



Annual Report
2018

Bluerock Residential Growth REIT
is listed on the NYSE American

Ticker: BRG, BRGpA, BRGpC, BRGpD

Letter from the CEO

Dear Fellow Shareholders:

2018 was an active and successful year for Bluerock Residential Growth REIT. Our management team, which is the largest shareholder of BRG, remains focused on our investment strategy: creating shareholder value by acquiring, renovating, and developing an institutional portfolio of highly amenitized live-work-play multifamily communities in knowledge economy-driven growth markets.

We are pleased to report that in 2018 we continued to execute successfully on our strategic objectives with very strong revenue, net operating income (NOI) and accretive portfolio growth, coupled with disciplined capital allocation. Portfolio performance remains robust and we can report a sizeable, actionable pipeline of accretive deals. Significantly, our momentum on these fronts has continued into 2019.

Demographic forecasts signal a long and strong tailwind for the multifamily sector. The National MultiFamily Housing Council (NMHC) estimates that nearly 4.6 million new rental units will be needed in the U.S. by 2030 and current levels of new supply will not meet this demand. We believe this bodes well for our growth as well as for our ability to deliver shareholder value.

2018 Highlights

BRG's 2018 operating results were very strong, with best in class same-store revenue growth (4.5%) and top quartile same-store NOI growth (4.9%). We provided full year guidance for the first time last year and are pleased to report that we exceeded the high end of our guidance range. This outperformance is attributable to the very strong same-store NOI growth as well as to our ability to realize the earnings power of our portfolio from the more than \$1.1 billion in investments that we completed over the past two years.

We also achieved our stated goal of covering our common dividend, as our annualized \$0.65 common dividend represented an 81% payout ratio based on Core Funds from Operations (CFFO).

CEO's Letter Continued

2018 Performance

Throughout 2018, we generated shareholder value by focusing on three areas: strength in core operational performance, execution of our value-add strategy and accretive portfolio growth. Key performance highlights for 2018 include:

Core Operational Performance

On a total portfolio basis, we achieved significant revenue and NOI growth with the increased size of our portfolio in 2018. For the year, total revenues grew 49% to \$184.7 million and property NOI grew 40% to \$94.4 million. Similarly, CFFO per share grew 29% over the prior year, to \$0.80 per share.

Our portfolio continues to perform at the top end of the multifamily sector with same store revenues and same store NOI improving 4.5% and 4.9%, respectively, over the prior year.

Performance momentum remains strong as we move through 2019. We are continuing to concentrate on increasing CFFO and Net Asset Value (NAV) through operational excellence, with an emphasis on driving growth in market rents and occupancy, as well as implementing our value-add upgrade program.

Total Revenues

49%



Portfolio NOI

40%



Execution of Our Value-Add Strategy

BRG's value-add property upgrade strategy, which focuses on renovating and modernizing operating assets in growth markets, has contributed measurably to our robust revenue and CFFO growth and offers substantial embedded NAV growth potential. In 2018 we completed 1,186 value-add unit upgrades, achieving a very healthy average ROI of 26%. We expect similar velocity at 900 to 1,200 units in 2019 and are budgeting for an average ROI of approximately 20%. Our identified value-add renovation pipeline across the portfolio totals approximately 5,000 units, which we believe will contribute significantly to our CFFO and NAV over time.

Accretive Portfolio Growth

During 2018, we continued to grow our portfolio through accretive investments, deploying over \$150 million of equity. This included \$105 million to acquire five well-located, high-quality, highly amenitized properties with more than 1,600 units. We also invested \$40 million in preferred and mezzanine transactions that provided additional funding for our existing deals as well as three new properties with more than 600 units. Finally, we deployed \$12 million to buy out partners in three assets, increasing our wholly-owned asset base and simplifying our ownership structure.

At year-end, our total unit count was 14,717 units, up from 12,408 units in 2017, and our property count was 47, up from 39. Total assets grew by more than 19% to \$2.0 billion. We continue to maintain a sizeable pipeline of attractive investment opportunities and we expect another strong year for investment activity in 2019.

CEO's Letter Continued

A Differentiated Platform: An Advantageous Approach to Capital Formation

BRG's Series B preferred shares provide a unique advantage for the REIT, allowing us to raise capital and grow accretively, decoupled from the cyclical nature of REIT equity pricing. In 2018, the REIT raised \$124 million through our Series B preferred issuance. In markets such as the one we experienced in 2018, where many REITs (including BRG) traded at significant discounts, the Series B enables us to continue our capital raise with the ability to convert into common at a future price, and at a more favorable point in the REIT equity pricing cycle.

A Differentiated Target Market: Our Focus on the Knowledge Economy

Bluerock remains committed to knowledge economy growth markets and these remain at the core of our strategy. Knowledge economy growth markets are supported by the industries that leverage intellectual capital, including healthcare, technology, finance, education, entertainment, trade and high value manufacturing. These markets typically generate above-average employment and wage growth, while providing a growing source of qualified renters. The residents at our properties, many of whom are employed in the knowledge economy, are often well-educated and well compensated, with a preference to rent rather than own and with a bias for the live-work-play communities that Bluerock delivers.



Our investment focus is on the top 40 MSAs, excluding the big six coastal cities (which we continue to exclude because of their lower yields) as we enter new growing markets selectively. In 2018 our portfolio expanded to include properties in metro Denver, which is experiencing strong household income and employment growth.

CEO's Letter Continued

BRG's Commitment to Our Communities and our Environment

We are proud to announce that in 2019, BRG enacted a corporate responsibility mandate, putting a framework around our commitment to sustainability and good corporate citizenship. Guided by our newly-formed BRG Corporate Responsibility Committee, and headed by BRG President and COO, these initiatives focus on the REIT's commitment to environmental protections, human rights and responsible corporate stewardship for our employees, our vendors and the communities in which we operate.

Among the cornerstones of our mandate is our Enterprise-Wide Sustainability Policy. The policy defines our commitment to reduced energy consumption and improved waste and water management at our properties and in our offices, articulating practices that have already been in place at many of our operations for some time. These sustainability initiatives deliver added benefits to both residents and operations, with lower costs for energy and water, healthier, more livable, environments, lower financing costs and improved marketability.

Additionally, our Human Rights policy confirms our commitment to ensuring that all employees have the right to work free from fear, discrimination or harassment, as well as our hope to inspire similar, institutionalized freedoms from discrimination in the ranks of our vendors, suppliers, partners and peers. We look forward to sharing our progress on these initiatives as we move forward.

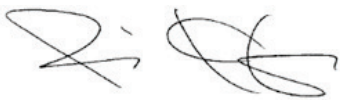
Management's Commitment to BRG's Future

We remain very confident in our future. As of March 31, 2019, BRG management owned approximately 27% of outstanding common shares and equivalents, ensuring that the management team remains fully aligned with shareholders.

Our outlook remains positive from an operational as well as a market growth perspective, with future growth supported by a solid organic outlook along with a healthy pipeline of accretive opportunities. We expect revenue and NOI to continue to strengthen as we enhance operations and implement renovations across our existing portfolio. As important, we understand that the long-term, underlying demographic fundamentals signal strong growth for the apartment sector over the coming 15 years. We look forward to participating in this growth and sharing news of our continued successes with you as we progress.

To our Board of Directors, our talented team, and our investors, we thank you for your ongoing support of Bluerock Residential Growth REIT.

Sincerely,



Ramin Kamfar
Chairman of the Board and CEO
Bluerock Residential Growth REIT, Inc.

2018 BRG Annual Report: Apartment Market Outlook

Apartment sector fundamentals are strong and we remain optimistic for the coming year. Despite headline macroeconomic concerns that include an inverted yield curve, slowing global growth, and periodic spikes in equity market volatility, many key economic indicators are positive, including strong employment and rising wages.

The U.S. apartment sector is in the midst of extraordinary growth and transformation, driven by long term, demographic and other trends fueling demand to new highs and signaling a bright future. Household formation is outpacing housing production, residential investment as a share of GDP is at previous cycle troughs, pent-up demand from young adults living with their parents remains near its peak, and rising for-sale housing prices are making ownership costs increasingly prohibitive.

New household formation levels in 2018 of approximately 1.4 million are above the long-term average and markedly above overall housing production, leading to overall housing shortfalls. New multifamily construction is helping to fill this void and has been well received by the market evidenced by 2018 apartment sector absorption which was the second highest rate in the past 25 years. With a combined housing production of under 1 million units annually, more housing will be needed to meet this demand.

We expect new demand in the coming years from young adults currently living with their parents. This group of approximately 23 million people have a high propensity to rent as they move out and form new households. A continued strong job market will likely pace new household formation from this group.

This new household formation, and subsequent demand for housing, coincides with long term rising for-sale housing prices. Since 1993, the U.S. home price index has increased 169% pushing the national ownership cost premium (relative to rentals) to nearly \$600/month. Increasing home prices should help keep the homeownership rate low and foster continued demand for multifamily rentals.

In keeping with our investment thesis, we continue to believe that select knowledge-economy markets will be the growth markets of the U.S. and that they will outperform the national averages. These markets are driven by certain sectors, including health care, technology, education, among others, and appear positioned to further generate population growth.

The confluence of positive demographic trends, low vacancy rates, solid rent growth and the continued appetite for vibrant, amenity-rich rental communities should support apartment sector fundamentals, and we remain optimistic that they will create numerous opportunities for BRG in the foreseeable future.

¹ **Source:** Marcus & Millichap 2019 Multifamily Investment Forecast

2018 Portfolio Snapshot



Cade Boca Raton | Boca Raton, FL



Arlo | Charlotte, NC



Veranda at Centerfield | Houston, TX



Novel Perimeter | Atlanta, GA

Portfolio Detail

Portfolio as of 12/31/2018 - Consolidated Operating Properties

Acquired	Property Name	Location	Units	Occupancy
Jan 2016	ARIUM at Palmer Ranch	Sarasota, FL	320	96.6%
Oct 2016	ARIUM Glenridge	Atlanta, GA	480	92.5%
Nov 2014	ARIUM Grandewood	Orlando, FL	306	95.1%
Jan 2016	ARIUM Gulfshore	Naples, FL	368	97.6%
Oct 2017	ARIUM Hunter's Creek	Orlando, FL	532	94.5%
Oct 2017	ARIUM Metrowest	Orlando, FL	510	93.9%
Aug 2015	ARIUM Palms	Orlando, FL	252	91.7%
Oct 2016	ARIUM Pine Lakes	Port St. Lucie, FL	320	95.3%
Jul 2016	ARIUM Westside	Atlanta, GA	336	98.8%
Nov 2018	Ashford Belmar	Lakewood, CO	512	92.4%
Aug 2015	Ashton Reserve ⁽¹⁾	Charlotte, NC	473	93.2%
Sept 2017	Citrus Tower	Orlando, FL	336	93.5%
Oct 2012	Enders Place at Baldwin Park	Orlando, FL	220	96.8%
Dec 2016	James on South First	Austin, TX	250	93.6%
Jun 2017	Marquis at Crown Ridge	San Antonio, TX	352	92.6%
Jun 2017	Marquis at Stone Oak	San Antonio, TX	335	93.7%
Jun 2017	Marquis at The Cascades	Tyler, TX	582	95.5%
Jun 2017	Marquis at TPC	San Antonio, TX	139	94.2%
Oct 2017	Outlook at Greystone	Birmingham, AL	300	90.7%
Mar 2015	Park & Kingston ⁽²⁾	Charlotte, NC	168	98.2%
Jun 2018	Plantation Park	Lake Jackson, TX	238	92.9%
Feb 2017	Preston View	Morrisville, NC	382	94.8%
Dec 2016	Roswell City Walk	Roswell, GA	320	95.3%
May 2018	Sands Parc	Daytona Beach, FL	264	97.3%
Oct 2015	Sorrel	Frisco, TX	352	86.9%
Oct 2015	Sovereign	Fort Worth, TX	322	95.0%
Nov 2016	The Brodie	Austin, TX	324	95.1%
Mar 2018	The Links at Plum Creek	Castle Rock, CO	264	93.6%
Nov 2017	The Mills	Greenville, SC	304	96.1%
Mar 2016	The Preserve at Henderson Beach	Destin, FL	340	94.1%
Jul 2018	Veranda at Centerfield	Houston, TX	400	94.3%
Sept 2017	Villages at Cypress Creek	Houston, TX	384	93.2%
Mar 2017	Wesley Village	Charlotte, NC	301	93.0%
2018 Consolidated Operating Properties Subtotal:			11,286	94.2%

Portfolio as of 12/31/2018 - Mezzanine/Preferred Investments

Jul 2014	Alexan CityCentre	Houston, TX	340	93.2%
Jan 2015	Alexan Southside Place	Houston, TX	270	84.8%
Jan 2016	Arlo, formerly West Morehead	Charlotte, NC	286	37.4%
Sep 2016	Cade Boca Raton, formerly APOK Townhomes	Boca Raton, FL	90	7.8%
Nov 2015	Domain at The One Forty, formerly Domain	Garland, TX	299	34.4%
Dec 2015	Flagler Village ⁽³⁾	Fort Lauderdale, FL	385	-
May 2015	Helios	Atlanta, GA	282	90.1%
Dec 2015	Leigh House, formerly Lake Boone Trail	Raleigh, NC	245	89.8%
Oct 2018	North Creek Apartments ⁽³⁾	Leander, TX	259	-
Dec 2016	Novel Perimeter, formerly Crescent Perimeter	Atlanta, GA	320	22.2%
Dec 2018	Riverside Apartments ⁽³⁾	Austin, TX	222	-
Dec 2016	Vickers Historic Roswell, formerly Vickers Village	Roswell, GA	79	40.5%
Nov 2018	Wayforth at Concord ⁽³⁾	Concord, NC	150	-
May 2015	Whetstone Apartments	Durham, NC	204	96.6%
2018 Mezzanine/Preferred Investments Subtotal:			3,431	
2018 Total Portfolio:			14,717	

Portfolio: 2019 Acquisitions

Jan 2019	The Park at Chapel Hill ⁽³⁾	Chapel Hill, NC	*
Jun 2019	Element	Las Vegas, NV	200
Jun 2019	Providence Trail	Mount Juliet, TN	334
2019 Total:			534

(1) Ashton Reserve includes the acquisition in Dec 2015 of Ashton II consisting of 151 units for a purchase price of \$21.8 million.

(2) Park & Kingston includes the acquisition in Nov 2015 of Park & Kingston Phase II consisting of 15 units for a purchase price of \$2.9 million.

(3) Property is currently under development. * The development is in the planning stage; project specifications are in process.

Financial Operations Summary

	Year Ended December 31,		Change	
	2018	2017	\$	%
Property Revenues ⁽¹⁾				
Same Store	\$84,504	\$80,828	\$ 3,676	4.5%
Non-Same Store	77,957	34,818	43,139	123.9%
Total property revenues	\$ 162,461	\$115,646	\$ 46,815	40.5%
Property Expenses ⁽¹⁾				
Same Store	\$34,967	\$33,585	\$ 1,382	4.1%
Non-Same Store	33,030	14,761	18,269	123.8%
Total property expenses	\$ 67,997	\$48,346	\$19,651	40.6%
Same Store NOI	\$49,537	\$47,243	\$ 2,294	4.9%
Non-Same Store NOI	44,927	20,057	24,870	124.0%
Total NOI ⁽²⁾	\$94,464	\$67,300	\$27,164	40.4%

(1) Certain amounts in prior year same store presentation have been reclassified to conform to the current period presentation.

(2) See "Property Net Operating Income" beginning on page 11 of our Annual Report for a reconciliation of same store NOI, non-same store NOI and Total NOI to net loss attributable to common shares and a discussion of how management uses this non-GAAP financial measure.

Financial Highlights

Financial Highlights: (in thousands)

For the Years Ended	2018	2017
Net Loss	(\$ 15,275)	(\$ 7,028)
Net (Loss) Income Attributable to Noncontrolling Interests	(\$ 14,123)	\$ 8,617
Net Loss Attributable to Common Stockholders	(\$ 42,759)	(\$ 45,679)
Total Assets	\$2,018,135	\$1,690,547
Total Liabilities	\$1,334,320	\$1,047,630
Stockholders' Equity	\$ 158,346	\$ 222,832
FFO Attributable to Common Stockholders ⁽¹⁾	\$ 3,505	(\$ 51,160)
CFFO Attributable to Common Stockholders ⁽¹⁾	\$ 24,758	\$ 16,711
AFFO Attributable to Common Stockholders ⁽¹⁾	\$ 22,189	\$ 15,170

(1) See "Non-GAAP Financial Measures" beginning on page 9 of this 2018 Annual Report for a discussion of how management uses these non-GAAP financial measures.

FINANCIAL PERFORMANCE AND INFORMATION

A copy of BRG's Annual Report on Form 10-K, filed with the Securities and Exchange Commission, is available without charge at www.sec.gov and at www.bluerockresidential.com or by written request to the Company at its corporate headquarters.

FORWARD LOOKING STATEMENTS

This Annual Report contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and other federal securities laws. These forward-looking statements are based on BRG's present expectations, but these statements are not guaranteed to occur.

Furthermore, BRG disclaims any obligation to publicly update or revise any forward-looking statement to reflect changes in underlying assumptions or factors, of new information, data or methods, future events or other changes. Investors should not place undue reliance on forward-looking statements. For further discussion of the factors that could affect outcomes, please refer to the risk factors set forth in Item 1A of the Company's Annual Report on Form 10-K filed by BRG with the U.S. Securities and Exchange Commission ("SEC") on February 27, 2019, and subsequent filings by BRG with the SEC. We claim the safe harbor protection for forward looking statements contained in the Private Securities Litigation Reform Act of 1995.

Financial Highlights Continued

NON-GAAP FINANCIAL MEASURES

This Annual Report includes certain non-GAAP financial measures that we believe are helpful in understanding our business, as further described below. Our definition and calculation of these non-GAAP financial measures may differ from those of other REITs, and may, therefore, not be comparable.

Funds from Operations ("FFO"), Core Funds from Operations ("CFFO") and Adjusted Funds from Operations ("AFFO") attributable to common shares and units, are non-GAAP financial measures that are widely recognized as a measure of REIT operating performance. We consider FFO to be an appropriate supplemental measure of our operating performance as it is based on a net income analysis of property portfolio performance that excludes non-cash items such as depreciation. The historical accounting convention used for real estate assets requires straight-line depreciation of buildings and improvements, which implies that the value of real estate assets diminishes predictably over time. Since real estate values historically rise and fall with market conditions, presentations of operating results for a REIT, using historical accounting for depreciation, could be less informative. We define FFO, consistent with the National Association of Real Estate Investment Trusts, or ("NAREIT"), definition as net income, computed in accordance with GAAP, excluding gains (or losses) from sales of depreciable real estate property, plus depreciation and amortization of real estate assets, plus impairment write-downs of depreciable real estate, and after adjustments for unconsolidated partnerships and joint ventures. Adjustments for unconsolidated partnerships and joint ventures will be calculated to reflect FFO on the same basis.

CFFO makes certain adjustments to FFO, removing the effect of items that do not reflect ongoing property operations such as stock compensation expense, acquisition expenses, unrealized gains or losses on derivatives, losses on extinguishment of debt and debt modification costs (includes prepayment penalties incurred and the write-off of unamortized deferred financing costs and fair market value adjustments of assumed debt), non-cash interest, one-time weather-related costs, and preferred stock accretion. We believe CFFO is helpful to investors as a supplemental performance measure because it excludes the effect of certain items which can create earnings volatility, but which do not directly relate to our core recurring property operations. As a result, we believe CFFO can help facilitate comparisons of operating performance between periods and provides a more meaningful predictor of future operating potential.

AFFO makes certain adjustments to CFFO in order to arrive at a more refined measure of the operating performance of our portfolio. There is no industry standard definition of AFFO and practice is divergent across the industry. AFFO adjusts CFFO for items that impact our ongoing operations, such as subtracting recurring capital expenditures (and while we were externally managed, when calculating the quarterly incentive fee paid to our former Manager only, we further adjusted FFO to include any realized gains or losses on our real estate investments). We believe that AFFO is helpful to investors as a meaningful supplemental indicator of our operational performance.

Our calculation of CFFO and AFFO differs from the methodology used for calculating CFFO and AFFO by certain other REITs and, accordingly, our CFFO and AFFO may not be comparable to CFFO and AFFO reported by other REITs. Our management utilizes FFO, CFFO and AFFO as measures of our operating performance after adjustment for certain non-cash items, such as depreciation and amortization expenses, and acquisition and pursuit costs that are required by GAAP to be expensed but may not necessarily be indicative of current operating performance and that may not accurately compare our operating performance between periods. Furthermore, although FFO, CFFO, AFFO and other supplemental performance measures are defined in various ways throughout the REIT industry, we also believe that FFO, CFFO and AFFO may provide us and our stockholders with an additional useful measure to compare our financial performance to certain other REITs. While we were externally managed, we also used AFFO for purposes of determining the quarterly incentive fee, if any, payable to our former Manager.

Neither FFO, CFFO nor AFFO is equivalent to net income, including net income attributable to common stockholders, or cash generated from operating activities determined in accordance with GAAP. Furthermore, FFO, CFFO and AFFO do not represent amounts available for management's discretionary use because of needed capital replacement or expansion, debt service obligations or other commitments or uncertainties. Neither FFO, CFFO nor AFFO should be considered as an alternative to net income, including net income attributable to common stockholders, as an indicator of our operating performance or as an alternative to cash flow from operating activities as a measure of our liquidity.

Financial Highlights Continued

We have acquired five operating properties and three investments accounted for under the equity method of accounting subsequent to December 31, 2017. Therefore, the results presented in the table below are not directly comparable and should not be considered an indication of our future operating performance. The table below reconciles our calculations of FFO, CFFO and AFFO attributable to net loss, the most directly comparable GAAP financial measure, for the three and twelve months ended December 31, 2018 and 2017 (in thousands, except common shares and units per share amounts):

Reconciliation of FFO, CFFO and AFFO Attributable to Common Stockholders (in thousands)	Three Months Ended December 31,		Year Ended December 31,	
	2018	2017	2018	2017
Net loss attributable to common shares	\$ (12,785)	\$ (46,241)	\$ (42,759)	\$ (45,679)
Add back: Net loss attributable to operating partnership units	(3,998)	(9,376)	(12,839)	(9,372)
Net loss attributable to common shares and units	(16,783)	(55,617)	(55,598)	(55,051)
Common stockholders & operating partnership units pro-rata share of:				
Real estate depreciation and amortization ⁽¹⁾	15,785	14,520	59,103	44,741
Gain on sale of real estate investments	-	(123)	-	(34,436)
Gain on sale of joint venture interests, net	-	(15)	-	(6,414)
FFO Attributable to Common Shares and Units	(998)	(41,235)	3,505	(51,160)
Common stockholders & operating partnership units pro-rata share of:				
Acquisition and pursuit costs	37	19	116	3,091
Non-cash interest expense	780	428	3,757	1,939
Unrealized loss on derivatives	3,001	-	2,776	-
Loss on extinguishment of debt and debt modification costs	-	-	2,226	1,551
Weather-related losses, net	102	315	280	956
Non-real estate depreciation and amortization	85	6	301	6
Non-recurring income	-	-	-	(16)
Non-cash preferred returns and equity in income of unconsolidated real estate joint ventures	(280)	(253)	(980)	(1,243)
Management internalization	-	41,907	-	43,554
Non-cash equity compensation	1,768	1,972	6,807	15,022
Preferred stock accretion	1,829	1,123	5,970	3,011
CFFO Attributable to Common Shares and Units	\$ 6,324	\$ 4,282	\$ 24,758	\$ 16,711
Common stockholders & operating partnership units pro-rata share of:				
Normally recurring capital expenditures	(735)	(520)	(2,569)	(1,541)
AFFO Attributable to Common Shares and Units	\$ 5,589	\$ 3,762	\$ 22,189	\$ 15,170
Per Share and Unit Information:				
FFO Attributable to Common Shares and Units - diluted	\$ (0.03)	\$ (1.39)	\$ 0.11	\$ (1.89)
CFFO Attributable to Common Shares and Units - diluted	\$ 0.20	\$ 0.14	\$ 0.80	\$ 0.62
AFFO Attributable to Common Shares and Units - diluted	\$ 0.18	\$ 0.13	\$ 0.72	\$ 0.56
Weighted average common shares and units outstanding - diluted	31,113,092	29,710,465	30,995,249	27,032,354

(1) The real estate depreciation and amortization amount includes our share of consolidated real estate-related depreciation and amortization of intangibles, less amounts attributable to non-controlling interests, and our similar estimated share of unconsolidated depreciation and amortization, which is included in earnings of our unconsolidated real estate joint venture investments.

Financial Highlights Continued

Property Net Operating Income ("Property NOI")

We believe that net operating income, or NOI, is a useful measure of our operating performance. We define NOI as total property revenues less total property operating expenses, excluding depreciation and amortization and interest. Other REITs may use different methodologies for calculating NOI, and accordingly, our NOI may not be comparable to that of other REITs. We believe that this measure provides an operating perspective not immediately apparent from GAAP operating income or net income. We use NOI to evaluate our performance on a same store and non-same store basis because NOI measures the core operations of property performance by excluding corporate level expenses and other items not related to property operating performance and captures trends in rental housing and property operating expenses. Same store properties are conventional multifamily residential apartments which were owned and operational for the entire periods presented, including each comparative period. NOI should only be used as an alternative measure of our financial performance. The following table reflects net loss attributable to common stockholders together with a reconciliation to NOI and to same store and non-same store contributions to consolidated NOI, as computed in accordance with GAAP for the periods presented (unaudited and amounts in thousands):

	Three Months Ended ⁽¹⁾ December 31,		Year Ended ⁽²⁾ December 31,	
	2018	2017	2018	2017
Net loss attributable to common shares	\$ (12,785)	\$ (46,241)	\$ (42,759)	\$ (45,679)
Add back: Net loss attributable to operating partnership units	(3,998)	(9,376)	(12,839)	(9,372)
Net loss attributable to common shares and units	(16,783)	(55,617)	(55,598)	(55,051)
Add common stockholders and operating partnership units pro-rata share of:				
Depreciation and amortization	15,785	14,520	59,103	44,741
Non-real estate depreciation and amortization	85	6	301	6
Non-cash interest expense	780	428	3,757	1,939
Unrealized loss on derivatives	3,001	-	2,776	-
Property management fees	1,118	873	4,151	2,915
Management fees to related parties	-	993	-	12,726
Acquisition and pursuit costs	37	19	116	3,091
Loss on extinguishment of debt and debt modification costs	-	-	2,226	1,551
Corporate operating expenses	5,552	3,292	19,416	7,541
Management internalization	-	41,907	-	43,554
Weather-related losses, net	102	315	280	956
Preferred dividends	9,642	7,753	35,637	27,023
Preferred stock accretion	1,829	1,123	5,970	3,011
Less common stockholders and operating partnership units pro-rata share of:				
Other income	-	-	-	16
Preferred returns and equity in income of unconsolidated real estate joint ventures	2,435	2,472	10,312	10,336
Interest income from related parties	5,723	2,189	22,255	7,930
Gain on sale of joint venture interest, net	-	15	-	6,414
Gain on sale of real estate investments	-	123	-	34,436
Pro-rata share of properties' income	12,990	10,813	45,568	34,871
Add:				
Noncontrolling interest pro-rata share of partially owned property income	774	707	2,629	3,112
Total property income	13,764	11,520	48,197	37,983
Add:				
Interest expense, net	13,031	8,723	46,267	29,317
Net operating income	26,795	20,243	94,464	67,300
Less:				
Non-same store net operating income	7,682	2,488	44,927	20,057
Same store net operating income ⁽¹⁾	\$ 19,113	\$ 17,755	\$ 49,537	\$ 47,243

(1) Same store portfolio for the three months ended December 31, 2018 consists of 24 properties, which represent 7,962 units. Same store portfolio for the year ended December 31, 2018 consists of 16 properties, which represent 5,151 units.



www.bluerockresidential.com

Investor Relations: (888) 558-1031

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