BLUEROCK™

BLUEROCK™ RESIDENTIAL

2013 Annual Report

Bluerock Residential Growth REIT
is now listed on the NYSE MKT

Ticker: ***BRG***

Letter from the CEO

To Our Valued Stockholders,

2013 was a momentous and transformative year for the REIT as we prepared for the initial public offering (IPO) that would be completed in April 2014.

We elected to undertake the IPO based on our recognition that despite a solidly-performing property portfolio, positive net income across the properties, and robust gains harvested on behalf of our investors, we were not raising enough capital through non-traded distribution channels to grow and operate the portfolio cost efficiently. Absent new inflows of cash to invest in a wider pool of income-producing properties, the fixed expenses of operating a public REIT remained too high relative to our asset base. As reported for the year ended December 31, 2013, we sustained a net loss attributable to common stockholders of $2.97 million, or $1.27 per share.

The IPO raised $50 million, which, after related expenses, netted approximately $44 million to the REIT. We have moved swiftly to acquire ownership in five additional properties with significant value-add potential. As of this writing, we are pleased to report that we are currently invested in a total of 10 income-generating and development properties for a total investment cost, including joint venture partner interests, of approximately $460 million. With these acquisitions, our fixed expenses relative to the size of the portfolio are already reduced, and we believe we are on a growth trajectory.

The REIT's Class A common stock is now listed on the NYSE MKT exchange for trading (ticker: BRG). With the IPO now complete, we look forward to the coming months as we continue to grow our asset

Continued on page 2

CEO's Letter Continued

base. Our real estate enhancement strategy continues to improve operations measurably within our existing portfolio of properties, our pipeline remains robust and the growing portfolio is enabling us to build momentum as a newly-traded public company.

We share our performance results for 2013, acknowledging our operating loss. But we also believe resolutely that management and our Board of Directors have positioned the BRG portfolio to be not only self-sustaining with positive Adjusted Funds from Operations (AFFO), but also well situated for future growth. Many of the properties in our portfolio currently show substantial built-in gains, validating our investment approach.

The BRG Asset Base

The BRG asset base is expected to more than double in size from 2013 to 2014.

The IPO was Completed in April 2014

netting approximately $44 million of new capital to the REIT.

Before we look back, here are some current highlights:

- **We have a New REIT Manager and a Lower Overall Fee Structure**

  BRG entered into a management agreement with BRG Manager, an affiliate of Bluerock Real Estate. BRG Manager has primary responsibility for managing the REIT's day-to-day business affairs and investments. We've structured the new management agreement to provide an overall lower fee structure compared to that with our pre-IPO advisor and believe we will be able to see a reduction in corporate general and administrative expenses relative to the size of the portfolio.

- **We Continue to Grow the Portfolio with Value-Add Investments**

  Since completing the IPO, we have been very active, acquiring interests in five apartment properties through a combination of stock and cash as well as significantly expanding/preparing to expand our existing ownership interest in two strong-performing properties now in our portfolio. As we announced last week, we are also preparing to invest in two new ground-up development projects, highlighted below:

  UCF: On May 29, 2014, we announced that our Board has approved an investment in the development of a 296-unit Class A apartment community in Orlando, Florida. The project, located in close proximity to the University of Central Florida and Central Florida Research Park, will be a featured component of a master-planned, Publix-anchored retail development. Our underwriting projects a trended return on cost for the project of over 7.5% at stabilization, for value creation of 200 to 225 basis points versus comparable area sales at cap rates of 5.25% - 5.50%. The investment is forecast to generate a 15% AFFO yield during the development phase, and a 1.9x equity multiple over time.

  Houston Energy Corridor: On May 30, 2014, we announced that our Board has approved an investment in a joint venture with a top US multifamily developer to develop a 340-unit Class A rental apartment community in the thriving Energy Corridor submarket of Houston, Texas. Our underwriting projects a trended return on cost for the project of over 7.25% at stabilization, for value creation of 225 to 250 basis points versus sales of comparable multifamily communities in the Houston, Texas area at 4.75% - 5.00%. The investment is forecast to generate a 15% AFFO yield during the development phase, and a 1.8x equity multiple over time.

Continued on page 3

CEO's Letter Continued

BRG expects that by late June 2014, it will own an interest in a portfolio of 12 apartment properties comprising an aggregate of approximately 3,800 units (including planned development units). Exclusive of our development projects, these properties were 93% occupied as of March 31, 2014.

We continue to grow the portfolio with value-add investments.

- **Our Berry Hill Development Project is Exceeding Projections**

  Our development project, 23 Hundred at Berry Hill in Nashville, Tennessee, is now 74% pre-leased and we believe the project will be stabilized during the third quarter of 2014. With leasing rents of $1.88 per square foot, we are pleased to report that we are exceeding underwriting assumptions of $1.65 per square foot and the project is on track to achieve a stabilized return on cost of 8.45%. This positions us very favorably relative to market cap rates of 5.5% for comparable product.

- **Gary Kachadurian Joined the Board of Directors to Lead Investment Committee**

  In connection with our IPO, Gary Kachadurian joined BRG's Board of Directors. Mr. Kachadurian will chair our Board's investment committee and will also serve in the role of Vice Chairman for BRG Manager. A 30-year industry veteran with a strong reputation as an investor and developer of apartment properties on behalf of leading institutions including RREEF and Lincoln Property Company, Mr. Kachadurian is a tremendous asset to our team. He brings a wealth of added experience and insight along with a network of strong and established industry relationships that we believe will benefit the REIT significantly as we continue to grow.

- **Disposition of Creekside Asset**

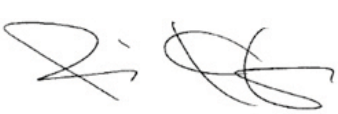
  During first quarter, we successfully completed the sale of The Reserve at Creekside Village, a 192-unit multifamily community in Chattanooga, Tennessee. The asset, which had been designated "Held for Sale" in the REIT 2013 year-end financial statements, generated a property level internal rate of return (IRR) of 23% and posted an equity multiple of 2.0x. This is our fourth asset sale since the REIT inception. We are pleased to report that average IRR and equity multiple across those sales, inclusive of the Creekside property, are a healthy 43% and 2.2x, respectively.

We look forward to sharing news of continued strong property performance in the coming quarters and look forward as well to seeing the benefits of the improvements to our expense ratios.

Unquestionably, our current course affords an opportunity to take advantage of our best-recognized and best-proven strengths as a company – our ability to access, understand and execute on properties with measurable but untapped potential; our track record of investing thoughtfully and cost efficiently in the projects we believe in; and our very real record of success building property returns through highly successful, targeted enhancement programs.

We believe strongly in our process and our partners, and I have every expectation that, as a publicly traded company, we are well positioned to build value for our stockholders.

I look forward to communicating our progress with you in the coming quarters.



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

2014 Multifamily Outlook

The 2014 outlook for the multifamily sector continues to be positive. According to the **2014 Marcus and Millichap National Apartment Report (the "Report")**, the U.S. economy should generate an estimated 2.7 million new jobs, with GDP growth of about 3.0 percent.

According to the Report, the apartment sector consistently exhibits the most stable fundamentals of all commercial property types. While the number of new apartments delivered in the past 12 months rose to 168,000, a surge in demand pushed net absorption to 188,000 units, decreasing the overall vacancy rate from 5.1% to 4.9%. Effective rents grew 4.2% year over year, an increase from the 3% annual growth from 2012 - 2013. While new development may exceed demand in 2014 in some metro areas, the outlook is favorable.

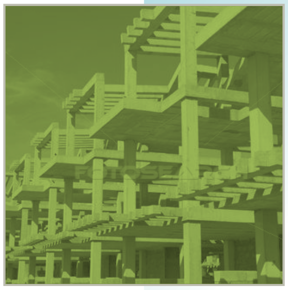
The Report cites new growth with a new supply cycle and rising renter households. Rental demand is expected to be boosted by pent-up demand of 3.0 - 3.5 million new households. The national vacancy rate is projected to move modestly higher to 5.1% as new supply is delivered, muting annual rent growth to 2.6%. The Report also projects tightening conditions in mid-to-lower tier product, generating stronger rents and catalyzing renovations.

Projected National Vacancy Rate[1]

5.1%

Projected Rent Growth[1]

2.6%



1 Marcus and Millichap 2014 National Apartment Report.

Portfolio Detail (as of 12/31/2013)

Acquired	Property Name	Location	Acquisition Price (MMs)	Units	Occupancy
Dec 2009	Springhouse at Newport News	Newport News, VA	$29.25	432	92%
Mar 2010	Reserve at Creekside	Chattanooga, TN	$14.25	192	92%
Sep 2010	Estates at Perimeter	Augusta, GA	$24.95	240	88%
Oct 2012	Enders Place	Orlando, FL	$25.10	198	95%
Oct 2012	23Hundred Berry Hill	Nashville, TN	$33.67	266	N/A*
Oct 2012	MDA City Apts	Chicago, IL	$54.90	190	89%
Total:			**$182.12**	**1,518**	**91%**

* Property currently in development.

Portfolio Snapshot (as of 12/31/2013)

- Six multifamily properties
- 1,500+ units
- 1.3+ million square feet
- $180+ MM aggregate purchase price

2013 Portfolio Snapshot

Springhouse at Newport News | Newport News, VA

Reserve at Creekside | Chattanooga, TN

Estates at Perimeter | Augusta, GA

23Hundred at Berry Hill | Nashville, TN

Enders Place | Orlando, FL

MDA City Apartments | Chicago, IL

Financial Operations Summary

We are pleased with the operating results of our current real estate portfolio for fiscal year 2013. As projected, each of the individual properties in the BRG portfolio contributed substantial, positive net operating income (NOI) for 2013 with a combined total NOI of approximately $9.6 million. As a result of the high level of real estate operating success, our portfolio's debt service coverage ratio was approximately 1.79x. This performance is the result of a combination of the attractive, long-term, fixed-rate financing secured at acquisition and our operating partners' ability to increase occupancy levels and drive rental rates higher throughout the year.

Average monthly effective rents per unit increased to approximately

$912

from $906 year-over-year

Property Operating Results

The following table presents the same store and non-same store results from operations for the years ended December 31, 2013 and 2012:

	Years Ended December 31,		Change	
	2013	**2012**	**$**	**%**
Property Revenues				
Same Store	$8,723,476	$8,832,837	$(109,361)	(1.2)%
Non-Same Store	11,100,029	6,716,114	4,383,915	65.3%
Total property revenues	**$19,823,505**	**$15,548,951**	**$4,274,554**	27.5%
Property Expenses				
Same Store	$3,849,172	$3,837,752	$11,420	0.3%
Non-Same Store	6,370,141	2,548,658	3,821,483	149.9%
Total property expenses	**$10,219,313**	**$6,386,410**	**$3,832,903**	60.0%
Same Store NOI	$4,874,304	$4,995,085	$(120,781)	(2.4)%
Non-Same Store NOI	4,729,888	4,167,456	562,432	13.5%
Total NOI (1)	**$9,604,192**	**$9,162,541**	**$441,651**	4.8%

(1) See "Net Operating Income" beginning on page 20 of our Annual Report on Form 10-K for a reconciliation of same store NOI, non-same store NOI and Total NOI to net income (loss) and a discussion of how management uses this non-GAAP financial measure.

Financial Highlights

As outlined in the above sections, the primary reason for our negative operating cash flow was the amount of our general and administrative expenses relative to the size of our portfolio. Our general and administrative expenses were $2,123,260 for the year ended December 31, 2013. These costs include accounting and related fees to our independent auditors, legal fees, costs of being an SEC reporting company, director compensation and directors and officers insurance premiums.

Because we have been raising capital in our continuous registered offering since our inception, we did not commence real estate operations until the end of 2009, made several additional equity investments in 2010, made no investments in 2011, made additional equity investments in 2012, as well as one disposition, and made no additional investments and sold investments in 2013, the results presented in the table below are not directly comparable and should not be considered an indication of our future operating performance.

Financial Highlights: (in thousands, unless otherwise noted)

For the Years Ending	2013	2012
Net Income (loss)	($4,414)	$7,365
Net Income Attributable to Non-controlling Interests	($1,443)	$3,444
Net Income (loss) Available to Common Stockholders	($2,971)	$3,921
Earnings (loss) per Common Share - Continuing Operations (per share)		
Basic Income (loss) per Common Share	($1.18)	$2.22
Diluted Income (loss) per Common Share	($1.18)	$2.20
Earnings (loss) per Common Share - Discontinuing Operations (per share)		
Basic Income (loss) per Common Share	($0.09)	$0.11
Diluted Income (loss) per Common Share	($0.09)	$0.11
Total Assets	$172,528	$156,631
Total Liabilities	$126,444	$113,147
Stockholder Equity	$12,001	$11,038
FFO (1)	$(2,084)	$(3,085)
MFFO (1)	$(1,714)	$(1,152)

(1) See "Funds from Operations and Modified Funds from Operations" beginning on page 26 of our Annual Report on Form 10-K 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.

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www.bluerockresidential.com

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