

**BLUEROCK  
Residential  
Growth REIT™**Annual Report  
**2019****Bluerock Residential Growth REIT**  
*is listed on the NYSE American*Ticker: **BRG, BRGpA, BRGpC, BRGpD**

## From the CEO

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Dear Fellow Shareholders:

2019 was another successful year for Bluerock Residential Growth REIT. We executed on our strategic objectives, accretively growing our portfolio of highly amenitized multi-family assets in knowledge economy growth markets, producing strong operational results and delivering on our value-add renovation plans. In addition, we were very active on the capital allocation front. We sold eight assets at attractive cap rates and recycled capital into investments that we expect to stabilize at higher cap rates and contribute to earnings growth over the coming quarters.

As we publish this letter, the COVID-19 pandemic continues to have wide-reaching economic implications. From the outset, BRG's first and highest priority has been the safety of our team and residents. We moved swiftly in early March to adopt measures aimed at protecting our staff and our tenants, while also establishing new protocols and innovations to support our communities and ensure that operations continued without interruption as conditions changed. Among these, we established immediate work-from-home and travel restriction protocols for employees, ahead of those required by the states, as well as daily cross-functional management briefings to get in front of potential challenges. We instituted comprehensive protections at the property level, including, among others, implementation of virtual leasing and tenant support, enhanced sanitizing, flexible payment options for tenants where needed, and the closure of non-essential amenity areas. To protect property cash flows, we managed lease expirations proactively, adjusting expirations to limit turnover exposure during the coming year. At the close of the second quarter of 2020, same store occupancy in the portfolio rose to 94.7% from 93.8% in the prior year, and we collected 97% of June rent including payment plans (1%).

As we highlight below, historical data, including performance during the 2008/2009 Great Recession, confirms that multi-family is a consistent, resilient, and defensive property sector. We remain confident in our long-term strategy, and our performance in 2019 as well as 2020 to date continues to validate both our investment thesis and the quality of our portfolio. Despite some near-term volatility, we expect that our positioning, strategy and execution will allow us to continue to outperform, take advantage of growth opportunities and deliver shareholder value over time.

## CEO's Letter Continued

### 2019 Performance

Consistent with our strategic objectives, in 2019 we are able to report strong revenue, net operating income (NOI) and portfolio growth, coupled with disciplined capital allocation. We also returned capital to our shareholders through a well-covered dividend. Our annualized \$0.65 common stock dividend represents a 79% payout ratio based on Core Funds from Operations (CFFO).

Our strategy in 2019 focused on three key areas:

- **Core Operational Performance**

We remain focused on operational performance with an emphasis on same store growth. In 2019, our portfolio continued to perform at the top end of the multi-family sector with same store revenues and same store NOI improving 4.8% and 5.8%, respectively over the prior year. On a total portfolio basis, we saw significant revenue and NOI growth as our portfolio continued to expand, with full year total revenues growing 13.7% to \$210 million and property NOI growing 17.4% to \$110.9 million. Similarly, CFFO grew 2.6% over the prior year, to \$0.82 per share.

- **Execution of our Value-Add Strategy**

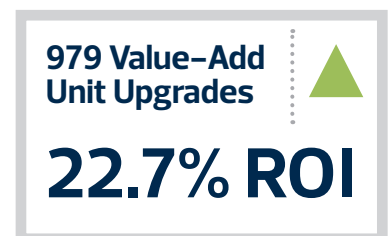
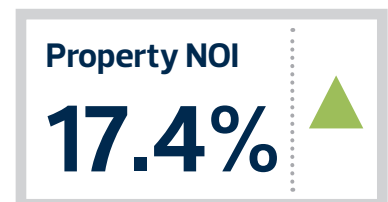
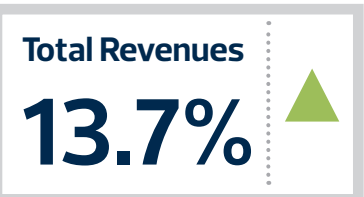
BRG's value-add property upgrade strategy, which focuses on renovating and modernizing operating assets, has contributed measurably to our revenue and CFFO growth, and generates substantial embedded NAV growth potential. In 2019 we completed 979 value-add unit upgrades, achieving a very healthy average ROI of 22.7%. Our identified value-add renovation pipeline across the portfolio was just under 4,600 units as of June 30, 2020, and we believe this will contribute significantly to our CFFO and NAV growth over time.

- **Accretive Growth with Active Capital Recycling**

We have a demonstrated ability to make prudent disposition and reinvestment capital allocation decisions, and 2019 was no exception. During the year, we were active in pursuing opportunistic sales, as well as attractive investments in high-quality operating properties and high-yielding preferred equity and mezzanine loan transactions. During 2019 we:

- Sold eight assets for \$370 million at a very attractive 4.7% cap rate, generating proceeds to BRG of over \$115 million.
- Grew the portfolio by deploying over \$285 million of equity. This included \$182 million to acquire seven well-located, highly amenitized properties with more than 2,300 units.
- Invested \$94 million in preferred and mezzanine transactions that provided additional funding for our existing deals as well as five new properties with more than 780 units.

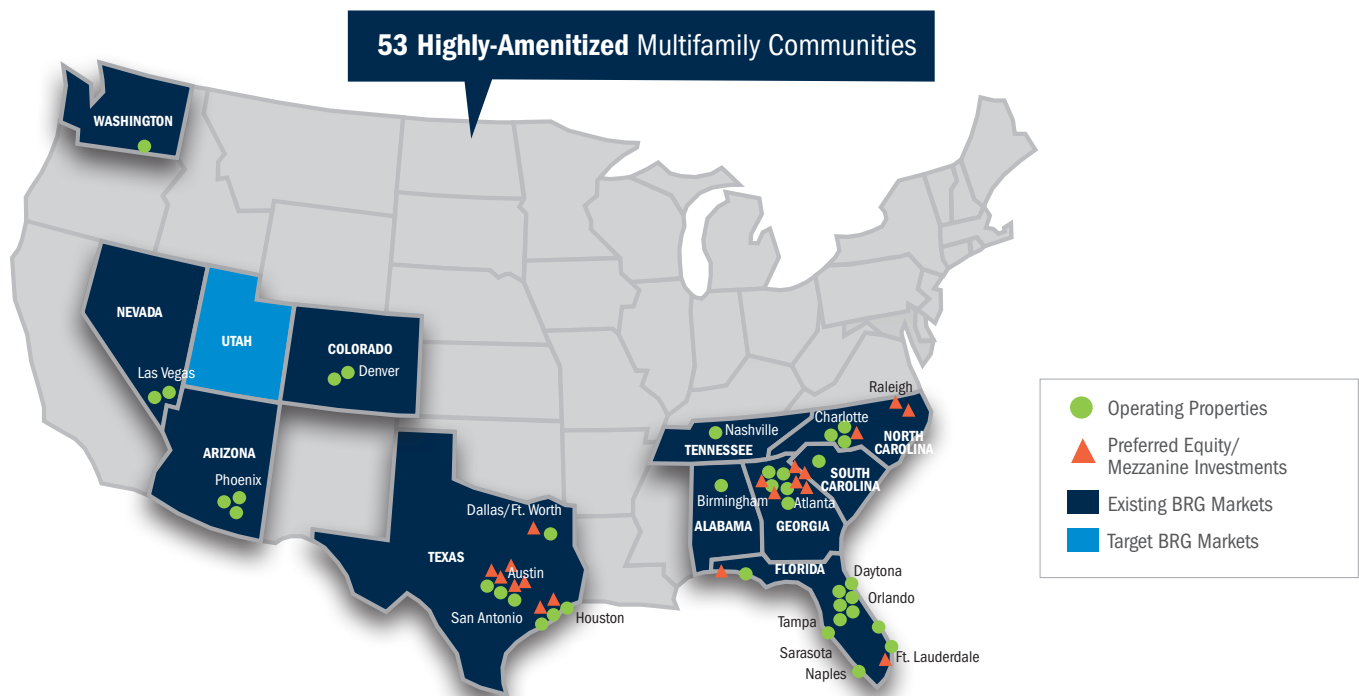
At year-end, our total unit count was 15,627, up from 14,717 in 2018, and our property count was 53, up from 47. Total assets grew by 16% to over \$2.3 billion. While we expect 2020 transaction volume to be lower than in 2019 because of the pandemic, we are currently evaluating several attractive investment opportunities and maintain a sizable pipeline for future growth.



## CEO's Letter Continued

## Platform for Accretive Growth

The Bluerock platform provides BRG with truly differentiated benefits to achieve accretive growth not only through our ability to source acquisitions through our Bluerock network, but also through issuance of our unique, non-traded preferred shares. BRG's non-traded preferred share issuance allows us to raise capital and grow accretively, decoupled from the cyclicality of REIT equity pricing. The non-traded preferred stock offering enables us to continue our capital raise with the ability to convert preferred shares into common stock at a potentially more favorable future price, and at a more favorable point in the REIT equity pricing cycle. In 2019, BRG raised \$241 million of gross proceeds through our Series B preferred issuance. In December, we terminated the Series B and launched our new, simpler, Series T preferred stock offering, which has been well received in the market to date.



## A Resilient Portfolio, Well Positioned for Post-COVID Outperformance

Our portfolio's strength is derived from our continued commitment to the multi-family sector and our focus on knowledge economy growth markets.

Multi-family performance over time shows that the sector remains resilient, even during periods of market volatility. During the 2008 / 2009 recession, multi-family sustained the lowest level of rent decline and, as the economy recovered, generated the highest level of rent growth from its prior peak, relative to all the other major property sectors.

Today, despite challenges related to COVID, apartment demand fundamentals remain favorable, fueled primarily by a very large cohort of rental-biased Millennials, downsizing Baby Boomers, the emerging Generation Z, and declining home ownership levels.

## CEO's Letter Continued

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While BRG has not been immune to the economic impact of COVID, we do believe we are well-positioned to navigate this period and to outperform, post-pandemic. There are several factors contributing to our confidence, all of which relate directly to our strategic focus. These include:

**(i) Our focus on knowledge economy markets**, which is central to our successful multi-family strategy. These markets, which are supported by industries such as healthcare, technology, finance, education, entertainment, trade and high value manufacturing, are characterized by above-average employment growth, wage growth, and median household income.

**(ii) Our focus on and concentration in select growth markets in the Southeast, Southwest and Mountain West.** The REIT has benefitted measurably from outsized population growth in these regions, which were responsible for 89% of US domestic population growth from 2010-2019.

In 2019 we continued to target the nation's growth markets, expanding our geographic footprint to include properties in Nevada, Tennessee, Arizona and Washington. Many of our markets, which have high quality of life characteristics, should become even more attractive as work-from-home becomes more acceptable.

**(iii) Our focus on the highly-amenitized, Class A affordable luxury segment of the market**, which has enabled us to attract the desirable "renter by choice" tenant. The renter by choice demographic is often characterized by healthier, more stable, rent-to-income ratios. Furthermore, knowledge economy workers, who comprise a large segment of the renter by choice segment as well as the renters at BRG properties, are often well compensated with a bias for the live-work-play communities that Bluerock delivers.

**(iv) Our focus on first ring suburban garden product, often in or near 18-hour cities**, has resulted in one of the youngest, most attractive portfolios in the REIT sector. Suburban garden apartments, as opposed to urban high-rise product in gateway markets, should continue to fare well, with lower density and increased space likely becoming an amenity that commands a premium relative to other offerings in a post-COVID environment.

Finally, we note that some procedures introduced during the pandemic engendered or accelerated new efficiencies that could have a lasting and positive impact on operations. Among these are the introduction of services such as virtual leasing, self-guided tours and on-line tenant servicing, all of which could provide some structural operating expense savings over time.

## Management's Commitment to our Shareholders and our Communities

Management and the entire BRG team remain committed to creating shareholder value. We are fully aligned with our shareholders in our goal of creating value. As of June 30, 2020, BRG management was the REIT's largest shareholder, owning approximately 28.6% of outstanding common shares and equivalents.

We also remain committed to our responsibility as corporate citizens. In 2019 we formed a Corporate Responsibility Committee and have launched initiatives focused on environmental protections, human rights and responsible corporate stewardship for our employees, vendors and the communities in which we operate. In support of these initiatives we have adopted and announced our commitment to:

## CEO's Letter Continued

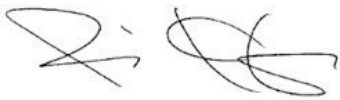
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- **Reduce energy consumption, improve waste and water management** at our properties and offices. Today, 100% of our ground-up developments and more than half of our operating properties incorporate sustainable features such as low flow plumbing fixtures, energy efficient appliances, LED lighting, bike racks, ride sharing, low VOC paints, tenant recycling and more.
- **Honor and protect human rights as a fundamental value** in our company, at our properties and in our dealings with vendors and contractors. Our enterprise-wide human rights policy as well as company-wide training confirm our dedication to supporting a diverse, harassment-free and discrimination-free workplace. We also participate in company-sponsored support for local charities, local community improvement, and this year, as noted, we took steps to assist our residents affected by the pandemic.
- **Our fiduciary responsibility, maintaining the highest level of governance, prioritizing ethical behavior and maintaining a focus on shareholder value.** This includes proper board oversight with 80% director independence, board diversity by gender as well as ethnicity, and material alignment of management interests with those of shareholders.

As we look ahead, we are confident in our positioning and believe the quality of our multifamily portfolio, investment strategy and access to capital set us up to outperform in all parts of the cycle.

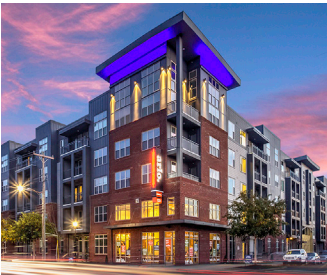
To our Board of Directors, our talented team, and our investors, we thank you for your ongoing support of Bluerock Residential Growth REIT.

Sincerely,



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

## Select BRG Properties



### Arlo

**Location:** Charlotte, NC  
**Year Built:** 2019  
Mezzanine Investment



### James on South First

**Location:** Austin, TX  
**Year Built:** 2016  
**BRG Ownership:** 90%



### Park & Kingston

**Location:** Charlotte, NC  
**Year Built:** 2015  
**BRG Ownership:** 100%



### Novel Perimeter

**Location:** Atlanta, GA  
**Year Built:** 2019  
Mezzanine Investment

## Portfolio Detail

## Portfolio as of 12/31/2019 - Consolidated Operating Properties

Acquired	Property Name	Location	Units	Occupancy
Oct 2016	ARIUM Glenridge	Atlanta, GA	480	92.9%
Nov 2014	ARIUM Grandewood	Orlando, FL	306	94.1%
Oct 2017	ARIUM Hunter's Creek	Orlando, FL	532	94.7%
Oct 2017	ARIUM Metrowest	Orlando, FL	510	93.5%
Jul 2016	ARIUM Westside	Atlanta, GA	336	97.0%
Nov 2018	Ashford Belmar	Lakewood, CO	512	91.8%
Aug 2015	Ashton Reserve <sup>(1)</sup>	Charlotte, NC	473	95.8%
Sep 2016	Cade Boca Raton	Boca Raton, FL	90	92.2%
Nov 2019	Chattahoochee Ridge	Atlanta, GA	358	91.3%
Sept 2017	Citrus Tower	Orlando, FL	336	92.6%
Jul 2019	Denim	Scottsdale, AZ	645	97.2%
Jun 2019	Element	Las Vegas, NV	200	94.5%
Oct 2012	Enders Place at Baldwin Park	Orlando, FL	220	96.4%
Jan 2016	Gulfshore Apartment Homes, formerly ARIUM Gulfshore	Naples, FL	368	92.9%
Dec 2016	James on South First	Austin, TX	250	94.0%
Jun 2017	Marquis at The Cascades	Tyler, TX	582	93.8%
Jun 2017	Marquis at TPC	San Antonio, TX	139	97.1%
Dec 2019	Navigator Villas	Pasco, WA	176	95.5%
Oct 2017	Outlook at Greystone	Birmingham, AL	300	95.3%
Mar 2015	Park & Kingston <sup>(2)</sup>	Charlotte, NC	168	94.6%
Oct 2016	Pine Lakes Preserve, formerly ARIUM Pine Lakes	Port St. Lucie, FL	320	94.7%
Jun 2018	Plantation Park	Lake Jackson, TX	238	91.6%
Jun 2019	Providence Trail	Mount Juliet, TN	334	91.0%
Dec 2016	Roswell City Walk	Roswell, GA	320	94.4%
May 2018	Sands Parc	Daytona Beach, FL	264	94.7%
Nov 2016	The Brodie	Austin, TX	324	96.0%
Dec 2019	The District at Scottsdale <sup>(3)</sup>	Scottsdale, AZ	332	61.1%
Mar 2018	The Links at Plum Creek	Castle Rock, CO	264	90.9%
Nov 2017	The Mills	Greenville, SC	304	93.4%
Mar 2016	The Preserve at Henderson Beach	Destin, FL	340	93.5%
Jan 2016	The Reserve at Palmer Ranch, formerly ARIUM at Palmer Ranch	Sarasota, FL	320	96.9%
Jul 2019	The Sanctuary	Las Vegas, NV	320	89.4%
Jul 2018	Veranda at Centerfield	Houston, TX	400	96.3%
Sept 2017	Villages at Cypress Creek	Houston, TX	384	93.8%
Mar 2017	Wesley Village	Charlotte, NC	301	92.4%
<b>2019 Consolidated Operating Properties Subtotal:</b>			<b>11,746</b>	<b>94.0%<sup>(4)</sup></b>

## Portfolio as of 12/31/2019 - Mezzanine/Preferred Investments

Jul 2014	Alexan CityCentre	Houston, TX	340	90.9%
Jan 2015	Alexan Southside Place	Houston, TX	270	95.2%
Jan 2016	Arlo <sup>(3)</sup>	Charlotte, NC	286	82.2%
Dec 2019	Belmont Crossing	Smyrna, GA	192	89.6%
Nov 2015	Domain at The One Forty <sup>(3)</sup>	Garland, TX	299	85.6%
May 2015	Helios	Atlanta, GA	282	95.7%
Sep 2019	Mira Vista	Austin, TX	200	93.5%
Dec 2015	Motif, formerly Flagler Village <sup>(5)</sup>	Fort Lauderdale, FL	385	0.0%
Oct 2018	North Creek Apartments <sup>(5)</sup>	Leander, TX	259	0.0%
Dec 2016	Novel Perimeter <sup>(3)</sup>	Atlanta, GA	320	79.4%
Dec 2018	Riverside Apartments <sup>(5)</sup>	Austin, TX	222	0.0%
Dec 2019	Sierra Terrace	Atlanta, GA	135	97.0%
Dec 2019	Sierra Village	Atlanta, GA	154	86.4%
Jan 2019	The Park at Chapel Hill <sup>(5)</sup>	Chapel Hill, NC	*	0.0%
Sep 2019	Thornton Flats	Austin, TX	104	90.4%
Dec 2016	Vickers Historic Roswell <sup>(3)</sup>	Roswell, GA	79	74.7%
Nov 2018	Wayforth at Concord <sup>(5)</sup>	Concord, NC	150	0.0%
May 2015	Whetstone Apartments	Durham, NC	204	94.1%
<b>2019 Mezzanine/Preferred Investments Subtotal:</b>			<b>3,881</b>	
<b>2019 Total Portfolio:</b>			<b>15,627</b>	

## Portfolio Detail

## Portfolio: 2020 Acquisitions

Acquired	Property Name	Location	Units
Jan 2020	Avenue 25	Phoenix, AZ	254
Mar 2020	Zoey	Austin, TX	307
Mar 2020	Falls at Forsyth	Cumming, GA	356
Mar 2020	Georgetown Crossing	Savannah, GA	168
Mar 2020	Park on the Square	Pensacola, FL	240
May 2020	The Commons	Jacksonville, FL	328
<b>2020 Total:</b>			<b>1,653</b>

(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 in lease-up as of December 31, 2019.

(4) Total occupancy percentage excludes The District at Scottsdale which is in lease-up.

(5) Property is under development as of December 31, 2019.

\* The development is in the planning phase; project specifications are in process.

## Property Operating Results (dollars in thousands)

	Year Ended December 31,		Change	
	2019	2018	\$	%
<b>Property Revenues</b>				
Same Store	\$126,568	\$120,770	\$ 5,798	4.8%
Non-Same Store	58,808	41,691	17,117	41.1%
<b>Total property revenues</b>	<b>\$ 185,376</b>	<b>\$162,461</b>	<b>\$ 22,915</b>	<b>14.1%</b>
<b>Property Expenses</b>				
Same Store	\$ 51,012	\$ 49,340	\$ 1,672	3.4%
Non-Same Store	23,437	18,657	4,780	25.6%
<b>Total property expenses</b>	<b>\$ 74,449</b>	<b>\$ 67,997</b>	<b>\$ 6,452</b>	<b>9.5%</b>
Same Store NOI	\$ 75,556	\$ 71,430	\$ 4,126	5.8%
Non-Same Store NOI	35,371	23,034	12,337	53.6%
<b>Total NOI <sup>(1)</sup></b>	<b>\$110,927</b>	<b>\$ 94,464</b>	<b>\$ 16,463</b>	<b>17.4%</b>

(1) 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 stockholders and a discussion of how management uses this non-GAAP financial measure.

## Financial Highlights

### Financial Highlights: (in thousands)

For the Years Ended	2019	2018
Net Income (Loss)	\$ 29,119	(\$ 15,275)
Net Loss Attributable to Noncontrolling Interests	(\$ 7,624)	(\$ 14,123)
Net Loss Attributable to Common Stockholders	(\$ 19,751)	(\$ 42,759)
Total Assets	\$2,340,697	\$2,018,135
Total Liabilities	\$1,486,575	\$1,334,320
Stockholders' Equity	\$ 127,491	\$ 158,346
FFO Attributable to Common Stockholders and Unit Holders <sup>(1)</sup>	(\$ 8,032)	\$ 3,505
CFFO Attributable to Common Stockholders and Unit Holders <sup>(1)</sup>	\$ 25,413	\$ 24,758

(1) See "Non-GAAP Financial Measures" beginning on page 9 of this 2019 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](http://www.sec.gov) and at [www.bluerockresidential.com](http://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, pertaining to 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 24, 2020, 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

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### 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") and Core Funds from Operations ("CFFO") attributable to common stockholders and unit holders, 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 acquisition expenses, non-cash interest, 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), one-time weather-related costs, gains or losses on sales of non-depreciable real estate property, shareholder activism, stock compensation expense and preferred stock accretion. We believe that CFFO is helpful to investors as a supplemental performance measure because it excludes the effects of certain items which can create significant earnings volatility, but which do not directly relate to our core recurring property operations. As a result, we believe that CFFO can help facilitate comparisons of operating performance between periods and provides a more meaningful predictor of future earnings potential.

Our calculation of CFFO differs from the methodology used for calculating CFFO by certain other REITs and, accordingly, our CFFO may not be comparable to CFFO reported by other REITs. Our management utilizes FFO and CFFO 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 and CFFO and other supplemental performance measures are defined in various ways throughout the REIT industry, we also believe that FFO and CFFO may provide us and our stockholders with an additional useful measure to compare our financial performance to certain other REITs.

Neither FFO nor CFFO 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 and CFFO 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 nor CFFO 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 seven operating properties, made six property investments through preferred equity interests or mezzanine loans and sold seven operating properties subsequent to December 31, 2018. The results presented in the table below, therefore, are not directly comparable and should not be considered an indication of our future operating performance. The table below reconciles our calculations of FFO and CFFO to net loss attributable to common stockholders, the most directly comparable GAAP financial measure, for the three and twelve months ended December 31, 2019 and 2018 (in thousands, except per share amounts):

Reconciliation of FFO and CFFO Attributable to Common Stockholders (in thousands)	Three Months Ended December 31,		Year Ended December 31,	
	2019	2018	2019	2018
<b>Net loss attributable to common stockholders</b>	<b>\$ (13,827)</b>	<b>\$ (12,785)</b>	<b>\$ (19,751)</b>	<b>\$ (42,759)</b>
Add back: Net loss attributable to Operating Partnership units	(5,032)	(3,998)	(6,779)	(12,839)
<b>Net loss attributable to common stockholders and unit holders</b>	<b>(18,859)</b>	<b>(16,783)</b>	<b>(26,530)</b>	<b>(55,598)</b>
Common stockholders and Operating Partnership units pro-rata share of:				
Real estate depreciation and amortization <sup>(1)</sup>	18,483	15,785	66,670	59,103
Gain on sale of real estate investments	-	-	(48,172)	-
<b>FFO Attributable to Common Stockholders and Unit Holders</b>	<b>(376)</b>	<b>(998)</b>	<b>(8,032)</b>	<b>3,505</b>
Common stockholders and Operating Partnership units pro-rata share of:				
Acquisition and pursuit costs	210	37	556	116
Non-cash interest expense	826	780	3,174	3,757
Unrealized loss on derivatives	32	3,001	2,450	2,776
Loss on extinguishment of debt and debt modification costs	335	-	7,199	2,226
Weather-related losses, net	7	102	313	280
Non-real estate depreciation and amortization	121	85	448	301
Gain on sale of non-depreciable real estate investments	-	-	(679)	-
Shareholder activism	-	-	393	-
Non-recurring income	(68)	-	(68)	-
Non-cash preferred returns on unconsolidated real estate joint ventures	(353)	(280)	(1,291)	(980)
Non-cash equity compensation	2,506	1,768	10,615	6,807
Preferred stock accretion	3,415	1,829	10,335	5,970
<b>CFFO Attributable to Common Shareholders and Unit Holders</b>	<b>\$ 6,655</b>	<b>\$ 6,324</b>	<b>\$ 25,413</b>	<b>\$ 24,758</b>
<b>Per Share and Unit Information:</b>				
<b>FFO Attributable to Common Shareholders and Unit Holders-diluted</b>	<b>\$ (0.01)</b>	<b>\$ (0.03)</b>	<b>\$ (0.26)</b>	<b>\$ 0.11</b>
<b>CFFO Attributable to Common Shareholders and Unit Holders-diluted</b>	<b>\$ 0.21</b>	<b>\$ 0.20</b>	<b>\$ 0.82</b>	<b>\$ 0.80</b>
<b>Weighted average common shares and units outstanding-diluted</b>	<b>31,455,630</b>	<b>31,113,092</b>	<b>30,899,927</b>	<b>30,995,249</b>

(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 noncontrolling interests-partially owned properties, 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 December 31,		Year Ended December 31,	
	2019	2018	2019	2018
<b>Net loss attributable to common stockholders</b>	\$ (13,827)	\$ (12,785)	\$ (19,751)	\$ (42,759)
Add back: Net loss attributable to Operating Partnership units	(5,032)	(3,998)	(6,779)	(12,839)
<b>Net loss attributable to common stockholders and unit holders</b>	<b>(18,859)</b>	<b>(16,783)</b>	<b>(26,530)</b>	<b>(55,598)</b>
Add common stockholders and Operating Partnership units pro-rata share of:				
Depreciation and amortization	18,483	15,785	66,670	59,103
Non-real estate depreciation and amortization	121	85	448	301
Non-cash interest expense	826	780	3,174	3,757
Unrealized loss on derivatives	32	3,001	2,450	2,776
Loss on extinguishment of debt and debt modification costs	335	-	7,199	2,226
Property management fees	1,135	1,118	4,645	4,151
Acquisition and pursuit costs	210	37	556	116
Corporate operating expenses	5,545	5,552	22,261	19,416
Weather-related losses, net	7	102	313	280
Preferred dividends	12,868	9,642	46,159	35,637
Preferred stock accretion	3,415	1,829	10,335	5,970
Less common stockholders and Operating Partnership units pro-rata share of:				
Other income	68	-	68	-
Preferred returns on unconsolidated real estate joint ventures	2,700	2,435	9,797	10,312
Interest income from related parties	6,720	5,723	24,595	22,255
Gain on sale of real estate investments	-	-	48,172	-
Gain on sale of non-depreciable real estate investments	-	-	679	-
<b>Pro-rata share of properties' income</b>	<b>14,630</b>	<b>12,990</b>	<b>54,369</b>	<b>45,568</b>
Add:				
Noncontrolling interest pro-rata share of partially owned property income	724	774	2,810	2,629
<b>Total property income</b>	<b>15,354</b>	<b>13,764</b>	<b>57,179</b>	<b>48,197</b>
Add:				
Interest expense	12,846	13,031	53,748	46,267
<b>Net operating income</b>	<b>28,200</b>	<b>26,795</b>	<b>110,927</b>	<b>94,464</b>
Less:				
Non-same store net operating income	6,450	5,004	35,371	23,034
<b>Same store net operating income</b> <sup>(1)</sup>	<b>\$ 21,750</b>	<b>\$ 21,791</b>	<b>\$ 75,556</b>	<b>\$ 71,430</b>

(1) Same store portfolio for the three months ended December 31, 2019 consists of 26 properties, which represent 8,779 units. Same store portfolio for the year ended December 31, 2019 consists of 22 properties, which represent 7,613 units.



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