



Mercer Crossing – Dallas, TX



The Avenue – Lawrenceville, GA



Pointe at Lenox Park – Atlanta, GA

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# Investor Presentation

January 2019



## Safe Harbor

Certain information contained in this presentation, together with other statements and information publicly disseminated by BRT Apartments Corp. (the "Company"), constitute forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities and Exchange Act of 1934, as amended. These statements involve assumptions and forecasts that are based upon our current assessments of certain trends, risks and uncertainties, which assumptions appear to be reasonable to us at the time they are made. We intend such forward-looking statements to be covered by the safe harbor provision for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995 and include this statement for the purpose of complying with these safe harbor provisions. Information regarding certain important factors that could

cause actual outcomes or other events to differ materially from any such forward-looking statements appear in the Company's Annual Report on Form 10-K for the year ended September 30, 2018 filed with the SEC, and in particular the sections of such document entitled "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations". You should not rely on forward-looking statements since they involve known and unknown risks, uncertainties and other factors which are, in some cases, beyond our control and which could materially affect actual results or performance referred to above. We undertake no obligation to publicly update or revise any forward-looking statements included in this presentation, whether as a result of new information, future events or otherwise.

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Our fiscal year begins on October 1st and ends on September 30th. Unless otherwise indicated or the context otherwise requires, all references to a year (e.g., 2019), refer to the applicable fiscal year ended September 30th.



BRT Apartments is an owner and operator of Class B value-add and select Class A multi-family assets primarily in superior Sun Belt locations. The Company uses its expert real estate and investment experience to maximize risk-adjusted return for its stockholders.

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Parkway Grande – *San Marcos, TX*



Vanguard Heights – *Creve Coeur, MO*



Verandas at Alamo Ranch – *San Antonio, TX*



## Differentiated Strategy

- Focused on growth markets, targeting assets where we can create value using repositioning and renovation programs
- Extensive JV network mitigating risk and expanding our ability to grow into ideal markets
- Purchase price between \$20 million and \$100 million with BRT's equity contribution of between \$2 million and \$20 million



## Stable Portfolio and Robust Pipeline

- Primarily acquire properties with 90+% occupancy
- Strong deal flow from existing network of partners and brokers



## Proven Management team, closely aligned with Stockholders

- Management and affiliates owns 39% of the Company's total equity
- Internalized Management
- Attractive annual dividend yield of 5.86%<sup>1</sup>



## Scalable Growth Opportunity

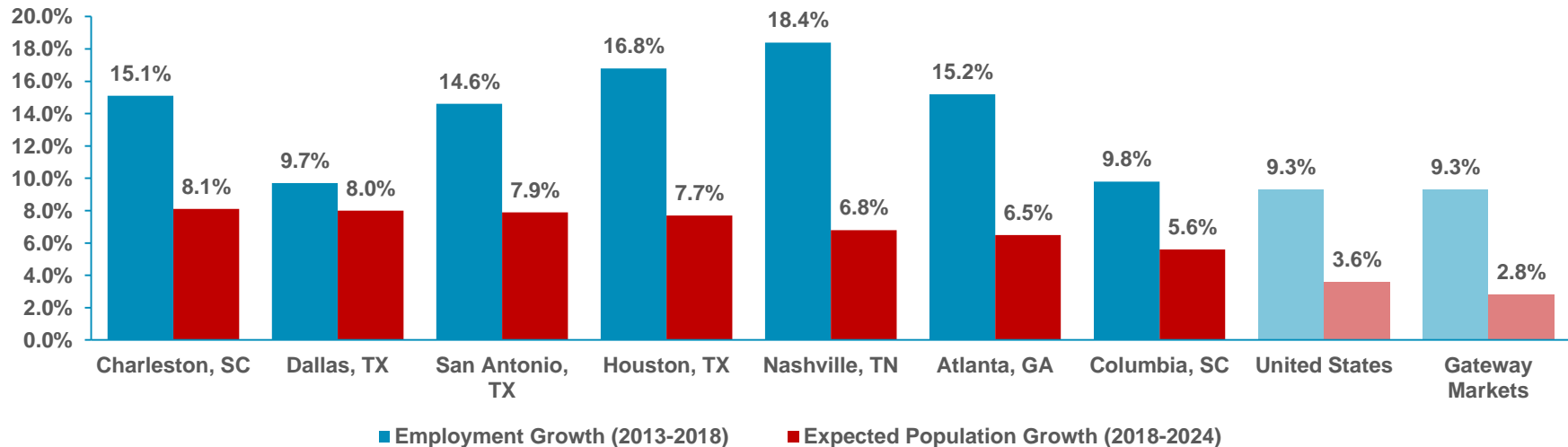
- Target assets in the Sun Belt with favorable demographics
  - High job growth
  - Outsized population growth

## Capitalizing on Favorable Multi-Family Trends



- Multi-family apartments have seen tremendous growth in recent years due to high demand, driven partially by millennial's preference to rent rather than to buy
- Buying opportunities in Sun Belt markets with positive net migration in the millennial age group moving into the area
- Middle class renters drive demand in our markets, who are more likely to rent Class B apartments. Renters in these markets are a mix of working class, millennials, and seniors.
- We believe we can buy select Class A and Class B apartments that offer attractive yields and growth

### Job Growth and Population Growth by Market





# Proven Senior Management Team

More than 30 Years experience in Multi-family

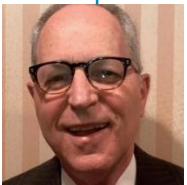


**Jeffrey A. Gould,**  
*President and CEO*

President and CEO since 2002

Senior Vice President and Member of the Board of Directors of One Liberty Properties, Inc. (NYSE: OLP) since 1999

Vice President of Georgetown Partners, Inc., managing general partner of Gould Investors L.P. since 1996



**David W. Kalish,**  
*Senior Vice President, Finance*

Senior Vice President – Finance since 1990

Senior Vice President and CFO of One Liberty Properties Inc. since 1990

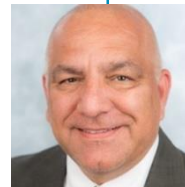
Senior Vice President and CFO of Georgetown Partners, managing general partner of Gould Investors L.P. since 1990



**Ryan W. Baltimore,**  
*Vice President*

Vice President

Corporate Strategy and Portfolio Management



**George E. Zweier,**  
*Chief Financial Officer*

Vice President and CFO



**Mitchell K. Gould,**  
*Executive Vice President*

Executive Vice President

Acquisitions and Asset Management

# Decades of Demonstrated Success in Multi-Family



Pre-2012

- Engaged in lending on commercial and mixed use properties
- Significant involvement in multi-family apartments and other real estate assets



2014-2015

- Fully exited lending and servicing business and acquired 17 properties with 5,680 units
- Started development of 621 units in Greenville, SC and North Charleston, SC
- Announced internalization of management



2018

- Acquired 6 assets, totaling 1,921 units
- Sold 3 properties with 1,386 units
- Increased dividend to \$0.20 per share

1983 – 2012

2012 – PRESENT



2012-2013

- Commenced multi-family investing strategy in 2012 and acquired 5 properties with 1,451 units
- In 2013, acquired 9 properties with 2,334 units



2016-2017

- Acquired 18 assets, totaling 5,064 units, and sold 13 properties with 3,786 units
- Completed development of 350 units in Greenville, SC and acquired a development property with 402 units
- Announced dividend of \$0.18 per share



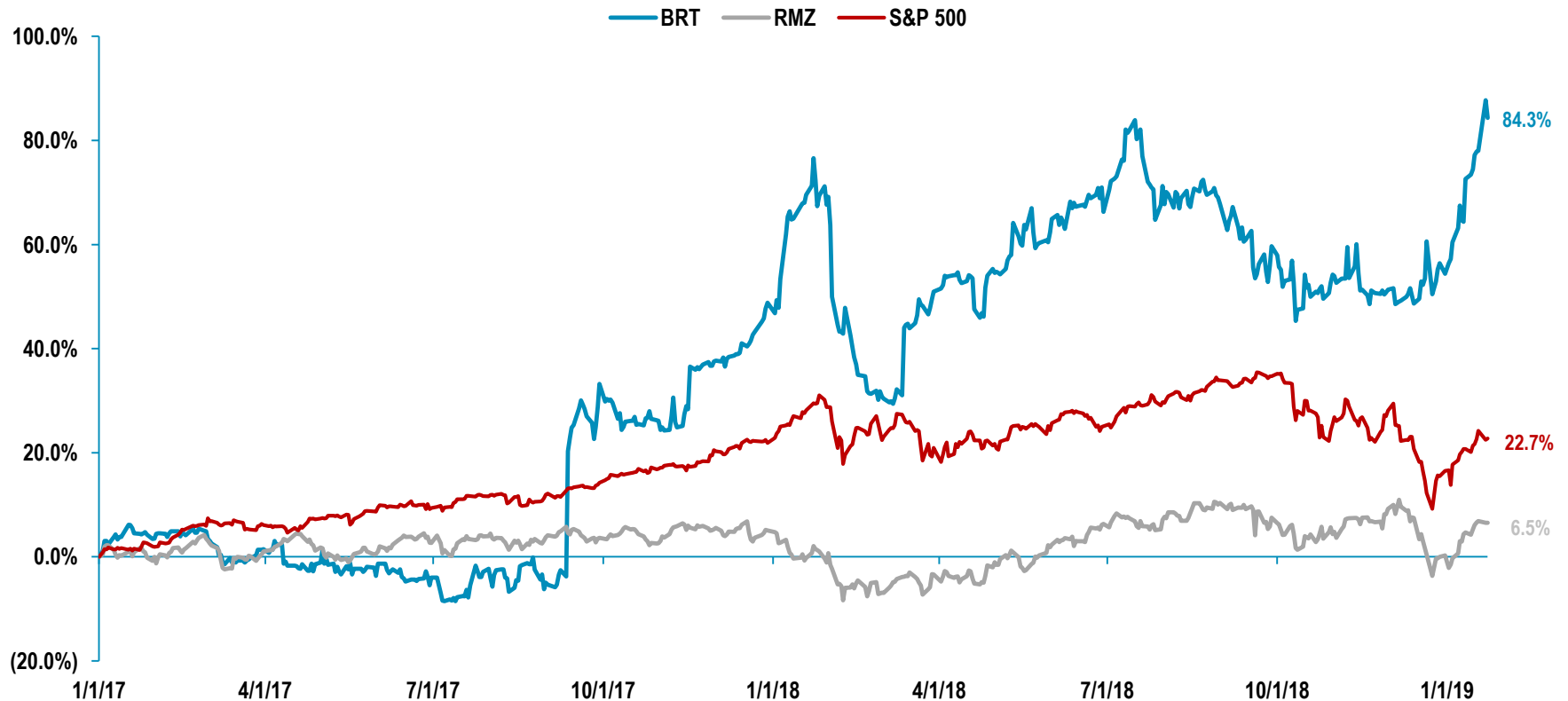
2019

- Acquired 1 asset with 266 units
- Sold 2 properties totaling 691 units

## BRT's Total Return Since 2017



- Since January 1, 2017, BRT's total return has been 84.3%, outperforming both the S&P 500 and the MSCI U.S. REIT Index over the same time period by 61.6% and 77.8%, respectively





# Differentiated Strategy Creating

## Meaningful Value



### Focus on Growth Markets

- Target assets with high NOI growth potential
- Create value through re-tenanting, repositioning, and value-add renovations
- Growth through active property management
- High barriers to entry; minimal new development; less institutional competition

### JV-Centric Strategy

- JV structure leverages local expertise of joint venture partner network
- Superior flexibility to grow or exit markets versus vertically-integrated REITs

### Proven Access to Investment Opportunities

- Significant access to buying opportunities from strong JV partner network
- Broad network of third party management companies and partner relationships
- Flexible acquisition and funding profile; focus on one-off opportunities where major institutional buyers are not active
- BRT's niche is the less competitive properties worth up to \$100 million

# Joint Venture Strategy

## Creating Value through Strong Operating Partnerships



### Strong Deal Flow

- Receive numerous opportunities from both existing partners and potential partners through a strong network built from the successful lending platform and equity partnerships in the past
- Have never advertised publicly but continue to see strong deal flow

### Flexibility

- Ability to enter and exit markets through a strong network
- High “hit-rate” and efficiencies on deals as we only review deals when under contract
- Have the ability to choose best-in-class third party management companies where the partners do not have a vertically integrated platform

### Value-Creation through Local Partners

- Local operators with expertise in specific markets provide value-added opportunities through extensive market knowledge
- Able to get “off-market” deals through the partners’ years of relationships with local brokers and owners

# Acquisition Approach and Strategy

## Harnessing Partner Network to Facilitate Capital Deployment



### ACTIVE CAPITAL PARTNER

Actively involved in operations and asset management

Strong local partner expertise accelerates site selection and enhances diligence process

### CONSERVATIVE UNDERWRITING

Efficient underwriting: management primarily considers deals already under contract by JV Partner, resulting in a high “hit rate”

Leverages relationship with JV partner to enhance quality of due diligence

Working with partner maximizes ability to hone in on best locations for investment

### TYPICAL DEAL METRICS

\$2 million to \$20 million equity investment

Generally provide 65% to 80% of equity requirement, pari passu

60% – 70% LTV first mortgage financing

Targeted 6% to 8% cash-on-cash yield day one

Targeted 10% to 16% IRR

Willing to take preferred / senior equity position to enhance returns and mitigate risk

### ILLUSTRATIVE VALUE ADD DEAL CAPITALIZATION - \$60mm Transaction

#### Before Value Add Program

JV Partner:  
\$4mm

BRT Equity: \$16mm

Debt: \$40mm

Equity  
Breakdown  
80% / 20%

\$60mm  
Transaction  
67% Leverage

#### After Value Add Program <sup>(1)</sup>

JV Partner:  
\$6mm

BRT Equity: \$26mm

Debt: \$40mm

Equity  
Breakdown  
80% / 20%





\$72mm  
Value  
56% Leverage

1) Value based on pro forma NOI and stabilized cap rate

# Focus on Growth Markets

## Strategically Concentrated in High Employment Markets



			
STATE	PROPERTIES <sup>2</sup>	UNITS <sup>2</sup>	% of NOI CONTRIBUTION <sup>3</sup>
Texas	11	3,096	27%
Georgia	5	1,545	15%
Florida	4	1,248	11%
Mississippi	2	776	9%
Missouri	3	355	9%
South Carolina	3	678	7%
Alabama	2	412	3%
Indiana	1	400	2%
Tennessee	1	300	4%
Ohio	1	264	3%
Virginia	1	220	4%
Other <sup>1</sup>	-	-	2%
<b>TOTAL</b>	<b>34</b>	<b>9,294</b>	<b>96%</b>

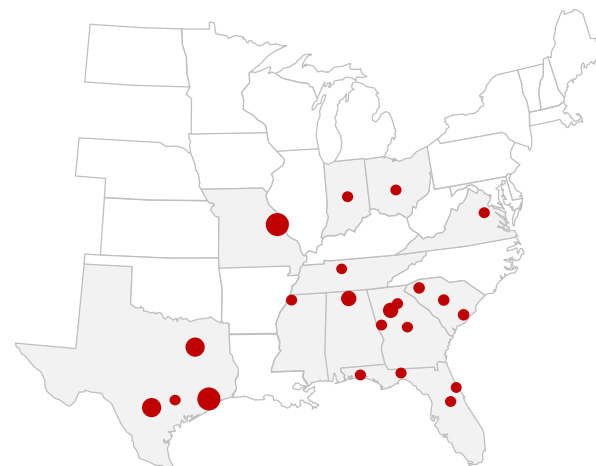
### KEY PORTFOLIO FIGURES

Average Monthly Rental Rate<sup>3</sup> **\$964**

Average Property Age (Years)<sup>2</sup> **22.5**

Average Cost per Unit<sup>4</sup> **\$122,298**

### Geographically Diverse Portfolio



Source: Company Filings

[1] Primarily reflects amounts from properties included in the Company's other assets segment related to a commercial leasehold position in Yonkers, NY

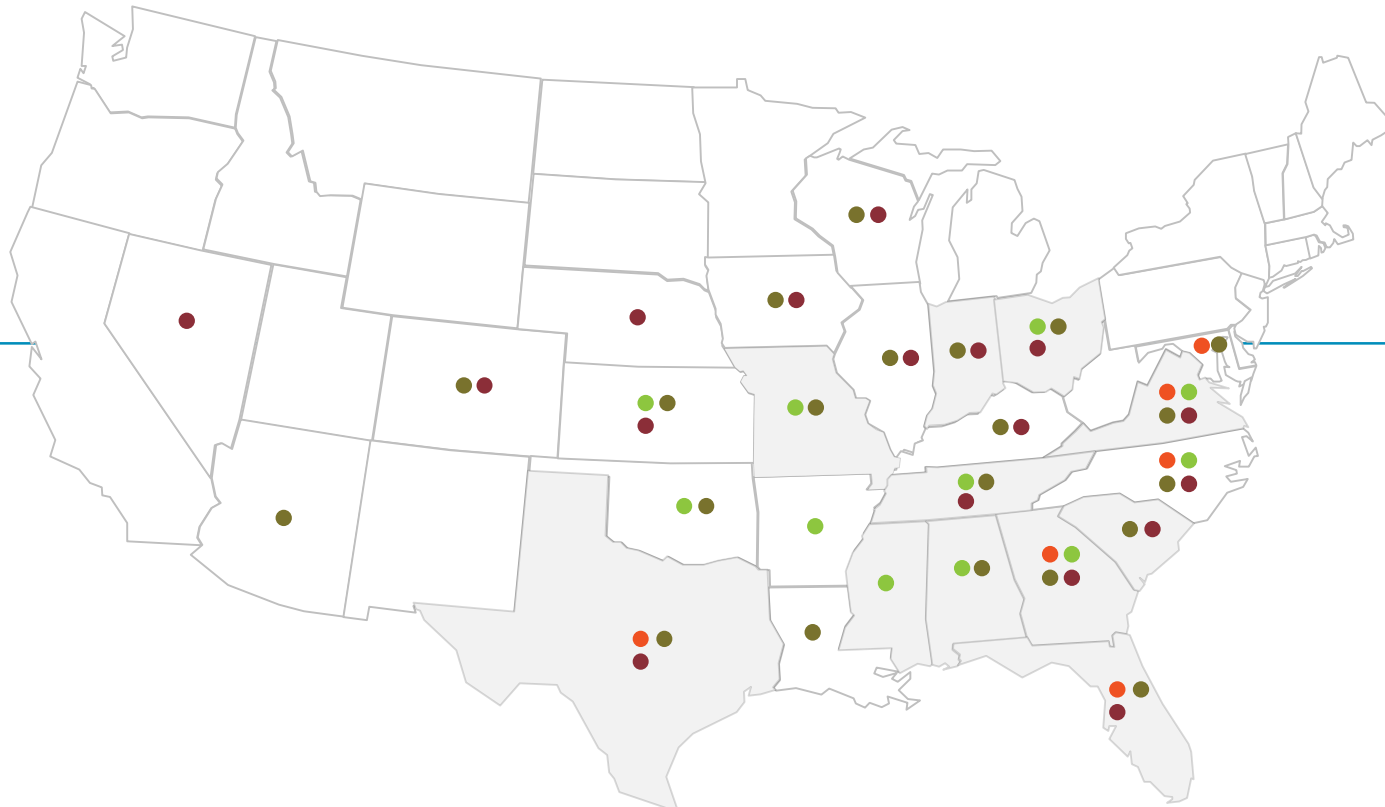
[2] As of January 18, 2019. Excludes 402 units under development in West Nashville, TN

**PAGE 12** [3] For the fiscal year ended September 30, 2018. Properties sold during fiscal 2018 contributed 4% to fiscal 2018 NOI. Excludes 402 units under development in West Nashville, TN. See reconciliation of NOI set forth in the supplemental financial information filed on December 10, 2018 as an exhibit to BRT's Current Report on Form 8-K.

[4] Average cost includes total capitalization for renovations

## Partnering with Private Owner/Operators

Strong partnerships with national operators who manage/own 100,000+ units



Somerset Partners



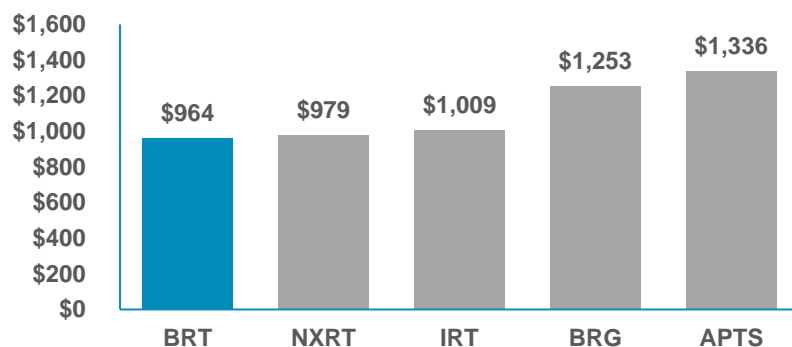
MANAGEMENT SERVICES, LLC

MLG Capital

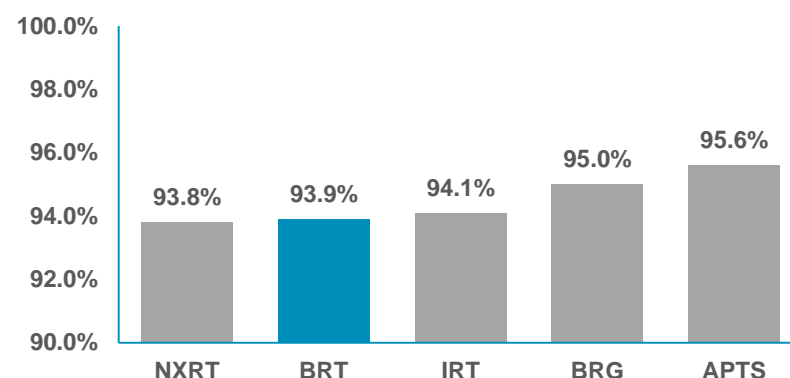
# Upside in Rents Due to Strong Value-Add Program and Stable Occupancy



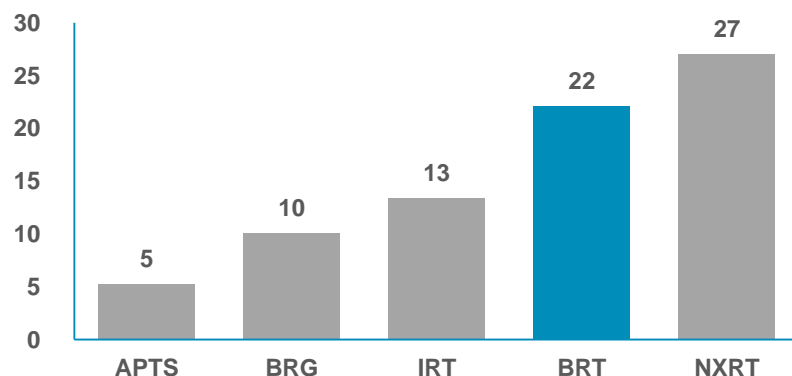
AVERAGE RENT PER UNIT<sup>1</sup>



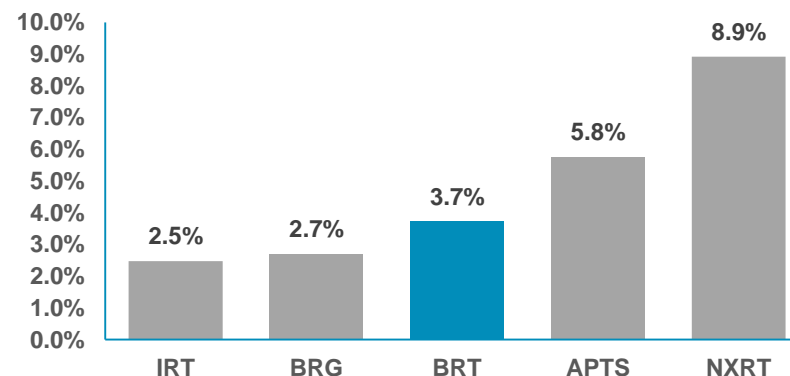
PORTFOLIO OCCUPANCY<sup>1/2</sup>



AVERAGE AGE OF PROPERTY (YEARS)<sup>1</sup>



AVERAGE SAME STORE NOI GROWTH YOY LTM<sup>1</sup>



Source: Company Filings, SNL

PAGE 14 [1] For the fiscal year ended September 30, 2018

[2] Average occupancy for BRT excludes properties that are not stabilized. For all periods presented, stabilized properties include all our consolidated properties, other than those in lease-up or development, and also excludes a Katy, Texas property that was damaged by Hurricane Harvey.



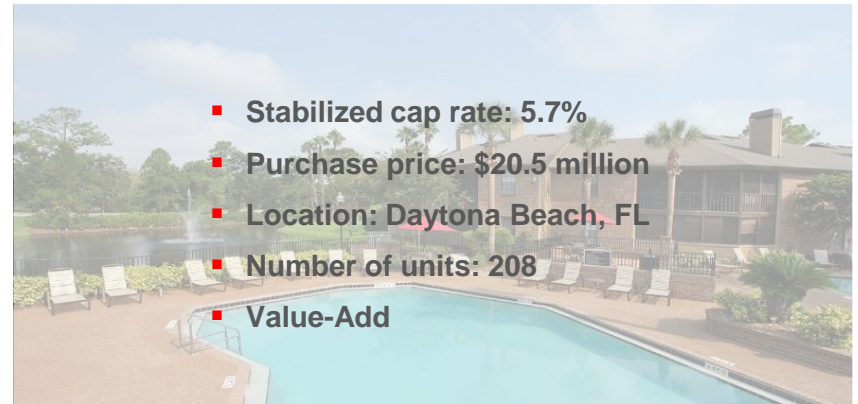
## Recent Acquisitions



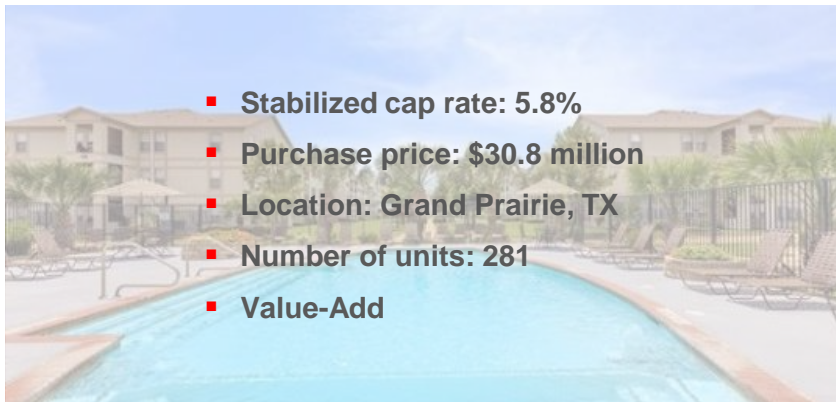
### PARC AT 980



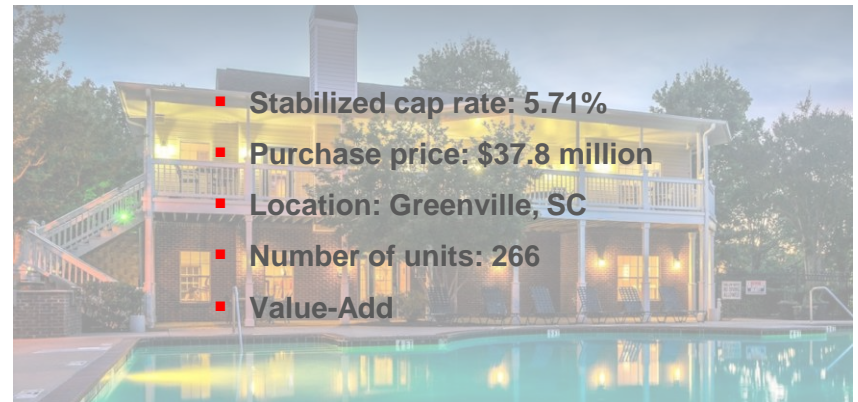
### ANATOLE APARTMENTS



### LANDINGS OF CARRIER PARKWAY









### CRESTMONT AT THORNBLADE



# History of Value Creation

## Dispositions



 <b>DISPOSITION DATE</b>	 <b>PROPERTY NAME</b>	 <b>LOCATION</b>	 <b># OF UNITS</b>	 <b>BRT SHARE OF GAIN ON SALE<sup>1</sup></b>	 <b>IRR<sup>2</sup></b>
Jul-15	Ivy Ridge	Marietta, GA	207	\$4.6mm	31.7%
Mar-16	Grove at Trinity Pointe	Cordova, TN	464	\$4.5mm	21.2%
Mar-16	Mountain Park Estates	Kennesaw, GA	450	\$6.3mm	26.0%
Apr-16	Courtney Station	Pooler, GA	300	\$4.3mm	13.0%
Jun-16	Madison at Schilling Farms	Collierville, TN	324	\$3.7mm	10.0%
Jun-16	Village Green	Little Rock, AK	172	\$0.4mm	10.0%
Sep-16	Sundance	Wichita, KS	496	\$5.4mm	32.0%
Oct-16	Southridge	Greenville, SC	350	\$9.2mm	27.0%
Oct-16	Spring Valley	Panama City, FL	160	\$3.9mm	37.0%
Nov-16	Sandtown Vista	Atlanta, GA	350	\$4.7mm	40.2%
Nov-16	Autum Brook	Hixson, TN	156	\$0.5mm	-5.1%
Jul-17	Meadowbrook	Humble, TX	260	\$4.6mm	23.5% <sup>3</sup>
Jul-17	Parkside	Humble, TX	160	\$2.8mm	23.5% <sup>3</sup>
Jul-17	Ashwood Park	Pasadena, TX	144	\$1.7mm	23.5% <sup>3</sup>
Oct-17	Waverly Place Apartments	Melbourne, FL	208	\$10.0mm	25.0% <sup>4</sup>
Feb-18	Fountains	Palm Beach Gardens, FL	542	\$21.2mm	25.0% <sup>4</sup>
Feb-18	Apartments at the Venue	Valley, AL	618	\$5.2mm	15.7%
Nov-18	The Factory at Garco Park	North Charleston, SC	271	\$6.2mm	20.0%
Dec-18	Cedar Lakes	Lake St. Louis, MO	420	\$5.6mm	15.9%

### TOTAL WEIGHTED AVERAGE

**6,052**

**\$104.8mm**

# Development Opportunities

## Superior Locations with Limited New Supply



- Pursue Class A / A+ new construction in emerging Southeast US markets
- Willing to provide at least 50% of the required equity with well-capitalized development partners
- Garden style or mid-rise construction
- Targeting unlevered stabilized return of at least 7%

### CURRENT DEVELOPMENT PROJECTS

**Canalside Sola, Columbia, SC  
(rendering)**



**Bells Bluff, Nashville, TN  
(rendering)**



Location	Estimated Development Cost	Capital Drawn	Planned Units	Status
Columbia, SC <sup>1</sup>	\$60,697,000	\$56,140,902	338	■ Leasing is underway at the property, occupancy is 36% as of 1/22/2019
Nashville, TN	\$73,263,000	\$52,985,797	402	■ Occupancy on first buildings expected to begin in Q1 2019

# Development Case Study

## Greenville, SC



PROPERTY DESCRIPTION	ACQUISITION DATA	DEVELOPMENT	RETURN ON INVESTMENT
<ul style="list-style-type: none"><li>Brand new construction in downtown Greenville market</li><li>360 unit mid-rise mixed use apartment complex</li><li>Built in 2016</li></ul>	<ul style="list-style-type: none"><li>Purchased land for \$7mm in January 2014</li><li>Development budget of \$51.5mm, or \$143,000 per unit</li></ul>	<ul style="list-style-type: none"><li>Development was completed on time and budget</li><li>Property was sold at the end of lease-up</li><li>As the Greenville market became oversaturated, we were able to sell and recycle capital effectively.</li></ul>	<ul style="list-style-type: none"><li>Property sold in October 2016 for \$68mm or \$188,888 per unit</li><li>IRR of 27% to BRT</li></ul>



# Value-Add Case Study: Houston Portfolio

## Houston, TX



PROPERTY DESCRIPTION	ACQUISITION DATA	VALUE ADD UPGRADES
<ul style="list-style-type: none"> <li>3 class B multi-family properties located in Humble, TX and Pasadena, TX</li> <li>Built in 1982, 1983, 1984</li> <li>564 units</li> </ul>	<ul style="list-style-type: none"> <li>Purchased for \$22.66mm, or \$40,177, per unit, in October 2013</li> <li>Blended acquisition cap rate of 6.44% (based on projected NOI and total cost)</li> <li>Capex budget of \$1.2mm, or \$2,100 per unit</li> <li>Sold the portfolio in July of 2017 for an IRR of 23.5%</li> </ul>	<ul style="list-style-type: none"> <li>Upgraded interior units with new refrigerators, range/ovens, and dishwashers as well as new flooring in select units</li> <li>Targeted upgrades that result in the highest return on investment</li> </ul>

### VALUE ADD PROGRAM RETURN ON INVESTMENT

Before Renovation



After Renovation

Property	Average Cost Per Unit	Average Rent Increase	ROI	NOI CAGR over Hold Period
Ashwood	\$2,638	\$83	38%	18%
Meadowbrook	\$2,593	\$96	45%	13%
Parkside	\$2,886	\$86	36%	16%

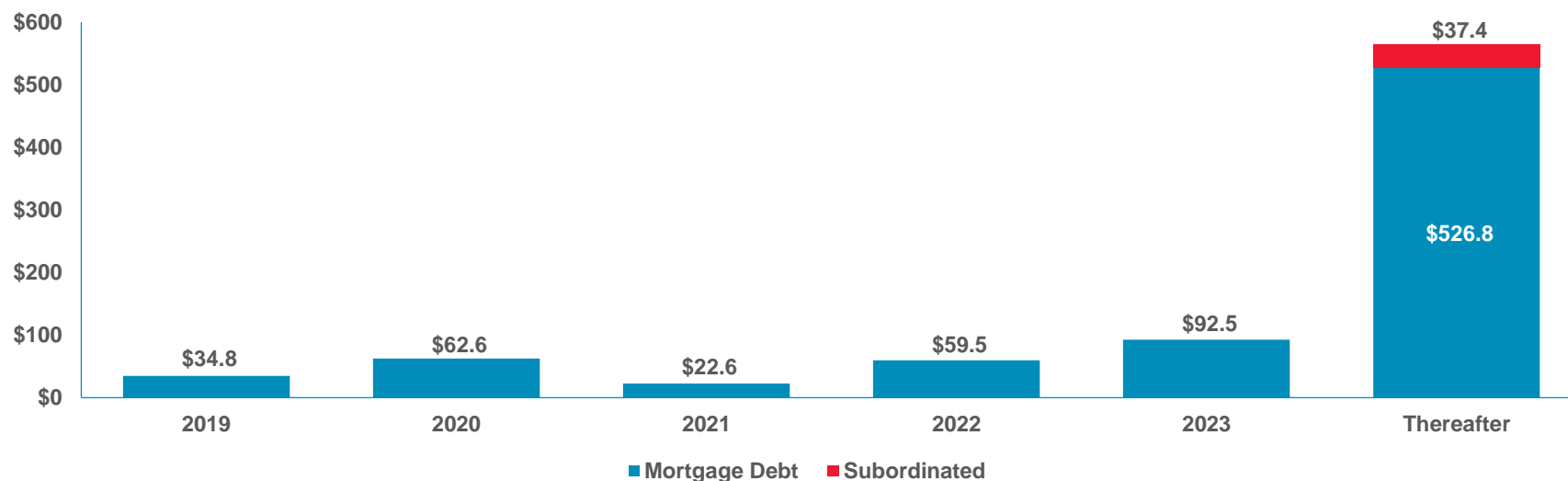
# Well Laddered Debt Maturities



- Weighted average interest rate on property debt is 4.14% with a weighted averaged remaining term to maturity of 6.7 years<sup>1</sup>
- Attractive corporate level subordinated notes bear interest at the rate of 3M LIBOR + 200bps and mature on April 30, 2036. The rate was 4.34% on September 30, 2018

## Total Principal Payments Schedule

USD in millions



Source: Company Filings

Note: All data as of the fiscal year ending September 30, 2018

[1] Weighted by outstanding mortgage balance

[2] Subsequent to September 30, 2018, BRT acquired a property with \$26.4mm of mortgage debt and sold 2 properties paying off \$56.5mm of mortgage debt



**Differentiated Strategy**

**Scalable Growth Opportunity**

**Stable Portfolio and  
Robust Pipeline**

**Proven Management  
with Close Alignment of Interests**