

REFINITIV

## DELTA REPORT

10-Q

BRT - BRT APARTMENTS CORP.

10-Q - JUNE 30, 2023 COMPARED TO 10-Q - MARCH 31, 2023

The following comparison report has been automatically generated

**TOTAL DELTAS** 796

█ CHANGES 189

█ DELETIONS 224

█ ADDITIONS 383

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549

FORM 10-Q

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended **March 31, 2023** **June 30, 2023**

OR

Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Commission File Number 001-07172

**BRT APARTMENTS CORP.**

(Exact name of Registrant as specified in its charter)

**Maryland**

**13-2755856**

(State or other jurisdiction of  
incorporation or organization)

(I.R.S. Employer Identification No.)

**60 Cutter Mill Road, Great Neck, NY**

**11021**

(Address of principal executive offices)

(Zip Code)

**516-466-3100**

(Registrant's telephone number, including area code)

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

**Title of each class**

**Trading Symbol(s)**

**Name of each exchange on which registered**

Common Stock

BRT

NYSE

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulations S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes  No

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Emerging growth company

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

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

Indicate the number of shares outstanding of each of the issuer's classes of stock, as of the latest practicable date.

**19,179,905** **18,860,350** Shares of Common Stock,  
par value \$0.01 per share, outstanding on **May 1, 2023** **August 1, 2023**

**BRT APARTMENTS CORP. AND SUBSIDIARIES**  
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**Explanatory Note**

Unless otherwise indicated or the context otherwise requires, all references to (i) "us", "we", "BRT" or the "Company" refer to BRT Apartments Corp. and its consolidated and unconsolidated subsidiaries; (ii) all interest rates give effect to the related interest rate derivative, if any; (iii) "acquisitions" include investments in and by unconsolidated joint ventures; and (iv) "same store properties" refer to properties that we owned and operated for the entirety of the periods being compared, except for properties that are under construction, in lease-up, or are undergoing development or redevelopment. We move properties previously excluded from our same store portfolio (because they were under construction, in lease up or are in development or redevelopment) into the same store designation once they have stabilized (as described below) and such status has been reflected fully in all quarters during the applicable periods of comparison. Newly constructed, lease-up, development and redevelopment properties are deemed stabilized upon the earlier to occur of the first full calendar quarter beginning (a) 12 months after the property is fully completed and put in service and (b) attainment of at least 90% physical occupancy.

**Item 1. Financial Statements**

**BRT APARTMENTS CORP. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**

(Amounts in thousands, except per share data)

|                                                                                                   |                                                                             | March 31, 2023<br>(unaudited) | December 31, 2022<br>(audited) | ASSETS                                                                                            |            | June 30, 2023<br>(unaudited) | December 31, 2022<br>(audited) |
|---------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------|-------------------------------|--------------------------------|---------------------------------------------------------------------------------------------------|------------|------------------------------|--------------------------------|
| ASSETS                                                                                            | ASSETS                                                                      |                               |                                | ASSETS                                                                                            |            |                              |                                |
| Real estate properties, net of accumulated depreciation and amortization of \$61,480 and \$55,195 |                                                                             | \$ 647,476                    | \$ 651,603                     | Real estate properties, net of accumulated depreciation and amortization of \$67,753 and \$55,195 | \$ 643,869 | \$ 651,603                   |                                |
| Real estate properties, net of accumulated depreciation and amortization of \$67,753 and \$55,195 |                                                                             |                               |                                | Real estate properties, net of accumulated depreciation and amortization of \$67,753 and \$55,195 | \$ 643,869 | \$ 651,603                   |                                |
| Investments in unconsolidated joint ventures                                                      | Investments in unconsolidated joint ventures                                | 41,163                        | 42,576                         | Investments in unconsolidated joint ventures                                                      | 35,530     | 42,576                       |                                |
| Cash and cash equivalents                                                                         | Cash and cash equivalents                                                   | 15,252                        | 20,281                         | Cash and cash equivalents                                                                         | 31,336     | 20,281                       |                                |
| Restricted cash                                                                                   | Restricted cash                                                             | 830                           | 872                            | Restricted cash                                                                                   | 830        | 872                          |                                |
| Other assets                                                                                      | Other assets                                                                | 14,980                        | 16,786                         | Other assets                                                                                      | 16,241     | 16,786                       |                                |
| Total Assets                                                                                      | Total Assets                                                                | \$ 719,701                    | \$ 732,118                     | Total Assets                                                                                      | \$ 727,806 | \$ 732,118                   |                                |
| LIABILITIES AND EQUITY                                                                            | LIABILITIES AND EQUITY                                                      |                               |                                | LIABILITIES AND EQUITY                                                                            |            |                              |                                |
| Liabilities:                                                                                      | Liabilities:                                                                |                               |                                | Liabilities:                                                                                      |            |                              |                                |
| Mortgages payable, net of deferred costs of \$4,655 and \$4,166                                   |                                                                             | \$ 423,820                    | \$ 403,792                     | Mortgages payable, net of deferred costs of \$4,438 and \$4,166                                   | \$ 423,383 | \$ 403,792                   |                                |
| Junior subordinated notes, net of deferred costs of \$272 and \$277                               |                                                                             | 37,128                        | 37,123                         | Junior subordinated notes, net of deferred costs of \$267 and \$277                               | 37,133     | 37,123                       |                                |
| Credit facility, net of deferred costs of \$— and \$498                                           |                                                                             | —                             | 18,502                         | Credit facility, net of deferred costs of \$0 and \$498                                           | —          | 18,502                       |                                |
| Mortgages payable, net of deferred costs of \$4,438 and \$4,166                                   |                                                                             |                               |                                | Mortgages payable, net of deferred costs of \$4,438 and \$4,166                                   | \$ 423,383 | \$ 403,792                   |                                |
| Junior subordinated notes, net of deferred costs of \$267 and \$277                               |                                                                             |                               |                                | Junior subordinated notes, net of deferred costs of \$267 and \$277                               | 37,133     | 37,123                       |                                |
| Credit facility, net of deferred costs of \$0 and \$498                                           |                                                                             |                               |                                | Credit facility, net of deferred costs of \$0 and \$498                                           | —          | 18,502                       |                                |
| Accounts payable and accrued liabilities                                                          | Accounts payable and accrued liabilities                                    | 15,419                        | 22,631                         | Accounts payable and accrued liabilities                                                          | 21,544     | 22,631                       |                                |
| Total Liabilities                                                                                 | Total Liabilities                                                           | 476,367                       | 482,048                        | Total Liabilities                                                                                 | 482,060    | 482,048                      |                                |
| Commitments and contingencies                                                                     | Commitments and contingencies                                               |                               |                                | Commitments and contingencies                                                                     |            |                              |                                |
| Equity:                                                                                           | Equity:                                                                     |                               |                                | Equity:                                                                                           |            |                              |                                |
| BRT Apartments                                                                                    | BRT Apartments                                                              |                               |                                | BRT Apartments                                                                                    |            |                              |                                |
| Corp. stockholders' equity:                                                                       | Corp. stockholders' equity:                                                 |                               |                                | Corp. stockholders' equity:                                                                       |            |                              |                                |
| Preferred shares \$0.01 par value 2,000 shares authorized, none outstanding                       | Preferred shares \$0.01 par value 2,000 shares authorized, none outstanding | —                             | —                              | Preferred shares \$0.01 par value 2,000 shares authorized, none outstanding                       | —          | —                            |                                |
| Common stock, \$0.01 par value, 300,000 shares authorized; 18,191 and 18,006 shares outstanding   |                                                                             | 182                           | 180                            | Common stock, \$0.01 par value, 300,000 shares authorized; 17,917 and 18,006 shares outstanding   |            | 179                          | 180                            |
| Common stock, \$0.01 par value, 300,000 shares authorized; 17,917 and 18,006 shares outstanding   |                                                                             |                               |                                | Common stock, \$0.01 par value, 300,000 shares authorized; 17,917 and 18,006 shares outstanding   |            |                              |                                |

|                                                 |                                                 |            |            |                                                 |            |            |
|-------------------------------------------------|-------------------------------------------------|------------|------------|-------------------------------------------------|------------|------------|
| Additional paid-in capital                      | Additional paid-in capital                      | 276,034    | 273,863    | Additional paid-in capital                      | 272,064    | 273,863    |
| Accumulated deficit                             | Accumulated deficit                             | (32,900)   | (23,955)   | Accumulated deficit                             | (26,514)   | (23,955)   |
| Total BRT Apartments Corp. stockholders' equity | Total BRT Apartments Corp. stockholders' equity | 243,316    | 250,088    | Total BRT Apartments Corp. stockholders' equity | 245,729    | 250,088    |
| Non-controlling interest                        | Non-controlling interest                        | 18         | (18)       | Non-controlling interest                        | 17         | (18)       |
| Total Equity                                    | Total Equity                                    | 243,334    | 250,070    | Total Equity                                    | 245,746    | 250,070    |
| Total Liabilities and Equity                    | Total Liabilities and Equity                    | \$ 719,701 | \$ 732,118 | Total Liabilities and Equity                    | \$ 727,806 | \$ 732,118 |

See accompanying notes to consolidated financial statements.

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**BRT APARTMENTS CORP. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
**(Unaudited)**  
**(Amounts in thousands, except shares and per share data)**

|                                                                                                                                                  | Revenues:                                            | Three Months Ended |           | Three Months Ended                                                                                                                               |           | Six Months Ended |           |
|--------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------|--------------------|-----------|--------------------------------------------------------------------------------------------------------------------------------------------------|-----------|------------------|-----------|
|                                                                                                                                                  |                                                      | March 31,          |           | June 30,                                                                                                                                         |           | June 30,         |           |
|                                                                                                                                                  |                                                      | 2023               | 2022      | 2023                                                                                                                                             | 2022      | 2023             | 2022      |
| Revenues:                                                                                                                                        | Revenues:                                            |                    |           | Revenues:                                                                                                                                        |           |                  |           |
| Rental and other revenue from real estate properties                                                                                             | Rental and other revenue from real estate properties | \$ 22,939          | \$ 11,430 | properties                                                                                                                                       | \$ 23,255 | \$ 14,683        | \$ 46,194 |
| Other income                                                                                                                                     | Other income                                         | —                  | 4         | Other income                                                                                                                                     | 63        | 2                | 63        |
| Total revenues                                                                                                                                   | Total revenues                                       | 22,939             | 11,434    | Total revenues                                                                                                                                   | 23,318    | 14,685           | 46,257    |
| Expenses:                                                                                                                                        | Expenses:                                            |                    |           | Expenses:                                                                                                                                        |           |                  |           |
| Real estate operating expenses - including \$6 and \$11 to related parties                                                                       |                                                      | 10,434             | 4,753     | Real estate operating expenses - including \$10 and \$8 to related parties for the three months ended and \$16 and \$19 for the six months ended |           |                  |           |
| Real estate operating expenses - including \$10 and \$8 to related parties for the three months ended and \$16 and \$19 for the six months ended |                                                      |                    |           | Real estate operating expenses - including \$10 and \$8 to related parties for the three months ended and \$16 and \$19 for the six months ended |           |                  |           |
| Interest expense                                                                                                                                 | Interest expense                                     | 5,483              | 2,021     | Interest expense                                                                                                                                 | 5,513     | 2,912            | 10,996    |
| General and administrative - including \$173 and \$246 to related parties                                                                        |                                                      | 4,055              | 3,633     |                                                                                                                                                  |           |                  | 4,933     |

|                                                                                                                                                   |                                                                          |                                                                                                                                                   |           |         |         |         |
|---------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------|-----------|---------|---------|---------|
| General and administrative - including \$165 and \$185 to related parties for the three months ended and \$337 and \$431 for the six months ended |                                                                          | General and administrative - including \$165 and \$185 to related parties for the three months ended and \$337 and \$431 for the six months ended | 3,848     | 3,533   | 7,903   | 7,166   |
| Depreciation and amortization                                                                                                                     | Depreciation and amortization                                            | Depreciation and amortization                                                                                                                     | 8,008     | 3,606   | 7,543   | 5,010   |
| Total expenses                                                                                                                                    | Total expenses                                                           | Total expenses                                                                                                                                    | 27,980    | 14,013  | 27,452  | 17,803  |
| Total revenues less total expenses                                                                                                                | Total revenues less total expenses                                       | Total revenues less total expenses                                                                                                                | (5,041)   | (2,579) | (4,134) | (3,118) |
| Equity in earnings of unconsolidated joint ventures                                                                                               |                                                                          | Equity in earnings (loss) of unconsolidated joint ventures                                                                                        | 815       | 1,230   |         |         |
| Equity in earnings from sale of unconsolidated joint ventures properties                                                                          | Equity in earnings from sale of unconsolidated joint ventures properties | Equity in earnings from sale of unconsolidated joint ventures properties                                                                          | —         | 12,961  | 14,744  | 40,098  |
| Gain on sale of real estate                                                                                                                       | Gain on sale of real estate                                              | Gain on sale of real estate                                                                                                                       | —         | 6       | —       | —       |
| Insurance recovery of casualty loss                                                                                                               |                                                                          | Insurance recovery of casualty loss                                                                                                               |           |         | 215     | —       |
| Gain on insurance recoveries                                                                                                                      | Gain on insurance recoveries                                             | Gain on insurance recoveries                                                                                                                      | 240       | —       | —       | 240     |
| (Loss) income from continuing operations                                                                                                          |                                                                          | (Loss) income from continuing operations                                                                                                          | (3,986)   | 11,618  |         |         |
| Loss on extinguishment of debt                                                                                                                    |                                                                          | Loss on extinguishment of debt                                                                                                                    |           |         | —       | (563)   |
| Income from continuing operations                                                                                                                 |                                                                          | Income from continuing operations                                                                                                                 |           |         | 11,289  | 36,367  |
| Income tax provision                                                                                                                              | Income tax provision                                                     | Income tax provision                                                                                                                              | 76        | 74      | 51      | 724     |
| (Loss) income from continuing operations, net of taxes                                                                                            |                                                                          | (Loss) income from continuing operations, net of taxes                                                                                            | (4,062)   | 11,544  | 127     | 798     |
| Income from continuing operations, net of taxes                                                                                                   |                                                                          | Income from continuing operations, net of taxes                                                                                                   |           |         | 11,238  | 35,643  |
| Net income attributable to non-controlling interest                                                                                               | Net income attributable to non-controlling interest                      | Net income attributable to non-controlling interest                                                                                               | (36)      | (36)    | (36)    | (36)    |
| Net (loss) income attributable to common stockholders                                                                                             | \$ (4,098)                                                               | Net (loss) income attributable to common stockholders                                                                                             | \$ 11,508 |         | (72)    | (72)    |

|                                                                            |                                                                            |                                                                            |            |                                                         |            |            |            |            |
|----------------------------------------------------------------------------|----------------------------------------------------------------------------|----------------------------------------------------------------------------|------------|---------------------------------------------------------|------------|------------|------------|------------|
| Net income<br>attributable to<br>common<br>stockholders                    |                                                                            |                                                                            |            | Net income<br>attributable to<br>common<br>stockholders | \$ 11,202  | \$ 35,607  | \$ 7,104   | \$ 47,115  |
| Weighted<br>average number<br>of shares of<br>common stock<br>outstanding: | Weighted<br>average number<br>of shares of<br>common stock<br>outstanding: | Weighted<br>average number<br>of shares of<br>common stock<br>outstanding: |            |                                                         |            |            |            |            |
| Basic                                                                      | Basic                                                                      | 18,064,301                                                                 | 17,561,802 | Basic                                                   | 18,155,062 | 17,671,073 | 18,110,508 | 17,616,740 |
| Diluted                                                                    | Diluted                                                                    | 18,064,301                                                                 | 17,654,349 | Diluted                                                 | 18,220,814 | 17,726,343 | 18,157,804 | 17,690,601 |
| Per share<br>amounts<br>attributable to<br>common<br>stockholders:         | Per share<br>amounts<br>attributable to<br>common<br>stockholders:         | Per share<br>amounts<br>attributable to<br>common<br>stockholders:         |            |                                                         |            |            |            |            |
| Basic and diluted                                                          |                                                                            | \$ (0.21)                                                                  | \$ 0.62    |                                                         |            |            |            |            |
| Basic                                                                      |                                                                            |                                                                            |            | Basic                                                   | \$ 0.59    | \$ 1.91    | \$ 0.37    | \$ 2.54    |
| Diluted                                                                    |                                                                            |                                                                            |            | Diluted                                                 | \$ 0.58    | \$ 1.91    | \$ 0.37    | \$ 2.53    |

See accompanying notes to consolidated financial statements.

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**BRT APARTMENTS CORP. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF EQUITY**  
**(Unaudited)**  
**(Dollars in thousands, except per share data)**

|                                                                    | Additional                                                         |                    |                        |                         |                    | Non-                        |                                                                    |                        |                         |                    | Additional      |                    |                        |                         |       | Non-            |                    |                        |                         |       |
|--------------------------------------------------------------------|--------------------------------------------------------------------|--------------------|------------------------|-------------------------|--------------------|-----------------------------|--------------------------------------------------------------------|------------------------|-------------------------|--------------------|-----------------|--------------------|------------------------|-------------------------|-------|-----------------|--------------------|------------------------|-------------------------|-------|
|                                                                    | Common<br>Stock                                                    | Paid-In<br>Capital | Accumulated<br>Deficit | Controlling<br>Interest | Total              | Common<br>Stock             | Paid-In<br>Capital                                                 | Accumulated<br>Deficit | Controlling<br>Interest | Total              | Common<br>Stock | Paid-In<br>Capital | Accumulated<br>Deficit | Controlling<br>Interest | Total | Common<br>Stock | Paid-In<br>Capital | Accumulated<br>Deficit | Controlling<br>Interest | Total |
| Balances, December 31, 2022                                        | Balances, December 31, 2022                                        | \$ 180             | \$ 273,863             | \$ (23,955)             | \$ (18) \$ 250,070 | Balances, December 31, 2022 | \$ 180                                                             | \$ 273,863             | \$ (23,955)             | \$ (18) \$ 250,070 |                 |                    |                        |                         |       |                 |                    |                        |                         |       |
| Distributions - common stock - \$0.25 per share                    | Distributions - common stock - \$0.25 per share                    | —                  | —                      | (4,847)                 | —                  | (4,847)                     | Distributions - common stock - \$0.25 per share                    | —                      | —                       | (4,847)            | —               | —                  | (4,847)                | —                       | —     | (4,847)         | —                  | —                      | (4,847)                 |       |
| Restricted stock and restricted stock units vesting                | Restricted stock and restricted stock units vesting                | 2                  | (2)                    | —                       | —                  | —                           | Restricted stock and restricted stock units vesting                | 2                      | —                       | (2)                | —               | —                  | —                      | —                       | —     | —               | —                  | —                      | —                       |       |
| Compensation expense - restricted stock and restricted stock units | Compensation expense - restricted stock and restricted stock units | —                  | 1,410                  | —                       | —                  | 1,410                       | Compensation expense - restricted stock and restricted stock units | —                      | 1,410                   | —                  | —               | —                  | 1,410                  | —                       | —     | —               | —                  | —                      | 1,410                   |       |
| Shares issued through DRIP                                         | Shares issued through DRIP                                         | —                  | 763                    | —                       | —                  | 763                         | Shares issued through DRIP                                         | —                      | 763                     | —                  | —               | —                  | 763                    | —                       | —     | —               | —                  | —                      | 763                     |       |
| Net (loss) income                                                  | Net (loss) income                                                  | —                  | —                      | (4,098)                 | 36                 | (4,062)                     | Net (loss) income                                                  | —                      | —                       | (4,098)            | 36              | (4,062)            |                        |                         |       |                 |                    |                        |                         |       |
| Balances, March 31, 2023                                           | Balances, March 31, 2023                                           | \$ 182             | \$ 276,034             | \$ (32,900)             | \$ 18              | \$ 243,334                  | Balances, March 31, 2023                                           | \$ 182                 | \$ 276,034              | \$ (32,900)        | \$ 18           | \$ 243,334         |                        |                         |       |                 |                    |                        |                         |       |

|                                                                    |        |                                                                    |             |         |            |      |         |
|--------------------------------------------------------------------|--------|--------------------------------------------------------------------|-------------|---------|------------|------|---------|
| Distributions - common stock<br>- \$0.25 per share                 |        | Distributions - common stock<br>- \$0.25 per share                 | —           | —       | (4,816)    | —    | (4,816) |
| Compensation expense - restricted stock and restricted stock units |        | Compensation expense - restricted stock and restricted stock units | —           | 1,193   | —          | —    | 1,193   |
| Distributions to non-controlling interests                         |        | Distributions to non-controlling interests                         | —           | —       | —          | (37) | (37)    |
| Shares repurchased                                                 |        | Shares repurchased                                                 | (3)         | (5,833) | —          | —    | (5,836) |
| Shares issued through DRIP                                         |        | Shares issued through DRIP                                         | —           | 670     | —          | —    | 670     |
| Net income                                                         |        | Net income                                                         | —           | —       | 11,202     | 36   | 11,238  |
| Balances, June 30, 2023                                            | \$ 179 | \$ 272,064                                                         | \$ (26,514) | \$ 17   | \$ 245,746 |      |         |

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**BR T APARTMENTS CORP. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF EQUITY**  
**(Unaudited)**  
(Dollars in thousands, except per share data)

|                                                                    | Additional                                                         |                 |                     |                      |            | Non-         |                                                    |                     |                      |             | Common Stock | Additional                                         |                 |                     |                      |       | Non-         |                 |                     |                      |       |
|--------------------------------------------------------------------|--------------------------------------------------------------------|-----------------|---------------------|----------------------|------------|--------------|----------------------------------------------------|---------------------|----------------------|-------------|--------------|----------------------------------------------------|-----------------|---------------------|----------------------|-------|--------------|-----------------|---------------------|----------------------|-------|
|                                                                    | Common Stock                                                       | Paid-In Capital | Accumulated Deficit | Controlling Interest | Total      | Common Stock | Paid-In Capital                                    | Accumulated Deficit | Controlling Interest | Total       |              | Common Stock                                       | Paid-In Capital | Accumulated Deficit | Controlling Interest | Total | Common Stock | Paid-In Capital | Accumulated Deficit | Controlling Interest | Total |
| Balances, December 31, 2021                                        | \$ 173                                                             | \$ 258,161      | \$ (55,378)         | \$ (5)               | \$ 202,951 | 2021         | \$ 173                                             | \$ 258,161          | \$ (55,378)          | \$ (5)      | \$ 202,951   |                                                    |                 |                     |                      |       |              |                 |                     |                      |       |
| Distributions - common stock<br>- \$0.22 per share                 | —                                                                  | —               | (4,305)             | —                    | (4,305)    |              |                                                    |                     |                      |             |              | Distributions - common stock<br>- \$0.23 per share | —               | —                   | (4,305)              | —     | (4,305)      |                 |                     |                      |       |
| Restricted stock vesting                                           | Restricted stock vesting                                           | 2               | (2)                 | —                    | —          | —            | Restricted stock vesting                           | 2                   | (2)                  | —           | —            |                                                    |                 |                     |                      |       |              |                 |                     |                      |       |
| Compensation expense - restricted stock and restricted stock units | Compensation expense - restricted stock and restricted stock units | 974             | —                   | —                    | 974        | 974          | Stock units                                        | —                   | 974                  | —           | —            |                                                    |                 |                     |                      |       |              |                 |                     |                      |       |
| Shares issued through equity offering program, net                 | Shares issued through equity offering program, net                 | 1               | 3,037               | —                    | —          | 3,038        | Shares issued through equity offering program, net | 1                   | 3,037                | —           | —            |                                                    |                 |                     |                      |       |              |                 |                     |                      |       |
| Net income                                                         | Net income                                                         | —               | —                   | 11,508               | 36         | 11,544       | Net income                                         | —                   | —                    | 11,508      | 36           |                                                    |                 |                     |                      |       |              |                 |                     |                      |       |
| Balances, March 31, 2022                                           | Balances, March 31, 2022                                           | \$ 176          | \$ 262,170          | \$ (48,175)          | \$ 31      | \$ 214,202   | Balances, March 31, 2022                           | \$ 176              | \$ 262,170           | \$ (48,175) | \$ 31        | \$ 214,202                                         |                 |                     |                      |       |              |                 |                     |                      |       |

|                                                                    |  |                                                                    |        |            |             |      |            |
|--------------------------------------------------------------------|--|--------------------------------------------------------------------|--------|------------|-------------|------|------------|
| Distributions - common stock<br>- \$0.25 per share                 |  | Distributions - common stock<br>- \$0.25 per share                 | —      | —          | (4,723)     | —    | (4,723)    |
| Compensation expense - restricted stock and restricted stock units |  | Compensation expense - restricted stock and restricted stock units | —      | 1,001      | —           | —    | 1,001      |
| Shares issued through equity offering program, net                 |  | Shares issued through equity offering program, net                 | 2      | 3,085      | —           | —    | 3,087      |
| Distributions to non-controlling interests                         |  | Distributions to non-controlling interests                         | —      | —          | —           | (60) | (60)       |
| Net income                                                         |  | Net income                                                         | —      | —          | 35,607      | 36   | 35,643     |
| Balances, June 30, 2022                                            |  | Balances, June 30, 2022                                            | \$ 178 | \$ 266,256 | \$ (17,291) | \$ 7 | \$ 249,150 |

See accompanying notes to consolidated financial statements

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**BRT APARTMENTS CORP. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(Unaudited)**  
**(Dollars in Thousands)**

|                                                                                          | Cash flows from operating activities:                       | Three Months Ended March 31, |         | Six Months Ended June 30,                                                         |           |
|------------------------------------------------------------------------------------------|-------------------------------------------------------------|------------------------------|---------|-----------------------------------------------------------------------------------|-----------|
|                                                                                          |                                                             | 2023                         | 2022    | 2023                                                                              | 2022      |
| Cash flows from operating activities:                                                    | Cash flows from operating activities:                       |                              |         | Cash flows from operating activities:                                             |           |
| Net (loss) income                                                                        | \$ (4,062)                                                  | \$ 11,544                    |         | Net income                                                                        | \$ 7,176  |
| Adjustments to reconcile net (loss) income to net cash provided by operating activities: |                                                             |                              |         | Adjustments to reconcile net income to net cash provided by operating activities: | \$ 47,187 |
| Net income                                                                               |                                                             |                              |         | Net income                                                                        | \$ 7,176  |
| Adjustments to reconcile net income to net cash provided by operating activities:        |                                                             |                              |         | Adjustments to reconcile net income to net cash provided by operating activities: | \$ 47,187 |
| Depreciation and amortization                                                            | Depreciation and amortization                               | 8,008                        | 3,606   | Depreciation and amortization                                                     | 15,551    |
| Amortization of deferred financing costs                                                 | Amortization of deferred financing costs                    | 252                          | 52      | Amortization of deferred financing costs                                          | 527       |
| Amortization of debt fair value adjustment                                               | Amortization of debt fair value adjustment                  | 157                          | (89)    | Amortization of debt fair value adjustment                                        | 311       |
| Amortization of restricted stock and restricted stock units                              | Amortization of restricted stock and restricted stock units | 1,410                        | 974     | Amortization of restricted stock and restricted stock units                       | 2,603     |
| Equity in earnings of unconsolidated joint ventures                                      | Equity in earnings of unconsolidated joint ventures         | (815)                        | (1,230) | Equity in earnings of unconsolidated joint ventures                               | (1,279)   |
|                                                                                          |                                                             |                              |         |                                                                                   | (1,180)   |

|                                                                                        |                                                                       |                 |                                                                         |                   |
|----------------------------------------------------------------------------------------|-----------------------------------------------------------------------|-----------------|-------------------------------------------------------------------------|-------------------|
| Equity in earnings from sale of real estate of unconsolidated joint venture properties | —                                                                     | (12,961)        |                                                                         |                   |
| Equity in earnings from sale of unconsolidated joint venture properties                |                                                                       |                 | Equity in earnings from sale of unconsolidated joint venture properties | (14,744) (53,059) |
| Gain on sale of real estate                                                            | Gain on sale of real estate                                           | — (6)           | Gain on sale of real estate                                             | — (6)             |
| Loss on extinguishment of debt                                                         |                                                                       |                 | Loss on extinguishment of debt                                          | — 563             |
| Increases and decreases from changes in other assets and liabilities:                  | Increases and decreases from changes in other assets and liabilities: |                 | Increases and decreases from changes in other assets and liabilities:   |                   |
| Decrease in other assets                                                               | Decrease in other assets                                              | (2,538) (1,071) | Decrease in other assets                                                | (2,056) (432)     |
| Decrease (increase) in accounts payable and accrued liabilities                        |                                                                       | 528 (350)       |                                                                         |                   |
| Increase in accounts payable and accrued liabilities                                   |                                                                       |                 | Increase in accounts payable and accrued liabilities                    | (1,229) (851)     |
| Net cash provided by operating activities                                              | Net cash provided by operating activities                             | 2,940 469       | Net cash provided by operating activities                               | 6,860 2,779       |
| Cash flows from investing activities:                                                  | Cash flows from investing activities:                                 |                 | Cash flows from investing activities:                                   |                   |
| Improvements to real estate properties                                                 | Improvements to real estate properties                                | (2,158) (802)   | Improvements to real estate properties                                  | (4,824) (1,807)   |
| Purchase of investment in joint ventures                                               | Purchase of investment in joint ventures                              | — (8,288)       | Purchase of investment in joint ventures                                | — (42,784)        |
| Proceeds from the sale of real estate                                                  | Proceeds from the sale of real estate                                 | — 4,385         | Proceeds from the sale of real estate                                   | — 4,385           |
| Distributions from unconsolidated joint ventures                                       | Distributions from unconsolidated joint ventures                      | 2,228 19,796    | Distributions from unconsolidated joint ventures                        | 23,191 74,670     |
| Contributions to unconsolidated joint ventures                                         | Contributions to unconsolidated joint ventures                        | — (2,122)       | Contributions to unconsolidated joint ventures                          | — (3,044)         |
| Net cash provided by investing activities                                              | Net cash provided by investing activities                             | 70 12,969       | Net cash provided by investing activities                               | 18,245 31,420     |
| Cash flows from financing activities:                                                  | Cash flows from financing activities:                                 |                 | Cash flows from financing activities:                                   |                   |
| Proceeds from mortgages payable                                                        | Proceeds from mortgages payable                                       | 21,173 —        | Proceeds from mortgages payable                                         | 21,173 18,953     |
| Mortgage payoffs                                                                       | Mortgage payoffs                                                      | — (14,558)      | Mortgage payoffs                                                        | — (26,761)        |
| Mortgage principal payments                                                            | Mortgage principal payments                                           | (813) (410)     | Mortgage principal payments                                             | (1,621) (821)     |
| Repayment of credit facility                                                           | Repayment of credit facility                                          | (19,000) —      | Repayment of credit facility                                            | (19,000) —        |
| Increase in deferred financing costs                                                   | Increase in deferred financing costs                                  | (683) —         | Increase in deferred financing costs                                    | (683) (264)       |
| Dividends paid                                                                         | Dividends paid                                                        | (9,521) (4,198) | Dividends paid                                                          | (9,521) (8,460)   |
| Distributions to non-controlling interests                                             |                                                                       |                 | Distributions to non-controlling interests                              | (37) (60)         |

|                                             |                                           |         |          |                                             |          |          |
|---------------------------------------------|-------------------------------------------|---------|----------|---------------------------------------------|----------|----------|
| Proceeds from the<br>sale of common stock   | Proceeds from the<br>sale of common stock | —       | 3,038    | Proceeds from the<br>sale of common stock   | —        | 6,125    |
| Proceeds from issuance of DRP shares        |                                           | 763     | —        |                                             |          |          |
| Proceeds from<br>issuance of DRIP<br>shares |                                           |         |          | Proceeds from<br>issuance of DRIP<br>shares | 1,433    | —        |
| Repurchase of shares<br>of common stock     |                                           |         |          | Repurchase of shares<br>of common stock     | (5,836)  | —        |
| Net cash used in<br>financing activities    | Net cash used in<br>financing activities  | (8,081) | (16,128) | Net cash used in<br>financing activities    | (14,092) | (11,288) |

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**BRT APARTMENTS CORP. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(Unaudited)**  
**(Dollars in Thousands)**

|                                                                            | Three Months Ended March 31,                                               |           | Six Months Ended June 30,                                                  |           |
|----------------------------------------------------------------------------|----------------------------------------------------------------------------|-----------|----------------------------------------------------------------------------|-----------|
|                                                                            | 2023                                                                       | 2022      | 2023                                                                       | 2022      |
| Net decrease in cash, cash equivalents and<br>restricted cash:             | (5,071)                                                                    | (2,690)   |                                                                            |           |
| Net increase in cash,<br>cash equivalents and<br>restricted cash:          |                                                                            |           | Net increase in cash,<br>cash equivalents and<br>restricted cash:          | 11,013    |
| Cash, cash<br>equivalents and<br>restricted cash at<br>beginning of period | Cash, cash<br>equivalents and<br>restricted cash at<br>beginning of period | 21,153    | Cash, cash<br>equivalents and<br>restricted cash at<br>beginning of period | 38,921    |
| Cash, cash<br>equivalents and<br>restricted cash at<br>end of period       | Cash, cash<br>equivalents and<br>restricted cash at<br>end of period       | \$ 16,082 | \$ 36,231                                                                  | \$ 32,166 |
| Supplemental<br>disclosure of cash<br>flow information:                    | Supplemental<br>disclosure of cash<br>flow information:                    |           | Supplemental<br>disclosure of cash<br>flow information:                    | \$ 61,832 |
| Cash paid during the<br>period for interest                                | Cash paid during the<br>period for interest                                | \$ 5,094  | \$ 2,021                                                                   | \$ 10,176 |
| Cash paid for<br>income taxes                                              | Cash paid for<br>income taxes                                              | \$ 8      | \$ 1                                                                       | \$ 4,826  |
| Consolidation on<br>buyout of partnership<br>interests:                    | Consolidation on<br>buyout of partnership<br>interests:                    |           | Consolidation on<br>buyout of partnership<br>interests:                    |           |
| Increase in real estate<br>assets                                          | Increase in real estate<br>assets                                          | \$ —      | \$ (36,802)                                                                | \$ —      |
| Increase in other<br>assets                                                | Increase in other<br>assets                                                | —         | (1,784)                                                                    | —         |
| Increase in mortgage<br>payable                                            | Increase in mortgage<br>payable                                            | —         | 27,062                                                                     | —         |
| Increase in deferred<br>loan costs                                         | Increase in deferred<br>loan costs                                         | —         | (364)                                                                      | —         |
| Increase in accounts<br>payable and accrued<br>liabilities                 | Increase in accounts<br>payable and accrued<br>liabilities                 | —         | 761                                                                        | —         |

|                                                         |                                                         |       |                                                         |        |
|---------------------------------------------------------|---------------------------------------------------------|-------|---------------------------------------------------------|--------|
| Decrease in investment in unconsolidated joint ventures | Decrease in investment in unconsolidated joint ventures |       | Decrease in investment in unconsolidated joint ventures |        |
|                                                         | —                                                       | 2,839 | —                                                       | 15,178 |

\$ — — (8,288) — (42,784)

See accompanying notes to consolidated financial statements

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**BRT APARTMENTS CORP. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(Unaudited)**  
**(Dollars in Thousands)**

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the consolidated balance sheets that sum to the total of the same such amounts shown in the consolidated statements of cash flows.

|                                                                                                 | March 31,                                                                                       |          | June 30, |                                                                                                 |          |          |
|-------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------|----------|----------|-------------------------------------------------------------------------------------------------|----------|----------|
|                                                                                                 |                                                                                                 |          |          |                                                                                                 |          |          |
|                                                                                                 | 2023                                                                                            | 2022     | 2023     | 2022                                                                                            |          |          |
| Cash and cash equivalents                                                                       | Cash and cash equivalents                                                                       | \$15,252 | \$29,688 | Cash and cash equivalents                                                                       | \$31,336 | \$57,045 |
| Restricted cash                                                                                 | Restricted cash                                                                                 | 830      | 6,543    | Restricted cash                                                                                 | 830      | 4,787    |
| Total cash, cash equivalents and restricted cash, shown in consolidated statement of cash flows | Total cash, cash equivalents and restricted cash, shown in consolidated statement of cash flows | \$16,082 | \$36,231 | Total cash, cash equivalents and restricted cash, shown in consolidated statement of cash flows | \$32,166 | \$61,832 |

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**BRT APARTMENTS CORP. AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
**March 31, June 30, 2023**

**Note 1 – Organization and Background**

BRT Apartments Corp. (the "Company" or "BRT"), a Maryland corporation, owns, operates and, to a lesser extent, holds interest in joint ventures that own multi-family properties. The Company conducts its operations to qualify as a real estate investment trust, or REIT, for federal income tax purposes.

These multi-family properties may be wholly owned by the Company (including its consolidated subsidiaries) or by unconsolidated joint ventures in which the Company generally contributes a significant portion of the equity. At **March 31, 2023** **June 30, 2023**, the Company: (i) wholly owns 21 multi-family properties located in eleven states with an aggregate of 5,420 units and a carrying value of **\$645,564,000**; **\$641,915,000**; (ii) has interests, through unconsolidated entities, in **eight** **seven** multi-family properties located in four states with an aggregate of **2,781** **2,287** units with a carrying value of **\$37,660,000**; **\$31,902,000**; and (iii) own other assets, through consolidated and unconsolidated subsidiaries, with a carrying value of **\$5,415,000**; **\$5,582,000**. These **29** **28** multi-family properties are located in 11 states; most of the properties are located in the Southeast United States and Texas.

**Note 2 – Basis of Preparation**

The accompanying interim unaudited consolidated financial statements, reflect all normal recurring adjustments which, in the opinion of management, are necessary for a fair presentation of the results for such interim periods. The results of operations for the three and six months ended **March 31, 2023** **June 30, 2023** and 2022, are not necessarily indicative of the results for the full year. The consolidated audited balance sheet as of December 31, 2022, has been derived from the audited financial statements at that date but

does not include all the information and footnotes required by accounting principles generally accepted in the United States ("GAAP"). Accordingly, these unaudited statements should be read in conjunction with the Company's audited financial statements included in its Annual Report on Form 10-K for the year ended December 31, 2022 (the "Annual Report") filed with the Securities and Exchange Commission ("SEC").

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

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

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

The Company reviews each real estate asset owned, including those held through investments in unconsolidated joint ventures, for impairment when there is an event or a change in circumstances indicating that the carrying amount may not be recoverable. The Company measures and records impairment charges, and reduces the carrying value of owned properties, when indicators of impairment are present and the expected undiscounted cash flows related to those properties are less than their carrying amounts. For its unconsolidated joint venture investments, the Company measures and records impairment losses, and reduces the carrying value of the equity investment when indicators of impairment are present and the expected discounted cash flows related to the investment is less than the carrying value. When the Company does not expect to recover its carrying value on properties held for use, the Company reduces its carrying value to fair value, and for properties held for sale, the Company reduces its carrying value to the fair value less costs to sell. When the Company does not expect to recover its carrying value on unconsolidated joint ventures that are under contract for sale, the Company, when it is determined that the sale is probable, reduces its carrying value to its fair value.

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements. Actual results could differ from those.

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

### Note 3 - Equity

#### Equity Distribution Agreements

Effective as of **March 18, 2022** **May 12, 2023**, the Company (i) terminated the equity distribution agreements dated March 18, 2022, and (ii) entered into equity distribution agreements with three sales agents to sell up to \$40,000,000 of its common stock from time-to-time in an at-the-market offering. During the three and six months ended **March 31, 2023**, **June 30, 2023**, the Company did not sell any shares. During the three and six months ended **March 31, 2022**, **June 30, 2022** the Company sold **136,279** **137,477** and **273,756** shares, (at an average per share price of **\$22.61**), respectively, for an aggregate sales price of **\$3,082,000**, **\$3,127,000** and **\$6,209,000**, before commissions and fees of **\$44,000**, **\$39,000** and **\$83,000**, respectively.

#### Common Stock Dividend Distribution

The Company declared a quarterly cash distribution of \$0.25 per share, payable on **April 4, 2023** **July 6, 2023** to stockholders of record on **March 27, 2023** **June 26, 2023**.

#### Dividend Reinvestment Plan

The Dividend Reinvestment Plan (the "DRP"), which has been in effect since **July, June 2022**, among other things, provides stockholders with the opportunity to reinvest all or a portion of their cash dividends paid on the Company's common stock in additional shares of its common stock, at a discount, determined in the Company's sole discretion, of up to 5% from the market price for the common stock (as such price is calculated pursuant to the DRP). The discount from the market price is currently 3%. In the three and six months ended **March 31, 2023** **June 30, 2023**, we issued **40,218** **35,634** and **75,852** shares in lieu of cash dividends of **\$763,000**, **\$670,000** and **\$1,433,000**, respectively. In the three and six months ended June 30, 2022, no shares were issued.

#### Stock Based Compensation

In 2022, the Company's board of directors adopted, and the stockholders' approved, the 2022 Incentive Plan (the "2022 Plan"). This plan permits the Company to grant: (i) stock options, restricted stock, restricted stock units, performance shares awards and any one or more of the foregoing, for up to a maximum of 1,000,000 shares; and (ii) cash settled dividend equivalent rights in tandem with the grant of restricted stock units and certain performance based awards. As of **March 31, 2023** **June 30, 2023**, **623,617** **623,677** shares are available for issuance pursuant to awards under the 2022 Plan. Awards to acquire **789,595** **789,545** shares of common stock are outstanding under the 2020 Incentive Plan and the 2018 Incentive Plan (collectively the "Prior Plans") and no further awards may be made pursuant to the Prior Plans.

#### Restricted Stock Units

In June 2022 and 2021, the Company issued restricted stock units (the "RSUs") to acquire up to 212,469 and 210,375 shares of common stock pursuant to the 2022 Plan and the 2020 Incentive Plan, respectively. In July 2023, the Company issued RSUs to acquire up to 214,988 shares of common stock pursuant to the 2022 Plan. Generally, the RSUs entitle the recipients, subject to continued service through the three-year vesting period to receive (i) the underlying shares if and to the extent certain performance and/or market conditions are satisfied at the vesting date, and (ii) an amount equal to the cash dividends that would have been paid during the three-year vesting period with respect to the shares of common stock underlying the RSUs if, when, and to the extent, the related RSUs vest. The shares underlying the RSUs are not participating securities but are contingently issuable shares.

Expense is recognized on the RSUs which the Company expects to vest over the applicable vesting period. For the three months ended March 31, 2023 June 30, 2023 and 2022, the Company recorded \$514,000 \$369,000 and \$250,000, respectively, and for the six months ended June 30, 2023 and 2022, the Company recorded \$883,000 and \$500,000, respectively, of compensation expense related to the amortization of unearned compensation with respect to the RSUs issued under the 2020 and 2022 Incentive Plans. At March 31, 2023 June 30, 2023 and December 31, 2022, \$3,111,000 \$2,536,000 and \$4,269,000 of compensation expense, respectively, has been deferred and will be charged to expense over the remaining vesting periods.

#### Restricted Stock

In January 2023 and 2022, the Company granted 163,914 and 158,973 shares, respectively, of restricted stock pursuant to the 2022 and 2020 Plan. As of March 31, 2023 June 30, 2023, an aggregate of 953,509 953,399 shares of unvested restricted stock are outstanding

pursuant to the 2022 Plan and Prior Plans. The shares of restricted stock vest five years from the date of grant and under specified circumstances, including a change in control, may vest earlier. For financial statement purposes, the restricted stock is not included in the outstanding shares shown on the consolidated balance sheets until they vest, but is included in the earnings per share computation.

For the three months ended March 31, 2023 June 30, 2023 and 2022, the Company recorded \$896,000 \$824,000 and \$724,000, \$751,000, respectively, and for the six months ended June 30, 2023 and 2022, the Company recorded \$1,720,000 and \$1,475,000 of compensation expense related to the amortization of unearned compensation with respect to the restricted stock awards. At March 31, 2023 June 30, 2023 and December 31, 2022, \$9,976,000 \$9,152,000 and \$7,728,000, respectively, has been deferred as unearned compensation

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and will be charged to expense over the remaining vesting periods of these restricted stock awards. The weighted average remaining vesting period of these shares of restricted stock is 3.0 2.6 years.

#### Stock Buyback

On September 13, 2021 June 14, 2023, the Board of Directors approved a stock extended the term of the Company's share repurchase plan authorizing program from December 31, 2023 to December 31, 2025 and authorized the repurchase of up to \$10,000,000 of shares. During the three and six months ended June 30, 2023, the Company effective as of October 1, 2021, to repurchase up to \$5,000,000 of repurchased 309,153 shares of common stock at an average market price of \$18.76 for an aggregate cost of \$5,836,000. From July 1, 2023 through December 31, 2023 July 31, 2023, the Company repurchased 45,612 shares of common stock at an average price of \$20.11 for an aggregate cost of \$917,000. During the three and six months ended March 31, 2023 and 2022, June 30, 2022, the Company did not repurchase any shares of common stock.

#### Per Share Data

Basic earnings (loss) per share is determined by dividing net income (loss) applicable to common stockholders for the applicable period by the weighted average number of shares of common stock outstanding during such period. Net income is also allocated to the unvested restricted stock outstanding during each period, as the restricted stock is entitled to receive dividends and is therefore considered a participating security. The RSUs are excluded from the basic earnings per share calculation as they are not participating securities.

Diluted earnings per share reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into shares of common stock or resulted in the issuance of shares of common stock that share in the earnings of the Company. Diluted earnings per share is determined by dividing net income applicable to common stockholders for the applicable period by the weighted average number of shares of common stock deemed to be outstanding during such period.

In calculating diluted earnings per share, the Company includes only those shares underlying the RSUs that it anticipates will vest based on management's estimates as of the end of the most recent quarter. The Company excludes any shares underlying the RSUs from such calculation if their effect would have been anti-dilutive.

The following table provides a reconciliation of the numerator and denominator of earnings per share calculations (amounts in thousands, except per share amounts):

|                                                               | Three Months Ended March 31, |           |
|---------------------------------------------------------------|------------------------------|-----------|
|                                                               | 2023                         | 2022      |
| Numerator for basic and diluted earnings per share:           |                              |           |
| Net (loss) income                                             | \$ (4,062)                   | \$ 11,544 |
| Deduct net income attributable to non-controlling interests   | (36)                         | (36)      |
| Deduct (loss) earnings allocated to unvested restricted stock | 260                          | (574)     |

|                                                                        |            |            |
|------------------------------------------------------------------------|------------|------------|
| Net (loss) income available for common stockholders: basic and diluted | \$ (3,838) | \$ 10,934  |
| Denominator for basic earnings per share:                              |            |            |
| Weighted average number of common shares outstanding                   | 18,064,301 | 17,561,802 |
| Effect of dilutive securities:                                         |            |            |
| RSUs (1)                                                               | —          | 92,547     |
| Denominator for diluted earnings per share:                            |            |            |
| Weighted average number of shares                                      | 18,064,301 | 17,654,349 |
| (Loss) earnings per common share, basic                                | \$ (0.21)  | \$ 0.62    |
| (Loss) earnings per common share, diluted                              | \$ (0.21)  | \$ 0.62    |

(1) At March 31, 2023, excludes 35,206 shares subject to RSU's as their effect would have been anti-dilutive.

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|                                                                 | Three Months Ended June 30, |            | Six Months Ended June 30, |            |
|-----------------------------------------------------------------|-----------------------------|------------|---------------------------|------------|
|                                                                 | 2023                        | 2022       | 2023                      | 2022       |
| Numerator for basic and diluted earnings per share:             |                             |            |                           |            |
| Net income                                                      | \$ 11,238                   | \$ 35,643  | \$ 7,176                  | \$ 47,187  |
| Deduct net income attributable to non-controlling interests     | (36)                        | (36)       | (72)                      | (72)       |
| Deduct earnings allocated to unvested restricted stock          | (561)                       | (1,787)    | (349)                     | (2,354)    |
| Net income available for common stockholders: basic and diluted | \$ 10,641                   | \$ 33,820  | \$ 6,755                  | \$ 44,761  |
| Denominator for basic earnings per share:                       |                             |            |                           |            |
| Weighted average number of common shares outstanding            | 18,155,062                  | 17,671,073 | 18,110,508                | 17,616,740 |
| Effect of dilutive securities:                                  |                             |            |                           |            |
| RSUs                                                            | 65,752                      | 55,270     | 47,296                    | 73,861     |
| Denominator for diluted earnings per share:                     |                             |            |                           |            |
| Weighted average number of shares                               | 18,220,814                  | 17,726,343 | 18,157,804                | 17,690,601 |
| Earnings per common share, basic                                | \$ 0.59                     | \$ 1.91    | \$ 0.37                   | \$ 2.54    |
| Earnings per common share, diluted                              | \$ 0.58                     | \$ 1.91    | \$ 0.37                   | \$ 2.53    |

#### Note 4 - Leases

##### Lessor Accounting

The Company owns a commercial building leased to two tenants under operating leases expiring from 2028 to 2035, with tenant options to extend the leases. Revenues from such leases are reported as rental income, net, and are comprised of (i) lease components, which includes fixed lease payments and (ii) non-lease components, which includes reimbursements of property level operating expenses. The Company does not separate non-lease components from the related lease components, as the timing and pattern of transfer are the same, and accounts for the combined component in accordance with ASC 842.

##### Lessee Accounting

The Company is a lessee under a ground lease in Yonkers, NY which is classified as an operating lease. The ground lease ~~expires~~ was set to expire September 30, 2024 and ~~provides~~ provided for one 21-year renewal option. During the quarter ended June 30, 2023, the renewal option was exercised and the ground lease will expire on June 30, 2045. There are no further renewal options. As of ~~March 31, 2023~~ June 30, 2023, the remaining lease term, including the renewal option deemed exercised, is ~~22.5~~ 22.0 years.

The Company is a lessee under a corporate office lease in Great Neck, New York, which is classified as an operating lease. The lease expires on December 31, 2031 and provides a five-year renewal option. As of ~~March 31, 2023~~ June 30, 2023, the remaining lease term, including renewal options deemed exercised, is ~~13.8~~ 13.5 years.

As of **March 31, 2023** **June 30, 2023**, the Company's Right of Use ("ROU") assets and lease liabilities were **\$2,324,000** **\$2,276,000** and **\$2,433,000** **\$2,394,000**, respectively. As of December 31, 2022, the Company's ROU assets and lease liabilities were \$2,371,000 and \$2,472,000, respectively.

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

#### Note 5 □ Real Estate Properties

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

|                                   |                                   | March 31, 2023 | December 31, 2022 | June 30, 2023                     | December 31, 2022 |
|-----------------------------------|-----------------------------------|----------------|-------------------|-----------------------------------|-------------------|
| Land                              | Land                              | \$ 74,246      | \$ 74,246         | Land                              | \$ 74,246         |
| Building                          | Building                          | 617,041        | 617,041           | Building                          | 617,041           |
| Building improvements             | Building improvements             | 17,669         | 15,511            | Building improvements             | 20,335            |
| Real estate properties            | Real estate properties            | 708,956        | 706,798           | Real estate properties            | 711,622           |
| Accumulated depreciation          | Accumulated depreciation          | (61,480)       | (55,195)          | Accumulated depreciation          | (67,753)          |
| Total real estate properties, net | Total real estate properties, net | \$ 647,476     | \$ 651,603        | Total real estate properties, net | \$ 643,869        |
|                                   |                                   |                |                   |                                   | \$ 651,603        |

A summary of real estate properties owned is as follows (dollars in thousands):

|                                  |              | December 31, 2022 |                                  |              |                                  | March 31, 2023               |                                  |              |                                  | December 31, 2022 |                                  |              |                                  | June 30, 2023 |                                  |
|----------------------------------|--------------|-------------------|----------------------------------|--------------|----------------------------------|------------------------------|----------------------------------|--------------|----------------------------------|-------------------|----------------------------------|--------------|----------------------------------|---------------|----------------------------------|
|                                  |              | Balance           |                                  | Improvements |                                  | Depreciation                 |                                  | Balance      |                                  | Balance           |                                  | Improvements |                                  | Depreciation  |                                  |
|                                  |              | Multi-family      | Retail shopping center and other | Multi-family | Retail shopping center and other | Multi-family                 | Retail shopping center and other | Multi-family | Retail shopping center and other | Multi-family      | Retail shopping center and other | Multi-family | Retail shopping center and other | Multi-family  | Retail shopping center and other |
| Multi-family                     | Multi-family | \$ 649,701        | \$ 2,120                         | \$ (6,257)   | \$ 645,564                       | Multi-family                 | \$ 649,701                       | \$ 4,717     | \$ (12,503)                      | \$ 641,915        | Retail shopping center and other | 1,902        | 107                              | (55)          | 1,954                            |
| Retail shopping center and other | other        | 1,902             | 38                               | (28)         | 1,912                            | Total real estate properties | \$ 651,603                       | \$ 4,824     | \$ (12,558)                      | \$ 643,869        | Total real estate properties     | \$ 651,603   | \$ 4,824                         | \$ (12,558)   | \$ 643,869                       |
| Total real estate properties     | properties   | \$ 651,603        | \$ 2,158                         | \$ (6,285)   | \$ 647,476                       |                              |                                  |              |                                  |                   |                                  |              |                                  |               |                                  |

#### Partner Buyouts

In the six months ended June 30, 2022, the Company completed the purchase of its partners' remaining interests in the unconsolidated joint ventures that own the properties identified below. As a result of these purchases, these properties (including the related mortgage debt - see note 8 - "Debt Obligations") are wholly-owned and effective as of the closing of such purchase, are included in the Company's consolidated balance sheet and results of operations (dollars in thousands):

| Buyout Date | Property Name              | Location        | Units | Remaining Interest |        | Purchase Price (1) |
|-------------|----------------------------|-----------------|-------|--------------------|--------|--------------------|
|             |                            |                 |       | Purchased          | 28.1 % |                    |
| 03/23/2022  | Verandas at Alamo          | San Antonio, TX | 288   |                    |        | \$ 8,721           |
| 04/07/2022  | Vanguard Heights           | Creve Coeur, MO | 174   |                    |        | 4,880              |
| 05/11/2022  | Jackson Square             | Tallahassee, FL | 242   |                    |        | 7,215              |
| 05/24/2022  | Brixworth at Bridge Street | Huntsville, AL  | 208   |                    |        | 10,697             |
| 05/26/2022  | Woodland Apartments        | Boerne, TX      | 120   |                    |        | 3,881              |
| 06/30/2022  | Grove at River Place       | Macon, GA       | 240   |                    |        | 7,485              |
|             |                            |                 |       |                    |        | \$ 42,879          |
|             |                            |                 | 1,272 |                    |        |                    |

(1) The purchase price gives effect to the purchase of the "promote interest" (as more fully described in the Annual Report) of the Company's joint venture partners and does not include closing costs of \$1,313 and operating cash acquired from the ventures of \$1,408.

#### Property Disposition

There were no dispositions in the three and six months ended June 30, 2023. On February 2, 2022 the Company sold a vacant land parcel located in Daytona, Florida for a sales price of \$4,700,000, and, after closing costs, recognized a nominal gain.

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#### Contract to Acquire a Property

On March 8, 2023, the Company entered into an agreement to acquire a 238-unit multifamily property constructed in 2019 and located in Richmond, VA, for a purchase price of approximately \$62,500,000. The purchase price includes the assumption of approximately \$32,000,000 of mortgage debt bearing an interest rate of 3.34% and maturing in 2061. The purchase is subject to the satisfaction of various conditions, including the completion, to our satisfaction, of its due diligence investigation, as well as the approval by the mortgage lender of our the Company's assumption of the mortgage debt. We anticipate that this transaction will be completed by year end 2023, although we can provide no assurance that this transaction will be completed.

#### Property Acquisition - Prior Year

On March 23, 2022 As of June 30, 2023, the Company completed paid a non-refundable deposit of \$1,250,000 on the purchase of its partners' remaining 28.1% interest property which will be forfeited, with certain exceptions, if the transaction is not completed. This amount is recorded in Verandas at Alamo, San Antonio, TX, for a purchase price of \$8,721,000, with a mortgage debt in principal amount of \$27,000,000 with a fixed rate of 3.64% and interest only until October 2024 and a maturity of December 2029. As a result of this purchase, this property is wholly-owned and is included Other Assets in the Company's consolidated balance sheet. Consolidated Balance Sheet at June 30, 2023.

#### Note 6 - Restricted Cash

Restricted cash represents funds held for specific purposes and are therefore not available for general corporate purposes. The restricted cash reflected on the consolidated balance sheets represents funds that are held by the Company specifically for capital improvements at certain multi-family properties owned by unconsolidated joint ventures.

#### Note 7 - Investment in Unconsolidated Ventures

At March 31, 2023 June 30, 2023 and December 31, 2022, the Company held interests in unconsolidated joint ventures that own seven and eight multi-family properties (the "Unconsolidated Properties"), respectively, and a property in development. The condensed balance sheets below present information regarding such properties (dollars in thousands):

| ASSETS                                                                           | ASSETS                                   | March 31, 2023         |         | December 31, 2022      |         | ASSETS                                                                           |         | June 30, 2023          |         | December 31, 2022      |         |
|----------------------------------------------------------------------------------|------------------------------------------|------------------------|---------|------------------------|---------|----------------------------------------------------------------------------------|---------|------------------------|---------|------------------------|---------|
|                                                                                  |                                          | \$                     | 282,329 | \$                     | 318,304 | \$                                                                               | 280,305 | \$                     | 318,304 | \$                     | 360,267 |
| Real estate properties, net of accumulated depreciation of \$62,273 and \$66,945 |                                          |                        |         |                        |         | Real estate properties, net of accumulated depreciation of \$64,831 and \$66,945 |         |                        |         |                        |         |
| Real estate properties, net of accumulated depreciation of \$64,831 and \$66,945 |                                          |                        |         |                        |         | Real estate properties, net of accumulated depreciation of \$64,831 and \$66,945 |         |                        |         |                        |         |
| Cash and cash equivalents                                                        | Cash and cash equivalents                |                        | 6,909   |                        | 6,591   | Cash and cash equivalents                                                        |         | 6,743                  |         | 6,591                  |         |
| Other assets                                                                     | Other assets                             |                        | 37,563  |                        | 35,372  | Other assets                                                                     |         | 37,701                 |         | 35,372                 |         |
| Real estate property held for sale                                               |                                          |                        | 33,970  |                        | —       | Real estate property held for sale                                               |         | —                      |         | —                      |         |
| Total Assets                                                                     | Total Assets                             | \$                     | 360,771 | \$                     | 360,267 | Total Assets                                                                     |         | \$                     | 324,749 | \$                     | 360,267 |
| LIABILITIES AND EQUITY                                                           |                                          | LIABILITIES AND EQUITY |         | LIABILITIES AND EQUITY |         | LIABILITIES AND EQUITY                                                           |         | LIABILITIES AND EQUITY |         | LIABILITIES AND EQUITY |         |
| Liabilities:                                                                     | Liabilities:                             |                        |         |                        |         | Liabilities:                                                                     |         |                        |         |                        |         |
| Mortgages payable, net of deferred costs of \$1,367 and \$1,421                  |                                          |                        | \$      | 259,482                |         | Mortgages payable, net of deferred costs of \$1,234 and \$1,421                  |         |                        | \$      | 233,445                |         |
| Mortgages payable, net of deferred costs of \$1,234 and \$1,421                  |                                          |                        |         |                        |         | Mortgages payable, net of deferred costs of \$1,234 and \$1,421                  |         |                        |         |                        |         |
| Accounts payable and accrued liabilities                                         | Accounts payable and accrued liabilities |                        | 5,684   |                        | 8,222   | Accounts payable and accrued liabilities                                         |         | 6,880                  |         | 8,222                  |         |

|                                           |                                           |            |            |                                           |            |            |
|-------------------------------------------|-------------------------------------------|------------|------------|-------------------------------------------|------------|------------|
| Total Liabilities                         | Total Liabilities                         | 265,166    | 263,483    | Total Liabilities                         | 240,325    | 263,483    |
| Commitments and contingencies             | Commitments and contingencies             |            |            | Commitments and contingencies             |            |            |
| Equity:                                   | Equity:                                   |            |            | Equity:                                   |            |            |
| Total unconsolidated joint venture equity | Total unconsolidated joint venture equity | 95,605     | 96,784     | Total unconsolidated joint venture equity | 84,424     | 96,784     |
| Total Liabilities and Equity              | Total Liabilities and Equity              | \$ 360,771 | \$ 360,267 | Total Liabilities and Equity              | \$ 324,749 | \$ 360,267 |
| BRT's interest in joint venture equity    | BRT's interest in joint venture equity    | \$ 41,163  | \$ 42,576  | BRT's interest in joint venture equity    | \$ 35,530  | \$ 42,576  |

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At the indicated dates, real estate properties of the unconsolidated joint ventures consist of the following (dollars in thousands):

|                                   | Land                              | March 31, 2023 |            | December 31, 2022 |            | Land                              | June 30, 2023 |           | December 31, 2022 |            |
|-----------------------------------|-----------------------------------|----------------|------------|-------------------|------------|-----------------------------------|---------------|-----------|-------------------|------------|
|                                   |                                   | \$ 46,331      | \$ 59,404  | \$ 291,473        | \$ 315,400 |                                   | \$ 46,331     | \$ 59,404 | \$ 291,473        | \$ 315,400 |
| Building                          | Building                          |                |            |                   |            | Building                          |               |           |                   |            |
| Building improvements             | Building improvements             | 6,798          | 10,445     |                   |            | Building improvements             | 7,332         |           | 10,445            |            |
| Real estate properties            | Real estate properties            | 344,602        | 385,249    |                   |            | Real estate properties            | 345,136       |           | 385,249           |            |
| Accumulated depreciation          | Accumulated depreciation          | (62,273)       | (66,945)   |                   |            | Accumulated depreciation          | (64,831)      |           | (66,945)          |            |
| Total real estate properties, net | Total real estate properties, net | \$ 282,329     | \$ 318,304 |                   |            | Total real estate properties, net | \$ 280,305    |           | \$ 318,304        |            |

At March 31, 2023 June 30, 2023 and December 31, 2022, the weighted average interest rate on the mortgages payable is 4.07% and 3.99%, respectively, and the weighted average remaining term to maturity is 5.8 years and 5.6 years, respectively.

The condensed income statements below present information regarding the Unconsolidated Properties (dollars in thousands):

|                                    | Revenues:                          | Three Months Ended March 31, |           | Three Months Ended June 30,        |                          | Six Months Ended June 30, |           |           |
|------------------------------------|------------------------------------|------------------------------|-----------|------------------------------------|--------------------------|---------------------------|-----------|-----------|
|                                    |                                    | 2023                         |           | 2022                               |                          | 2023                      |           |           |
|                                    |                                    | Rental and other revenue     | \$ 12,132 | \$ 25,231                          | Rental and other revenue | \$ 11,476                 | \$ 22,107 | \$ 23,608 |
| Total revenues                     | Total revenues                     | 12,132                       | 25,231    | Total revenues                     | 11,476                   | 22,107                    | 23,608    | 47,338    |
| Expenses:                          | Expenses:                          |                              |           | Expenses:                          |                          |                           |           |           |
| Real estate operating expenses     | Real estate operating expenses     | 5,675                        | 11,169    | Real estate operating expenses     | 5,137                    | 9,842                     | 10,812    | 21,011    |
| Interest expense                   | Interest expense                   | 2,455                        | 6,026     | Interest expense                   | 2,390                    | 4,893                     | 4,845     | 10,919    |
| Depreciation                       | Depreciation                       | 2,707                        | 6,636     | Depreciation                       | 2,558                    | 5,208                     | 5,265     | 11,844    |
| Total expenses                     | Total expenses                     | 10,837                       | 23,831    | Total expenses                     | 10,085                   | 19,943                    | 20,922    | 43,774    |
| Total revenues less total expenses | Total revenues less total expenses | 1,295                        | 1,400     | Total revenues less total expenses | 1,391                    | 2,164                     | 2,686     | 3,564     |
| Other equity earnings              | Other equity earnings              | 113                          | 55        | Other equity earnings              | —                        | 22                        | 113       | 77        |
| Gain on insurance recoveries       | Gain on insurance recoveries       | 65                           | 515       | Gain on insurance recoveries       | —                        | 52                        | 65        | 567       |

|                                                                                                      |                                                                                                      |               |                  |                                                                                                      |                  |                  |                  |                  |
|------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------|---------------|------------------|------------------------------------------------------------------------------------------------------|------------------|------------------|------------------|------------------|
| Gain on sale of real estate                                                                          | Gain on sale of real estate                                                                          | —             | 23,652           | Gain on sale of real estate                                                                          | 38,418           | 77,681           | 38,418           | 101,333          |
| Loss on extinguishment of debt                                                                       | Loss on extinguishment of debt                                                                       | —             | (30)             | Loss on extinguishment of debt                                                                       | (561)            | (2,888)          | (561)            | (2,918)          |
| Net income from joint ventures                                                                       | Net income from joint ventures                                                                       | \$ 1,473      | \$ 25,592        | Net income from joint ventures                                                                       | \$ 39,248        | \$ 77,031        | \$ 40,721        | \$ 102,623       |
| BRT's equity in earnings and equity in earnings from sale of unconsolidated joint venture properties | BRT's equity in earnings and equity in earnings from sale of unconsolidated joint venture properties | —             | —                | BRT's equity in earnings and equity in earnings from sale of unconsolidated joint venture properties | —                | —                | —                | —                |
|                                                                                                      |                                                                                                      | <u>\$ 815</u> | <u>\$ 14,191</u> |                                                                                                      | <u>\$ 15,208</u> | <u>\$ 40,048</u> | <u>\$ 16,023</u> | <u>\$ 54,239</u> |

#### Contract to sell property/Joint Venture Sale

On **March 13, 2023** May 12, 2023, the unconsolidated joint venture that owns in which the Company had a 50% equity interest sold Chatham Court and Reflections, a 494 unit multi-family multi family property located in Dallas, TX, for a sales price of \$73,000,000. The gain on the sale of this property was \$38,418,000 and BRT's share of the gain was \$14,744,000. In connection with the sale, mortgage debt of \$25,405,000 with 5.0 years of remaining term to maturity and bearing an interest rate of 4.01% was repaid and the joint venture incurred \$561,000 from the loss on the extinguishment of debt, of which the Company's share was \$212,000.

#### Joint Venture Sales

During the six months ended June 30, 2022, the unconsolidated joint ventures in which the Company has a 50% interest entered into a contract to sell had equity interests, sold the property. The contract sales price is \$73,000,000 and following properties:

| Property                                 | Date of Sale | Units | Interest Sold | Sales Price | Gain on Sale | BRT Share of Gain | Mtge Debt at Sale Date | Loss on extinguishment of debt | BRT Share of extinguishment of debt |
|------------------------------------------|--------------|-------|---------------|-------------|--------------|-------------------|------------------------|--------------------------------|-------------------------------------|
| The Verandas at Shavano, San Antonio, TX | 2/8/2022     | 288   | 65 %          | \$ 53,750   | \$ 23,652    | \$ 12,961         | \$ 25,100              | —                              | —                                   |
| Retreat at Cinco Ranch, San Antonio, TX  | 6/14/2022    | 268   | 75 %          | \$ 68,300   | \$ 30,595    | \$ 17,378         | \$ 30,096              | 1,257                          | 686                                 |
| The Vive, Kannapolis, NC                 | 6/30/2022    | 312   | 65 %          | \$ 91,250   | \$ 47,086    | \$ 22,720         | \$ 31,420              | 1,631                          | 787                                 |
|                                          |              | 868   |               | \$ 213,300  | \$ 101,333   | \$ 53,059         | \$ 86,616              | \$ 2,888                       | \$ 1,473                            |

#### Acquisition of Interest in Joint Venture

On March 10, 2022, the Company estimates that its share of purchased a 17.45% interest in a planned 240-unit development property, Stono Oaks, located in Johns Island, SC. The purchase price for the (i) gain will be approximately \$14,600,000 and (ii) early extinguishment of debt charge will be approximately \$167,000. This property is reflected as held for sale at March 31, 2023. The Company anticipates that this sale will be completed in interest was \$3,500,000.

During the quarter ending ended June 30, 2023, the Company funded a \$122,000 capital call for this joint venture.

#### **Note 8 – Debt Obligations**

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

| Mortgages payable | Mortgages payable | March 31, 2023 | December 31, 2022 | Mortgages payable | June 30, 2023 | December 31, 2022 |
|-------------------|-------------------|----------------|-------------------|-------------------|---------------|-------------------|
|                   |                   | \$ 428,475     | \$ 407,958        |                   | \$ 427,821    | \$ 407,958        |

| Junior<br>subordinated<br>notes                     | Junior<br>subordinated<br>notes                     | 37,400     | 37,400     | Junior<br>subordinated<br>notes                     | 37,400     | 37,400     |
|-----------------------------------------------------|-----------------------------------------------------|------------|------------|-----------------------------------------------------|------------|------------|
| Credit facility                                     | Credit facility                                     | —          | 19,000     | Credit facility                                     | —          | 19,000     |
| Deferred<br>financing costs                         | Deferred<br>financing costs                         | (4,927)    | (4,941)    | Deferred<br>financing costs                         | (4,705)    | (4,941)    |
| Total debt<br>obligations, net of<br>deferred costs | Total debt<br>obligations, net of<br>deferred costs | \$ 460,948 | \$ 459,417 | Total debt<br>obligations, net of<br>deferred costs | \$ 460,516 | \$ 459,417 |

#### Mortgages Payable

At **March 31, 2023** **June 30, 2023**, the weighted average interest rate on the Company's **mortgages payable** **mortgage payables** was 4.02% and the weighted average remaining term to maturity is **7.8** 7.7 years. For the three months ended **March 31, 2023** **June 30, 2023** and 2022, interest expense, which includes amortization of deferred financing costs, was **\$4,546,000** **\$4,743,000** and **\$1,763,000** **\$2,563,000**, respectively. For the six months ended **June 30, 2023** and 2022, interest expense, which includes amortization of deferred financing costs, was **\$9,289,000** and **\$4,326,000**, respectively.

On February 24, 2023, **we** **the Company** obtained mortgage debt of **\$21,173,000** on **our** **its** **Silvana Oaks- North Charleston, SC multi-family** **property, property**; such mortgage debt matures in **March 2033**, bears an interest rate of **4.55%** **4.45%** and is interest only for the term of the mortgage.

**Credit Facility** During the three and six months ended **June 30, 2022**, the Company paid off mortgage debt of **\$14,558,000** at **Avalon- Pensacola, FL**.

#### Credit Facility

The Company's amended credit facility with an affiliate of Valley National Bank ("VNB"), allows the Company to borrow, subject to compliance with borrowing base requirements and other conditions, up to **\$60,000,000**. The facility can be used to facilitate the acquisition of multi-family properties, repay mortgage debt secured by multi-family properties and for operating expenses (i.e., working capital (including dividend payments)); provided that no more than **\$25,000,000** may be used for operating expenses. The facility is secured by the cash available at VNB and the Company's pledge of the interests in the entities that own the **properties** **properties and matures in September 2025**. The interest rate in effect as of **March 31, 2023** **June 30, 2023** is **8.00%** **8.25%**. There is an unused facility fee of 0.25% per annum. At **March 31, 2023** **June 30, 2023**, the Company is in compliance in all material respects with its obligations under the facility.

At **March 31, 2023** **June 30, 2023**, there was no outstanding balance on the facility and at December 31, 2022, the outstanding balance was **\$19,000,000**. At **March 31, 2023** **June 30, 2023** and December 31, 2022, **\$60,000,000** and **\$41,000,000**, respectively, was available to be borrowed. At **May 1, 2023** **August 1, 2023**, there was no outstanding balance on the facility and **\$60,000,000** available to be borrowed. Interest expense for the three months ended **March 31, 2023** **June 30, 2023** and 2022, which includes amortization of deferred financing costs and unused fees, was **\$300,000** **\$91,000** and **\$45,000**, **\$62,000**, respectively. Interest expense for the six months ended **June 30, 2023** and 2022, which includes amortization of deferred financing costs and unused fees, was **\$391,000** and **\$107,000**, respectively. Deferred financing costs of **\$445,000** **\$392,000** and **\$498,000**, are recorded in on the Consolidated balance sheets at **March 31, 2023** **June 30, 2023** and December 31, 2022, respectively.

#### Junior Subordinated Notes

At **March 31, 2023** **June 30, 2023** and December 31, 2022, the outstanding principal balance of the Company's junior subordinated notes was **\$37,400,000**, before deferred financing costs of **\$272,000** **\$267,000** and **\$277,000**, respectively. The interest rate on the outstanding balance resets quarterly and is was previously based on three months LIBOR + 2.00%. The rate in effect at **March 31, 2023** **June 30, 2023** and 2022 was **6.80%** **7.30%** and **2.30%**, respectively. The notes mature April 30, 2036, interest rate converted to 3 month Term SOFR + 2.26% effective with the next payment due October 2023. The interest rate that will be in effect for the three months ending **July 31, 2023** **October 31, 2023** is **7.30%** **7.63%**. The notes mature April 30, 2036.

The junior subordinated notes require interest only payments through the maturity date of April 30, 2036, at which time repayment of the outstanding principal and unpaid interest become due. Interest expense for the three months ended **March 31, 2023** **June 30, 2023** and 2022, which includes amortization of deferred financing costs, was **\$637,000** **\$679,000** and **\$212,000**, **\$286,000**, respectively. Interest expense for the six months ended **June 30, 2023** and 2022, which includes amortization of deferred financing costs, was **\$1,316,000** and **\$498,000**, respectively.

#### **Note 9 – Related Party Transactions**

The Company has retained certain of its executive officers and Fredric H. Gould, a director, among other things, to participate in the Company's multi-family property analysis and approval process (which includes service on an investment committee), provide investment advice, and provide long-term planning and consulting with executives and employees with

respect to other business matters, as required. The aggregate fees incurred for these services in each of the three months ended **March 31, 2023** **June 30, 2023** and 2022 were \$385,000 and \$367,000, respectively, and \$770,000 and \$734,000 for the six months ended **June 30, 2023** and 2022, respectively.

Management of certain properties owned by the Company and certain joint venture properties is provided by Majestic Property Management Corp. ("Majestic Property"), a company wholly owned by Fredric H. Gould. Certain of the Company's officers and directors are also officers and directors of Majestic Property. Majestic Property may also provide real estate brokerage and construction supervision services to these properties. These fees amounted to **\$6,000** **\$10,000** and **\$11,000** **\$8,000** for the three months ended **March 31, 2023** **June 30, 2023** and 2022, respectively and \$16,000 and \$19,000 for the six months ended **June 30, 2023** and 2022, respectively.

Pursuant to a shared services agreement between the Company and several affiliated entities, including Gould Investors L.P. ("Gould Investors"), the owner and operator of a diversified portfolio of real estate and other assets, and One Liberty Properties, Inc., a NYSE listed equity REIT, (i) the services of the part-time personnel that perform certain executive, administrative, legal, accounting and clerical functions and (ii) certain facilities and other resources, are provided to the Company. The allocation of expenses for the facilities, personnel and other resources shared by, among others, the Company and Gould Investors, is computed in accordance with such agreement and is included in general and administrative expense on the consolidated statements of operations. During the three months ended **March 31, 2023** **June 30, 2023** and 2022, allocated general and administrative expenses reimbursed by the Company to Gould Investors pursuant to the shared services agreement aggregated **\$172,000** **\$165,000** and **\$246,000**, **\$185,000**, respectively and \$337,000 and \$431,000 for the six months ended **June 30, 2023** and 2022, respectively. Jeffrey A. Gould and Matthew J. Gould, executive officers and directors of the Company are executive officers of Georgetown Partners, LLC, the managing general partner of Gould Investors.

During the quarter ended **June 30, 2023**, in connection with its stock repurchase program, the Company purchased from Mitchell Gould, an Executive Vice President, 50,000 shares of Company common stock at a total cost of \$1,007,500, at the closing price of the common stock on the date the parties agreed to the transaction.

#### **Note 10 – Fair Value Measurements**

The Company estimates the fair value of financial assets and liabilities based on the framework established in fair value accounting guidance. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). The hierarchy described below prioritizes inputs to the valuation techniques used in measuring the fair value of assets and liabilities. This hierarchy maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring the most observable inputs to be used when available. The hierarchy is broken down into three levels based on the reliability of inputs as follows:

- Level 1 – inputs to the valuation methodology are quoted prices (unadjusted) for identical assets and liabilities in active markets
- Level 2 – inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
- Level 3 – inputs to the valuation methodology are unobservable and significant to fair value.

#### Financial Instruments Not Carried at Fair Value

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

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

Junior subordinated notes: At **March 31, 2023** **June 30, 2023** and December 31, 2022, the estimated fair value of the notes is lower than their carrying value by approximately **\$4,487,000** **\$3,666,000** and **\$4,695,000**, respectively, based on a market interest rate of **8.53%** **8.55%** and **7.91%**, respectively. The Company values its junior subordinated notes using a discounted cash flow analysis on the expected cash flows of each instrument.

Mortgages payable: At **March 31, 2023** **June 30, 2023**, the estimated fair value of the Company's mortgages payable is lower than their carrying value by approximately **\$28,532,000**, **\$35,025,000**, assuming market interest rates between **4.48%** **4.81%** and **5.83%** **6.16%**. At December 31, 2022, the estimated fair value of the Company's mortgages payable was **greater** lower than their carrying value by approximately **\$37,500,000**, assuming market interest rates between **5.18%** and **6.23%**. Market interest rates were determined using rates which the Company believes reflects institutional lender yield requirements at the balance sheet dates. The Company values its mortgages payable using a discounted cash flow analysis on the expected cash flows of each instrument.

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

#### **Note 11 – Commitments and Contingencies**

From time to time, the Company and/or its subsidiaries are parties to legal proceedings that arise in the ordinary course of business, and in particular, personal injury claims involving the operations of the Company's properties. Although management believes that the primary and umbrella insurance coverage maintained with respect to such properties is sufficient to cover claims for compensatory damages, many of these personal injury claims also assert claims for exemplary (i.e. punitive) damages. Generally, insurance does not cover claims for exemplary damages.

The Company is one of several defendants in a wrongful death lawsuit seeking an unspecified amount in excess of \$1,000,000 and an unspecified amount of exemplary damages. The Company's primary insurance carrier is defending the claim. Although management is not able to determine the probability and/or magnitude of any potential loss, if any, management believes the Company has sufficient primary and umbrella insurance to cover the claim for compensatory damages.

#### **Note 12 – Subsequent Events**

Subsequent events have been evaluated and any significant events, relative to our consolidated financial statements as of **March 31, 2023** **June 30, 2023**, that warrant additional disclosure, have been included in the notes to the consolidated financial statements.

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### **Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations**

#### **Cautionary Statement Regarding Forward-Looking Statements**

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

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

- inability to generate sufficient cash flows due to unfavorable economic and market conditions (e.g., inflation, volatile interest rates and the possibility of a recession), changes in supply and/or demand, competition, uninsured losses, changes in tax and housing laws or other factors;
- adverse changes in real estate markets, including, but not limited to, the extent of future demand for multifamily units in our significant markets, barriers of entry into new markets which we may seek to enter in the future, limitations on our ability to increase or collect rental rates, competition, our ability to identify and consummate attractive acquisitions and dispositions on favorable terms, and our ability to reinvest sale proceeds in a manner that generates favorable returns;
- general and local real estate conditions, including any changes in the value of our real estate;
- decreasing rental rates or increasing vacancy rates;
- challenges in acquiring properties (including challenges in buying properties directly without the participation of joint venture partners and the limited number of multi-family property acquisition opportunities available to us), which acquisitions may not be completed or may not produce the cash flows or income expected;
- the competitive environment in which we operate, including competition that could adversely affect our ability to acquire properties and/or limit our ability to lease apartments or increase or maintain rental rates;
- exposure to risks inherent in investments in a single industry and sector;
- the concentration of our multi-family properties in the Southeastern United States and Texas, which makes us more susceptible to adverse developments in those markets;
- increases in expenses over which we have limited control, such as real estate taxes, insurance costs and utilities, due to inflation and other factors;
- impairment in the value of real estate we own;
- failure of property managers to properly manage properties;
- accessibility of debt and equity capital markets;
- disagreements with, or misconduct by, joint venture partners;
- inability to obtain financing at favorable rates, if at all, or refinance existing debt as it matures;

- level and volatility of interest or capitalization rates or capital market conditions;
- extreme weather and natural disasters such as hurricanes, tornadoes and floods;

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- lack of or insufficient amounts of insurance to cover, among other things, losses from catastrophes;
- risks associated with acquiring value-add multi-family properties, which involves greater risks than more conservative approaches;
- the condition of Fannie Mae or Freddie Mac, which could adversely impact us;
- changes in Federal, state and local governmental laws and regulations, including laws and regulations relating to taxes and real estate and related investments;
- our failure to comply with laws, including those requiring access to our properties by disabled persons, which could result in substantial costs;
- board determinations as to timing and payment of dividends, if any, and our ability or willingness to pay future dividends;
- our ability to satisfy the complex rules required to maintain our qualification as a REIT for federal income tax purposes;
- possible environmental liabilities, including costs, fines or penalties that may be incurred due to necessary remediation of contamination of properties presently owned or previously owned by us or a subsidiary owned by us or acquired by us;
- our dependence on information systems and risks associated with breaches of such systems;
- disease outbreaks and other public health events, and measures that are taken by federal, state, and local governmental authorities in response to such outbreaks and events;
- impact of climate change on our properties or operations;
- risks associated with the stock ownership restrictions of the Internal Revenue Code of 1986, as amended (the "Code") for REITs and the stock ownership limit imposed by our charter; and
- the other factors described in our Annual Report on Form 10-K for the year ended December 31, 2022 (the [\(the "Annual Report"\)](#) including those set forth in such report under the captions *"Item 1. Business," "Item 1A. Risk Factors,"* and *"Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations."*

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

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## Overview

We are an internally managed real estate investment trust, also known as a REIT, that owns, operates and, to a lesser extent, holds interests in joint ventures that own and operate multi-family properties. At [March 31, 2023](#) [June 30, 2023](#), we: (i) wholly-own 21 multi-family properties with an aggregate of 5,420 units and a carrying value of [\\$645.6 million](#) [\\$641.9 million](#); (ii) have ownership interests, through unconsolidated entities, in [eight](#) [seven](#) multi-family properties with [2,781](#) [2,287](#) units and a carrying value of our net equity investment [\\$37.7 million](#) [\\$31.9 million](#); and (iii) own other assets, through consolidated and unconsolidated subsidiaries, with a carrying value of [\\$5.4 million](#) [\\$5.6 million](#). The [29](#) [28](#) properties are located in 11 states; most of the properties are located in the Southeast United States and Texas.

## **Challenges and Uncertainties as a Result of the [Volatile](#) [Uncertain](#) Economic Environment**

As more fully described in (i) our Annual Report, and in particular, the sections thereof entitled *"Risk Factors"* and *"Management's Discussion and Analysis of Financial Condition and Results of Operations"*, and (ii) below, we face challenges (e.g., inflation, rising interest rates and decelerating increases in rental rates) due to the [volatile](#) [uncertain](#) [economic environment](#) [environment](#) which may limit our ability or willingness (i) to acquire (or complete the acquisition of previously contracted for) properties, (ii) grow rental income or (iii) control our real estate operating expenses.

## Activities During the Three Months Ended March 31, 2023

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## **Mortgage Financing and Credit Line Paydown**

On February 24, 2023, we obtained mortgage debt [Proposed Purchase](#) of \$21.2 million on our Silvana Oaks-North Charleston, SC multi-family property. Such mortgage debt matures in March 2033, bears interest of 4.45% and is interest only for the term of the mortgage. We used the proceeds of this financing to pay off the outstanding \$19 million balance on our credit facility.

#### Joint Venture - Contract to sell a property

On March 13, 2023, the unconsolidated joint venture that owns Chatham Court and Reflections, a 494 unit multi-family property located in Dallas, TX, and in which we have a 50% interest, entered into a contract to sell such property. We estimate that our share of the gain from this sale will be approximately \$14.6 million and that our share of the related early extinguishment of debt charge will be \$167,000. In 2022, this property accounted for \$753,000 of equity in earnings from unconsolidated joint ventures. We anticipate that the closing of this transaction, which is subject to customary closing conditions, will be completed in the quarter ending June 30, 2023, although we can provide no assurance that this transaction will be completed.

#### Contract to Acquire a Richmond, VA Property

On March 8, 2023, we entered into an agreement to acquire a 238-unit multifamily property constructed in 2019 and located in Richmond, VA, for a purchase price of approximately \$62.5 million. The purchase price includes the assumption of approximately \$32 million of mortgage debt bearing an interest rate of 3.34% and maturing in 2061. The purchase is subject to the satisfaction of various conditions, including the completion, to our satisfaction, of its due diligence investigation, as well as the approval by the mortgage lender of our assumption of the mortgage debt. As of June 30, 2023, there is a \$1.3 million deposit on this property, which we will forfeit if we do not, with certain exceptions, complete this acquisition. To complete this purchase we anticipate that this transaction will be completed by year end 2023, although we have to draw on our credit facility which, at August 1, 2023, bears an interest rate of 8.50%. We can provide no assurance that this transaction will be completed.

#### Share repurchases

During the quarter ended June 30, 2023, we repurchased 309,153 shares of common stock at an average price of \$18.87 for an aggregate cost of \$5.8 million. From July 1 through July 31, 2023, we repurchased 45,612 shares of our common stock at an average price of \$20.10 for an aggregate cost of \$917,000. After giving effect to these repurchases, we are authorized to repurchase up to \$3.2 million of additional shares of our common stock.

#### Activities During the Three Months Ended June 30, 2023

##### Joint Venture - Sale of property

On May 12, 2023, the unconsolidated joint venture that owns Chatham Court and Reflections, a 494 - unit multi-family property located in Dallas, TX, and in which we have a 50% interest, sold such property (the "Chatham Sale"). Our share of the gain from this sale is \$14.7 million and our share of the related early extinguishment of debt charge is \$212,000. In 2022, this property accounted for \$753,000 of equity in earnings from unconsolidated joint ventures.

##### Insurance Recoveries

In late April 2023, we received, \$215,000, and during the quarter ending June 30, 2023 recorded as "Insurance recovery on casualty loss", we anticipate receiving, an additional \$275,000 of insurance recoveries \$215,000 (net of applicable deductibles) related to an approximate \$614,000 of repair and maintenance expense incurred in prior periods (\$514,000 in the six months quarter ended March 31, 2023 (including December 31, 2022 and \$100,000 in the quarter ended March 31, 2023), at ten properties that incurred damage as a result of a late December 2022 storm. We anticipate that such amounts will be recorded as receiving an additional \$255,000 of insurance recoveries in during the quarters quarter ending June 30, 2023 and/or September 30, 2023.

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##### Equity Incentive Program Activity

On June 22, 2023, we awarded an aggregate of 214,988 shares subject to restricted stock units ("RSUs"), and related dividend equivalent rights, to 17 individuals. Generally, the awards vest in 2026 subject to satisfaction of, among other things, market and performance conditions similar to the conditions applicable to the RSUs granted in 2022.

#### Results of Operations

##### Three months ended March 31, 2023 June 30, 2023 compared to three months ended March 31, 2022 June 30, 2022

As used herein, the term "same store properties" refers to operating properties that were wholly owned for the entirety of the periods presented. For the three months ended March 31, 2023 June 30, 2023 and 2022, there were ten same store properties in our consolidated portfolio. As used in the comparison of the three months ended June 30, 2023 and 2022, the term "Partner Buyouts" refers to our purchase in 2022 of the interests of our joint venture partners at ten properties. See note 5 - Real Estate Properties - to our consolidated financial statements.

##### Revenues

The following table compares our revenues for the periods indicated:

| (Dollars in thousands):                              | (Dollars in thousands):                              | Three Months Ended March 31, |           |                     |          | (Dollars in thousands):                              | Three Months Ended June 30, |           |                     |          |
|------------------------------------------------------|------------------------------------------------------|------------------------------|-----------|---------------------|----------|------------------------------------------------------|-----------------------------|-----------|---------------------|----------|
|                                                      |                                                      | 2023                         | 2022      | Increase (Decrease) | % Change |                                                      | 2023                        | 2022      | Increase (Decrease) | % Change |
| Rental and other revenue from real estate properties | Rental and other revenue from real estate properties | \$ 22,939                    | \$ 11,430 | \$ 11,509           | 100.7 %  | Rental and other revenue from real estate properties | \$ 23,255                   | \$ 14,683 | \$ 8,572            | 58.4 %   |

|                |                |           |           |           |         |   |                |           |           |          |         |   |
|----------------|----------------|-----------|-----------|-----------|---------|---|----------------|-----------|-----------|----------|---------|---|
| Other income   | Other income   | —         | 4         | (4)       | (100.0) | % | Other income   | 63        | 2         | 61       | 3,050.0 | % |
| Total revenues | Total revenues | \$ 22,939 | \$ 11,434 | \$ 11,505 | 100.6   | % | Total revenues | \$ 23,318 | \$ 14,685 | \$ 8,633 | 58.8    | % |

*Rental and other revenue from real estate properties*

The increase was due to:

- \$10.7 million from our purchase in 2022, of the interests of our joint venture partners that owned 11 multi-family properties (the "Partner Buyouts"), Partner Buyouts (including \$6.2 million from the purchases completed during the six months ended December 31, 2022), and
- \$1.1 million at 644,000 from same store properties primarily due to an increase in average rental rates. rates across most of the portfolio.

The increase was offset by a \$347,000 \$324,000 decrease due to a decline in occupancy rates.

rates, including an aggregate of \$92,000 at Verandas at Alamo Ranch - San Antonio, TX ("Alamo Ranch") which has experienced a higher decline in occupancy than our portfolio in general due primarily to a tightening of the tenant screening process at this property.

#### **Expenses**

The following table compares our expenses for the periods indicated:

| (Dollars in thousands)         | (Dollars in thousands)         | Three Months Ended March 31, |           |                     |          | (Dollars in thousands) | Three Months Ended June 30, |           |                     |       |  |
|--------------------------------|--------------------------------|------------------------------|-----------|---------------------|----------|------------------------|-----------------------------|-----------|---------------------|-------|--|
|                                |                                | 2023                         | 2022      | Increase (Decrease) | % Change |                        | 2023                        | 2022      | Increase (Decrease) | % Cha |  |
| Real estate operating expenses | Real estate operating expenses | \$ 10,434                    | \$ 4,753  | \$ 5,681            | 119.5    | % expenses             | \$ 10,548                   | \$ 6,348  | \$ 4,200            | 66.2  |  |
| Interest expense               | Interest expense               | 5,483                        | 2,021     | 3,462               | 171.3    | % expense              | 5,513                       | 2,912     | 2,601               | 89.3  |  |
| General and administrative     | General and administrative     | 4,055                        | 3,633     | 422                 | 11.6     | % administrative       | 3,848                       | 3,533     | 315                 | 8.9   |  |
| Depreciation and amortization  | Depreciation and amortization  | 8,008                        | 3,606     | 4,402               | 122.1    | % and amortization     | 7,543                       | 5,010     | 2,533               | 50.6  |  |
| Total expenses                 | Total expenses                 | \$ 27,980                    | \$ 14,013 | \$ 13,967           | 99.7     | % expenses             | \$ 27,452                   | \$ 17,803 | \$ 9,649            | 54.2  |  |

*Real estate operating expense.*

The increase change is due to the following changes: increases:

- \$4.9 million from the Partner Buyouts (including \$2.4 million from the purchases completed during the six months ended December 31, 2022), and
- \$803,000 653,000 from same store properties, including an approximate (i) \$263,000 increase in insurance expense ( including approximately \$70,000 related to cancellation penalties) including:
  - \$285,000 due to the implementation, in December 2022, of general cost increases across various expense categories and properties;
  - \$135,000 due to repairs and maintenance due to general cost increases and increased unit turns;
  - \$131,000 due to the master insurance program (ii) \$238,000 of repair, maintenance implemented in December 2022; and replacements and (iii) \$102,000 increase in utility expense at Bells Bluff - West Nashville, TN property, primarily due to a water leak.

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- \$102,000 in replacements due to an increase in unit turnovers.

*Interest expense.*

The change increase is due to a to:

- \$2.921 million increase from the Partner Buyouts; Buyouts, which includes \$221,000 of amortization of mortgage fair value adjustments (including \$1.6 million from the purchases completed during the six months ended December 31, 2022); and
- \$423,000 increase 395,000 due to an increase on the interest rate on our junior subordinated debt which is based on three month LIBOR - we estimate that our interest expense on this debt during the quarter ending June 30, 2023, will be approximately \$680,000, a \$394,000 increase from the quarter ended June 30, 2022; and LIBOR.
- \$250,000 increase due to the increase in the average outstanding balance on the credit facility to \$11.4 million during the three months ended March 31, 2023. As of March 31, 2023, there is no outstanding balance on the facility.

The increase was offset by a decrease of \$132,000 due to the payoff of \$29.5 million of mortgage debt in 2022.

#### *General and administrative*

The increase is due primarily to a \$435,000 \$344,000 increase in non-cash compensation expense - specifically, increases of:

- \$264,000 152,000 in salaries and other components of cash compensation, due to higher levels of compensation and to a lesser extent, an increase in the number of employees;
- \$119,000 due to the inclusion, for the entire three months ended March 31, 2023 June 30, 2023, of the amortization expense related to the performance and market based restricted stock units (the "RSUs") granted in June 2022; and
- \$171,000 73,000 due to the amortization expense related to restricted stock, including \$143,000 related to the restricted stock, granted in January 2023 as a result of the higher fair value of the shares granted in 2023 in comparison to the value of the restricted stock granted in 2018.

#### *Depreciation and amortization*

The increase is due primarily to \$5.1 million \$3.5 million from the Partner Buyouts (including \$[] from the purchases completed during the six months ended December 31, 2022), offset by a \$721,000 \$937,000 decline due to reduced depreciation related to lease intangibles.

#### *Gain on insurance recoveries Insurance recovery of casualty loss*

We received a \$240,000 payment during During the quarter ended March 31, 2023 June 30, 2023, representing we received \$215,000 in insurance proceeds as reimbursement for expenses incurred related to a winter storm in December 2022. There was no similar recovery in the final payment made by the insurance carrier with respect to damage we sustained at The Woodland Apartments - Boerne, TX in 2021, corresponding 2022 period.

#### *Income tax provision*

Income tax provision in the quarter ended June 30, 2023, decreased \$673,000 to \$51,000 from \$724,000 in the corresponding quarter in the prior year. The decline is primarily the result of increased state tax provision recorded in the 2022 period, the result of higher gains that were reported from the sale of properties by unconsolidated joint ventures.

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### **Unconsolidated Joint Ventures - Results of Operations**

#### *Equity in earnings (loss) of unconsolidated joint ventures.*

The table below reflects the condensed income statements of our Unconsolidated Properties. In accordance with US generally accepted accounting principles, each of the line items in the chart below (other than equity in income (loss) of unconsolidated joint ventures and equity in earnings from sale of unconsolidated joint ventures) is presented as if these properties are wholly owned by us although our equity interests in these properties ranges from 32.32% to 80% (see note 7 of our consolidated financial statements) (dollars in thousands):

|                                                                       | Three Months Ended June 30, |           |  | Increase<br>(Decrease) | % change |
|-----------------------------------------------------------------------|-----------------------------|-----------|--|------------------------|----------|
|                                                                       | 2023                        | 2022      |  |                        |          |
| Rental and other revenues from unconsolidated joint ventures          | \$ 11,476                   | \$ 22,107 |  | \$ (10,631)            | (48.1)%  |
| Real estate operating expense from unconsolidated joint ventures      | 5,137                       | 9,842     |  | (4,705)                | (47.8)%  |
| Interest expense from unconsolidated joint ventures                   | 2,390                       | 4,893     |  | (2,503)                | (51.2)%  |
| Depreciation from unconsolidated joint ventures                       | 2,558                       | 5,208     |  | (2,650)                | (50.9)%  |
| Total expenses from unconsolidated joint ventures                     | 10,085                      | 19,943    |  | (9,858)                | (49.4)%  |
| Total revenues less total expenses from unconsolidated joint ventures | 1,391                       | 2,164     |  | (773)                  | (35.7)%  |
| Other equity earnings                                                 | —                           | 22        |  | (22)                   | (100.0)% |

|                                                                                                                                 |                  |                  |                    |                |
|---------------------------------------------------------------------------------------------------------------------------------|------------------|------------------|--------------------|----------------|
| Gain on insurance recoveries from unconsolidated joint ventures                                                                 | —                | 52               | (52)               | (100.0)%       |
| Gain on sale of real estate from unconsolidated joint ventures                                                                  | 38,418           | 77,681           | (39,263)           | (50.5)%        |
| Loss on extinguishment of debt from unconsolidated joint ventures                                                               | (561)            | (2,888)          | 2,327              | (80.6)%        |
| Net income from unconsolidated joint ventures                                                                                   | <u>\$ 39,248</u> | <u>\$ 77,031</u> | <u>\$ (37,783)</u> | <u>(49.0)%</u> |
| Equity in earnings of unconsolidated joint ventures and equity in earnings from sale of unconsolidated joint venture properties | <u>\$ 15,208</u> | <u>\$ 40,048</u> | <u>\$ (24,840)</u> | <u>(62.0)%</u> |

Set forth below is an explanation of the most significant changes in the components of the equity in earnings of unconsolidated joint ventures and equity in earnings from sale of unconsolidated joint venture properties. Same store properties at Unconsolidated Properties represent seven properties that were owned for the entirety of the periods being compared.

*Rental and other revenues from unconsolidated joint ventures*

The components of the decrease include:

- \$7.4 million from the Partner Buyouts;
- \$3.2 million from the sale, during the nine months ended December 31, 2022, of three properties owned by unconsolidated joint ventures (the "2022 Sales"); and
- \$761,000 from the Chatham Sale.

Offsetting the decrease was a \$699,000 increase from same store properties due to increased rental rates, net of the impact of a decrease in occupancy rates.

*Real estate operating expenses from unconsolidated joint ventures*

The components of the decrease are:

- \$3.1 million from the Partner Buyouts;
- \$1.6 million from the 2022 Sales; and
- \$397,000 from the Chatham Sale.

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Offsetting this decrease was a \$315,000 increase in such expenses at same store properties, with expenses generally increasing across most expense categories.

*Interest expense from unconsolidated joint ventures.*

The decrease is due to the decrease in mortgage debt due to property sales and the Partner Buyouts-in particular:

- \$1.7 million from the Partner Buyouts; and
- \$648,000 from the 2022 Sales.

*Depreciation from unconsolidated joint ventures*

The components of the decrease include:

- \$2.0 million from the Partner Buyouts;
- \$283,000 from the sales in 2022 of Waters Edge at Harbison - Columbia, SC and The Vive - Kannapolis, NC;
- \$262,000 from the Chatham Sale.

*Loss on extinguishment of debt from unconsolidated joint ventures*

In the three months ended June 30, 2023, we recognized a loss on the early extinguishment of debt of \$561,000 in connection with the Chatham Sale. In the three months ended June 30, 2022, we recognized a loss on early extinguishment of debt of \$2.9 million in connection with the Cinco and Vive Sales.

*Gain on sale of real estate from unconsolidated joint ventures*

In three months ended June 30, 2023, we recognized a gain on the sale of real estate of \$38.4 million from the Chatham Sale. In the three months ended June 30, 2022, we recognized a gain on the sale of real estate of \$77.7 million from the sale of Cinco and Vive.

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## Results of Operations

Six months ended June 30, 2023 compared to six months ended June 30, 2022.

As used herein, the term "same store properties" refers to operating properties that were wholly owned for the entirety of the periods presented. For the six months ended June 30, 2023 and 2022, there were ten same store properties in our consolidated portfolio. As used in the comparison of the six months ended June 30, 2023 and 2022, the term "Partner Buyouts" refers to our purchase in 2022 of the interests of our joint venture partners at 11 properties.

### Revenues

The following table compares our revenues for the periods indicated:

| (Dollars in thousands):                              | Six Months Ended June 30, |                  | Increase<br>(Decrease) | %<br>Change   |
|------------------------------------------------------|---------------------------|------------------|------------------------|---------------|
|                                                      | 2023                      | 2022             |                        |               |
| Rental and other revenue from real estate properties | \$ 46,194                 | \$ 26,113        | \$ 20,081              | 76.9 %        |
| Other income                                         | 63                        | 6                | 57                     | 950.0 %       |
| <b>Total revenues</b>                                | <b>\$ 46,257</b>          | <b>\$ 26,119</b> | <b>\$ 20,138</b>       | <b>77.1 %</b> |

*Rental and other revenue from real estate properties*

The increase was due to:

- \$18.8 million from the Partner Buyouts (including \$12.3 million from the purchases completed during the six months ended December 31, 2022), and
- \$1.8 million at same store properties primarily due to an increase in average rental rates.

|                                                                                                                                 | Three Months Ended March 31, |                  | Increase<br>(Decrease) | % change       |
|---------------------------------------------------------------------------------------------------------------------------------|------------------------------|------------------|------------------------|----------------|
|                                                                                                                                 | 2023                         | 2022             |                        |                |
| Rental and other revenues from unconsolidated joint ventures                                                                    | \$ 12,132                    | \$ 25,231        | \$ (13,099)            | (51.9)%        |
| Real estate operating expense from unconsolidated joint ventures                                                                | 5,675                        | 11,169           | (5,494)                | (49.2)%        |
| Interest expense from unconsolidated joint ventures                                                                             | 2,455                        | 6,026            | (3,571)                | (59.3)%        |
| Depreciation from unconsolidated joint ventures                                                                                 | 2,707                        | 6,636            | (3,929)                | (59.2)%        |
| <b>Total expenses from unconsolidated joint ventures</b>                                                                        | <b>10,837</b>                | <b>23,831</b>    | <b>(12,994)</b>        | <b>(54.5)%</b> |
| Total revenues less total expenses from unconsolidated joint ventures                                                           | 1,295                        | 1,400            | (105)                  | (7.5)%         |
| Other equity earnings                                                                                                           | 113                          | 55               | 58                     | 105.5 %        |
| Gain on insurance recoveries from unconsolidated joint ventures                                                                 | 65                           | 515              | (450)                  | (87.4)%        |
| Loss on extinguishment of debt from unconsolidated joint ventures                                                               | —                            | (30)             | 30                     | (100.0)%       |
| Gain on sale of real estate from unconsolidated joint ventures                                                                  | —                            | 23,652           | (23,652)               | (100.0)%       |
| <b>Net income from unconsolidated joint ventures</b>                                                                            | <b>\$ 1,473</b>              | <b>\$ 25,592</b> | <b>\$ (24,119)</b>     | <b>(94.2)%</b> |
| Equity in earnings of unconsolidated joint ventures and equity in earnings from sale of unconsolidated joint venture properties | \$ 815                       | \$ 14,191        | \$ (13,376)            | (94.3)%        |

The increase was offset by a \$585,000 decrease due to a decline in occupancy rates at same store properties, including \$181,000 at Bells Bluff - West Nashville, TN ("Bells Bluff") which experienced a decline in occupancy due to increased supply in the market and a change in market demand for certain unit types.

### Expenses

The following table compares our expenses for the periods indicated:

| (Dollars in thousands)         | Six Months Ended June 30, |           | Increase<br>(Decrease) | % Change |
|--------------------------------|---------------------------|-----------|------------------------|----------|
|                                | 2023                      | 2022      |                        |          |
| Real estate operating expenses | \$ 20,982                 | \$ 11,101 | \$ 9,881               | 89.0 %   |
| Interest expense               | 10,996                    | 4,933     | 6,063                  | 122.9 %  |
| General and administrative     | 7,903                     | 7,166     | 737                    | 10.3 %   |

|                               |                         |                         |                         |        |
|-------------------------------|-------------------------|-------------------------|-------------------------|--------|
| Depreciation and amortization | 15,551                  | 8,616                   | 6,935                   | 80.5 % |
| Total expenses                | <u><u>\$ 55,432</u></u> | <u><u>\$ 31,816</u></u> | <u><u>\$ 23,616</u></u> | 74.2 % |

#### *Real estate operating expense.*

The change is due to the following increases:

- \$8.6 million from the Partner Buyouts (including \$4.9 million from the purchases completed during the six months ended December 31, 2022), and
- \$1.3 million from same store properties, including an approximate:
  - \$385,000 in insurance expense due to the implementation, in December 2022, of the master insurance program;
  - \$369,000 of repair, maintenance and replacements (including \$116,000 related to expenses related to the December 2022 blizzard);

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- \$216,000 increase in utility expense, including approximately \$102,000 at Bells Bluff, primarily due to a water leak; and
- \$310,000 of various miscellaneous expenses across the portfolio.

#### *Interest expense.*

The change is due to increases of:

- \$5.0 million from the Partner Buyouts (including \$3.3 million from the purchases completed during the six months ended December 31, 2022);
- \$818,000 due to an increase on the interest rate on our junior subordinated debt; and
- \$284,000 primarily due to the increase in the average outstanding balance on the credit facility from \$861,000 during the six months ended June 30, 2022 to \$5.7 million during the six months ended June 30, 2023. As of June 30, 2023, there is no outstanding balance on the facility.

#### *General and administrative*

The increase is due primarily to a \$627,000 increase in compensation expense - specifically, increases of:

- \$383,000 due to the inclusion, for the entire six months ended June 30, 2023, of the amortization expense related to the RSUs granted in June 2022;
- \$244,000 due to the amortization expense related to restricted stock, including an increase of \$215,000 related to the restricted stock granted in January 2023 as a result of the higher fair value of the shares granted in 2023 in comparison to the value of the restricted stock granted in 2018; and
- \$167,000 in salaries and other components of cash compensation, due to higher levels of compensation and, to a lesser extent, an increase in the number of employees.

#### *Depreciation and amortization*

The increase is due primarily to \$8.4 million from the Partner Buyouts (including \$ 6.0 million from the purchases completed during the six months ended December 31, 2022), offset by a \$1.5 million decline due to reduced depreciation related to lease intangibles.

#### *Insurance recovery of casualty loss*

During the six months ended June 30, 2023, we received \$215,000 in insurance proceeds as reimbursement for expenses incurred related to a winter storm in December 2022. There was no similar recovery in the corresponding 2022 period.

#### *Gain on insurance recoveries*

During the six months ended June 30, 2023, we received a \$240,000 payment representing the final payment made by the insurance carrier with respect to damage we sustained at The Woodland Apartments - Boerne, TX in 2021.

#### *Income tax provision*

Income tax provision for the six months ended June 30, 2023, decreased \$671,000 to \$127,000 from \$798,000 in the corresponding period of the prior year. The decline is primarily the result of increased state tax provision recorded in the six months ended June 30, 2022, the result of higher gains that were reported from the sale of properties by unconsolidated joint ventures.

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### **Unconsolidated Joint Ventures - Results of Operations**

#### *Equity in earnings (loss) of unconsolidated joint ventures.*

The table below reflects the condensed income statements of our Unconsolidated Properties. In accordance with US generally accepted accounting principles, each of the line items in the chart below (other than equity in income (loss) of unconsolidated joint ventures and equity in earnings from sale of unconsolidated joint ventures) is presented as if these properties are wholly owned by us although our equity interests in these properties ranges from 32% to 80% (see note 7 of our consolidated financial statements) (dollars in thousands):

|                                                                                                                                 | Six Months Ended June 30, |            | Increase<br>(Decrease) | % change |
|---------------------------------------------------------------------------------------------------------------------------------|---------------------------|------------|------------------------|----------|
|                                                                                                                                 | 2023                      | 2022       |                        |          |
|                                                                                                                                 | \$                        | \$         |                        |          |
| Rental and other revenues from unconsolidated joint ventures                                                                    | \$ 23,608                 | \$ 47,338  | \$ (23,730)            | (50.1)%  |
| Real estate operating expense from unconsolidated joint ventures                                                                | 10,812                    | 21,011     | (10,199)               | (48.5)%  |
| Interest expense from unconsolidated joint ventures                                                                             | 4,845                     | 10,919     | (6,074)                | (55.6)%  |
| Depreciation from unconsolidated joint ventures                                                                                 | 5,265                     | 11,844     | (6,579)                | (55.5)%  |
| Total expenses from unconsolidated joint ventures                                                                               | 20,922                    | 43,774     | (22,852)               | (52.2)%  |
| Total revenues less total expenses from unconsolidated joint ventures                                                           | 2,686                     | 3,564      | (878)                  | (24.6)%  |
| Other equity earnings                                                                                                           | 113                       | 77         | 36                     | 46.8 %   |
| Gain on insurance recoveries from unconsolidated joint ventures                                                                 | 65                        | 567        | (502)                  | (88.5)%  |
| Gain on sale of real estate from unconsolidated joint ventures                                                                  | 38,418                    | 101,333    | (62,915)               | (62.1)%  |
| Loss on extinguishment of debt from unconsolidated joint ventures                                                               | (561)                     | (2,918)    | 2,357                  | (80.8)%  |
| Net income from unconsolidated joint ventures                                                                                   | \$ 40,721                 | \$ 102,623 | \$ (61,902)            | (60.3)%  |
| Equity in earnings of unconsolidated joint ventures and equity in earnings from sale of unconsolidated joint venture properties | \$ 16,023                 | \$ 54,239  | \$ (38,216)            | (70.5)%  |

Set forth below is an explanation of the most significant changes in the components of the equity in earnings of unconsolidated joint ventures and equity in earnings from sale of unconsolidated joint venture properties. Same store properties at Unconsolidated Properties represent eight properties that were owned for the entirety of the periods being compared.

*Rental and other revenues from unconsolidated joint ventures*

The components of the decrease include:

- \$10.1 million from the Partner Buyouts;
- \$3.9 million from the sale in 2022 of four properties; and
- \$567,000 from the following properties owned by unconsolidated joint ventures: Verandas at Shavano - San Antonio, TX ("Shavano"), Retreat at Cinco Ranch - Katy, TX ("Cinco"), The Vive - Kannapolis, NC (the "Vive"), and Waters Edge at Harbison - Columbia, SC ("Waters Edge"; collectively with Shavano, Cinco and Vive, the "2022 Sales"). Chatham Sale.

Offsetting the decrease was a \$868,000 \$1.4 million increase from same store properties due to increased rental rates, net of the impact of a decrease in occupancy rates.

*Real estate operating expenses from unconsolidated joint ventures*

The components of the decrease are:

- \$4.3 million from the Partner Buyouts; and

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- \$1.9 million from the sale in 2022 Sales of four properties; and
- \$259,000 from the Chatham Sale.

Offsetting this decrease was a \$678,000 \$855,000 increase in such expenses at same store properties, with expenses generally increasing across most expense categories including real estate taxes, and utilities, insurance and payroll.

*Interest expense from unconsolidated joint ventures.*

The decrease is due to the decrease in mortgage debt due to property sales and the Partner Buyouts-in particular:

- \$254.2 million from the Partner Buyouts; and
- \$1,017 million from the sale in 2022 Sales of three properties.

#### *Depreciation from unconsolidated joint ventures*

The components of the decrease include:

- \$254.8 million from the Partner Buyouts;
- \$908,000 1.2 million from the sale in 2022 Sales (excluding Shavano), of three properties; and
- \$353,000 from the Chatham Sale.

#### *Gain on insurance recoveries from unconsolidated joint ventures*

In During the three six months ended March 31, 2023 June 30, 2022, we recognized a \$65,000 gain on insurance recoveries from a claim filed at a property and in the three months ended March 31, 2022, we recognized \$515,000 \$567,000 in gains primarily due to our receipt of insurance recoveries from claims on two properties located in Texas that were damaged in a February 2021 ice storm, which receipts exceeded the assets previously written-off, written off.

#### *Gain on sale of real estate from unconsolidated joint ventures*

In During the three six months ended March 31, 2022 June 30, 2023, we recognized a gain on the sale of real estate of \$23.7 million \$38.4 million from the Chatham Sale. During the six months ended June 30, 2022, we recognized gain on the sale of real estate of \$101.3 million from the sale of Varandas at Shavano - San Antonio, TX. There was no comparative three properties.

#### *Loss on extinguishment of debt from unconsolidated joint ventures*

During the six months ended June 30, 2023, we recognized a loss on the early extinguishment of debt of \$561,000 in connection with the Chatham Sale. During the three months ended June 30, 2022, we recognized a loss on early extinguishment of debt of \$2.9 million in connection with the sale in the quarter ended March 31, 2023.

of two properties.

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### **Liquidity and Capital Resources**

We require funds to pay operating expenses and debt service obligations, acquire properties, make capital and other improvements, fund capital contributions, pay dividends and pay dividends, repurchase our common stock. Generally, our primary sources of capital and liquidity are the operations of our multi-family properties (including distributions from the operations of our multi-family joint ventures), mortgage debt financings and re-financings, the sale of shares of our common stock pursuant to our at-the-market equity distribution program, borrowings from our credit facility and our available cash. At May 1, 2023 August 1, 2023, our available liquidity was \$73.4 million \$86.7 million, including \$13.4 million \$26.7 million of cash and cash equivalents and \$60 million available under our credit facility. At May 1, 2023 August 1, 2023, the interest rate on the credit facility was 8% 8.50%.

We anticipate that from April 1, 2023 July 1, 2023 through December 31, 2026, our operating expenses, \$130.5 million \$116.0 million of mortgage amortization and interest expense (including \$53.2 million \$44.1 million from unconsolidated joint ventures), \$123.4 million of balloon payments with respect to mortgages maturing in 2025 and 2026, estimated capital expenditures (for 2023 only) of \$8.7 million \$5.4 million (including an estimated \$2.9 million \$2.0 million for our value add program), interest expense on our junior subordinated notes, estimated cash dividend payments of at least \$71.6 million \$66.0 million (assuming (i) the current quarterly dividend rate of \$0.25 per share and (ii) 19.1 million 18.9 million shares outstanding), will be funded from cash generated from operations (including distributions from unconsolidated joint ventures), property sales and, to the extent available, our credit facility. Our operating cash flow and available cash is insufficient to fully fund the \$123.4 million of balloon payments, and if we are unable to refinance such debt on acceptable terms, we may need to issue additional equity or dispose of properties, in each case on potentially unfavorable terms.

Our ability to acquire additional multi-family properties and implement value-add projects is limited by our available cash and our ability to (i) draw on our credit facility, (ii) obtain, on acceptable terms, mortgage debt from lenders, and (iii) raise capital from the sale of our common stock. See - "Proposed Purchase of Richmond Property".

At March 31, 2023 June 30, 2023, we had mortgage debt of \$691.2 million \$664.2 million (including \$260.8 million \$234.7 million of mortgage principal debt of our unconsolidated subsidiaries). The mortgage debt at our: (i) consolidated subsidiaries had a weighted average interest rate of 4.02% and a weighted average remaining term to maturity of approximately 7.8 7.7 years, and (ii) at our unconsolidated subsidiaries had a weighted average interest rate of 4.07% and a remaining term to maturity of approximately 5.8 5.6 years.

Capital improvements at (i) two unconsolidated multi-family properties will be funded by approximately \$830,000 of restricted cash available at **March 31, 2023** **June 30, 2023** and the cash flow from operations at such properties and (ii) other properties will be funded from the cash flow from operations of such properties.

#### **Junior Subordinated Notes**

As of **March 31, 2023** **June 30, 2023**, \$37.4 million (excluding deferred costs of **\$272,000** **\$267,000**) in principal amount of our junior subordinated notes is outstanding. These notes mature in April 2036, contain limited covenants (including covenants prohibiting us from paying dividends or repurchasing capital stock if there is an event of default (as defined therein) on these notes), are redeemable at our option and bear an interest rate, which resets and is payable quarterly, of three-month LIBOR plus 200 basis points. At **March 31, 2023** **June 30, 2023** and 2022, the interest rate on these notes was **6.80%** **7.30%** and **2.30%** **3.29%**, respectively. As noted

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**In our Annual Report, there is uncertainty as to whether the interest rate converted to whether 3 month Term SOFR + 2.26% effective with the alternative payment due October 2023. The interest rates to LIBOR contemplated by these notes will be available when LIBOR becomes unavailable in July 2023. The effect for the three months ending October 31, 2023 is 7.63%.**

#### **Credit Facility**

Our credit facility with VNB New York, LLC, an affiliate of Valley National Bank (collectively, "VNB"), allows us to borrow, subject to compliance with borrowing base requirements and other conditions, up to \$60 million, (i) for the acquisition of, and investment in, multi-family properties, (ii) to repay mortgage debt secured by multi-family properties and (iii) for Operating Expenses (*i.e.*, working capital (including dividend payments) and operating expenses); provided, that not more than \$25 million may be used for Operating Expenses. The credit facility is secured by cash accounts maintained by us at VNB (and we are required to maintain substantially all of our bank accounts at VNB), and the pledge of our interests in the entities that own the unencumbered multi-family properties used in calculating the borrowing base. The credit facility bears an annual interest rate, which resets daily, equal to the prime rate, with a floor of 3.50%. The interest rate in effect as of **March 31, 2023** **June 30, 2023** was **8%** **8.25%**. There is an annual fee of 0.25% on the total amount committed by VNB and unused by us. The credit facility matures in September 2025. Net proceeds received from the sale, financing or refinancing of our properties are generally required to be used to repay amounts outstanding on the facility. As of **May 1, 2023** **August 1, 2023**, there was no outstanding balance on the credit facility and \$60 million is available to be borrowed thereunder. The interest rate in effect at **August 1, 2023** is 8.50%

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The terms of the credit facility include certain restrictions and covenants which, among other things, limit the incurrence of liens, require that we maintain and include in the collateral securing the facility at least three unencumbered properties with an aggregate value (as calculated pursuant to the facility) of at least \$75 million, and require compliance with financial ratios relating to, among other things, maintaining a minimum tangible net worth of \$140 million, the minimum amount of debt service coverage with respect to the properties (and amounts drawn on the credit facility) used in calculating the borrowing base. Net proceeds received from the sale, financing or refinancing of wholly-owned properties are generally required to be used to repay amounts outstanding under the credit facility.

At **March 31, 2023** **June 30, 2023**, we were in compliance in all material respects with the requirements of the facility.

#### **Other Financing Sources and Arrangements**

At **March 31, 2023** **June 30, 2023**, we are joint venture partners in unconsolidated joint ventures which own **eight** **seven** multi-family properties and a development project, and the distributions to us from these joint venture properties of **\$2.2 million** **\$1.6 million** in the quarter ended **March 31, 2023** **June 30, 2023** contributed to our liquidity and cash flow. Further, we may be required to make significant capital contributions with respect to these properties. At **March 31, 2023** **June 30, 2023**, these joint venture properties have a net equity carrying value of **\$41.2 million** **\$35.5 million** and are subject to mortgage debt, which is not reflected on our consolidated balance sheet, of **\$260.8 million** **\$234.7 million**. Although BRT Apartments Corp. is not the obligor with respect to such mortgage debt, the loss of any of these properties due to mortgage foreclosure or similar proceedings would have a material adverse effect on our results of operations and financial condition. See note 7 to our consolidated financial statements.

#### **Cash Distribution Policy**

We have elected to be treated as a REIT under the Internal Revenue Code of 1986, as amended, which we refer to as the "Code." To qualify as a REIT, we must meet a number of organizational and operational requirements, including a requirement that we distribute to our stockholders within the time frames prescribed by the Code at least 90% of our ordinary taxable income. Management currently intends to maintain our REIT status. As a REIT, we generally will not be subject to corporate Federal income tax on taxable income we distribute to stockholders in accordance with the Code. If we fail to qualify as a REIT in any taxable year, we will be subject to Federal income taxes at regular corporate rates and may not be able to qualify as a REIT for four subsequent tax years. Even if we qualify for Federal taxation as a REIT, we are subject to certain state and local taxes on our income and to Federal income and excise taxes on undistributed taxable income (*i.e.*, taxable income not distributed in the amounts and in the time frames prescribed by the Code).

On **April 4, 2023** **July 6, 2023**, we paid a quarterly cash dividend of \$0.25 per share.

We carefully monitor our discretionary spending. Our largest recurring discretionary expenditure has been our quarterly dividend (which was \$0.25 per share of common stock, or in the approximate amount of **\$4.8 million** **\$4.7 million**, for the most recent quarter). Each quarter, our board of directors evaluates the timing and amount of our dividend based

on its assessment of, among other things, our short and long-term cash and liquidity requirements, prospects, debt maturities, projections of our REIT taxable income, net income, funds from operations, and adjusted funds from operations.

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#### *Application of Critical Accounting Estimates*

A complete discussion of our critical accounting estimates is included in our Annual Report. There have been no significant changes in such estimates since December 31, 2022.

#### **Funds from Operations, Adjusted Funds from Operations and Net Operating Income**

We disclose below funds from operations ("FFO"), adjusted funds from operations ("AFFO") and net operating income ("NOI") because we believe that such metrics are a widely recognized and appropriate measure of the performance of an equity REIT.

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

We compute AFFO by adjusting FFO for the loss of extinguishment of debt, our straight-line rent accruals, restricted stock and RSU compensation expense, fair value adjustment of mortgage debt, gain on insurance recovery, insurance recovery from casualty loss and deferred mortgage and debt costs (including, in each case as applicable, from our share from our unconsolidated joint ventures). Since the NAREIT White Paper only provides guidelines for computing FFO, the computation of AFFO may vary from one REIT to another.

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

FFO and AFFO do not represent net income or cash flows from operations as defined by GAAP. FFO and AFFO should not be considered to be an alternative to net income as a reliable measure of our operating performance; nor should FFO and AFFO be considered an alternative to cash flows from operating, investing or financing activities (as defined by GAAP) as measures of liquidity. FFO and AFFO do not measure whether cash flow is sufficient to fund all of our cash needs, including principal amortization and capital improvements. FFO and AFFO do not represent cash flows from operating, investing or financing activities as defined by GAAP.

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

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The tables below provides a reconciliation of net loss determined in accordance with GAAP to FFO and AFFO on a dollar and per share basis for each of the indicated periods (dollars in thousands, except per share amounts):

|                                                                  | Three Months Ended March 31, |           | Three Months Ended June 30, |      | Six Months Ended June 30, |      |
|------------------------------------------------------------------|------------------------------|-----------|-----------------------------|------|---------------------------|------|
|                                                                  | 2023                         | 2022      | 2023                        | 2022 | 2023                      | 2022 |
| GAAP Net (loss) income<br>attributable to common<br>stockholders | \$ (4,098)                   | \$ 11,508 |                             |      |                           |      |
| Add: depreciation of properties                                  | 8,008                        | 3,606     |                             |      |                           |      |

|                                                                                               |                                                                                               |       |          |                                                                                               |           |           |          |           |
|-----------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------|-------|----------|-----------------------------------------------------------------------------------------------|-----------|-----------|----------|-----------|
| GAAP Net income attributable to common stockholders                                           |                                                                                               |       |          | GAAP Net income attributable to common stockholders                                           | \$ 11,202 | \$ 35,607 | \$ 7,104 | \$ 47,115 |
| Add: depreciation and amortization of properties                                              |                                                                                               |       |          | Add: depreciation and amortization of properties                                              | 7,543     | 5,010     | 15,551   | 8,616     |
| Add: our share of depreciation in unconsolidated joint venture properties                     | Add: our share of depreciation in unconsolidated joint venture properties                     | 1,376 | 4,318    | Add: our share of depreciation in unconsolidated joint venture properties                     | 1,302     | 3,259     | 2,678    | 7,577     |
| Deduct: our share of equity in earnings from sale of unconsolidated joint venture properties  | Deduct: our share of equity in earnings from sale of unconsolidated joint venture properties  | —     | (12,961) | Deduct: our share of equity in earnings from sale of unconsolidated joint venture properties  | (14,744)  | (40,098)  | (14,744) | (53,059)  |
| Deduct: gain on sale of real estate                                                           | Deduct: gain on sale of real estate                                                           | —     | (6)      | Deduct: gain on sale of real estate                                                           | —         | —         | —        | (6)       |
| Adjustments for non-controlling interests                                                     | Adjustments for non-controlling interests                                                     | (4)   | (4)      | Adjustments for non-controlling interests                                                     | (4)       | (4)       | (8)      | (8)       |
| <b>NAREIT Funds from operations attributable to common stockholders</b>                       | <b>NAREIT Funds from operations attributable to common stockholders</b>                       | 5,282 | 6,461    | <b>NAREIT Funds from operations attributable to common stockholders</b>                       | 5,299     | 3,774     | 10,581   | 10,235    |
| Adjustments for: straight-line rent accruals                                                  | Adjustments for: straight-line rent accruals                                                  | 19    | 6        | Adjustments for: straight-line rent accruals                                                  | 25        | 6         | 44       | 12        |
| Add: loss on extinguishment of debt                                                           |                                                                                               |       |          | Add: loss on extinguishment of debt                                                           | —         | 563       | —        | 563       |
| Add: our share of loss on extinguishment of debt from unconsolidated joint venture properties | Add: our share of loss on extinguishment of debt from unconsolidated joint venture properties | —     | 19       | Add: our share of loss on extinguishment of debt from unconsolidated joint venture properties | 212       | 1,473     | 212      | 1,492     |
| Add: amortization of restricted stock and RSU expense                                         | Add: amortization of restricted stock and RSU expense                                         | 1,410 | 974      | Add: amortization of restricted stock and RSU expense                                         | 1,193     | 1,001     | 2,603    | 1,975     |
| Add: amortization of deferred mortgage and debt costs                                         | Add: amortization of deferred mortgage and debt costs                                         | 252   | 77       | Add: amortization of deferred mortgage and debt costs                                         | 275       | 102       | 527      | 179       |

|                                                                                            |                                                                                            |                 |                 |                                                                                            |                 |                 |                  |                  |
|--------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------|-----------------|-----------------|--------------------------------------------------------------------------------------------|-----------------|-----------------|------------------|------------------|
| Add: our share of deferred mortgage costs from unconsolidated joint venture properties     | Add: our share of deferred mortgage costs from unconsolidated joint venture properties     | 27              | 93              | Add: our share of deferred mortgage costs from unconsolidated joint venture properties     | 27              | 73              | 54               | 166              |
| Add: amortization of fair value adjustment for mortgage debt                               | Add: amortization of fair value adjustment for mortgage debt                               | 157             | —               | Add: amortization of fair value adjustment for mortgage debt                               | 154             | —               | 311              | —                |
| Less: gain on insurance proceeds                                                           | Less: gain on insurance proceeds                                                           | (240)           | —               | Less: gain on insurance proceeds                                                           | —               | —               | (240)            | —                |
| Less: our share of gain on insurance proceeds from unconsolidated joint venture properties | Less: our share of gain on insurance proceeds from unconsolidated joint venture properties | (30)            | (386)           | Less: our share of gain on insurance proceeds from unconsolidated joint venture properties | —               | (46)            | (30)             | (432)            |
| Adjustments for non-controlling interests                                                  | Adjustments for non-controlling interests                                                  | (3)             | (1)             | Adjustments for non-controlling interests                                                  | (4)             | (1)             | (7)              | (2)              |
| <b>Adjusted funds from operations attributable to common stockholders</b>                  | <b>Adjusted funds from operations attributable to common stockholders</b>                  | <b>\$ 6,874</b> | <b>\$ 7,243</b> | <b>Adjusted funds from operations attributable to common stockholders</b>                  | <b>\$ 7,181</b> | <b>\$ 6,945</b> | <b>\$ 14,055</b> | <b>\$ 14,188</b> |

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|                                                                           | Three Months Ended March 31,                                              |                                                                           | Three Months Ended June 30,                      |      | Six Months Ended June 30, |         |
|---------------------------------------------------------------------------|---------------------------------------------------------------------------|---------------------------------------------------------------------------|--------------------------------------------------|------|---------------------------|---------|
|                                                                           | 2023                                                                      | 2022                                                                      | 2023                                             | 2022 | 2023                      | 2022    |
| Net (loss) income attributable to common stockholders                     | \$ (0.21)                                                                 | \$ 0.62                                                                   |                                                  |      |                           |         |
| Add: depreciation of properties                                           | 0.42                                                                      | 0.20                                                                      |                                                  |      |                           |         |
| Net income attributable to common stockholders                            |                                                                           |                                                                           | Net income attributable to common stockholders   |      | \$ 0.58                   | \$ 1.91 |
| Add: depreciation and amortization of properties                          |                                                                           |                                                                           | Add: depreciation and amortization of properties |      | 0.40                      | 0.26    |
| Add: our share of depreciation in unconsolidated joint venture properties | Add: our share of depreciation in unconsolidated joint venture properties | Add: our share of depreciation in unconsolidated joint venture properties |                                                  |      | 0.82                      | 0.46    |
| 0.07                                                                      | 0.23                                                                      | 0.07                                                                      | 0.17                                             | 0.14 | 0.41                      |         |

|                                                                                                 |                                                                                                 |        |        |                                                                                                 |        |        |        |        |
|-------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------|--------|--------|-------------------------------------------------------------------------------------------------|--------|--------|--------|--------|
| Deduct: our share of equity in earnings from sale of unconsolidated joint venture properties    | Deduct: our share of equity in earnings from sale of unconsolidated joint venture properties    | —      | (0.70) | Deduct: our share of equity in earnings from sale of unconsolidated joint venture properties    | (0.77) | (2.14) | (0.77) | (2.85) |
| Deduct: gain on sale of real estate                                                             | Deduct: gain on sale of real estate                                                             | —      | —      | Deduct: gain on sale of real estate                                                             | —      | —      | —      | —      |
| Adjustment for non-controlling interests                                                        | Adjustment for non-controlling interests                                                        | —      | —      | Adjustment for non-controlling interests                                                        | —      | —      | —      | —      |
| <b>NAREIT Funds from operations per diluted common share</b>                                    | <b>NAREIT Funds from operations per diluted common share</b>                                    | 0.28   | 0.35   | <b>NAREIT Funds from operations per diluted common share</b>                                    | 0.28   | 0.20   | 0.55   | 0.55   |
| Adjustments for: straight line rent accruals                                                    | Adjustments for: straight line rent accruals                                                    | —      | —      | Adjustments for: straight line rent accruals                                                    | —      | —      | —      | —      |
| Add: loss on extinguishment of debt                                                             |                                                                                                 |        |        | Add: loss on extinguishment of debt                                                             |        |        | 0.03   | — 0.03 |
| Add: our share of loss on extinguishment of debt from unconsolidated joint venture properties   | Add: our share of loss on extinguishment of debt from unconsolidated joint venture properties   | —      | —      | Add: our share of loss on extinguishment of debt from unconsolidated joint venture properties   | 0.01   | 0.08   | 0.01   | 0.08   |
| Add: amortization of restricted stock and RSU expense                                           | Add: amortization of restricted stock and RSU expense                                           | 0.07   | 0.05   | Add: amortization of restricted stock and RSU expense                                           | 0.06   | 0.05   | 0.13   | 0.10   |
| Add: amortization of deferred mortgage and debt costs                                           | Add: amortization of deferred mortgage and debt costs                                           | 0.01   | —      | Add: amortization of deferred mortgage and debt costs                                           | 0.01   | 0.01   | 0.03   | 0.01   |
| Add: our share of deferred mortgage and debt costs from unconsolidated joint venture properties | Add: our share of deferred mortgage and debt costs from unconsolidated joint venture properties | —      | 0.01   | Add: our share of deferred mortgage and debt costs from unconsolidated joint venture properties | —      | —      | —      | 0.01   |
| Add: amortization of fair value adjustment for mortgage debt                                    | Add: amortization of fair value adjustment for mortgage debt                                    | 0.01   | —      | Add: amortization of fair value adjustment for mortgage debt                                    | 0.01   | —      | 0.02   | —      |
| Less: gain on insurance proceeds                                                                | Less: gain on insurance proceeds                                                                | (0.01) | —      | Less: gain on insurance proceeds                                                                | —      | —      | (0.01) | —      |

|                                                                |                                                                |                                                                |
|----------------------------------------------------------------|----------------------------------------------------------------|----------------------------------------------------------------|
| Less: our share of gain on insurance                           | Less: our share of gain on insurance                           | Less: our share of gain on insurance                           |
| proceeds from unconsolidated joint venture properties          | proceeds from unconsolidated joint venture properties          | proceeds from unconsolidated joint venture properties          |
| Adjustments for non-controlling interests                      | Adjustments for non-controlling interests                      | Adjustments for non-controlling interests                      |
| <b>Adjusted funds from operations per diluted common share</b> | <b>Adjusted funds from operations per diluted common share</b> | <b>Adjusted funds from operations per diluted common share</b> |
| Diluted shares outstanding for FFO and AFFO                    | Diluted shares outstanding for FFO and AFFO                    | Diluted shares outstanding for FFO and AFFO                    |

#### Three Months Ended March 31, 2023 June 30, 2023 and 2022

FFO for the three months ended March 31, 2023 decreased June 30, 2023 increased from the corresponding quarter in the prior year primarily due to the decrease in the (i) early extinguishment of debt and (ii) the income tax provision. The increase was offset primarily by increases in (i) interest expense (the result of increased usage on our credit facility and the increased interest rates rate on our subordinated debt); (ii) general and administrative expenses (primarily non-cash compensation expense related to the amortization of restricted stock and RSU expense) RSUs); and (iii) amortization of mortgage fair value adjustments related to Partner Buyouts.

AFFO for the three months ended March 31, 2023 June 30, 2023 increased from the corresponding period in the prior year, primarily due to the decrease in the income tax provision and the increase in insurance recovery. The increase was offset by the increase in interest expense and a decrease in operating margins.

Diluted per share FFO and AFFO were impacted in the three months ended June 30, 2023 by a 487,000 increase in the weighted average shares of common stock outstanding, primarily due to stock issuances pursuant to our at-the market offering, equity incentive program and dividend reinvestment plan, net of stock repurchases.

See "Results of Operations - Three Months Ended June 30, 2023 compared to three months ended June 30, 2022", for a discussion of these changes.

#### Six Months Ended June 30, 2023 and 2022

FFO for the six months ended June 30, 2023 increased from the corresponding period in the prior year primarily due to the declines in (i) early extinguishment of debt and (ii) income tax provision. The increase was offset primarily by increases in (i) interest expense (due to the increased rate on our subordinated debt), (ii) increased restricted stock expense, (iii) an increase in the amortization of fair value mortgage adjustments and (iv) a decline in gain on insurance proceeds.

AFFO for the six months ended June 30, 2023 decreased from the corresponding period in the prior year primarily due to the increase in interest expense, the result of increased usage on our credit facility and increased interest rates on our subordinated debt, offset by a decline in income tax provision.

Diluted per share FFO and AFFO were impacted in the three six months ended March 31, 2023 June 30, 2023 by a 567,000 increase in the weighted average shares of common stock outstanding, primarily due to stock issuances pursuant to our at-the market offering, equity incentive program and dividend reinvestment plan, net of stock repurchases.

See "Results of Operations - Three Six Months Ended March 31, 2023 June 30, 2023 compared to three six months ended March 31, 2022 June 30, 2022", for a discussion of these changes.

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

We compute NOI, by adjusting net income (loss) to (a) add back (1) depreciation expense, (2) general and administrative expenses, (3) interest expense, (4) loss on extinguishment of debt, (5) equity in loss of unconsolidated joint ventures, (6) **Equity in earnings from sale of unconsolidated joint venture properties** and (7) provision for taxes, (8) the impact of non-controlling interests, and (b) deduct (1) other income, (2) gain on sale of real estate, and (3) gain on insurance recoveries related to casualty loss. Other REIT's may use different methodologies for calculating NOI, and accordingly, our NOI may not be comparable to other REIT's. We believe NOI provides an operating perspective not immediately apparent from GAAP operating income or net income (loss). NOI is one of the measures we use to evaluate our performance because it (i) measures the core operations of property performance by excluding corporate level expenses and other items unrelated to property operating performance and (ii) captures trends in rental housing and property operating expenses. However, NOI should only be used as an alternative measure of our financial performance.

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

|                                                                         | Three Months Ended March 31,                                            |           |             | Three Months Ended June 30,                                             |          |          | Six Months Ended June 30, |          |          |
|-------------------------------------------------------------------------|-------------------------------------------------------------------------|-----------|-------------|-------------------------------------------------------------------------|----------|----------|---------------------------|----------|----------|
|                                                                         |                                                                         |           |             | 2023                                                                    | 2022     | Variance | 2023                      | 2022     | Variance |
|                                                                         | 2023                                                                    | 2022      | Variance    | 2023                                                                    | 2022     | Variance | 2023                      | 2022     | Variance |
| GAAP Net (loss) income attributable to common stockholders              | \$ (4,098)                                                              | \$ 11,508 | \$ (15,606) |                                                                         |          |          |                           |          |          |
| GAAP Net income attributable to common stockholders                     |                                                                         |           |             | GAAP Net income attributable to common stockholders                     |          |          |                           |          |          |
| Less: Other Income                                                      | Less: Other Income                                                      | —         | (4)         | Less: Other Income                                                      | (63)     | (2)      | (61)                      | (63)     | (6)      |
| Add: Interest expense                                                   | Add: Interest expense                                                   | 5,483     | 2,021       | Add: Interest expense                                                   | 5,513    | 2,912    | 2,601                     | 10,996   | 4,933    |
| General and administrative                                              | General and administrative                                              | 4,055     | 3,633       | General and administrative                                              | 3,848    | 3,533    | 315                       | 7,903    | 7,166    |
| Impairment charge                                                       |                                                                         |           |             | Impairment charge                                                       |          | —        | —                         | —        | —        |
| Depreciation and amortization                                           | Depreciation and amortization                                           | 8,008     | 3,606       | Depreciation and amortization                                           | 7,543    | 5,010    | 2,533                     | 15,551   | 8,616    |
| Provision for taxes                                                     | Provision for taxes                                                     | 76        | 74          | Provision for taxes                                                     | 51       | 724      | (673)                     | 127      | 798      |
| Less: Gain on sale of real estate                                       | Less: Gain on sale of real estate                                       | —         | (6)         | Less: Gain on sale of real estate                                       | —        | —        | —                         | —        | (6)      |
| Gain on sale of partnership interest                                    |                                                                         |           |             | Gain on sale of partnership interest                                    |          | —        | —                         | —        | —        |
| Equity in earnings from sale of unconsolidated joint venture properties | Equity in earnings from sale of unconsolidated joint venture properties | —         | (12,961)    | Equity in earnings from sale of unconsolidated joint venture properties | (14,744) | (40,098) | 25,354                    | (14,744) | (53,059) |
| Insurance recovery                                                      |                                                                         |           |             | Insurance recovery                                                      |          | (215)    | —                         | (215)    | (215)    |
| Gain on insurance recoveries                                            | Gain on insurance recoveries                                            | (240)     | —           | Gain on insurance recoveries                                            | —        | —        | —                         | (240)    | —        |
|                                                                         |                                                                         |           |             |                                                                         |          |          |                           |          | (240)    |

|                                                                                  |                                                           |               |               |                                                                                  |               |               |               |               |
|----------------------------------------------------------------------------------|-----------------------------------------------------------|---------------|---------------|----------------------------------------------------------------------------------|---------------|---------------|---------------|---------------|
| Adjust for: Equity in (earnings) of unconsolidated joint venture properties      | (815)                                                     | (1,230)       | 415           |                                                                                  |               |               |               |               |
| Add: Loss on extinguishment of debt                                              |                                                           |               |               | Add: Loss on extinguishment of debt                                              | —             | 563           | (563)         | —             |
| Adjust for: Equity in (earnings) loss of unconsolidated joint venture properties |                                                           |               |               | Adjust for: Equity in (earnings) loss of unconsolidated joint venture properties | (464)         | 50            | (514)         | (1,279)       |
| Add: Net income attributable to non-controlling interests                        | Add: Net income attributable to non-controlling interests | 36            | 36            | Add: Net income attributable to non-controlling interests                        | 36            | 36            | —             | 72            |
| <b>Net Operating Income</b>                                                      | <b>Net Operating Income</b>                               | \$12,505      | \$ 6,677      | <b>Net Operating Income</b>                                                      | \$12,707      | \$ 8,335      | \$ 4,372      | \$25,212      |
| <b>Less: Non-same store Net Operating Income</b>                                 | <b>Less: Non-same store Net Operating Income</b>          | 6,127         | 320           | <b>Less: Non-same store Net Operating Income</b>                                 | 6,058         | 1,310         | 4,748         | 12,442        |
| <b>Same store Net Operating Income</b>                                           | <b>Same store Net Operating Income</b>                    | \$ 6,378      | \$ 6,357      | <b>Same store Net Operating Income</b>                                           | \$ 6,649      | \$ 7,025      | \$ (376)      | \$12,770      |
|                                                                                  |                                                           | <u>      </u> | <u>      </u> |                                                                                  | <u>      </u> | <u>      </u> | <u>      </u> | <u>      </u> |

For the three months ended **March 31, 2023** **June 30, 2023**, NOI increased **\$5.8 million** **\$4.4 million** from the corresponding period in 2022 primarily due to a **\$11.5 million** **\$8.6 million** increase in rental revenues offset by a **\$5.7 million** **\$4.2 million** increase in real estate operating expenses. The increase in rental revenue and real estate operating expenses were primarily due to the Partner Buyouts. Same store NOI in the three months ended **March 31, 2023** increased **June 30, 2023** decreased by **\$21,000** **\$376,000** from the corresponding period in 2022, due to a **\$823,000** **\$653,000** increase in real estate operating expenses offset by a **\$277,000** increase in rental revenues. See "*Results of Operations - Three Months Ended June 30, 2023 Compared to the three Months ended June 30, 2022*" for a discussion of these changes.

For the six months ended **June 30, 2023**, NOI increased \$10.2 million from the corresponding period in 2022 primarily due to a \$2.0 million increase in rental revenues offset by a \$9.9 million increase in real estate operating expenses. The increase in rental revenue and real estate operating expenses were primarily due to the Partner Buyouts. Same store NOI in the six months ended **June 30, 2023** decreased by \$20,000 from the corresponding period in 2022, due to a \$1.3 million increase in rental revenues (and in particular, the increase in average rental rates) offset by a **\$802,000** **\$1.3 million** increase in real estate operating expenses. See "*Results of Operations - Three Months Ended March 31, 2023 June 30, 2023 Compared to the three Months ended March 31, 2022 June 30, 2022*" for a discussion of these changes.

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### Item 3. Quantitative and Qualitative Disclosures About Market Risks

All of our mortgage debt bears interest at fixed rates. Our junior subordinated notes bear interest at the rate of **three** **3 month LIBOR** **Term SOFR** plus **200** **226** basis points. At **March 31, 2023** **June 30, 2023**, the interest rate on these notes was **6.80%** **7.30%**. Our credit facility bears interest at the prime rate. At **March 31, 2023** the interest rate on the credit facility was **8.00%**. There was no balance outstanding on the credit facility at **March 31, 2023** **June 30, 2023**. A 100 basis point increase in the rates would increase our related interest expense by approximately \$374,000 annually and a 100 basis point decrease in the rates would decrease our related interest expense by \$374,000 annually.

### Item 4. Controls and Procedures

As required under Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended, we carried out an evaluation under the supervision and with the participation of our management, including our Chief Executive Officer, Senior Vice President-Finance and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures as of **March 31, 2023** **June 30, 2023**. Based upon that evaluation, these officers concluded that as of **March 31, 2023** **June 30, 2023** our disclosure controls and procedures were effective.

There have been no changes in our internal control over financial reporting during the quarter ended **March 31, 2023** **June 30, 2023** that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## Part II - Other Information

### Item 1. Legal Proceedings

There are no material changes to the status of the litigation we disclosed in our Annual Report.

From time to time, we are party to legal proceedings that arise in the ordinary course of our business, and in particular, personal injury claims involving the operations of our properties. Although we believe that the primary and umbrella insurance coverage maintained with respect to our properties is sufficient to cover claims for compensatory damages, many of these personal injury claims also assert exemplary (i.e. punitive) damages. Generally, insurance does not cover claims for exemplary damages and we may be adversely affected if claims for exemplary damages are asserted successfully. See Note 11 of our Consolidated Financial Statements.

### Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

| Period                   | (a)                              | (b)                          | (c)                                                                              | (d)                                                                                                          |
|--------------------------|----------------------------------|------------------------------|----------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------|
|                          | Total Number of Shares Purchased | Average Price Paid per Share | Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs | Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plans or Programs |
| April 1 - April 30, 2023 | —                                | —                            | —                                                                                | \$ 5,000,000                                                                                                 |
| May 1 - May 31, 2023     | 125,914                          | \$ 17.82                     | 125,914                                                                          |                                                                                                              |
| June 1 - June 30, 2023   | 183,239                          | 19.34                        | 183,239                                                                          | (1)                                                                                                          |
| Total                    | <u>309,153</u>                   | \$ 18.87                     | <u>309,153</u>                                                                   |                                                                                                              |

(1)On June 14, 2023, the Board of Directors extended the term of our share repurchase program to December 31, 2025 and approved an increase in the authorization of the shares to be purchased to \$10 million (inclusive of the approximate \$1.99 million of shares that remained unpurchased pursuant to the \$5.0 million share repurchase program authorized by the Board in 2021). We are authorized to repurchase shares in open market or privately negotiated transactions (including related party transactions).

From July 1 through July 31, 2023, we repurchased 45,612 shares of our common stock at an average price of \$20.10 for an aggregate cost of \$917,000. At August 1, 2023, we are authorized to repurchase up to \$3.2 million of shares of our common stock.

### Item 5. Other Information

None of our officers or directors had any contract, instruction, or written plan for the purchase or sale of our securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or any "non-Rule 10b5-1 trading arrangement" in effect at any time during the three months ended June 30, 2023.

### Item 6. Exhibits

Exhibit  
No.

Title of Exhibits

|               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|---------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <u>32.101</u> | Amended Form of Performance Award Agreement dated June 27, 2023 and Restated Bylaws of the Registrant effective as of December 6, 2022 (incorporated reference to Exhibit 3.2 filed on December 6, 2022 granted pursuant to a Current Report on Form 8-K) the 2022 Incentive Plan                                                                                                                                                                                                                                                                                                                                     |
| <u>31.1</u>   | Certification of President and Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <u>31.2</u>   | Certification of Senior Vice President—Finance pursuant to Section 302 of the Sarbanes-Oxley Act of 2002                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <u>31.3</u>   | Certification of Vice President and Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <u>32.1</u>   | Certification of President and Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <u>32.2</u>   | Certification of Senior Vice President—Finance pursuant to Section 906 of the Sarbanes-Oxley Act of 2002                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <u>32.3</u>   | Certification of Vice President and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| 101           | The following financial information from the Company's Quarterly Report on Form 10-Q for the quarter ended <u>March 31, 2023</u> <u>June 30, 2023</u> , formatted in Inline XBRL: (i) Consolidated Balance Sheets, (ii) Consolidated Statements of Operations, (iii) Statements of Comprehensive Income (Loss), (iv) Consolidated Statements of Equity, (v) Consolidated Statements of Cash Flows and (vi) Notes to Consolidated Financial Statements. XBRL Instance Document – the instant document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document. |
| 104           | Cover Page Interactive Date File (formatted as inline XBRL and contained in Exhibit 101)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

BRT APARTMENTS CORP.

May 8, August 7, 2023

/s/ Jeffrey A. Gould  
Jeffrey A. Gould, President and  
Chief Executive Officer

May 8, August 7, 2023

/s/ George Zweier  
George Zweier, Vice President  
and Chief Financial Officer  
(principal financial officer)

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Exhibit 10.1 PERFORMANCE AWARDS AGREEMENT BRT APARTMENTS CORP. Name of Participant: Number of AFFO Units: Number of Initial TSR Units: Grant Date: June 27, 2023 THIS PERFORMANCE AWARDS AGREEMENT (the "Agreement"), is made as of June 27, 2023 (the "Grant Date") between BRT Apartments Corp., a Maryland corporation (the "Company"), and the participant identified above (the "Participant"). WHEREAS, the Compensation Committee of the Board of Directors ("Committee") has determined to grant, pursuant to BRT Apartments Corp. 2022 Incentive Plan (the "Plan"), to the Participant (i) Performance Awards in the form of performance based restricted stock units ("RSUs") payable upon the attainment by the Company over the Performance Cycle of the Performance Criteria established by the Committee as set forth herein and (ii) cash settled dividend equivalent rights, which are granted in tandem with the RSUs. WHEREAS, these awards are subject to forfeiture and vesting as set forth herein. NOW THEREFORE, the parties hereby agree as follows: 1. Incorporation of the Plan; Definitions. The Participant acknowledges receipt of the Plan, the Prospectus dated June 14, 2022 and the Prospectus Supplement dated June 27, 2023. All provisions of this Agreement and the rights of a Participant hereunder are subject in all respects to the provisions of the Plan and the powers of the Committee provided therein and herein. Capitalized terms used without being defined herein shall have the meanings given to such terms in the Plan or Exhibit A annexed hereto. 2. Administration. The Performance Awards shall be administered by the Committee with the powers and authority set forth in the Plan. 3. Terms of the Awards. (a) Unless otherwise forfeited in accordance with this Agreement, including pursuant to Section 7 hereof, the number of Shares underlying RSUs that vest will be based on (i) compounded annual growth rate in AFFO and (ii) compounded annual growth rate in TSR, in each case as measured over the Performance Cycle. The number of RSUs that vest based on satisfaction of the compound annual growth rate in TSR is subject to adjustment based on a comparison of the Company's compound annual growth rate in TSR to the compound annual growth rate of the Peer Group. (b) As soon as practicable after the Units become

vested and non-forfeitable, but in no event later than March 15 following the calendar year of vesting, the Participant shall receive one share (the "Share" or "Shares") of Company common stock for each vested Unit. In the event that a fraction of a Share would be issued, the number of Shares to be issued shall be

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2 rounded to the nearest whole share, and all calculations hereunder shall be rounded to the nearest hundredth. Any delivery of Shares under this Agreement may be made by means of a credit of Shares in book entry form. 4. TSR Units Vesting on the Basis of Compound Annual Growth Rate in TSR. (a) The Number of Initial TSR Units that vest based on compound annual growth rate in TSR over the Performance Cycle will be determined in accordance with the following table: Compound Annual Growth Rate in TSR Null Threshold Target Maximum <5% 5% 8% 11% and above Percentage of Initial TSR Units that Vest 0 25 50 100 (b) In the event that compound annual growth rate in TSR falls between two levels in the above table, a pro rata number of Initial TSR Units will vest. (c) In the event that the compound annual growth rate in TSR is in the: (i) top quartile of the corresponding growth rate of its Peer Group over the corresponding period, the number of Additional TSR Units that vest shall equal 25% of the Initial TSR Units that vest (the "Peer Group Addition"); and (ii) bottom quartile of the corresponding growth rate of its Peer Group over the corresponding period, the number of Initial TSR Units that vest pursuant to Section 4(a) shall be reduced by 25% (the "Peer Group Diminution"; and together with the Peer Group Addition, the "Peer Group Adjustment"). 5. AFFO Units Earned on the Basis of the Compound Annual Growth Rate in AFFO. The number of AFFO Units that vest based on compound annual growth rate in AFFO over the Performance Cycle will be determined in accordance with the following table: Compound Annual Growth Rate in AFFO Null Threshold Target Maximum <4% 4% 6% 8% and above Percentage of AFFO Units that Vest 0 25 50 100 The base AFFO which shall be used in measuring whether the applicable compound annual growth rate is achieved shall be the AFFO for the 12 months ended June 30, 2023 and the concluding AFFO shall be the AFFO for the 12 months ending June 30, 2026. In the event that such growth rate in AFFO falls between two levels in the above table, a pro rata number of AFFO Units will vest. 6. Vesting Determinations. (a) Promptly following June 30, 2026 (or within 60 days of a DDR Event and contemporaneously with a Change in Control), the Committee shall perform or cause to be performed, the necessary calculations to determine the number of RSUs earned by the Participant pursuant to Sections 4 and 5, as applicable. (b) The Participant shall have no rights to RSUs that vest pursuant to Sections 4 and 5, as applicable, above until the number of such RSUs are determined by the Committee. 7. Forfeiture. Upon a termination, prior to June 30, 2026, of the Participant's status as a Participant for any reason other than a DDR Event or Change in Control, all Units that have

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3. not vested shall immediately terminate and be forfeited without consideration. Any RSUs that do not vest will, without payment of any consideration by the Company, automatically and without notice terminate, be forfeited and be and become null and void as of 5:00 pm, New York City Time on June 30, 2026, and neither the Participant nor any of his or her successors, heirs, assigns, or personal representatives will thereafter have any further rights or interests in such unvested Units or the underlying Shares. 8. Vesting Upon the Occurrence of a DDR Event or Change in Control. (a) Notwithstanding the forfeiture provisions of this Agreement, including Section 7 hereof, upon the occurrence of a: (i) DDR Event, a pro rata portion (as defined) of Initial TSR Units and AFO Units, as applicable, shall vest, but only with respect to Units that would otherwise have vested at the end of the Performance Cycle; and (ii) Change in Control, (A) if the effective date is after December 31, 2024, the initial TSR Units and AFO Units shall vest upon such effective date, and (B) occurs prior to or on December 31, 2024, a pro rata portion of Initial TSR Units and AFO Units shall vest upon such Change in Control, unless the Committee in its discretion, determines to vest all such Units, without proration. (b) The number of Initial TSR Units that vest pursuant to Section 8(a) hereof will be subject to the Peer Group Adjustment which will be measured, with respect to a: (i) DDR Event, as of the end of the Performance Cycle; and (ii) Change in Control, on the effective date thereof. (c) For the purposes of this Section 8, the pro rata portion of Initial TSR Units and AFO Units that vest shall equal the product obtained by multiplying the Initial TSR Units and AFO Units, as applicable, by a fraction, the numerator of which is the number of days during the period beginning July 1, 2023 and ending on the DDR Event or the effective date of the Change in Control, as applicable, and the denominator of which is 1,096. 9. Restrictions on Transfer. None of the RSUs granted hereunder shall be sold, assigned, transferred, pledged, hypothecated, given away or in any other manner disposed of or encumbered, whether voluntarily or by operation of law (each such action a "Transfer") until after the date that such RSUs vest. Any attempted Transfer of RSUs not in accordance with the terms and conditions of this Agreement shall be null and void, and the Company shall not reflect on its records any change in record ownership of any RSUs as a result of any such Transfer, and shall not in any way give effect to any such Transfer of any RSUs. This Agreement is personal to the Participant, is non-assignable and is not transferable in any manner, by operation of law or otherwise, other than by will or the laws of descent and distribution.

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4.10. Rights as a Stockholder; Dividend Equivalents. (a) The Participant shall not have any rights of a stockholder with respect to the Shares underlying the RSUs unless and until the Units vest and are settled in Shares. (b) The Participant shall not be entitled to receive any dividend equivalent payments with respect to the Shares underlying the RSUs unless and until such RSUs vest. Within 60 days following the date on which the RSUs vest, the Company will pay the Participant in respect of each RSUs that has vested, an amount in cash equal to the aggregate amount of cash dividends that would have been paid in respect of the Shares underlying such vested RSUs had such Shares been issued and outstanding during the period from the beginning of the Performance Cycle through the vesting date of such RSUs and the settlement of the underlying shares. 11. Taxes. The Participant shall be liable for any and all taxes, including withholding taxes, arising out of this grant, the vesting of RSUs and the issuance of Shares hereunder. 12. Claw-back. The Participant acknowledges and agrees that the grant of this Award, the issuance of Shares and the payment of amounts pursuant to dividend equivalent rights, is subject to the applicable provisions of any claw-back policy implemented by the Company, whether implemented prior to or after the grant of such awards. 13. Miscellaneous. (a) Neither this Agreement nor the granting or vesting of RSUs shall confer upon the Participant any right to continue as an officer, director, employee or consultant to, the Company or an affiliate, nor shall it interfere in any way with the right of the Company or an affiliate to terminate Participant's relationship with the Company at any time and for any reason whatsoever. (b) The parties agree to execute such further documents and instruments and to take such action as may reasonably be necessary to carry out the intent of this Agreement. (c) This Award shall be governed by the laws of the State of Maryland (without regard to its choice of law principles) and applicable Federal law. (d) Except as otherwise provided herein, in any event of any conflict between the provisions of the Plan and the provisions of this Award, the provisions of the Plan shall govern. (e) Subject to the terms of the Plan, the Committee has the right to amend this Agreement, prospectively or retroactively, provided that no such amendment or alteration shall adversely affect Participant's material rights under this Agreement without Participant's consent and pursuant to a writing executed by the parties hereto which specifically states that it is amending this Agreement. (f) This Agreement and the Plan constitute the entire contract between the parties hereto with regard to the subject matter hereof and supersede any other agreements, representations or understandings (whether oral or written and whether express or implied) that relate to the subject matter hereof.

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**EXHIBIT A Definitions** Capitalized terms used without being defined herein shall have the means ascribed to such terms by the Plan. "Additional TSR Units" means the units so denominated at the beginning of this Agreement. "AFFO" means adjusted funds from operations as presented in the Company's filings with the Securities and Exchange Commission. "AFFO Units" means the units so denominated at the beginning of this Agreement. "DDR Event" means the death, Disability or Retirement of the Participant. "Initial TSR Units" means the units so denominated at the beginning of this Agreement. "Peer Group" means the FTSE NAREIT Equity Apartment Index, excluding companies whose primary focus is the provision of housing for college and/or graduate students. "Performance Criteria" means the criteria described in Section 4 and/or Section 5 of this Agreement, as applicable. "Performance Cycle" means the period from July 1, 2023 through June 30, 2026. "TSR" means total stockholder return as calculated by a third-party selected by the Committee, which calculation, except as otherwise contemplated herein, shall be made as customarily calculated for REITs. "RSUs" means the AFFO Units and the TSR Units.

**EXHIBIT 31.1**  
CERTIFICATION

I, Jeffrey A. Gould, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended **March 31, 2023** **June 30, 2023** of BRT Apartments Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: **May 8, August 7, 2023**

/s/ Jeffrey A. Gould

Jeffrey A. Gould  
President and  
Chief Executive Officer

**EXHIBIT 31.2**  
CERTIFICATION

I, David W. Kalish, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended **March 31, 2023** **June 30, 2023** of BRT Apartments Corp.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: **May 8, August 7, 2023**

/s/ David W. Kalish

David W. Kalish

Senior Vice President - Finance

**EXHIBIT 31.3**  
CERTIFICATION

I, George Zweier, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended **March 31, 2023** **June 30, 2023** of BRT Apartments Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: **May 8, August 7, 2023**

**/s/ George Zweier**

George Zweier

Vice President and

Chief Financial Officer

#### **EXHIBIT 32.1**

##### **CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER**

**PURSUANT TO 18 U.S.C. SECTION 1350**  
 (SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002)

I, Jeffrey A. Gould, do hereby certify, pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge, based upon a review of the Quarterly Report on Form 10-Q for the quarter ended **March 31, 2023****June 30, 2023** of BRT Apartments Corp. ("the Registrant"), as filed with the Securities and Exchange Commission on the date hereof (the "Report"):

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

Date: **May 8, August 7, 2023**

**/s/ Jeffrey A. Gould**

Jeffrey A. Gould

President and

Chief Executive Officer

#### **EXHIBIT 32.2**

##### **CERTIFICATION OF SENIOR VICE PRESIDENT-FINANCE**

**PURSUANT TO 18 U.S.C. SECTION 1350**  
 (SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002)

I, David W. Kalish, do hereby certify, pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge, based upon a review of the Quarterly Report on Form 10-Q for the quarter ended **March 31, 2023****June 30, 2023** of BRT Apartments Corp. ("the Registrant"), as filed with the Securities and Exchange Commission on the date hereof (the "Report"):

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

The foregoing certification is being furnished pursuant to 18 U.S.C. Section 1350. It is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and it is not to be incorporated by reference into any filing of the Company, regardless of any general incorporation language in such filing.

Date: **May 8, August 7, 2023**

/s/ David W. Kalish

David W. Kalish

Senior Vice President - Finance

**EXHIBIT 32.3**

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER**

**PURSUANT TO 18 U.S.C. SECTION 1350  
(SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002)**

I, George Zweier, do hereby certify, pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge, based upon a review of the Quarterly Report on Form 10-Q for the quarter ended **March 31, 2023****June 30, 2023** of BRT Apartments Corp. ("the Registrant"), as filed with the Securities and Exchange Commission on the date hereof (the "Report"):

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

The foregoing certification is being furnished pursuant to 18 U.S.C. Section 1350. It is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and it is not to be incorporated by reference into any filing of the Company, regardless of any general incorporation language in such filing.

Date: **May 8, August 7, 2023**

/s/ George Zweier

George Zweier

Vice President and

Chief Financial Officer

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