalent of 13 full time employees. The services of the part time personnel as well as the provision to us of certain facilities and other resources are supplied pursuant to a shared services agreement between us and several affiliated entities, including Gould Investors L.P., the owner and operator of a diversified portfolio of real estate and other assets. The expenses for the shared personnel, facilities and resources is allocated to us and the other affiliated entities in accordance with the shared services agreement. The allocation is based on the estimated time devoted by such part time personnel to the affairs of the parties to this agreement.

We also retain several related parties, among other things, to analyze and approve multi-family property acquisitions and dispositions, develop and maintain banking and financing relationships and provide investment advice and long-term planning (the “Services”). The aggregate fees to be paid in 2021, and paid in 2020 and 2019, for the Services, are $1.4 million, $1.4 million and $1.3 million, respectively.

See note 11 to our consolidated financial statements for further information regarding the shared services agreement and the Services.

We provide a competitive benefits program to help meet the needs of our employees. In addition to salaries, the program includes annual cash bonuses, stock awards, pension plan contributions, healthcare and insurance benefits, health savings accounts, flexible spending accounts, paid-time off, family leave and an education benefit. Employees are offered flexibility to meet personal and family needs and regular opportunities to participate in professional development programs. Most of our employees have a long tenure with us, which we believe is indicative of the employee-friendly work environment we provide.

We maintain a work environment that is free from discrimination or harassment on the basis of color, race, sex, national origin, ethnicity, religion, age, disability, sexual orientation, gender identification or expression or any other status protected by applicable law, and our employees are compensated in a manner unrelated to their inclusion in any of the foregoing categories.

These workplace protections and compensation benefits are afforded to the part-time personnel providing services to us pursuant to the shared services agreement.

In response to the pandemic and as part of our commitment to ensure the safety and well-being of our employees, many of our employees have worked from home since mid-March 2020 and we have staggered the dates in which employees work from our executive offices. We have also taken additional measures, including monitoring occupancy levels, limiting business travel, requiring temperature screenings and providing and requiring the use of personal protective equipment, to ensure the safety of our employees.

Executive Officers of Registrant

Set forth below is a list of our executive officers whose terms will expire at our 2021 annual Board of Directors' meeting. The business history of officers who are also directors will be provided in our proxy statement to be filed not later than April 30, 2021.

Name	Age	Office
Israel Rosenzweig (1)	73	Chairman of the Board of Directors
Jeffrey A. Gould (2)	55	President, Chief Executive Officer and Director
Mitchell K. Gould (3)	48	Executive Vice President
Matthew J. Gould (2)	61	Senior Vice President and Director
David W. Kalish (4)	73	Senior Vice President - Finance
Mark H. Lundy	58	Senior Vice President and Counsel
Steven Rosenzweig (1)	45	Senior Vice President - Legal
George E. Zweier	57	Vice President and Chief Financial Officer
Isaac Kalish (4)	45	Vice President and Treasurer
Ryan Baltimore	29	Senior Vice President-Corporate Strategy and Finance

(1) Steven Rosenzweig is the son of Israel Rosenzweig.
(2) Jeffrey A. Gould and Matthew J. Gould are sons of Fredric H. Gould, the former chairman of our board of directors and currently, a director.
(3) Mitchell K. Gould is a cousin of Fredric H. Gould.
(4) Isaac Kalish is the son of David W. Kalish.

Mitchell K. Gould has been employed by us since 1998, and has served as a Vice President since 1999 and Executive Vice President since 2007.

David W. Kalish, a certified public accountant, has been our Senior Vice President, Finance since 1998. Mr. Kalish was our Vice President and Chief Financial Officer from 1990 until 1998. He has been Chief Financial Officer of One Liberty Properties, Inc. and Georgetown Partners, Inc. since 1990. Georgetown Partners is the managing general partner of Gould Investors, a related party.

Mark H. Lundy has been our Counsel and/or General Counsel since 2007, Senior Vice President since 2005 and Vice President from 1993 to 2005. He served as a Vice President of One Liberty Properties from 2000 to 2006 and has been its Secretary and Senior Vice President since June 1993 and 2006, respectively. Since 2013, Mr. Lundy has served as President and Chief Operating Officer, and from 1990 through 2013 as a Vice President (including Senior Vice President), of Georgetown Partners, Inc. He is licensed to practice law in New York and Washington, D.C.

Steven Rosenzweig has been associated with us since 2013, served as a Vice President from 2015 through 2019 and as Senior Vice President - Legal since 2019. He is licensed to practice law in New York.

George E. Zweier, a certified public accountant, has served as our Chief Financial Officer and a Vice President since 1998.

Isaac Kalish, a certified public accountant, has been associated with us since 2004, served as Assistant Treasurer from 2007 through 2014 and as Vice President and Treasurer since 2013 and 2014, respectively. Mr. Kalish has served as Vice President and Assistant Treasurer of One Liberty Properties since 2013 and 2007, respectively, as Assistant Treasurer of Georgetown Partners, Inc. from 2012 through 2013, and as its Treasurer since 2013.

Ryan Baltimore has been employed by us since 2013 and has served as Senior Vice President - Corporate Strategy and Finance since 2019.

Item 1A. Risk Factors.

Set forth below is a discussion of certain risks affecting our business. The categorization of risks set forth below is meant to help you better understand the risks facing our business and is not intended to limit your consideration of the possible effects of these risks to the listed categories.Any adverse effects arising from the realization of any of the risks discussed, including our financial condition and results of operation, may, and likely will, adversely affect many aspects of our business.

Risks Related to the COVID-19 Pandemic

The ongoing COVID-19 pandemic, the responses thereto and the economic consequences flowing therefrom, may adversely impact our business, income, cash flow, results of operations, financial condition, liquidity, prospects, ability to service our debt obligations, and our ability to pay cash dividends to our stockholders.

We have faced, and continue to face, challenges resulting from the outbreak of the COVID-19 pandemic. The economic consequences of the pandemic, among other things, have adversely affected the ability of some of our residents to pay rent (due to furloughs, layoffs and/or the expiration of, or reduction in, unemployment benefits). If current economic conditions worsen or continue for an extended period, a significant number of residents may be unable to pay rent, and our ability to pay dividends and/or the debt service on our mortgages will be adversely affected. The impact of the pandemic on our properties has and will continue to vary based on, among other things, the markets in which such properties are located and the significant economic drivers in such markets. For example, some of our properties (*e.g.,* Silvana Oaks Apartments-N. Charleston, SC and Crestmont at Thornblade-Greenville, SC.), offer housing near manufacturing and other facilities (*e.g.,* Boeing and BMW, respectively), and reductions in employment at these or other manufacturing or employment centers located close to our properties may make it more difficult for residents that separated from such employers to pay rent. Other properties (*e.g.,* Parkway Grande-San Marcos, TX and Chatham Court and Reflections-Dallas, TX), offer housing for students at nearby colleges or universities; changes to the programs offered at such institutions (*i.e.,* offering on-line classes as opposed to in-person classes) have resulted in reduced rental demand at such properties. The pandemic (i) has limited our ability to raise rents and market our properties, (ii) delayed efforts to implement value add programs and acquire or dispose of properties, (iii) may result in reduced revenues due to rent accommodations offered to current or prospective tenants and (iv) may require us to incur additional real estate operating expenses to maintain our properties and promote the health and safety of our residents. The occurrence or recurrence of any one or more of the foregoing may adversely impact our results of operations and liquidity and capital resource position. Further, the governmental response to the pandemic has resulted in legislation and orders which, among other things, limit (i) our ability to exercise various remedies (including evicting non-paying tenants) with respect to residents that do not pay rent or other charges and (ii) the rents or ancillary fees we charge or collect. The ultimate impact of the pandemic on our business, financial condition, liquidity, results of operations and prospects depends on future developments, which are highly uncertain and cannot be predicted with confidence.

Risks Related to our Business

Most of our multi-family properties are located in the Southeast and Texas which makes us susceptible to adverse developments in such markets.

The operating performance of our multi-family properties is impacted by the economic, environmental and other conditions of the specific markets in which our properties are concentrated. Properties owned by consolidated joint ventures generated approximately 23%, 20%, 15% and 15% of our 2020 revenues from properties located in Georgia, Texas, Florida and Virginia, respectively, and properties owned by unconsolidated joint ventures generated 28%, 13%, 13% and 11% of our 2020 JV Rental Revenues at properties located in Texas, Georgia, South Carolina and Florida, respectively. Accordingly, adverse developments in such markets, including economic developments, pandemics, or natural or man-made disasters, could adversely impact the operations of these properties and therefore our operating results and cash flow. The concentration of our properties in the Southeast United States and Texas exposes us to risks of adverse developments which are greater than the risks of owning properties with a more geographically diverse portfolio.

Risks involved in conducting real estate activity through joint ventures.

Most of our multi-family properties are owned through joint ventures with other persons or entities. Joint venture investments involve risks not otherwise present when acquiring real estate directly, including the following:

- our joint venture partners may have economic or business interests or objectives which are or become inconsistent with our business interests or objectives, including differing objectives relating to the sale or refinancing of properties held by the joint venture or the timing of the termination or liquidation of the joint venture;
- the more successful a joint venture project, the more likely that profits or distributions generated above a negotiated threshold will be allocated disproportionately in favor of our joint venture partner at a rate greater than that implied by our partner's equity interest in the venture;
- several of our joint venture partners have other competing real estate interests in the markets in which our properties are located that could influence such partners to take actions favoring their properties to the detriment of the jointly owned properties;
- our joint venture partners obtain blanket property casualty and business interruption insurance insuring properties we own jointly and other properties in which we have no ownership interest and as a result, claims or losses with respect to properties owned by our joint venture partners but in which we have no interest could significantly reduce or eliminate the insurance available to properties in which we have an interest;
- our joint venture partner might become bankrupt, insolvent or otherwise refuse or be unable to meet their obligations to us or the venture (including their obligation to make capital contributions or property distributions when due);
- we may incur liabilities as a result of action taken by our joint venture partner;
- our joint venture partner may not perform its property oversight responsibilities;
- our joint venture partner may be in a position to take action or withhold consent contrary to our instructions or requests, including actions that may make it more difficult to maintain our qualification as a REIT;
- our joint venture partner might engage in unlawful or fraudulent conduct with respect to our jointly owned properties or other properties in which they have an ownership interest;
- changes in personnel managing our joint venture partners have resulted in greater difficulty in working with the new personnel;
- our joint venture partner may trigger a buy-sell arrangement, which could cause us to sell our interest, or acquire our partner's interest, at a time when we otherwise would not have initiated such a transaction;
- disputes between us and our joint venture partners may result in litigation or arbitration that would increase our expenses and divert management's attention from operating our business; and
- disagreements with our joint venture partners with respect to property management (including with respect to whether a property should be sold, refinanced, or improved) could result in an impasse resulting in the inability to operate the property effectively.

Joint venture partners have acted without our authorization (*e.g.*, a partner modified a mortgage term without our consent). We also have had, and expect to continue to have, disagreements with joint venture partners over various issues including, among others, as to whether, and the extent to which, value add programs should be implemented at a property, whether a mortgage debt on a property should be refinanced and the terms and conditions of such refinancing, and, because our joint venture structure may incentivize our joint venture partner to sell the property sooner than we would otherwise desire, the timing and terms and conditions of property sales.

We own 17 multi-family properties with three joint venture partners or their affiliates and may be adversely effected if we are unable to maintain a satisfactory working relationship with any one or more of these joint venture partners.

Joint ventures that own seven multi-family properties are owned with one joint venture partner or its affiliates, joint ventures that own six multi-family properties are owned with a second joint venture partner or its affiliates and joint ventures that own four multi-family properties are owned with a third joint venture partner or its affiliates. This concentration of ownership of properties with a limited number of joint venture partners exposes us to risks of adverse developments, and in particular, disputes or disagreements with such joint venture partners, which are greater than the risks of owning properties with a more diverse group of joint venture partners.

The failure of third party property management companies to properly manage our properties or obtain sufficient insurance coverage could adversely impact our results of operations.

We and our joint venture partners rely on property management companies to manage our properties. At December 31, 2020, approximately 25 properties are managed by a management company owned by or affiliated with a joint venture partner. These management companies are responsible for, among other things, leasing and marketing rental units, selecting tenants (including an evaluation of the creditworthiness of tenants), collecting rent, paying operating expenses, maintaining the property and obtaining insurance coverage for the properties they manage. If these property management companies do not perform their duties properly or we or our joint venture partners do not effectively supervise the activities of these managers, the occupancy rates and rental rates at the properties managed by such property managers may decline and the expenses at such properties may increase. At December 31, 2020, one property manager manages ten of our properties, a second property manager manages six of our properties, a third property manager manages six of our properties and seven other property managers manage five or fewer properties. The loss of our property managers, and in particular, the managers that manage multiple properties, could result in a decrease in occupancy rates, rental rates or both or an increase in expenses. Further, property managers are also responsible for obtaining insurance coverage with respect to the properties they manage, which coverage is often obtained pursuant to blanket policies covering many properties in which we have no interest. Losses at properties managed by our property managers but in which we have no interest could reduce significantly the insurance coverage available at our properties managed by these property managers. It may be difficult to terminate a non-performing management company, particularly a management company owned or affiliated with a joint venture because such termination may require the approval of the mortgagee, our joint venture partner or both. If we are unable to terminate an underperforming property manager on a timely basis, our occupancy and rental rates may decrease and our expenses may increase.

Increasing real estate taxes, utilities and insurance premiums may negatively impact operating results.

The cost of real estate taxes, utilities and insuring our multi-family properties is a significant component of real estate operating expense. These expenses are subject to significant increases and fluctuations, which we may be unable to control. For example, our share of the insurance premiums at joint venture properties is determined by our joint venture partner at such properties; further, casualty losses at certain properties have resulted in significant increases in the insurance premiums we pay for insurance coverage at such properties. Real estate taxes may increase as our properties are reassessed by taxing authorities and as property tax rates change. Our real estate taxes have increased over time; further, they have fluctuated and may not be comparable year-over-year because of, among other things, (i) the timing difference as to when we accrue real estate taxes and the results of any tax appeals with respect to such accrued taxes and (ii) determinations, over which we have no control, by governmental authorities to increase tax rates, assessments or procedures. If the costs associated with real estate taxes, utilities and insurance premiums should rise, without being offset by a corresponding increase in revenues, our results of operations could be negatively impacted, and our ability to make payments on our debt and to make distributions could be adversely affected.

We may not be able to compete with competitors, many of which have greater financial and other resources than we possess.

We compete with many third parties engaged in the ownership and operation of multi-family properties, including other REITs, specialty finance companies, public and private investors, investment and pension funds and other entities. Many of these competitors have substantially greater financial and other resources than we do. Larger and more established competitors enjoy significant competitive advantages that result from, among other things, enhanced operating efficiencies and more extensive networks providing greater and more favorable access to capital, financing and tax credit allocations and more favorable acquisition opportunities.

Our operating results are significantly influenced by demand for multi-family properties generally, and a decrease in such demand will likely have a greater adverse effect on our revenues than if we owned a more diversified real estate portfolio.

Our current portfolio is focused on multi-family properties, and we expect that going forward we will continue to focus on the acquisition, disposition and operation of such properties. As a result, we are subject to risks inherent in investments in a single industry, and a decrease in the demand for multi-family properties would likely have a greater adverse effect on our rental revenues than if we owned a more diversified real estate portfolio.

Our value-add activities involve greater risks than more conservative investment strategies.

In many cases, we seek to acquire properties at which we believe our investment of additional capital to enhance such properties will result in increased rental rates and higher resale value. These efforts involve greater risks than more conservative investment strategies. The risks related to these value-add activities include risks related to delays in the repositioning or improvement process, higher than expected capital improvement costs, the additional capital needed to execute our value-add program, the possibility that these value-add activities may not result in the anticipated higher rents and occupancy rates and the loss of revenue while these properties or units are undergoing capital improvements. We may also be unable to complete the improvements of these properties and may be forced to hold or sell these properties at a loss. For these and other reasons, we cannot assure you that we will realize growth in the value of our value-add multifamily properties, and as a result, our ability to make distributions to our stockholders could be adversely affected.

Increased competition and increased affordability of residential homes could limit our ability to retain our tenants or increase or maintain rents.

Our multi-family properties compete with numerous housing alternatives, including other multi-family and single-family rental homes, as well as owner occupied single and multi-family homes. Our ability to retain tenants and increase or maintain rents or occupancy levels could be adversely affected by the alternative housing in a particular area and, due to declining housing prices, mortgage interest rates and government programs to promote home ownership, the increasing affordability of owner occupied single and multi-family homes.

Our operating results and assets may be negatively affected if our insurance coverage is insufficient to compensate us for casualty events occurring at our properties.

Our multi-family properties, including the properties owned by the joint ventures in which we are members, carry all risk property insurance covering the property and improvements thereto for the cost of replacement in the event of a casualty. Though we maintain insurance coverage, such coverage may be insufficient to compensate us for losses sustained as a result of a casualty because, among other things:

- the amount of insurance coverage maintained for any property may be insufficient to pay the full replacement cost following a casualty event;
- the rent loss coverage under a policy may not extend for the full period of time that a tenant or tenants may be entitled to a rent abatement that is a result of, or that may be required to complete restoration following, a casualty event;
- certain types of losses, such as those arising from earthquakes, floods, hurricanes and terrorist attacks, may be uninsurable or may not be economically feasible to insure;
- changes in zoning, building codes and ordinances, environmental considerations and other factors may make it impossible or impracticable, to use insurance proceeds to replace damaged or destroyed improvements at a property;
- insurance coverage is part of blanket insurance policies in which losses on properties in which we have no ownership interest could reduce significantly or eliminate the coverage available on our properties; and
- the deductibles applicable to one or more buildings at a property may be greater than the losses sustained at such buildings.

If our insurance coverage is insufficient to cover losses sustained as a result of one or more casualty events, our operating results and the value of our portfolio will be adversely affected.

Development, redevelopment and construction risks could affect our operating results.

We may continue to develop and redevelop multi-family properties. These activities may be exposed to the following risks:

- we may abandon opportunities that we have already begun to explore for a number of reasons, including changes in local market conditions or increases in construction or financing costs, and, as a result, we may fail to recover expenses already incurred in exploring those opportunities
- occupancy rates and rents at development properties may fail to meet our original expectations for a number of reasons, including changes in market and economic conditions beyond our control and the development by competitors of competing properties;
- we may be unable to obtain, or experience delays in obtaining, necessary zoning, occupancy, or other required governmental or third party permits and authorizations, which could result in increased costs or the delay or abandonment of development opportunities;
- we may incur costs that exceed our original estimates due to increased material, labor or other costs;
- we may be unable to complete construction and lease-up of a development project on schedule, resulting in increased construction and financing costs and a decrease in expected rental revenues;

- we may be unable to obtain financing with favorable terms, or at all, for the proposed development of a property, which may cause us to delay or abandon a development opportunity; and
- we may be unable to refinance with favorable terms, or at all, any construction or other financing obtained for a development property, which may cause us to sell the property on less favorable terms or surrender the property to the lender.

If we are unable to address effectively these and other risks associated with development projects, our financial condition and results of operations may be adversely effected.

Risks Related to Our Financing Activities, Indebtedness and Capital Resources

If we are unable to refinance $177.0 million in balloon payments on mortgage debt maturing through 2023, we may be forced to sell properties on disadvantageous terms.

As of December 31, 2020, we have balloon payments of $177.0 million on mortgage debt (including $102.4 million of mortgage debt on properties owned by unconsolidated joint ventures) due through 2023 (including $14.0 million, $127.7 and $35.3 million due in 2021, 2022 and 2023, respectively). The weighted average interest rate of this debt is 3.87%. Our operating cash flow and funds available under our credit facility will be insufficient to discharge this debt when due. Accordingly, we may seek to refinance this debt or sell the related property prior to the maturity of such debt. Increases in interest rates, or reduced access to credit markets due, among other things, to more stringent lending requirements or our high level of leverage, may make it difficult for us to refinance this mortgage debt on terms as favorable as the current debt. If we are unsuccessful in refinancing such debt, or if the terms of the refinanced debt are less favorable that the current debt, we may be forced to dispose of properties on disadvantageous terms or convey properties secured by such mortgages to the mortgagees, which would reduce our income and impair the value of our portfolio.

The expiration of our $10 million credit facility in April 2021 will adversely affect our liquidity

We depend on our $10 million credit facility to provide us with liquidity, among other things, to fund acquisitions and working capital needs. Our facility matures April 18, 2021. Though we are negotiating an extension to this facility, if we are unsuccessful in such regard, our ability to acquire additional properties and address our working capital and other cash requirements will be adversely affected.

We may not have sufficient funds to make required or desired capital improvements.

Our multi-family properties face competition from newer and updated properties. At December 31, 2020 the weighted average age (based on the number of units) of our multi-family properties is approximately 18 years. To remain competitive and increase occupancy at these properties and/or make them attractive to potential tenants or purchasers, we may have to make significant capital improvements and/or incur deferred maintenance costs with respect to these properties. At December 31, 2020, we have $8.8 million of restricted cash that can only be used for improvements at specific properties. The cost of future improvements and deferred maintenance is uncertain and the amounts earmarked for specific properties may be insufficient to effectuate needed improvements. Our results of operations and financial conditions may be adversely affected if we are required to expend significant funds (other than funds earmarked for such purposes) to repair or improve our properties.

Our acquisition, development and value-add activities are limited by the funds available to us.

Our ability to acquire additional multi-family properties, develop new properties and improve the properties in our portfolio is limited by the funds available to us and our ability to obtain, on acceptable terms, equity contributions from joint venture partners and mortgage debt from lenders. At December 31, 2020, we had $19.9 million of cash and cash equivalents and $8.8 million designated as restricted cash for improvements at 18 multi-family properties. Our multi-family acquisition and value-add activities are constrained by funds available to us which will limit growth in our revenues and operating results.

If we are required to make payments under any "bad boy" carve out guarantees that we have provided in connection with certain mortgages and related loans, our business and financial results could be materially adversely affected.

In obtaining certain non-recourse loans, we have provided our lenders with standard carve out guarantees. These guarantees are only applicable if and when the borrower directly, or indirectly through an agreement with an affiliate, joint venture partner or other third party, voluntarily files a bankruptcy or similar liquidation or reorganization action or takes other actions that are fraudulent or improper (commonly referred to as "bad boy" guarantees). Although we believe that "bad boy" carve out guarantees are not guarantees of payment in the event of foreclosure or other actions of the foreclosing lender that are beyond the borrower's control, some lenders in the real estate industry have recently sought to make claims for payment under such guarantees. In the event such a claim were made against us under a "bad boy" carve out guarantee, following foreclosure on mortgages or related loans, and such claim were successful, our business and financial results could be materially adversely affected.

We could be negatively impacted by changes in our relationship with Fannie Mae or Freddie Mac, changes in the condition of Fannie Mae or Freddie Mac and by changes in government support for multi-family housing.

Fannie Mae and Freddie Mac have been a major source of financing for multi-family real estate in the United States and we have used loan programs sponsored by these agencies to finance most of our acquisitions of multi-family properties. There have been ongoing discussion by the government and other interested parties with regard to the long term structure and viability of Fannie Mae and Freddie Mac, which could result in adjustments to guidelines for their loan products. Should these agencies have their mandates changed or reduced, lose key personnel, be disbanded or reorganized by the government or otherwise discontinue providing liquidity for the multi-family sector, our ability to obtain financing through loan programs sponsored by the agencies could be negatively impacted. In addition, changes in our relationships with Fannie Mae and Freddie Mac, and the lenders that participate in these loan programs, with respect to our existing mortgage financing could impact our ability to obtain comparable financing for new acquisitions or refinancing for our existing multi-family real estate investments. Should our access to financing provided through Fannie Mae and Freddie Mac loan programs be reduced or impaired, it would significantly reduce our access to debt capital and/or increase borrowing costs and could significantly limit our ability to acquire properties on acceptable terms and reduce the values to be realized upon property sales.

The phasing out of LIBOR after 2021 may adversely affect our cash flow and financial results.

At December 31, 2020, we have (i) $37.4 million in principal amount of junior subordinated notes with an interest rate which resets quarterly and is based on three-month LIBOR plus 200 basis points and (ii) $74.0 million of variable rate mortgage debt (including $73.0 million, of which $47.4 million is construction financing, at our unconsolidated joint ventures) which resets monthly and is generally based on one-month LIBOR rate plus a negotiated spread (collectively, the “LIBOR Debt”). Our exposure to fluctuating interest payments on the junior subordinated notes is unhedged and $26.6 million of variable rate mortgage debt is hedged by two interest rate swaps. The swaps effectively fix our interest payments under the related debt. At December 31, 2020, we have two interest swaps (one at a consolidated joint venture and the other at an unconsolidated joint venture) with separate counterparties in aggregate notional amount of $ 26.6 million. The authority regulating LIBOR announced it intends to stop compelling banks to submit rates for the calculation of LIBOR after June 2023 and it is possible that LIBOR will become unavailable at an earlier date. Approximately $37.4 million of the LIBOR Debt matures after 2023. Accordingly, there is uncertainty as to how the interest rate on the LIBOR Debt and the related swaps, if any, will be determined when LIBOR is unavailable. Though the LIBOR Debt and, as applicable, the related swaps, provide for alternative methods of calculating the interest rate if LIBOR is unavailable, such alternative rates may be unavailable (or the alternative rate provide for in the LIBOR Debt may be inconsistent with the alternative rate provided for by the related swap, if any), in which case we may have to negotiate an alternative rate with the counterparties to the LIBOR Debt and, as applicable, the related swaps – we can provide no assurance that we and our counterparties will be able to agree to alternative rates. Even if alternative rates are available, the swaps may not effectively hedge our interest payment obligation under the variable rate mortgage debt and may result in fluctuating interest payments. Our cash flow and financial results may be adversely affected if we are unable to arrange a mutually satisfactory alternative rate to LIBOR for our LIBOR Debt. Further, the absence of LIBOR or a generally acceptable alternative thereto may make it more challenging to hedge our interest rate exposure on variable rate debt that we may incur in the future which in turn may make it more difficult to acquire properties.

We depend on our subsidiaries for cash flow and will be adversely impacted if these subsidiaries are prohibited from distributing cash to us.

We conduct, and intend to conduct, all our business operations through our subsidiaries. Accordingly, our only source of cash to fund our operations and pay our obligations are distributions from our subsidiaries. We cannot assure you that our subsidiaries will be able to, or be permitted to, make distributions to us that will enable us to fund our operations. Each of our subsidiaries is or will be a distinct legal entity and, under certain circumstances, legal and contractual restrictions, limit our ability to obtain cash from such entities. In addition, because we operate through our subsidiaries, your claims as stockholders will be structurally subordinated to all existing and future liabilities and obligations of our subsidiaries. Therefore, in the event of our bankruptcy, liquidation or reorganization, our assets and those of our subsidiaries will be able to satisfy your claims as stockholders only after all our and our subsidiaries' liabilities and obligations have been paid in full.

Regulatory and Tax Risks

Changes to the U.S. federal income tax laws could have an adverse impact on our business and financial results.

At any time, the U.S. federal income tax laws governing REITs or the administrative interpretations of those laws may be amended. We cannot predict when or if any new U.S. federal income tax law, regulation or administrative interpretation, or any amendment to any existing U.S. federal income tax law, regulation or administrative interpretation, will be adopted, promulgated or become effective and any such law, regulation, or interpretation may take effect retroactively. We and our stockholders could be adversely affected by any such change in the U.S. federal income tax laws, regulations or administrative interpretations.

Liabilities relating to environmental matters may impact the value of our properties.

We may be subject to environmental liabilities arising from the ownership of properties. Under various federal, state and local laws, an owner or operator of real property may become liable for the costs of removal of certain hazardous substances released on its property. These laws often impose liability without regard to whether the owner or operator knew of, or was responsible for, the release of such hazardous substances.

The presence of hazardous substances on our properties may adversely affect our ability to finance or sell the property and we may incur substantial remediation costs. The discovery of material environmental liabilities attached to such properties could have a material adverse effect on our results of operations and financial condition.

Compliance or failure to comply with the ADA or other safety regulations and requirements could result in substantial costs.

The ADA generally requires that public buildings, including the public areas at our properties, be made accessible to disabled persons. Non-compliance could result in the imposition of fines by governmental authorities or the award of damages to private litigants. From time-to-time claims may be asserted against us with respect to some of our properties under the ADA. If, under the ADA, we are required to make substantial alterations and capital expenditures in one or more of our properties, it could adversely affect our financial condition and results of operations.

Our properties are subject to various federal, state and local regulatory requirements, such as state and local fire and life safety requirements. If we fail to comply with these requirements, we could incur fines or private damage awards. We do not know whether existing requirements will change or whether compliance with future requirements will require significant unanticipated expenditures that will affect our cash flow and results of operations.

We could be adversely affected if we or any of our subsidiaries are required to register as an investment company under the Investment Company Act of 1940 as amended (the "1940 Act").

We conduct our operations so that neither we, nor any of our subsidiaries is required to register as investment companies under the 1940 Act. If we or any of our subsidiaries is required to register as an investment company but fail to do so, the unregistered entity would be prohibited from engaging in certain business, and criminal and civil actions could be brought against such entity. In addition, the contracts of such entity would be unenforceable unless a court required enforcement, and a court could appoint a receiver to take control of the entity and liquidate its business.

Risks Associated with the Real Estate Industry and REITs.

We face numerous risks associated with the real estate industry that could adversely affect our results of operations through decreased revenues or increased costs.

As a real estate company, we are subject to various changes in real estate conditions, and any negative trends in such real estate conditions may adversely affect our results of operations through decreased revenues or increased costs. These conditions include:

- changes in national, regional and local economic conditions, which may be negatively impacted by concerns about inflation, deflation, government deficits, unemployment rates and decreased consumer confidence particularly in markets in which we have a high concentration of properties;
- increases in interest rates, which could adversely affect our ability to obtain financing or to buy or sell properties on favorable terms or at all;
- the inability of tenants to pay rent;
- the existence and quality of the competition, such as the attractiveness of our properties as compared to our competitors' properties based on considerations such as convenience of location, rental rates, amenities and safety record;
- increased operating costs, including increased real property taxes, maintenance, insurance and utility costs (including increased prices for fossil fuels);

- weather conditions that may increase or decrease energy costs and other weather-related expenses;
- oversupply of apartments or single-family housing or a reduction in demand for real estate in the markets in which our properties are located;
- a favorable interest rate environment that may result in a significant number of residents or potential residents of our multi-family properties deciding to purchase homes instead of renting;
- changes in, or increased costs of compliance with, laws and/or governmental regulations, including those governing usage, zoning, the environment and taxes; and
- rent control or stabilization laws, or other laws regulating rental housing, which could prevent us from raising rents to offset increases in operating costs.

Moreover, other factors may adversely affect our results of operations, including potential liability under environmental and other laws and other unforeseen events, many of which are discussed elsewhere in the following risk factors. Any or all of these factors could materially adversely affect our results of operations through decreased revenues or increased costs.

Compliance with REIT requirements may hinder our ability to maximize profits.

We must continually satisfy tests concerning, among other things, our sources of income, the amounts we distribute to our stockholders and the ownership of our common stock, to qualify as a REIT for Federal income tax purposes. We may also be required to make distributions to stockholders at disadvantageous times or when we do not have funds readily available for distribution. Accordingly, compliance with REIT requirements may hinder our ability to operate solely on the basis of maximizing profits.

To qualify as a REIT, we must also ensure that at the end of each calendar quarter at least 75% of the value of our assets consists of cash, cash items, government securities and qualified REIT real estate assets. The remainder of our investment in securities cannot include more than 10% of the outstanding voting securities of any one issuer or more than 10% of the total value of the outstanding securities of such issuer. In addition, no more than 5% of the value of our assets can consist of the securities of any one issuer, other than a qualified REIT security. If we fail to comply with these requirements, we must dispose of the portion of our assets in excess of such amounts within 30 days after the end of the calendar quarter in order to avoid losing our REIT status and suffering adverse tax consequences. This requirement could cause us to dispose of assets for consideration of less than their true value and could lead to a material adverse impact on our results of operations and financial condition.

Because real estate investments are illiquid, we may not be able to reconfigure our portfolio on a timely basis.

Real estate investments generally cannot be sold quickly. We may not be able to reconfigure our portfolio promptly in response to economic or other conditions. Further, even if we are able to sell properties, we may be unable to reinvest the proceeds of such sales in opportunities that are as favorable as the properties sold. Our inability to reconfigure our portfolio to profitably reinvest the proceeds of property sales promptly could adversely affect our financial condition and results of operations.

We may incur impairment charges in 2021.

We evaluate on a quarterly basis our real estate portfolio for indicators of impairment. Impairment charges reflect management's judgment of the probability and severity of the decline in the value of real estate assets we own. These charges and provisions may be required in the future as a result of factors beyond our control, including, among other things, changes in the economic environment and market conditions affecting the value of real property assets or natural or man-made disasters. In 2020, we incurred a $3.6 million impairment charge related to the proposed sale of our Daytona land parcel. If we are required to take additional impairment charges, our results of operations will be adversely impacted.

If we do not continue to pay cash dividends, the price of our common stock may decline.

REIT's are generally required to distribute annually at least 90% of their ordinary taxable income to maintain our REIT status under the Internal Revenue Code of 1986, as amended, and the rules and regulations promulgated thereunder, which we refer to as the Code. Because we continue to generate operating losses primarily due to the impact of depreciation, we are not currently required, and may not be required in the future, to pay dividends to maintain our REIT status. Accordingly, we cannot assure you that we will pay dividends in the future. If we do not continue to pay cash dividends, the price of our common stock may decline.

Risks Related to BRT's Organization, Structure and Ownership of its Stock

Our transactions with affiliated entities involve conflicts of interest.

Entities affiliated with us and with certain of our executive officers provide services to us and on our behalf. These transactions may not be on terms as favorable as those that we would receive if the transactions were entered into with unaffiliated entities and persons. Among other things, we retain certain executive officers and others to provide the Services. The aggregate fees to be paid for the Services in 2021, and paid in 2020 and 2019, are $1.4 million, $1.4 million and $1.3 million, respectively. We obtain certain executive, administrative, legal, accounting and clerical personnel and the use of certain facilities pursuant to the shared services agreement. During 2020 and 2019, we reimbursed Gould Investors $761,000 and $575,000, respectively, for the personnel and facilities provided pursuant to the shared services agreement. We also obtain certain insurance in conjunction with Gould Investors and reimbursed Gould Investors $39,000 and $40,000, in 2020 and 2019, respectively, for our share of the insurance cost.

Senior management and other key personnel are critical to our business and our future success may depend on our ability to retain them.

We depend on the services of Jeffrey A. Gould, our president and chief executive officer, and other members of senior management to carry out our business and investment strategies. Although Jeffrey A. Gould devotes substantially all of his business time to our affairs, he devotes a limited amount of his business time to entities affiliated with us. In addition to Jeffrey A. Gould, only three other senior executive officers, Mitchell Gould, our executive vice president, Ryan Baltimore, senior vice president-corporate strategy and finance, and George Zweier, vice president and chief financial officer, devote all or substantially all of their business time to us. Many of our executives (i) also provide the Services (see "*Item 1. Business-Human Capital Resources*") and (ii) provide their services on a part-time basis pursuant to the shared services agreement. We rely on part-time executive officers to provide certain services to us, including legal and certain accounting services, since we do not employ full-time executive officers to handle all of these services. If the shared services agreement is terminated or the executives performing Services are unwilling to continue to do so, we will have to obtain such services from other sources or hire employees to perform them. We may not be able to replace these services or hire such employees in a timely manner or on terms, including cost and level of expertise, that are equivalent to or better than those we receive pursuant to the Services and the shared services agreement.

In addition, in the future we may need to attract and retain qualified senior management and other key personnel, both on a full-time and part-time basis. The loss of the services of any of our senior management or other key personnel or our inability to recruit and retain qualified personnel in the future, could impair our ability to carry out our business and our investment strategies.

We do not carry key man life insurance on members of our senior management.

Certain provisions of our Articles of Incorporation, our Bylaws and Maryland law may inhibit a change in control that stockholders consider favorable and could also limit the market price of our common stock

Certain provisions of our Articles of Incorporation (the "Charter"), our Bylaws and Maryland law may impede, or prevent, a third party from acquiring control of us without the approval of our board of directors. These provisions:

- provide for a staggered board of directors consisting of three classes, with one class of directors being elected each year and each class being elected for three-year terms and until their successors are duly elected and qualify;
- impose restrictions on ownership and transfer of our stock (such provisions being intended to, among other purposes, facilitate our compliance with certain requirements under the Internal Revenue Code of 1986, as amended (the "Code"), relating to our qualification as a REIT under the Code);
- prevent our stockholders from amending the Bylaws;
- limit who may call special meetings of stockholders;
- establish advance notice and informational requirements and time limitations on any director nomination or proposal that a stockholder wishes to make at a meeting of stockholders;

- provide that directors may be removed only for cause and only by the vote of at least two-thirds of all votes generally entitled to be cast in the election of directors;

- do not permit cumulative voting in the election of our board of directors, which would otherwise permit holders of less than a majority of outstanding shares to elect one or more directors; and

- authorize our board of directors, without stockholder approval, to amend the Charter to increase or decrease the aggregate number of shares of our stock or the number of shares of stock of any class or series that we have authority to issue and classify or reclassify any unissued shares of common or preferred stock and set the preferences, rights and other terms of the classified or reclassified shares.

Certain provisions of the Maryland General Corporation Law (the "MGCL") may impede a third party from making a proposal to acquire us or inhibit a change of control under circumstances that otherwise could be in the best interest of holders of shares of our common stock, including:

- "business combination" provisions that, subject to certain exceptions and limitations, prohibit certain business combinations between us and an "interested stockholder" (defined generally as any person who beneficially owns 10% or more of the voting power of our outstanding voting stock or an affiliate or associate of BRT who, at any time within the two-year period immediately prior to the date in question, was the beneficial owner of 10% or more of the voting power of our then outstanding voting stock) or an affiliate thereof for five years after the most recent date on which the stockholder becomes an interested stockholder, and thereafter impose two super-majority stockholder voting requirements on these combinations;

- "control share" provisions that provide that, subject to certain exceptions, holders of "control shares" of BRT (defined as voting shares which, when aggregated with other shares controlled by the stockholder, entitle the holder to exercise voting power in the election of directors within one of three increasing ranges) acquired in a "control share acquisition" (defined as the direct or indirect acquisition of ownership or control of issued and outstanding "control shares," subject to certain exceptions) have no voting rights with respect to the control shares except to the extent approved by our stockholders by the affirmative vote of at least two-thirds of all the votes entitled to be cast on the matter, excluding all interested shares; and
- additionally, Title 3, Subtitle 8 of the MGCL permits our board of directors, without stockholder approval and regardless of what is currently provided in the Charter or the Bylaws, to implement certain corporate governance provisions.

We have (1) exempted all business combinations between us and any other person, provided that each such business combination is first approved by our board of directors (including a majority of directors who are not affiliates or associates of such other person), from the Maryland Business Combination Act and (2) opted out of the Maryland Control Share Acquisition Act.

Ownership of less than 6.0% of our outstanding shares or less than 6.0% of the aggregate outstanding shares of all classes and series of our stock could violate the restrictions on ownership and transfer in our Charter, which would result in the transfer of the shares owned or acquired in violation of such restrictions to a trust for the benefit of a charitable beneficiary and loss of the right to receive dividends and other distributions on, and the economic benefit of any appreciation of, such shares, and you may not have sufficient information to determine at any particular time whether an acquisition of our shares will result in the loss of the economic benefit of such shares.

In order for us to qualify as a real estate investment trust under the Code, no more than 50% of the value of the outstanding shares of our stock may be owned, directly or indirectly or through application of certain attribution rules, by five or fewer "individuals" (as defined in the Code) at any time during the last half of a taxable year. To facilitate our qualification as a REIT under the Code, among other purposes, the Charter generally prohibits any person from actually or constructively owning more than 6.0%, in value or number of shares, whichever is more restrictive, of our outstanding shares of common stock, or more than 6.0% in value of the aggregate outstanding shares of all classes and series of our stock, which we refer to as the "ownership limits," unless our board of directors exempts the person from such ownership limit. In addition, the Charter prohibits any person from beneficially or constructively owning shares of our stock that would result in more than 50% of the value of the outstanding shares of our stock to be beneficially owned by five or fewer individuals, regardless of whether such ownership is during the last half of any taxable year, which we refer to as the "Five or Fewer Limit." Shares owned or acquired in violation of either of these restrictions will be transferred automatically to a trust for the benefit of a charitable beneficiary selected by us. The person that owned or acquired our stock in violation of the restrictions in the Charter will not be entitled to any dividends or distributions paid after the date of the transfer to the trust and, upon a sale of such shares by the trust, will generally be entitled to receive only the lesser of the market value on the date of the event that resulted in the transfer to the trust or the net proceeds of the sale by the trust to a person who could own the shares without violating the ownership limits.

Our board of directors has exempted Gould Investors, Fredric H. Gould, Matthew J. Gould and Jeffrey A. Gould from the ownership limits and has not established a limitation on ownership for such persons. Based on information supplied to us, as of December 31, 2020, Gould Investors owns approximately 17.41% of the outstanding shares of common stock and, by virtue of the applicable attribution rules under the Code, one individual currently beneficially owns 22.3% of outstanding shares of common stock. As a result, the acquisition by each of four other individuals of 6.0% of our outstanding common stock, when combined with the ownership of our common stock of Gould Investors, Fredric H. Gould, Matthew J. Gould and Jeffrey A. Gould, generally would not result in a violation of the Five or Fewer Limit.

However, there is no limitation on Gould Investors, Fredric H. Gould, Matthew J. Gould, Jeffrey A. Gould acquiring additional shares of our common stock or otherwise increasing their percentage of ownership of our common stock, meaning that the amount of our stock that other persons or entities may acquire without violating the Five or Fewer Limit could be reduced in the future and without notice. To the extent that Gould Investors, Fredric H. Gould, Matthew J. Gould and Jeffrey A. Gould, or their affiliates, acquire additional shares or our stock, or any other event occurs (including a repurchase of shares of our stock), that results in an individual beneficially or constructively owning 26.0% or more of the outstanding shares of our stock within the meaning of the Charter, the acquisition by four other individuals of 6.0% or less of our outstanding stock would violate the Five or Fewer Limit and, therefore, could cause the stock acquired by one or more of these other individuals to be transferred to the charitable trust, despite their compliance with the 6.0% ownership limits. If any of the foregoing occurs, compliance with the 6.0% ownership limit will not ensure that your ownership of our stock does not cause a violation of the Five or Fewer Limit or that your shares of our stock are not transferred to the charitable trust.

Gould Investors, Fredric H. Gould, Matthew J. Gould and Jeffrey A. Gould will be required by the Exchange Act and regulations promulgated thereunder to report, with certain exceptions, their acquisition of additional shares of our stock within two days of such acquisitions, and all holders of our stock will be required to file reports of their acquisition of beneficial ownership (as defined in the Exchange Act) of more than 5% of our outstanding stock. However, beneficial ownership for purposes of the reporting requirements under the Exchange Act is calculated differently than beneficial ownership for purposes of determining compliance with the Five or Fewer Limit. Further, to the extent that any one or more of Gould Investors, Fredric H. Gould, Matthew J. Gould or Jeffrey A. Gould acquires 30% or more of our outstanding stock, ownership of five percent or less of our outstanding stock could still result in a violation of the Five or Fewer Limit and, therefore, cause newly-acquired stock in our company to be transferred to the charitable trust. As a result, you may not have enough information currently available to you at any time to determine the percentage of ownership of our stock that you can acquire without violating the Five or Fewer Limit and losing the economic benefit of the ownership of such newly-acquired shares.

The stock market is volatile, and fluctuations in our operating results, removal from various indices and other factors could cause our stock price to decline.

The stock market has experienced, and may continue to experience, fluctuations that significantly impact the market prices of securities issued by many companies. Market fluctuations could adversely affect our stock price. These fluctuations have often been unrelated or disproportionate to the operating performance of particular companies. These broad market fluctuations, as well as general economic, systemic, political and market conditions, such as pandemics, recessions, loss of investor confidence, interest rate changes, government shutdowns, or trade wars, may negatively affect the market price of our common stock. Moreover, our operating results may fluctuate and vary from period to period due to the risk factors set forth herein.

Although our common stock is quoted on the New York Stock Exchange, the volume of trades on any given day has been limited historically, as a result of which stockholders might not have been able to sell or purchase our common stock at the volume, price or time desired. In June 2018, our common stock was added to the Russell 3000® Index. In the short term this may have favorably impacted the price, trading volume, and liquidity of our common stock, in part, because holders attempting to track the composition of that index may have been required to buy our common stock, which could cause a material increase in the price at which our common stock trades. If our common stock is removed from the Russell 3000® Index because it does not meet the criteria for continued inclusion in such index, index funds, institutional investors, or other holders attempting to track the composition of that index may be required to sell our common stock, which would adversely impact the price and frequency at which it trades.

A material weakness in our internal control over financial reporting was identified and has not been remediated.

We are required by law to engage in an ongoing review of our disclosure controls and procedures and internal control over financial reporting. In connection with the preparation and filing of our Annual Report on Form 10-K for the year ended December 31, 2019, we identified the material weakness, described below, in the internal controls over financial reporting. A "material weakness" is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis.

We concluded that our internal controls surrounding the supervision and review of management's analyses over the accounting for consolidated entities were ineffective and that we had consolidated the accounts and operations of most of our joint ventures in a manner inconsistent with Accounting Standards Codification 810 (the "Consolidation Standard") . While we have taken action to address this material weakness, we cannot provide any assurance that such measures, or any other measures we take, will be effective, and this material weakness has not been remediated. If we fail to maintain effective internal control over financial reporting, we may not be able to accurately report our financial results, detect or prevent fraud, or file our periodic reports in a timely manner, which may, among other adverse consequences, cause investors to lose confidence in our reported financial information and lead to a decline in our stock price.

General Business Risks

Breaches of information technology systems could materially harm our business and reputation.

We, our joint venture partners and the property managers managing our properties, collect and retain, through information technology systems, financial, personal and other sensitive information provided by third parties, including tenants, vendors and employees. Such persons also rely on information technology systems for the collection and distribution of funds. Our information technology systems have been breached though none of our properties nor tenants have suffered any damages therefrom. There can be no assurance that we, our joint venture partners or property managers will be able to prevent unauthorized access to sensitive information or the unauthorized distribution of funds. Any loss of this information or unauthorized distribution of funds as a result of a breach of information technology systems may result in loss of funds to which we are entitled, legal liability and costs (including damages and penalties), as well as damage to our reputation, that could materially and adversely affect our business and financial performance.

Item 1B. Unresolved Staff Comments.

Not applicable.

Item 2. Properties.

Our executive office is located at 60 Cutter Mill Road, Suite 303, Great Neck, New York. We believe that such facilities are satisfactory for our current and projected needs.

See *"Item 1—Business"* for additional information regarding our properties.

Item 3. Legal Proceedings.

A wholly-owned subsidiary of ours that owns a property in Houston, TX is named as a defendant, along with multiple defendants in an action (Takakura et al. v. Houston Pizza Venture, LP, and Papa John's USA., Inc. et.al., 129th Judicial District, Harris County, Texas, Cause No. 2019-42425), alleging the wrongful death as a result of a homicide of a delivery person at our property. The complaint seeks compensatory damages in an unspecified amount in excess of $1 million and an unspecified amount of exemplary damages. Our primary insurance carrier is defending the claim; we believe we have sufficient primary and umbrella insurance to cover the claim for compensatory damages. Insurance generally does not cover claims for exemplary damages.

Item 4. Mine Safety Disclosures.

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Market Information; Holders

Our shares of common stock are listed on the New York Stock Exchange, or the NYSE, under the symbol "BRT." As of February 26, 2021, there were approximately 797 holders of record of our common stock.

Issuer Purchases of Equity Securities

As of October 1, 2019, our Board of Directors authorized us to repurchase up to $5.0 million of shares of our common stock through September 30, 2021. During the quarter ended December 31, 2020, we did not repurchase any shares of common stock.

Item 6. Selected Financial Data

As we qualify as a smaller reporting company, the information required by this item is not presented.

PART II

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Overview

We are an internally managed real estate investment trust, also known as a REIT, that is focused on the ownership, operation and development of multi-family properties. Generally, these properties are owned by unconsolidated joint ventures in which we contributed 65% to 80% of the equity. At December 31, 2020: (i) eight multi-family properties with an aggregate of 1,880 units and a carrying value of $153.6 million are wholly-owned by us; and (ii) we have ownership interests, through unconsolidated entities, in 31 multi-family properties with an aggregate of 9,162 units, and the carrying value of our net equity investment therein is $169.4 million. These 39 properties are located in 11 states; most of our properties are located in the Southeast United States and Texas.

The Impact of the COVID-19 Pandemic; 2020 and Recent Developments.

In 2020, we focused primarily on responding to the challenges presented by the COVID-19 pandemic: ensuring the health and safety of our residents, employees, and the property managers' employees; working with our residents to facilitate the collectability of rent; maintaining an appropriate balance between rental rates and occupancy levels; and ensuring that we have sufficient liquidity and capital resources to address the challenges presented by the pandemic. The pandemic did not have a direct material adverse effect on our financial condition and results of operations; however, there were indirect negative effects(*e.g.,* we were conservative in implementing our value add program, raising rents and pursuing acquisitions, all of which, if more aggressively pursued, may have allowed us to generate additional income). If current economic conditions worsen or continue for an extended period, there may be significant direct adverse effects, including reductions in our rental revenue and cash flow and difficultly in satisfying our debt service obligations. The impact of the pandemic on our business, financial condition, liquidity, results of operations and prospects will depend on future developments, which are highly uncertain and cannot be predicted with confidence.

During 2020, we:

- acquired, in early February, through an unconsolidated joint venture, an 80% interest in Abbotts Run - Wilmington, North Carolina, a 264 unit multi-family property, for a purchase price of $38.0 million, including assumed mortgage debt of $23.2 million and $17.1 million of equity, of which we contributed $13.7 million;
- sold a $4.0 million loan, which we refer to as the Newark Loan, a legacy asset. The loan was sold for its principal balance plus interest and fees of $325,000;
- took a $3.6 million impairment charge related to our entering into a contract to sell our 8.7 acre vacant land parcel in South Daytona Beach, Florida for $4.7 million. This sale, which is scheduled to be completed in mid - 2021, is subject to certain conditions, including the purchaser's satisfaction with its due diligence review and obtaining certain zoning treatment. We can provide no assurance that this transaction will be completed. We anticipate using the $4.4 million of net proceeds from the sale for general working capital purposes. See note 3 to our consolidated financial statements;
- amended the credit facility to allow for its use for working capital (including dividend payments) and operating expenses and reduced the annual interest rate payable thereon from 5.00% to 4.25%;
- raised approximately $12.1 million of equity in the first quarter from the sale of 694,298 shares of our common stock;
- declared cash dividends of an aggregate of $0.88 per share;
- maintained an average occupancy rate of 92.3%.

On February 2, 2021,we entered into an agreement to sell to our joint venture partner our 80% interest in Anatole Apartments - Daytona Beach, Florida for approximately $7.4 million and anticipate the transaction will close, subject to satisfaction of customary closing conditions, in March or April 2021. We estimate that we will recognize a gain on sale of our partnership interest of $2.0 million from such sale. In 2020, equity in loss from unconsolidated joint ventures from this property was $250,000.

On March 3, 2021, we entered into an agreement to sell Kendall Manor - Houston, Texas to an unrelated third party for approximately $24.5 million and anticipate the transaction will close, subject to satisfaction of certain conditions, in April or May 2021. We estimate that we will recognize a gain on the sale of this property of approximately $7.5 million. In 2020, our rental revenues, operating expenses, interest expense and depreciation associated with this property were $2.9 million, $1.9 million, $675,000 and $848,000, respectively.

Years Ended December 31, 2020 and 2019

The term "same store properties" refers to seven multi-family properties that were owned for all of 2020 and 2019. The term "unconsolidated same store properties" refers to 25 properties that were owned for all of 2020 and 2019, other than the Sola/Bells Properties as they were in lease up.

Revenues

The following table compares our revenues for the years indicated:

(Dollars in thousands):	**2020**	**2019**	**Increase (Decrease)**	**% Change**
Rental and other revenue from real estate properties	$ 27,451	$ 27,009	$ 442	1.6 %
Other income	651	752	(101)	(13.4)%
Total revenues	$ 28,102	$ 27,761	$ 341	1.2 %

Rental and other revenue from real estate properties. The components of the increase include:

- $1.8 million due to the inclusion, for all of 2020, of the revenues from a multi-family property at which we bought out the interest of our joint venture partner in 2019 and which is now wholly owned by us (the "2019 Consolidating Acquisition") - prior thereto, this property was owned by an unconsolidated joint venture; and
- $929,000 from same store properties, of which approximately $805,000 is due to higher rental rates and the balance is due to the increase in other rental revenues and slightly higher occupancy.

The increase was offset by the inclusion, in 2019, of $2.3 million of rental and other revenue from two multi-family properties that were sold in 2019 (the "2019 Sold Properties").

Other income. The decrease is due to reduced interest income resulting from the sale of the Newark Loan on September 30, 2020.

Expenses

The following table compares our expenses for the periods indicated:

(Dollars in thousands)	**2020**	**2019**	**Increase (Decrease)**	**% Change**
Real estate operating expenses	$ 12,377	$ 12,332	$ 45	0.4 %
Interest expense	7,100	7,796	(696)	(8.9)%
General and administrative	11,701	10,091	1,610	16.0 %
Impairment charge	3,642	—	3,642	N/A
Depreciation	6,742	5,916	826	14.0 %
Total expenses	$ 41,562	$ 36,135	$ 5,427	15.0 %

Real estate operating expenses. The components of the increase include:

- $932,000 from the inclusion, for all of 2020, of the expenses from the property acquired in the 2019 Consolidating Acquisition; and
- $609,000 from same store properties, due primarily to increased real estate taxes at our Houston TX property, increased insurance premiums upon renewals and general increases in utilities and repairs and maintenance.

The increase was offset by the inclusion in 2019 of $1.5 million of expenses related to 2019 Sold Properties.

Interest expense. The change is due to:

- a $592,000 decrease due to the 158 basis point decrease in the average interest rate on our floating rate junior subordinated debt resulting from the decline in the three-month LIBOR rate; and
- a $477,000 decrease due to the inclusion, in 2019, of interest expense related to the 2019 Sold Properties.

Offsetting the decrease was a $586,000 increase due to the inclusion, for all of 2020, of the interest expense on the mortgage of the 2019 Consolidating Acquisition.

General and administrative expense.

The increase is due to:

- an $868,000 increase in professional fees and expenses, of which $712,000 was incurred in connection with the Restatement;
- a $431,000, increase in compensation costs, including a $332,000 increase in non-cash compensation expense related to the amortization of expense related to restricted stock awards (primarily related to the increase in the number, and higher fair value, of the shares granted in 2020 in comparison to the awards granted in 2015); and
- increased costs of $170,000 from our shared services agreement due primarily to the increased time spent by our part-time executives addressing the Restatement and the corresponding allocation to us of such related additional costs.

Impairment charge

We recognized this impairment in connection with our proposed sale of a vacant land parcel in Daytona, Florida. *See "-The Impact of the COVID-19 Pandemic; 2020 and Recent Developments".*

Depreciation.

The increase is due to:

- a $626,000 increase from the inclusion, for all of 2020, of such expense from the 2019 Consolidated Acquisition; and
- a $457,000 non-cash adjustment to record additional depreciation. In connection with the Restatement, we increased the asset values on three properties at which we previously bought out our partners' interests which necessitated an increase in depreciation at such properties

The increase was offset by a $248,000 decrease due to the sale of the 2019 Sold Properties.

Other revenue and expense items

Equity in (loss) earnings of unconsolidated joint ventures.

The table below reflects the condensed income statements of our Unconsolidated Properties included in note 7 of our consolidated financial statements. In accordance with US generally accepted accounting principles, each of the line items in the chart below is presented as if these properties are wholly owned by us though, as reflected under " *Item 1. Business - Our Multi -Family Properties*", our equity interests in these properties range from 32% to 90% (dollars in thousands):

	Year Ended December 31, 2020	2019	Increase (Decrease)	% change
Rental revenues from unconsolidated joint ventures	$ 127,058	$ 118,177	$ 8,881	7.5 %
Real estate operating expense from unconsolidated joint ventures	60,326	56,684	3,642	6.4 %
Interest expense from unconsolidated joint ventures	34,918	35,023	(105)	(0.3)%
Depreciation from unconsolidated joint ventures	41,657	39,218	2,439	6.2 %
Total expenses from unconsolidated joint ventures	136,901	130,925	5,976	4.6 %
Total revenues less total expenses from unconsolidated joint ventures	(9,843)	(12,748)	2,905	(22.8)%
Other equity in earnings from unconsolidated joint ventures	117	177	(60)	(33.9)%
Gain on sale of real estate from unconsolidated joint ventures	—	16,899	(16,899)	(100.0)%
Gain on insurance proceeds from unconsolidated joint ventures	765	787	(22)	(2.8)%
Loss on extinguishment of debt from unconsolidated joint ventures	—	(2,018)	2,018	N/A
Net (loss) income	$ (8,961)	$ 3,097	$ (12,058)	
Equity in (loss) earnings of unconsolidated joint ventures	$ (6,024)	$ 1,106		

Set forth below is an explanation of the most significant changes in the components of the income and expense of our unconsolidated joint ventures.

Rental revenue from unconsolidated joint ventures

The increase is due primarily to:

- $5.2 million from the Sola/Bells Properties due primarily to increased occupancy and to a lesser extent, higher rental rates at such properties,
- $4.2 million due to the inclusion, for all of 2020, of revenues from three properties that were only owned for a portion of 2019 (the "2019 Unconsolidated Acquisitions"),
- $2.8 million due to the inclusion of revenue from a multi-family property purchased in 2020 (the "2020 Unconsolidated Acquisition"), and
- $2.5 million from unconsolidated same store properties primarily due to an increase in average rental rates and to a lesser extent increases in other variable payments (*e.g.,* utility reimbursements, late fees, etc.).

Offsetting the increase is the inclusion, in 2019, of $3.7 million from our Indianapolis IN. property, which was sold in December 2019 (the "2019 Unconsolidated Sold Property") and $2.1 from the 2019 Consolidating Acquisition.

Real estate operating expenses from unconsolidated joint ventures

The increase is due to:

- $2.3 million from unconsolidated same store properties, primarily due to,
  - an increase of $1.4 million in real estate tax expense, of which approximately (i) $330,000 is due to the inclusion, in 2019, of refunds and tax reductions received on a property from multi - year tax challenges and (ii) the balance is due generally to increased assessed values, and
  - $629,000 of increased insurance expense due to increased premiums,
- $1.9 million due to the inclusion, for all of 2020, of expenses from the 2019 Unconsolidated Acquisitions that were only owned for a portion of 2019,
- $1.5 million primarily from the Sola property due to increased operating expenses as occupancy has increased throughout 2020 and increased real estate taxes as the property was fully assessed in 2020, and
- $1.1 million due to the inclusion of expenses from the 2020 Unconsolidated Acquisition.

Offsetting the increase is the inclusion, in 2019, of $2.2 million from the 2019 Unconsolidated Sold Property and $1.1 million from the 2019 Consolidating acquisition.

Interest expense from unconsolidated joint ventures

The decrease is due primarily to:

- a $727,000 reduction in such expense at unconsolidated same store properties due to the inclusion, for all of 2020, of the benefits of three mortgage re-financings that occurred in 2019,
- the inclusion, in 2019, of $662,000 of such expense from the 2019 Unconsolidated Sold Property, and
- the inclusion, in 2019, of $592,000 of such expense for the 2019 Consolidating Acquisition.

The decrease was offset by (i) the inclusion for all of 2020 of $1.0 million of the interest expense of the 2019 Unconsolidated Acquisitions that were only owned for a portion of 2019 and (ii) $834,000 from the 2020 Unconsolidated Acquisition.

Depreciation from unconsolidated joint ventures

The increase is due primarily to:

- $2.0 million from the Sola/Bells Properties which in 2019 were not being fully depreciated because they had not been fully completed,
- $1.7 million from the inclusion of such expense from the 2020 Unconsolidated Acquisition, and
- $720,000 from the inclusion, for all of 2020, of such expense from the 2019 Unconsolidated Acquisitions that were only owned for a portion of 2019.

Offsetting the increase is (i) $819,000 from unconsolidated same store properties due to a lower level of depreciation as lease intangibles at several properties have been fully depreciated and (ii) the inclusion, in 2019, of $610,000 from the property acquired in the 2019 Consolidating Acquisition and $566,000 from the 2019 Unconsolidated Sold Property.

Gain on sale of real estate from unconsolidated joint ventures. In 2019, a joint venture sold a property in Indianapolis, IN and recognized a gain of $16.9 million on the sale. There was no comparable gain in 2020.

Loss on extinguishment of debt. In 2019, a joint venture incurred a swap termination fee in connection with the refinancing of a variable rate mortgage to a fixed rate mortgage. There was no comparable expense in 2020.

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

In view of our multi-family property activities, we disclose funds from operations ("FFO") ,adjusted funds from operations ("AFFO") and net operating income ("NOI") because we believe that such metrics are a widely recognized and appropriate measure of the performance of a multi-family REIT.

We compute FFO in accordance with the "White Paper on Funds From Operations" issued by the National Association of Real Estate Investment Trusts ("NAREIT") and NAREIT's related guidance. FFO is defined in the White Paper as net income (calculated in accordance with GAAP), excluding depreciation and amortization related to real estate, gains and losses from the sale of certain real estate assets, gains and losses from change in control, impairment write-downs of certain real estate assets and investments in entities where the impairment is directly attributable to decreases in the value of depreciable real estate held by the entity. Adjustments for unconsolidated partnerships and joint ventures are calculated to reflect funds from operations on the same basis. In computing FFO, we do not add back to net income the amortization of costs in connection with our financing activities or depreciation of non-real estate assets.

We compute AFFO by adjusting FFO for loss on extinguishment of debt, our straight-line rent accruals, restricted stock and RSU compensation expense, gain on insurance recovery, and deferred mortgage and debt costs (including our share of our unconsolidated joint ventures). Since the NAREIT White Paper does not provide guidelines for computing AFFO, the computation of AFFO may vary from one REIT to another.

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

FFO and AFFO do not represent net income or cash flows from operations as defined by GAAP. FFO and AFFO should not be considered to be an alternative to net income as a reliable measure of our operating performance; nor should FFO and AFFO be considered an alternative to cash flows from operating, investing or financing activities (as defined by GAAP) as measures of liquidity.

FFO and AFFO do not measure whether cash flow is sufficient to fund all of our cash needs, including principal amortization and capital improvements. FFO and AFFO do not represent cash flows from operating, investing or financing activities as defined by GAAP.

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

The table below provides a reconciliation of net (loss) income determined in accordance with GAAP to FFO and AFFO for each of the indicated years (amounts in thousands):

	2020	2019
Net (loss)income attributable to common stockholders	$ (19,862)	$ 856
Add: depreciation of properties	6,742	5,916
Add: impairment charge	3,642	—
Add: our share of depreciation from unconsolidated joint venture properties	26,493	24,935
Deduct: our share of earnings from sale of unconsolidated joint venture properties	—	(9,932)
Deduct: gain on sales of real estate	—	(10,618)
Adjustment for non-controlling interests	(16)	853
Funds from operations	16,999	12,010
Adjust for: straight-line rent accruals	(40)	(40)
Add: loss on extinguishment of debt	—	1,387
Add: our share of loss on extinguishment of debt from unconsolidated joint venture properties	—	1,236
Add: amortization of restricted stock and RSU expense	1,821	1,492
Add: amortization of deferred mortgage and debt costs	320	311
Add: our share of deferred mortgage costs from unconsolidated joint venture properties	626	980
Less: our share of gain on insurance proceeds from unconsolidated joint venture properties	(519)	(630)
Adjustment for non-controlling interests	6	(119)
Adjusted funds from operations	$ 19,213	$ 16,627

The table below provides a reconciliation of net (loss) income per common share (on a diluted basis) determined in accordance with GAAP to FFO and AFFO.

	2020	2019
Net (loss) income attributable to common stockholders	$ (1.16)	$ 0.05
Add: depreciation of properties	0.39	0.37
Add: impairment charge	0.21	—
Add: our share of depreciation from unconsolidated joint venture properties	1.55	1.54
Deduct: our share of earnings from sale of unconsolidated joint venture properties	—	(0.61)
Deduct: gain on sales of real estate	—	(0.66)
Adjustment for non-controlling interests	—	0.05
Funds from operations	0.99	0.74
Adjustment for: straight-line rent accruals	—	—
Add: loss on extinguishment of debt	—	0.09
Add: our share of loss on extinguishment of debt from unconsolidated joint ventures	—	0.08
Add: amortization of restricted stock and RSU expense	0.10	0.09
Add: amortization of deferred mortgage and debt costs	0.02	0.02
Add: our share of amortization of deferred mortgage and debt costs from unconsolidated ventures	0.04	0.06
Deduct: our share of gain on insurance recovery from unconsolidated joint ventures	(0.03)	(0.04)
Adjustment for non-controlling interests	—	(0.01)
Adjusted funds from operations	$ 1.12	$ 1.03

FFO increased in 2020 from 2019 due primarily to a decline in prepayment charges and reduced interest expense due to re-financings and lower interest costs on our junior subordinated debt, improved operating margins at our wholly owned and unconsolidated joint venture properties. The increase was offset by an increase in professional fees related to the Restatement and to a lesser extent, an increase in restricted stock expense.

AFFO increased in 2020 from 2019 due primarily to improved operating margins and reduced interest expense due to re-financings and lower interest costs on our junior subordinated debt. The increase was offset by the increase in professional fees related to the Restatement.

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

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

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

	For the year ended December 31,	
	2020	2019
GAAP Net (loss) income attributable to common stockholders	$ (19,862)	$ 856
Less: Other Income	(651)	(752)
Add: Interest expense	7,100	7,796
General and administrative	11,701	10,091
Depreciation	6,742	5,916
Impairment charge	3,642	—
Provision for taxes	248	270
Less: Gain on sale of real estate	—	(10,618)
Add: Loss on extinguishment of debt	—	1,387
Equity in loss of unconsolidated joint venture properties	6,024	8,826
Less: Equity in earnings from sale of unconsolidated joint venture properties	—	(9,932)
Add: Net income attributable to non-controlling interests	130	837
Net Operating Income	$ 15,074	$ 14,677
Less: Non same store and non multi family (1)		
Revenues	(3,982)	(4,469)
Operating Expenses	1,800	2,364
Same Store Net Operating Income	$ 12,892	$ 12,572

(1) Prior year amounts have been adjusted to reflect the current year composition to reflect only those properties that were same store for both the current and the prior year.

NOI increased $397,000, primarily due to $907,000 from the 2019 Consolidating Acquisition and an increase in Same Store NOI of $320,000 offset by a $784,000 decrease due to the sale of the 2019 Sold Properties. The Same Store NOI increase is primarily due to a $929,000 increase in rental revenue from increased rental rates and, to a lesser extent, higher occupancy rates, offset by a $609,000 increase in operating expenses. *See " - Years Ended December 31, 2020 and 2019"*

Disclosure of Contractual Obligations

The following table sets forth as of December 31, 2020 our known contractual obligations:

	Payment Due by Period				
(Dollars in thousands)	**Less than 1 Year**	**1 - 3 Years**	**3 - 5 Years**	**More than 5 Years**	**Total**
Long-Term Debt Obligations (1)	$ 62,226	$ 251,711	$ 113,310	$ 839,212	$1,266,459
Operating Lease Obligations	252	438	463	3,583	4,736
Purchase Obligations (2)(3)	7,630	15,260	15,260	—	38,150
Total	$ 70,108	$ 267,409	$ 129,033	$ 842,795	$1,309,345

(1) Reflects payments of principal (including amortization payments) and interest and excludes deferred costs. Includes all of the debt of unconsolidated joint ventures, regardless of the non-controlling interests therein. See the following table for information regarding same. Assumes that the interest rate on the junior subordinated notes will be 2.21% per annum which was the rate in effect at December 31, 2020.

(2) Assumes that $1.0 million will be paid annually for the next five years pursuant to the shared services agreement and $1.4 million will be paid annually through December 31, 2025 for the Services. See "Item 1. Business—Our Structure."

(3) Assumes that approximately $5.2 million of property management fees will be paid annually to the property managers of our multi-family properties, including $4.3 million related to unconsolidated joint ventures. Such sum reflects the amount we anticipate paying in 2021 on the multi-family properties we own at December 31, 2020. These fees are typically charges based on a percentage of rental revenues from a property. No amount has been reflected as payable pursuant thereto after five years as such amount is not determinable.

The following table sets forth as of December 31, 2020 information regarding the components of our long-term debt obligations:

	Payment due by Period				
(Dollars in thousands)	**Less than 1 Year**	**1 - 3 Years**	**3 - 5 Years**	**More than 5 Years**	**Total**
Mortgages on consolidated properties (1)	$ 22,466	$ 69,127	$ 21,736	$ 36,017	$ 149,346
Mortgages on unconsolidated properties (1)(2)	38,933	180,931	89,921	757,254	1,067,039
Junior subordinated notes (3)	827	1,653	1,653	45,941	50,074
Total	$ 62,226	$251,711	$ 113,310	$ 839,212	$ 1,266,459

(1) Includes payments of principal (including amortization payments), and interest and excludes deferred costs.
(2) Includes all of the debt of unconsolidated joint ventures, regardless of the non-controlling interests therein.
(3) Assumes that the interest rate on the junior subordinated notes will be 2.21% per annum.

Liquidity and Capital Resources

We require funds to pay operating expenses and debt service obligations, acquire properties, make capital improvements, fund capital contributions, pay dividends and to the extent we deem appropriate, repurchase shares pursuant to our share buy back program . In 2020, our primary sources of capital and liquidity were the operations of our multi-family properties (including distributions of $15.3 million from our unconsolidated joint ventures, $12.1 million from the sale of our common stock through our at-the-market equity offering program, borrowings from our $10 million credit facility and our available cash (including restricted cash). At December 31, 2020 and February 28, 2021, our available cash and cash equivalents is approximately $28.7 million and $26.1 million, respectively, excluding any funds held at our unconsolidated joint ventures.

We anticipate that through 2023, our operating expenses, $134.5 million of mortgage amortization and interest expense and $177.0 million of balloon payments (including $117.5 million and $102.4 million, respectively, from unconsolidated joint ventures) due with respect to mortgages maturing from 2021 to 2023, estimated cash dividend payments of at least $45.4 million (assuming (i) the current quarterly dividend rate of $0.22 per share and (ii) 17.2 million shares outstanding) and share repurchases, if any, pursuant to our share buy back program, will be funded from cash generated from operations (including distributions from unconsolidated joint ventures), mortgage refinancing, sales of properties, the issuance of additional equity and, if available as noted below, our credit facility. Our operating cash flow and available cash is insufficient to fully fund the $177.0 million of balloon payments, and if we are unable to refinance such debt on acceptable terms, we may need to issue additional equity or dispose of properties, in each case on potentially unfavorable terms.

We are negotiating an extension to our $10 million credit facility as the facility matures April 18, 2021. If this facility is not renewed, it will be more difficult to address our working capital needs and complete acquisitions, which would adversely affect us.

Capital improvements at (i) 18 multi-family properties will be funded by approximately $8.8 million of restricted cash available at December 31, 2020 and (ii) other properties will be funded from the operations of such properties.

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

Corporate Level Financing Arrangements

Junior Subordinated Notes

As of December 31, 2020 $37.4 million (excluding deferred costs of $317,000) in principal amount of our junior subordinated notes is outstanding. These notes mature in April 2036, contain limited covenants (including covenants prohibiting us from paying dividends or repurchasing capital stock if there is an event of default (as defined therein) on these notes), are redeemable at our option and bear an interest rate, which resets and is payable quarterly, of three-month LIBOR plus 200 basis points. At December 31, 2020 and 2019, the interest rate on these notes was 2.21% and 3.94%, respectively.

Credit Facility

Our credit facility with VNB New York, LLC, an affiliate of Valley National Bank (collectively, "VNB"), as amended and modified, allows us to borrow, subject to compliance with borrowing base requirements and other conditions, up to $10 million. The facility is available for the (i) acquisition of, and investment in, multi-family properties, and (ii) working capital (including dividend payments) and operating expenses, is secured by certain cash accounts maintained by us at VNB, matures April 18, 2021 and bears an annual interest rate, which resets daily, of 50 basis points over the prime rate, with a floor of 4.25%. At December 31, 2020, the annual interest rate on the facility was 4.25%. There is an unused facility fee of 0.25% per annum on the difference between the outstanding loan balance and maximum amount then available under the facility. We are required to maintain substantially all our bank accounts at VNB.

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

Off Balance Sheet Arrangements

Though we are not a party to any off-balance sheet arrangements (as such term is defined in Item 303(a)(4) of Regulation S-K), the following information may be of interest to investors. We are joint venture partners in approximately 29 unconsolidated joint ventures which own multi-family properties. The distributions from the properties owned by these joint ventures ($15.3 million in 2020) are a material source of our liquidity and cash flow. Further, we may be required to make significant capital contributions with respect to these properties. At December 31, 2020, these joint venture properties have a net equity carrying value of $169.5 million and are subject to mortgage debt, which is not reflected on our consolidated balance sheet, of $835.2 million. Although BRT Apartments Corp. is not the obligor with respect to such mortgage debt, the loss of any of these properties due to mortgage foreclosure or similar proceedings would have a material adverse effect on our results of operations and financial condition. These joint venture arrangements have been, and we anticipate that they will continue to be, material to our liquidity and capital resource position. See note 7 to our consolidated financial statements.

Significant Accounting Estimates and Critical Accounting Policies

Our significant accounting policies are more fully described in note 1 to our consolidated financial statements. The preparation of financial statements and related disclosure in conformity with accounting principles generally accepted in the United States requires management to make certain judgments and estimates that affect the amounts reported in the consolidated financial statements and accompanying notes. Certain of our accounting policies are particularly important to understand our financial position and results of operations and require the application of significant judgments and estimates by our management; as a result they are subject to a degree of uncertainty. These significant accounting policies include the following:

Equity method investments

We report our investments in unconsolidated entities, over whose operating and financial policies we have the ability to exercise significant influence but not control, under the equity method of accounting. Under this method of accounting, our pro rata share of the applicable entity's earnings or losses is included in our consolidated statements of operations. We initially record our investments based on either the carrying value for properties contributed or the cash invested.

We evaluate our equity-method investments for impairment whenever events or changes in circumstances indicate that the carrying value of our investments may exceed the fair value. If it is determined that a decline in the fair value of our investments is not temporary, and if such reduced fair value is below its carrying value, an impairment is recorded. Determining fair value involves significant judgment. Our estimates consider available evidence including the present value of the expected future cash flows discounted at market rates, general economic conditions and other relevant factors. We did not record any impairments related to our equity-method investments for the years ended December 31, 2020 and 2019.

Carrying Value of Real Estate Portfolio

We conduct a quarterly review of each real estate asset owned by us and through our joint ventures. This review is conducted in order to determine if indicators of impairment are present on the real estate.

In reviewing the value of the real estate assets owned, whether by us or our joint ventures, if there is an indicator of impairment and the carrying value of the real estate asset is determined to be unrecoverable, we seek to arrive at the fair value of each real estate asset by using one or more valuation techniques, such as comparable sales, discounted cash flow analysis or replacement cost analysis. A real estate asset is considered to be unrecoverable when an analysis suggests that the undiscounted cash flows to be generated by the property will be insufficient to recover our investment. Any impairment taken with respect to our real estate assets reduces our net income, assets and stockholders' equity to the extent of the amount of the allowance, but it will not affect our cash flow until such time as the property is sold.

Revenue Recognition

Rental revenue from residential properties is recorded when due from residents and is recognized monthly as it is earned. Rental payments are due in advance. Leases on residential properties are generally for terms that do not exceed one year.

Rental revenue from commercial properties, including the base rent that each tenant is required to pay in accordance with the terms of their respective leases, net of any rent concessions and lease incentives, is reported on a straight-line basis over the non-cancellable term of the lease.

Purchase Price Allocations

We allocate the purchase price of properties, including acquisition costs and assumed debt, when appropriate, to the tangible and identified intangible assets and liabilities acquired based on their relative fair values. In making estimates of fair values for purposes of allocating purchase price, we use a number of sources, including independent appraisals that may be obtained in connection with the acquisition or financing of the respective property, our own analysis of recently acquired and existing comparable properties in our portfolio and other market data. We also consider information obtained about each property as a result of its pre-acquisition due diligence, marketing and leasing activities in estimating the fair value of the tangible and intangible assets acquired.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

Our junior subordinated notes bear interest at the rate of three-month LIBOR plus 200 basis points. A 100 basis point increase in the rate would result in an increase in interest expense in 2021 of $374,000 and a 100 basis point decrease in the rate would result in a $82,000 decrease in interest expense in 2021.

As of December 31, 2020, we had one interest rate swap. The fair value of the interest rate swap is dependent upon existing market interest rates and swap spreads, which change over time. At December 31, 2020, if there had been an increase of 100 basis points in forward interest rates, the fair market value of the interest rate swap would have increased by $11,000. If there had been a decrease of 100 basis points in forward interest rates, the fair market value of the interest rate swap would decrease by $11,000. These changes would not have any material impact on our net income or cash.

Item 8. Financial Statements and Supplementary Data.

The information required by this item appears in a separate section of this Report following Part IV.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

Not applicable.

Item 9A. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

A review and evaluation was performed by our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act as of the end of the period covered by this Annual Report on Form 10-K. Based on that review and evaluation, our CEO and CFO have concluded that our disclosure controls and procedures, as designed and implemented as of December 31, 2020, were not effective due to the material weakness in our internal control over financial reporting described in *"Management's Report on Internal Control Over Financial Reporting*".

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is defined in Rules 13a-15(f) and 15d-15(f) promulgated under the Exchange Act as a process designed by, or under the supervision of, a company's principal executive and principal financial officers and effected by a company's board, management and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP and includes those policies and procedures that:

- pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of a company;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that receipts and expenditures of a company are being made only in accordance with authorizations of management and the board of directors of a company; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of a company's assets that could have a material effect on the financial transactions.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risks that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, assessed the effectiveness of our internal control over financial reporting as of December 31, 2020. In making this assessment, our management used criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control-Integrated Framework (2013).

Based on its assessment, it was concluded that, as of December 31, 2020, our internal control over financial reporting was not effective based on these criteria. In connection with the preparation of our audited consolidated financial statements for the year ended December 31, 2019, a material weakness in our internal control over financial reporting was identified. A "material weakness" is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis.

In connection with the preparation and filing of our Annual Report on Form 10-K for the year ended December 31, 2019, we concluded that our internal controls surrounding the supervision and review of management's analyses over the accounting for consolidated entities were ineffective and that we had consolidated the accounts and operations of many of our joint ventures into our consolidated financial statements in a manner inconsistent with the requirements of the Consolidation Standard.

Although we have taken action to remediate the material weakness, we can only evaluate the effectiveness of such actions when we acquire a property and properly apply the Consolidation Standard to such acquisition. As we have not completed an acquisition since we reported the material weakness in April 2020, we are unable to (i) test the remedial action we have taken and (ii) conclude that our internal controls are effective.

Changes in Internal Controls over Financial Reporting

There have been no changes in our internal controls over financial reporting, as defined in in Rules 13a-15(f) and 15d-15(f) promulgated under the Exchange Act, that occurred during the three months ended December 31, 2020 that materially affected, or is reasonably likely to materially affect, our internal controls over financial reporting.

Item 9B. Other Information.

During the quarter ended December 31, 2020, the Board approved the payment of the following fees to the following related parties for the performance of Services in 2021: Israel Rosenzweig, $60,800; Fredric H. Gould, $210,000; Matthew J. Gould, $243,100; David W. Kalish, $231,524; Mark H. Lundy, $110,250; Isaac Kalish, $273,525; and Steven Rosenzweig, $268,700.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

Apart from certain information concerning our executive officers which is set forth in Part I of this report, the other information required by Item 10 will be incorporated herein by reference to the applicable information to be in the proxy statement to be filed by April 30, 2021 for our 2021 Annual Meeting of Stockholders.

Item 11. Executive Compensation.

The information concerning our executive compensation required by Item 11 is incorporated herein by reference to the proxy statement to be filed by April 30, 2021 with respect to our 2021 Annual Meeting of Stockholders.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

Except as set forth below, the information required by Item 12 is incorporated herein by reference to the proxy statement to be filed by April 30, 2021 with respect to our 2021 Annual Meeting of Stockholders.

Equity Compensation Plan Information

As of December 31, 2020, the only equity compensation plan under which equity compensation may be awarded is our 2020 Incentive Plan, which was approved by our stockholders in June 2020. This plan permits us to grant stock options, restricted stock, restricted stock units ("RSUs"), dividend equivalent rights and performance based awards to our employees, officers, directors, consultants and other eligible participants. The table below provides information as of December 31, 2020 with respect to our shares of common stock that may be issued upon exercise of outstanding options, warrants and rights. (See note 10 of our consolidated financial statements for further information about our equity compensation plans).

	Number of securities to be issued upon exercise (or vesting) of outstanding options, restricted stock units, warrants and rights (a)		Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available-for future issuance under equity compensation plans —excluding securities reflected in column (a) (c)	
Equity compensation plans approved by security holders	450,000	(1)	—	1,000,000	(2)
Equity compensation plans not approved by security holders	—		—	—	
Total	450,000		—	1,000,000	

1. Represents 450,000 shares of common stock underlying RSUs granted pursuant to our 2016 Amended and Restated Incentive Plan (the "2016 Plan"). Such units vest in 2021 subject to the satisfaction of time, market and performance based vesting conditions. There is no exercise price associated with such units. No further awards may be granted under the 2016 Plan.

2. Represents the number of shares of common stock available for issuance pursuant to our 2020 Incentive Plan. Does not give effect to 156,724 shares of restricted stock granted January 8, 2021 pursuant to the 2020 Incentive Plan.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

The information concerning relationships and certain transactions required by Item 13 is incorporated herein by reference to the proxy statement to be filed by April 30, 2021 with respect to our 2021 Annual Meeting of Stockholders.

Item 14. Principal Accounting Fees and Services.

The information concerning our principal accounting fees required by Item 14 is incorporated herein by reference to the proxy statement to be filed by April 30, 2021 with respect to our 2021 Annual Meeting of Stockholders.

PART IV

Item 15. Exhibits, Financial Statement Schedules.

(a)

1. All Financial Statements.

The response is submitted in a separate section of this report following Part IV.

2. Financial Statement Schedules.

The response is submitted in a separate section of this report following Part IV.

3. Exhibits:

In reviewing the agreements included as exhibits to this Annual Report on Form10-K, please remember they are included to provide you with information regarding their terms and are not intended to provide any other factual or disclosure information about us or the other parties to the agreements. Certain agreements contain representations and warranties by each of the parties to the applicable agreement. These representations and warranties have been made solely for the benefit of the other parties to the applicable agreement and:

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

Exhibit No.		Title of Exhibits
1.1		Form of Equity Distribution Agreement (incorporated by reference to Exhibit 1.1 to our Current Report on Form 8-K on November 26, 2019).
2.1		Plan of Conversion dated December 8, 2016 (incorporated by reference to Annex B of Amendment No. 1 to our Registration Statement on Form S-4 filed January 12, 2017 (the "S-4 Registration") (Reg. No. 333-215221).
3.1		Articles of Incorporation of the Registrant (incorporated by reference to Exhibit 3.1 to our Current Report on Form 8-K filed March 20, 2017).
3.2		By-laws of the Registrant (incorporated by reference to Exhibit 3.2 to our Current Report on Form 8-K filed March 20, 2017).
4.1		Junior Subordinated Supplemental Indenture, dated as of March 15, 2011, between us and the Bank of New York Mellon (incorporated by reference to Exhibit 4.1 to our Form 8-K filed March 18, 2011).
4.2		Description of Registrant's Securities Registered Pursuant to Section 12 of the Exchange Act.
10.1	*	Shared Services Agreement, dated as of January 1, 2002, by and among Gould Investors L.P., us, One Liberty Properties, Inc., Majestic Property Management Corp., Majestic Property Affiliates, Inc. and REIT Management Corp. (incorporated by reference to Exhibit 10.2 to our Form 10-K filed December 11, 2008).
10.2	*	Form of Indemnification Agreement between the Registrant on the one hand, and its executive officers and directors, on the other hand (incorporated by reference to Exhibit 10.5 to our Annual Report of Form 10-K filed December 14, 2017).
10.3	*	Form of Restricted Shares Agreement for the 2012 Incentive Plan (incorporated by reference to Exhibit 10.1 to our Form 10-Q for the period ended December 31, 2013).
10.4	*	2012 Incentive Plan (incorporated by reference to exhibit 99.1 to our Registration Statement on Form S-8 filed on June 11, 2012 (File No. 333-182044)).
10.5	*	Amended and Restated 2016 Incentive Plan (incorporated by reference to Exhibit 10.1 to our Quarterly Report on Form 10-Q for the period ended March 31, 2016)
10.6		Membership Interest Purchase Agreement dated as of February 23, 2016 entered into between TRB Newark Assemblage, LLC ("TRB") and TRB Newark TRS, LLC ("TRB REIT" and together with TRB, collectively, the "Seller") and RBH Partners III, LLC, and joined by RBH-TRB Newark Holdings, LLC and GS-RBH Newark Holdings, LLC (incorporated by reference to exhibit 10.2 to our Quarterly Report on Form 10-Q for the period ended March 31, 2016).
10.7	*	Form of Performance Awards Agreement (incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed on June 10, 2016).
10.8	*	Form of Restricted Shares Agreement for the Amended and Restated 2016 Incentive Plan (incorporated by reference to Exhibit 10.40 to our Registration Statement on Form S-4/A filed with the SEC on January 12, 2017 (File No 333-215221)).
10.9	*	2018 Incentive Plan (incorporated by reference to exhibit 10.1 to our Current Report on Form 8-K filed on March 13, 2018).

Exhibit No.		Title of Exhibits
10.10	*	Form of Restricted Shares Agreement for the 2018 Incentive Plan (incorporated by reference Exhibit 10.10 to our Annual Report on Form 10-K filed December 10, 2018).
10.11		Loan Agreement (the "Loan Agreement") among us and VNB New York, LLC, dated April 18, 2019 (incorporated by reference to Exhibit 10.1 to our Quarterly Report on Form 10-Q filed May 9, 2019).
10.12		Amendment to the Loan Agreement (incorporated by reference to Exhibit 10.2 to our Quarterly Report on Form 10-Q filed May 9, 2019).
10.13		Second Amendment dated January 31, 2020 to the Loan Agreement (incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed February 14, 2020).
10.14		Modification Agreement dated as of December 21, 2020 to the Loan Agreement.
10.15		2020 Incentive Plan
21.1		Subsidiaries of the Registrant.
23.1		Consent of Ernst & Young, LLP.
23.2		Consent of BDO USA, LLP.
31.1		Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (the "Act").
31.2		Certification of Senior Vice President—Finance pursuant to Section 302 of the Act.
31.3		Certification of Chief Financial Officer pursuant to Section 302 of the Act.
32.1		Certification of Chief Executive Officer pursuant to Section 906 of the Act.
32.2		Certification of Senior Vice President—Finance pursuant to Section 906 of the Act.
32.3		Certification of Chief Financial Officer pursuant to Section 906 of the Act.
101.INS		The instance document does not appear in the interactive data file because its XBRL tags are embedded within the inline XBRL document.

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* Indicates management contract or compensatory plan or arrangement.

(b) Exhibits.

See Item 15(a)(3) above. Except as otherwise indicated with respect to a specific exhibit, the file number for all of the exhibits incorporated by reference is: 001-07172.

(c) Financial Statements.

See Item 15(a)(2) above.

Item 16. Form 10-K Summary

Not applicable.

SIGNATURES

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

BRT APARTMENTS CORP.

Date March 15, 2021	By:	/s/ JEFFREY A. GOULD
		Jeffrey A. Gould *Chief Executive Officer and President*

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

Signature	Title	Date
/s/ ISRAEL ROSENZWEIG Israel Rosenzweig	Chairman of the Board	March 15, 2021
/s/ JEFFREY A. GOULD Jeffrey A. Gould	Chief Executive Officer, President and Director (Principal Executive Officer)	March 15, 2021
/s/ ALAN GINSBURG Alan Ginsburg	Director	March 15, 2021
/s/ FREDRIC H. GOULD Fredric H. Gould	Director	March 15, 2021
/s/ MATTHEW J. GOULD Matthew J. Gould	Director	March 15, 2021
/s/ LOUIS C. GRASSI Louis C. Grassi	Director	March 15, 2021
/s/ GARY HURAND Gary Hurand	Director	March 15, 2021
/s/ JEFFREY RUBIN Jeffrey Rubin	Director	March 15, 2021
/s/ JONATHAN SIMON Jonathan Simon	Director	March 15, 2021
/s/ ELIE WEISS Elie Weiss	Director	March 15, 2021
/s/ GEORGE E. ZWEIER George E. Zweier	Chief Financial Officer and Vice President (Principal Financial and Accounting Officer)	March 15, 2021

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Item 8, Item 15(a)(1) and (2)

Index to Consolidated Financial Statements and Consolidated Financial Statement Schedules

All other schedules are omitted because they are not applicable or the required information is shown in the consolidated financial statements or the notes thereto.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and the Board of Directors of BRT Apartments Corp.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheet of BRT Apartments Corp. (the Company) as of December 31, 2020, the related consolidated statements of operations, comprehensive income, stockholders' equity and cash flows for the year then ended, and the related notes and financial statement schedule listed in the Index at Item 15(a)(2) (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2020, and the results of its operations and its cash flows for the year then ended, in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the account or disclosure to which it relates.

Joint Venture Consolidation Assessment

Description of the matter	The Company accounted for certain investments in real estate joint ventures under the equity method of accounting. At December 31, 2020, the Company's investments in unconsolidated joint ventures were $169.5 million. As discussed in Note 1 to the consolidated financial statements, for each venture the Company evaluated the rights provided to each party in the venture to assess the consolidation of the venture. Auditing management's joint venture consolidation analyses was complex and highly judgmental due to the subjectivity in assessing which activities most significantly impact the respective joint venture's economic performance based on the purpose and design of the entity over the duration of its expected life and assessing which party has rights to direct those activities.
How we addressed the matter in our audit	To test the Company's consolidation assessment for real estate joint ventures, our procedures included, among others, reviewing joint venture agreements and discussing with management the nature of the rights conveyed to the Company through the joint venture agreements. We reviewed management's assessment of the activities that would most significantly impact the joint venture's economic performance and evaluated whether the joint venture agreements provided participating or protective rights to the Company. We also evaluated transactions with the joint ventures for events which would require a reconsideration of previous consolidation conclusions.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2020.

New York, New York

March 15, 2021

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Stockholders and Board of Directors
BRT Apartments Corp.
Great Neck, New York

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheet of BRT Apartments Corp. (the "Company") as of December 31, 2019, the related consolidated statements of income and comprehensive income, stockholders' equity, and cash flows for the year then ended, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2019, and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

The consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud.

Our audit included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

/s/ BDO USA, LLP
We served as the Company's auditor from 2011 to 2020
New York, New York
May 15, 2020

BRT APARTMENTS CORP. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(Amounts in thousands, except share data)

	December 31, 2020	December 31, 2019
ASSETS		
Real estate properties, net of accumulated depreciation of $30,837 and $24,094	$ 160,192	$ 169,689
Real estate loan	—	4,150
Cash and cash equivalents	19,885	22,699
Restricted cash	8,800	9,719
Investment in unconsolidated joint ventures	169,474	177,071
Other assets	7,390	7,282
Total Assets	$ 365,741	$ 390,610
LIABILITIES AND EQUITY		
Liabilities:		
Mortgages payable, net of deferred costs of $563 and $823	$ 130,434	$ 133,215
Junior subordinated notes, net of deferred costs of $317 and $337	37,083	37,063
Accounts payable and accrued liabilities	20,536	20,772
Total Liabilities	188,053	191,050
Commitments and contingencies		
Equity:		
BRT Apartments Corp. stockholders' equity:		
Preferred shares, $.01 par value: Authorized 2,000 shares, none issued	—	—
Common stock, $.01 par value, 300,000 shares authorized, 16,432 and 15,638 shares issued at December 31, 2020 and 2019	164	156
Additional paid-in capital	245,605	232,331
Accumulated other comprehensive income	(19)	(10)
Accumulated deficit	(67,978)	(32,824)
Total BRT Apartments Corp. stockholders' equity	177,772	199,653
Non-controlling interests	(84)	(93)
Total Equity	177,688	199,560
Total Liabilities and Equity	$ 365,741	$ 390,610

See accompanying notes to consolidated financial statements.

BRT APARTMENTS CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

(Dollars in thousands, except share data)

	Year Ended December 31, 2020	Year Ended December 31, 2019
Revenues:		
Rental and other revenue from real estate properties	$ 27,451	$ 27,009
Other income	651	752
Total revenues	28,102	27,761
Expenses:		
Real estate operating expenses—including $32 and $101 to related parties	12,377	12,332
Interest expense	7,100	7,796
General and administrative—including $761 and $575 to related party	11,701	10,091
Impairment charge	3,642	—
Depreciation	6,742	5,916
Total expenses	41,562	36,135
Total revenues less total expenses	(13,460)	(8,374)
Equity in loss from unconsolidated joint ventures	(6,024)	(8,826)
Equity in earnings from sale of unconsolidated joint venture properties	—	9,932
Gain on sale of real estate	—	10,618
Loss on extinguishment of debt	—	(1,387)
(Loss) income from continuing operations	(19,484)	1,963
Provision for taxes	248	270
(Loss) income from continuing operations, net of taxes	(19,732)	1,693
(Income) attributable to non-controlling interests	(130)	(837)
Net (loss) income attributable to common stockholders	$ (19,862)	$ 856
Weighted average number of shares of common stock outstanding:		
Basic	17,115,697	15,965,631
Diluted	17,115,697	16,165,631
Per share amounts attributable to common stockholders:		
Basic	$ (1.16)	$ 0.05
Diluted	$ (1.16)	$ 0.05

See accompanying notes to consolidated financial statements.

BRT REALTY TRUST AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Dollars in thousands)

	Year Ended December 31,	
	2020	2019
Net (loss) income	$ (19,732)	$ 1,693
Other comprehensive loss:		
Unrealized loss on derivative instruments	(12)	(23)
Other comprehensive loss	(12)	(23)
Comprehensive (loss) income	(19,744)	1,670
Comprehensive (income) attributable to non-controlling interests	(128)	(833)
Comprehensive (loss) income attributable to common stockholders	$ (19,872)	$ 837

See accompanying notes to consolidated financial statements.

BRT APARTMENTS CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

Years Ended December 31, 2020 and 2019

(Dollars in thousands, except share data)

	Shares of Common Stock	Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	(Accumulated Deficit)	Non Controlling Interests	Total
Balances, December 31, 2018	$ 150	$ 223,373	$ 9	$ (20,044)	$ 331	$ 203,819
Distributions - Common Stock - $0.84 per share	—	—	—	(13,636)	—	(13,636)
Restricted stock vesting	1	(1)	—	—	—	—
Compensation expense—restricted stock and restricted stock units	—	1,492	—	—	—	1,492
Distributions to non-controlling interests	—	—	—	—	(1,257)	(1,257)
Shares issued through equity offering program, net	5	7,513	—	—	—	7,518
Shares repurchased	—	(46)	—	—	—	(46)
Net income	—	—	—	856	837	1,693
Other comprehensive loss	—	—	(19)	—	(4)	(23)
Comprehensive income	—	—	—	—	—	1,670
Balances, December 31, 2019	$ 156	$ 232,331	$ (10)	$ (32,824)	$ (93)	$ 199,560
Distributions - Common Stock - $0.88 per share	—	—	—	(15,292)	—	(15,292)
Restricted stock vesting	1	(1)	—	—	—	—
Compensation expense—restricted stock and restricted stock units	—	1,821	—	—	—	1,821
Distributions to non-controlling interests	—	—	—	—	(118)	(118)
Shares issued through equity offering program, net	7	12,070	—	—	—	12,077
Shares repurchased	—	(616)	—	—	—	(616)
Net (loss) income	—	—	—	(19,862)	130	(19,732)
Other comprehensive loss	—	—	(9)	—	(3)	(12)
Comprehensive loss	—	—	—	—	—	(19,744)
Balances, December 31, 2020	$ 164	$ 245,605	$ (19)	$ (67,978)	$ (84)	$ 177,688

See accompanying notes to consolidated financial statements

BRT APARTMENTS CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Dollars in Thousands)

	Year Ended December 31,	
	2020	2019
Cash flows from operating activities:		
Net (Loss) income	$ (19,732)	$ 1,693
Adjustments to reconcile net income (loss) to net cash (used in) provided by operating activities:		
Depreciation	6,742	5,916
Amortization of deferred financing fees	280	311
Amortization of restricted stock	1,821	1,492
Impairment charge	3,642	—
Equity in loss of unconsolidated joint ventures	6,024	8,826
Equity in earnings on sale of real estate of unconsolidated ventures	—	(9,932)
Gain on sale of real estate	—	(10,618)
Loss on extinguishment of debt	—	1,387
Distributions from equity in earnings of unconsolidated joint ventures	—	7,442
Increases and decreases from changes in other assets and liabilities:		
(Decrease) increase in accounts payable and accrued liabilities	(424)	3,766
Increase in other assets	(108)	(1,635)
Net cash (used in) provided by operating activities	(1,755)	8,648
Cash flows from investing activities:		
Collections from real estate loans	150	600
Proceeds from the sale of mortgage loan	4,000	—
Net costs capitalized to real estate owned	(887)	(1,580)
Purchase of partner interests	—	(1,316)
Proceeds from the sale of real estate owned	—	33,588
Distributions from unconsolidated joint ventures	15,273	20,713
Contributions to unconsolidated joint ventures	(13,700)	(29,069)
Net cash provided by investing activities	4,836	22,936
Cash flows from financing activities:		
Mortgage payoffs	—	(20,635)
Mortgage principal payments	(3,041)	(2,912)
Proceeds from credit facility	5,000	15,200
Repayment of credit facility	(5,000)	(15,200)
Increase in deferred financing costs	—	(84)
Dividends paid	(15,116)	(13,468)
Distributions to non-controlling interests	(118)	(1,257)

BRT APARTMENTS CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Dollars in Thousands)

	Year Ended December 31,	
	2020	**2019**
Proceeds from the sale of common stock	12,077	7,517
Repurchase of shares of common stock	(616)	(46)
Net cash used in financing activities	(6,814)	(30,885)
Net (decrease) increase in cash, cash equivalents and restricted cash	(3,733)	699
Cash, cash equivalents and restricted cash at beginning of year	32,418	31,719
Cash, cash equivalents and restricted cash at end of year	$ 28,685	$ 32,418
Supplemental disclosures of cash flow information:		
Cash paid during the year for interest expense	$ 6,886	$ 7,511
Cash paid during the year for income and excise taxes	$ 291	$ 324

See accompanying notes to consolidated financial statements.

NOTE 1—ORGANIZATION, BACKGROUND AND SIGNIFICANT ACCOUNTING POLICIES

Organization and Background

BRT Apartments Corp. ("BRT" or the "Company") is the successor to BRT Realty Trust pursuant to the conversion of BRT Realty Trust from a Massachusetts business trust to a Maryland corporation on March 18, 2017. BRT owns, operates and develops multi-family properties. Generally, these multi-family properties are owned by unconsolidated joint ventures in which the Company contributes a significant portion of the equity. At December 31, 2020, BRT: (i) wholly owns eight multi-family properties located in six states with an aggregate of 1,880 units and a carrying value of $153.6 million; and (ii) has ownership interests, through unconsolidated entities, in 31 multi-family properties located in nine states with an aggregate of 9,162 units , and the carrying value of its net equity investment is $169.4 million. In total, the Company has properties in 11 states, most of which are located in the Southeast United States and Texas.

The Company also owns and operates various other real estate assets. At December 31, 2020, the carrying value of the other real estate assets was $6,667,000.

BRT conducts its operations to qualify as a real estate investment trust, or REIT, for Federal income tax purposes.

Substantially all of the Company's assets are comprised of multi-family real estate assets generally leased to tenants on a one-year basis. Therefore, the Company aggregates real estate assets for reporting purposes and operates in one reportable segment.

Principles of Consolidation

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

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

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

Certain items on the consolidated financial statements for the year ended December 31, 2019, have been reclassified to conform with the current year's presentation including classifying Deposits and escrows within Other Assets on the consolidated balance sheet.

Income Tax Status

The Company qualifies as a real estate investment trust under sections 856-860 of the Internal Revenue Code of 1986, as amended. The board of directors may, at its option, elect to revoke or terminate the Company's election to qualify as a real estate investment trust.

The Company will not be subject to federal, and generally state and local taxes on amounts it distributes to stockholders, provided it distributes 90% of its ordinary taxable income and meets other conditions. The Company currently has net operating loss carryforwards which it can use to reduce taxable income.

NOTE 1—ORGANIZATION, BACKGROUND AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

In accordance with Accounting Standards Codification ("ASC") Topic 740 - "Income Taxes", the Company believes that it has appropriate support for the income tax positions taken and, as such, does not have any uncertain tax positions that, if successfully challenged, could result in a material impact on the Company's financial position or results of operations. The Company's income tax returns for the previous six years are subject to review by the Internal Revenue Service.

Revenue Recognition

Rental revenue from multi-family properties is recorded when due from residents and is recognized monthly as it is earned. Rental payments are due in advance. Leases on residential properties are generally for terms that do not exceed one year.

Rental revenue from commercial properties, including the base rent that each tenant is required to pay in accordance with the terms of their respective leases, net of any rent concessions and lease incentives, is reported on a straight-line basis over the non-cancellable term of the lease.

Real Estate Properties

Real estate properties are stated at cost, net of accumulated depreciation, and include properties acquired through acquisition, development or foreclosure.

The Company assesses the fair value of real estate acquired (including land, buildings and improvements, and identified intangibles such as acquired in-place leases) and acquired liabilities and allocates the acquisition price, including transaction costs, based on these assessments. Depreciation for multi-family properties is computed on a straight-line basis over an estimated useful life of 30 years. Intangible assets (and liabilities) are amortized over the remaining life of the related leases at the time of acquisition and is usually less than one year. Expenditures for maintenance and repairs are charged to operations as incurred.

Real estate is classified as held for sale when management has determined that the applicable criteria have been met. Real estate assets that are expected to be disposed of are valued at the lower of their carrying amount or their fair value less costs to sell on an individual asset basis. Real estate classified as held for sale is not depreciated.

The Company accounts for the sale of real estate when title passes to the buyer, sufficient equity payments have been received, there is no continuing involvement by the Company and there is reasonable assurance that the remaining receivable, if any, will be collected.

Asset Impairments

The Company reviews each real estate asset owned to determine if there are indicators of impairment. If such indicators are present, the Company determines whether the carrying amount of the asset can be recovered. Recognition of impairment is required if the undiscounted cash flows estimated to be generated by the asset are less than the asset's carrying amount and that carrying amount exceeds the estimated fair value of the asset. The estimated fair value is determined using a discounted cash flow model of the expected future cash flows through the useful life of the property. The analysis includes an estimate of the future cash flows that are expected to result from the real estate investment’s use and eventual disposition. These cash flows consider factors such as expected future operating income, trends, the effects of leasing demands, and other factors. In evaluating a property for impairment, various factors are considered, including estimated current and expected operating cash flow from the property during the projected holding period, costs necessary to extend the life or improve the asset, expected capitalization rates, projected stabilized net operating income, selling costs, and the ability to hold and dispose of such real estate in the ordinary course of business. Valuation adjustments may be necessary in the event that effective interest rates, rent-up periods, future economic conditions, and other relevant factors vary significantly from those assumed in valuing the property. If future evaluations result in a decrease in the value of the property below its carrying value, the reduction will be recognized as an impairment charge. The fair values related to the impaired real estate assets are considered to be a level 3 valuation within the fair value hierarchy.

For investment in real estate ventures, if indicators of impairment are present, the Company determines if the fair value of the investment is less than its carrying value. Fair value is determined using a discounted cash flow model of the expected future cash flows through the useful life of the asset. The fair values related to the impaired investments in real estate ventures are considered to be a level 3 valuation within the fair value hierarchy.

NOTE 1—ORGANIZATION, BACKGROUND AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Equity Based Compensation

Compensation expense for grants of restricted stock, restricted stock units ("RSUs") and dividend equivalent rights are amortized over the vesting period of such awards, based upon the estimated fair value of such award at the grant date. The Company recognizes the effect of forfeitures when they occur and previously recognized compensation expense is reversed in the period the grant or unit is forfeited. The deferred compensation related to the RSUs to be recognized as expense is net of certain performance assumptions which are re-evaluated quarterly. For accounting purposes, the restricted shares and the RSUs are not included in the outstanding shares shown on the consolidated balance sheets until they vest; however, the restricted shares are included in the calculation of both basic and diluted earnings per share as they participate in the earnings of the Company.

Derivatives and Hedging Activities

The Company's objective in using derivative financial instruments is to manage interest rate risk related to variable rate debt. The Company does not use derivatives for trading or speculative purposes. The Company records all derivatives on its consolidated balance sheets at fair value. The accounting for changes in the fair value of derivatives depends on the intended use of the derivative, whether the Company has elected to designate a derivative in a hedging relationship and apply hedge accounting and whether the hedging relationship has satisfied the criteria necessary to apply hedge accounting. Derivatives designated and qualifying as a hedge of the exposure to variability in expected future cash flows are considered cash flow hedges. For derivatives designated as cash flow hedges, the effective portion of changes in the fair value of the derivative is reported in other comprehensive income (loss). Those amounts are reclassified to earnings in the same income statement line item that is used to present the earnings effect of the hedged item when the hedged item affects earnings. For derivatives not designated as cash flow hedges, changes in the fair value of the derivative are recognized directly in earnings in the period in which they occur.

Per Share Data

Basic earnings (loss) per share is determined by dividing net income (loss) applicable to holders of common stock for the applicable year by the weighted average number of shares of common stock outstanding during such year. Diluted earnings per share reflects the potential dilution that could occur if securities or other contracts to issue shares of common stock were exercised or converted into shares of common stock or resulted in the issuance of shares of common stock that share in the earnings of the Company. Diluted earnings (loss) per share is determined using the treasury stock method by dividing net income (loss) applicable to the holders of common stock for the applicable year by the sum of the weighted average number of shares of common stock outstanding plus the dilutive effect of the Company's unvested RSUs.

Cash Equivalents

Cash equivalents consist of highly liquid investments; primarily, direct United States treasury obligations with maturities of three months or less when purchased.

Restricted Cash

Restricted cash consists of cash held for construction costs and property improvements for specific joint venture properties as may be required by contractual arrangements.

Deferred Costs

Fees and costs incurred in connection with multi-family property financings are deferred and amortized over the term of the related debt obligations. Fees and costs paid related to the successful negotiation of commercial leases are deferred and amortized on a straight-line basis over the terms of the respective leases.

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

NOTE 1—ORGANIZATION, BACKGROUND AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

New Pronouncements

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

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

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

In February 2016, the FASB issued ASU 2016-13, Measurement of Credit Losses on Financial Instruments ("ASU 2016-13") establishing ASC Topic 326, Financial Instruments - Credit Losses ("ASC 326"), as amended by subsequent ASUs on the topic. ASU 2016-13 changes how entities will account for credit losses for most financial assets and certain other instruments that are not measured at fair value through net income. The guidance replaces the current "incurred loss" model with an "expected loss" model that requires consideration of a broader range of information to estimate expected credit losses over the lifetime of the financial asset. ASU 2016-13 is effective for interim and annual reporting periods in fiscal years beginning after December 15, 2022. We are currently evaluating the impact of the adoption of ASU 2016-13 on our consolidated financial statements.

NOTE 2—REAL ESTATE PROPERTIES

Real estate properties consist of the following (dollars in thousands):

	December 31,	
	2020	2019
Land	$ 25,585	$ 29,227
Building	154,854	154,854
Building improvements	10,590	9,702
Real estate properties	191,029	193,783
Accumulated depreciation	(30,837)	(24,094)
Total real estate properties, net	$ 160,192	$ 169,689

NOTE 2 - REAL ESTATE PROPERTIES (Continued)

A summary of activity in real estate properties, net for the year ended December 31, 2020 follows (dollars in thousands):

	December 31, 2019 Balance	Improvements	Depreciation	Impairment Charge	December 31, 2020 Balance
Multi-family	$ 159,434	$ 802	$ (6,632)	$ —	$ 153,604
Land - Daytona, FL	8,021	—	—	(3,642)	4,379
Retail shopping center - Yonkers, NY/ Other	2,234	85	(110)	—	2,209
Total real estate properties	$ 169,689	$ 887	$ (6,742)	$ (3,642)	$ 160,192

The following summarizes, by state, information for the year ended December 31, 2020 regarding consolidated properties (dollars in thousands):

Location	Number of Properties	Number of Units	2020 Rental and Other Revenue from Real Estate Properties	% of 2020 Rental and Other Revenue from Real Estate Properties
Texas	2	464	$ 5,443	20 %
Georgia	2	448	6,315	23 %
Florida	1	276	4,003	15 %
South Carolina	1	208	3,218	12 %
Virginia	1	220	4,004	15 %
Ohio	1	264	3,039	11 %
Other (a)	—	—	1,429	5 %
	8	1,880	$ 27,451	100 %

(a) Represents non multi-family revenues

Future minimum rentals to be received pursuant to non-cancellable operating leases with terms in excess of one year, from a commercial property owned by the Company at December 31, 2020, are as follows (dollars in thousands):

Year Ending December 31,	Amount
2021	$ 1,147
2022	1,185
2023	1,252
2024	953
2025	648
Thereafter	1,513
Total	$ 6,698

Leases at the Company's multi-family properties are generally for a term of one year or less and are not reflected in this table.

NOTE 3—ACQUISITIONS, DISPOSITIONS AND IMPAIRMENT CHARGES

Property Acquisitions

The Company did not acquire any real estate properties during the year ended December 31, 2020.

In the year ended December 31, 2019, the Company purchased its partner's 20% interest in Parkway Grande Apartments located in San Marcos, TX for $1,608,000.

Property Dispositions

The Company did not dispose of any real estate properties during the year ended December 31, 2020.

The tables below provide information regarding the Company's disposition of real estate properties during the year ended December 31, 2019 (dollars in thousands):

Location	Sale Date	No. of Units	Sales Price	Gain on Sale	Non-Controlling Partner's Share of Gain on Sale
Houston, TX (two properties)	7/11/2019	384	$ 33,200	$ 9,938	$ 894
New York, NY (1)	12/16/2019	1	832	680	—
		385	$ 34,032	$ 10,618	$ 894

(1) Reflects the sale of a cooperative apartment unit.

Impairment Charges

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

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

In cases where the Company does not expect to recover its carrying value on properties held for use, the Company reduces its carrying value to fair value, and for properties held for sale, the Company reduces its carrying value to the fair value less costs to sell.

In the quarter ended September 30, 2020, indicators of impairment were present on its 8.7 acre vacant land parcel located in South Daytona Beach, Florida. The Company had entered into a contract to sell this property at a sales price less than its carrying value and accordingly, the Company took an impairment charge related to this asset of $3,642,000 representing the excess of the carrying value over the fair value. During the year ended December 31, 2019, no impairment charges were recorded.

NOTE 4—REAL ESTATE LOAN

The Company had a loan receivable secured by several properties in Newark, NJ. The principle balance of this loan was $4,000,000. This loan was sold on September 30, 2020, to an unrelated third party at its book value plus interest and fees of $325,000. Accordingly, no gain or loss was recognized on the sale.

NOTE 5—RESTRICTED CASH

Restricted cash represents funds for specific purposes and therefore are not generally available for general corporate purposes. As reflected on the consolidated balance sheets, restricted cash represents funds held by or on behalf of the Company specifically allocated for capital improvements at multi-family properties.

NOTE 6 - LEASES

Lessor Accounting

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

Due to the impact of the COVID-19 pandemic, concession agreements were entered into with the Company's two commercial tenants. In accordance with the FASB Staff Q&A, Topic 842 and 840 - Accounting for Lease Concessions Related to the Effects of COVID-19 Pandemic, a lessor may make an accounting policy election to (i) not evaluate whether such COVID-19 pandemic related rent-relief is a lease modification under ASC 842 and (ii) treat each tenant rent deferral or forgiveness as if it were contemplated as part of the existing lease contract. The Company elected to apply this accounting policy to the two lease agreements, based on the type of concessions provided to the tenants, where the revised cash flows are substantially the same or less than the original lease agreement. As a result, during the year ended December 31, 2020, the Company issued total abatements of $75,000 for the two tenants.

Lessee Accounting

The Company is a lessee under a ground lease in Yonkers, NY which is classified as an operating lease. The ground lease expires September 30, 2024 and provides for one 21-year renewal option. As of December 31, 2020, the remaining lease term, including the renewal option, is 24.75 years.

The Company is also a lessee under a corporate office lease in Great Neck, New York, which is classified as an operating lease. The lease expires on December 31, 2031 and provides a 5-year renewal option. As of December 31, 2020, the remaining lease term, including renewal options deemed exercised, is 16 years.

As of December 31, 2020, the Company's right-of-use ("ROU") assets and lease liabilities were $2,652,000 and $2,674,000, respectively. As of December 31, 2019, the Company's ROU assets and lease liabilities were $2,822,000 and $2,833,000, respectively and are reported on the consolidated balance sheets in Other assets and Accounts payable and accrued liabilities, respectively.

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

NOTE 7—INVESTMENT IN UNCONSOLIDATED VENTURES

At December 31, 2020, the Company owns interests in unconsolidated joint ventures that own 31 multi-family properties (the "Unconsolidated Properties"). The condensed balance sheet below presents information regarding such properties (dollars in thousands):

	December 31,	
	2020	2019
ASSETS		
Real estate properties, net of accumulated depreciation of $145,600 and $104,001	$ 1,075,178	$ 1,070,941
Cash and cash equivalents	16,939	12,804
Other Assets	29,392	28,048
Total Assets	$ 1,121,509	$ 1,111,793
LIABILITIES AND EQUITY		
Liabilities:		
Mortgages payable, net of deferred costs of $5,537 and $5,839	$ 829,646	$ 803,289
Accounts payable and accrued liabilities	20,237	19,731
Total Liabilities	849,883	823,020
Commitments and contingencies		
Equity:		
Total unconsolidated joint venture equity	271,626	288,773
Total Liabilities and Equity	$ 1,121,509	$ 1,111,793
Company equity interest of joint venture equity	$ 169,474	$ 177,071

NOTE 7—INVESTMENT IN UNCONSOLIDATED VENTURES (Continued)

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

	Year Ended December 31,	
	2020	**2019**
Revenues:		
Rental and other revenue	$ 127,058	$ 118,177
Total revenues	127,058	118,177
Expenses:		
Real estate operating expenses	60,326	56,684
Interest expense	34,918	35,023
Depreciation	41,657	39,218
Total expenses	136,901	130,925
Total revenues less total expenses	(9,843)	(12,748)
Other equity earnings	117	177
Gain on sale of real estate properties	—	16,899
Loss on extinguishment of debt	—	(2,018)
Gain on insurance recoveries	765	787
Net (loss) income from joint ventures	(8,961)	3,097
BRT equity in loss and equity in earnings from sale of unconsolidated joint venture properties	$ (6,024)	$ 1,106

On February 2, 2021, the Company entered into an agreement to sell to its joint venture partner, the Company's 80% interest in Anatole Apartments, Daytona, FL for approximately $7.4 million. It is anticipated the transaction will close, subject to satisfaction of customary closing conditions, in March or April 2021.

On March 3, 2021, we entered into an agreement to sell Kendall Manor - Houston, Texas to an unrelated third party for approximately $24.5 million and anticipate the transaction will close, subject to satisfaction of certain conditions, in April or May 2021. We estimate that we will recognize a gain on the sale of this property of approximately $7.5 million. In 2020, our rental revenues, operating expenses, interest expense and depreciation associated with this property were $2.9 million, $1.9 million, $675,000 and $848,000, respectively.

Acquisitions

The tables below provides information regarding the Company's property acquisitions, through unconsolidated joint ventures, and the properties they purchased during the years ended December 31, 2020 and 2019 (dollars in thousands):

2020

Location	Purchase Date	No. of Units	Purchase Price	Acquisition Mortgage Debt	Initial BRT Equity	Ownership Percentage	Capitalized Property Acquisition Costs
Wilmington, NC	2/20/2020	264	$ 38,000	$ 23,160	$ 13,700	80 %	$ 459

NOTE 7—INVESTMENT IN UNCONSOLIDATED VENTURES (Continued)

2019

Location	Purchase Date	No. of Units	Purchase Price	Acquisition Mortgage Debt	Initial BRT Equity	Ownership Percentage	Capitalized Property Acquisition Costs
Kannapolis, NC	3/12/2019	312	$ 48,065	$ 33,347	$ 11,231	65 %	$ 559
Trussville, AL	5/72019	328	43,000	32,250	11,625	80 %	546
Auburn, AL	8/8/2019	200	18,400	14,500	4,320	80 %	140
		840	$ 109,465	$ 80,097	$ 27,176		$ 1,245

The table below provides information regarding the disposition of a real estate property by an unconsolidated joint venture in the year ended December 31, 2019 (dollars in thousands):

Location	Sale Date	No. of Units	Sales Price	Gain on Sale	Non-Controlling Partner's Share of Gain on Sale
Indianapolis, IN	12/17/2019	400	$ 36,500	$ 16,898	$ 9,932

NOTE 8—DEBT OBLIGATIONS

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

	December 31, 2020	December 31, 2019
Mortgages payable	$ 130,997	$ 134,038
Junior subordinated notes	37,400	37,400
Deferred loan costs	(880)	(1,160)
Total debt obligations	$ 167,517	$ 170,278

At December 31, 2020, $130,997,000 of mortgage debt is outstanding on the Company's eight multi-family properties and one commercial property with a weighted average interest rate of 4.15% and a weighted average remaining term to maturity of 4.4 years. Scheduled principal repayments for the next five years and thereafter are as follows (dollars in thousands):

Year Ending December 31,	Scheduled Principal Payments
2021	$ 17,274
2022	62,543
2023	1,270
2024	1,316
2025	16,661
Thereafter	31,933
	$ 130,997

NOTE 8—DEBT OBLIGATIONS (Continued)

The Company incurred the following mortgage debt in connection with the purchase of our partner's' interest in the year ended December 31, 2019 (dollars in thousands):

Location	Acquisition Date	Mortgage balance at acquisition	Interest Rate	Maturity Date
San Marcos, TX	10/4/2019	$ 17,158	4.42%	October 2025

Credit Facility

The Company entered into a credit facility dated April 18, 2019, as amended and modified from time-to-time, with an affiliate of Valley National Bank. The facility allows the Company to borrow, subject to compliance with borrowing base requirements and other conditions, up to $10,000,000 to facilitate the acquisition of multi-family properties and for working capital (including dividend payments) and operating expenses. The facility is secured by the cash available in certain cash accounts maintained by the Company at Valley National Bank, matures April 2021 and bears an adjustable interest rate of 50 basis points over the prime rate, with a floor of 4.25%. The interest rate in effect as of December 31, 2020 is 4.25%. There is an unused facility fee of 0.25% per annum on the difference between the outstanding loan balance and maximum amount then available under the facility. At December 31, 2020, the Company is in compliance in all material respects with its obligations under the facility.

At December 31, 2020 and December 31, 2019, there was no outstanding balance on the facility. Interest expense for the years ended December 31, 2020 and 2019, which includes amortization of deferred financing costs and unused fees ,was $96,000 and $204,000 respectively. Deferred costs of $12,000 and $53,000 are recorded in other assets on the consolidated balance sheets at December 31, 2020 and 2019, respectively.

Junior Subordinated Notes

At December 31, 2020 and 2019, the outstanding principal balance of the Company's junior subordinated notes was $37,400,000 before deferred financing costs of $317,000 and $337,000, respectively. The interest rate on the outstanding balance resets quarterly and is based on three month LIBOR + 2.00% The rate in effect at December 31, 2020 and 2019 was 2.21% and 3.94% respectively. The notes mature April 30, 2036.

The notes require interest only payments through the maturity date, at which time repayment of all outstanding principal and unpaid interest is due. Interest expense for the years ended December 31, 2020 and 2019, which includes amortization of deferred costs, was $1,119,000 and $1,711,000, respectively.

NOTE 9—INCOME TAXES

The Company elected to be taxed as a REIT pursuant to the Code. As a REIT, the Company is generally not subject to Federal income taxes at the corporate level if it distributes 100% of its REIT taxable income, as defined, to its stockholders. To maintain its REIT status, the Company must distribute at least 90% of its ordinary taxable income; however, if it does not distribute 100% of its taxable income, it will be taxed on undistributed income. There are a number of organizational and operational requirements the Company must meet to remain a REIT. If the Company fails to qualify as a REIT in any taxable year, its taxable income will be subject to Federal income tax at regular corporate tax rates and it may not be able to qualify as a REIT for four subsequent tax years. Even if it is qualified as a REIT, the Company is subject to certain state and local income taxes and to Federal income and excise taxes on undistributed taxable income. For income tax purposes, the Company reports on a calendar year basis. As of December 31, 2020, tax returns for the calendar years 2017 through 2020 remain subject to examination by the Internal Revenue Service and various state and local tax jurisdictions.

During the years ended December 31, 2020 and 2019, the Company recorded $248,000 and $270,000, respectively, of state franchise tax expense, net of refunds, relating to the 2020 and 2019 calendar years.

NOTE 9—INCOME TAXES (Continued)

Earnings and profits, which determine the taxability of dividends to stockholders, differs from net income reported for financial statement purposes due to various items, including timing differences related to loan loss provisions, impairment charges, depreciation methods and carrying values.

At December 31, 2020, the Company had a net operating loss carryforward of $16,800,000. These net operating losses may be available in future years to reduce taxable income when and if it is generated. These loss carryforwards no longer expire and are available to offset 100% of taxable income. Net operating losses generated in 2018 and thereafter will be available to offset 80% of taxable income.

NOTE 10—STOCKHOLDERS' EQUITY

Common Stock Dividend Distribution

During the years ended December 31, 2020 and 2019, the Company declared an aggregate of $0.88 and $0.84 per share in cash dividends, respectively.

Stock Based Compensation

During the year ended December 31, 2020, the Company's board of directors adopted and the stockholders' approved the 2020 Incentive Plan. This plan permits the Company to grant: (i) stock options, restricted stock, restricted stock units, performance shares awards and any one or more of the foregoing, up to a maximum of 1,000,000 shares; and (ii) cash settled dividend equivalent rights in tandem with the grant of restricted stock units and certain performance based awards.

Each of the Company's 2018 Incentive Plan (the "2018 Plan"), Amended and Restated 2016 Incentive Plan (the "2016 Plan") and the 2012 Incentive Plan (the "2012 Plan") authorized the Company to grant: (i) up to 600,000 shares of common stock pursuant to stock options, restricted stock, restricted stock units, and performance shares awards; and (ii) except for the 2012 Plan which did not authorize such awards, cash settled dividend equivalent rights in tandem with the grant of restricted stock units and certain performance based awards. No further awards may be granted pursuant to the 2018 Plan, the 2016 Plan and the 2012 Plan, which are referred to collectively as the "Prior Plans."

Restricted Stock Units

In June 2016, pursuant to the 2016 Plan, the Company issued restricted stock units (the "Units") to acquire up to 450,000 shares of common stock. The Units entitle the recipients, subject to continued service through March 31,2021 (the “Performance Period”), to receive in the aggregate (i) up to 200,000 shares (the “TSR Award”) of common stock based on achieving, during the Performance Period, specified levels in compounded annual growth rate (“CAGR”) in total stockholder return (“TSR”), and (ii) up to 200,000 shares of common stock based on achieving, during the Performance Period, specified levels in CAGR in adjusted funds from operations, as determined pursuant to the performance agreement (the "AFFO Award"). In addition, up to 50,000 shares (the "Adjustment Award") may be added to or subtracted from the TSR Award, based on attaining or failing to attain, as the case may be, during the Performance Period, of CAGR in TSR relative to the CAGR in TSR for the REITs that comprise, with specified exceptions, the FTSE NAREIT Equity Apartment Index. The recipients also received dividend equivalent rights entitling them to receive cash dividends with respect to the shares of common stock underlying their Units as if the underlying shares were outstanding during the Performance Period, if, when, and to the extent, the related Units vest. The Units were determined not to be participating securities and accordingly, for financial statement purposes, the shares underlying the Units are excluded in the outstanding shares reflected on the consolidated balance sheet and from the calculation of basic earnings per share. Though the 450,000 shares underlying the units are contingently issuable shares, 250,000 of such shares have not been included in the calculation of diluted earnings per share as the criteria with respect to the AFFO Award and the Adjustment Award were not met at December 31, 2020. The Company included 200,000 shares of

NOTE 10—STOCKHOLDERS' EQUITY (Continued)

common stock underlying the TSR Awards in the calculation of diluted earnings per share as the market criteria with respect to the TSR award have been met at December 31, 2020.

For the TSR Awards, a third party appraiser prepared a Monte Carlo simulation pricing model to assist management in determining fair value. For the AFFO Awards, fair value is based on the market value on the date of grant. Expense is not recognized on the Units which the Company does not expect to vest as a result of conditions the Company does not expect to be satisfied. The total amount recorded at the grant date as deferred compensation with respect to the Units was $2,117,000. As of December 31, 2020, $1,432,000 of deferred compensation allocated to the AFFO Award has been reversed, as it is not anticipated that the performance goals will be met. The remaining $685,000 allocated to the TSR Award is being charged to general and administrative expense over the Performance Period. The deferred compensation expense to be recognized is net of certain forfeiture and performance assumptions. The Company recorded $140,000 and $142,000 of compensation expense related to the amortization of unearned compensation with respect to the Units in the years ended December 31, 2020, and 2019, respectively. At December 31, 2020 and 2019, $35,000 and $177,000 respectively, has been deferred as unearned compensation and will be charged to expense over the balance of the Performance Period.

Restricted Stock

In January 2020, the Company granted 158,299 shares of restricted stock pursuant to the 2018 Plan. As of December 31, 2020, an aggregate of 744,145 shares of unvested restricted stock are outstanding pursuant to the Plan and the Prior Plans. All shares of restricted stock vest five years from the date of grant and under specified circumstances, including a change in control, may vest earlier. For financial statement purposes, the restricted stock is not included in the outstanding shares shown on the consolidated balance sheets until they vest, but are included in the basic and diluted earnings per share computation. During the years ended December 31, 2020 and 2019, the Company recorded $1,681,000 and $1,350,000, respectively, of compensation expense related to the amortization of unearned compensation with respect to the restricted stock awards. At December 31, 2020 and 2019, $4,411,000 and $3,328,000, respectively, has been deferred as unearned compensation and will be charged to expense over the remaining vesting periods of these restricted stock awards. The weighted average vesting period of these restricted shares is 2.1 years. Subsequent to December 31, 2020, the Company granted 156,774 shares of restricted stock pursuant to the 2020 Plan. Changes in the number of restricted shares outstanding under the Company's equity incentive plans are shown below:

	Year Ended December 31,	
	2020	2019
Outstanding at beginning of the year	725,296	705,847
Issued	158,299	156,399
Cancelled	—	—
Vested	(139,450)	(136,950)
Outstanding at the end of the year	744,145	725,296

The following table reflects the compensation expense recorded for all incentive plans (dollars in thousands):

	Year Ended December 31,	
	2020	2019
Restricted stock grants	$ 1,681	$ 1,350
Restricted stock units	140	142
Total compensation	$ 1,821	$ 1,492

NOTE 10—STOCKHOLDERS' EQUITY (Continued)

Earnings Per Share

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

	Year Ended December 31, 2020	2019
Numerator for basic and diluted earnings per share attributable to common stockholders:		
Net (loss) income attributable to common stockholders	$ (19,862)	$ 856
Denominator:		
Denominator for basic earnings per share—weighted average number of shares	17,115,697	15,965,631
Effect of dilutive securities	—	200,000
Denominator for diluted earnings per share—adjusted weighted average number of shares and assumed conversions	17,115,697	16,165,631
Basic earnings per share	$ (1.16)	$ 0.05
Diluted earnings per share	$ (1.16)	$ 0.05

Equity Distribution Agreements

On or about November 26, 2019, the Company terminated the prior ATM and entered into new agreements with three sales agents to sell an aggregate of $30,000,000 of its common stock from time-to-time in an at-the market offering. Between November 26, 2019 and December 31, 2019, the Company sold 111,963 shares of common stock for net proceeds of $1,966,000 after giving effect to related fees, commissions and offering related expenses of $56,000. During the year ended December 31, 2020, the Company sold 694,298 shares of common stock for net proceeds of $12,077,000 after giving effect to related fees, commissions and offering related expenses of $185,000. All of the shares sold in 2020 were sold by February 28, 2020.

Stock Buyback

On September 5, 2017, the Board of Directors approved a repurchase plan authorizing the Company, effective as of October 1, 2017, to repurchase up to $5,000,000 of shares of common stock through September 30, 2019. Pursuant to this authorization, the Company, from such date through September 30, 2019, repurchased 17,364 shares of common stock at an average market price of $11.95 per share, for an aggregate purchase price, including commissions, of $207,000.

On September 12, 2019, the Board of Directors authorized the Company, effective as of October 1, 2019, to purchase up to $5,000,000 of shares of common stock through September 30, 2021. During the year ended December 31, 2020, the Company repurchased 39,093 shares of common stock (all of which were repurchased during the three months ended March 31, 2020), at an average market price of $15.76 for an aggregate cost of $616,000. At December 31, 2020, the remaining availability under this authorization is $4,384,000 of shares of common stock.

NOTE 11—RELATED PARTY TRANSACTIONS

The Company has retained certain of its executive officers and Fredric H. Gould, a director, to provide, among other things, the following services: participating in the Company's multi-family property analysis and approval process (which includes service on an investment committee), providing investment advice, long term planning and consulting with executives and employees with respect to other business matters, as required. The aggregate fees paid in 2020 and 2019 for these services were $1,398,000 and $1,331,000, respectively.

NOTE 11—RELATED PARTY TRANSACTIONS (Continued)

Management of certain properties owned by the Company and certain joint venture properties is provided by Majestic Property Management Corp. ("Majestic Property"), a company wholly owned by Fredric H. Gould, under renewable year-to-year agreements. Certain of the Company's officers and directors are also officers and directors of Majestic Property. Majestic Property provides real property management, real estate brokerage and construction supervision services to these properties. For the years ended December 31, 2020 and 2019, fees for these services were $32,000 and $33,000, respectively.

Pursuant to a shared services agreement between the Company and several affiliated entities, including Gould Investors L.P., the owner and operator of a diversified portfolio of real estate and other assets and One Liberty Properties, Inc., a NYSE listed equity REIT, the (i) services of the part time personnel that perform certain executive, administrative, legal, accounting and clerical functions and (ii) certain facilities and other resources, are provided to the Company. The allocation of expenses for the facilities, personnel and other resources shared by, among others, the Company and Gould Investors, is computed in accordance with such agreement and is included in general and administrative expense on the consolidated statements of operations. During the years ended December 31, 2020 and 2019 allocated general and administrative expenses reimbursed by the Company to Gould Investors pursuant to the shared services agreement aggregated $761,000 and $575,000, respectively. Fredric H. Gould is executive officer and sole stockholder of Georgetown Partners, Inc., the managing general partner of Gould Investors L.P.("Gould Investors"). Mr Gould is also the vice chairman of the board of directors of One Liberty Properties and certain of the Company's officers and directors are also officers or directors of One Liberty Properties and Georgetown Partners. As of December 31, 2020 and 2019, $124,000 and $142,000, respectively, remains unpaid and is included in accounts payable and accrued liabilities on the consolidated balance sheets.

Management of two of the Company's multi-family properties which were sold in 2019, was performed by its joint venture partners or their affiliates, none of which are related to the Company. These management fees amounted to $68,000 in the year ended December 31, 2019.

The Company obtains certain insurance in conjunction with Gould Investors and reimburses Gould Investors for the Company's share of the insurance cost. Insurance reimbursements to Gould Investors for the years ended December 31, 2020 and 2019 were $39,000 and $40,000, respectively.

NOTE 12—FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial Instruments Not Measured at Fair Value

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

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

Junior subordinated notes: At December 31, 2020 and 2019, the estimated fair value of the Company's junior subordinated notes is less than their carrying value by approximately $8,670,000 and $9,589,000, respectively, based on market interest rates of 4.22% and 6.41%, respectively.

Mortgages payable: At December 31, 2020, the estimated fair value of the Company's mortgages payable is less than their carrying value by approximately $3,831,000, assuming market interest rates between 2.87% and 3.28%. At December 31, 2019, the estimated fair value was lower than the carrying value by $321,000, assuming market interest rates between 3.89% and 4.33%. Market interest rates were determined using current financing transaction information provided by third party institutions.

Considerable judgment is necessary to interpret market data and develop estimated fair value. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value assumptions. The fair values of debt obligations are considered to be Level 2 valuations within the fair value hierarchy.

NOTE 12—FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

Financial Instruments Measured at Fair Value

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

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

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

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

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

Long-lived assets

The Company measures its real estate investments at fair value on a nonrecurring basis. During the year ended December 31, 2020, the fair value of the real estate investment was determined using the following input levels (dollars in thousands):

	Carrying and Fair Value	Fair Value Measurements Using Fair Value Hierarchy		
		Level 1	Level 2	Level 3
Non-Financial Assets:				
Long-lived assets	$ 4,379	$ —	$ —	$ 4,379

NOTE 12—FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

The Company reviews its investments in real estate when events or circumstances change indicating the carry value of the investment may not be recoverable. In the evaluation of an investment for impairment, many factors are considered, including estimated current and expected cash flows from the asset during the projected hold period, costs necessary to extend the life of the asset, expected capitalization rates, and projected stabilized net operating income and the ability to hold or dispose of the asset in the ordinary course of business.

Quantitative information about Level 3 measurements is as follows:

	Fair Value	Valuation Technique	Significant Unobservable Inputs
Non-Financial Assets: Long-Lived assets:			
Vacant land - South Daytona Beach, FL	$ 4,379	Discounted cash flow	Non-binding sales contract /Discount rate 12.5%

NOTE 13—COMMITMENT AND CONTINGENCIES

The Company maintains a non-contributory defined contribution pension plan covering eligible employees and officers. Contributions by the Company are made through a money purchase plan, based upon a percent of qualified employees' total salary as defined therein. Pension expense approximated $386,000 and $373,000 during the years ended December 31, 2020 and 2019, respectively. At December 31, 2020 and 2019, $186,000 and $74,000, respectively, remains unpaid and is included in accounts payable and accrued liabilities on the consolidated balance sheets.

At December 31, 2020, the Company is the carve-out guarantor with respect to mortgage debt in principal amount of $120,733,000 at seven multi-family properties.

NOTE 14—DERIVATIVE FINANCIAL INSTRUMENTS

Cash Flow Hedges of Interest Rate Risk

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

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

As of December 31, 2020, the Company had the following outstanding interest rate derivative that was designated as a cash flow hedge of interest rate risk (dollars in thousands):

Interest Rate Derivative	Notional Amount	Rate	Maturity
Interest Rate Swap	$ 1,036,000	5.25 %	April 1, 2022

NOTE 14—DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

Non-designated Derivatives

Derivatives not designated as hedges are not speculative and are used to manage the Company's exposure to interest rate movements and other identified risks but do not meet the hedge accounting requirements. Changes in the fair value of derivatives not designated in hedging relationships are recorded directly in earnings. At December 31, 2020, the Company did not have any outstanding derivatives that were not designated as hedges in qualifying hedging relationships.

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

Derivatives as of:			
December 31, 2020		December 31, 2019	
Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Other Assets	$ —	Other assets	$ —
Accounts payable and accrued liabilities	$ 23	Accounts payable and accrued liabilities	$ 12

The following table presents the effect of the Company's derivative financial instrument on the consolidated statements of comprehensive income (loss) for the years ended December 31, 2020 and 2019 and (dollars in thousands):

	Year Ended December 31,	
	2020	2019
Amount of loss recognized on derivative in Other Comprehensive Income	$ (27)	$ (22)
Amount of (loss) gain reclassified from Accumulated Other Comprehensive (loss) income into Interest Expense	$ (15)	$ 1
Total amount of Interest expense presented in the Consolidated Statement of Operations	$ 7,100	$ 7,796

No gain or loss was recognized related to hedge ineffectiveness or to amounts excluded from effectiveness testing on the Company's cash flow hedge during the years ended December 31, 2020 or 2019. During the twelve months ending December 31, 2021, the Company estimates an additional $19,000 will be reclassified from other comprehensive loss as a decrease to interest expense.

Credit-risk-related Contingent Features

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

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

NOTE 15—QUARTERLY FINANCIAL DATA (Unaudited)

	2020				
	1st Quarter Jan - March	2nd Quarter April - June	3rd Quarter July - September	4th Quarter Oct - Dec	Total For Year
Revenues:					
Rental and other revenue	$ 6,745	$ 6,657	$ 7,020	$ 7,029	$ 27,451
Other income	179	159	293	20	651
Total revenues	6,924	6,816	7,313	7,049	28,102
Expenses:					
Real estate operating expenses	3,058	3,004	3,289	3,026	12,377
Interest expense	1,860	1,809	1,731	1,700	7,100
General and administrative	3,367	2,957	2,730	2,647	11,701
Impairment charge	—	—	3,642	—	3,642
Depreciation	1,561	1,809	1,777	1,595	6,742
Total expenses	9,846	9,579	13,169	8,968	41,562
Total revenues less total expenses	(2,922)	(2,763)	(5,856)	(1,919)	(13,460)
Equity in loss of unconsolidated joint ventures	(1,815)	(1,387)	(1,529)	(1,293)	(6,024)
Loss from continuing operations	(4,737)	(4,150)	(7,385)	(3,212)	(19,484)
Provision for taxes	62	65	65	56	248
Loss from continuing operations, net of taxes	(4,799)	(4,215)	(7,450)	(3,268)	(19,732)
(Income) attributable to non-controlling interests	(32)	(31)	(34)	(33)	(130)
Net loss attributable to common stockholders	$ (4,831)	$ (4,246)	$ (7,484)	$ (3,301)	(19,862)
Basic and diluted and per share amounts attributable to common stockholders					
Basic loss per share	$ (0.29)	$ (0.25)	$ (0.44)	$ (0.19)	$ (1.16)
Diluted loss per share	$ (0.29)	$ (0.25)	$ (0.44)	$ (0.19)	$ (1.16)

NOTE 15—QUARTERLY FINANCIAL DATA (Unaudited) (Continued)

	2019				
	1st Quarter Jan - March	2nd Quarter April - June	3rd Quarter July - September	4th Quarter Oct - Dec	Total For Year
Revenues:					
Rental and other revenue from real estate properties	$ 6,886	$ 7,097	$ 6,261	$ 6,765	$ 27,009
Other income	244	190	161	157	752
Total revenues	7,130	7,287	6,422	6,922	27,761
Expenses:					
Real estate operating expenses	3,176	3,325	2,741	3,090	12,332
Interest expense	1,946	2,049	1,870	1,931	7,796
General and administrative	2,544	2,481	2,430	2,636	10,091
Depreciation	1,547	1,428	1,373	1,568	5,916
Total expenses	9,213	9,283	8,414	9,225	36,135
Total revenues less total expenses	(2,083)	(1,996)	(1,992)	(2,303)	(8,374)
Equity in loss from unconsolidated joint venture properties	(2,068)	(2,218)	(2,390)	(2,150)	(8,826)
Equity in earnings from sale of unconsolidated joint venture properties	—	—	—	9,932	9,932
Gain on sale of real estate	—	—	9,938	680	10,618
Loss on extinguishment of debt	—	—	(1,387)	—	(1,387)
(Loss) income from continuing operations	(4,151)	(4,214)	4,169	6,159	1,963
Provision for taxes	62	59	98	51	270
(Loss) income from continuing operations, net of taxes	(4,213)	(4,273)	4,071	6,108	1,693
Net (income) loss attributable to non-controlling interests	(34)	(44)	(799)	40	(837)
Net (loss) income attributable to common stockholders	$ (4,247)	$ (4,317)	$ 3,272	$ 6,148	$ 856
Basic and diluted per share amounts attributable to common stockholders					
Basic (loss) income per share	$ (0.27)	$ (0.27)	$ 0.21	$ 0.38	$ 0.05
Diluted income (loss) per share	$ (0.27)	$ (0.27)	$ 0.20	$ 0.38	$ 0.05

NOTE 16—SUBSEQUENT EVENTS

Subsequent events have been evaluated and any significant events, relative to our consolidated financial statements as of December 31, 2020 that warrant additional disclosure have been included in the notes to the consolidated financial statements.

The Company is presented with the risks presented by the novel coronavirus or COVID-19, which has spread and may continue to spread, to markets in which it operates. The ultimate extent of the impact of the pandemic on the Company's business, financial condition, liquidity, results of operations and prospects will depend on future developments, which are highly uncertain and cannot be predicted with confidence, including the duration, the severity of, and the actions taken to control, the pandemic, and the short-term and long-term economic impact thereof.

BRT APARTMENTS CORP. AND SUBSIDIARIES

SCHEDULE III—REAL ESTATE PROPERTIES AND ACCUMULATED DEPRECIATION

DECEMBER 31, 2020

(Dollars in thousands)

		Initial Cost to Company		Costs Capitalized Subsequent to Acquisition			Gross Amount At Which Carried at December 31, 2020						
Description	Encumbrances	Land	Buildings and Improvements	Land	Improvements	Carrying Costs	Land	Buildings and Improvements	Total (a)	Accumulated Depreciation	Date of Construction	Date Acquired	Depreciation Life
Commercial													
Yonkers, NY.	$ 1,038	—	$ 4,000	—	$ 320	—	—	$ 4,320	$ 4,320	$ 2,198	(b)	Aug-2000	39 years
South Daytona, FL.	—	$ 10,437	—	$ 49	—	—	$ 4,379	—	4,379	—	N/A	Feb-2008	N/A
Multi-Family Residential													
North Charleston, SC	15,608	2,436	18,970	—	1,378	—	2,436	20,348	22,784	5,980	2010	Oct-2012	30 years
Decatur, GA	14,217	1,698	8,676	—	2,158	—	1,698	10,834	12,532	3,283	1954	Nov-2012	30 years
Columbus, OH	9,227	1,372	12,678	—	615	—	1,372	13,293	14,665	3,523	1999	Nov-2013	30 years
Houston, TX	14,380	2,268	15,811	—	288	—	2,268	16,099	18,367	1,474	1981	Dec-2018	30 years
Pensacola, FL	17,921	2,758	25,192	—	1180	—	2,758	26,372	29,130	5,705	2008	Dec-2014	30 years
San Marcos, TX	16,844	2,303	17,605	—	42	—	2,303	17,647	19,950	1,033	2014	Oct-2019	30 years
LaGrange, GA	14,259	832	21,969	—	579	—	832	22,548	23,380	4,230	2009	Nov-15	30 years
Fredericksburg, VA	27,503	7,540	33,196	—	703	—	7,540	33,895	41,435	3,411	2005	Jul-18	30 years
Other assets	—	—	—	—	—	—	—	87	87				
Total	$ 130,997	$ 31,644	$ 158,097	$ 49	$ 7,263	$ —	$ 25,586	$ 165,443	$ 191,029	$ 30,837			

BRT REALTY TRUST AND SUBSIDIARIES

SCHEDULE III—REAL ESTATE PROPERTIES AND ACCUMULATED DEPRECIATION

DECEMBER 31, 2020

(Dollars in thousands)

Notes to the schedule:

(a)	Total real estate properties	$ 191,029
	Less: Accumulated depreciation	(30,837)
	Net real estate properties	$ 160,192
(b)	Information not readily obtainable.	

A reconciliation of real estate properties is as follows:

	2020	2019
Balance at beginning of year	$ 169,689	$ 176,942
Additions:		
Acquisitions	—	19,907
Capital improvements	887	1,580
	887	21,487
Deductions:		
Sales	—	22,824
Depreciation	6,742	5,916
Impairment Charge	3,642	—
	10,384	28,740
Balance at end of year	$ 160,192	$ 169,689

CORPORATE DIRECTORY

ISRAEL ROSENZWEIG
Chairman of the Board of Directors; Senior Vice President of Georgetown Partners, Inc., the managing general partner of Gould Investors L.P., a real estate limited partnership; Senior Vice President of One Liberty Properties, Inc.

JEFFREY A. GOULD
Director, President and Chief Executive Officer; Senior Vice President of Georgetown Partners, Inc.; Senior Vice President and Director of One Liberty Properties, Inc.

MATTHEW J. GOULD
Director and Senior Vice President; Chairman of the Board and Chief Executive Officer of Georgetown Partners, Inc.; Chairman of the Board of Directors of One Liberty Properties, Inc.

DAVID W. KALISH
Senior Vice President–Finance; Senior Vice President and Chief Financial Officer of Georgetown Partners, Inc.; Senior Vice President and Chief Financial Officer of One Liberty Properties, Inc.

MARK H. LUNDY
Senior Vice President; President and Chief Operating Officer of Georgetown Partners, Inc.; Senior Vice President and Secretary of One Liberty Properties, Inc.

GEORGE E. ZWEIER
Vice President and Chief Financial Officer

MITCHELL K. GOULD
Executive Vice President

ISAAC KALISH
Vice President and Treasurer; Vice President and Assistant Treasurer of Georgetown Partners, Inc.; Vice President and Assistant Treasurer of One Liberty Properties, Inc.

STEVEN ROSENZWEIG
Senior Vice President, Legal; Vice President of Georgetown Partners, Inc.

RYAN BALTIMORE
Senior Vice President, Corporate Strategy and Finance

ALAN H. GINSBURG
Director; Chairman of The CED Companies and AHG Group of Companies

FREDRIC H. GOULD
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FORM 10-K AVAILABLE
A copy of the annual report (Form 10-K) filed with the Securities and Exchange Commission may be obtained without charge by writing to BRT Apartments Corp., 60 Cutter Mill Road, Suite 303, Great Neck, New York 11021, Attn: Secretary.

COMMON STOCK
The Company's common stock is listed on the New York Stock Exchange under the ticker symbol BRT.

WEB SITE ADDRESS
www.BRTApartments.com

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