UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

FORM 10-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2023

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _______ to ______

Commission file number 001-41322

BLUEROCK HOMES TRUST, INC.

(Exact name of registrant as specified in its charter)

Maryland	**87-4211187**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
1345 Avenue of the Americas, 32nd Floor, New York, NY	**10105**
(Address or principal executive offices)	(Zip Code)

(212) 843-1601
(Registrant's telephone number, including area code)

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

Title of each class	**Trading Symbol(s)**	**Name of each exchange on which registered**
Class A Common Stock, $0.01 par value per share	BHM	NYSE American

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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 Regulation 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 the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

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 has filed a report on and attestation to its management 's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to § 240.10D-1(b). ☐

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

The aggregate market value of the registrant's Class A common stock held by non-affiliates of the registrant as of June 30, 2023, the last business day of registrant's most recently completed second fiscal quarter, was $62,429,052 based on the closing price of the Class A common stock on the NYSE American on such date.

Number of shares outstanding of the registrant's
classes of common stock, as of March 5, 2024:
Class A Common Stock: 3,871,265 shares
Class C Common Stock: 8,489 shares

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive proxy statement to be delivered to stockholders in connection with the registrant's 2024 Annual Meeting of Stockholders (the "Proxy Statement") are incorporated by reference into Part III of this Annual Report on Form 10-K. The registrant intends to file the Proxy Statement within 120 days after its fiscal year end. Only those portions of the Proxy Statement which are specifically incorporated by reference herein shall constitute a part of this Annual Report on Form 10-K.

EXPLANATORY NOTE

This Annual Report on Form 10-K of Bluerock Homes Trust, Inc. ("Bluerock Homes," the "Company," "we," "us," or "our") pertains to our fiscal year ended December 31, 2023. Prior to October 6, 2022, our sole stockholder was Bluerock Residential Growth REIT, Inc. (together with its subsidiaries, "Bluerock Residential"). On October 5, 2022, we entered into a Separation and Distribution Agreement with Bluerock Residential, Badger Parent LLC ("Badger Parent"), Badger Holdco LLC and Bluerock Residential Holdings, L.P. (the "Operating Partnership"), pursuant to which, among other things, Bluerock Residential contributed to us its single-family residential real estate business and certain other assets (the "Separation"). On October 6, 2022, following the Separation, Bluerock Residential completed the spin-off of us by distributing all of our outstanding shares of Class A common stock and Class C common stock to the holders of Bluerock Residential common stock (the "Distribution") as of the record date, September 29, 2022 (the "Spin-Off"). As a result of the Separation, the Distribution and the Spin-Off, we are now an independent publicly traded company and our Class A common stock is listed under the symbol "BHM" on the NYSE American.

Effective September 26, 2022, we became subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and will file annual, quarterly and current reports, proxy statements and other information with the Securities and Exchange Commission (the "SEC").

This Annual Report on Form 10-K presents our financial information for the fiscal year ended December 31, 2023, as well as for the fiscal year ended December 31, 2022, which includes the period from January 1, 2022 to October 5, 2022 (prior to consummation of the Separation, the Distribution and the Spin-Off) and the period from October 6, 2022 to December 31, 2022 (from and after consummation of the Separation, the Distribution and the Spin-Off). Financial statements representing the historical operations of our single-family residential real estate business prior to the Separation, the Distribution and the Spin-Off have been derived from Bluerock Residential's historical accounting records and are presented on a carve-out basis. The financial statements include all revenues and costs as well as assets and liabilities directly associated with our business activity. The financial statements also include allocations of certain general, administrative, sales and marketing expenses and operations from Bluerock Residential for the period ended and prior to October 6, 2022. However, amounts recognized by us are not necessarily representative of the amounts that would have been reflected in the financial statements had we operated independently of Bluerock Residential during that period, and neither the discussion of our results of operations, cash flows and financial condition nor the combined consolidated financial statements set forth herein are necessarily indicative of our future results of operations, cash flows or financial condition as a publicly traded company operated independently of Bluerock Residential following the completion of the Separation, the Distribution and the Spin-Off.

BLUEROCK HOMES TRUST, INC.
FORM 10-K
December 31, 2023

Forward-Looking Statements

All statements other than statements of historical fact are “forward-looking statements” for purposes of federal and state securities laws and may be identified by words such as “will,” “expect,” “believe,” “plan,” “anticipate,” “intend,” “goal,” “future,” “outlook,” “guidance,” “target,” “estimate” and similar words or expressions, including the negative version of such words and expressions. These forward-looking statements are based upon our present expectations, estimates and projections about the industry and markets in which we operate and beliefs of and assumptions made by our management, involve uncertainty that could cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements and are not guaranteed to occur. Furthermore, we disclaim any obligation to publicly update or revise any forward-looking statement to reflect changes in underlying assumptions or factors, of new information, data or methods, future events or other changes. Investors should not place undue reliance upon these forward-looking statements. Although we believe that the expectations reflected in these forward-looking statements are based on reasonable assumptions, our actual results and performance could differ materially from those set forth in these forward-looking statements due to numerous factors.

Additional factors that could have a material adverse effect on our operations and future prospects include, but are not limited to:

- use of proceeds of our securities offerings;
- changes in national, regional and local economic conditions, which may be negatively impacted by concerns about inflation, deflation, government deficits, high unemployment rates, decreased consumer confidence and liquidity concerns, particularly in markets in which we have a high concentration of properties;
- fluctuations and relative increases in interest rates, which could adversely affect our ability to obtain financing on favorable terms or at all;
- the inability of tenants to pay rent;
- the existence and quality of the competition, such as the attractiveness of our properties as compared to our competitors’ properties based on considerations such as convenience of location, rental rates and safety record;
- increased operating costs, including increased real property taxes, HOA fees, maintenance, insurance and utilities costs;
- weather conditions that may increase or decrease energy costs and other weather-related expenses;
- oversupply of single-family housing or a reduction in demand for real estate in the markets in which our properties are located;
- costs and time period required to convert acquisitions to rental homes;
- a favorable interest rate environment that may result in a significant number of potential residents of our properties deciding to purchase homes instead of renting;
- rules, regulations and/or policy initiatives by government and private actors, including HOAs, to discourage or deter the purchase of single-family properties by entities owned or controlled by institutional investors;
- our ability to lease newly acquired or newly constructed single-family properties;
- changes in, or increased costs of compliance with, laws and/or governmental regulations, including those governing usage, zoning, the environment and taxes;
- rent control or stabilization laws, or other laws regulating rental housing, which could prevent us from raising rents to offset increases in operating costs;
- the board of directors’ determination as to timing and payment of dividends, and our ability to pay future distributions at the dividend rates we have paid historically (if any);
- our ability to maintain our qualification as a REIT;

- litigation, including costs associated with prosecuting or defending claims and any adverse outcomes; and
- The impact of epidemics, pandemics, or other outbreaks of illness, disease or virus (including the novel coronavirus ("COVID-19") and its variants) and the actions taken by government authorities and other factors related thereto, including the ability of our company, our properties and our tenants to operate.

Forward-looking statements are found throughout this Annual Report on Form 10-K, including under the headings "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations," and elsewhere in this Annual Report on Form 10-K. We caution investors not to place undue reliance on forward-looking statements, which reflect our management's view only as of the date of this Annual Report on Form 10-K. We undertake no obligation to update or revise forward-looking statements to reflect changed assumptions, the occurrence of unanticipated events or changes to future operating results.

Cautionary Note

The representations, warranties, and covenants made by us in any agreement filed as an exhibit to this Annual Report on Form 10-K are made solely for the benefit of the parties to the agreement, including, in some cases, for the purpose of allocating risk among the parties to the agreement, and should not be deemed to be representations, warranties, or covenants to or with any other parties. Moreover, these representations, warranties, or covenants should not be relied upon as accurately describing or reflecting the current state of our affairs.

Risk Factor Summary

An investment in our securities involves various risks. Some of the material risks include those set forth below. You should consider carefully these risks, and those discussed under "Risk Factors," before purchasing our securities.

- Our current portfolio consists primarily of single-family residential homes concentrated in certain markets, and we expect that our portfolio going forward will consist primarily of the same. Any adverse developments in local economic conditions or the demand for single-family units in these markets may negatively impact our operating results.
- If we are unable to identify suitable investments, then we may not be able to achieve our investment objectives or pay distributions.
- Adverse economic conditions may negatively affect our returns and profitability, and, as a result, our ability to make distributions to our stockholders.
- We have limited sources of capital other than proceeds from future mortgage debt financings for acquisition and/or development projects, cash from property operations, our $150 million revolving credit facility, and the proceeds of offerings of our securities to meet our primary liquidity requirements. As a result, we may not be able to pay our short-term debt upon maturity or other liabilities and obligations when they come due other than with the net proceeds of an offering, which may limit our ability to fully consummate our business plan and diversify our portfolio.
- We may be limited in our ability to diversify our investments.
- We have used and will continue to use mortgage and other indebtedness to partially finance our company, which increases the risk to our business. Our leverage policy has been adopted by our board of directors (the "Board") and is therefore subject to change without stockholder consent.
- During certain periods of our operations, we may have to fund distributions from offering proceeds, borrowings, and the sale of assets to the extent distributions exceed our earnings or cash flows from operations and may do so in the future if we are unable to make distributions with our cash flows from our operations. There is no limit on the amount of offering proceeds we may use to fund distributions. Distributions paid from sources other than cash flow or funds from operations may constitute a return of capital to our stockholders. Rates of distribution may not be indicative of our operating results.

- The impact of epidemics, pandemics, or other outbreaks of illness, disease or virus (such as COVID-19, and its variants) and the actions taken by government authorities and other factors related thereto, could materially and adversely impact or disrupt our financial condition, results of operations, cash flows and performance.

- We depend on the senior officers and key personnel of our external manager, Bluerock Homes Manager, LLC (the “Manager”), a Delaware limited liability company organized in 2022, and its affiliates. In particular, our success depends to a significant degree upon the contributions of Messrs. Kamfar, Babb, MacDonald, Ruddy, Vohs, and DiFranco, as well as Mr. Emala, all of whom are senior officers of our Manager. We do not have employment agreements with any of these key personnel and do not have key man life insurance on any of them. The departure or the loss of the services of any such key personnel could have a material adverse effect on our business, financial condition, results of operations and ability to effectively operate our business.

- While we expect to maintain control over our properties, we will rely on members of our network for the day-to-day management and development of our real estate investments.

- Stockholders will have limited control over changes in our policies and day-to-day operations, which increases the uncertainty and risks you face as a stockholder. In addition, our Board may approve changes to our policies without your approval.

- The market price and trading volume of our Class A common stock may fluctuate widely as a result of a number of factors, many of which are outside of our control. In addition, the stock market is subject to fluctuations in share prices and trading volumes that affect the market prices of the shares of many companies. These fluctuations in the stock market may materially and adversely affect the market price of our Class A common stock.

- There is no public market for our 6.0% Series A Redeemable Preferred Stock, par value $0.01 per share (the “Series A Preferred Stock”), and we currently have no plan to list the Series A Preferred Stock on a securities exchange. If holders are able to sell the Series A Preferred Stock, they may have to be sold at a substantial discount.

- Holders of Series A Preferred Stock should not expect us to redeem all or any such shares on the date they first become redeemable or on any particular date after they become redeemable. Any decision to propose a redemption will depend upon, among other things, our evaluation of our capital position and general market conditions at the time. We would likely choose to exercise our optional redemption right only when prevailing interest rates have declined, which would adversely affect the ability of holders of shares of the applicable series of preferred stock to reinvest proceeds from the redemption in a comparable investment with an equal or greater yield to the yield on such series of preferred stock had their shares not been redeemed.

- There are numerous conflicts of interest between the interests of stockholders and our interests or the interests of our Manager, Bluerock and their respective affiliates, including conflicts arising out of (a) allocation of personnel to our activities, (b) allocation of investment opportunities between us and investment vehicles affiliated with Bluerock, (c) purchase or sale of single-family properties, including from or to Bluerock or its affiliates, and (d) fee arrangements with our Manager that might induce our Manager to make investment decisions that are not in our best interests.

- We have invested and anticipate that we will continue to invest in the redevelopment of existing properties and the development of new properties. These investments involve risks beyond those presented by stabilized, income-producing properties. These risks may diminish the return to our stockholders.

- We have a limited operating history as a REIT and an independent publicly traded company, which makes our future performance difficult to predict.

- We may fail to maintain our qualification as a REIT for federal income tax purposes. We would then be subject to corporate level taxation, and we would not be required to pay any distributions to our stockholders.

If we are unable to effectively manage the impact of these and other risks, our ability to meet our investment objectives would be substantially impaired. In turn, the value of our securities and our ability to make distributions would be materially reduced.

PART I

Item 1. Business

Organization

Bluerock Homes Trust, Inc. ("Bluerock Homes," "the Company," "we," "us," or "our") was formed in Maryland as a wholly owned subsidiary of Bluerock Residential Growth REIT, Inc. ("Bluerock Residential" or "Parent") on December 16, 2021, and historically operated as part of Bluerock Residential and not as a standalone company. On October 6, 2022, Bluerock Residential completed a spin-off transaction that resulted in its single-family residential real estate business and certain other assets being contributed to us and Bluerock Homes becoming an independent publicly traded company.

We have elected to be taxed and have qualified as a real estate investment trust ("REIT") for federal income tax purposes beginning with our taxable year ended December 31, 2022. As a REIT, we generally are not subject to corporate-level income taxes. In order to maintain our REIT status, we are required, among other requirements, to distribute annually at least 90% of our "REIT taxable income," as defined by the Internal Revenue Code of 1986, as amended (the "Code"), to our stockholders. If we fail to maintain our qualification as a REIT in any taxable year, we would be subject to federal income tax on our taxable income at regular corporate tax rates and we would not be permitted to qualify as a REIT for four years following the year in which we lost our qualification. We intend to continue to organize and operate in such a manner as to remain qualified as a REIT.

Unless otherwise indicated or the context requires otherwise, all references to "the Company," "we," "us" and "our" mean Bluerock Homes Trust, Inc., a Maryland corporation, together with its consolidated subsidiaries, including, without limitation, Bluerock Residential Holdings, L.P., a Delaware limited partnership (our "Operating Partnership"), of which we are the sole general partner. References to our shares of Class A common stock on a "fully diluted basis" includes all outstanding shares of our Class A common stock, shares of our Class C common stock, units of limited partnership interest in our Operating Partnership ("OP Units"), and long-term incentive plan units in our Operating Partnership, ("LTIP Units"), whether vested or unvested.

We have no employees and are supported by a related-party service agreement with Bluerock Homes Manager, LLC (the "Manager"), a Delaware limited liability company organized in 2022. We are externally managed by the Manager, which manages our day-to-day operations under a Management Agreement (the "Management Agreement"). The current term of our Management Agreement expires October 6, 2024 and will be automatically renewed for a one-year term each year on October 6, unless previously terminated in accordance with the terms of the Management Agreement. The Manager is responsible for managing our affairs on a day-to-day basis and for identifying and making real estate investments on our behalf. Substantially all our business is conducted through our Operating Partnership, of which we are the sole general partner.

The principal executive offices of our Company and the Manager are located at 1345 Avenue of the Americas, 32nd Floor, New York, New York 10105. Our telephone number is (212) 843-1601.

Investments in Real Estate

As of December 31, 2023, we held eighteen real estate investments, consisting of eleven consolidated investments and seven preferred equity and loan investments. The eighteen investments represent an aggregate of 4,059 residential units, comprised of 2,475 consolidated units, of which 170 units are under development, and 1,584 units through preferred equity and loan investments. As of December 31, 2023, our consolidated operating investments were approximately 94.1% occupied. For more information regarding our investments, see "Item 2. Investments".

The Separation and the Distribution

On December 20, 2021, Bluerock Residential entered into an Agreement and Plan of Merger (the "Merger Agreement") with Badger Parent and Badger Merger Sub LLC ("Merger Sub"). As contemplated by the Merger Agreement, on October 5, 2022, we entered into a Separation and Distribution Agreement with Bluerock Residential, Badger Parent, Badger Holdco LLC and the Operating Partnership, pursuant to which, among other things, Bluerock Residential contributed to us its single-family residential real estate business and certain other assets (the "Separation").

On October 6, 2022, following the Separation, Bluerock Residential completed the spin-off of Bluerock Homes by distributing all our outstanding shares of Class A common stock and Class C common stock to the holders of Bluerock Residential common stock (the "Distribution") as of the record date, September 29, 2022 (the "Spin-Off"). Pursuant to the terms and conditions of the Merger Agreement, following the Separation, the Distribution and the Spin-Off, Bluerock Residential merged with and into Merger Sub, with Merger Sub continuing as the surviving company, and the separate existence of Bluerock Residential ceased. As a result of the Separation, the Distribution and the Spin-Off, Bluerock Homes became an independent, publicly traded company and our Class A common stock is listed under the symbol "BHM" on the NYSE American. Following the Separation, the Distribution and the Spin-Off, the former holders of Bluerock Residential common stock who received shares of the Company's common stock in the Distribution indirectly owned approximately 34% of the Company's single-family residential business, and holders of units in the Operating Partnership (other than the holders of the Company's common stock) indirectly owned approximately 66% of the Company's single-family residential business.

Financial statements for the period ended and prior to October 6, 2022 represent the historical operations of Bluerock Residential's single-family residential real estate business, have been derived from Bluerock Residential's historical accounting records and are presented on a carve-out basis. All revenues and costs as well as assets and liabilities directly associated with the business activity of Bluerock Homes are included in the financial statements. The financial statements also include allocations of certain general, administrative, sales and marketing expenses and operations from Bluerock Residential for the period ended and prior to October 6, 2022. These allocated expenses are for corporate office expenses and management including, but not limited to, executive oversight, asset management, treasury, finance, human resources, tax, accounting, financial reporting, information technology and investor relations. However, amounts recognized by us are not necessarily representative of the amounts that would have been reflected in the financial statements had we operated independently of Bluerock Residential during that period. All significant intercompany balances and transactions have been eliminated. Any references to "the Company," "we," "us," or "our" for all periods ended October 6, 2022 and prior refer to Bluerock Homes as owned by Bluerock Residential, and for all periods subsequent to October 6, 2022 refer to Bluerock Homes as an independent, publicly traded company.

Business and Growth Strategies

Our principal business objective is to generate attractive risk-adjusted investment returns by assembling a portfolio of pre-existing single-family rental homes and developing build-to-rent communities. These will be located across a diverse group of growth markets and will target a growing pool of middle-income renters seeking the single-family lifestyle without the upfront and ongoing investments associated with home ownership. By implementing our investment strategies and our institutional-quality management, we expect to be able to achieve sustainable long-term growth in both our funds from operations ("FFO") and net asset value ("NAV")

Value Creation Execution. We acquire single-family rental properties with potential for long-term value creation for our stockholders. We utilize the following internal and external growth strategies to drive growth in FFO and NAV for our investors:

- Scattered-Site Aggregation. Currently, there is a high level of fragmentation in the single-family rental home market. We believe we can generate economies of scale and enable transaction efficiencies by targeting individual or small portfolios of quality, scattered, single-family rental homes with strong and stable cash flows and aggregate them into larger portfolios, which will allow us to reduce per unit costs, including leasing, marketing, insurance and maintenance related costs through increased purchasing power and sharing of resources. We look for middle-market rents that deliver attractive unlevered yields relative to private market portfolio and public market dividend yields. To date, we have acquired scattered-site homes at year one nominal cap rates exceeding 5% and gross rental yields exceeding 9%. We see an opportunity to replicate this strategy across our markets utilizing our network as a force multiplier on the sourcing and execution fronts.

- Build-to-Rent. We develop build-to-rent communities at attractive stabilized unlevered yields, investing selectively in target markets that we believe will enable us to capture development premiums on completion. We may use a convertible loan or convertible preferred equity structure to provide income during the development stage and/or the ability to capture development premiums at completion by exercising our conversion rights to take ownership.

- Value-Add Renovation. We see significant potential for capital appreciation through renovation of existing assets. Our value-add strategy focuses on working with our local experts to reposition lower-quality, less current assets and drive rent growth and expand margins, increasing net operating income ("NOI") and maximizing our return on investment.

- Institutional Property Management / NOI Margin Expansion . We expect to improve margins at our operating properties by deploying institutional management approaches across the portfolio - including professional management, investment in technology platforms, and leveraging economies of scale - to best position the portfolio for optimal rental growth. Through the aggregation of multiple scattered homes, we seek to address operational inefficiencies, revenue management and deferred capital maintenance at scale and to grow underlying cash flow through substantial NOI margin expansion at stabilized properties. We will also provide an aggressive asset management presence, working alongside our network partners to ensure optimal execution of the asset management plan, enabling us to drive rent growth and values.

- Technology-Aided Platform. We have implemented a data warehouse, which provides us with real-time visibility into leasing, inventory, maintenance and renovation metrics, allowing us to quickly react to changes in current operational performance and monitor trends across our portfolio. Further, we believe we will be able to utilize our data warehouse technology as a building block in the design and implementation of a portfolio-wide revenue management system to further drive NOI and margin expansion. In addition, we utilize various PropTech solutions to both acquire and maximize operational efficiency. Operational PropTech solutions include focus on streamlining value-add initiatives, integrating smart-home technology, automating the lease process and providing robust and coordinated maintenance services.

Harvest and Redeploy Capital Selectively. On an opportunistic basis and subject to compliance with REIT restrictions, we intend to sell properties when we have executed our value creation plans and when we believe the investment has limited additional upside relative to other opportunities. This allows us to harvest profits and reinvest proceeds to maximize stockholder value.

Summary of Investments and Dispositions

The following table presents a summary of our real estate investments during the years ended December 31, 2023 and 2022:

Investment Name	Location / Market	Date of Investment [1]	Ownership Interest	Number of Units
2022				
First Quarter				
Weatherford 185 [2]	Weatherford, TX	February 15,2022	—	185
Peak JV 2	Various / TX	March	80 %	34
Savannah-84, formerly Peak JV 4 [3]	Savannah, GA	March	100 %	19
Golden Pacific	IN / KS / MO	Various	97 %	62
ILE	TX / SE US	Various	95 %	31
Second Quarter				
Ballast	AZ / CO / WA	Various	95 %	65
Golden Pacific	IN / KS / MO	Various	97 %	66
ILE	TX / SE US	Various	95 %	108
Savannah-84 [3]	Savannah, GA	Various	100 %	20
Third Quarter				
Ballast	AZ / CO / WA	Various	95 %	19
Golden Pacific	IN / KS / MO	Various	97 %	35
ILE	TX / SE US	Various	95 %	64
Savannah-84 [3]	Savannah, GA	Various	100 %	14
Fourth Quarter				
Golden Pacific	IN / KS / MO	October	97 %	1
Savannah-84 [3]	Savannah, GA	Various	100 %	13
2023				
Savannah-84	Savannah, GA	February 23,2023	100 %	18
Willow Park [4]	Willow Park, TX	October 26,2023	—	58
Chandler [5]	Chandler, AZ	November 15,2023	—	208
Abode Wendell Falls [6]	Wendell, NC	December 20,2023	100 %	170
The Woods at Forest Hill [4]	Forest Hill, TX	December 28,2023	—	76

(1) For those dates where a month is listed, additional units were acquired and added to the respective existing portfolio throughout that specified month. For those dates where "Various" is listed, additional units were acquired and added to the respective existing portfolios on various dates throughout that specified quarter. For Ballast, the units acquired in the second quarter 2022 were our first acquisitions for the portfolio.

(2) Our investment in the property was through a mezzanine loan to an unaffiliated third party. The loan was paid off in July 2022. Refer to the table below.

(3) In January 2023, we acquired the unaffiliated joint venture partner's interest in Savannah-84, increasing our interest from 80% to 100%.

(4) Our investment is through a note receivable provided to an unaffiliated third party. Refer to Note 7 of our combined consolidated financial statements for further information.

(5) Our investment in Chandler is through a preferred equity investment with an unaffiliated third party. Refer to Note 8 of our combined consolidated financial statements for further information.

(6) Abode Wendell Falls is a build to rent development project expected to commence construction in the second quarter 2024. The total estimated project cost is $56.0 million, of which $6.5 million was incurred as of December 31, 2023. Abode Wendell Falls is classified as a consolidated investment.

The following table presents a summary of our loan payoffs, real estate sales, and redemption of preferred equity investments during the years ended December 31, 2023 and 2022:

Investment Name	Location / Market	Date of Payoff, Sale or Redemption [1]	Ownership Interest in Property	Number of Units
2022				
The Hartley at Blue Hill [2]	Chapel Hill, NC	February 28, 2022	—	414
Weatherford 185 [2]	Weatherford, TX	July 22, 2022	—	185
2023				
First Quarter				
Peak Housing [3]	IN / MO / TX	Various	—	9
Second Quarter				
Golden Pacific	Brownsburg, IN	May 2, 2023	97 %	1
Peak Housing [3]	IN / MO / TX	Various	—	74
Peak JV 2	Various / TX	Various	80 %	6
Peak JV 3	Dallas-Fort Worth, TX	Various	56 %	2
Third Quarter				
Peak Housing [3]	IN / MO / TX	Various	—	63
Peak JV 3	Dallas-Fort Worth, TX	Various	56 %	18
Fourth Quarter				
Golden Pacific	Lee's Summit, MO	October 18, 2023	97 %	1
Peak Housing [3]	IN / MO / TX	Various	—	50
Peak JV 2	Various / TX	Various	80 %	6
Peak JV 3	Dallas-Fort Worth, TX	Various	56 %	19
Willow Park [4]	Willow Park, TX	October 26, 2023	—	46
The Cottages at Warner Robins [4]	Warner Robins, GA	December 15, 2023	—	251

(1) For those dates where "Various" is listed, units were sold from the respective portfolios on various dates throughout that specified quarter.
(2) Our investment in the property, which was through one or more loans that we provided, was paid off in full. Refer to Note 7 of our combined consolidated financial statements for further information.
(3) Our investment in the property, which is through a preferred equity investment with an unaffiliated third party, was partially redeemed as units collateralizing our investment (such units collectively known as "Peak Housing") were sold. Refer to Note 8 of our combined consolidated financial statements for further information.
(4) Our investment in the property, which was through a preferred equity investment with an unaffiliated third party, was redeemed. Refer to Note 8 of our combined consolidated financial statements for further information.

Distribution Policy

We intend to maintain our qualification as a REIT for federal income tax purposes. The Code generally requires that a REIT annually distribute at least 90% of its REIT taxable income, determined without regard to the deduction for dividends paid and excluding any net capital gain, and imposes tax on any taxable income retained by a REIT, including capital gains.

To satisfy the requirements for qualification as a REIT and generally not be subject to federal income and excise tax, we intend to make regular distributions of all or substantially all of our REIT taxable income, determined without regard to dividends paid, to our stockholders out of assets legally available for such purposes. All future distributions will be determined at the sole discretion of our Board on a quarterly basis. When determining the amount of future distributions, we expect that our Board will consider, among other factors, (i) the amount of cash generated from our operating activities, (ii) our expectations of future operating cash flows, (iii) our determination of near-term cash needs for acquisitions of new properties, development investments, general property capital improvements and debt repayments, (iv) our ability to continue to access additional sources of capital, (v) the requirements of Maryland law, (vi) the amount required to be distributed to maintain our qualification as a REIT and to reduce any income and excise taxes that we otherwise would be required to pay and (vii) any limitations on our distributions contained in our credit or other agreements.

Holders of shares of the Series A Preferred Stock will be entitled to receive, when and as authorized by our Board and declared by us out of legally available funds, cumulative cash dividends on each share of Series A Preferred Stock at an annual rate of six percent (6.0%) of the $25.00 liquidation preference per share (equivalent to the fixed annual amount of $1.50 per share). Cash dividends on each share of Series A Preferred Stock will begin accruing on, and will be cumulative from, the date of original issuance or the end of the most recent dividend period for which cash dividends on the Series A Preferred Stock have been paid on each such share, payable monthly in arrears on the 5th day of each month to holders of record on the 25 th day of the prior month; provided, however, that any such cash dividend may vary among holders of Series A Preferred Stock and may be prorated with respect to any shares of Series A Preferred Stock that were outstanding less than the total number of days in the dividend period immediately preceding the applicable dividend payment date, with the amount of any such prorated dividend being computed on the basis of the actual number of days in such dividend period during which such shares of Series A Preferred Stock were outstanding.

Holders of shares of Class A common stock, $0.01 par value per share (the “Class A common stock”), and Class C common stock $0.01 par value per share (the “Class C common stock”), will be entitled to receive cash dividends when, as and if authorized by our Board and declared by us.

We cannot assure you that we will generate sufficient cash flows to make distributions to our stockholders, or that we will be able to sustain those distributions. If our operations do not generate sufficient cash flow to allow us to satisfy the REIT distribution requirements, we may be required to fund distributions from working capital, offering proceeds, borrowing funds, selling assets, making a taxable distribution of our equity or debt securities, or reducing such distributions. Our distribution policy enables us to review the alternative funding sources available to us from time to time. Our actual results of operations will be affected by a number of factors, including the revenues we receive from our properties and other investments, our operating expenses, interest expense, the ability of our tenants to meet their obligations and unanticipated expenditures. For more information regarding risk factors that could materially adversely affect our actual results of operations, please see “Item 1A – Risk Factors.”

Regulations

Our investments are subject to various federal, state and local laws, ordinances and regulations, including, among other things, zoning regulations, land use controls, environmental controls relating to air and water quality, noise pollution and indirect environmental impacts such as increased motor vehicle activity. We believe that we have all permits and approvals necessary under current law to operate our investments.

Environmental

As an owner of real estate, we are subject to various environmental laws of federal, state and local governments. Compliance with existing laws has not had a material adverse effect on our financial condition or results of operations, and management does not believe it will have such an impact in the future. However, we cannot predict the impact of unforeseen environmental contingencies or new or changed laws or regulations on properties in which we hold an interest, or on properties that may be acquired directly or indirectly in the future.

Human Capital

We have no employees and we rely on the employees of our Manager and its affiliates to conduct our operations. In order to attract and retain high performing individuals, our Manager and its affiliates are committed to partnering with its employees to provide opportunities for their professional development and promote their well-being. To that end, our Manager or its affiliates have undertaken various initiatives, including the following:

- implementing an Environmental, Social, and Corporate Governance Initiative to codify and disclose its commitment to good corporate citizenship, including the appointment of an internal corporate responsibility committee in support of its ongoing commitment to sustainability, health and safety, corporate social responsibility, corporate governance, and other public policy matters;
- providing department-specific training, access to online training seminars and opportunities to participate in industry conferences;
- providing annual reviews and regular feedback to assist in employee development and providing opportunities for employees to provide suggestions to management and safely register complaints;

- providing family leave, for example, for the birth or adoption of a child, as well as sick leave;
- focusing on creating a workplace that values employee health and safety;
- committing to the full inclusion of all qualified employees and applicants and providing equal employment opportunities to all persons, in accordance with the principles and requirements of the Equal Employment Opportunities Commission and the principles and requirements of the Americans with Disabilities Act; and
- recognizing the importance and contributions of a diverse workforce, with an appreciation for the unique perspectives and insights offered by diverse backgrounds.

Industry Segments

We own and operate residential investments that generate rental and other property-related income through the leasing of units to a diverse base of tenants. We evaluate operating performance on an individual property investment level and based on the investments' similar economic characteristics. Our primary financial measure for operating performance is NOI as it measures the core operations of property performance by excluding corporate level expenses and those other items not related to property operating performance. We view our residential real estate assets as one reportable segment, and, accordingly, aggregate our properties into one reportable segment.

Available Information

We electronically file annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and all amendments to those reports with the SEC. We also have filed with the SEC registration statements on Form S-11 (File No. 333-269415) and Form S-8 (File No. 333-267764). Copies of our filings with the SEC may be obtained from the SEC's website at *www.sec.gov*, or downloaded from our website at www.bluerockhomes.com, as soon as reasonably practicable after such material has been filed with, or furnished to, the SEC. Access to these filings is free of charge.

Item 1A. Risk Factors

Risks Related to Our Business, Properties and Industry

We face numerous risks associated with the real estate industry that could adversely affect our results of operations through decreased revenues or increased costs.

As a real estate company, we are subject to various changes in real estate conditions, and any negative trends in such real estate conditions may adversely affect our results of operations through decreased revenues or increased costs. These conditions include:

- changes in national, regional and local economic conditions, which may be negatively impacted by concerns about inflation, deflation, government deficits, high unemployment rates, decreased consumer confidence and liquidity concerns, particularly in markets in which we have a high concentration of properties;
- fluctuations and relative increases in interest rates, which could adversely affect our ability to obtain financing on favorable terms or at all;
- the inability of tenants to pay rent;
- the existence and quality of the competition, such as the attractiveness of our properties as compared to our competitors' properties based on considerations such as convenience of location, rental rates and safety record;
- increased operating costs, including increased real property taxes, HOA fees, maintenance, insurance and utilities costs;
- weather conditions that may increase or decrease energy costs and other weather-related expenses;
- oversupply of single-family housing or a reduction in demand for real estate in the markets in which our properties are located;
- costs and time period required to convert acquisitions to rental homes;

- a favorable interest rate environment that may result in a significant number of potential residents of our properties deciding to purchase homes instead of renting;
- rules, regulations and/or policy initiatives by government and private actors, including HOAs, to discourage or deter the purchase of single-family properties by entities owned or controlled by institutional investors;
- construction of new supply;
- changes in, or increased costs of compliance with, laws and/or governmental regulations, including those governing usage, zoning, the environment and taxes; and
- rent control or stabilization laws, or other laws regulating rental housing, which could prevent us from raising rents to offset increases in operating costs.

Moreover, other factors may adversely affect our results of operations, including potential liability under environmental and other laws and other unforeseen events, many of which are discussed elsewhere in the following risk factors. Any or all of these factors could materially adversely affect our results of operations through decreased revenues or increased costs.

Many of our costs, such as operating expenses and general and administrative expenses, interest expense and real estate acquisition and construction costs, could be adversely impacted by periods of heightened inflation.

The annual rate of inflation in the United States for December 2023 was 3.4%, with a recent peak of 9.1% in June 2022. However, an increase in inflation could have an adverse impact on our operating expenses as well as our general and administrative expenses. For example, it is possible that the impact of the rate of inflation may not be adequately offset by annual rent escalations or the resetting of rents from our renewal and re-leasing activities, which may adversely affect our business, financial condition, results of operations, and cash flows. Compensation costs and professional service fees are also subject to the impact of inflation and are expected to increase proportionately with increasing market prices for such services. Consequently, inflation may increase our general and administrative expenses over time and may adversely impact our results of operations and cash flows.

In March 2022, the Federal Reserve began, and continued to raise interest rates into the third quarter of 2023 in an effort to curb inflation. While the Federal Reserve has held rates steady since July 2023, there can be no assurances that interest rates will not rise again, Our exposure to increases in interest rates in the short term is limited to our variable-rate borrowings. As of December 31, 2023, we had interest rate caps and swaps which effectively limit our exposure to interest rate risk by providing a ceiling on the underlying floating interest rate for $94.0 million of our floating rate debt. However, the effect of inflation on interest rates could increase our financing costs over time, either through borrowings on floating-rate lines of credit or refinancing of our existing borrowings that may incur higher interest expenses related to the issuance of new debt.

Additionally, inflationary pricing may have a negative effect on the construction costs necessary to complete our development projects, including, but not limited to, costs of construction materials, labor and services from third-party contractors and suppliers. Certain increases in the costs of construction materials can often be managed in our development projects through either general budget contingencies built into our overall construction costs estimates for each project or guaranteed maximum price construction contracts, which stipulate a maximum price for certain construction costs and shift inflation risk to construction general contractors. However, no assurance can be given that our budget contingencies would accurately account for potential construction cost increases given the current severity of inflation and variety of contributing factors or that general contractors would be able to absorb such increases in costs and complete our construction projects timely, within budget, or at all. Higher construction costs could adversely impact our investments in real estate assets and expected yields on our development projects, which may make otherwise lucrative investment opportunities less profitable to us. As a result, our business, financial condition, results of operations, cash flows, liquidity and ability to satisfy our debt service obligations and to pay dividends and distributions to security holders could be adversely affected over time.

Our current portfolio primarily consists of interests in single-family properties, located primarily in markets in the Sunbelt and Western United States. Any adverse developments in local economic conditions or the demand for single-family properties in these markets may negatively impact our results of operations.

Our current portfolio of properties consists primarily of single-family properties geographically concentrated in the Sunbelt and Western United States, and our portfolio going forward may consist primarily of the same. As such, we are currently susceptible to local economic conditions and the supply of and demand for single-family properties in these markets. If there is a downturn in the economy or an oversupply of or decrease in demand for single-family properties in these markets, our business could be materially adversely affected to a greater extent than if we owned a real estate portfolio that was more diversified in terms of both geography and industry focus.

We are employing a business model with a limited track record, which may make our business difficult to evaluate.

Until recently, the single-family rental business consisted primarily of private and individual investors in local markets and was managed individually or by small, non-institutional owners and property managers. Our business strategy involves purchasing, renovating, maintaining, and managing a large number of residential properties and leasing them to qualified residents. Entry into this market by large, well-capitalized investors is a relatively recent trend, so few peer companies exist and none have yet established long-term track records that might assist us in predicting whether our business model and investment strategy can be implemented and sustained over an extended period of time. It may be difficult for you to evaluate our potential future performance without the benefit of established long-term track records from companies implementing a similar business model. We may encounter unanticipated problems as we continue to refine our business model, which may adversely affect our results of operations and ability to make distributions to our stockholders and cause our stock price to decline significantly.

We have a limited operating history as a REIT and an independent publicly traded company and may not be able to operate our business successfully or generate sufficient cash flows to make or sustain distributions to our stockholders.

We have a limited operating history as a REIT and an independent publicly traded company. As a result, an investment in our common stock may entail more risk than an investment in the common stock of a real estate company with a substantial operating history. If we are unable to operate our business successfully, we would not be able to generate sufficient cash flow to make or sustain distributions to our stockholders, and you could lose all or a portion of the value of your ownership in our common stock. Our ability to successfully operate our business and implement our operating policies and investment strategy depends on many factors, including:

- our ability to effectively manage renovation, maintenance, marketing, and other operating costs for our properties;
- economic conditions in our markets, including changes in employment and household earnings and expenses, as well as the condition of the financial and real estate markets and the economy, in general;
- our ability to maintain high occupancy rates and target rent levels;
- the availability of, and our ability to identify, attractive acquisition opportunities consistent with our investment strategy;
- our ability to compete with other investors entering the single-family rental industry;
- costs that are beyond our control, including title litigation, litigation with residents or tenant organizations, legal compliance, property taxes, HOA fees, and insurance;
- judicial and regulatory developments affecting landlord-tenant relations that may affect or delay our ability to dispossess or evict occupants or increase rental rates;
- reversal of population, employment, or homeownership trends in our markets; and
- interest rate levels and volatility, which may affect the accessibility of short-term and long-term financing on desirable terms.

In addition, we face significant competition in acquiring attractive properties on advantageous terms, and the value of the properties that we acquire may decline substantially after we purchase them.

A significant portion of our costs and expenses are fixed and we may not be able to adapt our cost structure to offset declines in our revenue.

Many of the expenses associated with our business, such as property taxes, HOA fees, insurance, utilities, acquisition, renovation and maintenance costs, and other general corporate expenses are relatively inflexible and will not necessarily decrease with a reduction in revenue from our business. Some components of our fixed assets depreciate more rapidly and require ongoing capital expenditures. Our expenses and ongoing capital expenditures are also affected by inflationary increases, and certain of our cost increases may exceed the rate of inflation in any given period or market. Our rental income is affected by many factors beyond our control, such as the availability of alternative rental housing and economic conditions in our markets. In addition, state and local regulations may require us to maintain properties that we own, even if the cost of maintenance is greater than the value of the property or any potential benefit from renting the property, or pass regulations that limit our ability to increase rental rates. As a result, we may not be able to fully offset rising costs and capital spending by increasing rental rates, which could have a material adverse effect on our results of operations and cash available for distribution.

Legislative or other actions affecting the single-family residential housing industry could have a negative effect on our business and financial results.

Various legislative and regulatory bodies have been focused on the shortage and increases in the cost of residential housing in the U.S. There has been vigorous and continuing political debate and discussion, in which we participate, with respect to residential housing laws and regulations, with particular focus on the single-family residential housing industry. In late 2023, legislation was introduced that could, if enacted, discourage or deter the purchase of single-family properties by entities owned or controlled by institutional investors. It is unclear whether these or similar changes will be enacted and, if enacted, how soon any such changes could take effect. If enacted, such changes could have an adverse impact on our business and financial results. In addition, there can be no assurance that any other future legislative or regulatory changes will not be proposed or enacted that could adversely affect our business and financial results.

A significant number of our residential properties are part of HOAs and we and our residents are subject to the rules and regulations of such HOAs, which are subject to change and which may be arbitrary or restrictive, and violations of such rules may subject us to additional fees and penalties and litigation with such HOAs, which would be costly.

A significant number of our properties are located within HOAs, which are private entities that regulate the activities of owners and occupants of, and levy assessments on, properties in a residential subdivision. The HOAs in which we own our properties may have enacted or may from time to time enact onerous or arbitrary rules that restrict our ability to restore, market, lease, or operate our properties in accordance with our investment strategy, or require us to restore or maintain such properties at standards or costs that are in excess of our planned budgets. Some HOAs impose limits on the number of property owners who may lease their homes, which, if met or exceeded, would cause us to incur additional costs to sell the property and opportunity costs from lost rental revenue. Furthermore, we may have residents who violate HOA rules and incur fines for which we may be liable as the property owner and for which we may not be able to obtain reimbursement from the resident. Additionally, the governing bodies of the HOAs in which we own property may not make important disclosures about the properties or may block our access to HOA records, initiate litigation, restrict our ability to sell our properties, impose assessments, or arbitrarily change the HOA rules. We may be unaware of or unable to review or comply with HOA rules before purchasing a property, and any such excessively restrictive or arbitrary regulations may cause us to sell such property at a loss, prevent us from leasing such property, or otherwise reduce our cash flow from such property, which would have an adverse effect on our returns on these properties. Several states have enacted laws that provide that a lien for unpaid monies owed to an HOA may be senior to our ownership interests and/or the priority of mortgage liens on properties, which, if not cured, may give rise to events of default under certain of our indebtedness or which otherwise could have a material adverse impact on us.

Increasing property taxes, HOA fees, and insurance costs may negatively affect our financial results.

As a result of our substantial real estate holdings, the cost of property taxes and insuring our properties is a significant component of our expenses. Our properties are subject to real and personal property taxes that may increase as tax rates change and as the real properties are assessed or reassessed by taxing authorities. As the owner of our properties, we are ultimately responsible for payment of the taxes to the applicable government authorities. If real property taxes increase, our expenses will increase. If we fail to pay any such taxes, the applicable taxing authority may place a lien on the real property and the real property may be subject to a tax sale.

In addition, a significant portion of our properties are located within HOAs and we are subject to HOA rules and regulations. HOAs have the power to increase monthly charges and make assessments for capital improvements and common area repairs and maintenance. Property taxes, HOA fees, and insurance premiums are subject to significant increases, which can be outside of our control. If the costs associated with property taxes, HOA fees and assessments, or insurance rise significantly and we are unable to increase rental rates due to rent control laws or other regulations to offset such increases, our results of operations would be negatively affected.

Our investments are and will continue to be concentrated in our markets and in the single-family properties sector of the real estate industry, which exposes us to seasonal fluctuations in rental demand and downturns in our markets or in the single-family properties sector.

Our investments in real estate assets are and will continue to be concentrated in our markets and in the single-family properties sector of the real estate industry. A downturn or slowdown in the rental demand for single-family housing caused by adverse economic, regulatory, or environmental conditions, or other events, in our markets may have a greater impact on the value of our properties or our operating results than if we had more fully diversified our investments. We believe that there are seasonal fluctuations in rental demand with demand higher in the spring and summer than in the late fall and winter. Such seasonal fluctuations may impact our operating results. Any future outbreaks of infectious disease, which may include COVID-19 or a future pandemic, could also result in demand for single-family rental properties decreasing substantially and/or occupancy decreasing materially. See "—Our business, results of operations, financial condition, and cash flows may be adversely affected by pandemics and outbreaks of infectious disease, which may include COVID-19."

In addition to general, regional, national, and international economic conditions, our operating performance will be impacted by the economic conditions in our markets. We base a substantial part of our business plan on our belief that property values and operating fundamentals for single-family properties in our markets will continue to improve over the near to intermediate term. However, these markets have experienced substantial economic downturns in recent years and could experience similar or worse economic downturns in the future. Additionally, a significant outbreak of infectious disease in the human population or pandemic may result in a widespread health crisis adversely affecting the economies and financial markets of many countries, resulting in an economic downturn that could negatively affect our business, results of operations, and financial condition. See "—Our business, results of operations, financial condition, and cash flows may be adversely affected by pandemics and outbreaks of infectious disease, which may include COVID-19." We can provide no assurance as to the extent property values and operating fundamentals in these markets will improve, if at all. If the recent economic downturn in these markets returns or if we fail to accurately predict the timing of economic improvement in these markets, the value of our properties could decline and our ability to execute our business plan may be adversely affected to a greater extent than if we owned a real estate portfolio that was more geographically diversified, which could adversely affect our financial condition, operating results, and ability to make distributions to our stockholders and cause the value of our common stock to decline.

We may not be able to effectively control the timing and costs relating to the renovation and maintenance of our properties, which may adversely affect our operating results and ability to make distributions to our stockholders.

Our properties may require some level of renovation either immediately upon their acquisition or in the future following expiration of a lease or otherwise. We may acquire properties that we plan to extensively renovate. We may also acquire properties that we expect to be in good condition only to discover unforeseen defects and problems that require extensive renovation and capital expenditures. To the extent properties are leased to existing residents, renovations may be postponed until the resident vacates the premises, and we will pay the costs of renovating. In addition, from time to time, we may perform ongoing maintenance or make ongoing capital improvements and replacements and perform significant renovations and repairs that resident deposits and insurance may not cover. Because our portfolio consists of geographically dispersed properties, our ability to adequately monitor or manage any such renovations or maintenance may be more limited or subject to greater inefficiencies than if our properties were more geographically concentrated.

Our properties have infrastructure and appliances of varying ages and conditions. Consequently, we routinely retain independent contractors and trade professionals to perform physical repair work and are exposed to all of the risks inherent in property renovation and maintenance, including potential cost overruns, increases in labor and materials costs, delays by contractors in completing work, delays in the timing of receiving necessary work permits, certificates of occupancy, and poor workmanship. Additionally, containment measures arising from any future outbreaks of infectious disease, which may include COVID-19 or a future pandemic, may also interfere with the ability of our associates, suppliers, and other business partners to carry out their assigned tasks or supply materials, services, or funding at ordinary levels of performance relative to the conduct of our business. See "—Our business, results of operations, financial condition, and cash flows may be adversely affected by pandemics and outbreaks of infectious disease, which may include COVID-19." If our assumptions regarding the costs or timing of renovation and maintenance across our properties prove to be materially inaccurate, our operating results and ability to make distributions to our stockholders may be adversely affected.

We have in the past acquired and may from time to time in the future acquire some of our homes through the auction process, which could subject us to significant risks that could adversely affect us.

We have in the past acquired and may from time to time in the future acquire some of our homes through the auction process, including auctions of homes that have been foreclosed upon by third-party lenders. Such auctions may occur simultaneously in a number of markets, including monthly auctions on the same day of the month in certain markets. As a result, we may only be able to visually inspect properties from the street and will purchase these homes without a contingency period and in "as is" condition with the risk that unknown defects in the property may exist. Upon acquiring a new home, we may have to evict residents who are in unlawful possession before we can secure possession and control of the home. The holdover occupants may be the former owners or residents of a property or others who are illegally in possession. Securing control and possession from these occupants can be both costly and time-consuming or generate negative publicity for our business and harm our reputation.

Allegations of deficiencies in auction practices could result in claims challenging the validity of some auctions, potentially placing our claim of ownership to the properties at risk. Since we may not have obtained title insurance policies for properties we acquired through the auction process, such instances or such proceedings may result in a complete loss without compensation.

Title defects could lead to material losses on our investments in our properties.

Our title to a property may be challenged for a variety of reasons, and in such instances title insurance may not prove adequate. For example, while we do not lend to homeowners and accordingly do not foreclose on a home, our title to properties we acquire at foreclosure auctions may be subject to challenge based on allegations of defects in the foreclosure process undertaken by other parties. In addition, we have in the past acquired, and may from time to time in the future, acquire a number of our properties on an "as is" basis, at auctions or otherwise. When acquiring properties on an "as is" basis, title commitments are often not available prior to purchase and title reports or title information may not reflect all senior liens, which may increase the possibility of acquiring houses outside predetermined acquisition and price parameters, purchasing residences with title defects and deed restrictions, HOA restrictions on leasing, or purchasing the wrong residence without the benefit of title insurance prior to closing. Although we use various policies, procedures, and practices to assess the state of title prior to purchase and obtain title insurance if an acquired property is placed into a securitization facility in connection with a mortgage loan financing, there can be no assurance that these policies and procedures will be effective, which could lead to a material if not complete loss on our investment in such properties.

For properties we acquire at auction, we similarly may not obtain title insurance prior to purchase, and we are not able to perform the type of title review that is customary in acquisitions of real property. As a result, our knowledge of potential title issues will be limited, and title insurance protection may not be in place. This lack of title knowledge and insurance protection may result in third parties having claims against our title to such properties that may materially and adversely affect the values of the properties or call into question the validity of our title to such properties. Without title insurance, we are fully exposed to, and would have to defend ourselves against, such claims. Further, if any such claims are superior to our title to the property we acquired, we risk loss of the property purchased.

Increased scrutiny of title matters could lead to legal challenges with respect to the validity of the sale. In the absence of title insurance, the sale may be rescinded, and we may be unable to recover our purchase price, resulting in a complete loss. Title insurance obtained subsequent to purchase offers little protection against discoverable defects because they are typically excluded from such policies. In addition, any title insurance on a property, even if acquired, may not cover all defects or the significant legal costs associated with obtaining clear title.

Any of these risks could adversely affect our operating results, cash flows, and ability to make distributions to our stockholders.

We are subject to certain risks associated with bulk portfolio acquisitions and dispositions.

We have acquired and disposed of, and may continue to acquire and dispose of, properties we acquire or sell in bulk from or to other owners of single-family homes, banks, and loan servicers. When we purchase properties in this manner, we often do not have the opportunity to conduct interior inspections or conduct more than cursory exterior inspections on a portion of the properties. Such inspection processes may fail to reveal major defects associated with such properties, which may cause the amount of time and cost required to renovate and/or maintain such properties to substantially exceed our estimates. Bulk portfolio acquisitions are also more complex than single-family home acquisitions, and we may not be able to implement this strategy successfully. The costs involved in locating and performing due diligence (when feasible) on portfolios of homes as well as negotiating and entering into transactions with potential portfolio sellers could be significant, and there is a risk that either the seller may withdraw from the entire transaction for failure to come to an agreement or the seller may not be willing to sell us the bulk portfolio on terms that we view as favorable. In addition, a seller may require that a group of homes be purchased as a package even though we may not want to purchase certain individual assets in the bulk portfolio.

Moreover, to the extent the management and leasing of such properties has not been consistent with our property management and leasing standards, we may be subject to a variety of risks, including risks relating to the condition of the properties, the credit quality and employment stability of the residents, and compliance with applicable laws, among others. In addition, financial and other information provided to us regarding such portfolios during our due diligence may be inaccurate, and we may not discover such inaccuracies until it is too late to seek remedies against such sellers. To the extent we pursue such remedies, we may not be able to successfully prevail against the seller in an action seeking damages for such inaccuracies. If we conclude that certain individual properties purchased in bulk portfolio sales do not fit our target investment criteria, we may decide to sell, rather than renovate and lease, such properties, which could take an extended period of time and may not result in a sale at an attractive price.

From time to time we engage in bulk portfolio dispositions of properties consistent with our business and investment strategy. With respect to any such disposition, the purchaser may default on payment or otherwise breach the terms of the relevant purchase agreement, and it may be difficult for us to pursue remedies against such purchaser or retain or resume possession of the relevant properties. To the extent we pursue such remedies, we may not be able to successfully prevail against the purchaser.

We depend on our residents and their willingness to meet their lease obligations and renew their leases for substantially all of our revenues. Poor resident selection, defaults, and nonrenewals by our residents may adversely affect our reputation, financial performance, and ability to make distributions to our stockholders.

We depend on rental income from residents for substantially all of our revenues. As a result, our success depends in large part upon our ability to attract and retain qualified residents for our properties. Our reputation, financial performance, and ability to make distributions to our stockholders would be adversely affected if a significant number of our residents fail to meet their lease obligations or fail to renew their leases. For example, residents may default on rent payments, make unreasonable and repeated demands for service or improvements, make unsupported or unjustified complaints to regulatory or political authorities, use our properties for illegal purposes, damage or make unauthorized structural changes to our properties that are not covered by security deposits, refuse to leave the property upon termination of the lease, engage in domestic violence or similar disturbances, disturb nearby residents with noise, trash, odors, or eyesores, fail to comply with HOA regulations, sublet to less desirable individuals in violation of our lease, or permit unauthorized persons to live with them. Additionally, any future outbreaks of infectious disease, which may include COVID-19 or a future pandemic, as well as measures taken by governmental authorities and private actors to limit the spread or mitigate the impact thereof, may interfere with the ability of some of our residents to meet their lease obligations and make their rent payments on time or at all. In such event, jurisdictions and other local and national authorities may impose restrictions on our ability to enforce residents' contractual rental obligations and/or to increase rents. Our business, results of operations, financial condition, and cash flows may be adversely affected by pandemics and outbreaks of infectious disease, which may include COVID-19.

Damage to our properties may delay re-leasing after eviction, necessitate expensive repairs, or impair the rental income or value of the property resulting in a lower than expected rate of return. Increases in unemployment levels and other adverse changes in economic conditions in our markets could result in substantial resident defaults. In the event of a resident default or bankruptcy, we may experience delays in enforcing our rights as landlord at that property and will incur costs in protecting our investment and re-leasing the property.

Our leases are relatively short-term, exposing us to the risk that we may have to re-lease our properties frequently, which we may be unable to do on attractive terms, on a timely basis, or at all.

Substantially all of our new leases have a duration of one to two years. As such leases permit the residents to leave at the end of the lease term, we anticipate our rental revenues may be affected by declines in market rental rates more quickly than if our leases were for longer terms. Short-term leases may result in high turnover, which involves costs such as restoring the properties, marketing costs, and lower occupancy levels. Our resident turnover rate and related cost estimates may be less accurate than if we had more operating data upon which to base such estimates. If the rental rates for our properties decrease or our residents do not renew their leases, our operating results and ability to make distributions to our stockholders could be adversely affected. Alternatively, to the extent that a lease term exceeds one year, we may lose the opportunity to raise rents in an appreciating market and be locked into a lower rent until such lease expires.

Climate change may adversely affect our business.

To the extent that significant changes in the climate occur in areas where our communities are located, we may experience extreme weather and/or changes in precipitation and temperature, all of which may result in physical damage to, or a decrease in demand for, properties located in these areas or affected by these conditions. Should the impact of climate change be material in nature, including significant property damage to or destruction of our properties, or occur for lengthy periods of time, our financial condition or results of operations may be adversely affected. In addition, changes in federal, state, and local legislation and regulation based on concerns about climate change could result in increased capital expenditures on our existing properties (for example, to improve their energy efficiency and/or resistance to inclement weather) without a corresponding increase in revenue, resulting in adverse impacts to our results of operations.

Eminent domain could lead to material losses on our investments in our properties.

Governmental authorities may exercise eminent domain to acquire the land on which our properties are built in order to build roads and other infrastructure. Any such exercise of eminent domain would allow us to recover only the fair value of the affected properties. In addition, “fair value” could be substantially less than the real market value of the property for a number of years, and we could effectively have no profit potential from properties acquired by the government through eminent domain.

Tenant relief laws, including laws regulating evictions, rent control laws, and other regulations that limit our ability to increase rental rates may negatively impact our rental income and profitability.

As the landlord of numerous properties, we are involved from time to time in evicting residents who are not paying their rent or who are otherwise in material violation of the terms of their lease. Eviction activities impose legal and managerial expenses that raise our costs and expose us to potential negative publicity. The eviction process is typically subject to legal barriers, mandatory “cure” policies, our internal policies and procedures, and other sources of expense and delay, each of which may delay our ability to gain possession and stabilize the property. Additionally, state and local landlord-tenant laws may impose legal duties to assist residents in relocating to new housing, or restrict the landlord’s ability to remove the resident on a timely basis or to recover certain costs or charge residents for damage residents cause to the landlord’s premises. Because such laws vary by state and locality, we must be familiar with and take all appropriate steps to comply with all applicable landlord-tenant laws, and need to incur supervisory and legal expenses to ensure such compliance. To the extent that we do not comply with state or local laws, we may be subjected to civil litigation filed by individuals, in class actions or actions by state or local law enforcement and our reputation and financial results may suffer. We may be required to pay our adversaries’ litigation fees and expenses if judgment is entered against us in such litigation or if we settle such litigation.

Furthermore, state and local governmental agencies may introduce rent control laws or other regulations that limit our ability to increase rental rates, which may affect our rental income. Especially in times of recession and economic slowdown, rent control initiatives can acquire significant political support. If rent controls unexpectedly became applicable to certain of our properties, our revenue from and the value of such properties could be adversely affected.

Additionally, any future outbreaks of infectious disease, which may include COVID-19 or a future pandemic, as well as measures taken by governmental authorities and private actors to limit the spread or mitigate the impact thereof, may interfere with the ability of some of our residents to meet their lease obligations and make their rent payments on time or at all. In such event, jurisdictions and other local and national authorities may impose restrictions on our ability to enforce residents' contractual rental obligations and/or to increase rents. While such measures would likely enable residents to stay in their homes despite an inability to pay because of financial or other hardship stemming from such events, they are likely to result in loss of rental income and other property income. See "—Our business, results of operations, financial condition, and cash flows may be adversely affected by pandemics and outbreaks of infectious disease, which many include COVID-19."

We may become a target of legal demands, litigation (including class actions), and negative publicity by tenant and consumer rights organizations, which could directly limit and constrain our operations and may result in significant litigation expenses and reputational harm.

Numerous tenant rights and consumer rights organizations exist throughout the country and operate in our markets, and we may attract attention from some of these organizations and become a target of legal demands, litigation, and negative publicity. Many such consumer organizations have become more active and better funded in connection with mortgage foreclosure-related issues, and with the increased market for homes arising from displaced homeownership, some of these organizations may shift their litigation, lobbying, fundraising, and grassroots organizing activities to focus on landlord-resident issues. While we intend to conduct our business lawfully and in compliance with applicable landlord-tenant and consumer laws, such organizations might work in conjunction with trial and pro bono lawyers in one or multiple states to attempt to bring claims against us on a class action basis for damages or injunctive relief and to seek to publicize our activities in a negative light. We cannot anticipate what form such legal actions might take or what remedies they may seek.

Additionally, such organizations may lobby local county and municipal attorneys or state attorneys general to pursue enforcement or litigation against us, may lobby state and local legislatures to pass new laws and regulations to constrain or limit our business operations, adversely impact our business, or may generate negative publicity for our business and harm our reputation. If they are successful in any such endeavors, they could directly limit and constrain our operations and may impose on us significant litigation expenses, including settlements to avoid continued litigation or judgments for damages or injunctions.

We may not be successful in identifying and consummating suitable investment opportunities.

Our investment strategy requires us to identify suitable investment opportunities compatible with our investment criteria. We may not be successful in identifying suitable opportunities that meet our criteria or in consummating investments, including those identified as part of our investment pipeline, on satisfactory terms or at all. Our ability to make investments on favorable terms may be constrained by several factors including, but not limited to, competition from other investors with significant capital, including other publicly traded REITs and institutional investment funds, which may significantly increase investment costs; and/or the inability to finance an investment on favorable terms or at all. The failure to identify or consummate investments on satisfactory terms, or at all, may impede our growth and negatively affect our cash available for distribution to our stockholders.

Adverse economic conditions may negatively affect our results of operations and, as a result, our ability to make distributions to our stockholders or to realize appreciation in the value of our properties.

Our operating results may be adversely affected by market and economic challenges, which may negatively affect our returns and profitability and, as a result, our ability to make distributions to our stockholders or to realize appreciation in the value of our properties. These market and economic challenges include, but are not limited to, the following:

- any future downturn in the U.S. economy and high unemployment could result in tenant defaults under leases, vacancies in our properties and concessions or reduced rental rates under new leases due to reduced demand. In addition, such downturns could result in reduced demand for homes, which may reduce home prices and make home purchases more affordable as an alternative to renting, which also may materially adversely reduce the demand for rental homes;

- the rate of household formation or population growth in our target markets or a continued or exacerbated economic slow-down experienced by the local economies where our properties are located or by the real estate industry generally may result in changes in supply of or demand for our homes; and

- the failure of the real estate market to attract the same level of capital investment in the future that it attracted at the time of our purchases or a reduction in the number of companies seeking to acquire properties may result in the value of our investments not appreciating or decreasing, possibly significantly, below the amount we pay for these investments.

The length and severity of any economic slow-down or downturn cannot be predicted. Our operations and, as a result, our ability to make distributions to our stockholders and/or our ability to realize appreciation in the value of our properties could be materially and adversely affected to the extent that an economic slow-down or downturn is prolonged or becomes severe.

Our revenues are significantly influenced by demand for single-family home rental properties generally, and a decrease in such demand will likely have a greater adverse effect on our revenues than if we owned a more diversified real estate portfolio.

Our current portfolio is focused predominately on single-family home properties, and we expect that our portfolio going forward will focus predominately on the same. As a result, we are subject to risks inherent in investments in a single industry, and a decrease in the demand for single-family home rentals would likely have a greater adverse effect on our rental revenues than if we owned a more diversified real estate portfolio.

The properties in our investment pipeline are subject to contingencies that could delay or prevent acquisition or investment in those properties.

At any given time, we are generally in discussions regarding a number of properties for acquisition or investment, which we refer to as our investment pipeline. However, we may not have completed our diligence process on these properties or development projects or have definitive investment or purchase and sale agreements, as applicable, and several other conditions may be required to be met in order for us to complete these acquisitions or developments, including approval by our Manager or Board. If we are planning to use proceeds of an offering of our securities to fund these acquisitions or investments and are unable to complete the acquisition of the interests or investment in any of these properties or experience significant delays in executing any such acquisition or investment, we will have issued securities in an offering without realizing a corresponding current or future increase in earnings and cash flow from acquiring those interests or developing those properties, and may incur expenses in connection with our attempts in consummating such acquisition or investment, which could have a material adverse impact on our financial condition and results of operations. In addition, to the extent the uses of proceeds from an offering are designated for the acquisition of or investment in these properties, we will have no specific designated use for the net proceeds from the offering allocated to the purchase or development and investors will be unable to evaluate in advance the manner in which we will invest, or the economic merits of the properties we may ultimately acquire or develop with such proceeds.

Our expenses may remain constant or increase, even if our revenues decrease, causing our results of operations to be adversely affected.

Costs associated with our business, such as mortgage payments, real estate taxes, insurance premiums and maintenance costs, are relatively inflexible and generally do not decrease, and may increase, when homes are not occupied, rental rates decrease, tenants fail to pay rent or other circumstances cause a reduction in property revenues. As a result, if revenues drop, we may not be able to commensurately reduce our expenses, which would adversely affect our financial condition and results of operations.

Competition in identifying and acquiring our properties could adversely affect our ability to implement our business and growth strategies, which could materially and adversely affect us.

In acquiring our properties, we compete with a variety of institutional investors, including other REITs, specialty finance companies, public and private funds, savings and loan associations, banks, mortgage bankers, insurance companies, institutional investors, investment banking firms, financial institutions, governmental bodies, and other entities. We also compete with individual private home buyers and small scale investors.

Certain of our competitors may be larger in certain of our markets and may have greater financial or other resources than we do. Some competitors may have a lower cost of funds and access to funding sources that may not be available to us. In addition, any potential competitor may have higher risk tolerances or different risk assessments and may not be subject to the operating constraints associated with qualifying and maintaining qualification for taxation as a REIT, which could allow them to consider a wider variety of investments. Competition may result in fewer investments, higher prices, a broadly dispersed portfolio of properties that does not lend itself to efficiencies of concentration, acceptance of greater risk, lower yields and a narrower spread of yields over our financing costs. In addition, competition for desirable investments could delay the investment of our capital, which could adversely affect our results of operations and cash flows. As a result, there can be no assurance that we will be able to identify and finance investments that are consistent with our investment objectives or to achieve positive investment results, and our failure to accomplish any of the foregoing could have a material adverse effect on us and cause the value of our common stock to decline.

Our investments will be dependent on tenants for revenue, and tenant failure to pay in a timely manner could reduce our revenues from rents, resulting in the decline in the value of your investment.

The underlying value of our properties and the ability to make distributions to you depend upon the ability of the tenants of our properties to generate enough income to pay their rents in a timely manner, and the success of our investments depends upon the occupancy levels, rental income and operating expenses of our properties and our company. Tenants' inability to timely or fully pay their rents may be impacted by their employment prospects and/or other constraints on their personal finances, including debts, purchases and other factors. These and other changes beyond our control may adversely affect our tenants' ability to make their required lease payments. In the event of a tenant default or bankruptcy, we may experience delays in enforcing our rights as landlord and may incur costs in protecting our investment and re-leasing our property. We may be unable to re-lease the property for the rent previously received. We may be unable to sell an unoccupied property without incurring a loss. These events and others could cause us to reduce any amount of distributions we plan to make to stockholders and may also cause the value of your investment to decline.

Our operating results and distributable cash flow depend on our ability to generate revenue from leasing our properties to tenants on terms favorable to us.

Our operating results depend, in large part, on revenues derived from leasing our single-family properties. We are subject to the credit risk of our tenants, and to the extent our tenants default on their leases or fail to make their required rental payments we may suffer a decrease in our revenue. In addition, if a tenant does not fully pay its rent, we may not be able to enforce our rights as landlord without delays and we may incur substantial legal costs. We are also subject to the risk that, upon the expiration of leases, leases may not be renewed, the homes may not be re-leased or the terms of renewal or re-leasing (including the cost of required renovations or concessions to tenants) may be less favorable to us than current lease terms. If vacancies continue for a long period of time, we may suffer reduced revenues resulting in decreased distributions to our stockholders. In addition, the resale value of such affected properties could be diminished. Further, costs associated with real estate investment, such as real estate taxes and maintenance costs, generally are not reduced when circumstances cause a reduction in revenue. These events would cause a significant decrease in net revenues and could cause us to reduce the amount we distribute to our stockholders.

As the owner of real property, we could become subject to liability for asbestos-containing building materials in the buildings on our properties.

Some of our properties may contain asbestos-containing materials. Environmental laws typically require that owners or operators of buildings with asbestos-containing building materials properly manage and maintain these materials, adequately inform or train those who may come in contact with asbestos and undertake special precautions, including removal or other abatement, in the event that asbestos is disturbed during building renovation or demolition. These laws may impose fines and penalties on building owners or operators for failure to comply with these requirements. In addition, third parties may be entitled to seek recovery from owners or operators for personal injury associated with exposure to asbestos-containing building materials.

In addition, many insurance carriers are excluding asbestos-related claims from standard policies, pricing asbestos endorsements at prohibitively high rates or adding significant restrictions to this coverage. Because of our difficulty in obtaining specialized coverage at rates that correspond to the perceived level of risk, we may not obtain insurance for asbestos-related claims. We will continue to evaluate the availability and cost of additional insurance coverage from the insurance market. If we purchase insurance for asbestos, the cost could have a negative impact on our results of operations.

Costs associated with addressing indoor air quality issues, moisture infiltration and resulting mold remediation may be costly.

As a general matter, concern about indoor exposure to mold or other air contaminants has been increasing as such exposure has been alleged to have a variety of adverse effects on health. Some of our properties may contain microbial matter such as mold and mildew. The terms of our property and general liability policies generally exclude certain mold-related claims. Should an uninsured loss arise against us, we would be required to use our funds to resolve the issue, including litigation costs. We can offer no assurance that liabilities resulting from indoor air quality, moisture infiltration and the presence of or exposure to mold will not have a future impact on our business, results of operations or financial condition.

A change in the United States government policy with regard to Fannie Mae and Freddie Mac could impact our financial condition.

Fannie Mae and Freddie Mac are a major source of financing for the single-family real estate sector. We and other companies in the single-family real estate sector depend frequently on Fannie Mae and Freddie Mac to finance growth by purchasing or guarantying single-family real estate loans. Prior initiatives in the recent past, including proposed legislation, have sought to wind down Fannie Mae and Freddie Mac. Any decision by the government to eliminate or downscale Fannie Mae or Freddie Mac, to reduce their acquisitions or guarantees of single-family real estate mortgage loans, or to reduce government support for single-family housing more generally, may adversely affect interest rates, capital availability, development of single-family communities and our ability to refinance our existing mortgage obligations as they come due and to obtain additional long-term financing for the acquisition of additional single-family communities on favorable terms or at all.

If we are not able to cost-effectively maximize the life of our properties, we may incur greater than anticipated capital expenditure costs, which may adversely affect our ability to make distributions to our stockholders.

While many of the existing properties we acquire have undergone substantial renovations since they were constructed, older properties may carry certain risks including unanticipated repair costs associated with older properties, increased maintenance costs as older properties continue to age, and cost overruns due to the need for special materials and/or fixtures specific to older properties. Although we take a proactive approach to property preservation, utilizing a preventative maintenance plan, and selective improvements that mitigate the cost impact of maintaining exterior building features and aging building components, if we are not able to cost-effectively maximize the life of our properties, we may incur greater than anticipated capital expenditure costs which may adversely affect our financial condition, results of operations and/or ability to make distributions to our stockholders.

Any uninsured losses or high insurance premiums will reduce our net income and the amount of our cash distributions to stockholders.

We will attempt to ensure adequate insurance is obtained to cover significant areas of risk to us as a company and to our properties. However, there are types of losses at the property level, generally catastrophic in nature, such as losses due to wars, acts of terrorism, earthquakes, floods, hurricanes, pollution or environmental matters, which are uninsurable or not economically insurable, or may be insured subject to limitations, such as large deductibles or co-payments. We may not have adequate insurance coverage for such losses. If any of our properties incurs a casualty loss that is not fully insured, the value of our assets will be reduced by any such uninsured loss. In addition, other than any working capital reserve or other reserves we may establish for a particular property, we could have no source of funding to repair or reconstruct any uninsured damaged property. Also, to the extent we must pay unexpectedly large amounts for insurance, we could suffer reduced cash flow that would result in lower distributions to stockholders.

We may have difficulty selling real estate investments, and our ability to distribute all or a portion of the net proceeds from such sale to our stockholders may be limited.

Real estate investments are relatively illiquid. We will have a limited ability to vary our portfolio in response to changes in economic or other conditions. We will also have a limited ability to sell assets in order to fund working capital and similar capital needs. When we sell any of our properties, we may not realize a gain on such sale. We may not elect to distribute any proceeds from the sale of properties to our stockholders; for example, we may use such proceeds to:

- purchase additional properties;
- fund capital commitments to our joint ventures;
- repay debt, if any;

- buy out interests of any co-venturers or other partners in any joint venture in which we are a party;
- create working capital reserves; and/or
- make repairs, maintenance, tenant improvements or other capital improvements or expenditures to our remaining properties.

Our ability to sell our properties may also be limited by our need to avoid a 100% penalty tax that is imposed on gain recognized by a REIT from the sale of property characterized as held for sale to customers in the ordinary course of business. In order to ensure that we avoid such characterization, we may be required to hold our properties for the production of rental income for a minimum period of time, generally two years, and comply with certain other requirements in the Internal Revenue Code of 1986, as amended (the "Code"). As such, we could be restricted from selling a property at an opportune time to maximize proceeds.

Representations and warranties made by us in connection with sales of our properties may subject us to liability that could result in losses and could harm our operating results and, therefore, distributions we make to our stockholders.

When we sell a property, we may be required to make representations and warranties regarding the property and other customary items. In the event of a breach of such representations or warranties, the purchaser of the property may have claims for damages against us, rights to indemnification from us or otherwise have remedies against us. In any such case, we may incur liabilities that could result in losses and could harm our operating results and, therefore distributions we make to our stockholders.

Our investments could be adversely affected if a member of our Bluerock operating partner network performs poorly at one or more of our projects, which could adversely affect returns to our stockholders.

In general, we expect to rely on members of our operating partner network for the day-to-day management and development of our real estate investments. Members of our network are not fiduciaries to us, and generally will have limited capital invested in a project, if any. One or more members of our network may perform poorly in managing our project investments for a variety of reasons, including failure to properly adhere to budgets or properly implement the property business plan. A member of our network may also underperform for strategic reasons related to projects or assets that the partner is involved in with a Bluerock affiliate but not our company. If a member of our network does not perform well, we may not be able to ameliorate the adverse effects of poor performance by terminating the partner and finding a replacement partner to manage our projects in a timely manner. In such an instance, the returns to our stockholders could be adversely affected.

Actions of our joint venture partners could subject us to liabilities in excess of those contemplated or prevent us from taking actions which are in the best interests of our stockholders, which could result in lower investment returns to our stockholders.

We have entered into, and in the future intend to enter into, joint ventures, including with members of our operating partner network, to acquire or improve properties. We may also purchase properties in partnerships, co-tenancies or other co-ownership arrangements. Such investments may involve risks not otherwise present when acquiring real estate directly, including, for example:

- joint venturers may share certain approval rights over major decisions and reduce our flexibility to maximize project values or limit property costs;
- that such co-venturer, co-owner or partner may at any time have economic or business interests or goals which are or which become inconsistent with our business interests or goals, including inconsistent goals relating to the timing of the sale of properties held in the joint ventures and/or the timing of termination or liquidation of the joint ventures;
- the possibility that our co-venturer, co-owner or partner in an investment might become insolvent or bankrupt and thus be unable to fulfill its financial obligations to us in that investment;
- the possibility that we may incur liabilities as a result of an action or omission taken by our co-venturer, co-owner or partner;
- that such co-venturer, co-owner or partner may be in a position to take action contrary to our instructions or requests or contrary to our policies or objectives, including our policy with respect to qualifying and maintaining our qualification as a REIT;

- disputes between us and our joint venturers may result in litigation or arbitration that would increase our expenses and prevent our officers and directors from focusing their time and effort on our business and result in subjecting the properties owned by the applicable joint venture to additional risk; or
- under certain joint venture arrangements, neither venture partner may have the power to control the venture, and an impasse could be reached which might have a negative influence on the joint venture.

These events might subject us to costs or liabilities in excess of those contemplated and thus reduce your investment returns. If we have a right of first refusal or buy/sell right to buy out a co-venturer, co-owner or partner, we may be unable to finance such a buy-out if it becomes exercisable or we may be required to purchase such interest at a time when it might not otherwise be in our best interest to do so. If our ownership interest is subject to a buy/sell right, we may not have sufficient cash, available borrowing capacity or other capital resources to allow us to elect to purchase an interest of a co-venturer subject to the buy/sell right, in which case we may be forced to sell our interest as the result of the exercise of such right when we would otherwise prefer to keep our interest. Finally, we may not be able to sell our interest in a joint venture if or when we desire to exit the venture.

Your investment return may be reduced if we are required to register as an investment company under the Investment Company Act; if we are subject to registration under the Investment Company Act, we will not be able to continue our business.

Neither we, nor our Operating Partnership, nor any of our subsidiaries intend to register as an investment company under the Investment Company Act. We are organized as a holding company that conducts its businesses primarily through the Operating Partnership, which in turn is a holding company conducting its business through its subsidiaries. We expect that our Operating Partnership's and subsidiaries' investments in real estate will represent the substantial majority of our total asset mix, which would not subject us to the Investment Company Act. In order to maintain an exemption from regulation under the Investment Company Act, we intend to engage, through our Operating Partnership and our wholly and majority owned subsidiaries, primarily in the business of buying real estate, and qualifying real estate investments must be made within a year after cash is received by us. If we are unable to invest a significant portion of cash proceeds in properties within one year of receipt, we may avoid being required to register as an investment company by temporarily investing any unused proceeds in government securities with low returns, which would reduce the cash available for distribution to stockholders and possibly lower your returns.

We expect that most of our assets will continue to be held through wholly owned or majority owned subsidiaries of our Operating Partnership. We expect that most of these subsidiaries will be outside the definition of an investment company under Section 3(a)(1) of the Investment Company Act as they are generally expected to hold at least 60% of their assets in real property or in entities that they manage or co-manage that own real property. Section 3(a)(1)(A) of the Investment Company Act defines an investment company as any issuer that is or holds itself out as being engaged primarily in the business of investing, reinvesting or trading in securities. We believe that neither we nor the Operating Partnership will be considered an investment company under Section 3(a)(1)(A) of the Investment Company Act because neither we nor the Operating Partnership will engage primarily or hold itself out as being engaged primarily in the business of investing, reinvesting or trading in securities. Rather, through the Operating Partnership's wholly-owned or majority owned subsidiaries, we and the Operating Partnership will be primarily engaged in the non-investment company businesses of these subsidiaries.

Section 3(a)(1)(C) of the Investment Company Act defines an investment company as any issuer that is engaged or proposes to engage in the business of investing, reinvesting, owning, holding or trading in securities and owns or proposes to acquire investment securities having a value exceeding 40% of the value of the issuer's total assets (exclusive of U.S. government securities and cash items) on an unconsolidated basis, which we refer to as the 40% test. Excluded from the term "investment securities," among other things, are U.S. government securities and securities issued by majority owned subsidiaries that are not themselves investment companies and are not relying on the exception from the definition of investment company set forth in Section 3(c)(1) or Section 3(c)(7) of the Investment Company Act. We believe that we, our Operating Partnership and most of the subsidiaries of our Operating Partnership will not fall within this definition of investment company as we invest primarily in real property, through our wholly or majority owned subsidiaries, the majority of which we expect to have at least 60% of their assets in real property or in entities that they manage or co-manage that own real property. Both we and our Operating Partnership intend to conduct our operations so that they comply with the 40% test. We will monitor our holdings to ensure continuing and ongoing compliance with this test.

In the event that the value of investment securities held by the subsidiaries of our Operating Partnership were to exceed 40%, we expect our subsidiaries to be able to rely on the exclusion from the definition of “investment company” provided by Section 3(c)(5)(C) of the Investment Company Act. Section 3(c)(5)(C), as interpreted by the staff of the SEC, requires each of our subsidiaries relying on this exception to invest at least 55% of its portfolio in “mortgage and other liens on and interests in real estate,” which we refer to as “qualifying real estate assets” and maintain at least 70% to 90% of its assets in qualifying real estate assets or other real estate-related assets. The remaining 20% of the portfolio can consist of miscellaneous assets.

What we buy and sell is therefore limited to these criteria. How we determine to classify our assets for purposes of the Investment Company Act will be based in large measure upon no-action letters issued by the SEC staff in the past and other SEC interpretive guidance. These no-action positions were issued in accordance with factual situations that may be substantially different from the factual situations we may face, and a number of these no-action positions were issued more than ten years ago. Pursuant to this guidance, and depending on the characteristics of the specific investments, certain joint venture investments may not constitute qualifying real estate assets and therefore investments in these types of assets may be limited. No assurance can be given that the SEC will concur with our classification of our assets. Future revisions to the Investment Company Act or further guidance from the SEC may cause us to lose our exclusion from registration or force us to re-evaluate our portfolio and our investment strategy. Such changes may prevent us from operating our business successfully.

In the event that we, or our Operating Partnership, were to acquire assets that could make either entity fall within the definition of investment company under Section 3(a)(1) of the Investment Company Act, we believe that we would still qualify for an exclusion from registration pursuant to Section 3(c)(6). Section 3(c)(6) excludes from the definition of investment company any company primarily engaged, directly or through majority owned subsidiaries, in one or more of certain specified businesses. These specified businesses include the real estate business described in Section 3(c)(5)(C) of the Investment Company Act. It also excludes from the definition of investment company any company primarily engaged, directly or through majority owned subsidiaries, in one or more of such specified businesses from which at least 25% of such company’s gross income during its last fiscal year is derived, together with any additional business or businesses other than investing, reinvesting, owning, holding, or trading in securities. Although the SEC staff has issued little interpretive guidance with respect to Section 3(c)(6), we believe that we and our Operating Partnership may rely on Section 3(c)(6) if 55% of the assets of our Operating Partnership consist of, and at least 55% of the income of our Operating Partnership is derived from, qualifying real estate assets owned by wholly owned or majority owned subsidiaries of our Operating Partnership.

In addition, we believe that the nature of our assets and the sources of our income exclude us from the definition of an investment company pursuant to Rule 3a-1 under the Investment Company Act. Rule 3a-1 provides an exclusion from registration as an investment company if an issuer meets both an asset and an income test and is not otherwise primarily engaged in an investment company business by, among other things, holding itself out to the public as such or by taking controlling interests in companies with a view to realizing profits through subsequent sales of these interests. Generally, an issuer satisfies the asset test of Rule 3a - 1 if it has no more than 45% of the value of its total assets (exclusive of U.S. government securities and cash items) in the form of securities other than interests in majority owned subsidiaries and companies which it primarily controls. A company satisfies the income test of Rule 3a-1 if it has derived no more than 45% of its net income after taxes for its last four fiscal quarters combined from securities other than interests in majority owned subsidiaries and primarily controlled companies through which it engages primarily in a business other than investing in securities. We believe that as long as we control more than 25% of the voting power, which control is greater than any other person’s, of our Operating Partnership we may rely on Rule 3a-1.

To ensure that neither we, nor our Operating Partnership nor subsidiaries are required to register as an investment company, each entity may be unable to sell assets they would otherwise want to sell and may need to sell assets they would otherwise wish to retain. In addition, we, our Operating Partnership or our subsidiaries may be required to acquire additional income or loss-generating assets that we might not otherwise acquire or forego opportunities to acquire interests in companies that we would otherwise want to acquire. Although we, our Operating Partnership and our subsidiaries intend to monitor our respective portfolios periodically and prior to each acquisition or disposition, any of these entities may not be able to maintain an exclusion from registration as an investment company. If we, our Operating Partnership or our subsidiaries are required to register as an investment company but fail to do so, the unregistered entity would be prohibited from engaging in our business, and criminal and civil actions could be brought against such entity. In addition, the contracts of such entity would be unenforceable unless a court required enforcement, and a court could appoint a receiver to take control of the entity and liquidate its business.

If we or the Operating Partnership are required to register as an investment company under the Investment Company Act, the additional expenses and operational limitations associated with such registration may reduce your investment return or impair our ability to conduct our business as planned.

If we become an investment company or are otherwise required to register as an investment company, we might be required to revise some of our current policies, or substantially restructure our business, to comply with the Investment Company Act. This would likely require us to incur the expense and delay of holding a stockholder meeting to vote on proposals for such changes. Further, if we were required to register as an investment company, but failed to do so, we would be prohibited from engaging in our business, criminal and civil actions could be brought against us, some of our contracts might be unenforceable, unless a court were to direct enforcement, and a court could appoint a receiver to take control of us and liquidate our business.

Our internal control over financial reporting may not be effective, which could adversely affect our reputation, results of operations and stock price.

The accuracy of our financial reporting depends on the effectiveness of our internal control over financial reporting. Internal control over financial reporting can provide only reasonable assurance with respect to the preparation and fair presentation of financial statements and may not prevent or detect misstatements because of its inherent limitations. These limitations include the possibility of human error, inadequacy or circumvention of internal controls and fraud. If we do not attain and maintain effective internal control over financial reporting or implement controls sufficient to provide reasonable assurance with respect to the preparation and fair presentation of our financial statements, we could be unable to file accurate financial reports on a timely basis, and our reputation, results of operations and stock price could be materially adversely affected.

We have limited sources of capital other than proceeds from future mortgage debt financings for acquisition and/or development projects, cash generated from operating activities, our $150 million revolving credit facility, and the net proceeds of offerings of our securities.

We have limited sources of capital other than proceeds from future mortgage debt financings for acquisition and/or development projects, cash generated from operating activities, our $150 million revolving credit facility, and the net proceeds of offerings of our securities to meet our primary liquidity requirements. As a result, we may not be able to pay our liabilities and obligations when they come due other than with the net proceeds of an offering. Depending on business conditions at the time we might not be able to effectuate an offering, which in either case may limit our ability to implement our business plan.

You will have limited control over changes in our policies and day-to-day operations, which limited control increases the uncertainty and risks you face as a stockholder. In addition, our Board may change our major operational policies without your approval.

Our Board determines our major policies, including our policies regarding financing, growth, debt capitalization, REIT qualification and distributions. Our Board may amend or revise these and other policies without a vote of the stockholders. Under the Maryland General Corporation Law (the “MGCL”) and our charter, our stockholders have a right to vote only on limited matters.

Our Manager will be responsible for the day-to-day operations of our company and the selection and management of investments and has broad discretion over the use of proceeds from offerings of our securities. Accordingly, you should not purchase our securities unless you are willing to entrust all aspects of the day-to-day management and the selection and management of investments to our Manager, who will manage our company in accordance with the Management Agreement. In addition, our Manager may retain independent contractors to provide various services for our company, and you should note that such contractors will have no fiduciary duty to you or the other stockholders and may not perform as expected or desired.

In addition, while any applicable prospectus or prospectus supplement outlines our investment policies and generally describes our target portfolio, our Board may make adjustments to these policies based on, among other things, prevailing real estate market conditions and the availability of attractive investment opportunities. While we have no current intention of changing our investment policies, we may not forego an attractive investment merely because it does not fit within our targeted asset class or portfolio composition. We may use the proceeds of an offering to purchase or invest in any type of real estate which we determine is in the best interest of our stockholders. As such, our actual portfolio composition may vary substantially from the target portfolio described in the applicable prospectus or prospectus supplement.

Our Manager will manage our portfolio pursuant to very broad investment guidelines approved by our Board, which does not approve each investment and financing decision made by our management unless required by our investment guidelines.

Our Manager will be authorized to follow very broad investment guidelines established by our Board. Our Board will periodically review our investment guidelines and our portfolio of assets but will not, and will not be required to, review all of our proposed investments, except in limited circumstances as set forth in our investment guidelines. In addition, in conducting periodic reviews, our Board may rely primarily on information provided to them by our Manager. Furthermore, transactions entered into by our Manager may be costly, difficult or impossible to unwind by the time they are reviewed by our Board. Our Manager has great latitude within the broad parameters of our investment guidelines in determining the types and amounts of assets in which to invest on our behalf, including making investments that may result in returns that are substantially below expectations or result in losses, which would materially and adversely affect our business and results of operations, or may otherwise not be in the best interests of our stockholders.

We are highly dependent on information systems and therefore systems failures, cybersecurity incidents or other technology disruptions could negatively impact our business.

Our operations are highly dependent upon our information systems that support our business processes, including marketing, leasing, resident and vendor communication, property management and work order processing, finance and intracompany communications throughout our operations. Certain critical components of our information systems are dependent upon third-party providers and a significant portion of our business operations are conducted over the internet. These systems and websites require access to telecommunications or the internet, each of which is subject to system security risks, cybersecurity breaches, outages, and other risks. As a result, we could be severely impacted by a catastrophic occurrence, such as a natural disaster or a terrorist attack, or a circumstance that disrupted access to telecommunications, the internet or operations at our third-party providers, including viruses or experienced computer programmers that could penetrate network security defenses and cause system failures and disruptions of operations. We have implemented processes, procedures and internal controls to help mitigate cybersecurity risks and cyber intrusions, maintain the security and integrity of our information technology networks and related systems, and manage the risk of a security breach or disruption, but these measures, as well as our increased awareness of the nature and extent of a risk of a cyber incident, do not guarantee that our financial results, operations, business relationships or confidential information will not be negatively impacted by such an incident. In addition, while we believe we utilize appropriate duplication and back-up procedures, a significant outage in telecommunications, the internet or at our third-party providers could nonetheless negatively impact our operations.

Our third-party service providers are primarily responsible for the security of their own information technology environments and in certain instances, we rely significantly on third-party service providers to supply and store our sensitive data in a secure manner. All such third-party vendors face risks relating to cybersecurity similar to ours which could disrupt their businesses and therefore adversely impact us. While we provide guidance and specific requirements in some cases, we do not directly control any of such parties' information technology security operations, or the amount of investment they place in guarding against cybersecurity threats. Accordingly, we are subject to any flaws in or breaches to their information technology systems or those which they operate for us.

Although no material incidents have occurred to date, we cannot be certain that our security efforts and measures will be effective or that our financial results will not be negatively impacted by such an incident should one occur.

Security breaches and other disruptions could compromise our information and expose us to liability, which would cause our business and reputation to suffer.

Information security risks have generally increased in recent years due to the rise in new technologies and the increased sophistication and activities of perpetrators of cyber-attacks. In the ordinary course of our business we acquire and store sensitive data, including intellectual property, our proprietary business information and personally identifiable information of our prospective and current residents, our employees and third-party service providers in our offices and on our networks and website and on third-party vendor networks. We may share some of this information with vendors who assist us with certain aspects of our business. The secure processing and maintenance of this information is critical to our operations and business and growth strategies. Despite our security measures and those of our third-party vendors, our information technology and such infrastructure may be vulnerable to attacks by hackers or breached due to employee error, malfeasance or other disruptions. Any such breach could compromise our networks and the information stored there could be accessed, publicly disclosed, lost or stolen. Any such access, disclosure or other loss of information could result in legal claims or proceedings, liability under laws that protect the privacy of personal information, regulatory penalties, disruption to our operations and the services we provide to customers or damage our reputation, and thus could have a material adverse impact on our business, financial condition or results of operations. In addition, a security breach could require that we expend significant additional resources to enhance our information security systems and could result in a disruption to our operations.

Conflicts of interest may exist or could arise in the future with our Operating Partnership and its limited partners, which may impede business decisions that could benefit our stockholders.

Conflicts of interest may exist or could arise as a result of the relationships between us and our affiliates, on the one hand, and our Operating Partnership or any member thereof, on the other. Our directors and officers have duties to our company and our stockholders under applicable Maryland law in connection with their management of our company. At the same time, we, as general partner of our Operating Partnership, have fiduciary duties to our Operating Partnership and to its limited partners under Delaware law in connection with the management of our Operating Partnership. Our duties to our Operating Partnership and its limited partners as the general partner may come into conflict with the duties of our directors and officers under Maryland law. These conflicts may be resolved in a manner that is not in the best interest of our stockholders.

Conflicts of interest exist between our interests and the interests of our Manager and its affiliates.

Examples of these potential conflicts of interest include:

- The possibility that certain of our officers and their respective affiliates will face conflicts of interest; and
- The possibility that the competing demands for the time of certain of our officers may result in them spending insufficient time on our business, which may result in our missing investment opportunities or having less efficient operations, which could reduce our profitability and result in lower distributions to you.

Any of these and other conflicts of interest could have a material adverse effect on the returns on our investments, our ability to make distributions to stockholders and the trading price of our stock.

The ownership by our executive officers of interests representing a significant portion of our common stock on a fully diluted basis could allow our executive officers to exert significant influence over our company in a manner that may not be in the best interests of our other stockholders.

As of March 5, 2024, our executive officers beneficially owned interests representing approximately 22.8% of the total economic interest in our Class A common stock and Class C common stock on a fully diluted basis, where “on a fully diluted basis” assumes that all outstanding OP Units, C-OP Units (as defined in the Partnership Agreement), LTIP Units and C-LTIP Units (as defined in the Partnership Agreement), whether vested or unvested, in each case are ultimately settled for shares of our common stock. In addition, as of March 5, 2024, the aggregate voting power of our executive officers represented approximately 9.5% of the total voting power of our outstanding Class A common stock and Class C common stock. As a result of our executive officers’ significant ownership in our company, our executive officers will have significant influence over our affairs and could exercise such influence in a manner that is not in the best interests of our other stockholders, including with respect to matters submitted to our stockholders for approval such as the election of directors and any merger, consolidation or sale of all or substantially all of our assets. Our executive officers may have interests that differ from our other stockholders, and may accordingly vote in ways that may not be consistent with the interests of those other stockholders.

Our executive officers will have competing demands on their time and attention.

Our executive officers have competing demands on their respective time and attention, principally with respect to the provision of services to affiliates of our Manager. Our executive officers are permitted to devote time to certain outside activities, so long as those duties and activities do not unreasonably interfere with the performance of their respective duties.

We may use mortgage and other debt financing to acquire properties or interests in properties.

We may use mortgage and other debt financing to acquire properties or interests in properties and otherwise incur other indebtedness, which increases our expenses and could subject us to the risk of losing properties in foreclosure if our cash flow is insufficient to make loan payments.

We are permitted to acquire real properties and other real estate-related investments, including entity acquisitions, by assuming either existing financing secured by the asset or by borrowing new funds. In addition, we may incur or increase our mortgage debt by obtaining loans secured by some or all of our assets to obtain funds to acquire additional investments or to pay distributions to our stockholders. We also may borrow funds if necessary to satisfy the requirement that we distribute at least 90% of our REIT taxable income, determined without regard to the deduction for dividends paid and excluding net capital gains, to our stockholders annually, or otherwise as is necessary or advisable to assure that we maintain our qualification as a REIT for U.S. federal income tax purposes.

There is no limit on the amount we may invest in any single property or other asset or on the amount we can borrow to purchase any individual property or other investment. If we mortgage a property and have insufficient cash flow to service the debt, we risk an event of default which may result in our lenders foreclosing on the properties securing the mortgage.

If we cannot repay or refinance loans incurred to purchase our properties, or interests therein, then we may lose our interests in the properties secured by the loans we are unable to repay or refinance.

High levels of debt or increases in interest rates could increase the amount of any future loan payments, which could reduce the cash available for distribution to stockholders.

Our policies do not limit us from incurring debt. For purposes of calculating our leverage, we include our consolidated real estate investments, include our preferred equity and loan investments at cost, include assets we have classified as held for sale, and include any joint venture level indebtedness in our total indebtedness.

Higher debt levels will cause us to incur higher interest charges, resulting in higher debt service payments, and may be accompanied by restrictive covenants. Interest we pay reduces cash available for distribution to stockholders. Additionally, with respect to our variable rate debt, increases in interest rates increase our interest costs, which reduces our cash flow and our ability to make distributions to you. In addition, if we need to repay existing debt during periods of rising interest rates, we could be required to liquidate one or more of our investments in properties at times that may not permit realization of the maximum return on such investments and could result in a loss. In addition, if we are unable to service our debt payments, our lenders may foreclose on our interests in the real property that secures the loans we have entered into.

As of December 31, 2023, we had approximately $83 million of mortgages payable and revolving credit facilities outstanding that are indexed to the Secured Overnight Financing Rate ("SOFR"), and our future variable rate debt may bear interest at a rate derived from SOFR. SOFR is a relatively new reference rate. The publication of SOFR began in April 2018, and, therefore, it has a very limited history. The future performance of SOFR cannot be predicted based on the limited historical performance. Since the initial publication of SOFR, changes in SOFR have, on occasion, been more volatile than changes in other benchmark or market rates, such as United States dollar LIBOR. Additionally, any successor rate to SOFR may not have the same characteristics as SOFR or LIBOR. As a result, the amount of interest we may pay on future variable rate debt indexed to SOFR is difficult to predict.

High mortgage rates may make it difficult for us to finance or refinance properties, which could reduce the number of properties we can acquire, our cash flow from operations and the amount of cash distributions we can make.

To maintain our qualification as a REIT, we will be required to distribute at least 90% of our REIT taxable income (determined without regard to the deduction for dividends paid and excluding net capital gains) to our stockholders in each taxable year, and thus our ability to retain internally generated cash is limited. Accordingly, our ability to acquire properties or to make capital improvements to or remodel properties will depend on our ability to obtain debt or equity financing from third parties or the sellers of properties. If mortgage debt is unavailable at reasonable rates, we may not be able to finance the purchase of properties. If we place mortgage debt on properties, we run the risk of being unable to refinance the properties when the debt becomes due or of being unable to refinance on favorable terms. If interest rates are higher when we refinance the properties, our income could be reduced. We may be unable to refinance properties. If any of these events occurs, our cash flow would be reduced. This, in turn, would reduce cash available for distribution to you and may hinder our ability to raise capital by issuing more stock or borrowing more money.

Lenders may require us to enter into restrictive covenants relating to our operations, which could limit our ability to make distributions to you.

When providing financing, a lender may impose restrictions on us that affect our distribution and operating policies and our ability to incur additional debt. Loan documents we enter into may contain covenants that limit our ability to further mortgage the property, discontinue insurance coverage or impose other limitations. These or other limitations may limit our flexibility and prevent us from achieving our operating plans.

If mortgage debt is unavailable at reasonable rates, it may make it difficult for us to finance or refinance properties, which could reduce the number of properties we can acquire, our cash flows from operations and the amount of cash distributions we can make.

If we are unable to borrow monies on terms and conditions that we find acceptable, we likely will have to reduce the number of properties we can purchase, and the return on the properties we do purchase may be lower. If we place mortgage debt on properties, we run the risk of being unable to refinance the properties when the debt becomes due or of being unable to refinance on favorable terms. If interest rates are higher when we refinance the properties, our income could be reduced. As such, we may find it difficult, costly or impossible to refinance indebtedness that is maturing. If any of these events occur, our interest cost would increase as a result, which would reduce our cash flow. This, in turn, could reduce cash available for distribution to our stockholders and may hinder our ability to raise capital by issuing more stock or borrowing more money. If we are unable to refinance maturing indebtedness with respect to a particular property and are unable to pay the same, then the lender may foreclose on such property.

Volatility in the commercial mortgage-backed securities market could impact the pricing of secured debt.

Volatility in the commercial mortgage-backed securities market could result in the following adverse effects on our incurrence of secured debt, which could have a materially negative impact on our financial condition, results of operations, cash flow and cash available for distribution:

- higher loan spreads;
- tighter loan covenants;
- reduced loan-to-value ratios and resulting borrower proceeds; and
- higher amortization and reserve requirements.

Some of our mortgage loans may have "due-on-sale" provisions, which may impact the manner in which we acquire, sell and/or finance our properties.

We may obtain financing with "due-on-sale" and/or "due-on-encumbrance" clauses when financing our properties. Due-on-sale clauses in mortgages allow a mortgage lender to demand full repayment of the mortgage loan if the borrower sells the mortgaged property. Similarly, due-on-encumbrance clauses allow a mortgage lender to demand full repayment if the borrower uses the real estate securing the mortgage loan as security for another loan. In such event, we may be required to sell our properties on an all-cash basis, which may make it more difficult to sell the property or reduce the selling price.

Lenders may be able to recover against our other properties under our mortgage loans.

In financing our property acquisitions, we will seek to obtain secured nonrecourse loans. However, only recourse financing may be available, in which event, in addition to the property securing the loan, the lender would have the ability to look to our other assets for satisfaction of the debt if the proceeds from the sale or other disposition of the property securing the loan are insufficient to fully repay it. Also, in order to facilitate the sale of a property, we may allow the buyer to purchase the property subject to an existing loan whereby we remain responsible for the debt.

If we are required to make payments under any "bad boy" carve-out guaranties that we may provide in connection with certain mortgages and related loans, our business and financial results could be materially adversely affected.

In obtaining certain nonrecourse loans, we may provide standard carve-out guaranties. These guaranties are only applicable if and when the borrower directly, or indirectly through agreement with an affiliate, joint venture partner or other third party, voluntarily files a bankruptcy or similar liquidation or reorganization action or takes other actions that are fraudulent or restricted (commonly referred to as "bad boy" guaranties). Although we believe that "bad boy" carve-out guaranties are not guaranties of payment in the event of foreclosure or other actions of the foreclosing lender that are beyond the borrower's control, some lenders in the real estate industry have recently sought to make claims for payment under such guaranties. In the event such a claim were made against us under a "bad boy" carve-out guaranty following a foreclosure, and such claim were successful, our business and financial results could be materially adversely affected.

Interest-only indebtedness may increase our risk of default and ultimately may reduce our funds available for distribution to our stockholders.

We may finance our property acquisitions using interest-only mortgage indebtedness. During the interest-only period, the amount of each scheduled payment will be less than that of a traditional amortizing mortgage loan. The principal balance of the mortgage loan will not be reduced (except in the case of prepayments) because there are no scheduled monthly payments of principal during this period. After the interest-only period, we will be required either to make scheduled payments of amortized principal and interest or to make a lump-sum or "balloon" payment at maturity. These required principal or balloon payments will increase the amount of our scheduled payments and may increase our risk of default under the related mortgage loan. If the mortgage loan has an adjustable interest rate, the amount of our scheduled payments also may increase at a time of rising interest rates. Increased payments and substantial principal or balloon maturity payments will reduce the funds available for distribution to our stockholders because cash otherwise available for distribution will be required to pay principal and interest associated with these mortgage loans.

To hedge against interest rate fluctuations, we may use derivative financial instruments that may be costly and ineffective, may reduce the overall returns on your investment and may expose us to the credit risk of counterparties.

To the extent consistent with maintaining our qualification as a REIT, we may use derivative financial instruments to hedge exposures to interest rate fluctuations on loans secured by our assets and investments in collateralized mortgage-backed securities. Derivative instruments may include interest rate swap contracts, interest rate cap or floor contracts, futures or forward contracts, options or repurchase agreements. Our actual hedging decisions will be determined in light of the facts and circumstances existing at the time of the hedge and may differ from time to time.

To the extent that we use derivative financial instruments to hedge against interest rate fluctuations, we will be exposed to financing, basis risk and legal enforceability risks. In this context, credit risk is the failure of the counterparty to perform under the terms of the derivative contract. If the fair value of a derivative contract is positive, the counterparty owes us, which creates credit risk for us. Basis risk occurs when the index upon which the contract is based is more or less variable than the index upon which the hedged asset or liability is based, thereby making the hedge less effective. Finally, legal enforceability risks encompass general contractual risks, including the risk that the counterparty will breach the terms of, or fail to perform its obligations under, the derivative contract. If we are unable to manage these risks effectively, our results of operations, financial condition and ability to make distributions to you will be adversely affected.

Complying with REIT requirements may limit our ability to hedge risk effectively.

We must satisfy two gross income tests annually to maintain our qualification as a REIT. First, at least 75% of our gross income for each taxable year must consist of defined types of income that we derive, directly or indirectly, from investments relating to real property or mortgages on real property or qualified temporary investment income (the "75% Gross Income Test"). Second, at least 95% of our gross income for each taxable year must consist of income that is qualifying income for purposes of the 75% Gross Income Test, other types of interest and dividends, gain from the sale or disposition of shares or securities, or any combination of these (the "95% Gross Income Test").

These and other REIT provisions of the Code may limit our ability to hedge the risks inherent to our operations. From time to time, we may enter into hedging transactions with respect to one or more of our assets or liabilities. Our hedging transactions may include entering into interest rate swaps, caps and floors, options to purchase these items, and futures and forward contracts. Any income or gain derived by us from transactions that hedge certain risks, such as the risk of changes in interest rates, will not be treated as gross income for purposes of either the 75% Gross Income Test or the 95% Gross Income Test if specific requirements are met. Such requirements include that the hedging transaction be properly identified within prescribed time periods and that the transaction either (1) hedge risks associated with indebtedness issued by us that is incurred to acquire or carry real estate assets, (2) manage the risks of currency fluctuations with respect to income or gain that qualifies under the 75% Gross Income Test or 95% Gross Income Test (or assets that generate such income), or (3) offset a transaction described in (1) or (2) if a portion of the hedge indebtedness is extinguished or the related property disposed of. To the extent that we do not properly identify such transactions as hedges, hedge with other types of financial instruments, or hedge other types of indebtedness, the income from those transactions is not likely to be treated as qualifying income for purposes of the 75% Gross Income Test and the 95% Gross Income Test. As a result of these rules, we may have to limit the use of hedging techniques that might otherwise be advantageous, which could result in greater risks associated with interest rate or other changes than we would otherwise incur.

You may not receive any profits resulting from the sale of one of our properties, or receive such profits in a timely manner, because we may provide financing for the purchaser of such property.

If we liquidate our company, you may experience a delay before receiving your share of the proceeds of such liquidation. In a forced or voluntary liquidation, we may sell our properties either subject to or upon the assumption of any then-outstanding mortgage debt or, alternatively, may provide financing to purchasers. We may take a purchase-money obligation secured by a mortgage as partial payment. We do not have any limitations or restrictions on our taking such purchase-money obligations. To the extent that we receive promissory notes or other property instead of cash from sales, such proceeds, other than any interest payable on those proceeds, will not be included in net sale proceeds until and to the extent the promissory notes or other property are actually paid, sold, refinanced or otherwise disposed of. In certain cases, we may receive initial down payments in the year of sale in an amount less than the selling price and subsequent payments may be spread over a number of years. In such cases, you may experience a delay in the distribution of the proceeds of a sale until such time.

We are subject to increasing scrutiny from investors with respect to the social and environmental impact of our business, which may adversely impact our business and ability to raise capital from such investors.

In recent years, certain investors have placed increasing importance on the implications of our business with respect to Environmental, Social, and Governance (“ESG”) matters. Investors’ increased focus and activism related to ESG and similar matters may constrain our business operations. In addition, investors may decide to refrain from investing in us as a result of their assessment of our approach to and consideration of the ESG factors.

Global economic, political and market conditions, including uncertainty about the financial stability of the United States, could have a significant adverse effect on our business, financial condition and results of operations.

Various social and political circumstances in the U.S. and around the world (including wars and other forms of conflict, terrorist acts, security operations and catastrophic events such as fires, floods, earthquakes, tornadoes, hurricanes and global health epidemics or outbreaks of infectious diseases), may also contribute to increased market volatility and economic uncertainties or deterioration in the U.S. and worldwide. Such events, including trade tensions between the United States and China, other uncertainties regarding actual and potential shifts in U.S. and foreign, trade, economic and other policies with other countries, the Russia-Ukraine war and more recently the Israel-Hamas war, and health epidemics and pandemics, could adversely affect our business, financial condition or results of operations. These market and economic disruptions could negatively impact the operating results of our portfolio companies.

Our business, results of operations, financial condition, and cash flows may be adversely affected by pandemics and outbreaks of infectious disease, which may include COVID-19.

The market and economic challenges created by any future local, regional, national or international outbreaks of infectious disease, which may include COVID-19 and its variants, MERS, SARS, H1N1 influenza virus, avian flu or any other similar illness, and measures taken by governmental authorities and private actors to limit the spread or mitigate the impact thereof, may adversely impact our business, results of operations, financial condition, and cash flows. We depend on rental revenues and other property income from residents for substantially all of our revenues. Future outbreaks of highly infectious or contagious diseases may interfere with the ability of our residents to meet their lease obligations and make their rent payments on time or at all, and may also result in decreased overall demand for single-family rental properties and/or occupancy thereof. The occurrence of such events may also result in a general decline in business activity and demand for real estate transactions could adversely affect (1) our ability to acquire or dispose of single-family homes on terms that are attractive or at all and (2) the value of our homes and our business such that we may recognize impairment on the carrying value of our investments in single-family residential properties and other assets subject to impairment review, including, but not limited to, goodwill. While we have taken steps to mitigate the potential impact of any future outbreaks of highly infectious diseases on our results of operations, there can be no assurance that these efforts will be successful.

Risks Related to Our Management and Relationships with Our Manager

We are dependent on our Manager and its key personnel for our success.

We will be externally advised by our Manager and, pursuant to the Management Agreement, our Manager will not be obligated to dedicate any specific personnel exclusively to us, nor will its personnel be obligated to dedicate any specific portion of their time to the management of our business. As a result, we cannot provide any assurances regarding the amount of time our Manager will dedicate to the management of our business. Moreover, each of our officers will also be an employee of our Manager or one of its affiliates, and will have significant responsibilities for other investment vehicles currently managed by Bluerock affiliates, and may not always be able to devote sufficient time to the management of our business. Consequently, we may not receive the level of support and assistance that we otherwise might receive if we were internally managed.

In addition, we offer no assurance that our Manager will remain our manager or that we will continue to have access to our Manager’s principals and professionals. The current term of our Management Agreement with our Manager expires October 6, 2024, with automatic one-year renewals thereafter, and may be terminated earlier under certain circumstances. If the Management Agreement is terminated or not renewed and no suitable replacement is found to manage us, we may not be able to execute our business plan, which could have a material adverse effect on our results of operations and our ability to make distributions to our stockholders.

Our Manager may not be successful in identifying and consummating suitable investment opportunities.

Our investment strategy will require us, through our Manager, to identify suitable investment opportunities compatible with our investment criteria. Our Manager may not be successful in identifying suitable opportunities that meet our criteria or in consummating investments, including those identified as part of our investment pipeline, on satisfactory terms or at all. Our ability to make investments on favorable terms may be constrained by several factors including, but not limited to, competition from other investors with significant capital, including other publicly-traded REITs and institutional investment funds, which may significantly increase investment costs; and/or the inability to finance an investment on favorable terms or at all. The failure to identify or consummate investments on satisfactory terms, or at all, may impede our growth and negatively affect our cash available for distribution to our stockholders.

The inability of our Manager to retain or obtain key personnel could delay or hinder implementation of our investment strategies, which could impair our ability to make distributions and could reduce the value of your investment.

Our Manager will be obligated to supply us with substantially all of our senior management team, including our chief executive officer, president, chief accounting officer and chief operating officer. Subject to investment, leverage and other guidelines or policies adopted by our Board, our Manager will have significant discretion regarding the implementation of our investment and operating policies and strategies. Accordingly, we believe that our success will depend significantly upon the experience, skill, resources, relationships and contacts of the senior officers and key personnel of our Manager and its affiliates. In particular, our success depends to a significant degree upon the contributions of Messrs. Kamfar, Ruddy, MacDonald, Babb, Vohs, DiFranco and Emala, all of whom are senior officers of our Manager. We will not have employment agreements with any of these key personnel and do not have key man life insurance on any of them. If any of Messrs. Kamfar, Ruddy, MacDonald, Babb, Vohs, DiFranco and Emala were to cease their affiliation with us or our Manager, our Manager may be unable to find suitable replacements, and our operating results could suffer. We believe that our future success will depend, in large part, upon our Manager’s ability to hire and retain highly skilled managerial, operational and marketing personnel. Competition for highly skilled personnel is intense, and our Manager may be unsuccessful in attracting and retaining such skilled personnel. If we lose or are unable to obtain the services of highly skilled personnel, our ability to implement our investment strategies could be delayed or hindered, and the value of your investment may decline.

Our Manager’s limited operating history makes it difficult for you to evaluate this investment.

Our Manager has limited operating history and may not be able to successfully operate our business or achieve our investment objectives. We may not be able to conduct our business as described in our plan of operation.

Non-renewal of the Management Agreement, even for poor performance, could be difficult and costly, including as a result of termination fees, and may cause us to be unable to execute our business plan.

Non-renewal of the Management Agreement without cause, even for poor performance, could be difficult and costly. We may decline to renew the Management Agreement without cause upon the affirmative vote of at least two-thirds of our independent directors that (1) there has been unsatisfactory performance by our Manager that is materially detrimental to us or (2) the Base Management Fee and Incentive Fee (each as defined in the Management Agreement) payable to our Manager are not, taken as a whole, in accordance with then-current market rates charged by asset management companies rendering services similar to those rendered by our Manager, subject to our Manager’s right to prevent such non-renewal by accepting a reduction of the fees agreed to by at least two-thirds of our independent directors. In such a case of non-renewal, our Manager will be paid a termination fee equal to 3.00 times the sum of the Base Management Fee and Incentive Fee earned, in each case, by our Manager during the 12-month period immediately preceding such non-renewal, calculated as of the end of the most recently completed fiscal quarter before the date of non-renewal. These provisions may substantially restrict our ability to not to renew the Management Agreement and would cause us to incur substantial costs in connection with such a non-renewal. Furthermore, in the event that our Management Agreement is not renewed, and we are unable to identify a suitable replacement to manage us, our ability to execute our business plan could be adversely affected.

Because we will be dependent upon our Manager and its affiliates to conduct our operations, any adverse changes in the financial health of our Manager or its affiliates or our relationship with them could hinder our operating performance and the return on your investment.

We will be dependent on our Manager and its affiliates to manage our operations and acquire and manage our portfolio of real estate assets. Under the direction of our Board, and subject to our investment guidelines, our Manager will make all decisions with respect to the management of our company. Our Manager will depend upon the fees and other compensation that it receives from us in connection with managing our company to conduct its operations. Any adverse changes in the financial condition of our Manager or its affiliates, or our relationship with our Manager, could hinder its ability to successfully manage our operations and our portfolio of investments, which would adversely affect us and our stockholders.

Our Board will approve very broad investment guidelines for our Manager and will not approve each investment and financing decision made by our Manager unless required by our investment guidelines.

Our Manager will be authorized to follow very broad investment guidelines established by our Board. Our Board will periodically review our investment guidelines and our portfolio of assets but will not, and will not be required to, review all of our proposed investments, except in limited circumstances as set forth in our investment guidelines. In addition, in conducting periodic reviews, our Board may rely primarily on information provided to it by our Manager. Furthermore, transactions entered into by our Manager may be costly, difficult or impossible to unwind by the time they are reviewed by our Board. Our Manager will have great latitude within the broad parameters of our investment guidelines in determining the types and amounts of assets in which to invest on our behalf, including making investments that may result in returns that are substantially below expectations or result in losses, which would materially and adversely affect our business and results of operations, or may otherwise not be in the best interests of our stockholders.

The Management Agreement with our Manager was not negotiated on an arm's-length basis and may not be as favorable to us as if it had been negotiated with an unaffiliated third party.

Our executive officers, including one of our five directors, are executives of our Manager or its affiliates. Although the Bluerock Residential board of directors received an opinion from Robert A. Stanger & Company, Inc. that the terms of the Management Agreement are fair, from a financial point of view, to us, and after consideration of this opinion and other documents and presentations, the non-management directors authorized us to enter into the Management Agreement, the Management Agreement was negotiated between related parties and its terms, including fees payable to our Manager, may not be as favorable to us as if it had been negotiated with an unaffiliated third party. In addition, we may choose not to enforce, or to enforce less vigorously, our rights under the Management Agreement because of our desire to maintain our ongoing relationship with Bluerock and its affiliates.

We may have conflicts of interest with our Manager and other affiliates, which could result in investment decisions that are not in the best interests of our stockholders.

There will be numerous conflicts of interest between our interests and the interests of our Manager, Bluerock and their respective affiliates, including conflicts arising out of allocation of personnel to our activities, allocation of investment opportunities between us and investment vehicles affiliated with Bluerock, purchase or sale of apartment properties, including from or to Bluerock or its affiliates and fee arrangements with our Manager that might induce our Manager to make investment decisions that are not in our best interests. Examples of these potential conflicts of interest include:

- Competition for the time and services of personnel that work for us and our affiliates;
- Compensation payable by us to our Manager and its affiliates for their various services, which may not be on market terms and is payable, in some cases, whether or not our stockholders receive distributions;
- The possibility that our Manager, its officers and their respective affiliates will face conflicts of interest relating to the purchase and leasing of properties and that such conflicts may not be resolved in our favor, thus potentially limiting our investment opportunities, impairing our ability to make distributions and adversely affecting the trading price of our stock;
- The possibility that if we acquire properties from Bluerock or its affiliates, the price may be higher than we would pay if the transaction were the result of arm's-length negotiations with a third party;
- The possibility that our Manager will face conflicts of interest caused by its indirect ownership by Bluerock, some of whose officers are also our officers and one of whom is a director of ours, resulting in actions that may not be in the long-term best interests of our stockholders;
- Our Manager will have considerable discretion with respect to the terms and timing of our acquisition, disposition and leasing transactions, and the Incentive Fee payable by us to our Manager will be determined based on AFFO (as defined in the Management Agreement), which may create an incentive for our Manager to make investments that are risky or more speculative than would otherwise be in our best interests;
- The possibility that we may acquire or merge with our Manager, resulting in an internalization of our management functions; and

- The possibility that the competing demands for the time of our Manager, its affiliates and our officers may result in them spending insufficient time on our business, which may result in our missing investment opportunities or having less efficient operations, which could reduce our profitability and result in lower distributions to you.

The Incentive Fee we pay our Manager may induce it to make riskier investments, which could adversely affect our financial condition, results of operations and the trading price of our stock.

The Incentive Fee payable by us to our Manager will be determined based on AFFO, which may create an incentive for our Manager to make investments that are risky or more speculative than would otherwise be in our best interests. In evaluating investments and other management strategies, the incentive fee structure may lead our Manager to place undue emphasis on the maximization of AFFO at the expense of other criteria, such as preservation of capital, in order to increase the Incentive Fee. Investments with higher yields generally have higher risk of loss than investments with lower yields, and could result in higher investment losses, particularly during cyclical economic downturns, which could adversely affect the trading price of our stock.

We may be obligated to pay our Manager quarterly Incentive Fees even if we incur a net loss during a particular quarter and our Manager will receive a Base Management Fee regardless of the performance of our portfolio.

Our Manager will be entitled to a quarterly Incentive Fee based on our pre-Incentive Fee AFFO, which will reward our Manager if our quarterly AFFO exceeds an 8% hurdle on our adjusted stockholders' equity. Our AFFO for a particular quarter will exclude the effect of any unrealized gains, losses or other items during that quarter that do not affect realized net income, even if these adjustments result in a net loss on our statement of operations for that quarter. Thus, we may be required to pay our Manager an Incentive Fee for a fiscal quarter even if we incur a net loss for that quarter as determined in accordance with GAAP. In addition, our Manager will be entitled to receive a Base Management Fee based on a percentage of stockholders' equity, regardless of our performance or its performance in managing our business. Our Manager will also receive reimbursement of expenses and fees incurred directly on our behalf regardless of its or our performance. As a result, even if our Manager does not identify profitable investment opportunities for us, it will still receive material compensation from us. This compensation structure may reduce our Manager's incentive to devote time and effort to seeking profitable opportunities for our portfolio.

If we acquire properties from affiliates of our Manager, the price may be higher than we would pay if the transaction were the result of arm's-length negotiations.

We may acquire properties or investments from Bluerock, our Manager, directors or officers, or their respective affiliates. The prices we pay for such properties will not be the subject of arm's-length negotiations, which means that the acquisitions may be on terms less favorable to us than those negotiated in an arm's-length transaction. Even though we expect to use an independent third-party appraiser to determine fair market value when acquiring properties from our Manager and its affiliates, we may pay more for particular properties than we would have in an arm's-length transaction, which would reduce our cash available for investment in other properties or distribution to our stockholders.

If we internalize our management functions, we could incur other significant costs associated with being self-managed.

At any time, our Board may, but is not obligated to, pursue the internalization of the functions performed for us by our Manager through the acquisition of our Manager or similar transaction through which we would bring onboard our Manager's management team. The method by which we could internalize these functions could take many forms, and may require agreement with the Manager. While we believe that there may be substantial benefits to internalization of management functions at the appropriate time, there is no assurance that internalization will be beneficial to us and our stockholders, and internalizing our management functions could reduce earnings per share and funds from operation per share. For example, we may not realize the perceived benefits or we may not be able to properly integrate a new staff of managers and employees or we may not be able to effectively replicate the services provided previously by our Manager or its affiliates. Internalization transactions involving the internalization of managers affiliated with entity sponsors have also, in some cases, been the subject of litigation. Even if these claims are without merit, we could be forced to spend significant amounts of money defending claims which would reduce the amount of funds available for us to invest in properties or other investments to pay distributions. All these factors could have a material adverse effect on our results of operations, financial condition and ability to pay distributions.

Risks Related to the Separation and Distribution

Bluerock Residential may fail to perform under various transaction agreements executed as part of the Separation, or we may fail to have necessary systems and services in place when certain of the transaction agreements expire.

In connection with the Separation and prior to the Distribution, we, Bluerock Residential, and certain other parties entered into the Separation and Distribution Agreement and various other agreements, including the Tax Matters Agreement. The Separation and Distribution Agreement and the Tax Matters Agreement, together with the documents and agreements by which the internal reorganization was effected, determined the allocation of assets and liabilities between the companies following the Separation for those respective areas and included indemnifications related to liabilities and obligations. We will rely on Bluerock Residential to satisfy its performance and payment obligations under these agreements. If Bluerock Residential is unable or unwilling to satisfy its obligations under these agreements, including its indemnification obligations, we could incur operational difficulties and/or losses. If we do not have in place our own systems and services, or if we do not have agreements with other providers of these services once certain transaction agreements expire, we may not be able to operate our business effectively, and our profitability may decline. We continue the process of creating our own, or engaging third parties to provide, systems and services to replace many of the systems and services that Bluerock Residential formerly provided to us. However, we may not be successful in implementing these systems and services in a timely manner or at all, we may incur additional costs in connection with, or following, the implementation of these systems and services, and we may not be successful in transitioning data from Bluerock Residential's systems to ours.

Potential indemnification obligations owed to Bluerock Residential pursuant to the Separation and Distribution Agreement may have a material adverse effect on our business, financial condition and results of operations.

The Separation and Distribution Agreement provides for, among other things, the principal corporate transactions required to effect the Separation and the Distribution, certain conditions to the Separation and the Distribution and provisions governing our relationship with Bluerock Residential with respect to and following the Distribution. Among other things, the Separation and Distribution Agreement provides for indemnification obligations designed to make us financially responsible for substantially all liabilities that may exist related to our business activities. If we are required to indemnify Bluerock Residential under the circumstances set forth in the Separation and Distribution Agreement, we may be subject to substantial liabilities, which may have a material adverse effect on our business, financial condition and results of operations.

Pursuant to the Separation and Distribution Agreement and the Tax Matters Agreement, Bluerock Residential and Badger Holdco LLC, a Delaware limited liability company ("New LLC"), have indemnified us for certain pre-Distribution liabilities and liabilities related to the legacy Bluerock Residential assets. However, there can be no assurance that these indemnities will be sufficient to insure us against the full amount of such liabilities, or that Bluerock Residential's or New LLC's ability to satisfy their indemnification obligations will not be impaired in the future.

Pursuant to the Separation and Distribution Agreement and the Tax Matters Agreement, Bluerock Residential and New LLC have indemnified us for certain liabilities. However, third parties could seek to hold us responsible for any of the liabilities that Bluerock Residential retains, and there can be no assurance that Bluerock Residential and/or New LLC will be able to fully satisfy their indemnification obligations to us. Moreover, even if we ultimately succeed in recovering from Bluerock Residential or New LLC any amounts for which we were held liable by such third parties, any indemnification received may be insufficient to fully offset the financial impact of such liabilities, or we may be temporarily required to bear these losses while seeking recovery from Bluerock Residential and/or New LLC, which may have a material adverse effect on our business, financial condition and results of operations.

Risks Related to Offerings of our Series A Preferred Stock

To the extent that our distributions represent a return of capital for tax purposes, stockholders may recognize an increased gain or a reduced loss upon subsequent sales (including cash redemptions) of their shares of Series A Preferred Stock.

The dividends payable by us on the Series A Preferred Stock may exceed our current and accumulated earnings and profits as determined for U.S. federal income tax purposes. If that were to occur, it would result in the amount of distributions that exceed our earnings and profits being treated first as a return of capital to the extent of the stockholder's adjusted tax basis in the stockholder's Series A Preferred Stock and then, to the extent of any excess over the stockholder's adjusted tax basis in the stockholder's Series A Preferred Stock, as capital gain. Any distribution that is treated as a return of capital will reduce the stockholder's adjusted tax basis in the stockholder's Series A Preferred Stock, and subsequent sales (including cash redemptions) of such stockholder's Series A Preferred Stock will result in recognition of an increased taxable gain or reduced taxable loss due to the reduction in such adjusted tax basis.

Because we conduct substantially all of our operations through our Operating Partnership, our ability to pay dividends on our Series A Preferred Stock will depend almost entirely on the distributions we receive from our Operating Partnership. We may not be able to pay dividends regularly on our Series A Preferred Stock.

We may not be able to pay dividends on a regular quarterly basis in the future on our Series A Preferred Stock. We intend to contribute the entire net proceeds from any offerings of our Series A Preferred Stock to our Operating Partnership in exchange for Series A Preferred Units that have substantially the same economic terms as the Series A Preferred Stock. Because we conduct substantially all of our operations through our Operating Partnership, our ability to pay dividends on the Series A Preferred Stock will depend almost entirely on payments and distributions we receive on our interests in our Operating Partnership. If our Operating Partnership fails to operate profitably and to generate sufficient cash from operations (and the operations of its subsidiaries), we may not be able to pay dividends on the Series A Preferred Stock. Furthermore, any new shares of preferred stock on parity with any such series of preferred stock will substantially increase the cash required to continue to pay cash dividends at stated levels. Any common stock or preferred stock that may be issued in the future to finance acquisitions, upon exercise of stock options or otherwise, would have a similar effect.

Your interests could be subordinated and/or diluted by the incurrence of additional debt, the issuance of additional shares of preferred stock, including additional shares of Series A Preferred Stock, and by other transactions.

As of December 31, 2023, our total indebtedness was approximately $166.7 million, which includes $70.0 million outstanding under our revolving credit facilities. We may incur significant additional debt in the future. The Series A Preferred Stock is subordinate to all of our existing and future debt and liabilities and those of our subsidiaries. Our future debt may include restrictions on our ability to pay dividends to preferred stockholders in the event of a default under the debt facilities or under other circumstances. In addition, our charter currently authorizes the issuance of up to 250,000,000 shares of preferred stock in one or more classes or series, of which 30,000,000 have been classified as shares of Series A Preferred Stock. As of December 31, 2023, we had issued and outstanding 436,675 shares of Series A Preferred Stock. The issuance of additional preferred stock on parity with or senior to the Series A Preferred Stock or any other class or series of preferred stock would dilute the interests of the holders of shares of preferred stock of the applicable class or series, and any issuance of preferred stock senior to the Series A Preferred Stock or any other class or series of preferred stock, or any issuance of additional indebtedness, could affect our ability to pay dividends on, redeem or pay the liquidation preference on any or all of the foregoing class or series of preferred stock. We may issue preferred stock on parity with the Series A Preferred Stock without the consent of the holders of shares of Series A Preferred Stock. Other than the right of holders to cause us to redeem the Series A Preferred Stock upon a Change of Control (as defined below), none of the provisions relating to the Series A Preferred Stock or any other class or series of preferred stock relate to or limit our indebtedness or afford the holders of shares thereof protection in the event of a highly leveraged or other transaction, including a merger or the sale, lease or conveyance of all or substantially all our assets or business, that might adversely affect the holders of such shares.

In the event a holder of our Series A Preferred Stock exercises their redemption option we may redeem such shares of Series A Preferred Stock either for cash, or for shares of our Class A common stock, or any combination thereof, in our sole discretion.

If we choose to redeem shares of our Series A Preferred Stock for Class A common stock, the holder will receive shares of our common stock and therefore be subject to the risks of ownership thereof. Ownership of shares of our Series A Preferred Stock will not give you the rights of holders of our Class A common stock. Until and unless you receive shares of our Class A common stock upon redemption, you will have only those rights applicable to holders of our Series A Preferred Stock.

The Series A Preferred Stock has not been rated.

We have not sought to obtain a rating for the Series A Preferred Stock. No assurance can be given, however, that one or more rating agencies might not independently determine to issue such ratings or that such a rating, if issued, would not adversely affect the market price of the Series A Preferred Stock. In addition, we may elect in the future to obtain a rating of the Series A Preferred Stock, which could adversely impact the market price of the applicable series. Ratings only reflect the views of the rating agency or agencies issuing the ratings and such ratings could be revised downward, placed on negative outlook or withdrawn entirely at the discretion of the issuing rating agency if in its judgment circumstances so warrant. While ratings do not reflect market prices or the suitability of a security for a particular investor, such downward revision or withdrawal of a rating could have an adverse effect on the market price of the Series A Preferred Stock. It is also possible that the Series A Preferred Stock will never be rated.

Dividend payments on the Series A Preferred Stock are not guaranteed.

Although dividends on the Series A Preferred Stock are cumulative, our Board must approve the actual payment of such distributions. Our Board can elect at any time or from time to time, and for an indefinite duration, not to pay any or all accrued distributions. Our Board could do so for any reason, and may be prohibited from doing so in the following instances:

- poor historical or projected cash flows;
- the need to make payments on our indebtedness;
- concluding that payment of distributions on any or all such series of preferred stock would cause us to breach the terms of any indebtedness or other instrument or agreement; or
- determining that the payment of distributions would violate applicable law regarding unlawful distributions to stockholders.

We intend to use the net proceeds from any offerings of the Series A Preferred Stock to fund future investments and for other general corporate and working capital purposes, but any such offerings will not be conditioned upon the closing of pending property investments and we will have broad discretion to determine alternative uses of proceeds.

We intend to use a portion of the net proceeds from any offerings of our Series A Preferred Stock to fund future investments and for other general corporate and working capital purposes. However, any such offerings will not be conditioned upon the closing of definitive agreements to acquire or invest in any properties. We will have broad discretion in the application of the net proceeds from such offerings, and holders of our Series A Preferred Stock will not have the opportunity as part of their investment decision to assess whether the net proceeds are being used appropriately. Because of the number and variability of factors that will determine our use of the net proceeds from such offerings, their ultimate use may vary substantially from their currently intended use, and result in investments that are not accretive to our results from operations.

If we are required to make payments under any "bad boy" carve-out guaranties, recourse guaranties, and completion guaranties that we may provide in connection with certain mortgages and related loans in connection with an event that constitutes a Change of Control, our business and financial results could be materially adversely affected.

In causing our subsidiaries to obtain certain nonrecourse loans, we may provide standard carve-out guaranties. These guaranties are generally only applicable if and when the borrower directly, or indirectly through agreement with an affiliate, joint venture partner or other third party, voluntarily files a bankruptcy or similar liquidation or reorganization action or takes other actions that are fraudulent or improper (commonly referred to as "bad boy" guaranties). We also may enter into recourse guaranties with respect to future mortgages, or provide credit support to development projects through completion guaranties, which also could increase risk of repayment. In some circumstances, pursuant to guarantees to which we are a party or that we may enter into in the future, our obligations pursuant to such "bad boy" carve-out guaranties and other guaranties may be triggered by a Change of Control, because, among other things, such an event may result indirectly in a change of control of the applicable borrower. Because a Change of Control while any Series A Preferred Stock is outstanding also triggers a right of redemption for cash by the holders thereof, the effect of a Change of Control could negatively impact our liquidity and overall financial condition, and could negatively impact the ability of holders of shares of our Series A Preferred Stock to receive dividends or other amounts on their shares of Series A Preferred Stock.

There is a risk of delay in our redemption of Series A Preferred Stock and we may fail to redeem such securities as required by their terms.

Substantially all of the investments we presently hold and the investments we expect to acquire in the future are, and will be, illiquid. The illiquidity of our investments may make it difficult for us to obtain cash quickly if a need arises. If we are unable to obtain sufficient liquidity prior to a redemption date, we may be forced to, among other things, engage in a partial redemption or to delay a required redemption. If this were to occur, the market price of shares of the Series A Preferred Stock might be adversely affected, and stockholders entitled to a redemption payment may not receive payment.

The Series A Preferred Stock will bear a risk of early redemption by us.

We may voluntarily redeem some or all of the Series A Preferred Stock, for cash or equal value of shares of our Class A common stock, two years after the issuance date. Any such redemptions may occur at a time that is unfavorable to holders of such preferred stock. We may have an incentive to voluntarily redeem shares of Series A Preferred Stock, if market conditions allow us to issue other preferred stock or debt securities at an interest or distribution rate that is lower than the distribution rate on the applicable series of preferred stock. Given the potential for early redemption of the Series A Preferred Stock, holders of such shares may face an increased reinvestment risk, which is the risk that the return on an investment purchased with proceeds from the sale or redemption of the Series A Preferred Stock may be lower than the return previously obtained from the investment in such shares.

Our ability to redeem the Series A Preferred Stock may subject investors to certain risks, including reinvestment risk and volatility risk.

Beginning two years following the date of original issuance of the shares of Series A Preferred Stock to be redeemed, we may voluntarily redeem some or all of such Series A Preferred Stock for cash or shares of our Class A common stock, in our sole discretion. Any redemption of Series A Preferred Stock may occur at a time that is unfavorable to holders of the Series A Preferred Stock. We may have an incentive to redeem the Series A Preferred Stock voluntarily if market conditions allow us to issue other preferred stock or debt securities at an interest or distribution rate that is lower than the distribution rate on the Series A Preferred Stock. Given the potential for early redemption of the Series A Preferred Stock, holders of such shares may face an increased reinvestment risk, which is the risk that the return on an investment purchased with proceeds from the sale or redemption of the Series A Preferred Stock may be lower than the return previously obtained from the investment in such shares. The trading price of the Class A common stock, for which the Series A Preferred Stock may be redeemed, may be volatile and may expose investors to additional volatility risk.

Holders of Series A Preferred Stock should not expect us to redeem all or any such shares on the date they first become redeemable or on any particular date after they become redeemable.

Except in limited circumstances related to our ability to maintain our qualification as a REIT or a special optional redemption in connection with a Change of Control, Series A Preferred Stock may be redeemed by us at our option, either in whole or in part, only on or after two years from the issuance date. Any decision we make at any time to propose a redemption of any such series of preferred stock will depend upon, among other things, our evaluation of our capital position and general market conditions at the time. It is likely that we would choose to exercise our optional redemption right only when prevailing interest rates have declined, which would adversely affect the ability of holders of shares of the applicable series of preferred stock to reinvest proceeds from the redemption in a comparable investment with an equal or greater yield to the yield on such series of preferred stock had their shares not been redeemed. In addition, there is no penalty or premium payable on redemption, and the market price of the shares of such series of preferred stock may not exceed the liquidation preference at the time the shares become redeemable for any reason.

Holders of the Series A Preferred Stock will be subject to inflation risk.

Inflation is the reduction in the purchasing power of money resulting from the increase in the price of goods and services. Inflation risk is the risk that the inflation-adjusted, or “real,” value of an investment in preferred stock or the income from that investment will be worth less in the future. As inflation occurs, the real value of the Series A Preferred Stock and dividends payable on such shares decline.

Holders of the Series A Preferred Stock have extremely limited voting rights.

The voting rights of holders of shares of Series A Preferred Stock will be extremely limited. Our common stock is the only class or series of our stock carrying full voting rights. Holders of Series A Preferred Stock will have certain limited voting rights with respect to amendments to our charter that alter only the contract rights set forth therein of either (a) the Series A Preferred Stock, or (b) of any preferred stock (i) ranking on parity with the Series A Preferred Stock with respect to dividend rights and rights upon our liquidation, dissolution or winding up, and (ii) upon which like voting rights have been conferred. Other than in these limited circumstances, holders of Series A Preferred Stock will generally not have voting rights.

The amount of the liquidation preference is fixed and holders of Series A Preferred Stock will have no right to receive any greater payment.

The payment due upon liquidation is fixed at the liquidation preference of $25.00 per share of Series A Preferred Stock, plus an amount equal to all accrued and unpaid dividends thereon, to and including the date of payment, whether or not authorized or declared. If, in the case of our liquidation, there are remaining assets to be distributed after payment of this amount, holders of Series A Preferred Stock will have no right to receive or to participate in these amounts.

Our charter, including the articles supplementary establishing the Series A Preferred Stock, contains restrictions upon ownership and transfer of such preferred stock which may impair the ability of holders to acquire such preferred stock and the shares of our Class A common stock into which shares thereof may be converted, at the Company's option, pursuant to the redemption at the option of the holder under certain circumstances.

Our charter, including the articles supplementary establishing the Series A Preferred Stock, contains restrictions on ownership and transfer of the Series A Preferred Stock, which restrictions are intended to assist us in maintaining our qualification as a REIT for U.S. federal income tax purposes. For example, to assist us in qualifying as a REIT, the articles supplementary establishing the Series A Preferred Stock prohibits anyone from owning, or being deemed to own by virtue of the applicable constructive ownership provisions of the Code, more than 9.8% in value or number of shares, whichever is more restrictive, of the outstanding Series A Preferred Stock. You should consider these ownership limitations prior to a purchase of shares of our Series A Preferred Stock.

Our ability to pay dividends or redeem shares is limited by the requirements of Maryland law.

Our ability to pay dividends on or redeem shares of the Series A Preferred Stock is limited by the laws of Maryland. Under applicable Maryland law, a Maryland corporation generally may not make a distribution (including a dividend or redemption) if, after giving effect to the distribution, the corporation would not be able to pay its debts as the debts become due in the usual course of business, or the corporation's total assets would be less than the sum of its total liabilities plus, unless the corporation's charter provides otherwise, the amount that would be needed, if the corporation were dissolved at the time of the distribution, to satisfy the preferential rights upon dissolution of stockholders whose preferential rights are superior to those receiving the distribution. Accordingly, we generally may not make a distribution on Series A Preferred Stock if, after giving effect to the distribution, we would not be able to pay our debts as they become due in the usual course of business or our total assets would be less than the sum of our total liabilities plus, unless the terms of such class or series provide otherwise, the amount that would be needed to satisfy the preferential rights upon dissolution of the holders of shares of any class or series of preferred stock then outstanding, if any, with preferences senior to those of the Series A Preferred Stock. Any dividends or redemption payments may be delayed or prohibited.

If our Class A common stock is no longer listed on the NYSE American or another national securities exchange, we will be required to terminate any continuous offering(s) of Series A Preferred Stock.

The Series A Preferred Stock are "covered securities" and therefore are not subject to registration under the state securities, or "Blue Sky," regulations in the various states in which it may be sold due to its seniority to our Class A common stock, which is listed on the NYSE American. If our Class A common stock is no longer listed on the NYSE American or another appropriate exchange, we will be required to register any offering of Series A Preferred Stock in any state in which such offering was subsequently made. This would require the termination of any continuous offering(s) of Series A Preferred Stock and could result in our raising an amount of gross proceeds that is substantially less than the amount of the gross proceeds we expect to raise if the maximum offering amounts are sold. This would reduce our ability to make additional investments and limit the diversification of our portfolio.

To the extent that our distributions represent a return of capital for tax purposes, stockholders may recognize an increased gain or a reduced loss upon subsequent sales (including cash redemptions) of their shares of Series A Preferred Stock.

The dividends payable by us on the Series A Preferred Stock may exceed our current and accumulated earnings and profits as determined for U.S. federal income tax purposes. If that were to occur, it would result in the amount of distributions that exceed our earnings and profits being treated first as a return of capital to the extent of the stockholder's adjusted tax basis in the stockholder's Series A Preferred Stock and then, to the extent of any excess over the stockholder's adjusted tax basis in the stockholder's Series A Preferred Stock, as capital gain. Any distribution that is treated as a return of capital will reduce the stockholder's adjusted tax basis in the stockholder's Series A Preferred Stock, and subsequent sales (including cash redemptions) of such stockholder's Series A Preferred Stock will result in recognition of an increased taxable gain or reduced taxable loss due to the reduction in such adjusted tax basis.

There is currently no public trading market for our Series A Preferred Stock, and one may never exist; therefore, your ability to dispose of your shares will likely be limited.

There is no public market for our Series A Preferred Stock, and we currently have no plan to list the Series A Preferred Stock on a securities exchange or to include such shares for quotation on any national securities market. Additionally, our charter contains restrictions on the ownership and transfer of our securities, including our Series A Preferred Stock, and these restrictions may inhibit the ability to sell shares of our Series A Preferred Stock, promptly or at all. Beginning immediately upon original issuance of any share of Series A Preferred Stock, the holder thereof may require us to redeem, and beginning two years from the date of original issuance, we may redeem, any such share, in each case with the redemption price payable, in our sole discretion, in cash or in equal value of shares of our Class A common stock, based on the closing price per share of our Class A common stock for the single trading day prior to the date of redemption. If we opt to pay the redemption price in shares of our common stock, holders of shares of Series A Preferred Stock may receive publicly traded shares, as we currently expect to continue listing our Class A common stock on the NYSE American.

You will not have the opportunity to evaluate our future investments prior to purchasing shares of our Series A Preferred Stock.

Other than the investments disclosed in any applicable prospectus or prospectus supplement prior to your investment, you will not have the opportunity to evaluate the economic merits, transaction terms or other financial or operational data concerning our future investments that we have not yet identified prior to purchasing shares of our Series A Preferred Stock. You must rely on the Manager and our Board to implement our investment policies, to evaluate our investment opportunities and to structure the terms of our investments. We may invest in any asset class, including those that present greater risk than single-family residential assets. Because you cannot evaluate our future investments in advance of purchasing shares of our Series A Preferred Stock, an offering of our Series A Preferred Stock may entail more risk than other types of offerings. This additional risk may hinder your ability to achieve your own personal investment objectives related to portfolio diversification, risk-adjusted investment returns and other objectives.

The payment of fees and expenses to the Manager and its affiliates and the Dealer Manager reduces the cash available for distribution and increases the risk that you will not be able to recover the amount of your investment in shares of our stock.

The Manager and the Dealer Manager perform services for us, including, among other things, the selection and acquisition of our investments, the management of our assets, the disposition of our assets, the financing of our assets and certain administrative services. We pay the Manager and its affiliates, including the Dealer Manager, fees and expense reimbursements for these services, which will reduce the amount of cash available for further investments or distribution to our stockholders.

We will be required to pay substantial compensation to the Manager and its affiliates or related parties, regardless of whether we operate at a profit or a loss.

The Manager and its affiliates will receive compensation, and expense reimbursements in connection with the services they provide to us as described in the Management Agreement, regardless of whether we operate at a profit or a loss. These payments to the Manager and its affiliates or related parties will decrease the amount of cash we have available for operations and new investments and could negatively impact our ability to pay distributions and your overall return.

We may have difficulty completely funding our distributions with funds provided by cash flows from operating activities; therefore, we may use cash flows from financing activities, which may include borrowings and net proceeds of our offerings of our securities, cash resulting from a waiver or deferral of fees by the Manager or from expense support provided by the Manager, or other sources to fund distributions to our stockholders. The use of these sources to pay distributions and the ultimate repayment of any liabilities incurred could adversely impact our ability to pay distributions in future periods, decrease the amount of cash we have available for operations and new investments and/or potentially impact the value or result in dilution of your investment by creating future liabilities, reducing the return on your investment or otherwise.

We may not generate sufficient cash flows from operating activities, as determined on a GAAP basis, to fully fund distributions to you. To date, we have funded, and expect to continue to fund, distributions to our stockholders, with cash flows from financing activities, which may include borrowings and net proceeds of offerings of our securities, cash resulting from a waiver or deferral of fees or expense reimbursements otherwise payable to the Manager or its affiliates, cash resulting from the Manager or its affiliates paying certain of our expenses, proceeds from the sales of assets, or from our cash balances. Our charter does not prohibit our use of such sources to fund distributions. We may be required to fund distributions from a combination of some of these sources if our investments fail to perform as anticipated, if expenses are greater than expected or as a result of numerous other factors. We have not established a cap on the amount of our distributions that may be paid from any of these sources. Using certain of these sources may result in a liability to us, which would require a future repayment.

The use of the sources described above for distributions and the ultimate repayment of any liabilities incurred, as well as the payment of distributions in excess of our FFO, could adversely impact our ability to pay distributions in future periods, decrease the amount of cash we have available for operations and new investments and reduce your overall return and adversely impact and dilute the value of your investment in shares of our Series A Preferred Stock. To the extent distributions in excess of current and accumulated earnings and profits (i) do not exceed a stockholder's adjusted basis in our stock, such distributions will not be taxable to a stockholder, but rather a stockholder's adjusted basis in our stock will be reduced; and (ii) exceed a stockholder's adjusted tax basis in our stock, such distributions will be included in income as long-term capital gain if the stockholder has held its shares for more than one year and otherwise as short-term capital gain.

There may not be a broad market for our Class A common stock, which may cause our Class A common stock to trade at a discount and make it difficult for you to sell the Class A common stock for which your Series A Preferred Stock may be redeemable at our option.

Our Class A common stock for which the shares of our Series A Preferred Stock may be redeemable at our option trades on the NYSE American under the symbol "BHM." Listing on the NYSE American or another national securities exchange does not ensure an actual or active market for our Class A common stock. The market price of our Class A common stock may fluctuate widely as a result of a number of factors, many of which are outside of our control. In addition, the stock market is subject to fluctuations in share prices and trading volumes that affect the market prices of the shares of many companies. These fluctuations in the stock market may materially and adversely affect the market price of our Class A common stock. Among the factors that could affect the market price of our common stock are:

- actual or anticipated quarterly fluctuations in our business, financial condition and operating results;
- changes in revenues or earnings estimates or publication of research reports and recommendations by financial analysts or actions taken by rating agencies with respect to our securities or those of other REITs;
- the ability of our tenants to pay rent to us and meet their other obligations to us under current lease terms;
- our ability to re-lease spaces as leases expire;
- our ability to refinance our indebtedness as it matures;
- any changes in our dividend policy;
- any future issuances of equity securities;
- strategic actions by us or our competitors, such as acquisitions or restructurings;

- general market conditions and, in particular, developments related to market conditions for the real estate industry; and
- domestic and international economic factors unrelated to our performance.

Accordingly, an actual or active market for our Class A common stock may not be maintained, the prices at which shares of our Class A common stock trade may fluctuate significantly, the market for our Class A common stock may not be liquid, the holders of our Class A common stock may be unable to sell their shares of our Class A common stock, and the prices that may be obtained following the sale of our Class A common stock upon the redemption of your Series A Preferred Stock may not reflect the underlying value of our assets and business.

Shares of Series A Preferred Stock may be redeemed for shares of our Class A common stock, which rank junior to the Series A Preferred Stock with respect to dividends and upon liquidation.

The holders of shares of Series A Preferred Stock may require us to redeem such shares, with the redemption price payable, in our sole discretion, in cash or in equal value of shares of our Class A common stock, based on the closing price per share of our Class A common stock for the single trading day prior to the date of redemption. We may opt to pay the redemption price in shares of our Class A common stock. The rights of the holders of shares of Series A Preferred Stock rank senior to the rights of the holders of shares of our common stock as to dividends and payments upon liquidation. Unless full cumulative dividends on shares of our Series A Preferred Stock for all past dividend periods have been declared and paid (or set apart for payment), we will not declare or pay dividends with respect to any shares of our common stock for any period. Upon liquidation, dissolution or winding up of our company, the holders of shares of our Series A Preferred Stock are entitled to receive a liquidation preference of $25.00 per share, plus an amount equal to all accrued and unpaid dividends, in each case prior and in preference to any distribution to the holders of shares of our common stock or any other class of our equity securities.

We will be able to call shares of Series A Preferred Stock for redemption under certain circumstances without the consent of the holder.

We will have the ability to call the outstanding shares of Series A Preferred Stock after two years from the date of original issuance of such shares of Series A Preferred Stock. At that time, we will have the right to redeem, at our option, the outstanding shares of Series A Preferred Stock, in whole or in part, at 100% of the Stated Value per share, plus an amount equal to any accrued and unpaid dividends.

Our requirement to redeem the Series A Preferred Stock in the event of a Change of Control may, in either case, deter a change of control transaction otherwise in the best interests of our stockholders.

Upon the occurrence of a Change of Control (as defined below) with respect to the Series A Preferred Stock, we will be required to redeem all outstanding shares of the Series A Preferred Stock, in whole, within 60 days after the first date on which such Change of Control occurred, in cash at a redemption price of $25.00 per share of Series A Preferred Stock; plus an amount equal to all accrued and unpaid dividends, if any, to and including the redemption date. The mandatory redemption feature of each share of the Series A Preferred Stock in connection with a Change of Control may each have the effect of inhibiting a third party from making an acquisition proposal for us, or of delaying, deferring or preventing a change of control of us, under circumstances that otherwise could provide the holders of our common stock and/or Series A Preferred Stock with the opportunity for liquidity or the opportunity to realize a premium over the then-current market price or that stockholders may otherwise believe is in their best interests.

A "Change of Control" is when after the initial issuance of the Series A Preferred Stock any of the following has occurred and is continuing:

- a "person" or "group" within the meaning of Section 13(d) of the Exchange Act, other than our Company, its subsidiaries, and its and their employee benefit plans, has become the direct or indirect "beneficial owner," as defined in Rule 13d-3 under the Exchange Act, of our common equity representing more than 50% of the total voting power of all outstanding shares of our common equity that are entitled to vote generally in the election of directors, with the exception of (A) the formation of a holding company, or (B) immediately prior to such transaction, such person or group, together with its or their related entities, including, without limitation, any trust established for the benefit of such person or any member of such group or any family member thereof (collectively, an "Ownership Group"), owned sufficient interests in the Operating Partnership such that the exercise by all or any members of such Ownership Group of the Common Unit Redemption Right (as defined in Section 8.04(a) of the Second Amended and Restated Agreement of Limited Partnership of the Operating Partnership, as amended) with respect to such interests would result in all or any members of such Ownership Group (individually or collectively) becoming the direct or indirect beneficial owner of our common equity representing more than 50% of the total voting power of all outstanding shares of Voting Stock;

- consummation of any share exchange, consolidation or merger of our Company or any other transaction or series of transactions pursuant to which our common stock will be converted into cash, securities or other property, (1) other than any such transaction where the shares of our common stock outstanding immediately prior to such transaction constitute, or are converted into or exchanged for, a majority of the common stock of the surviving person or any direct or indirect parent company of the surviving person immediately after giving effect to such transaction, and (2) expressly excluding any such transaction preceded by our Company's acquisition of the capital stock of another company for cash, securities or other property, whether directly or indirectly through one of our subsidiaries, as a precursor to such transactions; or

- at least a majority of our Board ceases to be constituted of directors who were either (A) a member of our Board on October 6, 2022, for purposes of the Series A Preferred Stock, or (B) who became a member of our Board subsequent to such applicable date and whose appointment, election or nomination for election by our stockholders was duly approved by a majority of the Continuing Directors on our Board at the time of such approval, either by a specific vote or by approval of the proxy statement issued by our Company on behalf of our Board in which such individual is named as nominee for director ("Continuing Directors").

In addition, if we experience a Change of Control, there can be no assurance that we would have sufficient financial resources available to satisfy our obligations to redeem the Series A Preferred Stock, and any guarantees or indebtedness that may be required to be repaid or repurchased as a result of such event. Our failure to redeem the Series A Preferred Stock could have material adverse consequences for us and the holders of the Series A Preferred Stock.

We established the offering price for the Series A Preferred Stock pursuant to negotiations among us and our affiliated dealer manager; as a result, the actual value of an investment in the Series A Preferred Stock may be substantially less than the amount paid.

The selling price of the Series A Preferred Stock was determined pursuant to negotiations among us and the dealer manager, which is an affiliate of Bluerock, based upon the following primary factors at the time of the offering: the economic conditions in and future prospects for the industry in which we compete; our prospects for future earnings; an assessment of our management; the state of our development; the prevailing condition of the equity securities market; the state of the market for non-traded REIT securities; and market valuations of public companies considered comparable to our Company. Because the offering price is not based upon any independent valuation, the offering price is not indicative of the proceeds that an investor in the Series A Preferred Stock would receive upon liquidation.

Your percentage of ownership may become diluted if we issue new shares of stock or other securities, and issuances of additional preferred stock or other securities by us may further subordinate the rights of the holders of our common stock (which you may become upon receipt of redemption payments in shares of our Class A common stock for any of your shares of Series A Preferred Stock).

Under the terms of our Series A Preferred Stock, we may make redemption payments in shares of our Class A common stock. Although the dollar amounts of such payments are unknown, the number of shares to be issued in connection with such payments may fluctuate based on the price of our Class A common stock. Any sales or perceived sales in the public market of shares of our Class A common stock issuable upon such redemption payments could adversely affect prevailing market prices of shares of our Class A common stock. The issuance of shares of our Class A common stock upon such redemption payments also may have the effect of reducing our net income per share (or decreasing our net loss per share). In addition, the existence of Series A Preferred Stock may encourage short selling by market participants because the existence of redemption payments could depress the market price of shares of our Class A common stock.

Our Board is authorized, without stockholder approval, to cause us to issue additional shares of our common stock or to raise capital through the issuance of additional preferred stock (including equity or debt securities convertible into preferred stock), options, warrants and other rights, on such terms and for such consideration as our Board in its sole discretion may determine. Any such issuance could result in dilution of the equity of our stockholders. Our Board may, in its sole discretion, authorize us to issue common stock or other equity or debt securities to persons from whom we purchase single-family residential properties, as part or all of the purchase price of the community. Our Board, in its sole discretion, may determine the value of any common stock or other equity or debt securities issued in consideration of single-family residential properties or services provided, or to be provided, to us.

Our charter also authorizes our Board, without stockholder approval, to designate and issue one or more classes or series of preferred stock in addition to the Series A Preferred Stock (including equity or debt securities convertible into preferred stock) and to set or change the voting, conversion or other rights, preferences, restrictions, limitations as to dividends or other distributions and qualifications or terms or conditions of redemption of each class or series of shares so issued. If any additional preferred stock is publicly offered, the terms and conditions of such preferred stock (including any equity or debt securities convertible into preferred stock) will be set forth in a registration statement registering the issuance of such preferred stock or equity or debt securities convertible into preferred stock. Because our Board has the power to establish the preferences and rights of each class or series of preferred stock, it may afford the holders of any series or class of preferred stock preferences, powers, and rights senior to the rights of holders of common stock or the Series A Preferred Stock. If we ever create and issue additional preferred stock or equity or debt securities convertible into preferred stock with a distribution preference over common stock or the Series A Preferred Stock, payment of any distribution preferences of such new outstanding preferred stock would reduce the amount of funds available for the payment of distributions on our common stock and our Series A Preferred Stock. Further, holders of preferred stock are normally entitled to receive a preference payment if we liquidate, dissolve, or wind up before any payment is made to the common stockholders, likely reducing the amount common stockholders would otherwise receive upon such an occurrence. In addition, under certain circumstances, the issuance of additional preferred stock may delay, prevent, render more difficult or tend to discourage a merger, tender offer, or proxy contest, the assumption of control by a holder of a large block of our securities, or the removal of incumbent management.

Stockholders have no rights to buy additional shares of stock or other securities if we issue new shares of stock or other securities. We may issue common stock, convertible debt or preferred stock pursuant to a subsequent public offering or a private placement, or to sellers of properties we directly or indirectly acquire instead of, or in addition to, cash consideration. Investors purchasing Series A Preferred Stock in an offering of our Series A Preferred Stock who do not participate in any future stock issuances will experience dilution in the percentage of the issued and outstanding stock they own. In addition, depending on the terms and pricing of any additional offerings and the value of our investments, you also may experience dilution in the book value and fair market value of, and the amount of distributions paid on, your shares of Series A Preferred Stock and Class A common stock, if any.

Holders of the Series A Preferred Stock have no control over changes in our policies and operations.

Our Board determines our major policies, including with regard to investment objectives, financing, growth, debt capitalization, REIT qualification and distributions. Our Board may amend or revise these and other policies without a vote of the stockholders.

Holders of shares of Series A Preferred Stock will generally have no voting rights under our charter, except with respect to any amendment of our charter that would alter only the contract rights, as expressly set forth therein, of either (a) the Series A Preferred Stock alone, or (b) of any preferred stock (i) ranking on parity with the Series A Preferred Stock with respect to dividend rights and rights upon our liquidation, dissolution or winding up, and (ii) upon which like voting rights have been conferred. Other than in these limited circumstances, holders of Series A Preferred Stock will have no voting rights.

Risks Related to Our Status as a REIT

Failure to maintain our qualification as a REIT would materially and adversely affect us and the value of our common stock.

In October 2023, we filed our U.S. federal income tax return for the taxable year ending December 31, 2022 and elected to be treated, and currently qualify, as a real estate investment trust ("REIT") for federal income tax purposes. We believe that, commencing with such taxable year, we have been organized and have operated in a manner as to qualify for taxation as a REIT for U.S. federal income tax purposes, and intend to continue to so operate. We have not requested and do not plan to request a ruling from the IRS that we qualify as a REIT, and the statements in this Annual Report on Form 10-K are not binding on the IRS or any court. Therefore, we cannot guarantee that we will remain qualified as a REIT in the future.

Moreover, our qualification and taxation as a REIT will depend upon our ability to meet on a continuing basis, through actual results, certain qualification tests set forth in the U.S. federal tax laws. Those qualification tests involve the percentage of income that we earn from specified sources, the percentage of our assets that falls within specified categories, the diversity of our capital stock ownership and the percentage of our earnings that we distribute. Tax counsel will not review our compliance with those tests on a continuing basis. Accordingly, no assurance can be given that our actual results of operations for any particular taxable year will satisfy such requirements. In addition, it is possible that a partnership or limited liability company in which we own an interest could take an action which could cause us to fail a REIT qualification test, and that we would not become aware of such action in time to dispose or our interest in the partnership or limited liability company or take other corrective action on a timely basis. In that case, we may have to use one or more of the REIT savings provisions described below, which could require us to pay an excise or penalty tax (which could be material) in order for us to maintain our REIT qualification.

If we fail to maintain our REIT qualification in any taxable year, we will face significant tax consequences that would substantially reduce our cash available for distribution to our stockholders for each of the years involved because:

- we would not be allowed a deduction for dividends paid to stockholders in computing our taxable income and would be subject to regular U.S. federal corporate income tax;
- we could be subject to increased state and local taxes; and
- unless we are entitled to relief under applicable statutory provisions, we could not elect to be taxed as a REIT for four taxable years following the year during which we were disqualified.

Any such corporate tax liability could be substantial and would reduce our cash available for, among other things, our operations and distributions to stockholders. In addition, if we fail to maintain our qualification as a REIT, we will no longer be required to make distributions to our stockholders. As a result of all these factors, our failure to maintain our qualification as a REIT could impair our ability to expand our business and raise capital, and could materially and adversely affect the trading price of our common shares.

Qualification as a REIT involves the application of highly technical and complex Code provisions for which there are only limited judicial and administrative interpretations. The determination of various factual matters and circumstances not entirely within our control may affect our ability to qualify as a REIT. In order to maintain our qualification as a REIT, we must satisfy a number of requirements, including requirements regarding the ownership of our common shares, requirements regarding the composition of our assets and requirements that certain percentages of our gross income in any year must be derived from qualifying sources, such as "rents from real property." Also, we must make distributions to stockholders aggregating annually at least 90% of our REIT taxable income, determined without regard to the dividends paid deduction and excluding net capital gains. In addition, legislation, new regulations, administrative interpretations or court decisions may materially and adversely affect our investors, our ability to qualify as a REIT for U.S. federal income tax purposes or the desirability of an investment in a REIT relative to other investments.

In certain circumstances, we may be subject to certain U.S. federal, state and local taxes despite our qualification as a REIT, which would reduce our cash available for distribution to you.

Even if we maintain our qualification as a REIT, we may be subject to certain U.S. federal, state and local income, property and excise taxes on our income and assets and, in certain cases, a 100% penalty tax on net income from any "prohibited transaction." In addition, any taxable REIT subsidiaries (each a "TRS") of ours will be subject to U.S. federal income tax, and applicable state and local taxes, as regular corporations in the jurisdictions in which they operate. We may not be able to make sufficient distributions to avoid excise taxes applicable to REITs. We may also decide to retain income we earn from the sale or other disposition of our properties and pay income tax directly on such income. In that event, our stockholders would be treated as if they had earned that income and paid the tax on it directly, would be eligible to receive a credit or refund of the taxes deemed paid on the income deemed earned, and would increase the adjusted basis of their shares by the excess of such deemed income over the amount of taxes deemed paid. However, stockholders that are tax-exempt, such as charities or qualified pension plans, would have no benefit from their deemed payment of such tax liability. We may also be subject to state and local taxes on our income or property, either directly or at the level of the subsidiaries through which we indirectly own our assets. Any U.S. federal or state taxes we pay will reduce our cash available for distribution to you.

If Bluerock Residential failed to qualify as a REIT during certain periods prior to the Distribution, we would be prevented from electing to qualify as a REIT.

We believe that from the time of our formation until the date of the Distribution, we were treated as a "qualified REIT subsidiary" of Bluerock Residential. Under applicable Treasury Regulations, if Bluerock Residential failed to qualify as a REIT during certain periods prior to the Distribution, unless Bluerock Residential's failure were subject to relief under U.S. federal income tax laws, we would be prevented from electing to qualify as a REIT prior to the fifth calendar year following the year in which Bluerock Residential failed to so qualify.

If certain of our subsidiaries, including our Operating Partnership, fail to qualify as partnerships or disregarded entities for U.S. federal income tax purposes, we would cease to qualify as a REIT and suffer other material adverse consequences.

We intend that our Operating Partnership will be treated as a partnership for U.S. federal income tax purposes, and that our other subsidiaries (other than any TRSs) will each be treated as a partnership or disregarded entity for U.S. federal income tax purposes and, therefore, will not be subject to U.S. federal income tax on its income. Instead, each of its partners or its member, as applicable, which may include us, will be allocated, and may be required to pay tax with respect to, such partner's or member's share of its income. We cannot assure you that the IRS will not challenge the status of any subsidiary partnership or limited liability company in which we own an interest as a disregarded entity or partnership for U.S. federal income tax purposes, or that a court would not sustain such a challenge. If the IRS were successful in treating any subsidiary partnership or limited liability company as an entity taxable as a corporation for U.S. federal income tax purposes, we could fail to meet the gross income tests and certain of the asset tests applicable to REITs and, accordingly, we would likely cease to qualify as a REIT. Also, the failure of any subsidiary partnerships or limited liability company to qualify as a disregarded entity or partnership for applicable income tax purposes could cause it to become subject to federal and state corporate income tax, which would reduce significantly the amount of cash available for debt service and for distribution to its partners or members, including us.

Distribution requirements imposed by law limit our flexibility.

To maintain our qualification as a REIT for U.S. federal income tax purposes, we generally will be required to distribute to our stockholders at least 90% of our REIT taxable income, determined without regard to the dividends paid deduction and excluding net capital gains, each year. We also will be subject to tax at regular corporate income tax rates to the extent that we distribute less than 100% of our taxable income (including net capital gains) each year.

In addition, we will be subject to a 4% nondeductible excise tax to the extent that we fail to distribute during any calendar year at least the sum of 85% of our ordinary income for that calendar year, 95% of our capital gain net income for the calendar year, and any amount of that income that was not distributed in prior years.

We intend to make distributions to our stockholders to comply with the distribution requirements of the Code as well as to reduce our exposure to U.S. federal income taxes and the nondeductible excise tax. Differences in timing between the receipt of income and the payment of expenses to arrive at taxable income, along with the effect of required debt amortization payments, could require us to borrow funds to meet the distribution requirements that are necessary to achieve the tax benefits associated with qualifying as a REIT, even if our management believes that the then prevailing market conditions generally are not favorable for such borrowings or that such borrowings would not be advisable in the absence of such tax considerations. If we borrow money to meet such distribution requirements or for other working capital needs, our expenses will increase, our net income will be reduced by the amount of interest we pay on the money we borrow and we will be obligated to repay the money we borrow from future earnings or by selling assets, which may decrease future distributions to stockholders.

We may pay dividends on our common stock in common stock and/or cash. Our stockholders may sell shares of our common stock to pay tax on such dividends, placing downward pressure on the market price of our common stock.

In order to satisfy our REIT distribution requirements, we are permitted, subject to certain conditions and limitations, to make distributions that are in part payable in shares of our common stock. The IRS has issued Revenue Procedure 2017-45 authorizing elective cash/stock dividends to be made by “publicly offered REITs.” Pursuant to Revenue Procedure 2017-45, the IRS will treat the distribution of stock pursuant to an elective cash/stock dividend as a distribution of property under Section 301 of the Code (i.e., a dividend), as long as at least 20% of the total dividend is available in cash and certain other parameters detailed in the Revenue Procedure are satisfied. On November 30, 2021, the IRS issued Revenue Procedure 2021-53, which temporarily reduced (through June 30, 2022) the minimum amount of the distribution that must be available in cash to 10%.

If we make any taxable dividend payable in cash and common stock, taxable stockholders receiving such dividend will be required to include the full amount of the dividend as ordinary income to the extent of our current and accumulated earnings and profits, as determined for U.S. federal income tax purposes. As a result, stockholders may be required to pay income tax with respect to such dividends in excess of the cash dividends received. If a stockholder sells shares of our stock that it receives as a dividend in order to pay this tax, the sales proceeds may be less than the amount included in income with respect to the dividend, depending on the market price of the stock at the time of the sale. Furthermore, with respect to certain non-U.S. holders, we may be required to withhold U.S. federal income tax with respect to such dividends, including in respect of all or a portion of such dividend that is payable in our stock. If, in any taxable dividend payable in cash and stock, a significant number of our stockholders determine to sell shares of our stock in order to pay taxes owed on dividends, it may be viewed as economically equivalent to a dividend reduction and put downward pressure on the market price of our common stock.

Distributions payable by REITs do not qualify for the reduced tax rates that apply to other corporate distributions.

The maximum U.S. federal income tax rate applicable to income from “qualified dividends” payable to U.S. stockholders that are individuals, trusts and estates is currently 20%, plus a 3.8% “Medicare tax” surcharge. Dividends payable by REITs, however, generally are not eligible for the reduced rates on qualified dividend income. However, for taxable years beginning before January 1, 2026, ordinary REIT dividends constitute “qualified business income,” and thus a 20% deduction is available to individual taxpayers with respect to such dividends, resulting in a 29.6% maximum U.S. federal income tax rate (plus the 3.8% surtax on net investment income, if applicable) for individual U.S. stockholders. However, to qualify for this deduction, the stockholder receiving such dividends must hold the dividend-paying REIT stock for at least 46 days (considering certain special holding period rules) of the 91-day period beginning 45 days before the stock becomes ex-dividend, and cannot be under an obligation to make related payments with respect to a position in substantially similar or related property. The more-favorable rates applicable to regular corporate distributions could cause investors who are individuals to perceive investments in REITs to be relatively less attractive than investments in the stocks of non-REIT corporations that pay distributions, which could adversely affect the value of our common stock.

We may enter into certain hedging transactions that may have a potential impact on our REIT qualification.

From time to time, we may enter into hedging transactions with respect to one or more of our assets or liabilities. Our hedging activities may include entering into interest rate and/or foreign currency swaps, caps, and floors, options to purchase these items, and futures and forward contracts. Income and gain from “hedging transactions” that we enter into to hedge indebtedness incurred or to be incurred to acquire or carry real estate assets, or to hedge existing hedging positions after any portion of the related debt or property is extinguished or disposed of, and that are clearly and timely identified as such will be excluded from both the numerator and the denominator for purposes of the gross income tests that apply to REITs. Moreover, any income from a transaction entered into primarily to manage risk of currency fluctuations with respect to any item of income that would be qualifying REIT income under the REIT gross income tests, and any gain from the unwinding of any such transaction, does not constitute gross income for purposes of the REIT gross income tests. To the extent that we do not properly identify such transactions as hedges or we hedge with other types of financial instruments, or hedge other types of indebtedness, the income from those transactions may not be treated as qualifying income for purposes of the REIT gross income tests, and might also give rise to an asset that does not qualify for purposes of the REIT asset tests.

Our ability to provide certain services to our tenants may be limited by the REIT rules or may have to be provided through a TRS.

As a REIT, we generally will not be able provide services to our tenants other than those that are customarily provided by landlords, nor will we be able to derive income from a third party that provides such services. If we forego providing such services to our tenants, we may be at a disadvantage to competitors that are not subject to the same restrictions. However, we can provide such non-customary services to tenants and share in the revenue from such services if we do so through a TRS, though income earned by such TRS will be subject to U.S. federal corporate income tax.

Any ownership of a TRS will be subject to limitations, and our transactions with a TRS will cause us to be subject to a 100% penalty tax on certain income or deductions if those transactions are not conducted on arm’s-length terms.

Overall, no more than 20% of the value of a REIT’s assets may consist of stock or securities of one or more TRSs. A TRS will be subject to applicable U.S. federal, state and local corporate income tax on its taxable income, and its after-tax net income will be available for distribution to us but is not required to be distributed to us. In addition, the Code limits the deductibility of interest paid or accrued by a TRS to its parent REIT to assure that the TRS is subject to an appropriate level of corporate taxation and, in certain circumstances, other limitations on deductibility may apply. The Code also imposes a 100% excise tax on certain transactions between a TRS and its parent REIT that are not conducted on an arm’s-length basis. We will monitor the value of our respective investments in any TRS for the purpose of ensuring compliance with TRS ownership limitations and will structure our transactions with any TRS on terms that we believe are arm’s-length to avoid incurring the 100% excise tax described above. There can be no assurance, however, that we will be able to comply with the 20% limitation or to avoid application of the 100% excise tax.

The prohibited transactions tax may limit our ability to dispose of our properties.

A REIT’s net income from prohibited transactions is subject to a 100% tax. In general, prohibited transactions are sales or other dispositions of property, other than foreclosure property, held primarily for sale to customers in the ordinary course of business. We may be subject to the prohibited transaction tax equal to 100% of net gain upon a disposition of real property. Although a safe harbor to the characterization of the sale of real property by a REIT as a prohibited transaction is available, we cannot assure you that we can comply with the safe harbor or that we will avoid owning property that may be characterized as held primarily for sale to customers in the ordinary course of business. Consequently, we may choose not to engage in certain sales of our properties or may conduct such sales through a TRS, which would be subject to U.S. federal corporate income tax.

The ability of our Board to revoke our REIT qualification without stockholder approval may cause adverse consequences to our stockholders.

Our charter provides that our Board may revoke or otherwise terminate our REIT election, without the approval of our stockholders, if it determines that it is no longer in our best interests to continue to qualify as a REIT. If we cease to qualify as a REIT, we would become subject to U.S. federal income tax on our taxable income and would no longer be required to distribute most of our taxable income to our stockholders, which may have adverse consequences on our total return to our stockholders.

Legislative or other actions affecting REITs could have a negative effect on us or our investors.

In recent years, numerous legislative, judicial and administrative changes have been made to the U.S. federal income tax laws applicable to investments in real estate and REITs. President Joe Biden has set forth several tax proposals that would, if enacted, make significant changes to U.S. tax laws (including provisions enacted pursuant to the Tax Cuts and Jobs Act). Congress is considering, and could include, some or all of these proposals in connection with tax reform to be undertaken by the current administration. It is unclear whether these or similar changes will be enacted and, if enacted, how soon any such changes could take effect. In addition, there can be no assurance that any other future changes to the U.S. federal income tax laws or regulatory changes will not be proposed or enacted that could impact our business and financial results. The REIT rules are constantly under review by persons involved in the legislative process and by the IRS and the U.S. Treasury Department, which may result in revisions to regulations and interpretations in addition to statutory changes. If enacted, certain of such changes could have an adverse impact on our business and financial results. Stockholders are urged to consult their tax advisors regarding the effect of potential future changes to the U.S. federal income tax laws on an investment in our common stock.

Distributions to tax-exempt investors may be classified as unrelated business taxable income and, in certain circumstances, tax-exempt investors would be required to pay tax on the unrelated business taxable income and to file income tax returns.

Neither ordinary nor capital gain distributions with respect to our stock nor gain from the sale of stock should generally constitute unrelated business taxable income to a tax-exempt investor. However, there are certain exceptions to this rule. In particular:

- under certain circumstances, part of the income and gain recognized by certain qualified employee pension trusts with respect to our stock may be treated as unrelated business taxable income if our stock is predominately held by qualified employee pension trusts, such that we are a “pension-held” REIT (which we do not expect to be the case);
- part of the income and gain recognized by a tax-exempt investor with respect to our stock would constitute unrelated business taxable income if such investor incurs debt in order to acquire the stock; and
- part or all of the income or gain recognized with respect to our stock held by social clubs, voluntary employee benefit associations, supplemental unemployment benefit trusts and qualified group legal services plans which are exempt from federal income taxation under Sections 501(c)(7), (9), (17) or (20) of the Code may be treated as unrelated business taxable income.

We encourage you to consult your tax advisor to determine the tax consequences applicable to you if you are a tax-exempt investor.

Risks Related to Ownership of Our Common Stock

You may be restricted from acquiring or transferring certain amounts of our common stock.

The stock ownership restrictions of the Code for REITs and the 9.8% stock ownership limits in our charter may inhibit market activity in our capital stock and restrict our business combination opportunities.

In order to qualify and maintain our qualification as a REIT, five or fewer individuals, as defined in the Code to include specified private foundations, employee benefit plans and trusts, and charitable trusts, may not own, beneficially or constructively, more than 50% in value of our issued and outstanding stock at any time during the last half of a taxable year. Attribution rules in the Code determine if any individual or entity beneficially or constructively owns our capital stock under this requirement. Additionally, at least 100 persons must beneficially own our capital stock during at least 335 days of a taxable year. To help insure that we meet these tests, among other purposes, our charter restricts the acquisition and ownership of shares of our capital stock.

Our charter, with certain exceptions, authorizes our Board to take such actions as are necessary and desirable to preserve our qualification as a REIT. Unless exempted, prospectively or retroactively, by our Board, our charter prohibits any person from beneficially or constructively owning more than 9.8% in value of the aggregate of our outstanding shares of capital stock or 9.8% in value or number of shares, whichever is more restrictive, of the outstanding shares of our common stock. Our Board may not grant an exemption from these restrictions to any proposed transferee whose ownership in excess of such thresholds does not satisfy certain conditions designed to ensure that we will not fail to qualify as a REIT. These restrictions on transferability and ownership will not apply, however, if our Board determines that it is no longer in our best interest to continue to qualify as a REIT or that compliance is no longer required for REIT qualification.

A limit on the percentage of our capital stock and common stock a person may own may discourage a takeover or business combination, which could prevent our common stockholders from realizing a premium price for their common stock.

Our charter restricts direct or indirect ownership by one person or entity to no more than 9.8%, in value, of the outstanding shares of all classes and series of our capital stock or 9.8% in value or by number of shares, whichever is more restrictive, of the outstanding shares of our common stock unless exempted (prospectively or retroactively) by our Board. This restriction may have the effect of delaying, deferring or preventing a change in control of us, including an extraordinary transaction (such as a merger, tender offer or sale of all or substantially all of our assets) that might provide a premium price to our stockholders.

Our charter permits our Board to issue stock with terms that may subordinate the rights of our common stockholders or discourage a third party from acquiring us in a manner that could result in a premium price to our stockholders.

Our Board may amend our charter from time to time to increase or decrease the aggregate number of shares of stock or the number of shares of stock of any class or series that we have authority to issue and may classify or reclassify any unissued common stock or preferred stock into other classes or series of stock and establish the preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications and terms or conditions of redemption of any such stock. Our Board has authorized a total of 250,000,000 shares of preferred stock for issuance, of which, 30,000,000 have been classified as shares of Series A Preferred Stock. As of December 31, 2023, there are issued and outstanding 436,675 shares of Series A Preferred Stock, which are senior to our common stock with respect to priority of dividend payments and rights upon liquidation, dissolution or winding up. Our Board could also classify for issuance up to 220,000,000 of the remaining authorized shares of preferred stock with terms and conditions that could have priority as to distributions and amounts payable upon liquidation over the rights of the holders of our common stock. Such preferred stock could also have the effect of delaying, deferring or preventing a change in control of us, including an extraordinary transaction (such as a merger, tender offer or sale of all or substantially all of our assets) that might provide a premium price to holders of our common stock.

Maryland law may limit the ability of a third party to acquire control of us.

The MGCL provides protection for Maryland corporations against unsolicited takeovers by limiting, among other things, the duties of the directors in unsolicited takeover situations. The duties of directors of Maryland corporations do not require them to (a) accept, recommend or respond to any proposal by a person seeking to acquire control of the corporation, (b) authorize the corporation to redeem any rights under, or modify or render inapplicable, any stockholder rights plan, (c) make a determination under the Maryland Business Combination Act, or (d) act or fail to act solely because of the effect the act or failure to act may have on an acquisition or potential acquisition of control of the corporation or the amount or type of consideration that may be offered or paid to the stockholders in an acquisition. Moreover, under the MGCL, the act of a director of a Maryland corporation relating to or affecting an acquisition or potential acquisition of control is not subject to any higher duty or greater scrutiny than is applied to any other act of a director. The MGCL also contains a statutory presumption that an act of a director of a Maryland corporation satisfies the applicable standards of conduct for directors under the MGCL.

The MGCL also provides that, unless exempted, certain Maryland corporations may not engage in business combinations, including mergers, dispositions of 10% or more of its assets, certain issuances of shares of stock and other specified transactions, with an "interested stockholder" or an affiliate of an interested stockholder for five years after the most recent date on which the interested stockholder became an interested stockholder, and thereafter unless specified criteria are met. An interested stockholder is generally a person owning or controlling, directly or indirectly, 10% or more of the voting power of the outstanding stock of the Maryland corporation, unless the stock had been obtained in a transaction approved by its board of directors. These and other provisions of the MGCL could have the effect of delaying, deferring or preventing a proxy contest, tender offer, merger or other change in control, which may have a material adverse effect on our business, financial condition and results of operations.

Your rights as stockholders and our rights to recover claims against our officers and directors are limited.

Under Maryland law, our charter, and the terms of certain indemnification agreements with our executive officers and directors, we must generally indemnify our officers and directors to the maximum extent permitted by Maryland law. Maryland law permits us to indemnify our present and former directors and officers, among others, against judgments, penalties, fines, settlements and reasonable expenses actually incurred by them in connection with any proceeding to which they may be made or threatened to be made a party by reason of their service in those or other capacities unless it is established that: (1) the act or omission of the director or officer was material to the matter giving rise to the proceeding and (i) was committed in bad faith or (ii) was the result of active and deliberate dishonesty; (2) the director or officer actually received an improper personal benefit in money, property or services; or (3) in the case of any criminal proceeding, the director or officer had reasonable cause to believe that the act or omission was unlawful. As a result, we and our stockholders may have more limited rights against our directors, officers, employees and agents, and their affiliates, than might otherwise exist under common law. In addition, we may be obligated to fund the defense costs incurred by our directors, officers, employees and agents in some cases.

An increase in market interest rates may have an adverse effect on the market price of our Class A common stock.

One of the factors that investors may consider in deciding whether to buy or sell our Class A common stock is our distribution yield, which is our distribution rate as a percentage of our share price, relative to market interest rates. If market interest rates increase, prospective investors may desire a higher distribution yield on our Class A common stock or may seek securities paying higher dividends or interest. As a result, interest rate fluctuations and capital market conditions are likely to affect the market price of our Class A common stock, and such effects could be significant. For example, if interest rates rise without an increase in our distribution rate, the market price of our Class A common stock could decrease because potential investors may require a higher distribution yield on our Class A common stock as market rates on interest-bearing securities, such as bonds, rise.

Our ability to pay dividends is limited by the requirements of Maryland law.

Our ability to pay dividends on our common stock is limited by the laws of Maryland. Under applicable Maryland law, a Maryland corporation generally may not make a distribution (including a dividend or redemption) if, after giving effect to the dividend, the corporation would not be able to pay its debts as the debts become due in the usual course of business, or the corporation's total assets would be less than the sum of its total liabilities plus, unless the corporation's charter provides otherwise, the amount that would be needed, if the corporation were dissolved at the time of the dividend, to satisfy the preferential rights upon dissolution of stockholders whose preferential rights are superior to those receiving the dividend. Accordingly, we generally may not make a distribution if, after giving effect to the distribution, we would not be able to pay our debts as they become due in the usual course of business or our total assets would be less than the sum of our total liabilities plus, unless our charter provides otherwise, the amount that would be needed to satisfy the preferential rights upon dissolution of stockholders whose preferential rights are superior to those receiving the dividend. Any dividends or redemption payments may be delayed or prohibited. As a result, the price of our common stock may decrease, which may have a material adverse effect on our business, financial condition and results of operations.

We may change our dividend policy, and the cash distributions you receive may be less frequent or lower in amount than you expect.

Future dividends will be declared and paid at the discretion of our Board, and the amount and timing of dividends will depend upon cash generated by operating activities, our business, financial condition, results of operations, capital requirements, annual distribution requirements under the REIT provisions of the Code, and such other factors as our Board deems relevant. Our Board may change our dividend policy at any time, and there can be no assurance as to the manner in which future dividends will be paid or that the current dividend level will be maintained in future periods. We cannot assure you that we will consistently be able to generate sufficient available cash flow to fund distributions on our common stock, nor can we assure you that sufficient cash will be available to make distributions to you. We cannot predict the amount of distributions you may receive and we may be unable to pay, maintain or increase distributions over time. Our inability to acquire additional properties or make real estate-related investments or operate profitably may have a negative effect on our ability to generate sufficient cash flow from operations to pay distributions on our common stock. Any reduction in our dividends may cause investors to seek alternative investments, which would result in selling pressure on, and a decrease in the market price of, our common stock. As a result, the price of our common stock may decrease, which may have a material adverse effect on our business, financial condition and results of operations. In addition, to the extent we make distributions to stockholders with sources other than cash flow from operations, the amount of cash that is available for investment in real estate assets will be reduced, which will in turn negatively impact our ability to achieve our investment objectives and limit our ability to make future distributions.

We will incur increased costs as a result of operating as a public company. If we fail to maintain proper and effective internal controls, our ability to produce accurate and timely financial statements could be impaired, which could result in sanctions or other penalties that would harm our business.

We are subject to the reporting requirements of the Securities Exchange Act of 1934 (the "Exchange Act"), the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act"), and the rules and regulations of the New York Stock Exchange American (the "NYSE American"). Our financial results historically were included within the consolidated results of Bluerock Residential, and until the Distribution occurred, we were not directly subject to reporting and other requirements of the Exchange Act and Section 404 of the Sarbanes-Oxley Act. We currently qualify as an "emerging growth company." For so long as we remain an emerging growth company, we will be exempt from Section 404(b) of the Sarbanes-Oxley Act, which requires auditor attestation to the effectiveness of internal control over financial reporting. We will cease to be an emerging growth company on the date that is the earliest of (i) the last day of the fiscal year in which we have total gross annual revenues of $1.235 billion or more; (ii) the last day of our fiscal year following the fifth anniversary of the date of the Distribution; (iii) the date on which we have issued more than $1 billion in nonconvertible debt during the previous three years; or (iv) the date on which we are deemed to be a large accelerated filer under the rules of the SEC. We cannot predict if investors will find our common stock less attractive because we may rely on the exemptions available to us as an emerging growth company. If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock, and our stock price may be more volatile.

We will, however, be immediately subject to Section 404(a) of the Sarbanes-Oxley Act and, as of the expiration of our emerging growth company status, we will be broadly subject to enhanced reporting and other requirements under the Exchange Act and Sarbanes-Oxley Act. This will require, among other things, annual management assessments of the effectiveness of our internal control over financial reporting beginning in our second annual report filed after the Distribution and a report by our independent registered public accounting firm addressing these assessments. These and other obligations will place significant demands on our management, administrative and operational resources, including accounting and information technology resources. To comply with these requirements, we anticipate that we will need to further upgrade our systems, including duplicating computer hardware infrastructure, implement additional financial and management controls, reporting systems and procedures, and hire additional accounting, finance and information technology staff. Our management and other personnel will need to devote a substantial amount of time to these compliance initiatives. Moreover, these rules and regulations will increase our legal and financial compliance costs and will make some activities more time-consuming and costlier. If we are unable to do this in a timely and effective fashion, our ability to comply with our financial reporting requirements and other rules that apply to reporting companies could be impaired and our business, prospects, financial condition and results of operations could be harmed.

For additional discussion of significant factors that make an investment in our shares risky, see the Liquidity and Capital Resources Section under Item 7. – Management's Discussion and Analysis of Financial Conditions and Results of Operations of this report.

Item 1B. Unresolved Staff Comments

None.

Item 1C. Cybersecurity

Risk Management and Strategy

We recognize the importance of assessing, identifying, and managing material risks associated with cybersecurity threats, as such term is defined in Item 106(a) of Regulation S-K. These risks include, among other things: operational risks, intellectual property theft, fraud, extortion, harm to employees or customers and violation of data privacy or security laws.

Identifying and assessing cybersecurity risk is integrated into our overall risk management systems and processes. We have an enterprise-wide information security program designed to identify, protect, detect, and respond to and manage reasonably foreseeable cybersecurity risks and threats. To protect our information systems from cybersecurity threats, we use various security tools that help prevent, identify, escalate, investigate, resolve, and recover from identified vulnerabilities and security incidents in a timely manner. These include, but are not limited to, incoming (external) physical infrastructure with enhanced firmware, continuous employee training, internal reporting, and monitoring and detection tools. We also engage top third-party security providers for applications and infrastructure to identify, prioritize, assess, mitigate, and remediate risks.

Our information technology ("IT") department regularly assess risks from cybersecurity and technology threats and monitors our information systems for potential vulnerabilities. We use a widely adopted risk quantification model to identify, measure and prioritize cybersecurity and technology risks and develop related security controls and safeguards. We conduct regular reviews and tests of our information security program, including but not limited to tabletop exercises, penetration and vulnerability testing, red team exercises, simulations, and other exercises to evaluate the effectiveness of our information security program and improve our security measures and planning.

We have implemented incident response and breach management processes which have four overarching and interconnected stages: (i) preparation for a cybersecurity incident, (ii) detection and analysis of a security incident, (iii) containment, eradication, and recovery, and (iv) post-incident analysis. Such incident responses are overseen by our Leadership Committee comprised of our Chief Operating Officer, Chief Financial Officer, General Counsel and Senior Vice President of FP&A.

Security events and data incidents are evaluated, ranked by severity, and prioritized for response and remediation. Incidents are evaluated to determine materiality as well as operational and business impact and reviewed for privacy impact.

As part of the above processes, we regularly engage external resources and consultants to assess our internal cybersecurity programs and compliance with applicable practices and standards.

Our risk management program also assesses third party risks, and we perform third-party risk management to identify and mitigate risks from key third parties such as vendors, suppliers, and other business partners. Cybersecurity risks are evaluated when determining the selection and oversight of applicable third-party service providers when handling and/or processing our employee, business, or customer data. In addition, we perform risk management during third-party cybersecurity compromise incidents to identify and mitigate risks to us from third-party incidents.

Management has not identified any risks from cybersecurity threats, including as a result of any previous cybersecurity incidents, that have materially affected or are reasonably likely to materially affect the Company, including its business strategy, results of operations or financial condition. See Item 1A. Risk Factors, "*We are highly dependent on information systems and therefore systems failures, cybersecurity incidents or other technology disruptions could negatively impact our business"* and *"Security breaches and other disruptions could compromise our information and expose us to liability, which would cause our business and reputation to suffer."* above for more information. While we continually work to safeguard the information systems we use, and the proprietary, confidential and personal information residing therein, and mitigate potential risks, there can be no assurance that such actions will be sufficient to prevent cybersecurity incidents or mitigate all potential risks to such systems, networks and data or those of our third-party providers.

Governance

Our Board holds oversight responsibility over our strategy and risk management, including material risks related to cybersecurity threats. This oversight is executed directly by the Board and through its committees. The Audit Committee meets annually to review enterprise security, technology risks and cybersecurity threats, risk assessments and areas of emerging risks, incidents and mitigation strategies, and industry trends.

Our IT department maintains internal and external resources and is led by our IT Manager and assisted by our Risk Assessment/IT Compliance & Enterprise Manager. These two individuals have a combined 40+ years of industry experience, including serving in similar roles leading and overseeing cybersecurity programs at other public companies. The IT department is responsible for the information security of the organization and for the oversight of all cybersecurity infrastructure and programs. The department provides regular reports to senior management and other relevant teams on various cybersecurity threats, assessments, and findings.

Our Leadership Committee is responsible for the oversight of risks from cybersecurity threats. The Leadership Committee receive updates on a quarterly basis from leaders of our IT department and compliance and legal teams regarding matters of cybersecurity. This includes existing and new cybersecurity risks, status on how management is addressing and/or mitigating those risks, cybersecurity, and data privacy incidents (if any) and status on key information security initiatives. Our Leadership Committee and IT department discuss cybersecurity-related current events and any updates to our cybersecurity risk management and strategy programs.

Management, in coordination with our IT department, is responsible for hiring appropriate personnel, helping to integrate cybersecurity risk considerations into our overall risk management strategy, and communicating key priorities to relevant personnel. Management is responsible for approving budgets, approving cybersecurity processes, and reviewing cybersecurity assessments and other cybersecurity-related matters.

Item 2. Investments

As of December 31, 2023, we held eighteen real estate investments, consisting of eleven consolidated investments and seven held through preferred equity and loan investments. The following tables provide summary information regarding our consolidated investments and preferred equity and loan investments.

Consolidated Investments

Operating Investment Name	Market / Location	Number of Units (1)	Average Year Built	Ownership Interest	Average Rent (2)	% Occupied (3)
Ballast	AZ / CO / WA	84	1998	95 %	$ 2,104	90.5 %
Golden Pacific	IN / KS / MO	169	1977	97 %	1,715	92.3 %
ILE	TX / SE US	482	1991	95 %	1,838	95.8 %
Indy-Springfield, formerly Peak JV 1	IN / MO	334	1999	100 %	1,266	95.3 %
Navigator Villas	Pasco, WA	176	2013	90 %	1,587	97.7 %
Peak JV 2	Various / TX	596	1980	80 %	1,292	89.3 %
Peak JV 3	Dallas-Fort Worth, TX	150	1961	56 %	1,112	100.0 %
Savannah-84, formerly Peak JV 4	Savannah, GA	84	2022	100 %	1,749	97.6 %
Wayford at Concord	Concord, NC	150	2019	83 %	2,176	97.3 %
Yauger Park Villas	Olympia, WA	80	2010	95 %	2,400	95.0 %
Total Operating Units / Average		2,305			$ 1,597	94.1 %
Development Investment Name						
Abode Wendell Falls (4)	Wendell, NC	170	—	100 %	—	—
Total Development Units		170				
Total Units		2,475				

(1) Total operating units includes an aggregate of 118 units classified as held for sale and includes the following portfolios: 35 units in Indy-Springfield, 13 units in Peak JV 2, and 70 units in Peak JV 3.

(2) Represents the average of the ending average effective rent per occupied unit as of the last day of each month in the three months ended December 31, 2023.

(3) Percent occupied is calculated as (i) the number of units occupied as of December 31, 2023 divided by (ii) total number of units, expressed as a percentage. Percent occupied excludes an aggregate of 60 down/renovation units.

(4) Abode Wendell Falls is a build to rent development project expected to commence construction in the second quarter 2024. The total estimated project cost is $56.0 million, of which $6.5 million was incurred as of December 31, 2023.

Preferred Equity and Loan Investments

Lease-up Investment Name	Location / Market	Actual/ Planned Number of Units	Total Actual/ Estimated Construction Cost (in millions)	Cost to Date (in millions)	Actual/ Estimated Construction Cost Per Unit	Actual/ Estimated Initial Occupancy	Actual/ Estimated Construction Completion	Estimated Average Rent (1)
The Woods at Forest Hill	Forest Hill, TX	76	$ 17.1	$ 17.1	$ 225,000	4Q 2022	3Q 2023	$ 1,625
Willow Park	Willow Park, TX	58	17.1	17.1	294,828	2Q 2022	3Q 2023	2,362
The Cottages at Myrtle Beach	Myrtle Beach, SC	294	63.2	61.7	214,966	2Q 2023	4Q 2023	1,743
The Cottages of Port St. Lucie	Port St. Lucie, FL	286	69.6	63.8	243,357	2Q 2023	1Q 2024	2,133
Wayford at Innovation Park	Charlotte, NC	210	62.0	40.4	295,238	3Q 2023	3Q 2024	1,994
Total Lease-up Units		924						
Development Investment Name								
Chandler	Chandler, AZ	208	48.2	39.6	231,731	2Q 2024	3Q 2024	1,920
Total Development Units		208						
Operating Investment Name		**Number of Units**						**Average Rent (1)**
Peak Housing (2)	IN / MO / TX	452						$ 1,009
Total Operating Units		452						
Total Units / Average		1,584						$ 1,687

(1) For lease-up and development investments, represents the average pro forma effective monthly rent per occupied unit for all expected occupied units upon stabilization. For operating investments, represents the average effective monthly rent per occupied unit for the three months ended December 31, 2023.

(2) Peak Housing is a stabilized operating portfolio and the number of units shown represents those collateralizing our preferred equity investment in the Peak REIT OP as of December 31,2023 (refer to Note 8 of our combined consolidated financial statements for further information). Unit count excludes units presented in the consolidated investments table above.

Item 3. Legal Proceedings

We are not party to, and none of our properties are subject to, any material pending legal proceeding.

Item 4. Mining Safety Disclosures

Not applicable.

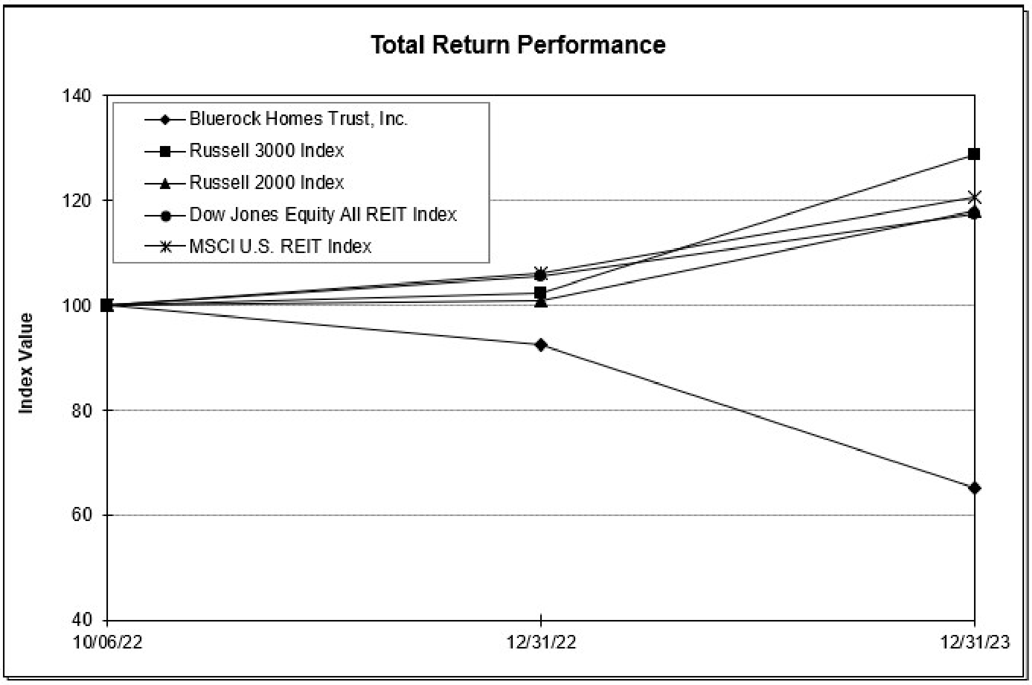
PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Information

Our shares of Class A common stock have been traded on the NYSE American under the symbol "BHM" since October 6, 2022, which is the date the Company was spun-off from Bluerock Residential.

On March 5, 2024, the closing price of our Class A common stock, as reported on the NYSE American, was $14.50.



	Period Ending		
Index	**10/06/22**	**12/31/22**	**12/31/23**
Bluerock Homes Trust, Inc.	100.00	92.57	65.11
Russell 3000 Index	100.00	102.36	128.92
Russell 2000 Index	100.00	100.89	117.97
Dow Jones Equity All REIT Index	100.00	105.65	117.58
MSCI U.S. REIT Index	100.00	106.01	120.58

Stockholder Information

As of March 5, 2024, we had approximately 3,871,265 shares of Class A common stock outstanding held by a total of 515 stockholders, one of which is the holder for all beneficial owners who hold in street name.

Distributions

Future distributions paid by us on our Class A common stock and Class C common stock will be at the discretion of our Board, and will depend upon our actual cash flow, our financial condition, capital requirements, the annual distribution requirements under the REIT provisions of the Code and such other factors as our Board deems relevant. Except for the special dividend addressed below, no distributions were paid on our Class A common stock and Class C common stock for the years ended December 31, 2023 and 2022.

On December 19, 2023 our Board authorized, and we declared a special dividend of $1.00 per share on our Class A common stock, Class C common stock, OP Units and LTIP Units, which was payable to the stockholders of record as of December 29, 2023, and which was paid in cash on January 5, 2024.

On January 15, 2024, our Board authorized and we declared (i) regular monthly dividends for the first quarter 2024 equal to a monthly rate of $0.125 per share on our Series A Preferred Stock (the “Series A Preferred Dividends”), payable monthly to the stockholders of record as of January 25, February 23 and March 25 of 2024, and (ii) special dividends on shares of our Series A Preferred Stock for the first quarter 2024, which will be seamlessly aggregated with the regular monthly Series A Preferred Dividends so as to effect a dividend rate of 2.0% over the 10-Year Daily Treasury Par Yield Curve Rate with a floor of 6.0% annually, calculated and paid monthly. Such special dividends will be payable to the extent the average 10-Year Treasury Rate exceeds 4.0%. The Series A Preferred Dividends and special dividends for the months of January and February were paid in cash on February 5, 2024 and March 5, 2024, respectively, with the March dividends to be paid in cash on April 5, 2024.

Unregistered Sales of Equity Securities

We previously disclosed our issuances during the years ended December 31, 2023 and 2022 of equity securities that were not registered under the Securities Act of 1933, as amended, in our Quarterly Report on Form 10-Q as filed with the Securities and Exchange Commission (the “SEC”) on November 4, 2022 and November 9, 2023, and on Form 8 - K filed with the SEC on January 5, 2023, February 23, 2023, May 19, 2023, May 26, 2023, August 16, 2023 and November 15, 2023.

Item 6. [Reserved]

Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations

The following is a discussion of the historical results of operations and liquidity and capital resources of Bluerock Homes Trust, Inc. (“Bluerock Homes,” “the Company,” “we,” “us,” or “our”), which was incorporated as a Maryland corporation on December 16, 2021. Prior to October 6, 2022, Bluerock Home’s sole stockholder was Bluerock Residential Growth REIT, Inc, a Maryland corporation (“Bluerock Residential” or “Parent”). We previously operated as part of Bluerock Residential and not as a standalone company. On October 6, 2022, Bluerock Residential completed a spin - off transaction that resulted in its single - family residential real estate business and certain other assets being contributed to us and Bluerock Homes becoming an independent publicly traded company. Please refer to the section in Item 1 captioned “The Separation and the Distribution” for a description of the Separation and the Distribution. You should read the following discussion and analysis in conjunction with the accompanying financial statements of Bluerock Homes, and the notes thereto. This Management’s Discussion and Analysis of Financial Condition and Results of Operations contains forward-looking statements. The matters discussed in these forward-looking statements are subject to risk, uncertainties and other factors that could cause actual results to differ materially from those made, projected or implied in the forward-looking statements. See also “Forward-Looking Statements” preceding Part I. We refer to Bluerock Real Estate, L.L.C., a Delaware limited liability company, and its affiliate, Bluerock Real Estate Holdings, LLC, a Delaware limited liability company, together as “BRE,” and we refer to our external manager, Bluerock Homes Manager, LLC, a Delaware limited liability company organized in 2022, as the “Manager.” Both BRE and our Manager are affiliated with us.

Overview

We were incorporated as a Maryland corporation on December 16, 2021. We own and operate high-quality single-family properties located in attractive markets with a focus on the knowledge-economy and high-quality of life growth markets of the Sunbelt and Western United States. Our principal objective is to generate attractive risk-adjusted returns on investments where we believe we can drive growth in funds from operations and net asset value by acquiring pre-existing single-family residential units, developing build-to-rent communities, and through Value-Add renovations. Our Value-Add strategy focuses on repositioning lower-quality, less current assets to drive rent growth and expand margins to increase net operating income and maximize our return on investment.

We have no employees and are supported by a related-party service agreement with the Manager (the "Management Agreement"). We are externally managed by the Manager, which manages our day-to-day operations under the Management Agreement. The current term of the Management Agreement expires October 6, 2024 and will be automatically renewed for a one-year term each year on October 6, unless previously terminated in accordance with the terms of the Management Agreement. The Manager is responsible for managing our affairs on a day-to-day basis and for identifying and making real estate investments on our behalf. Substantially all our business is conducted through our operating partnership, Bluerock Residential Holdings, L.P., a Delaware limited partnership (our "Operating Partnership"), of which we are the sole general partner.

As of December 31, 2023, we held eighteen real estate investments, consisting of eleven consolidated investments and seven preferred equity and loan investments. The eighteen investments represent an aggregate of 4,059 residential units, comprised of 2,475 consolidated units, of which 170 units are under development, and 1,584 units through preferred equity and loan investments. As of December 31, 2023, our consolidated operating investments were approximately 94.1% occupied.

We have elected to be taxed and have qualified as a real estate investment trust ("REIT") for federal income tax purposes commencing with our taxable year ended December 31, 2022. As a REIT, we generally are not subject to corporate-level income taxes. In order to maintain our REIT status, we are required, among other requirements, to distribute annually at least 90% of our "REIT taxable income," as defined by the Internal Revenue Code of 1986, as amended (the "Code"), to our stockholders. If we fail to maintain our qualification as a REIT in any taxable year, we would be subject to federal income tax on our taxable income at regular corporate tax rates and we would not be permitted to qualify as a REIT for four years following the year in which our qualification is denied. Such an event could materially and adversely affect our net income and results of operations. We intend to continue to organize and operate in such a manner as to remain qualified as a REIT.

Significant Developments

Acquisitions of and Investments in Real Estate

In addition to the new investments summarized in the table below, we (i) increased our preferred equity investment commitments in (a) the Willow Park joint venture by $2.1 million, for a total commitment of $4.6 million, and (b) The Woods at Forest Hill joint venture by $2.3 million, for a total commitment of $5.6 million, and (ii) funded an aggregate of approximately $7.6 million of preferred equity investments in The Woods at Forest Hill, Wayford at Innovation Park and Willow Park.

The following is a summary of our real estate investments made during the year ended December 31, 2023 ($ in millions):

Consolidated Investment Name	Location	Date of Investment	Number of Units	Ownership Interest	Purchase Price
Savannah-84, formerly Peak JV 4	Savannah, GA	February 23, 2023	18	100 %	$ 4.2
Abode Wendell Falls (1)	Wendell, NC	December 20, 2023	170	100 %	5.8
Total Operating Investments			188		$ 10.0
Loan Investment Name				**Commitment Amount**	**Investment Amount**
Willow Park	Willow Park, TX	October 26, 2023	58	$ 9.4	$ 9.4
The Woods at Forest Hill	Forest Hill, TX	December 28, 2023	76	8.3	8.3
Total Loan Investments			134		$ 17.7
Preferred Equity Investment Name					
Chandler	Chandler, AZ	November 15, 2023	208	$ 15.0	$ 15.0
Total Preferred Equity Investments			208		$ 15.0
Total			530		$ 42.7

(1) Abode Wendell Falls is a build to rent development project expected to commence construction in the second quarter 2024. The total estimated project cost is $56.0 million, of which $6.5 million was incurred as of December 31, 2023.

Held for Sale

As of December 31, 2023, we classified an aggregate of 118 units as held for sale in our combined consolidated balance sheets, with a $1.3 million recorded impairment related to held for sale units which is included in gain on sale and impairment of real estate investments, net on our combined consolidated statements of operations. The units are included in the following portfolios: 35 units of Indy-Springfield (formerly Peak JV 1), 13 units of Peak JV 2, and 70 units of Peak JV 3. These units were identified based on submarket analysis and individual unit-level operational review.

Sale of Real Estate Investments

In addition to the sales summarized in the table below, our preferred equity investment in the operating partnership of Peak Housing REIT (the “Peak REIT OP”) was partially redeemed in the aggregate amount of $10.7 million, which included principal investment of $9.7 million and accrued preferred return of $1.0 million. The partial redemption of our preferred equity investment was a result of the sale by Peak REIT OP of 196 of the 648 units that collateralized our investment. As of December 31, 2023, our remaining preferred equity investment in the Peak REIT OP was $10.6 million, with a remaining 452 units as collateral underlying our investment.

The following is a summary of our real estate sales and redemptions of our preferred equity investments during the year ended December 31, 2023 ($ in millions):

Consolidated Investment Name	**Location**	**Date of Sale** [1]	**Number of Units**	**Sale Price**	**BHM Net Proceeds**
Golden Pacific	IN / KS / MO	2Q & 4Q 2023	2	$ 0.8	$ 0.7
Peak JV 2	Various / TX	2Q & 4Q 2023	12	2.7	2.7
Peak JV 3	Dallas-Fort Worth, TX	2Q – 4Q 2023	39	6.0	5.7
Total Consolidated Investments			53	$ 9.5	$ 9.1
Preferred Equity Investment Name		**Date of Redemption**			
Willow Park [2]	Willow Park, TX	October 26, 2023	46	$ 17.1	$ 4.1
The Cottages at Warner Robins	Warner Robins, GA	December 15, 2023	251	64.7	16.6
Total Preferred Equity Investments			297	$ 81.8	$ 20.7
Total			350	$ 91.3	$ 29.6

(1) Units were sold from the respective portfolios on various dates throughout the specified quarters.
(2) Our preferred equity investment in Willow Park was redeemed for net proceeds of $4.1 million, which included $2.9 million of our total $4.6 million principal investment and $1.2 million of accrued preferred return. The remaining $1.7 million of our principal investment is collateralized by The Woods at Forest Hill and Peak REIT OP investments and is recorded within accounts receivable, prepaids and other assets of our consolidated balance sheet.

Industry Outlook

The single-family rental industry has historically been more resilient to economic cycles than the multi-family sector and is currently benefiting from significant industry tailwinds that have accelerated during the pandemic. We believe industry dynamics present a compelling investment opportunity for us, including:

- Supply at accessible price points remains extremely tight, with little new affordable rental product coming on-line over the last decade. These supply and affordability gaps have been in place and intensifying since the wind-down of the Great Recession, with rental prices continuing to increase in step with home price appreciation.

- Limited institutional ownership of single-family rental stock, currently estimated to be approximately 3%, creates potential for outsized growth. Our institutionally operated properties benefit from experienced regional owner-operators and a technology-aided platform, delivering not only a competitive market advantage but also operating growth potential that can benefit investors.

- Demand fundamentals are strong and strengthening further, particularly from rental-biased and debt-burdened millennials now reaching peak single-family house consumption age. We believe that a continued upswing in propensity to rent, coupled with the limited and depleting supply at the middle-income range, signals significant opportunity.

Results of Operations

Note 4 “Sale of Real Estate Assets and Held for Sale Real Estate Assets”; Note 5 “Investments in Real Estate”; Note 6 “Acquisition of Real Estate”; Note 7 “Notes and Interest Receivable”; and Note 8 “Preferred Equity Investments in Unconsolidated Real Estate Joint Ventures,” to our Combined Consolidated Financial Statements provide discussion of the various purchases and sales of properties and joint venture equity interests. These transactions have resulted in material changes to the presentation of our financial statements.

The following is a summary of our consolidated real estate investments as of December 31, 2023:

Operating Investment Name	Market / Location	Number of Units (1)	Average Year Built	Ownership Interest	Average Rent (2)	% Occupied (3)
Ballast	AZ / CO / WA	84	1998	95 %	$ 2,104	90.5 %
Golden Pacific	IN / KS / MO	169	1977	97 %	1,715	92.3 %
ILE	TX / SE US	482	1991	95 %	1,838	95.8 %
Indy-Springfield, formerly Peak JV 1	IN / MO	334	1999	100 %	1,266	95.3 %
Navigator Villas	Pasco, WA	176	2013	90 %	1,587	97.7 %
Peak JV 2	Various / TX	596	1980	80 %	1,292	89.3 %
Peak JV 3	Dallas-Fort Worth, TX	150	1961	56 %	1,112	100.0 %
Savannah-84, formerly Peak JV 4	Savannah, GA	84	2022	100 %	1,749	97.6 %
Wayford at Concord	Concord, NC	150	2019	83 %	2,176	97.3 %
Yauger Park Villas	Olympia, WA	80	2010	95 %	2,400	95.0 %
Total Operating Units / Average		2,305			$ 1,597	94.1 %
Development Investment Name						
Abode Wendell Falls (4)	Wendell, NC	170	—	100 %	—	—
Total Development Units		170				
Total Units		2,475				

(1) Total operating units includes an aggregate of 118 units classified as held for sale and includes the following portfolios: 35 units in Indy-Springfield, 13 units in Peak JV 2, and 70 units in Peak JV 3.

(2) Represents the average of the ending average effective rent per occupied unit as of the last day of each month in the three months ended December 31, 2023.

(3) Percent occupied is calculated as (i) the number of units occupied as of December 31, 2023 divided by (ii) total number of units, expressed as a percentage. Percent occupied excludes an aggregate of 60 down/renovation units.

(4) Abode Wendell Falls is a build to rent development project expected to commence construction in the second quarter 2024. The total estimated project cost is $56.0 million, of which $6.5 million was incurred as of December 31, 2023.

The following is a summary of our consolidated operational results for the years ended December 31, 2023 and 2022 ($ in thousands, except average rental rates):

	2023	2022	Variance
Rental and other property revenues	$ 40,999	$ 32,859	24.8 %
Property operating expenses	$ 19,164	$ 15,171	26.3 %
Net operating income	$ 21,835	$ 17,688	23.4 %
Average occupancy percentage (1)	94.4 %	92.4 %	200 bps
Average rental rate (2)	$ 1,569	$ 1,447	8.4 %

(1) Represents the average of the ending occupancy as of the last day of each month in the year presented. Average occupancy percentage excludes an average of 65 and 82 down/renovation units for 2023 and 2022, respectively.

(2) Represents the average of the ending average effective rent per occupied unit as of the last day of each month in the year presented.

The following is a summary of our preferred equity and loan investments as of December 31, 2023:

Lease-up Investment Name	Location / Market	Actual/ Planned Number of Units	Total Actual/ Estimated Construction Cost (in millions)	Cost to Date (in millions)	Actual/ Estimated Construction Cost Per Unit	Actual/ Estimated Initial Occupancy	Actual/ Estimated Construction Completion	Estimated Average Rent [1]
The Woods at Forest Hill	Forest Hill, TX	76	$ 17.1	$ 17.1	$ 225,000	4Q 2022	3Q 2023	$ 1,625
Willow Park	Willow Park, TX	58	17.1	17.1	294,828	2Q 2022	3Q 2023	2,362
The Cottages at Myrtle Beach	Myrtle Beach, SC	294	63.2	61.7	214,966	2Q 2023	4Q 2023	1,743
The Cottages of Port St. Lucie	Port St. Lucie, FL	286	69.6	63.8	243,357	2Q 2023	1Q 2024	2,133
Wayford at Innovation Park	Charlotte, NC	210	62.0	40.4	295,238	3Q 2023	3Q 2024	1,994
Total Lease-up Units		924						
Development Investment Name								
Chandler	Chandler, AZ	208	48.2	39.6	231,731	2Q 2024	3Q 2024	1,920
Total Development Units		208						
Operating Investment Name		**Number of Units**						**Average Rent [1]**
Peak Housing [2]	IN / MO / TX	452						$ 1,009
Total Operating Units		452						
Total Units/Average		1,584						$ 1,687

(1) For lease-up and development investments, represents the average pro forma effective monthly rent per occupied unit for all expected occupied units upon stabilization. For operating investments, represents the average effective monthly rent per occupied unit for the three months ended December 31, 2023.

(2) Peak Housing is a stabilized operating portfolio and the number of units shown represents those collateralizing our preferred equity investment in the Peak REIT OP as of December 31, 2023 (refer to Note 8 of our combined consolidated financial statements for further information). Unit count excludes units presented in the consolidated investments table above.

Year ended December 31, 2023 as compared to the year ended December 31, 2022

Revenue

Rental and other property revenues increased $8.1 million, or 25%, to $41.0 million for the year ended December 31, 2023 as compared to $32.9 million for the same prior year period. The increase was primarily due to operating unit count growth of 516 homes, net of 53 homes sold, in our portfolio since January 1, 2022 and operational improvements from our active management and organic market rent growth.

From an operational perspective, our average rent per occupied unit increased $122 or 8.4% to $1,569 as compared to $1,447 during the prior year period. Average occupancy increased 200 basis points from 92.4% to 94.4% on a year over year basis. The improvement was partially driven by: (i) stabilization of homes under renovation within our value-enhancement strategy, and (ii) stabilization of homes that are sometimes purchased from owner occupants which can create modest frictional vacancy for a brief period of time after acquisition.

Interest income from loan investments decreased $1.2 million, or 93%, to $0.1 million for the year ended December 31, 2023 as compared to $1.3 million for the same prior year period due to the payoff of two loans in 2022 partially offset by two new loan investments during the fourth quarter 2023.

Expenses

Property operating expenses increased $4.0 million, or 26%, to $19.2 million for the year ended December 31, 2023 as compared to $15.2 million for the same prior year period. The increase was primarily due to the acquisition of homes since January 1, 2022 and additional repairs and maintenance as part of our lease up stabilization strategy. Property operating expenses consist of controllable (payroll, repairs and maintenance, turnover, administrative, advertising, and utilities) and non-controllable (real estate taxes and insurance) expenses. Controllable expenses were $9.7 million and $7.6 million, and non-controllable expenses were $9.5 million and $7.6 million, for the years ended December 31, 2023 and 2022, respectively.

Property management and asset management fees expense were $4.4 million for the year ended December 31, 2023 as compared to $3.8 million in the same prior year period. The increase was primarily due to the acquisition of homes since January 1, 2022, partially offset by lower property management fees negotiated with two property managers in 2023. Property management fees are based on a stated percentage of property revenues and asset management fees are based on a stated percentage of capital contributions or assets under management, where applicable.

General and administrative expenses amounted to $8.0 million for the year ended December 31, 2023 as compared to $7.1 million for the same prior year period. Amounts recognized during the year ended December 31, 2023 represent our operations as a standalone company, of which $5.6 million were direct costs incurred by us and $2.4 million were costs allocated from our Manager, such as rent, utilities, information technology, and accounting and legal services. Commencing with the fourth quarter 2023, we reimbursed our manager for accounting and legal services totaling $0.8 million. Prior to the fourth quarter 2023, the Manager elected to not seek reimbursement for accounting and legal services during our first year of operations. For the period ended and prior to October 6, 2022, allocations of certain general, administrative, sales and marketing expenses were allocated to us from Bluerock Residential based on relative unit count. As such, expense amounts recognized during the year ended December 31, 2022 are not representative of the amounts that would have been reflected in the financial statements had we operated independently of Bluerock Residential.

Management fees to related party amounted to $7.9 million for the year ended December 31, 2023 as compared to $1.8 million for the same prior year period. Commencing on October 6, 2022, we are externally managed and advised by our Manager pursuant to the Management Agreement. There was no management fee expense prior to October 6, 2022.

Acquisition and other transaction costs amounted to $1.8 million for the year ended December 31, 2023 as compared to $0.2 million for the same prior year period. The 2023 expense primarily relates to the transition of property management services for over 1,000 homes.

Depreciation and amortization expenses were $16.2 million for the year ended December 31, 2023 as compared to $16.0 million for the same prior year period, with the increase primarily attributable to the acquisition of homes since January 1, 2022, partially offset by in-place leases being fully amortized prior to 2023.

Other Income and Expense

Other income and expense amounted to income of $0.6 million for the year ended December 31, 2023 compared to income of $3.7 million for the same prior year period. This was due to (i) a $7.4 million net increase in interest expense attributable to a $6.0 million decrease in the fair value of interest rate caps and swaps and a $1.4 million increase in interest expense attributable to an increase in the outstanding debt ($166.7 million at December 31, 2023 as compared to $153.2 million at December 31, 2022), (ii) a $1.3 million impairment related to real estate assets held for sale at December 31, 2023, and (iii) a $0.5 million increase in the provision for credit losses.

These expenses were partially offset by (i) an increase in preferred returns on unconsolidated real estate joint ventures of $3.0 million as funding to our preferred equity investments increased to $81.3 million at December 31, 2023 as compared to $39.6 million at December 31, 2021, (ii) a $2.6 million increase in interest income from our short-term investments, (iii) a $0.3 million gain on sales of real estate investments from the sale of 53 homes during 2023, and (iv) a $0.2 million increase in other income.

Discontinued Operations

Income from discontinued operations amounted to income of zero for the year ended December 31, 2023 as compared to income of $0.3 million for the same prior year period due to trailing sales activity of multifamily investments in 2021.

Net Operating Income

We believe that net operating income ("NOI") is a useful measure of our operating performance. We define NOI as total property revenues less total property operating expenses, excluding depreciation and amortization and interest. Other REITs may use different methodologies for calculating NOI, and accordingly, our NOI may not be comparable to other REITs. NOI also is a computation made by analysts and investors to measure a real estate company's operating performance.

We believe that this measure provides an operating perspective not immediately apparent from operating income or net income prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP"). NOI allows us to evaluate the operating performance of our properties because it measures the core operations of property performance by excluding corporate level expenses and other items not related to property operating performance and captures trends in rental housing and property operating expenses.

However, NOI should only be used as a supplemental measure of our financial performance. The following table reflects net loss attributable to common stockholders together with a reconciliation to NOI, as computed in accordance with GAAP for the years ended December 31, 2023 and 2022 (amounts in thousands):

	2023	2022
Net loss attributable to common stockholders	**$ (4,503)**	**$ (1,000)**
Add back: Net loss attributable to Operating Partnership Units	(8,996)	(1,927)
Net loss attributable to common stockholders and unit holders	**(13,499)**	**(2,927)**
Net loss attributable to partially owned properties' noncontrolling interests	(2,398)	(2,998)
Income from discontinued operations	—	(311)
Real estate depreciation and amortization	16,023	15,825
Non-real estate depreciation and amortization	200	483
Non-cash interest expense	2,775	2,441
Unrealized loss (gain) on derivatives	2,933	(3,084)
Provision for (recovery of) credit losses	174	(402)
Property management and asset management fees	4,416	3,834
Management fees to related party	7,922	1,787
Acquisition and other transaction costs	1,820	167
Corporate operating expenses	7,959	6,801
Transaction costs	—	24
Weather-related losses, net	(17)	25
Interest income	(2,609)	—
Preferred dividends	130	—
Other income, net	(679)	(446)
Preferred returns on unconsolidated real estate joint ventures	(11,632)	(8,588)
Interest income from loan investments	(94)	(1,285)
Gain on sale and impairment of real estate investments, net	1,017	—
Total property income	**14,441**	**11,346**
Add back: Interest expense	7,394	6,342
Net operating income	**$ 21,835**	**$ 17,688**

Liquidity and Capital Resources

Liquidity is a measure of our ability to meet potential cash requirements, both short- and long-term. Our primary short-term liquidity requirements historically have related to (i) our operating expenses and other general business needs, (ii) acquisition of properties, (iii) committed investments and capital requirements to fund development and renovations at existing properties, (iv) ongoing commitments to repay borrowings, including our revolving credit facilities and our maturing debt, and (v) distributions to stockholders.

Our ability to access capital on favorable terms as well as to use cash from operations to continue to meet our short-term liquidity needs could be affected by various risks and uncertainties, including the risks detailed in Part I, Item 1A titled "Risk Factors". While consolidated occupancy remains strong at 94.1% as of December 31, 2023, in future periods we may experience reduced levels of tenant retention, and reduced foot traffic and lease applications from prospective tenants.

On June 28, 2023, the SEC declared effective our registration statement on Form S-11 (File No. 333-269415) (the "2023 Registration Statement"). On June 30, 2023, we filed a prospectus supplement to the 2023 Registration Statement offering a maximum of 20,000,000 shares of 6.0% Series A Redeemable Preferred Stock (the "Series A Preferred Stock") at $25.00 per share, for a maximum offering amount of $500,000,000 in Series A Preferred Stock (the "Series A Preferred Offering"), and on August 11, 2023, we made the initial issuance of Series A Preferred Stock pursuant to the Series A Preferred Offering.

In general, we believe our available cash balances, cash flows from operations, proceeds from the Series A Preferred Offering, proceeds from our revolving credit facilities, proceeds from future mortgage debt financings for acquisitions and/or development projects, and other financing arrangements will be sufficient to fund our liquidity requirements with respect to our existing portfolio for the next 12 months. In general, we expect that our results related to our existing portfolio will improve in future periods as a result of anticipated future investments in and acquisitions of single-family residential properties and build-to-rent development properties.

We believe we will be able to meet our primary liquidity requirements going forward through, among other sources:

- $80.2 million in cash available at December 31, 2023;
- capacity of $100 million, of which approximately $56 million was available at December 31, 2023, on our revolving credit facilities;
- proceeds from future mortgage debt financings for acquisition and/or development projects;
- cash generated from operating activities; and
- proceeds from our Series A Preferred Offering and potential offerings of common and preferred stock, as well as issuances of units of limited partnership interest in our Operating Partnership (“OP Units”).

The following table summarizes our contractual obligations as of December 31, 2023 related to our mortgage notes secured by our properties and revolving credit facilities. At December 31, 2023, our estimated future required payments on these obligations were as follows (amounts in thousands):

	Total	Less than One year	2025-2026	2027-2028	Thereafter
Mortgages Payable (Principal)	$ 96,705	$ 1,639	$ 39,188	$ 23,888	$ 31,990
Revolving Credit Facilities	70,000	20,000	50,000	—	—
Estimated Interest Payments on Mortgages Payable and Revolving Credit Facilities	28,079	10,136	10,214	6,718	1,011
Total	**$ 194,784**	**$ 31,775**	**$ 99,402**	**$ 30,606**	**$ 33,001**

Estimated interest payments are based on the stated rates for mortgage notes payable assuming the interest rate in effect for the most recent quarter remains in effect through the respective maturity dates.

As of December 31, 2023, the aggregate amount of our contractual commitments to fund future cash obligations in certain of our joint venture investments was $0.2 million.

As equity capital market conditions permit, we may supplement our capital for short-term liquidity needs with proceeds of potential offerings of common and preferred stock, as well as issuance of OP Units. Given the significant volatility in the trading price of REIT equities and our otherwise stable financial condition and liquidity position, we cannot provide assurances that these offerings are a likely source of capital to meet short-term liquidity needs.

Our primary long-term liquidity requirements relate to (i) costs for additional single-family residential investments, including build-to-rent development properties, (ii) repayment of long-term debt and our revolving credit facilities, (iii) capital expenditures, and (iv) cash redemption requirements related to our Series A Preferred Stock.

We intend to finance our long-term liquidity requirements with net proceeds of additional issuances of common and preferred stock, including our Series A Preferred Offering, our revolving credit facilities, as well as future acquisition or project-based borrowings. Our success in meeting these requirements will therefore depend upon our ability to access capital. Further, our ability to access equity capital is dependent upon, among other things, general market conditions for REITs and the capital markets generally, market perceptions about us and our asset class, and current trading prices of our securities.

As we did in the year ended December 31, 2023, we may also selectively sell consolidated operating assets at appropriate times, which would be expected to generate cash sources for both our short - term and long - term liquidity needs.

We may also meet our long-term liquidity needs through borrowings from a number of sources, either at the corporate or project level. We believe our revolving credit facilities will serve as our primary debt source that will continue to enable us to deploy our capital more efficiently and provide capital structure flexibility as we grow our asset base. In addition to restrictive covenants, our revolving credit facilities contain material financial covenants. At December 31, 2023, we were in compliance with all covenants under our credit facilities. We will continue to monitor the debt markets, including Fannie Mae and Freddie Mac, and as market conditions permit, access borrowings that are advantageous to us.

If we are unable to obtain financing on favorable terms or at all, we would likely need to curtail our investment activities, including acquisitions and improvements to and developments of real properties, which could limit our growth prospects. This, in turn, could reduce cash available for distribution to our stockholders and may hinder our ability to raise capital by issuing more securities or borrowing more money. We also may be forced to dispose of assets at inopportune times to maintain REIT qualification and Investment Company Act exemption.

We expect to maintain a distribution on our Series A Preferred Stock in accordance with the terms which require monthly dividends. While our distributions through December 31, 2023 have been paid from cash flow from operations and in accordance with our policy, distributions in the future may be paid from cash flow from operations, proceeds from our Series A Preferred Offering, the sales of assets and additional sources, such as from borrowings.

We have notes receivable in conjunction with properties that are in various stages of lease - up. To date, these investments have been structured as senior loans, and in the future, we may also provide mezzanine financing to these types of projects. The notes receivable provide a current stated return and require repayment based on a fixed maturity date. If the property does not repay the notes receivable upon maturity, our income, FFO, CFFO and cash flows could be reduced below the stated returns currently being recognized if the property does not produce sufficient cash flow to pay its operating expenses and debt service, or to refinance its debt obligations.

We also have preferred equity interests in properties that are in various stages of development, in lease-up and operating, and our preferred equity investments are structured to provide a current and/or accrued preferred return during all phases. Each joint venture in which we own a preferred equity interest is required to redeem our preferred equity interests, plus any accrued preferred return, based on a fixed maturity date, generally in relation to the property’s construction loan or mortgage loan maturity. Upon redemption of the preferred equity interests, our income, FFO, CFFO and cash flows could be reduced below the preferred returns currently being recognized. Alternatively, if the joint ventures do not redeem our preferred membership interest when required, our income, FFO, CFFO and cash flows could be reduced if the development project does not produce sufficient cash flow to pays its operating expenses, debt service and preferred return obligations. As we evaluate our capital position and capital allocation strategy, we may consider alternative means of financing our development loan and preferred equity investment activities at the subsidiary level.

Off-Balance Sheet Arrangements

As of December 31, 2023, we have off-balance sheet arrangements that may have a material effect on our financial condition, revenues or expenses, results of operations, liquidity, capital resources or capital expenditures. As of December 31, 2023, we own investments in six joint ventures that are accounted for as held to maturity debt securities.

Cash Flows

Cash Flows from Operating Activities

As of December 31, 2023, we held eighteen real estate investments, consisting of eleven consolidated investments and seven preferred equity and loan investments, with the eighteen investments representing an aggregate of 4,059 residential units. During the year ended December 31, 2023, net cash provided by operating activities was $13.9 million after net loss of $15.8 million was adjusted for the following:

- non-cash items of $23.3 million;
- distributions and preferred returns from unconsolidated joint ventures of $5.4 million; and
- an increase in due to affiliates, net of $1.3 million; offset by
- an increase in accounts receivable, prepaids and other assets of $0.2 million; and
- an increase in notes and accrued interest receivable of $0.1 million.

Cash Flows from Investing Activities

During the year ended December 31, 2023, net cash used in investing activities was $25.7 million, primarily due to the following:

- $40.3 million used in acquiring investments in unconsolidated joint ventures and notes receivable;
- $10.8 million used in acquiring consolidated real estate investments; and
- $9.5 million used on capital expenditures; offset by
- $25.8 million of proceeds from the redemption of unconsolidated joint ventures; and
- $9.1 million of proceeds from the sale of real estate investments.

Cash Flows from Financing Activities

During the year ended December 31, 2023, net cash provided by financing activities was $15.7 million, primarily due to the following:

- proceeds of $21.0 million from borrowings on revolving credit facilities;
- net proceeds of $8.7 million from the issuance of Series A Preferred Stock; and
- capital contributions of $0.4 million from partially owned properties; noncontrolling interests; offset by
- $6.0 million of repayments on revolving credit facilities;
- $5.0 million for purchase of interests from noncontrolling interests;
- $1.5 million of repayments of our mortgages payable;
- $1.5 million in deferred financing costs;
- $0.3 million in cash distributions paid to noncontrolling interests; and
- $0.1 million in cash distributions paid to preferred stockholders.

Year ended December 31, 2023 as compared to the year ended December 31, 2022

Operating Activities

Net cash flow provided by operating activities increased $10.4 million in 2023 compared to 2022 primarily due to:

- operating income, adjusted for non-cash activity, increased $6.4 million;
- increase in accounts payable and other accrued liabilities of $4.9 million; and
- increase in net distributions of income and preferred returns from preferred equity investments of $3.3 million; offset by
- increase in notes and accrued interest receivable of $3.1 million;
- net decrease in net due to affiliates of $0.8 million; and
- increase in accounts receivable, prepaid expenses and other assets of $0.3 million.

Investing Activities

Net cash used in investing activities decreased $151.5 million in 2023 compared to 2022 primarily due to:

- decrease in acquisition of real estate investments and capital expenditures of $146.1 million;
- lower investments in unconsolidated real estate joint venture interests of $24.1 million;
- higher proceeds from redemption of unconsolidated real estate joint ventures of $25.8 million; and
- higher proceeds from the sales of real estate investments of $9.1 million; offset by
- decreased repayments on notes receivable of $45.6 million; and
- increase in investment in notes receivable of $8.0 million.

Financing Activities

Net cash provided by financing activities decreased $103.6 million in 2023 compared to 2022 primarily due to:

- decrease in contributions from Parent of $98.2 million;
- decrease in proceeds from mortgages of $41.9 million;
- decrease in proceeds from credit facilities of $34.0 million;
- decrease in contributions from noncontrolling interests of $6.8 million;
- increase in the purchase of noncontrolling interests of $5.0 million;
- increase in revolving credit facility repayments of $6.0 million; and
- increase in distributions to preferred stockholders of $0.1 million; offset by
- decrease in cash distribution to Parent at spin-off of $68.5 million;
- increase in net proceeds from the Series A Preferred Offering of $8.7 million;
- decrease in net mortgage repayments of $4.3 million;
- decrease in deferred financing fees of $3.1 million;
- decrease in the purchase of interest rate caps of $2.3 million; and
- decrease in the distributions to partially owned properties' noncontrolling interests of $1.6 million.

Capital Expenditures

The following table summarizes our total capital expenditures incurred for the years ended December 31, 2023 and 2022 (amounts in thousands):

	2023	2022
Redevelopment/renovations	$ 4,551	$ 16,122
Routine capital expenditures	3,193	2,888
Normally recurring capital expenditures	436	314
Total capital expenditures	$ 8,180	$ 19,324

Redevelopment and renovation costs are non-recurring capital expenditures for significant projects such as preparing a unit for rental. The renovation work varies, but may include flooring, cabinetry, paint, plumbing, appliances and other items required to make the unit rent ready. Routine capital expenditures are necessary non-revenue generating improvements that extend the useful life of the property and that are less frequent in nature, such as roof repairs and concrete work/asphalt resurfacing. Normally recurring capital expenditures are necessary non-revenue generating improvements that occur on a regular ongoing basis, such as flooring and appliances.

Funds from Operations and Core Funds from Operations Attributable to Common Stockholders and Unit Holders

We believe that funds from operations ("FFO"), as defined by the National Association of Real Estate Investment Trusts ("NAREIT"), and core funds from operations ("CFFO") are important non-GAAP supplemental measures of operating performance for a REIT.

FFO attributable to common stockholders and unit holders is a non-GAAP financial measure that is widely recognized as a measure of REIT operating performance. We consider FFO to be an appropriate supplemental measure of our operating performance as it is based on a net income analysis of property portfolio performance that excludes non-cash items such as depreciation. The historical accounting convention used for real estate assets requires straight-line depreciation of buildings and improvements, which implies that the value of real estate assets diminishes predictably over time. Since real estate values historically rise and fall with market conditions, presentations of operating results for a REIT, using historical accounting for depreciation, could be less informative. We define FFO, consistent with the NAREIT definition, as net income (loss), computed in accordance with GAAP, excluding gains or losses on sales of depreciable real estate property, plus depreciation and amortization of real estate assets, plus 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 notes receivable, unconsolidated partnerships and joint ventures will be calculated to reflect FFO on the same basis.

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

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

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

We historically operated as part of Bluerock Residential and not as a standalone company. On October 6, 2022, Bluerock Residential completed a spin-off transaction that resulted in its single-family residential real estate business and certain other assets being contributed to us. Financial statements for the period ended and prior to October 6, 2022 have been derived from Bluerock Residential's historical accounting records and are presented on a carve-out basis. All revenues and costs as well as assets and liabilities directly associated with our business activity are included in the financial statements. The financial statements for the period ended and prior to October 6, 2022 also include allocations of certain general, administrative, sales and marketing expenses that have been allocated to us from Bluerock Residential. However, amounts recognized by us are not representative of the amounts that would have been reflected in the financial statements had we operated independently of Bluerock Residential. As such, the results presented in the table below are not directly comparable and should not be considered an indication of our future operating performance.

The table below presents our calculation of FFO and CFFO for the years ended December 31, 2023 and 2022 ($ in thousands):

	2023	2022
Net loss attributable to common stockholders	**$ (4,503)**	**$ (1,000)**
Add back: Net loss attributable to Operating Partnership Units	(8,996)	(1,927)
Net loss attributable to common stockholders and unit holders	**(13,499)**	**(2,927)**
Real estate depreciation and amortization	16,023	15,825
Gain on sale and impairment of real estate investments, net	1,017	—
Gain on sale of assets from discontinued operations	—	(258)
Adjustment for partially owned properties' noncontrolling interests	(2,215)	(2,715)
FFO attributable to common stockholders and unit holders	**1,326**	**9,925**
Acquisition and other transaction costs	1,820	167
Non-cash interest expense	2,775	2,441
Unrealized loss (gain) on derivatives	2,933	(3,084)
Provision for (recovery of) credit losses	174	(402)
Weather-related losses, net	(17)	25
Non-real estate depreciation and amortization	200	483
Transaction costs	—	24
Other income, net	(679)	(446)
Non-cash equity compensation	13,040	5,246
Adjustment for partially owned properties' noncontrolling interests	(627)	(1,293)
CFFO attributable to common stockholders and unit holders	**$ 20,945**	**$ 13,086**
Per Share and Unit Information:		
FFO attributable to common stockholders and unit holders – diluted	**$ 0.12**	**$ 0.88**
CFFO attributable to common stockholders and unit holders – diluted	**$ 1.82**	**$ 1.16**
Weighted average common shares and units outstanding – diluted	**11,537,120**	**11,239,378**

Operating cash flow, FFO and CFFO may also be used to fund all or a portion of certain capitalizable items that are excluded from FFO and CFFO.

Presentation of this information is intended to assist the reader in comparing the sustainability of the operating performance of different REITs, although it should be noted that not all REITs calculate FFO or CFFO the same way, so comparisons with other REITs may not be meaningful. FFO or CFFO should not be considered as an alternative to net income (loss) attributable to common stockholders or as an indication of our liquidity, nor is either indicative of funds available to fund our cash needs, including our ability to make distributions. Both FFO and CFFO should be reviewed in connection with other GAAP measurements.

Distributions

Declaration Date	Payable to stockholders of record as of	Amount	Paid / Payable Date
Class A common stock Special Dividend			
December 19, 2023	December 29, 2023	$ 1.00	January 5, 2024
Class C common stock Special Dividend			
December 19, 2023	December 29, 2023	$ 1.00	January 5, 2024
Series A Preferred Stock (1)			
September 11, 2023	August 25, 2023	$ 0.125000	October 5, 2023
September 11, 2023	September 25, 2023	0.125000	October 5, 2023
October 13, 2023	October 25, 2023	0.125000	November 3, 2023
October 13, 2023	November 24, 2023	0.125000	December 5, 2023
October 13, 2023	December 22, 2023	0.125000	January 5, 2024
Series A Preferred Stock Special Dividend (2)			
November 7, 2023	Each day November 1 - 30, 2023	$ 0.012550	December 5, 2023
November 7, 2023	Each day December 1 - 31, 2023	0.002469	January 5, 2024

(1) Holders of record of newly issued Series A Preferred Stock shares that are held only a portion of the applicable monthly dividend period will receive a prorated dividend based on the actual number of days in the applicable dividend period during which each such share of Series A Preferred Stock was outstanding.

(2) Holders of record of Series A Preferred Stock shares as of the close of business on each day of the applicable month are entitled to additional contingent special daily dividends for each such day, to be aggregated and payable (if at all) on the payable date, in each case equal to the amount (if any) by which (i) the Stated Value of the Series A Preferred Stock multiplied by (a) the sum of (I) the average 10-year Daily Treasury Par Yield Curve Rate for the period from the 26th of the prior month to the 25th of the applicable month (as reported by the United States Department of the Treasury), plus (II) two percent (2.0%), divided by (b) twelve (12), divided further by (c) the actual number of days in the applicable month, exceeds (ii) the quotient of (a) $0.125 divided by (b) the actual number of days in the applicable month.

A portion of each dividend may constitute a return of capital for tax purposes. There is no assurance that we will continue to declare dividends or at this rate. Holders of restricted stock, OP Units, LTIP Units and C-LTIP Units are entitled to receive “distribution equivalents” at the same time as dividends are paid to holders of our Class A common stock.

Our Board will determine the amount of dividends to be paid to our stockholders. The determination of our Board will be based on several factors, including funds available from operations, our capital expenditure requirements and the annual distribution requirements necessary to maintain our REIT status for federal income tax purposes. As a result, our distribution rate and payment frequency may vary from time to time. However, to maintain our REIT status for tax purposes, we must make distributions equal to at least 90% of our “REIT taxable income”, as defined by the Internal Revenue Code of 1986, determined without regard to the dividends paid deduction and excluding net capital gains, to our stockholders each year. While our policy is generally to pay distributions from cash flow from operations, we may declare distributions in excess of funds from operations.

Distributions declared and paid for the year ended December 31, 2023 were as follows (amounts in thousands):

	Distributions	
2023	**Declared**	**Paid**
Third Quarter		
Series A Preferred Stock (1)	$ 12	$ —
Total third quarter	$ 12	$ —
Fourth Quarter		
Class A common stock	$ 3,871	$ —
Class C common stock	8	—
Series A Preferred Stock (1)	118	78
OP Units	7,366	—
LTIP / C-LTIP Units	1,143	—
Total fourth quarter	$ 12,506	$ 78
Total	$ 12,518	$ 78

(1) For the third quarter 2023, amounts include only the standard dividend at an annual rate of 6.0% of the Stated Value. For the fourth quarter 2023, amounts include the standard dividend at an annual rate of 6.0% of the Stated Value and any special dividends.

Critical Accounting Policies and Estimates

Below is a discussion of the accounting policies that we consider critical to an understanding of our financial condition and operating results that may require complex or significant judgment in their application or require estimates about matters which are inherently uncertain.

Principles of Consolidation and Basis of Presentation

We conduct our operations through the Operating Partnership, of which we are the sole general partner. The combined consolidated financial statements include our accounts and those of the Operating Partnership and its subsidiaries. As of December 31, 2023, limited partners other than the Company owned approximately 68.68% of the common units of the Operating Partnership (59.45% is held by holders of limited partnership interest in the Operating Partnership ("OP Units") and 9.23% is held by holders of the Operating Partnership's long-term incentive plan units ("LTIP Units"), including 3.76% which are not vested at December 31, 2023).

The combined consolidated statement of operations for the year ended December 31, 2022 includes (i) Bluerock Homes' results of operations for the period of October 6 – December 31, 2022, which represents the results of operations following our spin-off from Bluerock Residential, and (ii) Bluerock Homes' results of operations for the period ending and prior to October 6, 2022, which represents a carve-out of revenues and expenses attributable to us related to Bluerock Residential's single-family residential home business. As a result, results of operations for the year ended December 31, 2022 may not be comparative to our results of operations reported for the prior year presented.

Real Estate Investments, Preferred Equity Investments and Notes Receivable (Real Estate Loan Investment)

We first analyze an investment to determine if it is a variable interest entity ("VIE") in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 810: *Consolidation* and, if so, whether we are the primary beneficiary requiring consolidation of the entity. A VIE is an entity that has (i) insufficient equity to permit it to finance its activities without additional subordinated financial support or (ii) equity holders that lack the characteristics of a controlling financial interest. VIEs are consolidated by the primary beneficiary, which is the entity that has both the power to direct the activities that most significantly impact the entity's economic performance and the obligation to absorb losses or the right to receive benefits from the entity that potentially could be significant to the entity. Variable interests in a VIE are contractual, ownership, or other financial interests in a VIE that change in value with changes in the fair value of the VIE's net assets. We continuously re-assess at each level of the investment whether (i) the entity is a VIE, and (ii) we are the primary beneficiary of the VIE. If it was determined that an entity in which we hold an interest qualified as a VIE and we are the primary beneficiary, the entity would be consolidated.

If, after consideration of the VIE accounting literature, we have determined that an entity is not a VIE, we assess the need for consolidation under all other provisions of ASC 810. These provisions provide for consolidation of majority-owned entities through a majority voting interest held by the company providing control.

In assessing whether we are in control of and requiring consolidation of the limited liability company and partnership venture structures, we evaluate the respective rights and privileges afforded each member or partner (collectively referred to as "member"). Our member would not be deemed to control the entity if any of the other members has either (i) substantive kickout rights providing the ability to dissolve (liquidate) the entity or otherwise remove the managing member or general partner without cause or (ii) substantive participating rights in the entity. Substantive participating rights (whether granted by contract or law) provide for the ability to effectively participate in significant decisions of the entity that would be expected to be made in the ordinary course of business.

We analyze each investment that involves real estate acquisition, development, and construction to consider whether the investment qualifies as an investment in a real estate acquisition, development, and construction arrangement. We have evaluated our real estate investments as required by ASC 310-10 *Receivables* and concluded that no investments are considered an investment in a real estate acquisition, development, or construction arrangement. As such, we next evaluate if these investments are considered a security under ASC 320 *Investments – Debt Securities*.

For investments that meet the criteria of a security under ASC 320 *Investments – Debt Securities*, we classify each preferred equity investment as a held-to-maturity debt security as we have the intention and ability to hold the investment to maturity. We earn a fixed return on these investments which is included within preferred returns on unconsolidated real estate joint ventures in our combined consolidated statements of operations. We evaluate the collectability of each preferred equity investment and estimate a provision for credit loss, as applicable. We account for these investments as preferred equity investments in unconsolidated real estate joint ventures in our combined consolidated balance sheets.

For investments that do not meet the criteria of a security under ASC 320 *Investments – Debt Securities*, we have concluded that the characteristics and the facts and circumstances indicate that loan accounting treatment is appropriate. We recognize interest income on our notes receivable on the accrual method unless a significant uncertainty of collection exists. If a significant uncertainty exists, interest income is recognized as collected. Costs incurred to originate our notes receivable are deferred and amortized using the effective interest method over the term of the related notes receivable. We evaluate the collectability of each loan investment and estimate a provision for credit loss, as applicable.

Real Estate Assets

Real Estate Purchase Price Allocations

Upon acquisition, we evaluate our acquired residential properties for purposes of determining whether a transaction should be accounted for as an asset acquisition or business combination. Purchases of residential properties are treated as asset acquisitions and, as such, are recorded at their purchase price, including acquisition costs, which is allocated to land and building based upon their relative fair values at the date of acquisition. Acquisition costs typically include legal fees, broker commissions and title fees, as well as other closing costs. In making estimates of fair values for purposes of allocating the purchase price of acquired properties, we utilize various sources including our own market knowledge obtained from historical transactions, published market data, and independent appraisers. In this regard, we also utilize information obtained from county tax assessment records to assist in the determination of the fair value of the land and building.

Intangible assets include the value of in-place leases which represents the estimated fair value of the net cash flows of leases in place at the time of acquisition, as compared to the net cash flows that would have occurred had the property been vacant at the time of acquisition and subject to lease-up. We amortize the value of in-place leases to expense over the remaining non-cancelable term of the respective leases, which is on average six months.

Estimates of the fair values of the tangible assets, identifiable intangibles and assumed liabilities require us to make significant assumptions to estimate market lease rates, property operating expenses, carrying costs during lease-up periods, discount rates, market absorption periods, prevailing interest rates and the number of years the property will be held for investment. The use of inappropriate assumptions could result in an incorrect valuation of acquired tangible assets, identifiable intangible assets and assumed liabilities, which could impact the amount of our net income (loss). Differences in the amount attributed to the fair value estimate of the various assets acquired can be significant based upon the assumptions made in calculating these estimates.

Capital Additions, Depreciation and Amortization

We capitalize costs incurred in connection with our capital additions activities, including redevelopment, development and construction projects, other tangible improvements, and replacements of existing components. Repair and maintenance and tenant turnover costs are expensed as incurred. Repair and maintenance and tenant turnover costs include all costs that do not extend the useful life of the real estate asset. Accordingly, many factors are considered as part of our evaluation processes with no one factor necessarily determinative. Depreciation and amortization expense are computed on the straight-line method over the asset's estimated useful life. We consider the period of future benefit of an asset to determine its appropriate useful life and anticipate the estimated useful lives of assets by class to be generally as follows:

Buildings	30 – 40 years
Building improvements	5 – 15 years
Land improvements	5 – 15 years
Furniture, fixtures and equipment	3 – 8 years
In-place leases	6 months

Impairment of Operating Real Estate Assets

We continually monitor events and changes in circumstances that could indicate that the carrying amounts of our operating real estate and related intangible assets may not be recoverable. When indicators of potential impairment suggest that the carrying value of operating real estate and related intangible assets may not be recoverable, we assess the recoverability of the assets by estimating whether we will recover the carrying value of the asset through its undiscounted future cash flows and its eventual disposition. Based on this analysis, if we do not believe that we will be able to recover the carrying value of the operating real estate and related intangible assets, we will record an impairment loss to the extent that the carrying value exceeds the estimated fair value of the operating real estate and related intangible assets. No impairment charges on operating real estate and related intangible assets were recorded in 2023 or 2022.

Held for Sale Real Estate Assets

Real estate assets are classified as held for sale when they meet the applicable GAAP criteria in accordance with ASC 360-10 *Property, Plant, and Equipment - Overall* , including, but not limited to, the availability of the real estate asset for immediate sale in its present condition, the existence of an active program to locate a buyer, the probable sale of the real estate asset within one year, and actions required to complete the sale of the real estate asset are likely to occur. Real estate assets classified as held for sale are reported at the lower of their carrying value or estimated fair value less costs to sell and are presented separately within operating real estate held for sale, net on our combined consolidated balance sheets. At December 31, 2023, we had 118 units classified as held for sale, with a recorded impairment related to held for sale units of $1.3 million which is included in gain on sale and impairment of real estate investments, net within our combined consolidated statements of operations. There were no real estate assets classified as held for sale at December 31, 2022 and no impairment charges were recorded in 2022.

Revenue Recognition

We recognize rental revenue on a straight-line basis over the terms of the rental agreements and in accordance with ASC Topic 842 *Leases*. Rental revenue is recognized on an accrual basis and when the collectability of the amounts due from tenants is deemed probable. Rental revenue is included within rental and other property revenues on our combined consolidated statement of operations. Amounts received in advance are recorded as a liability within other accrued liabilities on our combined consolidated balance sheet.

Other property revenues are recognized in the period earned.

Current Expected Credit Losses (CECL)

We estimate provision for credit losses on our loans (notes receivable) and preferred equity investments under CECL. This method is based on expected credit losses for the life of the investment as of each balance sheet date. The method for calculating the estimate of expected credit loss considers historical experience and current conditions for similar loans and reasonable and supportable forecasts about the future.

We estimate our provision for credit losses using a collective (pool) approach for investments with similar risk characteristics, such as collateral and duration of investment. In measuring the CECL provision for investments that share similar characteristics, we apply a default rate to the investments for the remaining loan or preferred equity investment hold period. As we do not have a significant historical population of loss data on our loan and preferred equity investments, our default rate utilized for CECL is based on an external historical loss rate for commercial real estate loans.

In addition to analyzing investments as a pool, we perform an individual investment assessment of expected credit losses. If it is determined that the borrower is experiencing financial difficulty, or a foreclosure is probable, or we expect repayment through the sale of the collateral, we calculate expected credit losses based on the value of the underlying collateral as of the reporting date. During this review process, if we determine that it is probable that we will not be able to collect all amounts due for both principal and interest according to the contractual terms of an investment, that loan or preferred equity investment is not considered fully recoverable and a provision for credit loss is recorded.

In estimating the value of the underlying collateral when determining if a loan or preferred equity investment is fully recoverable, we evaluate estimated future cash flows to be generated from the collateral underlying the investment. The inputs and assumptions utilized to estimate the future cash flows of the underlying collateral are based upon our evaluation of the operating results, economy, market trends, and other factors, including judgments regarding costs to complete any construction activities, lease-up and occupancy rates, rental rates, and capitalization rates utilized to estimate the projected cash flows at the disposition. We may also obtain a third-party valuation which may value the collateral through an “as-is” or “stabilized value” methodology. If upon completion of the valuation the fair value of the underlying collateral securing the investment is less than the net carrying value, we record a provision for credit loss on that loan or preferred equity investment. As the investment no longer displays the characteristics that are similar to those of the pool of loans or preferred equity investments, the investment is removed from the CECL collective (pool) analysis described above.

New Accounting Pronouncements

See Note 2, “Basis of Presentation and Summary of Significant Accounting Policies,” to our Notes to the Combined Consolidated Financial Statements for a description of accounting pronouncements. We do not believe these new pronouncements will have a significant impact on our Combined Consolidated Financial Statements, cash flows or results of operations.

Subsequent Events

Issuance of LTIP Units under the BHM Incentive Plans

On January 8, 2024, we granted 5,185 LTIP Units pursuant to the BHM Incentive Plans to each independent member of the Board in payment of the equity portion of their respective annual retainers. Such LTIP Units were fully vested upon issuance.

Declaration of Dividends

Declaration Date	Payable to stockholders of record as of	Amount	Paid / Payable Date
Series A Preferred Stock (1)			
January 15, 2024	January 25, 2024	$ 0.125	February 5, 2024
January 15, 2024	February 23, 2024	0.125	March 5, 2024
January 15, 2024	March 25, 2024	0.125	April 5, 2024
Series A Preferred Stock Special Dividend			
January 15, 2024	Each day of January 1 - 31, 2024	(2)	February 5, 2024
January 15, 2024	Each day of February 1 - 29, 2024	(2)	March 5, 2024
January 15, 2024	Each day of March 1 - 31, 2024	(2)	April 5, 2024

(1) Holders of record of newly issued Series A Preferred Stock shares that are held only a portion of the applicable monthly dividend period will receive a prorated dividend based on the actual number of days in the applicable dividend period during which each such share of Series A Preferred Stock was outstanding.

(2) Holders of record of Series A Preferred Stock shares as of the close of business on each day of the applicable month are entitled to additional contingent special daily dividends for each such day, to be aggregated and payable (if at all) on the payable date, in each case equal to the amount (if any) by which (i) the Stated Value of the Series A Preferred Stock multiplied by (a) the sum of (I) the average 10-year Daily Treasury Par Yield Curve Rate for the period from the 26th of the prior month to the 25th of the applicable month (as reported by the United States Department of the Treasury), plus (II) two percent (2.0%), divided by (b) twelve (12), divided further by (c) the actual number of days in the applicable month, exceeds (ii) the quotient of (a) $0.125 divided by (b) the actual number of days in the applicable month.

Distributions Paid

		Distributions Paid
January 5, 2024 (to stockholders of record as of December 22, 2023)		
Series A Preferred Stock [(1)]	$	51
January 5, 2024 (to stockholders of record as of December 29, 2023)		
Class A common stock Special Dividend	$	3,871
Class C common stock Special Dividend		8
OP Units		7,366
LTIP / C-LTIP Units		1,143
Total	$	12,388
February 5, 2024 (to stockholders of record as of January 25, 2024)		
Series A Preferred Stock [(1)]	$	68
March 5, 2024 (to stockholders of record as of February 23, 2024)		
Series A Preferred Stock [(1)]	$	86

(1) The Series A Preferred Stock distributions paid amounts include the standard dividend at an annual rate of 6.0% of the Stated Value and any special dividends.

Issuance of C-LTIP Units for Payment of the Fourth Quarter 2023 Base Management Fee and Operating Expense Reimbursement

The Manager earned a base management fee of $2.0 million during the fourth quarter 2023. This amount was payable 50% in C-LTIP Units with the other 50% payable in either cash or C-LTIP Units, at the discretion of the Board. In addition, the Manager was entitled to a $1.3 million reimbursement for operating expenses it incurred on our behalf for the fourth quarter 2023. This reimbursement was payable in cash or C-LTIP Units, at the discretion of the Board. Upon consultation with the Manager, the Board elected to pay 100% of the base management fee and the operating expense reimbursement in C-LTIP Units. On February 21, 2024, we issued 151,600 and 95,204 C-LTIP Units in payment of the base management fee and the operating expense reimbursement, respectively, for the fourth quarter 2023.

Wayford at Pringle Loan Financing

On January 10, 2024, we entered into an agreement to provide a loan in the maximum aggregate amount up to $30.1 million (the “Pringle Loan”) to an unaffiliated, third-party borrower to acquire 102-build for rent, single-family residential units in Charlotte, North Carolina to be known as Wayford at Pringle. The units are currently under development, and we will disburse loan proceeds to the borrower for unit acquisitions as construction is completed. The Pringle Loan is comprised of two notes as follows: Note A in the maximum principal amount up to $22.3 million and Note B in the maximum principal amount up to $7.8 million. Both notes have an initial maturity of January 12, 2026 and contain four (4) six-month extension options subject to certain conditions. Note A bears interest on the amount drawn at one-month SOFR plus 4.50% through initial maturity, and if extended, such rate becomes subject to a 5.31% rate floor. Note A has regular monthly payments that are interest-only during the term of the loan, and no prepayment of Note A, in part or in whole, can be made prior to prepayment of Note B subject to certain conditions. On Note B, interest shall accrue on the amount drawn at a rate of 15.00% per annum, compounded monthly, with outstanding principal and accrued interest amounts due upon maturity. Note B can be prepaid in part or in whole subject to minimum interest. As of February 29, 2024, we funded zero and $5.9 million of Note A and Note B, respectively.

Stock Repurchase Plan

On February 13, 2024, our Board authorized a stock repurchase plan for the repurchase, from time to time, of up to an aggregate of $5 million of our outstanding shares of Class A common stock, with such repurchases to be conducted in accordance with the requirements of Rule 10b-18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and subject to Rule 10b-5 of the Exchange Act. The repurchase plan has a term of one year and may be discontinued at any time. The extent to which we repurchase shares of our Class A common stock under the repurchase plan, and the timing of any such repurchases, depends on a variety of factors including general business and market conditions and other corporate considerations. We expect to repurchase shares of our Class A common stock through open market transactions subject to market conditions, certain price limitations and other conditions established under the plan. Open market repurchases will be structured to occur in conformity with the method, timing, price and volume requirements of Rule 10b-18 of the Exchange Act. As of the filing date of this Annual Report on Form 10-K, we made no repurchases of our Class A common stock.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

We are exposed to interest rate risk primarily through borrowing activities. There is inherent roll-over risk for borrowings as they mature and are renewed at current market rates. The extent of this risk is not quantifiable or predictable because of the variability of future interest rates and our future financing requirements. We are not subject to foreign exchange rates or commodity price risk, and all of our financial instruments were entered into for other than trading purposes.

Our interest rate risk is monitored using a variety of techniques. The table below ($ in thousands) presents the principal payments and the weighted average interest rates on outstanding debt, by year of expected maturity, to evaluate the expected cash flows and sensitivity to interest rate changes. A negligible amount of fair value adjustments and unamortized deferred financing costs, net, are excluded.

	2024	2025	2026	2027	2028	Thereafter	Total
Mortgage Notes Payable	$ 1,639	$ 1,717	$ 37,471	$ 866	$ 23,022	$ 31,990	$ 96,705
Weighted Average Interest Rate	4.21 %	4.21 %	4.13 %	5.97 %	4.91 %	7.56 %	5.47 %
Revolving Credit Facilities	$ 20,000	$ 50,000	$ —	$ —	$ —	$ —	$ 70,000
Weighted Average Interest Rate	8.47 %	8.14 %	—	—	—	—	8.24 %

The fair value of mortgages payable is estimated at $93.0 million at December 31, 2023.

The table above incorporates those exposures that exist as of December 31, 2023; it does not consider those exposures or positions which could arise after that date. As a result, our ultimate realized gain or loss with respect to interest rate fluctuations will depend on the exposures that arise during the period and interest rates.

As of December 31, 2023, we had interest rate caps and swaps, which are not accounted for as hedges, that we primarily use as part of our interest rate risk management strategy. Our interest rate caps and swaps effectively limit our exposure to interest rate risk by providing a ceiling on the underlying interest rate for $94.0 million of our debt.

Based on our debt outstanding and interest rates in effect at December 31, 2023, a 100-basis point increase or decrease in interest rates on the portion of our debt bearing interest at variable rates would increase future interest expense by approximately $0.2 million or decrease interest expense by approximately $0.2 million, respectively, on an annual basis.

Item 8. Financial Statements and Supplementary Data

The information required by this Item 8 is hereby included in our Combined Consolidated Financial Statements beginning on page F-1 of the Annual Report on Form 10-K.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

None.

Item 9A. Controls and Procedures

Disclosure Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in the reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

As required by Rule 13a-15(b) and Rule 15d-15(b) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), our management, including our Chief Executive Officer and Chief Financial Officer, evaluated, as of December 31, 2023, the effectiveness of our disclosure controls and procedures as defined in Exchange Act Rule 13a-15(e) and Rule 15d-15(e). Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of December 31, 2023, to provide reasonable assurance that information required to be disclosed by us in this report filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified by the rules and forms of the Exchange Act and is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosures.

We believe, however, that a controls system, no matter how well designed and operated, cannot provide absolute assurance that the objectives of the controls systems are met, and no evaluation of controls can provide absolute assurance that all control issues and instances of fraud or error, if any, within a company have been detected.

Management's Annual Report on Internal Control over Financial Reporting

This Annual Report on Form 10-K does not include a report of management's assessment regarding internal control over financial reporting due to a transition period established by rules of the Securities and Exchange Commission for newly public companies.

Changes in Internal Control over Financial Reporting

There has been no change in internal control over financial reporting that occurred during the quarter ended December 31, 2023 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information

During the quarter ended December 31, 2023, none of our directors or officers (as defined in Section 16 of the Exchange Act) adopted or terminated a "Rule 10b5-1 trading arrangement" or a "non-Rule 10b5-1 trading arrangement" (each as defined in Item 408(a) and (c), respectively, of Regulation S-K).

Item 9C. Disclosure Regarding Foreign Jurisdictions That Prevent Inspections

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

The information required by this Item is incorporated by reference from the Company's 2024 Proxy Statement to be filed with the SEC within 120 days of the fiscal year ended December 31, 2023.

Item 11. Executive Compensation

The information required by this Item is incorporated by reference from the Company's 2024 Proxy Statement to be filed with the SEC within 120 days of the fiscal year ended December 31, 2023.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by this Item is incorporated by reference from the Company's 2024 Proxy Statement to be filed with the SEC within 120 days of the fiscal year ended December 31, 2023.

Item 13. Certain Relationships and Related Transactions and Director Independence

The information required by this Item is incorporated by reference from the Company's 2024 Proxy Statement to be filed with the SEC within 120 days of the fiscal year ended December 31, 2023.

Item 14. Principal Accountant Fees and Services

The information required by this Item is incorporated by reference from the Company's 2024 Proxy Statement to be filed with the SEC within 120 days of the fiscal year ended December 31, 2023.

PART IV

Item 15. Exhibits and Financial Statement Schedules

(a) List of Documents Filed.

1. *Financial Statements*

The list of the financial statements filed as part of this Annual Report on Form 10-K is set forth on page F-1 herein.

(b) Exhibits.

The exhibits filed in response to Item 601 of Regulation S-K are listed on the Exhibit Index attached hereto.

(c) Financial Statement Schedules.

Our combined consolidated financial statements and supplementary data are included as a separate section in this Annual Report on Form 10-K commencing on page F-1 and are incorporated herein by reference.

Item 16. Form 10-K Summary

None.

SIGNATURES

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

	BLUEROCK HOMES TRUST, INC.
Date: March 12, 2024	/s/ R. Ramin Kamfar **R. Ramin Kamfar** Chief Executive Officer (Principal Executive Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

	BLUEROCK HOMES TRUST, INC.
Date: March 12, 2024	/s/ R. Ramin Kamfar **R. Ramin Kamfar** Chief Executive Officer (Principal Executive Officer)
Date: March 12, 2024	/s/ Christopher J. Vohs **Christopher J. Vohs** Chief Financial Officer and Treasurer (Principal Financial Officer and Principal Accounting Officer)
Date: March 12, 2024	/s/ Elizabeth Harrison **Elizabeth Harrison** Director
Date: March 12, 2024	/s/ Kamal Jafarnia **Kamal Jafarnia** Director
Date: March 12, 2024	/s/ I. Bobby Majumder **I. Bobby Majumder** Director
Date: March 12, 2024	/s/ Romano Tio **Romano Tio** Director

INDEX TO COMBINED CONSOLIDATED FINANCIAL STATEMENTS

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders
Bluerock Homes Trust, Inc.

Opinion on the Financial Statements

We have audited the accompanying combined consolidated balance sheets of Bluerock Homes Trust, Inc. (a Maryland corporation) and subsidiaries (the "Company") as of December 31, 2023 and 2022, the related combined consolidated statements of operations, changes in stockholders' equity, and cash flows for each of the two years in the period ended December 31, 2023, and the related notes and financial statement schedules included under Item 15(a) (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2023, in conformity with accounting principles generally accepted in the United States of America.

Basis for opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ GRANT THORNTON LLP

We have served as the Company's auditor since 2021.

Southfield, Michigan
March 12, 2024

BLUEROCK HOMES TRUST, INC.
COMBINED CONSOLIDATED BALANCE SHEETS
(In thousands, except share and per share amounts)

	December 31, 2023	December 31, 2022
ASSETS		
Net Real Estate Investments		
Land	$ 70,637	$ 69,369
Buildings and improvements	394,548	412,463
Furniture, fixtures and equipment	13,277	8,159
Total Gross Operating Real Estate Investments	478,462	489,991
Accumulated depreciation	(32,452)	(17,865)
Total Net Operating Real Estate Investments	446,010	472,126
Operating real estate held for sale, net	18,890	—
Total Net Real Estate Investments	464,900	472,126
Cash and cash equivalents	80,163	78,426
Restricted cash	6,221	4,136
Notes and accrued interest receivable, net	17,797	—
Accounts receivable, prepaids and other assets, net	21,383	17,916
Preferred equity investments in unconsolidated real estate joint ventures, net	81,156	86,289
TOTAL ASSETS	$ 671,620	$ 658,893
LIABILITIES AND EQUITY		
Mortgages payable	$ 96,670	$ 98,191
Revolving credit facilities	70,000	55,000
Accounts payable	691	1,751
Other accrued liabilities	9,438	9,752
Due to affiliates	3,509	2,211
Distributions payable	12,440	—
Total Liabilities	192,748	166,905
6.0% Series A Redeemable Preferred Stock, liquidation preference $ 25.00 per share, 30,000,000 shares authorized; 436,675 and no shares issued and outstanding at December 31, 2023 and 2022, respectively	8,273	—
Equity		
Stockholders' Equity		
Preferred stock, $0.01 par value, 220,000,000 shares authorized; no shares issued and outstanding at December 31, 2023 and 2022	—	—
Common stock - Class A, $0.01 par value, 562,500,000 shares authorized; 3,871,265 and 3,835,013 shares issued and outstanding at December 31, 2023 and 2022, respectively	39	38
Common stock - Class C, $0.01 par value, 187,500,000 shares authorized; 8,489 shares issued and outstanding at December 31, 2023 and 2022	—	—
Additional paid-in-capital	122,369	126,623
Retained earnings	24,943	33,325
Total Stockholders' Equity	147,351	159,986
Noncontrolling Interests		
Operating partnership units	307,945	307,825
Partially owned properties	15,303	24,177
Total Noncontrolling Interests	323,248	332,002
Total Equity	470,599	491,988
TOTAL LIABILITIES AND EQUITY	$ 671,620	$ 658,893

See Notes to Combined Consolidated Financial Statements

BLUEROCK HOMES TRUST, INC.
COMBINED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except share and per share amounts)

	Year Ended December 31, (1) 2023	2022
Revenues		
Rental and other property revenues	$ 40,999	$ 32,859
Interest income from loan investments	94	1,285
Total revenues	41,093	34,144
Expenses		
Property operating	19,164	15,171
Property management and asset management fees	4,416	3,834
General and administrative	8,004	7,102
Management fees to related party	7,922	1,787
Acquisition and other transaction costs	1,820	167
Weather-related losses, net	(17)	25
Depreciation and amortization	16,178	16,007
Total expenses	57,487	44,093
Other income (expense)		
Other income, net	679	446
Preferred returns on unconsolidated real estate joint ventures	11,632	8,588
(Provision for) recovery of credit losses	(174)	402
Transaction costs	—	(24)
Gain on sale and impairment of real estate investments, net	(1,017)	—
Interest expense, net	(13,102)	(5,699)
Interest income	2,609	—
Total other income	627	3,713
Net loss from continuing operations	(15,767)	(6,236)
Discontinued operations		
Income on operations of rental property	—	53
Gain on sale of assets from discontinued operations	—	258
Income from discontinued operations	—	311
Net loss	(15,767)	(5,925)
Preferred stock dividends	(130)	—
Net loss attributable to noncontrolling interests		
Operating partnership units	(8,996)	(1,927)
Partially-owned properties	(2,398)	(2,998)
Net loss attributable to noncontrolling interests	(11,394)	(4,925)
Net loss attributable to common stockholders	$ (4,503)	$ (1,000)
Net loss per common share – Basic		
Continuing operations	$ (1.30)	$ (0.29)
Discontinued operations	—	0.03
	$ (1.30)	$ (0.26)
Net loss per common share - Diluted		
Continuing operations	$ (1.30)	$ (0.29)
Discontinued operations	—	0.03
	$ (1.30)	$ (0.26)
Weighted average basic common shares outstanding	3,845,349	3,843,502
Weighted average diluted common shares outstanding	3,845,349	3,843,502

(1) The consolidated financial statements for the year ended December 31, 2023 represent the Company's results of operations as an independent, publicly traded company. The combined consolidated financial statements for the year ended December 31, 2022 includes (i) the Company's results of operations for the period of October 6 – December 31, 2022, which represents the Company's results of operations following its spin-off from Bluerock Residential, and (ii) the Company's results of operations for the period ending and prior to October 6, 2022, which represents a carve-out of revenues and expenses attributable to the Company related to Bluerock Residential's single-family residential home business. As a result, results of operations for the year ended December 31, 2023 may not be comparable to the Company's results of operations for the year ended December 31, 2022.

See Notes to Combined Consolidated Financial Statements

BLUEROCK HOMES TRUST, INC.
COMBINED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(In thousands, except share amounts)

	Class A Common Stock		Class C Common Stock							
	Number of Shares	Par Value	Number of Shares	Par Value	Predecessor Bluerock Homes Equity	Additional Paid-in Capital	Cumulative Distributions	Retained Earnings	Noncontrolling Interests	Total Equity
Balance, January 1, 2022	—	$ —	—	$ —	$ 116,510	$ —	$ —	$ 34,325	$ 311,136	$ 461,971
Contributions, net	—	—	—	—	98,204	—	—	—	7,223	105,427
Cash distribution to Parent at spin-off	—	—	—	—	(68,470)	—	—	—	—	(68,470)
Predecessor Bluerock Homes Equity reclassified at spin-off	—	—	—	—	(146,244)	128,714	—	—	17,530	—
Issuance of Class A common stock at spin-off	3,835,013	38	—	—	—	—	—	—	—	38
Issuance of Class C common stock at spin-off	—	—	8,489	—	—	—	—	—	—	—
Issuance of LTIP Units for equity incentive plan compensation	—	—	—	—	—	—	—	—	566	566
Issuance of LTIP Units to Manager	—	—	—	—	—	—	—	—	306	306
Distributions to partially owned properties' noncontrolling interests	—	—	—	—	—	—	—	—	(1,925)	(1,925)
Adjustment for noncontrolling interest ownership in the Operating Partnership	—	—	—	—	—	(2,091)	—	—	2,091	—
Net loss	—	—	—	—	—	—	—	(1,000)	(4,925)	(5,925)
Balance, December 31, 2022	3,835,013	$ 38	8,489	$ —	$ —	$ 126,623	$ —	$ 33,325	$ 332,002	$ 491,988
Issuance of restricted Class A common stock and LTIP Units for equity incentive plan compensation	31,260	1	—	—	—	107	—	—	2,603	2,711
Issuance of C-LTIP Units to Manager	—	—	—	—	—	—	—	—	9,146	9,146
Common stock distributions declared	—	—	—	—	—	—	(3,879)	—	—	(3,879)
Series A Preferred Stock distributions declared	—	—	—	—	—	—	(130)	—	—	(130)
Distributions to Operating Partnership noncontrolling interests	—	—	—	—	—	—	—	—	(8,509)	(8,509)
Distributions to partially owned properties' noncontrolling interests	—	—	—	—	—	—	—	—	(311)	(311)
Acquisition of noncontrolling interests	—	—	—	—	—	1,515	—	—	(6,564)	(5,049)

Conversion of Operating Partnership Units to Class A common stock	4,992	—	—	—	—	204	—	—	(204)	—
Contributions from noncontrolling interests	—	—	—	—	—	—	—	—	399	399
Adjustment for noncontrolling interest ownership in the Operating Partnership	—	—	—	—	—	(6,080)	—	—	6,080	—
Net loss	—	—	—	—	—	—	—	(4,373)	(11,394)	(15,767)
Balance, December 31, 2023	3,871,265	$ 39	8,489	$ —	$ —	$ 122,369	$ (4,009)	$ 28,952	$ 323,248	$ 470,599

See Notes to Combined Consolidated Financial Statements

BLUEROCK HOMES TRUST, INC.
COMBINED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Year Ended December 31, 2023	2022
Cash flows from operating activities		
Net loss	$ (15,767)	$ (5,925)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	19,275	18,768
Amortization of fair value adjustments	(319)	(319)
Preferred returns on unconsolidated real estate joint ventures	(11,632)	(8,588)
Gain on sale and impairment of real estate investments, net	1,017	—
Gain on sale of assets from discontinued operations	—	(258)
Fair value adjustment of interest rate caps and swaps	2,933	(3,084)
Provision for (recovery of) credit losses, net	174	(402)
Distributions of income and preferred returns from preferred equity investments in unconsolidated real estate joint ventures	5,418	2,125
Share-based compensation attributable to equity incentive plan	2,710	566
Share-based compensation to Manager – C-LTIP Units	9,146	306
Changes in operating assets and liabilities:		
Due to affiliates, net	1,297	2,134
Accounts receivable, prepaids and other assets	(215)	127
Notes and accrued interest receivable	(129)	2,942
Accounts payable and other accrued liabilities	(28)	(4,894)
Net cash provided by operating activities	13,880	3,498
Cash flows from investing activities		
Acquisitions of real estate investments	(10,843)	(147,813)
Capital expenditures	(9,527)	(18,648)
Investment in notes receivable	(17,684)	(9,645)
Repayments on notes receivable	—	45,645
Proceeds from sale of real estate investments	9,053	—
Proceeds from redemption of unconsolidated real estate joint ventures	25,841	—
Investments in unconsolidated real estate joint venture interests	(22,562)	(46,716)
Net cash used in investing activities	(25,722)	(177,177)
Cash flows from financing activities		
Distributions to partially owned properties' noncontrolling interests	(311)	(1,925)
Distributions to preferred stockholders	(78)	—
Contribution from Parent	—	98,204
Contributions from noncontrolling interests	399	7,223
Cash distribution to Parent at spin-off	—	(68,470)
Purchase of interests from noncontrolling interests	(5,049)	—
Borrowings on mortgages payable	—	41,942
Repayments on mortgages payable	(1,526)	(5,819)
Proceeds from revolving credit facilities	21,000	55,000
Repayments on revolving credit facilities	(6,000)	—
Payments of deferred financing fees	(1,467)	(4,616)
Other financing activities	—	38
Purchase of interest rate caps	—	(2,265)
Net proceeds from issuance of 6.0% Series A Redeemable Preferred Stock	8,696	—
Net cash provided by financing activities	15,664	119,312
Net increase (decrease) in cash, cash equivalents and restricted cash	3,822	(54,367)
Cash, cash equivalents and restricted cash, beginning of year	82,562	136,929
Cash, cash equivalents and restricted cash, end of year	$ 86,384	$ 82,562
Reconciliation of cash, cash equivalents and restricted cash		
Cash and cash equivalents	$ 80,163	$ 78,426
Restricted cash	6,221	4,136
Total cash, cash equivalents and restricted cash, end of year	$ 86,384	$ 82,562
Supplemental disclosure of cash flow information		
Cash paid for interest (net of interest capitalized)	$ 7,200	$ 5,926
Supplemental disclosure of non-cash investing and financing activities		
Distributions payable – declared and unpaid	$ 12,440	$ —
Capital expenditures held in accounts payable and other accrued liabilities	$ 238	$ 1,585

See Notes to Combined Consolidated Financial Statements

BLUEROCK HOMES TRUST, INC.
NOTES TO COMBINED CONSOLIDATED FINANCIAL STATEMENTS

Note 1 – Organization and Nature of Business

Bluerock Homes Trust, Inc. (the “Company” or “Bluerock Homes”) was incorporated as a Maryland corporation on December 16, 2021. The Company previously operated as part of Bluerock Residential Growth REIT, Inc (“Bluerock Residential”) and not as a standalone company. On October 6, 2022, Bluerock Residential completed a spin-off transaction (see “The Separation and the Distribution” below) that resulted in its single-family residential real estate business and certain other assets being contributed to the Company. The accompanying combined consolidated financial statements have been derived from (i) Bluerock Residential’s historical accounting records and are presented on a carve-out basis for the period ended and prior to October 6, 2022, and (ii) the Company’s accounting records as a standalone company subsequent to the spin-off transaction. All revenues and costs as well as assets and liabilities directly associated with the business activity of the Company are included in the financial statements. The financial statements also include allocations of certain general, administrative, sales and marketing expenses and operations from Bluerock Residential for the period ended and prior to October 6, 2022. However, amounts recognized by the Company are not representative of the amounts that would have been reflected in the financial statements had the Company operated independently of Bluerock Residential. Related-party allocations are discussed further in Note 13. All significant intercompany balances and transactions have been eliminated. Any references to “the Company,” “we,” “us,” or “our” for all periods ended and prior to October 6, 2022 refer to Bluerock Homes as owned by Bluerock Residential, and for all periods subsequent to October 6, 2022 refer to Bluerock Homes as an independent, publicly traded company.

The Company owns and operates high-quality single-family properties located in attractive markets with a focus on the knowledge-economy and high-quality of life growth markets of the Sunbelt and Western United States. The Company’s principal objective is to generate attractive risk-adjusted returns on investments where it believes it can drive growth in funds from operations and net asset value by acquiring pre-existing single-family residential units, developing build-to-rent communities, and through Value-Add renovations. The Company’s Value-Add strategy focuses on repositioning lower-quality, less current assets to drive rent growth and expand margins to increase net operating income and maximize the Company’s return on investment.

As of December 31, 2023, the Company held eighteen real estate investments, consisting of eleven consolidated investments and seven preferred equity and loan investments. The eighteen investments represent an aggregate of 4,059 residential units, comprised of 2,475 consolidated units, of which 170 units are under development, and 1,584 units through preferred equity and loan investments. As of December 31, 2023, the Company’s consolidated operating investments were approximately 94.1% occupied.

In October 2023, the Company filed its U.S. federal income tax return for the taxable year ending December 31, 2022 and elected to be treated, and currently qualifies, as a real estate investment trust (“REIT”) for federal income tax purposes. As a REIT, the Company generally is not subject to corporate-level income taxes. To maintain its REIT status, the Company is required, among other requirements, to distribute annually at least 90% of its “REIT taxable income,” as defined by the Internal Revenue Code of 1986, as amended (the “Code”), to the Company’s stockholders. If the Company fails to qualify as a REIT in any taxable year, it would be subject to federal income tax on its taxable income at regular corporate tax rates and it would not be permitted to qualify as a REIT for four years following the year in which it lost its qualification. The Company intends to continue to organize and operate in such a manner as to remain qualified as a REIT.

The Separation and the Distribution

On October 5, 2022, the Company entered into a Separation and Distribution Agreement with Bluerock Residential, Badger Parent LLC, Badger Holdco LLC and Bluerock Residential Holdings, L.P., the Company’s operating partnership (the “Operating Partnership”), pursuant to which, among other things, Bluerock Residential contributed to the Company its single-family residential real estate business and certain other assets (the “Separation”).

On October 6, 2022, following the Separation, Bluerock Residential completed the spin-off of the Company by distributing all the Company's outstanding shares of Class A common stock and Class C common stock to the holders of Bluerock Residential common stock (the "Distribution") as of the record date, September 29, 2022 (the "Spin-Off"). As a result of the Separation, the Distribution and the Spin-Off, the Company became an independent, publicly traded company and its Class A common stock is listed under the symbol "BHM" on the NYSE American. Following the Separation, the Distribution and the Spin-Off, the former holders of Bluerock Residential common stock who received shares of the Company's common stock in the Distribution indirectly owned approximately 34% of the Company's single-family residential business, and holders of units in the Operating Partnership (other than the holders of the Company's common stock) indirectly owned approximately 66% of the Company's single-family residential business.

Note 2 – Basis of Presentation and Summary of Significant Accounting Policies

Principles of Consolidation and Basis of Presentation

The Company conducts its operations through the Operating Partnership, of which it is the sole general partner. The combined consolidated financial statements include the Company's accounts and those of the Operating Partnership and its subsidiaries. As of December 31, 2023, limited partners other than the Company owned approximately 68.68% of the common units of the Operating Partnership (59.45% is held by holders of limited partnership interest in the Operating Partnership ("OP Units") and 9.23% is held by holders of the Operating Partnership's long-term incentive plan units ("LTIP Units"), including 3.76% which are not vested at December 31, 2023).

The combined consolidated financial statements include certain prior period reclassifications made by the Company to reflect the Operating Partnership unitholders' approximately 66% ownership in the Company following the Separation and the Distribution. Reclassifications to net loss on the combined consolidated statements of operations, along with reclassifications to stockholders' equity and noncontrolling interest for Operating Partnership unitholders on the combined consolidated balances sheets and statements of stockholders' equity, were made for the period ending and prior to October 6, 2022.

Significant Risks and Uncertainties

Uncertainty Due to Economic Volatility

The Company's results of operations in the future may be directly or indirectly affected by uncertainties such as the effects of inflation and related volatility in the market. As inflation accelerated rapidly in 2022 and into 2023, the Federal Reserve increased interest rates a total of seven times during 2022 and four times during 2023 to curb the effects of rising inflation. While the Federal Reserve has held rates steady since July 2023 and has forecasted rate cuts in 2024, there can be no assurances that interest rates will not rise again, and the Company's operating costs, including utilities and payroll, may increase as a result of future increases in inflation. Rising interest rates cause uncertainty in credit and capital markets which could have material and adverse effects on the Company's financial condition, results of operations and cash flows. The long-term impact of these economic developments will largely depend on any future action by the Federal Reserve, future laws that may be enacted, the impact on job growth and the broader economy, and reactions by consumers, companies, governmental entities and capital markets. The Company continues to closely monitor the impact of economic volatility on all aspects of its business.

Summary of Significant Accounting Policies

Real Estate Investments, Preferred Equity Investments and Notes Receivable (Real Estate Loan Investments)

The Company first analyzes an investment to determine if it is a variable interest entity ("VIE") in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 810: *Consolidation* and, if so, whether the Company is the primary beneficiary requiring consolidation of the entity. A VIE is an entity that has (i) insufficient equity to permit it to finance its activities without additional subordinated financial support or (ii) equity holders that lack the characteristics of a controlling financial interest. VIEs are consolidated by the primary beneficiary, which is the entity that has both the power to direct the activities that most significantly impact the entity's economic performance and the obligation to absorb losses or the right to receive benefits from the entity that potentially could be significant to the entity. Variable interests in a VIE are contractual, ownership, or other financial interests in a VIE that change in value with changes in the fair value of the VIE's net assets. The Company continuously re-assesses at each level of the investment whether (i) the entity is a VIE, and (ii) the Company is the primary beneficiary of the VIE. If it was determined that an entity in which the Company holds an interest qualified as a VIE and the Company was the primary beneficiary, the entity would be consolidated.

If, after consideration of the VIE accounting literature, the Company has determined that an entity is not a VIE, the Company assesses the need for consolidation under all other provisions of ASC 810. These provisions provide for consolidation of majority-owned entities through a majority voting interest held by the Company providing control.

In assessing whether the Company is in control of and requiring consolidation of the limited liability company and partnership venture structures, the Company evaluates the respective rights and privileges afforded each member or partner (collectively referred to as "member"). The Company's member would not be deemed to control the entity if any of the other members has either (i) substantive kickout rights providing the ability to dissolve (liquidate) the entity or otherwise remove the managing member or general partner without cause or (ii) substantive participating rights in the entity. Substantive participating rights (whether granted by contract or law) provide for the ability to effectively participate in significant decisions of the entity that would be expected to be made in the ordinary course of business.

The Company analyzes each investment that involves real estate acquisition, development, and construction to consider whether the investment qualifies as an investment in a real estate acquisition, development, and construction arrangement. The Company has evaluated its real estate investments as required by ASC 310-10 *Receivables* and concluded that no investments are considered an investment in a real estate acquisition, development, or construction arrangement. As such, the Company next evaluates if these investments are considered a security under ASC 320 *Investments – Debt Securities*.

For investments that meet the criteria of a security under ASC 320 *Investments – Debt Securities*, the Company classifies each preferred equity investment as a held-to-maturity debt security as the Company has the intention and ability to hold the investment to maturity. The Company earns a fixed return on these investments which is included within preferred returns on unconsolidated real estate joint ventures in its combined consolidated statements of operations. The Company evaluates the collectability of each preferred equity investment and estimates a provision for credit loss, as applicable. Refer to the Current Expected Credit Losses ("CECL") section of this Note for further information regarding CECL and the Company's provision for credit losses. The Company accounts for these investments as preferred equity investments in unconsolidated real estate joint ventures in its combined consolidated balance sheets.

For investments that do not meet the criteria of a security under ASC 320 *Investments – Debt Securities*, the Company has concluded that the characteristics and the facts and circumstances indicate that loan accounting treatment is appropriate. The Company recognizes interest income on its notes receivable on the accrual method unless a significant uncertainty of collection exists. If a significant uncertainty exists, interest income is recognized as collected. Costs incurred to originate its notes receivable are deferred and amortized using the effective interest method over the term of the related notes receivable. The Company evaluates the collectability of each loan investment and estimates a provision for credit loss, as applicable. Refer to the CECL section of this Note for further information regarding CECL and the Company's provision for credit losses.

Fair Value of Financial Instruments

As of December 31, 2023 and December 31, 2022, the carrying values of cash and cash equivalents, restricted cash, accounts receivable, due to affiliates, accounts payable, other accrued liabilities, and distributions payable approximate their fair value based on their highly-liquid nature and/or short-term maturities. The carrying values of notes receivable approximate fair value because stated interest rate terms are consistent with interest rate terms on new deals with similar leverage and risk profiles. The fair values of notes receivable are classified in Level 3 of the fair value hierarchy due to the significant unobservable inputs that are utilized in their respective valuations. Refer to Note 11 for further information regarding fair value measurements.

Real Estate Assets

Real Estate Purchase Price Allocations

Upon acquisition, the Company evaluates its acquired residential properties for purposes of determining whether a transaction should be accounted for as an asset acquisition or business combination. Purchases of residential properties are treated as asset acquisitions and, as such, are recorded at their purchase price, including acquisition costs, which is allocated to land and building based upon their relative fair values at the date of acquisition. Acquisition costs typically include legal fees, broker commissions and title fees, as well as other closing costs. In making estimates of fair values for purposes of allocating the purchase price of acquired properties, the Company utilizes various sources including its own market knowledge obtained from historical transactions, published market data, and independent appraisers. In this regard, the Company also utilizes information obtained from county tax assessment records to assist in the determination of the fair value of the land and building.

Intangible assets include the value of in-place leases which represents the estimated fair value of the net cash flows of leases in place at the time of acquisition, as compared to the net cash flows that would have occurred had the property been vacant at the time of acquisition and subject to lease-up. The Company amortizes the value of in-place leases to expense over the remaining non-cancelable term of the respective leases, which is on average six months.

Estimates of the fair values of the tangible assets, identifiable intangibles and assumed liabilities require the Company to make significant assumptions to estimate market lease rates, property operating expenses, carrying costs during lease-up periods, discount rates, market absorption periods, prevailing interest rates and the number of years the property will be held for investment. The use of inappropriate assumptions could result in an incorrect valuation of acquired tangible assets, identifiable intangible assets and assumed liabilities, which could impact the amount of the Company’s net income (loss). Differences in the amount attributed to the fair value estimate of the various assets acquired can be significant based upon the assumptions made in calculating these estimates.

Capital Additions, Depreciation and Amortization

The Company capitalizes costs incurred in connection with its capital additions activities, including redevelopment, development and construction projects, other tangible improvements, and replacements of existing components. Repair and maintenance and tenant turnover costs are expensed as incurred. Repair and maintenance and tenant turnover costs include all costs that do not extend the useful life of the real estate asset. Accordingly, many factors are considered as part of our evaluation processes with no one factor necessarily determinative. Depreciation and amortization expense are computed on the straight-line method over the asset’s estimated useful life. The Company considers the period of future benefit of an asset to determine its appropriate useful life and anticipates the estimated useful lives of assets by class to be generally as follows:

Buildings	30 – 40 years
Building improvements	5 – 15 years
Land improvements	5 – 15 years
Furniture, fixtures and equipment	3 – 8 years
In-place leases	6 months

Impairment of Operating Real Estate Assets

The Company continually monitors events and changes in circumstances that could indicate that the carrying amounts of the Company’s operating real estate and related intangible assets may not be recoverable. When indicators of potential impairment suggest that the carrying value of operating real estate and related intangible assets may not be recoverable, the Company assesses the recoverability of the assets by estimating whether the Company will recover the carrying value of the asset through its undiscounted future cash flows and its eventual disposition. Based on this analysis, if the Company does not believe that it will be able to recover the carrying value of the operating real estate and related intangible assets, the Company will record an impairment loss to the extent that the carrying value exceeds the estimated fair value of the operating real estate and related intangible assets. No impairment charges on operating real estate and related intangible assets were recorded in 2023 or 2022.

Held for Sale Real Estate Assets

Real estate assets are classified as held for sale when they meet the applicable GAAP criteria in accordance with ASC 360-10 *Property, Plant, and Equipment - Overall* , including, but not limited to, the availability of the real estate asset for immediate sale in its present condition, the existence of an active program to locate a buyer, the probable sale of the real estate asset within one year, and actions required to complete the sale of the real estate asset are likely to occur. Real estate assets classified as held for sale are reported at the lower of their carrying value or estimated fair value less costs to sell and are presented separately within operating real estate held for sale, net on the combined consolidated balance sheets. At December 31, 2023, the Company had 118 units classified as held for sale, with a recorded impairment related to held for sale units of $1.3 million which is included in gain on sale and impairment of real estate investments, net within the combined consolidated statements of operations. There were no real estate assets classified as held for sale at December 31, 2022 and no impairment charges were recorded in 2022.

Cash and Cash Equivalents

The Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. Cash equivalents may include cash and short-term investments. Short-term investments are stated at cost, which approximates fair value.

Restricted Cash

Restricted cash is composed of lender-imposed escrow accounts for replacement reserves, tenant deposits, real estate taxes and insurance.

Concentration of Credit Risk

The Company maintains cash balances with high-quality financial institutions and periodically evaluates the creditworthiness of such institutions and believes that the Company is not exposed to significant credit risk. Cash balances may be in excess of the amounts insured by the Federal Deposit Insurance Corporation.

Rents and Other Receivables

The Company will periodically evaluate the collectability of amounts due from tenants and maintain an allowance for doubtful accounts for estimated losses resulting from the inability of tenants to make required payments under lease agreements. The Company exercises judgment in establishing these allowances and considers payment history and current credit status of tenants in developing these estimates.

Deferred Financing Fees

Deferred financing fees represent commitment fees, legal fees and other third-party costs associated with obtaining financing. Fees associated with the Company's revolving lines of credit are recorded within accounts receivable, prepaids and other assets on the combined consolidated balance sheets. Deferred fees associated with its lines of credit are amortized to interest expense over the terms of the financing agreements using the straight-line method, which approximates the effective interest method.

Partially Owned Properties' Noncontrolling Interests

Partially owned properties' noncontrolling interests are comprised of the Company's joint venture partners' interests in consolidated joint ventures. The Company reports its joint venture partners' interest in its consolidated real estate joint ventures and other subsidiary interests held by third parties as noncontrolling interests. The Company records these noncontrolling interests at their initial fair value, adjusting the basis prospectively for their share of the respective consolidated investments' net income or loss and equity contributions and distributions. These noncontrolling interests are not redeemable by the equity holders and are presented as part of permanent equity. Income and losses are allocated to the noncontrolling interest holder pursuant to each joint venture's operating agreement.

Revenue Recognition

The Company recognizes rental revenue on a straight-line basis over the terms of the rental agreements and in accordance with ASC Topic 842 *Leases*. Rental revenue is recognized on an accrual basis and when the collectability of the amounts due from tenants is deemed probable. Rental revenue is included within rental and other property revenues on the Company's combined consolidated statement of operations. Amounts received in advance are recorded as a liability within other accrued liabilities on the Company's combined consolidated balance sheet.

Other property revenues are recognized in the period earned.

The Company recognizes a gain or loss on the sale of real estate assets when the criteria for an asset to be derecognized are met, which include when (i) a contract exists and (ii) the buyer obtains control.

Stock-Based Compensation

The Company expenses the fair value of share awards in accordance with the fair value recognition requirements of ASC Topic 718 *Compensation-Stock Compensation*. ASC Topic 718 requires companies to measure the cost of the recipient services received in exchange for an award of an equity instrument based on the grant-date fair value of the award. The cost of the share award is expensed over the requisite service period (usually the vesting period).

Distribution Policy

The Company expects to authorize and declare regular cash distributions to its stockholders to maintain its REIT status. Distributions to stockholders will be determined by the Company's board of directors (the "Board") and will be dependent upon a number of factors, including funds available for the payment of distributions, financial condition, the timing of property acquisitions, capital expenditure requirements, and annual distribution requirements to maintain the Company's status as a REIT, and other considerations as the Board may deem relevant. Distributions are recorded as a reduction of stockholders' equity in the period in which they are declared.

Dividends may be funded from a variety of sources. In particular, the Company expects that, initially, dividends may exceed net income under accounting principles generally accepted in the United States of America ("GAAP") because of non-cash expenses, mainly depreciation and amortization expense, which are included in net income. To the extent that funds available for distribution are less than the amount required to be distributed to stockholders to satisfy the requirements to maintain its REIT status, the Company may consider various means to cover any such shortfall, including borrowing under loans, selling certain assets or using a portion of the net proceeds from future offerings of equity, equity-related securities or debt securities or declaring taxable share dividends. In addition, the Company's charter allows the issuance of preferred equity shares that could have a preference on dividends, and such dividend preference on the preferred equity could limit the ability to pay dividends to the holders of our common stock.

Income Taxes

The Company has elected to be taxed as a REIT under Sections 856 through 860 of the Internal Revenue Code of 1986, as amended, and has qualified since the taxable year ended December 31, 2022. To qualify as a REIT, the Company must meet certain organizational and operational requirements, including a requirement to distribute at least 90% of its annual REIT taxable income to stockholders (which is computed without regard to the dividends paid deduction or net capital gain and which does not necessarily equal net income as calculated in accordance with GAAP). As a REIT, the Company generally will not be subject to federal income tax to the extent it distributes qualifying dividends to its stockholders. Even if the Company qualifies for taxation as a REIT, the Company may be subject to certain state and local taxes on its income and property, and federal income and excise taxes on its undistributed income. If the Company fails to qualify as a REIT in any taxable year, the Company will be subject to federal income tax on its taxable income at regular corporate income tax rates and generally will not be permitted to qualify for treatment as a REIT for federal income tax purposes for the four taxable years following the year during which qualification is lost, unless the Internal Revenue Service grants it relief under certain statutory provisions. Such an event could materially adversely affect the Company's net income (loss) and net cash available for distribution to stockholders. However, the Company intends to continue to organize and operate in such a manner as to remain qualified for treatment as a REIT.

For the year ended December 31, 2023, 100% of the distributions received by both the common and preferred stockholders were classified as capital gains for income tax purposes and none were a return of capital. For the common and preferred stockholders, 0.4022% and 0.5665% of the capital gains, respectively, qualified as Section 1250 gains. For the year ended December 31, 2022, the Company did not make any distributions.

ASC Topic 740 clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements. It requires a recognition threshold and measurement attribute for financial statement disclosure of tax positions taken, or expected to be taken, in an income tax return. This interpretation also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. Management has considered all positions taken on the 2022 tax returns (where applicable), and those positions expected to be taken on the 2023 tax returns, and concluded that tax positions taken have a more likely than not level of assurance of being sustained at the full amount upon examination. Accordingly, the Company has concluded that there are no significant uncertain tax positions requiring recognition in its consolidated financial statements. The Company expects no significant increases or decreases in unrecognized tax benefits due to changes in tax positions within one year of December 31, 2023. If any income tax exposure was identified, the Company would recognize an estimated liability for income tax items that meet the criteria for accrual. Neither the Company nor its subsidiaries have been assessed interest or penalties by any major tax jurisdictions. If any interest and penalties related to income tax assessments arose, the Company would record them as income tax expense. The statute of limitations for the Company's returns is generally 3 years and as of December 31, 2023, tax returns for the calendar year 2022 remains subject to examination by the Internal Revenue Service and various state tax jurisdictions.

Reportable Segment

The Company owns and operates residential investments that generate rental and other property-related income through the leasing of units to a diverse base of tenants. The Company evaluates operating performance on an individual property investment level and based on the investments' similar economic characteristics. The Company's primary financial measure for operating performance is net operating income ("NOI") as it measures the core operations of property performance by excluding corporate level expenses and those other items not related to property operating performance. The Company views its residential real estate assets as one reportable segment, and, accordingly, aggregates its properties into one reportable segment.

Lessor Accounting

The Company's current portfolio generates rental revenue by leasing residential units. As lease revenues for residential units fall under the scope of ASC Topic 842, such lease revenues are classified as operating leases with straight-line recognition over the terms of the relevant lease agreement and inclusion within rental revenue. Resident leases are generally for one-year or month-to-month terms and are renewable by mutual agreement between the Company and the resident. Non-lease components of the Company's leases are combined with the related lease component and accounted for as a single lease component under ASC Topic 842. The balances of net real estate investments and related depreciation on the Company's combined consolidated financial statements relate to assets for which the Company is the lessor.

Lessee Accounting

The Company determines whether an arrangement is a lease at inception. The Company determined that its lessee operating lease commitments have no material impact on its combined consolidated financial statements with the adoption of ASC Topic 842. The Company will continue to assess any modification of existing lease agreements and execution of any new lease agreements for the potential requirement of recording a right-of-use asset or liability in the future.

Use of Estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

New Accounting Pronouncements

In January 2021, the FASB issued Accounting Standards Update (“ASU”) No. 2021-01 “Reference Rate Reform (Topic 848)” (“ASU 2021-01”). The amendments in ASU 2021-01 were effective immediately and permit entities to elect certain optional expedients in connection with reference rate reform activities and their impact on debt, contract modifications and derivative instruments as it is expected the global market will transition from the London Interbank Offered Rate (“LIBOR”) and other interbank offered rates to alternative reference rates. The initial sunset date for election of the amendments in ASU 2021-01 was December 31, 2022, though with the issuance by FASB of ASU 2022-06 “Reference Rate Reform (Topic 848): Deferral of the Sunset Date of Topic 848”, the amendments in ASU 2021-01 can be elected over time as reference rate reform activities occur through December 31, 2024. The Company has not elected the optional expedients, though it continues to evaluate the impact of the guidance and may apply elections as applicable as changes in the market occur.

In November 2023, the FASB issued Accounting Standards Update No. 2023-07 “Improvements to Reportable Segment Disclosures (Topic 280)” (“ASU 2023-07”). The amendments in ASU 2023-07 require additional disclosures regarding reportable segments, including a segment’s significant expenses on both an annual and interim basis. The amendments in ASU 2023-07 are effective for fiscal years beginning after December 15, 2023, and interim periods with fiscal years beginning after December 15, 2024, with early adoption permitted. The Company is currently evaluating the impact of adopting ASU 2023-07 on its financial disclosures.

In December 2023, the FASB issued Accounting Standards Update No. 2023-09 “Improvements to Income Tax Disclosures (Topic 740)” (“ASU 2023-09”). The amendments in ASU 2023-09 require additional disclosure with respect to the effective tax rate reconciliation and information on income taxes paid. The amendments in ASU 2023-09 are effective for the Company for annual reporting periods beginning after December 15, 2024. The Company is currently evaluating the impact of adopting ASU 2023-09 on its financial disclosures.

Current Expected Credit Losses

The Company estimates provision for credit losses on its loans (notes receivable) and preferred equity investments under CECL. This method is based on expected credit losses for the life of the investment as of each balance sheet date. The method for calculating the estimate of expected credit loss considers historical experience and current conditions for similar loans and reasonable and supportable forecasts about the future.

The Company estimates its provision for credit losses using a collective (pool) approach for investments with similar risk characteristics, such as collateral and duration of investment. In measuring the CECL provision for investments that share similar characteristics, the Company applies a default rate to the investments for the remaining loan or preferred equity investment hold period. As the Company does not have a significant historical population of loss data on its loan and preferred equity investments, the Company’s default rate utilized for CECL is based on an external historical loss rate for commercial real estate loans.

In addition to analyzing investments as a pool, the Company performs an individual investment assessment of expected credit losses. If it is determined that the borrower is experiencing financial difficulty, or a foreclosure is probable, or the Company expects repayment through the sale of the collateral, the Company calculates expected credit losses based on the value of the underlying collateral as of the reporting date. During this review process, if the Company determines that it is probable that it will not be able to collect all amounts due for both principal and interest according to the contractual terms of an investment, that loan or preferred equity investment is not considered fully recoverable and a provision for credit loss is recorded.

In estimating the value of the underlying collateral when determining if a loan or preferred equity investment is fully recoverable, the Company evaluates estimated future cash flows to be generated from the collateral underlying the investment. The inputs and assumptions utilized to estimate the future cash flows of the underlying collateral are based upon the Company’s evaluation of the operating results, economy, market trends, and other factors, including judgments regarding costs to complete any construction activities, lease-up and occupancy rates, rental rates, and capitalization rates utilized to estimate the projected cash flows at the disposition. The Company may also obtain a third-party valuation which may value the collateral through an “as-is” or “stabilized value” methodology. If upon completion of the valuation the fair value of the underlying collateral securing the investment is less than the net carrying value, the Company records a provision for credit loss on that loan or preferred equity investment. As the investment no longer displays the characteristics that are similar to those of the pool of loans or preferred equity investments, the investment is removed from the CECL collective (pool) analysis described above.

Note 3 – Discontinued Operations

The following table summarizes amounts for the year ended December 31, 2022 related to discontinued operations that resulted from trailing sales activity of multifamily investments in 2021 (amounts in thousands). The Company previously concluded that these multifamily investment sales were discontinued operations as the asset group represented a component of an entity, the component met the criteria of held for sale in 2021, and the disposals represented a strategic shift in the Company's business from multifamily apartment communities to single-family residential units.

	2022
Total Revenues	$ —
Expenses	
Property operating	(53)
Total expenses	(53)
Income on operations of rental property	53
Gain on sale of real estate assets	258
Income from discontinued operations	$ 311

There are no amounts in the combined consolidated statement of cash flows that are included in discontinued operations for the year ended December 31, 2022.

Note 4 – Sale of Real Estate Assets and Held for Sale Real Estate Assets

Sale of The Hartley at Blue Hill

On February 28, 2022, The Hartley at Blue Hill, a property located in Chapel Hill, North Carolina, was sold. The mezzanine loan provided by the Company was paid off for $34.4 million, which included principal repayment of $31.0 million and accrued interest of $3.4 million. On April 29, 2022, the senior loan provided by the Company, which was secured by a parcel of land adjacent to The Hartley at Blue Hill property, was paid off for $5.0 million.

Weatherford 185 Mezzanine Loan Repayment

On July 22, 2022, the outstanding balance of the Weatherford 185 mezzanine loan provided by the Company was paid off for $ 9.4 million, which included principal repayment of $9.3 million and accrued interest of $ 0.1 million.

Sale of Consolidated Operating Units

During 2023, the Company closed on the following sales: two units in the Golden Pacific portfolio, twelve units in the Peak JV 2 portfolio, and thirty-nine units in the Peak JV 3 portfolio, pursuant to the terms and conditions of multiple separate purchase and sales agreements. The fifty-three units were sold for an aggregate of approximately $9.5 million, subject to certain closing costs, prorations and adjustments typical in such real estate transactions, and generated net proceeds of approximately $9.1 million and a gain on sales of approximately $0.3 million.

Sale of Willow Park Interests

On October 26, 2023, Willow Park, the underlying asset of an unconsolidated joint venture located in Willow Park, Texas, was sold. Upon the sale, the Company's preferred equity investment was redeemed for $4.1 million, which included $2.9 million of its total $4.6 million principal investment and $1.2 million of accrued preferred return.The remaining $1.7 million of the Company's principal investment is collateralized by The Woods at Forest Hill and Peak REIT OP. Refer to Note 8 for further information.

Sale of The Cottages at Warner Robins Interests

On December 15, 2023, The Cottages at Warner Robins, the underlying asset of an unconsolidated joint venture located in Warner Robins, Georgia, was sold. Upon the sale, the Company's preferred equity investment was redeemed by the joint venture for $16.6 million, which included its original preferred investment of $ 13.3 million, accrued preferred return of $3.1 million and a minimum interest payment of $0.2 million.

Held for Sale

As of December 31, 2023, the Company classified an aggregate of 118 units as held for sale in its combined consolidated balance sheets, with a $1.3 million recorded impairment related to held for sale units which is included in gain on sale and impairment of real estate investments, net on the combined consolidated statements of operations. The units are included in the following portfolios: 35 units of Indy-Springfield (formerly Peak JV 1), 13 units of Peak JV 2, and 70 units of Peak JV 3. These units were identified based on submarket analysis and individual unit-level operational review.

Note 5 – Investments in Real Estate

As of December 31, 2023, the Company held eighteen real estate investments, consisting of eleven consolidated investments and seven held through preferred equity and loan investments. The following tables provide summary information regarding the Company's consolidated investments and preferred equity and loan investments.

Consolidated Investments

Operating Investment Name	Market / Location	Number of Units [(1)]	Average Year Built	Ownership Interest
Ballast	AZ / CO / WA	84	1998	95 %
Golden Pacific	IN / KS / MO	169	1977	97 %
ILE	TX / SE US	482	1991	95 %
Indy-Springfield, formerly Peak JV 1	IN / MO	334	1999	100 %
Navigator Villas	Pasco, WA	176	2013	90 %
Peak JV 2	Various / TX	596	1980	80 %
Peak JV 3	Dallas-Fort Worth, TX	150	1961	56 %
Savannah-84, formerly Peak JV 4	Savannah, GA	84	2022	100 %
Wayford at Concord	Concord, NC	150	2019	83 %
Yauger Park Villas	Olympia, WA	80	2010	95 %
Total Operating Units		2,305		
Development Investment Name				
Abode Wendell Falls [(2)]	Wendell, NC	170	—	100 %
Total Development Units		170		
Total Units		2,475		

(1) Total operating units includes an aggregate of 118 units classified as held for sale and includes the following portfolios: 35 units in Indy-Springfield, 13 units in Peak JV 2, and 70 units in Peak JV 3.

(2) Abode Wendell Falls is a build to rent development project expected to commence construction in the second quarter 2024. The total estimated project cost is $56.0 million, of which $6.5 million was incurred as of December 31, 2023.

Depreciation expense was $16.2 million and $12.9 million for the years ended December 31, 2023 and 2022, respectively.

Intangibles related to the Company's consolidated investments in real estate consist of the value of in-place leases. In-place leases are amortized over the remaining term of the in-place leases, which is approximately six months. Amortization expense related to the in-place leases was zero and $2.7 million for the years ended December 31, 2023 and 2022, respectively.

The Company's real estate assets are leased to tenants under operating leases for which the terms and expirations vary. The leases may have provisions to extend the lease agreements, options for early termination after paying a specified penalty and other terms and conditions as negotiated. The Company retains substantially all the risks and benefits of ownership of the consolidated real estate assets leased to tenants. Generally, upon the execution of a lease, the Company requires security deposits from tenants in the form of a cash deposit. Amounts required as a security deposit vary depending upon the terms of the respective leases and the creditworthiness of the tenant, but generally are not individually significant amounts. Therefore, exposure to credit risk exists to the extent that a receivable from a tenant exceeds the amount of their security deposit. Security deposits received in cash related to tenant leases are included within other accrued liabilities in the accompanying combined consolidated balance sheets and totaled $2.3 million and $2.1 million as of December 31, 2023 and 2022, respectively, for the Company's consolidated real estate investments. No individual tenant represents over 10% of the Company's annualized base rent for the consolidated real estate investments.

Preferred Equity and Loan Investments

Lease-up Investment Name	Location / Market	Actual / Planned Number of Units	Actual / Estimated Initial Occupancy	Actual / Estimated Construction Completion
The Woods at Forest Hill	Forest Hill, TX	76	4Q 2022	3Q 2023
Willow Park	Willow Park, TX	58	2Q 2022	3Q 2023
The Cottages at Myrtle Beach	Myrtle Beach, SC	294	2Q 2023	4Q 2023
The Cottages of Port St. Lucie	Port St. Lucie, FL	286	2Q 2023	1Q 2024
Wayford at Innovation Park	Charlotte, NC	210	3Q 2023	3Q 2024
Total Lease-up Units		924		
Development Investment Name				
Chandler	Chandler, AZ	208	2Q 2024	3Q 2024
Total Development Units		208		

Operating Investment Name		Number of Units
Peak Housing (1)	IN / MO / TX	452
Total Operating Units		452
Total Units		1,584

(1) Peak Housing is a stabilized operating portfolio and the number of units shown represents those collateralizing the Company's preferred equity investment in the Peak REIT OP as of December 31, 2023 (refer to Note 8 for further information). Unit count excludes units presented in the consolidated investments table above.

Note 6 – Acquisition of Real Estate

The following describes the Company's significant acquisition activity and related new financing during the years ended December 31, 2023 and 2022 ($ in thousands):

Investment Name	Market / Location	Date [(1)]	Number of Units	Ownership Interest	Purchase Price	Debt [(2)]
2022						
First Quarter						
Peak JV 2	Various / TX	March	34	80 %	$ 7,650	$ 5,355 [(3)]
Savannah-84, formerly Peak JV 4	Savannah, GA	March	19	100 % [(4)]	4,465	—
Golden Pacific	IN / KS / MO	Various	62	97 %	11,774	—
ILE	TX / SE US	Various	31	95 %	7,011	9,974 [(5)]
Second Quarter						
Ballast	AZ / CO / WA	Various	65	95 %	26,100	—
Golden Pacific	IN / KS / MO	Various	66	97 %	13,966	—
ILE	TX / SE US	Various	108	95 %	27,804	8,802 [(5)]
Savannah-84	Savannah, GA	Various	20	100 % [(4)]	4,767	—
Third Quarter						
Ballast	AZ / CO / WA	Various	19	95 %	6,233	—
Golden Pacific	IN / KS / MO	Various	35	97 %	7,859	—
ILE	TX / SE US	Various	64	95 %	16,711	10,193 [(5)]
Savannah-84	Savannah, GA	Various	14	100 % [(4)]	3,394	—
Fourth Quarter						
Golden Pacific	IN / KS / MO	October	1	97 %	155	—
Savannah-84	Savannah, GA	Various	13	100 % [(4)]	3,151	—
2023						
Savannah-84	Savannah, GA	February 23, 2023	18	100 %	4,230	—
Abode Wendell Falls [(6)]	Wendell, NC	December 20, 2023	170	100 %	5,750	—

(1) For those dates where a month is listed, additional units were acquired and added to the respective existing portfolio throughout that specified month. For those dates where "Various" is listed, additional units were acquired and added to the respective existing portfolios on various dates throughout that specified quarter. For Ballast, the units acquired in the second quarter 2022 were the first acquisitions by the Company for the portfolio.

(2) For those investments where no debt amount is presented, the purchase price was funded in full by the Company and its unaffiliated joint venture partner, or solely by the Company for investments where it holds full ownership, upon acquisition.

(3) As part of the acquisition, the Company provided a mezzanine loan to the consolidated portfolio owner in the full amount shown. During 2022, this loan was converted into a common equity interest. Refer to the Peak Housing disclosure in Note 7 for further information.

(4) In January 2023, the Company acquired the unaffiliated joint venture partner's interest in Savannah-84, increasing its interest from 80% to 100%.

(5) As there are four separate credit agreements under which the ILE portfolio acquisitions are financed, the debt amount represents the aggregate debt held through one or more of these credit agreements. Refer to Note 9 and Note 10 for further information.

(6) Abode Wendell Falls is a build to rent development project expected to commence construction in the second quarter 2024. The total estimated project cost is $56.0 million, of which $6.5 million was incurred as of December 31, 2023.

Purchase Price Allocation

The real estate acquisitions above have been accounted for as asset acquisitions. The purchase prices were allocated to the acquired assets based on their estimated fair values at the dates of acquisition.

The following table summarizes the assets acquired at the acquisition date for acquisitions made during the year ended December 31, 2023 (amounts in thousands):

	Purchase Price Allocation
Land	$ 7,012
Building	3,831
Total assets acquired [(1)]	$ 10,843

(1) The $10.8 million of total assets acquired includes $0.9 million of acquisition expenses that have been capitalized as the acquisitions of additional real estate have been accounted for as asset acquisitions.

Acquisition of Additional Interests in Investments

During the year ended December 31, 2023, the Company acquired the noncontrolling partner's interest in the following consolidated operating investments ($ in thousands):

Investment Name	Date	Amount	Previous Ownership Interest	New Ownership Interest
Savannah-84	January 6, 2023	$ 939	80 %	100 %
Indy-Springfield, formerly Peak JV 1	March 8, 2023	4,110	60 %	100 %

Note 7 – Notes and Interest Receivable

Following is a summary of the notes and accrued interest receivable due from loan investments at December 31, 2023 (amounts in thousands). At December 31, 2022, the Company held no loan investments and there were no outstanding interest receivable amounts due to the Company.

Investment Name	2023
Notes Receivable	
The Woods at Forest Hill	$ 8,284
Willow Park	9,400
Total notes receivable	$ 17,684
Accrued Interest Receivable	
The Woods at Forest Hill	$ 94
Willow Park	35
Total accrued interest receivable	$ 129
Total notes and accrued interest receivable	$ 17,813
Allowance for credit losses	(16)
Total, net	$ 17,797

Allowance for Credit Losses

The provision for and recovery of credit losses of the Company's loan investments at December 31, 2023 and 2022 are summarized in the table below (amounts in thousands):

	2023	2022
Beginning balances, net as of January 1, 2023 and 2022, respectively	$ —	$ 59
Provision for (recovery of) credit losses on pool of assets [1]	16	(59)
Allowance for credit losses, end of period	$ 16	$ —

(1) Under CECL, a provision for, or recovery of, credit losses for similar assets is calculated based on a historical default rate applied to the remaining life of the assets. The provision for credit losses during the year ended December 31, 2023 was attributable to the addition of two investments to the pool of assets. The recovery of credit losses during the year ended December 31, 2022 was a result of the sale of The Hartley at Blue Hill.

Following is a summary of the interest income from loan investments for the years ended December 31, 2023 and 2022 (amounts in thousands):

Investment Name	2023	2022
The Hartley at Blue Hill [1]	$ —	$ 784
The Woods at Forest Hill	7	—
Weatherford 185 [2]	—	501
Willow Park	87	—
Total	$ 94	$ 1,285

(1) In the first quarter 2022, The Hartley at Blue Hill property was sold and the mezzanine loan provided by the Company was paid off in full. The Hartley at Blue Hill senior loan provided by the Company was paid off in full in the second quarter 2022. Refer to the disclosure below for further information.

(2) In July 2022, the Weatherford 185 mezzanine loan provided by the Company was paid off in full. Refer to the disclosure below for further information.

The occupancy percentages of the Company's loan investments at December 31, 2023 are as follows:

Investment Name	2023
The Woods at Forest Hill [1]	63.2 %
Willow Park [2]	44.8 %

(1) The Woods at Forest Hill commenced lease-up in October 2022.

(2) Willow Park commenced lease-up in late June 2022.

Peak Housing Financing

Prior to 2023, the Company made a preferred equity investment in the operating partnership of Peak Housing REIT (the "Peak REIT OP"), and in addition, made common equity investments, through joint ventures with Peak REIT OP, in sixteen portfolios of single-family residential units through Indy-Springfield (formerly Peak JV 1), Peak JV 2, Peak JV 3, and Savannah-84 (formerly Peak JV 4). In addition to its common and/or preferred equity investments, the Company, through wholly-owned lender-entities, provided the full mortgage or mezzanine loan to fifteen of the sixteen respective portfolio owners within Indy-Springfield, Peak JV 2, and Peak JV 3 (no loan was provided in conjunction with Savannah-84). These portfolio owners are owned by joint ventures in which the Company has its common equity investments along with Peak REIT OP.

During the second quarter 2022, the mortgage and mezzanine loans provided by the Company to fourteen of the respective portfolio owners in Indy-Springfield and Peak JV 2 were converted into a total of $105.4 million of common equity interests, which included the full principal loan balances in the aggregate amount of $99.8 million and an aggregate amount of $5.6 million representing the minimum interest associated with the respective loans.

As of December 31, 2023, one mezzanine loan that the Company provided to the portfolio owner in Peak JV 3 in the initial amount of $20.0 million remains. The entity through which the Company provided the loan (the lender-entity) and the entity to which the loan was provided (the property owner) consolidate into the Company's financial statements. As such, the loan receivable balance and the loan payable balance, and the loan interest income and loan interest expense attributable to the Company, are eliminated through consolidation on the combined consolidated balance sheets and statements of operations, respectively. The Company (as lender entity) recognizes Peak REIT OP's portion of interest expense on the loan as income and this amount is reflected in net income (loss) attributable to common stockholders in the Company's combined consolidated statements of operations. The mezzanine loan was to mature on December 31, 2023, however on November 30, 2023, the property owner delivered written notice to the Company of its intention to exercise one of the loan's two six-month extension options, extending the maturity date to June 30, 2024. The loan has one six-month extension option remaining, subject to certain conditions, and the loan can be prepaid without penalty. During 2023, proceeds from the sales of 39 units in the Peak JV 3 portfolio (refer to Note 4 for further information) have been used to reduce the outstanding balance of the mezzanine loan provided by the Company to $15.9 million as of December 31, 2023.

The Hartley at Blue Hill Loan Financing

The Company provided a $31.0 million mezzanine loan (the "Hartley Mezz Loan") to BR Chapel Hill JV, LLC ("BR Chapel Hill JV"), which owns a 100% interest in BR Chapel Hill, LLC ("BR Chapel Hill") and is a joint venture with common interests held by Bluerock Special Opportunity + Income Fund, LLC, Bluerock Special Opportunity + Income Fund II, LLC ("Fund II"), and BR Chapel Hill Investment, LLC, all managed by affiliates of BRG Manager, LLC (the "former Manager"). The Hartley Mezz Loan was to mature on March 31, 2024 or earlier upon the occurrence of certain events, including the date of sale or transfer or property, and could be prepaid without penalty. The Hartley Mezz Loan bore interest at a current rate of 5.25% and an accrued rate of 6.5% for a total interest rate of 11.75% per annum.

In conjunction with the Hartley Mezz Loan, the Company provided a $ 5.0 million senior loan to BR Chapel Hill. The senior loan was secured by BR Chapel Hill's fee simple interest in The Hartley at Blue Hill property. The senior loan was to mature on March 31, 2024 and could be prepaid without penalty. The senior loan bore interest at a fixed rate of 10.0% per annum with regular monthly payments that were interest-only during the initial term.

In February 2022, The Hartley at Blue Hill property was sold and the Hartley Mezz Loan was paid off for $ 34.4 million, which included principal repayment of $31.0 million and accrued interest of $ 3.4 million. In April 2022, the senior loan of $ 5.0 million was paid off in full.

The Woods at Forest Hill Loan Financing

On December 28,2023, the Company assumed an $ 8.3 million senior loan (the “Woods Loan”) made to an unaffiliated third-party borrower for 76-build for rent, single-family residential units in Forest Hill, Texas. The Woods Loan investment by the Company is in addition to its existing preferred equity investment in The Woods at Forest Hill (refer to Note 8 for further information). The Woods Loan bears interest at the prime rate plus 1.50% per annum, subject to a 4.75% rate floor, with regular monthly payments that are interest-only through June 2024 and future payments based on twenty-five-year amortization. The Woods Loan matures on December 20, 2024, contains two (2) one-year extension options subject to certain conditions, and can be prepaid in part or in whole subject to a make whole premium.

Weatherford 185 Mezzanine Loan Financing

In February 2022, the Company provided a $ 9.6 million mezzanine loan to an unaffiliated third party to purchase land in Weatherford, Texas for the development of approximately 185-build for rent, single-family residential units. The loan bore interest at a fixed rate of 12% per annum with interest-only payments during the term of the loan. The loan was to initially mature on May 16, 2022 and contained three (3) thirty-day extension options, of which the borrower exercised all three options, extending the maturity date to August 14, 2022. At the time of each such extension, the borrower was required to make a payment to the Company of $0.1 million toward the unpaid principal amount of the loan. The loan could be prepaid without penalty.

In July 2022, the outstanding balance of the Weatherford 185 mezzanine loan provided by the Company was paid off for $ 9.4 million, which included principal repayment of $9.3 million and accrued interest of $ 0.1 million.

Willow Park Loan Financing

On October 26, 2023, Willow Park, the underlying asset of an unconsolidated joint venture located in Willow Park, Texas, was sold and the Company’s preferred equity investment was redeemed (refer to Note 8 for further information). As part of the sale, the Company provided a $9.4 million senior loan (the “Willow Loan”) to the new unaffiliated third-party owner of Willow Park for 58-build for rent, single-family residential units. Of the 58 total units acquired by the Willow Loan borrower, 46 units previously collateralized the Company’s preferred equity investment in Willow Park, with the remaining 12 units previously owned by unaffiliated third parties. The Willow Loan bears interest at a fixed rate of 5.08% per annum during the initial term with regular monthly payments that are interest-only. The Willow Loan matures on October 28, 2024, contains two six-month extension options subject to certain conditions, and can be prepaid in part, subject to a minimum payment, or in whole without penalty.

Note 8 – Preferred Equity Investments in Unconsolidated Real Estate Joint Ventures

The carrying amount of the Company’s preferred equity investments in unconsolidated real estate joint ventures at December 31, 2023 and 2022 is summarized in the table below (amounts in thousands):

Investment Name	2023	2022
Chandler	$ 15,000	$ —
Peak Housing	10,663	20,318
The Cottages at Myrtle Beach	17,913	17,913
The Cottages at Warner Robins (1)	—	13,250
The Cottages of Port St. Lucie	18,785	18,785
The Woods at Forest Hill	5,575	3,300
Wayford at Innovation Park	13,400	10,205
Willow Park (2)	—	2,540
Total	$ 81,336	$ 86,311
Allowance for credit losses	(180)	(22)
Total, net	$ 81,156	$ 86,289

(1) On December 15, 2023, the Company’s preferred equity investment was redeemed. Refer to the disclosures below for further information.
(2) On October 26, 2023, the Company’s preferred equity investment was redeemed. Refer to the disclosures below for further information.

Allowance for Credit Losses

The provision for and recovery of credit losses of the Company's preferred equity investments at December 31, 2023 and 2022 are summarized in the table below (amounts in thousands):

	2023	2022
Beginning balances, net as of January 1, 2023 and 2022, respectively	$ 22	$ 73
Provision for (recovery of) credit losses on pool of assets, net (1)	158	(51)
Allowance for credit losses, net, end of period	$ 180	$ 22
Recovery of credit loss – Alexan Southside Place (2)	$ —	$ (292)

(1) Under CECL, a provision for, or recovery of, credit losses for similar assets is calculated based on a historical default rate applied to the remaining life of the assets. The provision for credit losses during the year ended December 31, 2023 was attributable to the addition of one investment to the pool of assets (which was only partially offset by the removal of two investments from the pool of assets) and an increase in the trailing twelve-month historical default rate.

(2) In 2021, Alexan Southside Place, the property underlying the Company's preferred equity investment, was sold. In 2022, the Company recognized a partial recovery of a previously recorded credit loss on Alexan Southside Place.

As of December 31, 2023, the Company, through wholly-owned subsidiaries of the Operating Partnership, had outstanding preferred equity investments in six joint ventures which are classified as held to maturity debt securities as the Company has the intention and ability to hold the investments to maturity. The Company earns a fixed return on these investments which is included within preferred returns on unconsolidated real estate joint ventures in its combined consolidated statements of operations. Each joint venture's purpose is to develop or operate a portfolio of residential units.

The preferred returns on the Company's unconsolidated real estate joint ventures for the years ended December 31, 2023 and 2022 are summarized below (amounts in thousands):

Investment Name	2023	2022
Chandler	$ 259	$ —
Peak Housing	1,350	1,887
The Cottages at Myrtle Beach	2,633	2,288
The Cottages at Warner Robins	1,863	1,151
The Cottages of Port St. Lucie	2,762	2,186
The Woods at Forest Hill	679	274
Wayford at Innovation Park	1,619	469
Willow Park	467	333
Total preferred returns on unconsolidated joint ventures (1)	$ 11,632	$ 8,588

(1) Total includes both current and accrued preferred return amounts. The accrued balance of the total preferred returns was $8.0 million and $6.7 million at December 31, 2023 and 2022, respectively.

The occupancy percentages of the Company's unconsolidated real estate joint ventures at December 31, 2023 and 2022 are as follows:

Investment Name	2023	2022
Chandler (1)	—	—
Peak Housing (2)	88.3 %	95.4 %
The Cottages at Myrtle Beach (3)	37.4 %	—
The Cottages of Port St. Lucie (3)	29.4 %	—
The Woods at Forest Hill (4)	63.2 %	1.3 %
Wayford at Innovation Park (5)	11.0 %	—

(1) Chandler had not commenced lease-up as of December 31, 2023.
(2) Percent occupied for Peak Housing at December 31, 2023 excludes 32 down/renovation units.
(3) The Cottages investments commenced lease-up in 2023 as follows: at Myrtle Beach in April and of Port St. Lucie in June.
(4) The Woods at Forest Hill commenced lease-up in October 2022.
(5) Wayford at Innovation Park commenced lease-up in August 2023.

Chandler Interests

On November 15, 2023, the Company made a $15.0 million preferred equity investment in a joint venture (the "Chandler JV") with an unaffiliated third party for Chandler, a 208-unit community located in Chandler, Arizona. The Company earns a preferred return on its investment of 13.5% per annum, subject to a minimum multiple, as follows: for the first two years following the initial investment, the return will be fully accrued; after year two, the return will be paid 4.0% on a current basis with the remaining 9.5% accrued; after year three, the return will be paid 6.0% on a current basis with the remaining 7.5% accrued. The Chandler JV is required to redeem the Company's preferred equity investment plus any accrued but unpaid preferred return on November 15, 2030 (the "redemption date") or earlier upon the occurrence of certain events. The redemption date can be extended through three (3) one-year extension options subject to certain conditions.

Peak Housing Interests

Prior to 2023, the Company made a preferred equity investment in the Peak REIT OP in the aggregate amount of $20.3 million which was collateralized by 474 single-family residential units ("Peak Housing") located throughout Texas. The Company earned a 7.0% current return and a 3.0% accrued return, for a total preferred return of 10.0% per annum, on $16.0 million of its investment. On its remaining $4.3 million investment, the Company earned a 4.0% current return and a 4.0% accrued return, for a total preferred return of 8.0% per annum. On the Company's total $20.3 million investment, it earned a total weighted average preferred return of 9.6% per annum.

On March 3, 2023, the Company's agreement with the Peak REIT OP regarding its total preferred equity investment in Peak Housing was amended. As part of the amendment, the Company's two tranches of preferred equity investments were combined into one $20.3 million preferred equity investment earning a 6.4% current return and a 3.2% accrued return, for a total preferred return of 9.6% per annum. In addition, the amendment increased the collateral underlying the Company's preferred equity investment from 474 units to 648 units, and the net assets of the Peak REIT OP were included as additional collateral. Peak REIT OP may sell the units collateralizing the Company's preferred equity investment, though Peak REIT OP is required to distribute any net sale proceeds to the Company, after consideration for partnership operating expenses and reserve requirements, until the Company's full preferred equity investment has been repaid in full, subject to certain rate of return requirements and including any accrued but unpaid preferred returns.

During 2023, the Company's preferred equity investment in the Peak REIT OP was partially redeemed in the aggregate amount of $10.7 million, which included principal investment of $9.7 million and accrued preferred return of $1.0 million. The Company's partial redemption of its preferred equity investment was a result of the sale by Peak REIT OP of 196 of the 648 units that collateralized the Company's investment. As of December 31, 2023, the Company's remaining preferred equity investment in the Peak REIT OP was $10.6 million, with a remaining 452 units as collateral underlying the Company's investment.

The Cottages at Myrtle Beach Interests

In September 2021, the Company entered into a joint venture agreement with an unaffiliated third party (the "Cottages MB JV") and developed 294-build for rent, single-family residential units in Myrtle Beach, South Carolina. The Company made a commitment to invest $17.9 million of preferred equity interests in the Cottages MB JV, all of which had been funded as of December 31, 2023. The Company earns a 14.5% per annum accrued return on outstanding capital contributions with payments to be remitted when the properties generate cash flow in excess of operating costs and/or there are available net proceeds from financing, refinancing or sale of properties. The Cottages MB JV is required to redeem the Company's preferred equity interests plus any accrued preferred return on the date the construction loan (refer to below) is due and payable or earlier upon the occurrence of certain events.

In conjunction with The Cottages at Myrtle Beach investment, The Cottages at Myrtle Beach property owner, which is owned by an entity in which the Company has a preferred equity interest, entered into a $40.2 million construction loan, of which $36.7 million was outstanding as of December 31, 2023. The loan matures on March 9, 2025 and is secured by the fee simple interest in The Cottages at Myrtle Beach property. The loan contains two (2) one-year extension options, subject to certain conditions, and can be prepaid without penalty. The loan bears interest on the amount drawn at the greater of 3.10% or one-month LIBOR plus 2.60% with interest-only monthly payments through the initial term of the loan.

The Cottages at Warner Robins Interests

In December 2021, the Company entered into a joint venture agreement with an unaffiliated third party (the "Cottages WR JV") and developed 251-build for rent, single-family residential units in Warner Robins, Georgia. The Company made a preferred equity investment of$13.3 million in the Cottages WR JV, all of which had been funded. The Company earned a 14.5% per annum accrued return on outstanding capital contributions with payments to be remitted when the properties generated cash flow in excess of operating costs and/or there were available net proceeds from financing, refinancing or sale of properties. The Cottages WR JV was required to redeem the Company's preferred equity interests plus any accrued preferred return on the date the construction loan (refer to below) was due and payable or earlier upon the occurrence of certain events.

In conjunction with The Cottages at Warner Robins investment, The Cottages at Warner Robins property owner, which was owned by an entity in which the Company had a preferred equity interest, entered into a $34.5 million construction loan. The loan was to mature on April 5, 2025,was secured by the fee simple interest in The Cottages at Warner Robins property, and could be prepaid without penalty. The loan bore interest on the amount drawn with interest-only monthly payments through the initial term of the loan.

On December 15, 2023, The Cottages at Warner Robins was sold, and the Company's preferred equity investment in The Cottages at Warner Robins was redeemed by the Cottages WR JV for $16.6 million, which included its original preferred investment of $13.3 million, accrued preferred return of $3.1 million and a minimum interest payment of $ 0.2 million.

The Cottages of Port St. Lucie Interests

In August 2021, the Company entered into a joint venture agreement with an unaffiliated third party (the "Cottages St. Lucie JV") to develop approximately 286-build for rent, single-family residential units in Port St. Lucie, Florida. The Company made a commitment to invest $18.8 million of preferred equity interests in the Cottages St. Lucie JV, all of which had been funded as of December 31, 2023. The Company earns a 14.5% per annum accrued return on outstanding capital contributions with payments to be remitted when the properties generate cash flow in excess of operating costs and/or there are available net proceeds from financing, refinancing or sale of properties. The Cottages St. Lucie JV is required to redeem the Company's preferred equity interests plus any accrued preferred return on the date the construction loan (refer to below) is due and payable or earlier upon the occurrence of certain events.

In conjunction with The Cottages of Port St. Lucie investment, The Cottages of Port St. Lucie property owner, which is owned by an entity in which the Company has a preferred equity interest, entered into a $45.2 million construction loan, of which $40.1 million was outstanding as of December 31, 2023. The loan matures on August 26, 2024 and is secured by the fee simple interest in The Cottages of Port St. Lucie property. The loan contains two (2) one-year extension options, subject to certain conditions, and can be prepaid without penalty. The loan bears interest on the amount drawn at the greater of 3.50% or one-month LIBOR plus 2.75% with interest-only monthly payments through the initial term of the loan.

The Woods at Forest Hill Interests

In December 2021, the Company entered into a joint venture agreement with Peak REIT OP (the "Woods JV") and developed 76-build for rent, single-family residential units in Forest Hill, Texas. The Company made an original commitment to invest $3.3 million of preferred equity interests in the Woods JV, however on March 17, 2023, the Company increased its commitment in the Woods JV by $2.3 million, for a total preferred equity investment commitment of $5.6 million, of which all had been funded as of December 31, 2023. The Company earns a 13.0% per annum accrued return on its original preferred equity investment of $3.3 million. On its additional preferred equity investment commitment of $2.3 million, the Company earns an accrued return on its outstanding capital contributions at a rate of 15.0% per annum compounded monthly, subject to a minimum multiple. Payments of the Company's preferred return are to be remitted when the properties generate cash flow in excess of operating costs and/or there are available net proceeds from financing, refinancing or sale of properties. The Woods JV is required to redeem the Company's preferred equity interests plus any accrued preferred return on the date the construction loan (refer to below) is due and payable or earlier upon the occurrence of certain events.

In conjunction with The Woods at Forest Hill development, The Woods at Forest Hill property owner, which is owned by an entity in which the Company has a preferred equity interest, entered into an $8.3 million construction loan, of which the full amount was outstanding as of December 31, 2023. The loan matures on December 20, 2024 and is secured by the fee simple interest in The Woods at Forest Hill property. The loan contains two (2) one-year extension options, subject to certain conditions, and can be prepaid subject to a make whole premium. The loan bears interest on the amount drawn at the greater of 4.75% or the prime rate plus 1.50% with interest-only monthly payments through July 2024 and future monthly payments based on twenty-five-year amortization.

On December 28, 2023, the Company made a loan investment in The Woods at Forest Hill in addition to its existing preferred equity investment. Refer to Note 7 for further information.

Wayford at Innovation Park Interests

In June 2021, the Company entered into a joint venture agreement with an unaffiliated third party (the "Wayford IP JV") to develop approximately 210-build for rent, single-family residential units in Charlotte, North Carolina. The Company made a commitment to invest $13.4 million of preferred equity interests in the Wayford IP JV, of which all had been funded as of December 31, 2023. The Company earns a 12.5% per annum accrued return on outstanding capital contributions with payments to be remitted when the property generates cash flow in excess of operating costs and/or there are available net proceeds from financing, refinancing or sale of the property. The Wayford IP JV is required to redeem the Company's preferred equity interest plus any accrued preferred return on June 17, 2026 or earlier upon the occurrence of certain events.

In conjunction with the Wayford at Innovation Park development, the Wayford at Innovation Park property owner, which is owned by an entity in which the Company has a preferred equity interest, entered into a $39.6 million construction loan, of which $18.0 million was outstanding as of December 31, 2023. The loan matures on October 15, 2026, can be prepaid without penalty, and is secured by the fee simple interest in the Wayford at Innovation Park property. The loan bears interest on the amount drawn at the greater of 3.50% or one-month LIBOR plus 2.25% with interest-only monthly payments through October 2024 and future monthly payments based on thirty-year amortization.

Willow Park Interests

In June 2021, the Company entered into a joint venture agreement with Peak REIT OP (the "Willow Park JV") and developed 46-build for rent, single-family residential units in Willow Park, Texas. The Company made an original commitment to invest $2.5 million of preferred equity interests in the Willow Park JV, however on February 28, 2023, the Company increased its commitment in the Willow Park JV by $2.1 million, for a total preferred equity investment commitment of $4.6 million, of which nearly all had been funded. The Company earned a 13.0% per annum accrued return on its original preferred equity investment of $2.5 million. On its additional preferred equity investment commitment of $2.1 million, the Company earned an accrued return on its outstanding capital contributions at a rate of 15.0% per annum compounded monthly, subject to a minimum multiple. Payments of the Company's preferred return were to be remitted when the properties generated cash flow in excess of operating costs and/or there were available net proceeds from financing, refinancing or sale of properties. The Willow Park JV was required to redeem the Company's preferred equity interests plus any accrued preferred return on the date the construction loan (refer to below) was due and payable or earlier upon the occurrence of certain events.

In conjunction with the Willow Park development, the Willow Park property owner, which was owned by an entity in which the Company had a preferred equity interest, entered into an $8.8 million construction loan. The loan was to mature on August 5, 2024, was secured by the fee simple interest in the Willow Park property, and could be prepaid subject to a make whole premium. The loan bore interest on the amount drawn with interest-only monthly payments through February 2024.

On October 26, 2023, Willow Park was sold, and the Company's preferred equity investment in Willow Park was redeemed by the Willow Park JV for $4.1 million, which included $2.9 million of its total $4.6 million principal investment and $1.2 million of accrued preferred return. The accrued preferred return was earned by the Company on its total principal investment and based on rates and terms agreed upon for its original and additional principal investments. The remaining $1.7 million of the Company's principal investment is collateralized by The Woods at Forest Hill and Peak REIT OP investments and is recorded within accounts receivable, prepaids and other assets of the Company's consolidated balance sheet. As part of the sale, the Company provided a loan to the new unaffiliated third-party owner of Willow Park. Refer to Note 7 for further information.

Note 9 — Revolving Credit Facilities

The outstanding balances on the revolving credit facilities as of December 31, 2023 and 2022 are as follows (amounts in thousands):

Revolving Credit Facilities	2023	2022
Amended DB Credit Facility	$ 50,000	$ —
DB Credit Facility	—	35,000
ILE Sunflower Credit Facility	20,000	20,000
Total	$ 70,000	$ 55,000

Amended Deutsche Bank Credit Facility (“Amended DB Credit Facility”)

On December 29, 2023, certain of the Company’s subsidiaries entered into an amended and restated credit facility (the “Amended DB Credit Facility”) with Deutsche Bank Securities Inc. (“Deutsche Bank”), as sole lead arranger, Deutsche Bank AG, New York Branch, as administrative agent, the financial institutions party thereto as lenders and Computershare Trust Company, N.A., as paying agent and calculation agent, and the Company as a guarantor. The Amended DB Credit Facility extended the maturity date of the credit facility to April 6, 2025, included the addition of a one-year extension option, subject to certain conditions, and included changes in certain financial and operating covenants. There were no other material changes in terms from the previous credit facility. The Amended DB Credit Facility provides for a revolving loan with a maximum commitment amount of $150 million. Borrowings under the Amended DB Credit Facility are limited to financings related to the acquisition, renovation, rehabilitation, maintenance and leasing of single-family residential units initially only in the Peak JV 2 portfolio, though in the second quarter 2023, the credit facility was amended such that borrowings can also be applied to units in the Indy-Springfield (formerly Peak JV 1) and Savannah-84 (formerly Peak JV 4) portfolios. Borrowings under the Amended DB Credit Facility bear interest on the amount drawn at Term SOFR plus 2.80%, and borrowings can be prepaid without premium or penalty. The interest rate on outstanding borrowings was 8.14% at December 31, 2023. The Amended DB Credit Facility contains certain financial and operating covenants, including maximum leverage ratio, minimum debt yield and minimum debt service coverage ratio. At December 31, 2023, the Amended DB Credit Facility was drawn at $50 million and the Company was in compliance with all covenants under the Amended DB Credit Facility. The availability of borrowings under the Amended DB Credit Facility at December 31, 2023 was approximately $56 million and is based on the collateral and compliance with various ratios related to those assets.

ILE Sunflower Credit Facility

On December 27, 2021, the Company’s unaffiliated joint venture partner, ILE, entered into a credit facility with Sunflower Bank, N.A. (the “ILE Sunflower Credit Facility”). The ILE Sunflower Credit Facility provides for a revolving loan with an initial commitment amount of $20 million, which commitment contains an accordion feature to a maximum total commitment of up to $ 50 million. The ILE Sunflower Credit Facility, along with four other separate non-revolving credit facilities (refer to Note 10 for further information), is used in the financing of acquisitions of single-family residential units. Borrowings under the ILE Sunflower Credit Facility bear interest at LIBOR plus 3.0%, subject to a rate floor, and can be prepaid without penalty or premium. The interest rate on outstanding borrowings was 8.47% at December 31, 2023. The ILE Sunflower Credit Facility matures on December 27, 2024 and contains certain financial and operating covenants, including a minimum fixed charge coverage ratio. At December 31, 2023, ILE was in compliance with all covenants under the ILE Sunflower Credit Facility and the initial commitment was fully drawn at $20 million. A principal of ILE has guaranteed the obligations under the ILE Sunflower Credit Facility and the Company and ILE have pledged certain assets as collateral.

Note 10 – Mortgages Payable

The following table summarizes certain information as of December 31, 2023 and 2022 with respect to the Company's senior mortgage indebtedness (amounts in thousands):

	Outstanding Principal		As of December 31, 2023		
Investment Name	**December 31, 2023**	**December 31, 2022**	**Interest Rate**	**Interest-only through date**	**Maturity Date**
Fixed Rate:					
ILE (1)(2)	$ 25,107	$ 25,976	3.69 %	(3)	(1)
ILE (2)(4)	4,573	—	6.00 %	(3)	August 9, 2028
Navigator Villas (5)	19,702	20,039	4.57 %	(3)	June 1, 2028
Yauger Park Villas (6)	14,350	14,643	4.86 %	(3)	April 1, 2026
Total Fixed Rate	$ 63,732	$ 60,658			
Floating Rate:					
ILE (4)	$ —	$ 4,600			
Wayford at Concord (7)	32,973	32,973	4.73 %	May 2027	May 1, 2029
Total Floating Rate	$ 32,973	$ 37,573			
Total	$ 96,705	$ 98,231			
Fair value adjustments	916	1,235			
Deferred financing costs, net	(951)	(1,275)			
Total mortgages payable	$ 96,670	$ 98,191			

(1) ILE's fixed rate debt represents the aggregate debt outstanding across two separate credit agreements. Of the $25.1 million balance, $6.4 million held through one credit agreement has a fixed rate of 3.50%, while the remaining $18.7 million held through the second credit agreement has a fixed rate of 3.75%. Both credit agreements mature in 2026.

(2) At December 31, 2023, the lender waived the minimum debt service coverage ratio covenant under the credit agreement to remain in compliance with such covenant.

(3) The loan requires monthly payments of principal and interest.

(4) During the second quarter 2023, one ILE credit agreement was amended to reduce and temporarily convert its interest rate from floating to fixed rate through August 1, 2023, upon which such date an interest rate swap became effective, converting the credit agreement to a fixed rate of 6.00%.

(5) The principal balance includes a $14.2 million senior loan at a fixed rate of 4.31% and a $5.5 million supplemental loan at a fixed rate of 5.23%.

(6) The principal balance includes a $10.0 million senior loan at a fixed rate of 4.81% and a $4.4 million supplemental loan at a fixed rate of 4.96%.

(7) The Wayford at Concord loan bears interest at the 30-day average SOFR plus 2.23%. In December 2023, the 30-day average SOFR in effect was 5.33%. SOFR rate is subject to a 2.50% rate cap through April 2025. Please refer to Note 12 for further information.

Deferred financing costs

Costs incurred in obtaining long-term financing are amortized on a straight-line basis to interest expense over the terms of the related financing agreements, as applicable, which approximates the effective interest method. Amortization of deferred financing costs, including the amounts related to the revolving credit facilities, was $3.1 million and $2.8 million for the years ended December 31, 2023 and 2022, respectively.

Fair value adjustments of debt

The Company records a fair value adjustment based upon the fair value of the loans on the date they were assumed in conjunction with acquisitions. The fair value adjustments are being amortized to interest expense over the remaining life of the loans. Amortization of fair value adjustments was $0.3 million and $0.3 million for the years ended December 31, 2023 and 2022, respectively.

Loss on Extinguishment of Debt and Debt Modification Costs

Upon repayment of or in conjunction with a material change (i.e. a 10% or greater difference in the cash flows between instruments) in the terms of an underlying debt agreement, the Company writes-off any unamortized deferred financing costs and fair market value adjustments related to the original debt that was extinguished. Prepayment penalties incurred on the early repayment of debt and costs incurred in a debt modification that are not capitalized are also included within loss on extinguishment of debt and debt modification costs on the combined consolidated statements of operations. Loss on extinguishment of debt and debt modification costs were zero for the years ended December 31, 2023 and 2022.

Debt maturities

As of December 31, 2023, contractual principal payments for the five subsequent years and thereafter are as follows (amounts in thousands):

Year	**Total**
2024	$ 1,639
2025	1,717
2026	37,471
2027	866
2028	23,022
Thereafter	31,990
	$ 96,705
Add: Unamortized fair value debt adjustment	916
Subtract: Deferred financing costs, net	(951)
Total	$ 96,670

The net book value of real estate assets providing collateral for these above borrowings, including the revolving credit facilities (refer to Note 9 for further information), was $365.3 million as of December 31, 2023.

The mortgage loans encumbering the Company's properties are nonrecourse, subject to certain exceptions for which the Company would be liable for any resulting losses incurred by the lender. These exceptions generally include fraud or a material misrepresentation, misstatement or omission by the borrower, intentional or grossly negligent conduct by the borrower that harms the property or results in a loss to the lender, filing of a bankruptcy petition by the borrower, either directly or indirectly, and certain environmental liabilities. In addition, upon the occurrence of certain events, such as fraud or filing of a bankruptcy petition by the borrower, the Company or our joint ventures would be liable for the entire outstanding balance of the loan, all interest accrued thereon and certain other costs, including penalties and expenses. The mortgage loans have a period where a prepayment fee or yield maintenance would be required.

Note 11 – Fair Value of Financial Instruments

Fair Value Measurements

For financial assets and liabilities recorded at fair value on a recurring or non-recurring basis, fair value is the price the Company would expect to receive to sell an asset, or pay to transfer a liability, in an orderly transaction with a market participant at the measurement date under current market conditions. In the absence of such data, fair value is estimated using internal information consistent with what market participants would use in a hypothetical transaction.

In determining fair value, observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Company's market assumptions; preference is given to observable inputs. In accordance with GAAP and as defined in ASC Topic 820: Fair Value Measurement, these two types of inputs create the following fair value hierarchy:

- Level 1:Quoted prices for identical instruments in active markets
- Level 2:Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations whose inputs are observable or whose significant value drivers are observable

- Level 3: Significant inputs to the valuation model are unobservable

If the inputs used to measure the fair value fall within different levels of the hierarchy, the fair value is determined based upon the lowest level input that is significant to the fair value measurement. Whenever possible, the Company uses quoted market prices to determine fair value. In the absence of quoted market prices, the Company uses independent sources and data to determine fair value.

Fair Value of Financial Instruments

As of December 31, 2023 and 2022, the carrying values of cash and cash equivalents, restricted cash, accounts receivable, due to affiliates, accounts payable, other accrued liabilities, and distributions payable approximate their fair value based on their highly-liquid nature and/or short-term maturities. The carrying values of notes receivable approximate fair value because stated interest rate terms are consistent with interest rate terms on new deals with similar leverage and risk profiles. The fair values of notes receivable are classified in Level 3 of the fair value hierarchy due to the significant unobservable inputs that are utilized in their respective valuations.

Derivative Financial Instruments

The estimated fair values of derivative financial instruments are valued using widely accepted valuation techniques including discounted cash flow analysis on the expected cash flows of each derivative. This analysis reflects the contractual terms of the derivatives, including the period to maturity, and uses observable market-based inputs, including interest rate curves and volatility. The fair value of interest rate caps is determined using the market-standard methodology of discounting the future expected cash receipts which would occur if floating interest rates rise above the strike rate of the caps. The floating interest rates used in the calculation of projected receipts on the cap are based on an expectation of future interest rates derived from observable market interest rate curves and volatilities. The fair value of interest rate swaps is determined using the market standard methodology of netting the discounted future fixed cash receipts (or payments) and the discounted expected variable cash payments (or receipts). The variable cash payments (or receipts) are based on an expectation of future interest rates (forward curves) derived from observable market interest rate curves. The inputs used in the valuation of interest rate caps and swaps fall within Level 2 of the fair value hierarchy.

Fair Value of Debt

As of December 31, 2023 and December 31, 2022, based on the discounted amount of future cash flows using rates currently available to the Company for similar liabilities, the fair value of the Company's mortgages payable is estimated at $93.0 million and $93.7 million, respectively, compared to the carrying amounts, before adjustments for deferred financing costs, net, of $ 97.6 million and $99.5 million, respectively. The fair value of mortgages payable is estimated based on the Company's current interest rates (Level 3 inputs of the fair value hierarchy) for similar types of borrowing arrangements.

Note 12 – Derivative Financial Instruments

Risk Management Objective of Using Derivatives

The Company is exposed to certain risks arising from both its business operations and economic conditions. The Company principally manages its exposures to a wide variety of business and operational risks through management of its core business activities. The Company manages economic risks, including interest rate, liquidity, and credit risk, primarily by managing the amount, sources, and duration of its assets and liabilities and the use of derivative financial instruments. Specifically, the Company enters into derivative financial instruments to manage exposures that arise from business activities that result in the receipt or payment of future known and uncertain cash amounts, the value of which are determined by interest rates. The Company's derivative financial instruments are used to manage differences in the amount, timing, and duration of the Company's known or expected cash payments principally related to the Company's borrowings.

The Company's objectives in using interest rate derivative financial instruments are to add stability to interest expense and to manage the Company's exposure to interest rate movements. To accomplish these objectives, the Company primarily uses interest rate caps and swaps as part of its interest rate risk management strategy. Interest rate caps involve the receipt of variable-rate amounts from a counterparty if interest rates rise above the strike rate on the contract in exchange for an up-front premium. Interest rate swaps involve the receipt of variable-rate amounts from a counterparty in exchange for the Company making fixed-rate payments over the life of the agreements without exchange of the underlying notional amount.

The Company has not designated any of the interest rate derivatives as hedges. Although these derivative financial instruments were not designated or did not qualify for hedge accounting, the Company believes the derivative financial instruments are effective economic hedges against increases in interest rates. The Company does not use derivative financial instruments for trading or speculative purposes.

As of December 31, 2023, the Company had interest rate caps and swaps which effectively limit the Company's exposure to interest rate risk by providing a ceiling on the underlying interest rate for $94.0 million of the Company's debt.

The table below presents the classification and fair value of the Company's derivative financial instruments on the combined consolidated balance sheets at December 31, 2023 and 2022 (amounts in thousands):

Derivatives not designated as hedging instruments under ASC 815-20	**Balance Sheet Location**	**Fair Values of Derivative Instruments**	
		2023	**2022**
Interest rate caps	Accounts receivable, prepaids and other assets	$ 1,934	$ 4,702
Interest rate swaps	Accounts receivable, prepaids and other assets	483	647

The table below presents the classification and effect of the Company's derivative financial instruments on the combined consolidated statements of operations for the years ended December 31, 2023 and 2022 (amounts in thousands):

Derivatives not designated as hedging instruments under ASC 815-20	**Location of Gain (Loss) Recognized in Income**	**The Effect of Derivative Instruments on the Statements of Operations**	
		2023	**2022**
Interest rate caps	Interest expense	$ (2,768)	$ 2,437
Interest rate swaps	Interest expense	(165)	647

Credit-risk-related Contingent Features

The Company has agreements with each of its derivative counterparties that contain a provision where the Company could be declared in default on its derivative obligations if repayment of the underlying indebtedness is accelerated by the lender due to the Company's default on the indebtedness.

Note 13 – Related Party Transactions

Management Agreement with the Manager

On October 5, 2022, and in conjunction with the Separation and the Distribution, the Company entered into a management agreement (the "Management Agreement") with the Operating Partnership and Bluerock Homes Manager, LLC (the "Manager"), which is an affiliate of Bluerock Real Estate, LLC ("BRE"), pursuant to which the Manager will provide for the day-to-day management of the Company's operations. Pursuant to the terms of the Management Agreement, the Manager provides the Company with a management team and appropriate support personnel to provide such management services to the Company. The Management Agreement requires the Manager to manage the Company's business affairs under the supervision and direction of the Company's board of directions (the "Board"). Specifically, the Manager is responsible for (i) the selection, purchase and sale of the Company's portfolio investments, (ii) the Company's financing activities, and (iii) providing the Company with advisory services, in each case in conformity with the investment guidelines and other policies approved and monitored by its Board. The initial term of the Management Agreement expires on October 6, 2023 and will be automatically renewed for a one-year term on each anniversary date thereafter unless earlier terminated or not renewed in accordance with the terms thereof.

The Company pays the Manager a base management fee (the "base management fee") in an amount equal to 1.50% of the Company's New Stockholders' Equity (as defined in the Management Agreement) per year, as well as an incentive fee (the "incentive fee") with respect to each calendar quarter (or part thereof that the Management Agreement is in effect) in arrears. The Company is required to reimburse the Manager for certain expenses and pay all operating expenses, except those specifically required to be borne by the Manager under the Management Agreement. The Management Agreement provides that (i) the base management fee and the incentive fee shall be allocated and payable as one half (50%) in C-LTIP Units and the remainder payable in cash or C-LTIP Units, at the discretion of the Board, and (ii) expense reimbursements shall be payable either in cash or C-LTIP Units, at the discretion of the Board. The number of C-LTIP Units payable and issued to the Manager for the base management fee, the incentive fee and expense reimbursements will be equal to the dollar amount (of the portion deemed payable in C-LTIP Units) of the fees earned or reimbursement amount divided by the average of the closing prices of the Class A common stock for the five business days prior to issuance.

For the year ended December 31, 2023 and for the period of October 6 – December 31, 2022, the Company recorded base management fees of $7.9 million and $1.8 million, respectively, and expense reimbursements of $2.8 million and $0.4 million, respectively. The expense reimbursements were recorded as part of general and administrative expenses in the Company's consolidated statements of operations. There has been no incentive fee expense incurred during the years ended December 31, 2023 and 2022.

The table below presents the related party amounts payable to the Manager as of December 31, 2023 and 2022 pursuant to the terms of the Management Agreement (amounts in thousands). The Company records these payables in due to affiliates in its combined consolidated balance sheets.

Amounts payable to the Manager under the Management Agreement	2023	2022
Base management fee	$ 2,048	$ 1,787
Operating and direct expense reimbursements	1,365	424
Offering expense reimbursements	96	—
Total amounts payable to the Manager	$ 3,509	$ 2,211

At December 31, 2023 and 2022, the Company had no receivables due from any related parties.

Selling Commissions and Dealer Manager Fees

In conjunction with the offering of the Company's Series A Preferred Stock (refer to Note 14 for further information), the Company engaged a related party as dealer manager, and pays up to 10% of the gross offering proceeds from the offering as selling commissions and dealer manager fees. The dealer manager re-allows the substantial majority of the selling commissions and dealer manager fees to participating broker-dealers and incurs costs in excess of the 10%, which costs are borne by the dealer manager without reimbursement by the Company. For the year ended December 31, 2023, the Company has incurred $0.8 million in selling commissions and discounts and $0.3 million in dealer manager fees and discounts related to its offering of Series A Preferred Stock. In addition, the Manager was, or shall be, reimbursed for offering costs of $0.4 million in conjunction with the offering of Series A Preferred Stock during the year ended December 31, 2023. The selling commissions, dealer manager fees, discounts and reimbursements for offering costs were recorded as a reduction to the proceeds of the offering.

Administrative Services Agreement

Prior to the completion of the Spin-Off on October 6, 2022, Bluerock Residential was party to an Administrative Services Agreement (the "ASA") and a Leasehold Cost-Sharing Agreement (the "CSA") with BRE and its affiliate, Bluerock Real Estate Holdings, LLC (together "BREH"). Pursuant to the ASA, BREH provided Bluerock Residential with certain human resources, investor relations, marketing, legal and other administrative services (the "Services"). In addition, the ASA permitted certain Bluerock Residential employees to provide services to BREH, on an at-cost basis, generally allocated based on the use of such services for the benefit of the business of BREH, and otherwise subject to the terms of the Services provided by BREH to Bluerock Residential under the ASA. Pursuant to the CSA, Bluerock Residential and BREH were allocated costs, including those costs associated with tenant improvements, with respect to the lease for their New York headquarters (the "NY Lease"). Payments by Bluerock Residential of any amounts payable to BREH under the ASA and CSA were made in cash or, at the discretion of its board of directors, in the form of Bluerock Residential's long-term incentive plan units.

Pursuant to the terms of the ASA, operating expenses were (i) paid by BREH on behalf of Bluerock Residential, and (ii) paid by Bluerock Residential on behalf of BREH. Pursuant to the terms of the CSA, costs with respect to the NY Lease were paid by BREH on behalf of Bluerock Residential. Recorded as part of general and administrative expenses in the Company's combined consolidated statements of operations, operating expenses paid by BREH on behalf of Bluerock Residential of $0.7 million were expensed during 2022 for the period ending and prior to October 6, 2022. Additionally, during this same period, Bluerock Residential paid operating expenses on behalf of BREH of $0.7 million. These prior period amounts were allocated to the Company by applying an allocation percentage, which was determined by taking the number of units carved out of the Bluerock Residential portfolio divided by Bluerock Residential's total portfolio unit count, to the total operating expenses paid on behalf of or by Bluerock Residential. Prior period operating expense amounts recognized by the Company are not representative of the amounts that would have been reflected in the financial statements had the Company operated independently of Bluerock Residential.

On October 6, 2022, Bluerock Residential caused the termination of all services under both the ASA and CSA in connection with the transactions related to the Separation, the Distribution and the Spin-Off.

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Note 14 – Stockholders' Equity

Net Loss Per Common Share

Basic net loss per common share is computed by dividing net loss attributable to common stockholders, less dividends on restricted stock, LTIP Units and C - LTIP Units expected to vest, by the weighted average number of common shares outstanding for the period. Diluted net loss per common share is computed by dividing net loss attributable to common stockholders by the sum of the weighted average number of common shares outstanding and any potential dilutive shares for the period. Net loss attributable to common stockholders is computed by adjusting net loss for the non-forfeitable dividends paid on non-vested restricted stock, LTIP Units and C - LTIP Units.

The Company considers the requirements of the two-class method when preparing earnings per share. The Company has two classes of common stock outstanding: Class A common stock, $0.01 par value per share, and Class C common stock, $ 0.01 par value per share. Earnings per share is not affected by the two-class method because the Company's Class A and C common stock participate in dividends on a one-for-one basis.

The following table reconciles the components of basic and diluted net loss per common share for the years ended December 31, 2023 and 2022 (amounts in thousands, except share and per share amounts):

	2023	2022
Loss from continuing operations (1)	$ (15,897)	$ (6,236)
Dividends on restricted stock and LTIP Units expected to vest	(498)	—
Net loss from continuing operations attributable to noncontrolling interests	(11,394)	(5,130)
Loss from continuing operations attributable to BHM	$ (5,001)	$ (1,106)
Income from discontinued operations	—	311
Net income from discontinued operations attributable to noncontrolling interests	—	205
Income from discontinued operations attributable to BHM	—	106
Net loss attributable to common stockholders	$ (5,001)	$ (1,000)
Weighted average common shares outstanding (2)	3,845,349	3,843,502
Potential dilutive shares (3)	—	—
Weighted average common shares outstanding and potential dilutive shares (2)	3,845,349	3,843,502
Net loss per common share, basic		
Continuing operations	$ (1.30)	$ (0.29)
Discontinued operations	—	0.03
	$ (1.30)	$ (0.26)
Net loss per common share, diluted		
Continuing operations	$ (1.30)	$ (0.29)
Discontinued operations	—	0.03
	$ (1.30)	$ (0.26)

(1) Loss from continuing operations for the year ended December 31, 2023 includes $(130) of preferred stock dividends.
(2) Amounts relate to shares of the Company's Class A and Class C common stock outstanding.
(3) For the year ended December 31, 2023, potential vesting of restricted Class A common stock of3,595 shares is excluded from the diluted shares calculation as the effect is antidilutive.

The effect of the conversion of OP Units is not reflected in the computation of basic and diluted earnings per share, as they are exchangeable for Class A common stock on a one-for-one basis. The income allocable to such OP Units is allocated on this same basis and reflected as noncontrolling interests in the accompanying combined consolidated financial statements. As such, the assumed conversion of these OP Units would have no net impact on the determination of diluted earnings per share.

Class C Common Stock

The Company's Class C common stock will be equivalent in all material respects to, and rank on parity with, the Company's Class A common stock, except that each share of Class C common stock will entitle the holder thereof to up to fifty votes. A holder of Class C common stock will not be entitled to a number of votes in excess of the number of its direct and indirect economic interests in the Operating Partnership. Therefore, no holder of Class C common stock will have a number of votes in respect of its shares of Class C common stock that exceeds the number of shares of Class C common stock, C-LTIP units, LTIP units, C-OP units and OP units beneficially owned by such holder. In order to implement this limitation, the number of votes ("Class C Votes") per share of Class C common stock beneficially owned by a holder will equal the lesser of: (x) 50 and (y) the quotient of (A) the sum of (1) the number of shares of Class C common stock beneficially owned by such holder *plus* (2) the number of C-LTIP units beneficially owned by such holder *plus* (3) the number of LTIP units beneficially owned by such holder *plus* (4) the number of C-OP units beneficially owned by such holder *plus* (5) the number of OP units beneficially owned by such holder (each of a share of Class C common stock, a C-LTIP unit, a LTIP unit, a C-OP unit and an OP Unit, a "Class C Interest") *divided by* (B) the number of shares of Class C common stock beneficially owned by such holder. If any Class C Interest is beneficially owned by more than one holder of Class C common stock and would, in the absence of this sentence, increase the number of Class C Votes of more than one such holder of Class C common stock by virtue of clause (y) of the immediately preceding sentence, then such Class C Interest shall only increase the number of Class C Votes of the ultimate beneficial owner of such Class C Interest that is also such a holder of Class C common stock, and not any other holder of Class C common stock.

Shares of the Company's Class C common stock may be converted, or automatically convert, in certain circumstances to shares of the Company's Class A common stock on a one-for-one basis. Subject to the preferential rights, if any, of holders of any class or series of the Company's stock other than the Company's Class A common stock and to the provisions of the Company's charter regarding the restrictions on the ownership and transfer of stock, the holders of the Company's Class C common stock will be entitled to receive distributions authorized by the Company's Board and declared by the Company out of legally available funds after payment of, or provision for, full cumulative distributions on and any required redemptions of shares of any series of preferred stock then outstanding.

Series A Redeemable Preferred Stock

On June 28, 2023, the SEC declared effective the Company's registration statement on Form S-11 (File No. 333-269415) (the "2023 Registration Statement"). On June 30, 2023, the Company filed a prospectus supplement related to the 2023 Registration Statement offering a maximum of 20,000,000 shares of 6.0% Series A Redeemable Preferred Stock (the "Series A Preferred Stock") at $25.00 per share (the "Stated Value"), for a maximum offering amount of $ 500,000,000 in Series A Preferred Stock (the "Series A Preferred Offering"), and on August 11, 2023, the Company made the initial issuances of Series A Preferred Stock pursuant to the Series A Preferred Offering.

The Series A Preferred Stock ranks senior to all classes of the Company's common stock. The Series A Preferred Stock is entitled, when and as authorized by the Board and declared by the Company out of legally available funds, to priority cumulative dividends at an annual rate of 6.0% of the Stated Value to be paid monthly, in arrears. Holders may, at their option, elect to have the Company redeem their shares through the first year from issuance subject to a 12% redemption fee. After year one, the redemption fee decreases to 9%, after year two it decreases to 6%, after year three it decreases to 3%, and after year four there is no redemption fee. Any redeemed shares are entitled to any accrued but unpaid dividends at the time of the redemption, payable by the Company, at its option, in either cash or in equal value of shares of its Class A common stock. The Company has the right to redeem the Series A Preferred Stock beginning two years from the original issuance for the Stated Value, plus any accrued and unpaid dividends, in either cash or in equal value of shares of its Class A common stock, at the Company's option, with the number of shares of Class A common stock issued for redemption (if any) based on the closing price per share of the Class A common stock for the single trading day prior to the date of redemption.

As of December 31, 2023, the Company had issued 436,675 shares of Series A Preferred Stock pursuant to the Series A Preferred Offering with net proceeds of approximately $8.7 million after (i) commissions, dealer manager fees and discounts of approximately $1.1 million, and (ii) offering costs related to establishing the Series A Preferred Offering of approximately $ 1.1 million. The Company did not redeem any shares of Series A Preferred Stock during the year ended December 31, 2023.

Operating Partnership and Long-Term Incentive Plan Units

On April 2, 2014, Bluerock Residential entered into the Second Amended and Restated Agreement of Limited Partnership of its Operating Partnership, Bluerock Residential Holdings, L.P. (the "Partnership Agreement"), pursuant to which Bluerock Residential was the sole general partner of the Operating Partnership. In connection with the Distribution, the Partnership Agreement was amended by the Thirteenth Amendment thereto, pursuant to which Bluerock Residential withdrew as the general partner of the Operating Partnership and the Company was admitted as the sole general partner thereof. The Company may not be removed as general partner of the Operating Partnership by the limited partners with or without cause.

The Partnership Agreement, as amended, provides, among other things, that the Operating Partnership initially has two classes of limited partnership interests: OP Units and LTIP Units. Certain OP units will be designated as "C-OP Units" and certain LTIP units will be designated as "C-LTIP Units." The Company expects that its Operating Partnership will issue OP units to limited partners, including the Company, in exchange for capital contributions of cash or property, including in connection with the contribution of the net proceeds of any future offering of the Company's shares, as described above, and that the Company's Operating Partnership will issue LTIP units, pursuant to the BHM Incentive Plans, to persons (including our Manager, directors and employees) or entities who provide services to the Company. In addition, the Company's Operating Partnership will issue C-LTIP Units to the Company's Manager pursuant to the Management Agreement. In calculating the percentage interests of the partners in the Operating Partnership, LTIP Units are treated as OP Units. Additional C-LTIP Units will also be issuable to the Company's executive officers or other service providers of the Company at the discretion of the Company's Board.

Pursuant to the Partnership Agreement the Company will be obligated to file a registration statement covering the issuance or resale of shares of common stock received by limited partners who held their Partnership Units as of the date of the partnership agreement (including their transferees and assigns) upon such limited partners' redemption of their OP units, under which the Company will agree to use reasonable efforts to have the registration statement declared effective, to register or qualify such shares under the securities or blue sky laws of such jurisdictions within the United States as required by law, to list the Company's shares of common stock issued pursuant to the exercise of redemption rights on any securities exchange or national market system upon which the Company's shares of common stock are then listed, and to indemnify limited partners exercising redemption rights against all losses caused by any untrue statement of a material fact contained in the registration statement, preliminary prospectus or prospectus or caused by any omission to state a material fact required to be stated or necessary to make the statements therein not misleading, except insofar as such losses are caused by any untrue statement or omission based upon information furnished to us by such limited partners.

In general, LTIP Units will receive the same per-unit distributions as the OP Units. Initially, each LTIP Unit will have a capital account balance of zero and, therefore, will not have full parity with OP Units with respect to any liquidating distributions. However, the Partnership Agreement, as amended provides that "book gain," or economic appreciation, in the Company's assets realized by the Operating Partnership as a result of the actual sale of all or substantially all of the Operating Partnership's assets, or the revaluation of the Operating Partnership's assets as provided by applicable U.S. Department of Treasury regulations, will be allocated first to the holders of LTIP Units until their capital account per unit is equal to the average capital account per-unit of the Company's OP Unit holders in the Operating Partnership.

As of December 31, 2023, limited partners other than the Company owned approximately 68.68% of the common units of the Operating Partnership (7,365,735 OP Units, or 59.45%, is held by OP Unit holders, and 1,143,442 LTIP Units, or 9.23%, is held by LTIP Unit holders, including 3.76% which are not vested at December 31, 2023). Subject to certain restrictions set forth in the Operating Partnership's Partnership Agreement, OP Units are exchangeable for Class A common stock on a one-for-one basis, or, at the Company's election, redeemable for cash. LTIP Units and C - LTIP Units may be convertible into OP Units under certain conditions and then may be settled in shares of the Company's Class A common stock, or, at the Company's election, cash.

During the year ended December 31, 2023, the Company granted C-LTIP Units to the Manager pursuant to the Management Agreement in payment of (i) the base management fee and (ii) the operating expense reimbursement as follows: (a) 85,750 and 17,462 C-LTIP Units, respectively, granted on February 22, 2023 for the fourth quarter 2022, (b) 114,391 and 20,531 C-LTIP Units, respectively, granted on May 17, 2023 for the first quarter 2023, (c) 125,491 and 24,753 C-LTIP Units, respectively, granted on August 15, 2023 for the second quarter 2023, and (d) 142,144 and 27,835 C-LTIP Units, respectively, granted on November 14, 2023 for the third quarter 2023. Such C-LTIP Units were fully vested upon issuance.

In the future, the Operating Partnership may issue OP Units or preferred OP Units from time to time in connection with acquisitions of properties or for financing, compensation or other reasons.

Equity Incentive Plans

The Company's Board has adopted, and the Company's sole initial stockholder has approved, the Bluerock Homes Trust, Inc. 2022 Equity Incentive Plan for Individuals (the "BHM Individuals Plan") and the Bluerock Homes Trust, Inc. 2022 Equity Incentive Plan for Entities (the "BHM Entities Plan"). Together, the Company refers to the BHM Individuals Plan and the BHM Entities Plan as the "BHM Incentive Plans." The BHM Incentive Plans provide for the grant of options to purchase shares of our common stock, stock awards, stock appreciation rights, performance units, incentive awards and other equity-based awards, and are administered by the compensation committee of our Board.

The aggregate number of shares of the Company's common stock authorized for issuance under the BHM Incentive Plans is 3,597,109, with (i) 1,200,000 shares available for issuance under the BHM Incentive Plans, and (ii) 2,397,109 shares subject to awards granted under the Bluerock Residential Growth REIT, Inc. Amended and Restated 2014 Equity Incentive Plan for Individuals and the Bluerock Residential Growth REIT, Inc. Amended and Restated 2014 Equity Incentive Plan for Entities (together, the "Prior Plans") that may become available for issuance or reissuance, as applicable, under the BHM Incentive Plans if such awards are forfeited, canceled or otherwise terminated (other than by exercise).

LTIP Unit Grants

On November 3, 2022, the Company made an initial staking grant of 405,796 LTIP Units to the Manager pursuant to the BHM Incentive Plans. Effective November 2, 2023, for tax efficiency purposes, the Manager forfeited 367,357 unvested LTIP Units granted to the Manager on November 3, 2022 in payment of the initial staking grant pursuant to the BHM Entities Plan. On November 3, 2023, by mutual agreement of the Manager and the Company, and at the direction of the Manager, such 367,357 unvested LTIP Units were issued directly to and among certain of the BREH Personnel (as defined below), pursuant to the BHM Individuals Plan, as equity compensation for services provided to the Manager in such capacities. These issuances were made in satisfaction of the Manager's obligation to its affiliate, BREH, for compensation - related expenses incurred by BREH in connection with its employment of the Manager's executive management team and personnel who provide other services to the Manager (collectively, the "BREH Personnel"), and were evidenced by LTIP Unit Vesting Agreements. Such LTIP Units vested one - fifth on November 3, 2023, and the remainder will vest ratably on an annual basis over a four - year period. The Company recognizes compensation expense ratably over the vesting period for time-based LTIP Units based on the fair value at the date of grant. The Company recognized expense of $0.3 million related to such grants during the 2022 period. Once vested, these awards of LTIP Units may convert to OP Units upon reaching capital account equivalency with the OP Units held by the Company, and may then be redeemed for cash or, at the option of the Company and after a one year holding period (including any period during which the LTIP Units were held), settled in shares of the Company's Class A common stock on a one-for-one basis. The holders of such LTIP Units will be entitled to receive "distribution equivalents" with respect to such LTIP Units, whether or not vested, at the same time distributions are paid to the holders of the Company's Class A common stock.

In addition, on November 3, 2022, the Company made an initial staking grant of 5,339 LTIP Units to each independent member of the Board (such grants, collectively, the "Director Grants"). Each such Director Grant was evidenced by an LTIP Unit Award Agreement. Such LTIP Units were fully vested upon issuance and may convert to OP Units upon reaching capital account equivalency with the OP Units held by the Company, and may then be redeemed for cash or, at the option of the Company and after a one year holding period (including any period during which the LTIP Units were held), settled in shares of the Company's Class A common stock on a one-for-one basis. The Company recognized an aggregate expense of $0.5 million immediately based on the fair value at the date of grant. From the date of grant, holders of such LTIP Units will be entitled to receive "distribution equivalents" with respect to such LTIP Units at the time distributions are paid to the holders of the Company's Class A common stock.

Additionally, on November 3, 2022, the Company granted 764 LTIP Units to each independent member of the Board in payment of the prorated equity portion of their respective annual retainers for fiscal year 2022 (such grants, collectively, the "Retainer Grants") pursuant to the BHM Incentive Plans. Each such Retainer Grant was evidenced by an LTIP Unit Award Agreement. Such LTIP Units were fully vested upon issuance and may convert to OP Units upon reaching capital account equivalency with the OP Units held by the Company, and may then be redeemed for cash or, at the option of the Company and after a one year holding period (including any period during which the LTIP Units were held), settled in shares of the Company's Class A common stock on a one-for-one basis. The Company recognized an aggregate expense of $0.1 million immediately based on the fair value at the date of grant. From the date of grant, holders of such LTIP Units will be entitled to receive "distribution equivalents" with respect to such LTIP Units at the time distributions are paid to the holders of the Company's Class A common stock.

On January 1, 2023, the Company granted 3,303 LTIP Units pursuant to the BHM Incentive Plans to each independent member of the Board in payment of the equity portion of their respective annual retainers. Such LTIP Units were fully vested upon issuance and the Company recognized expense of $0.3 million based on the fair value at the date of grant.

On May 25, 2023, the Company granted 141,665 LTIP Units pursuant to the BHM Incentive Plans to the Manager as an annual long - term incentive equity grant for the year ended December 31, 2022. Effective November 2, 2023, for tax efficiency purposes, the Manager forfeited 83,995 unvested LTIP Units granted to the Manager on May 25, 2023 in payment of the annual long - term incentive equity grant pursuant to the BHM Entities Plan. On November 3, 2023, by mutual agreement of the Manager and the Company, and at the direction of the Manager, such 83,995 unvested LTIP Units were issued directly to and among certain of the BREH Personnel, pursuant to the BHM Individuals Plan, as equity compensation for services provided to the Manager in such capacities. These issuances were made in satisfaction of the Manager's obligation to its affiliate, BREH, for compensation - related expenses incurred by BREH in connection with its employment of the BREH Personnel, and were evidenced by LTIP Unit Vesting Agreements. Such LTIP Units will vest one - third on May 25, 2024, and the remainder will vest ratably on an annual basis over a two - year period from April 1, 2024.

A summary of the status of the Company's non-vested shares and LTIP Units granted under the BHM Incentive Plans as of December 31, 2022 and 2023 is as follows:

	Shares / LTIP Units	Weighted average grant-date fair value
Balance at January 1, 2022	—	$ —
Granted	430,208	22.64
Vested	(24,412)	22.64
Forfeited	—	—
Balance at December 31, 2022	405,796	$ 22.64
Granted	186,137	17.00
Vested	(94,375)	22.43
Forfeited	—	—
Balance at December 31, 2023	497,558	$ 20.57

The Company recognizes compensation expense ratably over the vesting period for time-based LTIP Units based on the fair value at the date of grant. During the years ended December 31, 2023 and 2022, the Company recognized compensation expense for such LTIP Units of approximately $2.3 million and $0.3 million, respectively. Such expense was recorded as part of general and administrative expenses in the Company's combined consolidated statements of operations. As of December 31, 2023, there was $8.9 million of total unrecognized compensation expense related to unvested LTIP Units granted under the BHM Incentive Plans. The remaining expense is expected to be recognized over a period of 3.5 years.

Restricted Stock Grants

On May 25, 2023, the Company granted 31,260 shares of Class A common stock as restricted stock grants ("RSGs"), pursuant to the BHM Incentive Plans, to the Manager as an annual incentive grant for the year ended December 31, 2022. Such RSGs will vest in equal installments on an annual basis over a three-year period from April 1, 2023. Effective November 2, 2023, for tax efficiency purposes, the Manager forfeited 31,260 unvested RSGs that were granted to the Manager on May 25, 2023 in payment of the annual equity incentive grant pursuant to the BHM Entities Plan. On November 3, 2023, by mutual agreement of the Manager and the Company, and at the direction of the Manager, the foregoing aggregate number of unvested RSGs were issued directly to and among certain of the BREH Personnel, pursuant to the BHM Individuals Plan, as equity compensation for services provided to the Manager in such capacities. Such RSGs will vest one-third on May 25, 2024, and the remainder will vest ratably on an annual basis over a two-year period from April 1, 2024.

During the year ended December 31, 2023, the Company recognized compensation expense for such RSGs of approximately $ 0.1 million. Such expense was recorded as part of general and administrative expenses in the Company's consolidated statements of operations. As of December 31, 2023, there was $0.4 million of total unrecognized compensation expense related to the unvested RSGs granted under the BHM Incentive Plans. The remaining expense is expected to be recognized over a period of 2.25 years.

The Company currently uses authorized and unissued shares to satisfy share award grants.

Distributions

Declaration Date	Payable to stockholders of record as of	Amount	Paid / Payable Date
Class A common stock Special Dividend			
December 19, 2023	December 29, 2023	$ 1.00	January 5, 2024
Class C common stock Special Dividend			
December 19, 2023	December 29, 2023	$ 1.00	January 5, 2024
Series A Preferred Stock (1)			
September 11, 2023	August 25, 2023	$ 0.125000	October 5, 2023
September 11, 2023	September 25, 2023	0.125000	October 5, 2023
October 13, 2023	October 25, 2023	0.125000	November 3, 2023
October 13, 2023	November 24, 2023	0.125000	December 5, 2023
October 13, 2023	December 22, 2023	0.125000	January 5, 2024
Series A Preferred Stock Special Dividend (2)			
November 7, 2023	Each day of November 1 - 30, 2023	$ 0.012550	December 5, 2023
November 7, 2023	Each day of December 1 - 31, 2023	0.002469	January 5, 2024

(1) Holders of record of newly issued Series A Preferred Stock shares that are held only a portion of the applicable monthly dividend period will receive a prorated dividend based on the actual number of days in the applicable dividend period during which each such share of Series A Preferred Stock was outstanding.

(2) Holders of record of Series A Preferred Stock shares as of the close of business on each day of the applicable month are entitled to additional contingent special daily dividends for each such day, to be aggregated and payable (if at all) on the payable date, in each case equal to the amount (if any) by which (i) the Stated Value of the Series A Preferred Stock multiplied by (a) the sum of (I) the average 10-year Daily Treasury Par Yield Curve Rate for the period from the 26th of the prior month to the 25th of the applicable month (as reported by the United States Department of the Treasury), plus (II) two percent (2.0%), divided by (b) twelve (12), divided further by (c) the actual number of days in the applicable month, exceeds (ii) the quotient of (a) $0.125 divided by (b) the actual number of days in the applicable month.

A portion of each dividend may constitute a return of capital for tax purposes. There is no assurance that the Company will continue to declare dividends or at this rate. Holders of restricted stock, OP Units, LTIP Units and C-LTIP Units are entitled to receive “distribution equivalents” at the same time as dividends are paid to holders of the Company’s Class A common stock.

Distributions declared and paid for the year ended December 31, 2023 were as follows (amounts in thousands):

	Distributions	
2023	Declared	Paid
Third Quarter		
Series A Preferred Stock (1)	$ 12	$ —
Total third quarter	$ 12	$ —
Fourth Quarter		
Class A common stock	$ 3,871	$ —
Class C common stock	8	—
Series A Preferred Stock (1)	118	78
OP Units	7,366	—
LTIP / C-LTIP Units	1,143	—
Total fourth quarter	$ 12,506	$ 78
Total	$ 12,518	$ 78

(1) For the third quarter 2023, amounts include only the standard dividend at an annual rate of6.0% of the Stated Value. For the fourth quarter 2023, amounts include the standard dividend at an annual rate of 6.0% of the Stated Value and any special dividends.

Note 15 – Commitments and Contingencies

The aggregate amount of the Company's contractual commitments to fund future cash obligations in certain of its consolidated real estate investments and preferred equity investments was $0.2 million and $3.4 million as of December 31, 2023 and 2022, respectively.

The Company is subject to various legal actions and claims arising in the ordinary course of business. Although the outcome of any legal matter cannot be predicted with certainty, management does not believe that any of these legal proceedings or matters will have a material adverse effect on the combined consolidated financial position or results of operations or liquidity of the Company.

Note 16 – Subsequent Events

Issuance of LTIP Units under the BHM Incentive Plans

On January 8, 2024, the Company granted 5,185 LTIP Units pursuant to the BHM Incentive Plans to each independent member of the Board in payment of the equity portion of their respective annual retainers. Such LTIP Units were fully vested upon issuance.

Declaration of Dividends

Declaration Date	Payable to stockholders of record as of	Amount	Paid / Payable Date
Series A Preferred Stock (1)			
January 15, 2024	January 25, 2024	$ 0.125	February 5, 2024
January 15, 2024	February 23, 2024	0.125	March 5, 2024
January 15, 2024	March 25, 2024	0.125	April 5, 2024
Series A Preferred Stock Special Dividend			
January 15, 2024	Each day of January 1 - 31, 2024	(2)	February 5, 2024
January 15, 2024	Each day of February 1 - 29, 2024	(2)	March 5, 2024
January 15, 2024	Each day of March 1 - 31, 2024	(2)	April 5, 2024

(1) Holders of record of newly issued Series A Preferred Stock shares that are held only a portion of the applicable monthly dividend period will receive a prorated dividend based on the actual number of days in the applicable dividend period during which each such share of Series A Preferred Stock was outstanding.

(2) Holders of record of Series A Preferred Stock shares as of the close of business on each day of the applicable month are entitled to additional contingent special daily dividends for each such day, to be aggregated and payable (if at all) on the payable date, in each case equal to the amount (if any) by which (i) the Stated Value of the Series A Preferred Stock multiplied by (a) the sum of (I) the average 10-year Daily Treasury Par Yield Curve Rate for the period from the 26th of the prior month to the 25th of the applicable month (as reported by the United States Department of the Treasury), plus (II) two percent (2.0%), divided by (b) twelve (12), divided further by (c) the actual number of days in the applicable month, exceeds (ii) the quotient of (a) $0.125 divided by (b) the actual number of days in the applicable month.

Distributions Paid

The following distributions were declared and/or paid to the Company's stockholders subsequent to December 31, 2023 (amounts in thousands):

Shares	Declaration Date	Record Date	Date Paid	Distribution per Share	Total Distribution
Class A common stock	December 19, 2023	December 29, 2023	January 5, 2024	$ 1.00	$ 3,871
Class C common stock	December 19, 2023	December 29, 2023	January 5, 2024	1.00	8
Series A Preferred Stock (1)	October 13, 2023	December 22, 2023	January 5, 2024	0.127469	51
OP Units	December 19, 2023	December 29, 2023	January 5, 2024	1.00	7,366
LTIP / C-LTIP Units	December 19, 2023	December 29, 2023	January 5, 2024	1.00	1,143
Series A Preferred Stock (1)	January 15, 2024	January 25, 2024	February 5, 2024	0.125337	68
Series A Preferred Stock (1)	January 15, 2024	February 23, 2024	March 5, 2024	0.128458	86
Total					$ 12,593

(1) The Series A Preferred Stock distribution per share amounts include the standard dividend at an annual rate of 6.0% of the Stated Value and any special dividends.

Issuance of C-LTIP Units for Payment of the Fourth Quarter 2023 Base Management Fee and Operating Expense Reimbursement

The Manager earned a base management fee of $2.0 million during the fourth quarter 2023. This amount was payable 50% in C-LTIP Units with the other 50% payable in either cash or C-LTIP Units, at the discretion of the Board. In addition, the Manager was entitled to a $1.3 million reimbursement for operating expenses it incurred on behalf of the Company for the fourth quarter 2023. This reimbursement was payable in cash or C-LTIP Units, at the discretion of the Board. Upon consultation with the Manager, the Board elected to pay 100% of the base management fee and the operating expense reimbursement in C-LTIP Units. On February 21, 2024, the Company issued 151,600 and 95,204 C-LTIP Units in payment of the base management fee and operating expense reimbursement, respectively, for the fourth quarter 2023.

Wayford at Pringle Loan Financing

On January 10, 2024, the Company entered into an agreement to provide a loan in the maximum aggregate amount up to $ 30.1 million (the “Pringle Loan”) to an unaffiliated, third-party borrower to acquire 102-build for rent, single-family residential units in Charlotte, North Carolina to be known as Wayford at Pringle. The units are currently under development, and the Company will disburse loan proceeds to the borrower for unit acquisitions as construction is completed. The Pringle Loan is comprised of two notes as follows: Note A in the maximum principal amount up to $22.3 million and Note B in the maximum principal amount up to $ 7.8 million. Both notes have an initial maturity of January 12, 2026 and contain four (4) six-month extension options subject to certain conditions. Note A bears interest on the amount drawn at one-month SOFR plus 4.50% through initial maturity, and if extended, such rate becomes subject to a 5.31% rate floor. Note A has regular monthly payments that are interest-only during the term of the loan, and no prepayment of Note A, in part or in whole, can be made prior to prepayment of Note B subject to certain conditions. On Note B, interest shall accrue on the amount drawn at a rate of 15.00% per annum, compounded monthly, with outstanding principal and accrued interest amounts due upon maturity. Note B can be prepaid in part or in whole subject to minimum interest. As of February 29, 2024, the Company had funded zero and $5.9 million of Note A and Note B, respectively.

Stock Repurchase Plan

On February 13, 2024, the Board authorized a stock repurchase plan for the repurchase, from time to time, of up to an aggregate of $5 million of the Company’s outstanding shares of Class A common stock, with such repurchases to be conducted in accordance with the requirements of Rule 10b-18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”) and subject to Rule 10b-5 of the Exchange Act. The repurchase plan has a term of one year and may be discontinued at any time. The extent to which the Company repurchases shares of its Class A common stock under the repurchase plan, and the timing of any such repurchases, depends on a variety of factors including general business and market conditions and other corporate considerations. The Company expects to repurchase shares of its Class A common stock through open market transactions subject to market conditions, certain price limitations and other conditions established under the plan. Open market repurchases will be structured to occur in conformity with the method, timing, price and volume requirements of Rule 10b-18 of the Exchange Act. As of the filing date of this Annual Report on Form 10-K, no repurchases were made by the Company.

Bluerock Homes Trust, Inc.
Schedule III - Real Estate and Accumulated Depreciation December 31, 2023
(amounts in thousands)

COLUMN A		COLUMN B	COLUMN C		COLUMN D	COLUMN E			COLUMN F	COLUMN G	COLUMN H
			Initial Cost		Costs Capitalized	Gross Amount at Which Carried at Close of Period					Life on Which Depreciation in Latest Income
Property	Location	Encumbrance	Land	Building and Improvements	Subsequent to Acquisition	Land	Building and Improvements	Total	Accumulated Depreciation	Date of Acquisition	Statement is Computed
Real Estate Held for Investment											
Abode Wendell Falls [(1)]	NC	—	6,514	—	—	6,514	—	6,514	—	2023	3 - 40 Years
Ballast	AZ / CO / WA	—	7,272	25,900	1,216	7,321	27,067	34,388	1,577	2022	3 - 40 Years
Golden Pacific	IN / KS / MO	—	6,105	29,519	4,838	6,105	34,357	40,462	2,106	2021/2022	3 - 40 Years
ILE [(2)]	TX / SE US	29,680	22,438	90,637	11,603	22,438	102,240	124,678	6,732	2021/2022	3 - 40 Years
Indy-Springfield, formerly Peak JV 1 [(3)]	IN / MO	—	7,535	40,513	2,368	7,540	42,876	50,416	3,430	2021	3 - 40 Years
Navigator Villas	WA	19,702	2,026	27,206	1,332	2,027	28,537	30,564	4,396	2019	3 - 40 Years
Peak JV 2 [(3)]	Various / TX	—	9,914	73,105	6,172	9,926	79,265	89,191	5,869	2021/2022	3 - 40 Years
Peak JV 3	TX	—	1,811	7,201	818	1,813	8,017	9,830	586	2021	3 - 40 Years
Savannah-84, formerly Peak JV 4 [(3)]	GA	—	2,698	17,880	234	2,698	18,114	20,812	824	2022	3 - 40 Years
Wayford at Concord	NC	32,973	2,933	40,922	141	2,933	41,063	43,996	3,487	2021	3 - 40 Years
Yauger Park Villas	WA	14,350	1,322	24,575	739	1,322	25,314	26,636	2,606	2021	3 - 40 Years
Subtotal		96,705	70,568	377,458	29,461	70,637	406,850	477,487	31,613		
Total Single-family properties held for sale [(4)]	Various	—	3,841	15,617	622	3,841	16,239	20,080	1,190		
Non-Real Estate assets											
REIT Operator	MI	—	—	185	790	—	975	975	839	2017	5 Years
Total		**$ 96,705**	**$ 74,409**	**$ 393,260**	**$ 30,873**	**$ 74,478**	**$ 424,064**	**$ 498,542**	**$ 33,642**		

(1) Abode Wendell Falls is a build to rent development project expected to commence construction in the second quarter 2024. The total estimated construction cost is $56.0 million, of which $6.5 million was incurred as of December 31, 2023.

(2) ILE was funded, in part, by the ILE Sunflower Credit Facility. At December 31, 2023, the outstanding ILE Sunflower Credit Facility balance was$20.0 million.

(3) Indy-Springfield, Peak JV 2 and Savannah-84 were funded, in part, by the Amended DB Credit Facility. At December 31, 2023, the outstanding Amended DB Credit Facility balance was $50.0 million.

(4) An aggregate of 118 units are classified as held for sale from the following portfolios: 35 units in Indy-Springfield, 13 units in Peak JV 2, and 70 units in Peak JV 3.

Bluerock Homes Trust, Inc.
Notes to Schedule III December 31, 2023
(amounts in thousands)

1. Reconciliation of Real Estate Properties
The following table reconciles the Real Estate Properties from January 1, 2022 to December 31, 2023.

	2023	2022
Balance at January 1	$ 489,991	$ 323,048
Acquisition of real estate	10,843	147,619
Capital expenditures	8,180	19,324
Impairment of held for sale real estate	(1,330)	—
Disposition of real estate	(9,142)	—
Balance at December 31	$ 498,542	$ 489,991

2. Reconciliation of Accumulated Depreciation
The following table reconciles the Real Estate Properties from January 1, 2022 to December 31, 2023.

	2023	2022
Balance at January 1	$ 17,865	$ 4,964
Current year depreciation expense	16,179	12,901
Disposition of real estate	(402)	—
Balance at December 31	$ 33,642	$ 17,865

Bluerock Homes Trust, Inc.
Schedule IV - Loans on Real Estate

December 31, 2023

Description	Property Name	Location	Interest Rate	Maturity Date	Periodic Payment Terms	Prior Liens	Face Amount of Loans (in thousands)	Carrying Amount of Loans (in thousands)	Principal Amount of Loans Subject to Delinquent Principal or Interest
Real Estate Loans on Residential Rental Community [1]	The Woods at Forest Hill	Forest Hills, TX	10.00 %	12/20/2024	12	—	$ 8,284	$ 8,284	—
	Willow Park	Willow Park, TX	5.08 %	10/28/2024	12	—	9,400	9,400	—
							$ 17,684	$ 17,684	

(1) Refer to Note 7 for further information regarding the Woods Loan and the Willow Loan.

Bluerock Homes Trust, Inc.
Note to Schedule IV - Reconciliation of Loans on Real Estate
(amounts in thousands)

	Year Ended December 31,	
	2023	2022
Balance at beginning of period	$ —	$ 36,000
Additions during period:		
Purchases	17,684	9,645
Deductions during period:		
Collections of principal	—	(45,645)
Balance at end of period	$ 17,684	$ —

EXHIBIT INDEX

Exhibit Number	Description
2.1	Separation and Distribution Agreement, dated as of October 5, 2022, by and among Bluerock Residential Growth REIT, Inc., Badger Parent LLC, Badger Holdco LLC, Bluerock Residential Holdings, L.P. and Bluerock Homes Trust, Inc., incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed on October 6, 2022
3.1	Second Articles of Amendment and Restatement of Bluerock Homes Trust, Inc., incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on October 6, 2022
3.2	Amended and Restated Bylaws of Bluerock Homes Trust, Inc., incorporated by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K filed on October 6, 2022
3.3	Articles Supplementary of the Company, dated December 1, 2022, incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on December 5, 2022
3.4	Articles Supplementary of the Company, dated January 24, 2023, incorporated by reference to Exhibit 3.3 to the Company's Registration Statement on Form S-11 (SEC File No. 333-269415) filed on January 25, 2023
3.5	Articles Supplementary of the Company, dated March 14, 2023, incorporated by reference to Exhibit 3.5 to the Company's Annual Report on Form 10 - K filed on March 22, 2023
4(vi)	Description of Registrant's Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934
10.1	Tax Matters Agreement, dated as of October 5, 2022, by and among Bluerock Residential Growth REIT, Inc., Badger Parent LLC, Badger Holdco LLC, Bluerock Residential Holdings, L.P., Bluerock REIT Holdings, LLC and Bluerock Homes Trust, Inc., incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on October 6, 2022
10.2	Management Agreement, dated as of October 5, 2022, by and among Bluerock Homes Manager, LLC, Bluerock Homes Trust, Inc. and Bluerock Residential Holdings, L.P., incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on October 6, 2022
10.3	Amendment to Management Agreement, dated January 10, 2023, by and among Bluerock Homes Manager, LLC, Bluerock Homes Trust, Inc. and Bluerock Residential Holdings, L.P., incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on January 12, 2023
10.4	Bluerock Homes Trust, Inc. 2022 Equity Incentive Plan for Individuals, incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed on October 6, 2022
10.5	Bluerock Homes Trust, Inc. 2022 Equity Incentive Plan for Entities, incorporated by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K filed on October 6, 2022
10.6	Indemnification Agreement by and among Bluerock Homes Trust, Inc., Bluerock Residential Holdings, L.P. and R. Ramin Kamfar, effective October 6, 2022, incorporated by reference to Exhibit 10.5 to the Company's Current Report on Form 8-K filed on October 6, 2022
10.7	Indemnification Agreement by and among Bluerock Homes Trust, Inc., Bluerock Residential Holdings, L.P. and Jordan Ruddy, effective October 6, 2022, incorporated by reference to Exhibit 10.6 to the Company's Current Report on Form 8-K filed on October 6, 2022

10.8	Indemnification Agreement by and among Bluerock Homes Trust, Inc., Bluerock Residential Holdings, L.P. and Ryan MacDonald, effective October 6, 2022, incorporated by reference to Exhibit 10.7 to the Company's Current Report on Form 8-K filed on October 6, 2022
10.9	Indemnification Agreement by and among Bluerock Homes Trust, Inc., Bluerock Residential Holdings, L.P. and James G. Babb, III, effective October 6, 2022, incorporated by reference to Exhibit 10.8 to the Company's Current Report on Form 8-K filed on October 6, 2022
10.10	Indemnification Agreement by and among Bluerock Homes Trust, Inc., Bluerock Residential Holdings, L.P. and Christopher J. Vohs, effective October 6, 2022, incorporated by reference to Exhibit 10.9 to the Company's Current Report on Form 8-K filed on October 6, 2022
10.11	Indemnification Agreement by and among Bluerock Homes Trust, Inc., Bluerock Residential Holdings, L.P. and Michael DiFranco, effective October 6, 2022, incorporated by reference to Exhibit 10.10 to the Company's Current Report on Form 8-K filed on October 6, 2022
10.12	Indemnification Agreement by and among Bluerock Homes Trust, Inc., Bluerock Residential Holdings, L.P. and Jason Emala, effective October 6, 2022, incorporated by reference to Exhibit 10.11 to the Company's Current Report on Form 8-K filed on October 6, 2022
10.13	Indemnification Agreement by and among Bluerock Homes Trust, Inc., Bluerock Residential Holdings, L.P. and I. Bobby Majumder, effective October 6, 2022, incorporated by reference to Exhibit 10.12 to the Company's Current Report on Form 8-K filed on October 6, 2022
10.14	Indemnification Agreement by and among Bluerock Homes Trust, Inc., Bluerock Residential Holdings, L.P. and Elizabeth Harrison, effective October 6, 2022, incorporated by reference to Exhibit 10.13 to the Company's Current Report on Form 8-K filed on October 6, 2022
10.15	Indemnification Agreement by and among Bluerock Homes Trust, Inc., Bluerock Residential Holdings, L.P. and Kamal Jafarnia, effective October 6, 2022, incorporated by reference to Exhibit 10.14 to the Company's Current Report on Form 8-K filed on October 6, 2022
10.16	Indemnification Agreement by and among Bluerock Homes Trust, Inc., Bluerock Residential Holdings, L.P. and Romano Tio, effective October 6, 2022, incorporated by reference to Exhibit 10.15 to the Company's Current Report on Form 8-K filed on October 6, 2022
10.17	Loan Agreement, dated April 6, 2022, by and among persons that are party thereto listed as Borrowers, persons party thereto that are listed as Equity Owners, Bluerock Residential Holdings, LP, persons that are party thereto listed as Lenders, Deutsche Bank Securities Inc., Deutsche Bank AG, New York Branch and Computershare Trust Company, N.A., incorporated by reference to Exhibit 10.16 to the Company's Quarterly Report on Form 10-Q filed on November 4, 2022
10.18	Sponsor Guaranty, dated April 6, 2022, by and between Bluerock Homes Trust, Inc. and Deutsche Bank AG, New York Branch, incorporated by reference to Exhibit 10.17 to the Company's Quarterly Report on Form 10-Q filed on November 4, 2022
10.19	Managing Broker Dealer Agreement by and among Bluerock Homes Trust, Inc. and Bluerock Capital Markets, LLC, dated November 1, 2022, incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on December 5, 2022
10.20	Second Amended and Restated Agreement of Limited Partnership of Bluerock Residential Holdings, L.P., dated April 2, 2014, incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K of Bluerock Residential Growth REIT, Inc. filed on April 8, 2014

10.21	First Amendment to the Second Amended and Restated Agreement of Limited Partnership of Bluerock Residential Holdings, L.P., dated October 21, 2015, incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K of Bluerock Residential Growth REIT, Inc. filed on October 21, 2015
10.22	Second Amendment to the Second Amended and Restated Agreement of Limited Partnership of Bluerock Residential Holdings, L.P., dated December 21, 2015, incorporated by reference to Exhibit 10.4 to the Current Report on Form 8-K of Bluerock Residential Growth REIT, Inc. filed on December 22, 2015
10.23	Third Amendment to the Second Amended and Restated Agreement of Limited Partnership of Bluerock Residential Holdings, L.P., dated March 1, 2016, incorporated by reference to Exhibit 10.4 to the Current Report on Form 8-K of Bluerock Residential Growth REIT, Inc. filed on March 1, 2016
10.24	Fourth Amendment to the Second Amended and Restated Agreement of Limited Partnership of Bluerock Residential Holdings, L.P., dated March 29, 2016, incorporated by reference to Exhibit 99.1 to the Current Report on Form 8-K of Bluerock Residential Growth REIT, Inc. filed on April 19, 2016
10.25	Fifth Amendment to the Second Amended and Restated Agreement of Limited Partnership of Bluerock Residential Holdings, L.P., dated July 15, 2016, incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K of Bluerock Residential Growth REIT, Inc. filed on July 18, 2016
10.26	Sixth Amendment to the Second Amended and Restated Agreement of Limited Partnership of Bluerock Residential Holdings, L.P., dated October 11, 2016, incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K of Bluerock Residential Growth REIT, Inc. filed on October 12, 2016
10.27	Seventh Amendment to the Second Amended and Restated Agreement of Limited Partnership of Bluerock Residential Holdings, L.P., dated July 21, 2017, incorporated by reference to Exhibit 10.3 to the Current Report on Form 8-K of Bluerock Residential Growth REIT, Inc. filed on July 21, 2017
10.28	Eighth Amendment to the Second Amended and Restated Agreement of Limited Partnership of Bluerock Residential Holdings, L.P., dated October 31, 2017, incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K of Bluerock Residential Growth REIT, Inc. filed on November 6, 2017
10.29	Ninth Amendment to the Second Amended and Restated Agreement of Limited Partnership of Bluerock Residential Holdings, L.P., dated November 15, 2017, incorporated by reference to Exhibit 10.3 to the Current Report on Form 8-K of Bluerock Residential Growth REIT, Inc. filed on November 20, 2017
10.30	Tenth Amendment to the Second Amended and Restated Agreement of Limited Partnership of Bluerock Residential Holdings, L.P., dated August 6, 2018, incorporated by reference to Exhibit 10.6 to the Quarterly Report on Form 10-Q of Bluerock Residential Growth REIT, Inc. filed on August 8, 2018
10.31	Eleventh Amendment to the Second Amended and Restated Agreement of Limited Partnership of Bluerock Residential Holdings, L.P., dated November 16, 2018, incorporated by reference to Exhibit 10.3 to the Current Report on Form 8-K of Bluerock Residential Growth REIT, Inc. filed on November 19, 2018
10.32	Twelfth Amendment to the Second Amended and Restated Agreement of Limited Partnership of Bluerock Residential Holdings, L.P., dated November 19, 2019, incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K of Bluerock Residential Growth REIT, Inc. filed on November 19, 2019
10.33	Thirteenth Amendment to Second Amended and Restated Agreement of Limited Partnership of Bluerock Residential Holdings, L.P., dated September 22, 2022, incorporated by reference to the Current Report on Form 8-K of Bluerock Residential Growth REIT, Inc. filed on September 22, 2022

10.34	Fourteenth Amendment to the Second Amended and Restated Agreement of Limited Partnership of Bluerock Residential Holdings, L.P., dated December 1, 2022, incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on December 5, 2022
10.35	Fifteenth Amendment to the Second Amended and Restated Agreement of Limited Partnership of Bluerock Residential Holdings, L.P., dated January 24, 2023, incorporated by reference to Exhibit 4.4 to the Company's Registration Statement on Form S-11 (SEC File No. 333-269415) filed on January 25, 2023
10.36	Form of Dealer Manager Agreement by and among Bluerock Homes Trust, Inc. and Bluerock Capital Markets, LLC, incorporated by reference to Exhibit 10.18 to the Company's Registration Statement on Form S-11 (SEC File No. 333-269415) filed on January 25, 2023
14.1	Code of Business Conduct and Ethics, effective October 6, 2022, incorporated by reference to Exhibit 14.1 to the Company's Quarterly Report on Form 10-Q filed on November 4, 2022
14.2	Code of Ethics for Senior Executive and Financial Officers, effective October 6, 2022, incorporated by reference to Exhibit 14.2 to the Company's Quarterly Report on Form 10-Q filed on November 4, 2022
21.1	Subsidiaries of the Registrant
23.1	Consent of Grant Thornton LLP
31.1	Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of Principal Executive Officer and Principal Financial Officer pursuant to 18 U.S.C. 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002
97	Bluerock Homes Trust, Inc. Executive Incentive-Based Compensation Recoupment Policy dated October 6, 2022.
99.1	Press Release of Bluerock Homes Trust, Inc. issued December 19, 2023, incorporated by reference to Exhibit 99.1 to the Current Report on Form 8-K filed by the Company on December 22, 2023
99.2	Press Release of Bluerock Homes Trust, Inc. issued November 14, 2023, incorporated by reference to Exhibit 99.2 to the Current Report on Form 8-K filed by the Company on December 22, 2023
101.1	The following information from the Company's annual report on Form 10-K for the year ended December 31, 2023, formatted in Inline XBRL (eXtensible Business Reporting Language): (i) Balance Sheets; (ii) Statements of Operations; (iii) Statement of Stockholders' Equity; (iv) Statements of Cash Flows
104.1	Cover Page Interactive Data File (formatted in Inline XBRL and contained in Exhibit 101.1)

Exhibit 4(vi)

**DESCRIPTION OF THE REGISTRANT'S SECURITIES
REGISTERED PURSUANT TO SECTION 12 OF THE
SECURITIES EXCHANGE ACT OF 1934**

As of December 31, 2023, Bluerock Homes Trust, Inc. ("we," "us," "our," and the "Company"), had one class of securities registered under Section 12 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"): our Class A common stock, $0.01 par value per share (our "Class A common stock"). Our Class A common stock is listed on the NYSE American under the ticker symbol "BHM."

The following description sets forth certain material terms and provisions of our capital stock. The rights of our stockholders are governed by Maryland law as well as our charter and bylaws, and this description also summarizes relevant provisions of Maryland law. The following summary does not purport to be complete and is subject to, and is qualified in its entirety by reference to, the applicable provisions of Maryland law and our charter (including the applicable articles supplementary designating the terms of a class or series of preferred stock) and our bylaws, copies of which are incorporated by reference as exhibits to the Annual Report on Form 10-K of which this Exhibit 4(vi) is a part. We encourage you to read our charter, our bylaws and the applicable provisions of Maryland law for additional information.

General

Our charter provides that we may issue up to 750,000,000 shares of common stock, $0.01 par value per share, and 250,000,000 shares of preferred stock, $0.01 par value per share.

Of our 750,000,000 authorized shares of common stock, 562,500,000 shares have been classified as Class A common stock, $0.01 par value per share, and 187,500,000 shares have been classified as Class C common stock, $0.01 par value per share. The Class A common stock is listed on the NYSE American under the symbol "BHM." As of December 31, 2023, there were issued and outstanding 3,871,265 shares of Class A common stock, and 8,489 shares of Class C common stock.

Of our 250,000,000 authorized shares of preferred stock, 30,000,000 shares have been classified as 6.0% Series A Redeemable Preferred Stock, $0.01 par value per share ("Series A Preferred Stock"). The Series A Preferred Stock is not registered under Section 12 of the Exchange Act. Currently no market exists for the Series A Preferred Stock, and we do not expect a market to develop. We currently have no plan to list the Series A Preferred Stock on any national securities exchange or to include such shares for quotation on any national securities market. As of December 31, 2023, there were 436,675 shares of Series A Preferred Stock issued and outstanding.

As of December 31, 2023, there were outstanding (a) 7,365,735 units of limited partnership interest ("OP Units") in Bluerock Residential Holdings, L.P., a Delaware limited partnership of which we are the sole general partner (the "Operating Partnership"), which OP Units may, subject to certain limitations, be redeemed for cash or, at our option, exchanged for shares of our Class A common stock on a one-for-one basis; and (b) 1,143,442 units of a special class of partnership interest in our Operating Partnership ("LTIP Units"), of which (i) 677,144 have vested, and (ii) 466,298 will vest ratably on an annual basis over an applicable three- or five-year period that commenced upon issuance. Upon vesting and reaching capital account equivalency with the OP Units held by us, LTIP Units may convert to OP Units, and may then be settled in shares of our Class A common stock. In addition, the 8,489 outstanding shares of our Class C common stock may be converted, or automatically convert, in certain circumstances, to shares of our Class A common stock on a one-for-one basis. Other than those described above, there are no outstanding rights of any other kind in respect of our Class A common stock.

Under Maryland law, our stockholders generally are not liable for our debts or obligations solely as a result of their status as stockholders.

Common Stock

Distributions

Subject to the preferential rights, if any, of any class or series of our stock other than our common stock and to the provisions of our charter regarding the restrictions on the ownership and transfer of stock, the holders of our common stock are entitled to receive distributions authorized by our board of directors and declared by us out of legally available funds after payment of, or provision for, full cumulative distributions on and any required redemptions of shares of any series of preferred stock then outstanding, and, upon our liquidation or dissolution, are entitled to share ratably in the distributable assets of our Company remaining after satisfaction of the prior preferential rights of any preferred stock and the satisfaction of all of our debts and liabilities.

Voting Rights

Subject to the restrictions on ownership and transfer of stock contained in our charter and except as may otherwise be specified in our charter, each share of our Class A common stock will have one vote per share and each share of our Class C common stock will have fifty votes per share on all matters voted on by stockholders, including the election of directors. Because stockholders do not have cumulative voting rights, holders of a majority of the outstanding shares of common stock can elect our entire board of directors. Generally, the affirmative vote of a majority of all votes cast is necessary to take stockholder action, except that a plurality of all the votes cast at a meeting at which a quorum is present is sufficient to elect a director, and except as set forth in the next paragraph.

Under Maryland law, a Maryland corporation generally cannot dissolve, amend its charter, merge, consolidate, convert into another form of business entity, sell all or substantially all of its assets, engage in a statutory share exchange , unless declared advisable by the corporation's board of directors and approved by the affirmative vote of stockholders entitled to cast at least two-thirds of the votes entitled to be cast on the matter. However, a Maryland corporation may provide in its charter for approval of these matters by a lesser percentage, but not less than a majority of all of the votes entitled to be cast on the matter. Our charter provides for a majority vote in these situations. Our charter further provides that any or all of our directors may be removed from office at any time, but only for cause, and then only by the affirmative vote of at least a majority of the votes entitled to be cast generally in the election of directors. For these purposes, "cause" will mean, with respect to any particular director, conviction of a felony or final judgment of a court of competent jurisdiction holding that such director caused demonstrable material harm to us through bad faith or active and deliberate dishonesty.

Other Rights

Holders of our common stock do not have preference, conversion, exchange, sinking fund, or redemption rights or preemptive rights to subscribe for any of our securities, and generally have no appraisal rights.

Power to Increase or Decrease Authorized Shares of Common Stock, Reclassify Unissued Shares of Common Stock and Issue Additional Shares of Common Stock

Subject to the preferential rights of any class or series of preferred stock, our charter authorizes our board of directors, with the approval of a majority of the directors and without any action by stockholders, to amend our charter from time to time to increase or decrease the aggregate number of authorized shares of stock or the number of shares of stock of any class or series that we have authority to issue. In addition, our charter authorizes our board of directors to authorize the issuance from time to time of shares of our common stock.

Our charter also contains a provision permitting our board of directors, by resolution and without approval of our stockholders, to classify or reclassify any unissued common stock into one or more classes or series of stock and establish the preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications, or terms or conditions of redemption of any such stock, subject to certain restrictions, including the express terms of any class or series of stock outstanding at the time. We believe that the power to classify or reclassify unissued shares of stock and thereafter issue the classified or reclassified shares provides us with increased flexibility in structuring possible future financings and acquisitions and in meeting other needs that might arise.

Transfer Agent and Registrar

The transfer agent and registrar for our Class A common stock and Class C common stock is Computershare Trust Company, N.A. (“CTC”).

Listing

Our Class A common stock is listed on the NYSE American under the symbol “BHM.”

Restrictions on Ownership and Transfer

In order for us to qualify and maintain our qualification as a REIT under the U.S. federal income tax laws, we must meet several requirements concerning the ownership of our outstanding capital stock. Specifically, no more than 50% in value of our outstanding shares of capital stock may be owned, directly or indirectly, by five or fewer individuals (as defined in the U.S. federal income tax laws to include specified private foundations, employee benefit plans and trusts, and charitable trusts) during the last half of any taxable year, other than our first REIT taxable year. Moreover, our outstanding shares of capital stock must be beneficially owned by 100 or more persons during at least 335 days of a taxable year of 12 months or during a proportionate part of a shorter taxable year, other than our first REIT taxable year.

Because we expect our board of directors to believe it is essential for our company to qualify and continue to qualify as a REIT and for other corporate purposes, our charter, subject to the exceptions described below, provides that no person may own, or be deemed to own by virtue of the attribution provisions of the U.S. federal income tax laws, more than 9.8% of:

- the total value of the aggregate of the outstanding shares of our capital stock; or
- the total value or number (whichever is more restrictive) of the aggregate of the outstanding shares of our common stock.

Further, our charter provides that no person may own more than 9.8% in value or in number of shares, whichever is more restrictive, of the outstanding shares of Series A Preferred Stock. We refer to these limitations regarding the ownership of our stock collectively as the “9.8% Ownership Limitation.” Further, our charter provides for certain circumstances where our board of directors may exempt (prospectively or retroactively) a person from the 9.8% Ownership Limitation and establish or increase an excepted holder limit for such person. Subject to certain conditions, our board of directors may also increase the 9.8% Ownership Limitation for one or more persons and decrease the 9.8% Ownership Limitation for all other persons.

To assist us in qualifying and preserving our status as a REIT, among other purposes, our charter also contains limitations on the ownership and transfer of shares of capital stock that would:

- result in our capital stock being beneficially owned by fewer than 100 persons, determined without reference to any rules of attribution;
- result in our company being “closely held” under the U.S. federal income tax laws; and
- cause our company to own, actually or constructively, 9.8% or more of the ownership interests in a tenant of our real property, under the U.S. federal income tax laws or otherwise fail to qualify as a REIT.

Any attempted transfer of our stock, which, if effective, would result in our stock being beneficially owned by fewer than 100 persons, will be null and void, with the intended transferee acquiring no rights in such shares of stock. If any transfer of our stock occurs which, if effective, would result in any person owning shares in violation of the other limitations described above (including the 9.8% Ownership Limitation), then that number of shares the ownership of which otherwise would cause such person to violate such limitations, rounded up to the nearest whole share, will automatically result in such shares being designated as shares-in-trust and transferred automatically to a trust effective on the close of business on the business day before the purported transfer of such shares. We will designate the trustee, but it will not be affiliated with our company. The beneficiary of the trust will be one or more charitable organizations that are named by our company. If the transfer to the trust would not be effective for any reason to prevent a violation of the limitations on ownership and transfer, then the transfer of that number of shares that otherwise would cause the violation will be null and void, with the intended transferee acquiring no rights in such shares.

Shares-in-trust will remain shares of issued and outstanding capital stock and will be entitled to the same rights and privileges as all other stock of the same class or series, but the intended transferee will acquire no rights in those shares. The trustee will receive all dividends and other distributions on the shares-in-trust and will hold such dividends or other distributions in trust for the benefit of the beneficiary. Any dividend or other distribution paid prior to our discovery that shares of stock have been transferred to the trustee will be paid by the recipient to the trustee upon demand. Any dividend or other distribution authorized but unpaid will be paid when due to the trustee. The trustee will vote all shares-in-trust and, subject to Maryland law, effective as of the date that the shares-in-trust were transferred to the trustee, the trustee will have the authority to rescind as void any vote cast by the proposed transferee prior to our discovery that the shares have been transferred to the trust and to recast the vote in accordance with the desires of the trustee acting for the benefit of the beneficiary. However, if we have already taken irreversible corporate action, then the trustee will not have the authority to rescind and recast the vote.

As soon as reasonably practicable after receiving notice from us that shares of our stock have been transferred to the trust (and no later than 20 days after receiving notice in the case of shares of Series A Preferred Stock that are listed or admitted to trading on a national securities exchange, if any), the trustee will sell the shares to a person designated by the trustee whose ownership of the shares will not violate the above ownership limitations. Upon the sale, the interest of the beneficiary in the shares sold will terminate and the trustee will distribute the net proceeds of the sale to the record holder of the shares that are designated as shares-in-trust (the “Prohibited Owner”), and to the beneficiary as follows. The Prohibited Owner generally will receive from the trust the lesser of:

- the price paid by the Prohibited Owner paid for the shares of capital stock that were designated as shares-in-trust or, if the Prohibited Owner did not give value for the shares in connection with the event causing the shares to be held in trust, the market price per share on the date of the event causing the shares to be held in trust; or
- the price per share received by the trustee from the sale or other disposition of such shares-in-trust, net of any commissions and other expenses of sale.

The trustee may reduce the amount payable to the Prohibited Owner by the amount of dividends and other distributions that have been paid to the Prohibited Owner and are owed by the Prohibited Owner to the trustee. The trust will distribute to the beneficiary any amounts received by the trust in excess of the amounts to be paid to the Prohibited Owner. If, prior to our discovery that shares of our stock have been transferred to the trust, the shares are sold by the proposed transferee, then the shares will be deemed to have been sold on behalf of the trust and, to the extent that the Prohibited Owner received an amount for the shares that exceeds the amount the Prohibited Owner was entitled to receive, the excess shall be paid to the trustee upon demand.

In addition, the shares-in-trust will be deemed to have been offered for sale to us, or our designee, at a price per share equal to the lesser of:

- the price per share in the transaction that created such shares-in-trust or, in the case of a gift or devise, the market price per share on the date of such gift or devise; or
- the market price per share on the date that we, or our designee, accepts such offer.

We may reduce the amount payable to the Prohibited Owner by the amount of dividends and other distributions that have been paid to the Prohibited Owner and are owed by the Prohibited Owner to the trustee. We may pay the amount of such reduction to the trustee for the benefit of the beneficiary.

“Market price” on any date means the closing price for our stock on such date. The “closing price” refers to the last sale price for such shares, regular way, or, in case no such sale takes place on such day, the average of the closing bid and asked prices, regular way, for such shares, in either case as reported in the principal consolidated transaction reporting system as reported by the primary securities exchange or market on which our stock is then listed or quoted for trading. If our stock is not so listed or admitted to trading, the “closing price” will mean the last quoted price, or, if not so quoted, the average of the high bid and low asked prices in the principal automated quotation system that may then be in use or, if such shares are not quoted by any such system, the average of the closing bid and asked prices as furnished by a professional market maker making a market in such shares selected by our board of directors or, in the event that no trading price is available for such shares, the fair market value of shares, as determined by our board of directors.

If you acquire or attempt or intend to acquire shares of our capital stock in violation of the foregoing restrictions, or if you owned common or preferred stock that was transferred to a trust, then we will require you to give us immediate written notice of such event or, in the case of a proposed or attempted transaction, at least 15 days prior written notice, and to provide us with such other information as we may request in order to determine the effect, if any, of such transfer on our status as a REIT.

If you own, directly or indirectly, 5% or more, or such lower percentages as required under the U.S. federal income tax laws or the regulations promulgated thereunder, of the outstanding shares of our stock, then you must, upon request following the end of each taxable year, provide to us a written statement or affidavit stating your name and address, the number of shares of capital stock owned directly or indirectly, and a description of how such shares are held. In addition, each direct or indirect stockholder must provide to us such additional information as we may request in order to determine the effect, if any, of such ownership on our qualification as a REIT and to ensure compliance with the 9.8% Ownership Limitation.

The 9.8% Ownership Limitation generally will not apply to the acquisition of shares of capital stock by an underwriter, placement agent or initial purchaser in a Rule144A transaction that participates in a public offering, private placement or other private offering of such shares. In addition, our board of directors, upon receipt of a ruling from the IRS or an opinion of counsel and upon such other conditions as our board of directors may direct, including the receipt of certain representations and undertakings required by our charter, may exempt (prospectively or retroactively) a person from the ownership limit and establish or increase an excepted holder limit for such person. The 9.8% Ownership Limitation will continue to apply until our board of directors determines that it is no longer in the best interests of our company to attempt to qualify, or to continue to qualify, as a REIT or that compliance is no longer required for REIT qualification.

All certificates, if any, representing our common or preferred stock, will bear a legend referring to the restrictions described above or a legend that we will furnish a full statement about these restrictions on request and without charge.

The ownership limit in our charter may have the effect of delaying, deferring or preventing a takeover or other transaction or change in control of our company that might involve a premium price for your shares or otherwise be in your interest as a stockholder. The restrictions on ownership and transfer of our stock described above could delay, defer or prevent a transaction or a change in control that might involve a premium price for our common stock or otherwise be in the best interests of our stockholders.

Preferred Stock

Our charter authorizes our board of directors, without further stockholder action, to provide for the issuance of up to 250,000,000 shares of preferred stock, in one or more classes or series, with such terms, preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications and terms or conditions of redemption, as our board of directors may approve, subject to certain restrictions.

If any preferred stock is publicly offered, the terms and conditions of such preferred stock, including any convertible preferred stock, will be set forth in articles supplementary and described in a prospectus relating to the issuance of such preferred stock, if such preferred stock is registered. Because our board of directors has the power to establish the preferences and rights of each class or series of preferred stock, it may afford the holders of any series or class of preferred stock preferences, powers, and rights senior to the rights of holders of common stock or other preferred stock, subject to certain restrictions. If we ever authorize, create and issue additional preferred stock with a distribution preference over common stock or preferred stock, payment of any distribution preferences of new outstanding preferred stock would reduce the amount of funds available for the payment of distributions on the common stock and junior preferred stock. Further, holders of preferred stock are normally entitled to receive a preference payment if we liquidate, dissolve, or wind up before any payment is made to the common stockholders, likely reducing the amount common stockholders and junior preferred stockholders, if any, would otherwise receive upon such an occurrence. In addition, under certain circumstances, the issuance of additional preferred stock may delay, prevent, render more difficult or tend to discourage the following:

- a merger, tender offer, or proxy contest;
- the assumption of control by a holder of a large block of our securities; or
- the removal of incumbent management.

Also, subject to certain restrictions, our board of directors, without stockholder approval, may issue additional preferred stock with voting and conversion rights that could adversely affect the holders of common stock or preferred stock.

Distributions

We intend to make regular cash distributions to our stockholders, typically on a monthly basis. Our board of directors will determine the amount of distributions to be distributed to our stockholders. The board's determination will be based on a number of factors, including funds available from operations, our capital expenditure requirements and the annual distribution requirements necessary to maintain our REIT qualification under the Code. As a result, our distribution rate and payment frequency may vary from time to time. However, to maintain our qualification as a REIT for U.S. federal income tax purposes, we must make distributions equal to at least 90% of our REIT taxable income (determined without regard to the dividends paid deduction and excluding net capital gain) each year. Especially during the early stages of our operations, some or all of our cash distributions are expected to be paid from sources other than cash flows from operating activities, such as cash flows from financing activities, which may include borrowings, net proceeds from shares sold in this offering or our common stock offering, proceeds from the issuance of additional shares pursuant to any future distribution reinvestment plan for our common stock, cash resulting from a waiver or deferral of fees or expense reimbursements otherwise payable to the Manager or its affiliates, cash resulting from the Manager or its affiliates paying certain of our expenses, proceeds from the sales of assets, and from our cash balances. There is no limit on distributions that may be paid from any of these sources, however, our Manager and its affiliates are under no obligation to defer or waive fees in order to support our distributions. Our charter does not prohibit our use of such sources to fund distributions.

We will pay U.S. federal income tax on our taxable income, including net capital gain, that we do not distribute to stockholders. Furthermore, if we fail to distribute with respect to each year, at least the sum of 85% of our REIT ordinary income for such year, 95% of our REIT capital gain income for such year, and any undistributed taxable income from prior periods, we will incur a 4% nondeductible excise tax on the excess of such required distribution over the amounts we actually distribute. Distributions will be authorized at the discretion of our board of directors, and will depend on, among other things, current and projected cash requirements, tax considerations and other factors deemed relevant by our board of directors. Our board's discretion will be directed, in substantial part, by its obligation to cause us to comply with the REIT requirements. Because we may receive income from interest or rents at various times during our fiscal year, and because our board of directors may take various factors into consideration in setting distributions, distributions may not reflect our income earned in any particular distribution period and may be made in advance of actual receipt of funds in an attempt to make distributions relatively uniform. We are authorized to borrow money, issue new securities or sell assets in order to make distributions. There are no restrictions on the ability of our Operating Partnership to transfer funds to us. The use of sources other than cash flows from operating activities to fund distributions and the ultimate repayment of any liabilities incurred, as well as the payment of distributions in excess of our funds from operations, or "FFO," could adversely impact our ability to pay distributions in future periods, decrease the amount of cash we have available for operations and new investments and potentially reduce overall stockholder return and adversely impact and dilute the value of an investment in our shares.

Amounts available for distributions will be affected by our expenses, including any fees paid and distributions made to the Manager and any of its affiliates. The amounts available for distributions will also be affected by any distributions made to the holders of OP Units.

There can be no assurances that future cash flow will support distributions at the rate or amount per share that such distributions are paid in any particular distribution period. In the near-term, we expect that we may need to continue to rely on sources other than cash flows from operations, as determined on a GAAP basis, to pay cash distributions, which if insufficient could negatively impact our ability to pay cash distributions.

Exhibit 21.1

Bluerock Homes Trust, Inc.
Subsidiaries of the Registrant

1. Bluerock Residential Holdings, LP, a Delaware limited partnership
2. Bluerock TRS Holdings, LLC, a Delaware limited liability company
3. Bluerock REIT Operator, LLC, a Delaware limited liability company
4. BHM Acquisitions, LLC, a Delaware limited liability company
5. BR SP Navigator, LLC, a Delaware limited liability company
6. BR SP Navigator JV, LLC, a Delaware limited liability company
7. BRG Navigator Manager, LLC, a Delaware limited liability company
8. BRG Navigator, LLC, a Delaware limited liability company
9. BR Cal Yauger Park, LLC, a Delaware limited liability company
10. BR Cal Yauger Park JV, LLC, a Delaware limited liability company
11. BRG Yauger Park, LLC, a Delaware limited liability company
12. BR Wendell Falls, LLC, a Delaware limited liability company
13. BR Edgewater Wendell Falls JV, LLC, a Delaware limited liability company
14. BHM Wendell Falls, LLC, a Delaware limited liability company
15. Wayforth at Concord, LLC, a Delaware limited liability company
16. BRG Wayforth Investor, LLC, a Delaware limited liability company
17. BRG Willow Park Investor, LLC, a Delaware limited liability company
18. Wayford IP, LLC, a Delaware limited liability company
19. BR Wayford IP JV, LLC, a Delaware limited liability company
20. BRG Wayford IP Investor, LLC, a Delaware limited liability company
21. CCC-PSL, LLC, a Delaware limited liability company
22. BRG Capstone Lucie JV, LLC, a Delaware limited liability company
23. BRG Port St. Lucie Cottages Investor, LLC, a Delaware limited liability company
24. CCC-Myrtle Beach, LLC, a Delaware limited liability company
25. BRG Capstone Myrtle Beach JV, LLC, a Delaware limited liability company
26. BRG Myrtle Beach Cottages Investor, LLC, a Delaware limited liability company
27. ILE Homes Single Family Rental Fund, LP, a Delaware limited partnership
28. ILE Holdings, LLC, a Delaware limited liability company
29. ILE Bluerock Program Portfolio, LLC, a Delaware limited liability company
30. ILE Homes Single Family Rental GP, LLC, a Delaware limited liability company
31. ILE BR JV, LLC, a Delaware limited liability company
32. BRG ILE Investor, LLC, a Delaware limited liability company
33. BR BST AZ Portfolio I, LLC, a Delaware limited liability company
34. BR BST AZ I Pkg 1, LLC, a Delaware limited liability company
35. BR BST CO Portfolio I, LLC, a Delaware limited liability company
36. BR BST CO I Pkg 1, LLC, a Delaware limited liability company
37. BR BST WA Portfolio I, LLC, a Delaware limited liability company

38. BR BST WA I Pkg 1, LLC, a Delaware limited liability company
39. BR BST SFR JV I, LLC, a Delaware limited liability company
40. BHM Ballast Investor, LLC, a Delaware limited liability company
41. EMF Chandler, LLC, a Delaware limited liability company
42. Encore QOZ Business 2020, LP, a Delaware limited partnership
43. BHM Chandler Pref Investor, LLC, a Delaware limited liability company
44. BHM Pringle Lender, LLC, a Delaware limited liability company
45. BR GPC JV, LLC, a Delaware limited liability company
46. BR GPC Investor, LLC, a Delaware limited liability company
47. PH OP PKG 8, LLC, a Delaware limited liability company
48. BRG Springfield Investor, LLC, a Delaware limited liability company
49. Pkg 8 Springfield, LLC, a Delaware limited liability company
50. Pkg 8 Indy, LLC, a Delaware limited liability company
51. Pkg 8 Pledgor, LLC, a Delaware limited liability company
52. PH OP PKG 10, LLC, a Delaware limited liability company
53. Pkg 10-Springtown 70, LLC, a Delaware limited liability company
54. Pkg 10-Texarkana 29, LLC, a Delaware limited liability company
55. Pkg 10-Lubbock 1.0, LLC, a Delaware limited liability company
56. Pkg 10-Granbury, LLC, a Delaware limited liability company
57. Pkg 10-Granbury 34, LLC, a Delaware limited liability company
58. Pkg 10-Axelrod 22, LLC, a Delaware limited liability company
59. Pkg 10-Springtown 14, LLC, a Delaware limited liability company
60. Pkg 10-Lynnwood 20, LLC, a Delaware limited liability company
61. Pkg 10-Lynnwood 2-20, LLC, a Delaware limited liability company
62. Pkg 10-Lubbock 2.0, LLC, a Delaware limited liability company
63. Pkg 10-Lubbock 45, LLC, a Delaware limited liability company
64. Pkg 10 Pledgor, LLC, a Delaware limited liability company
65. Pkg 10a Recap, LLC, a Delaware limited liability company
66. BRG Pkg 10 Lender, LLC, a Delaware limited liability company
67. BRG Pkg 10 Investor, LLC, a Delaware limited liability company
68. BRG Peak SFR Pref Investor, LLC, a Delaware limited liability company
69. PH OP Pkg 11, LLC, a Delaware limited liability company
70. Pkg 11 Pledgor, LLC, a Delaware limited liability company
71. Pkg 10-FTW 188, LLC, a Delaware limited liability company
72. BRG Pkg 11 Investor, LLC, a Delaware limited liability company
73. BRG Pkg 11 Lender, LLC, a Delaware limited liability company
74. BRG Peak SFR Pref Investor, LLC, a Delaware limited liability company
75. Pkg 12 Lake Shore, LLC, a Delaware limited liability company
76. Pkg 12 Dasher Pointe, LLC, a Delaware limited liability company
77. BR PH Pkg 12 Savannah JV, LLC, a Delaware limited liability company

78. BHM Pkg 12 Savannah Investor, LLC, a Delaware limited liability company
79. BR PH Pkg 12 Savannah Pledgor, LLC, a Delaware limited liability company
80. Peak Forest Hill, LLC, a Delaware limited liability company
81. BR Peak Forest Hill JV, LLC, a Delaware limited liability company
82. BHM Forest Hill Investor, LLC, a Delaware limited liability company
83. BHM Peak Weatherford Investor, LLC, a Delaware limited liability company
84. BHM Willow Park Investor, LLC, a Delaware limited liability company

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We have issued our report dated March 12, 2024, with respect to the consolidated and combined financial statements included in the Annual Report of Bluerock Homes Trust, Inc. and subsidiaries on Form 10-K for the year ended December 31, 2023. We consent to the incorporation by reference of said report in the Registration Statement of Bluerock Homes Trust, Inc. and subsidiaries on Form S-8 (File No. 333-267764) and Form S-11 (File No. 333-269415).

/s/ GRANT THORNTON LLP

Southfield, Michigan
March 12, 2024

EXHIBIT 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER

I, R. Ramin Kamfar, certify that:

1. I have reviewed this annual report on Form 10-K of Bluerock Homes Trust, Inc.;

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 officer 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 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 fiscal 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 officer(s) 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 the 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: March 12, 2024

/s/ R. Ramin Kamfar
R. Ramin Kamfar
Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

I, Christopher J. Vohs, certify that:

1. I have reviewed this annual report on Form 10-K of Bluerock Homes Trust, Inc.;

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 officer 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 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 fiscal 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 officer(s) 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: March 12, 2024

/s/ Christopher J. Vohs
Christopher J. Vohs
Chief Financial Officer and Treasurer
(Principal Financial Officer and Principal Accounting Officer)

EXHIBIT 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Pursuant to 18 U.S.C. § 1350, as created by Section § 906 of the Sarbanes-Oxley Act of 2002, the undersigned officers of Bluerock Homes Trust, Inc. (the “Company”) hereby certify, to such officers’ knowledge, that:

(i) The accompanying Annual Report on Form 10-K for the period ended December 31, 2023 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

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

March 12, 2024	/s/ R. Ramin Kamfar R. Ramin Kamfar Chief Executive Officer (Principal Executive Officer)
March 12, 2024	/s/ Christopher J. Vohs Christopher J. Vohs Chief Financial Officer and Treasurer (Principal Financial Officer and Principal Accounting Officer)

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

The foregoing certification is being furnished as an exhibit to the Report pursuant to Item 601(b)(32) of Regulation S-K and Section 906 of the Sarbanes-Oxley Act of 2002 and, accordingly, is not being filed with the Securities and Exchange Commission as part of the Report and is not to be incorporated by reference into any filing of the Company under the Securities Act of 1933 or the Securities Exchange Act of 1934 (whether made before or after the date of the Report, irrespective of any general incorporation language contained in such filing).

BLUEROCK HOMES TRUST, INC.
EXECUTIVE INCENTIVE-BASED COMPENSATION RECOUPMENT POLICY
Effective as of October 6, 2022

The Compensation Committee (the "Committee") of the Board of Directors of Bluerock Homes Trust, Inc. (the " Company") has approved and adopted this Executive Incentive-Based Compensation Recoupment Policy (this "Policy"), effective as of October 6, 2022 (the "Effective Date"). This Policy will apply to all incentive-based compensation (including equity and equity-based compensation) that is paid, issued or vests based on the achievement of performance objectives ("Incentive Awards") granted on or after the Effective Date to current or former executive officers while an executive officer ("Covered Employees"). The purposes of this Policy are to (i) prevent the unjust enrichment of Covered Employees by permitting the Company to recover Incentive Awards that were paid or issued or became vested as a result of financial results that were later determined to be incorrect and (ii) mitigate the risk of manipulation of data used to determine the payment, issuance or vesting of Incentive Awards. The Board of Directors and the Committee are hereby authorized to take any actions, including those set forth in this Policy, to further the purposes of this Policy.

In the event that (i) the Company is required to prepare an accounting restatement of its consolidated financial statements due to the material noncompliance by the Company with any financial reporting requirement under the U.S. federal securities laws (whether or not based on fraud or misconduct) (and the Board of Directors or Committee has not determined that such restatement is required or permitted under generally accepted accounting principles in connection with the adoption or implementation of a new accounting standard or was caused by the Company's decision to change its accounting practice as permitted by applicable law) (a "Restatement Determination," and the date of filing such a restatement, a " Restatement Date") and (ii) the performance measurement period with respect to the grant or vesting of Incentive Awards includes one or more fiscal periods affected by such restatement, the Board of Directors or the Committee will determine whether any Covered Employee received Incentive Awards in excess of the amount of cash or the number of shares of Company Class A common stock (including for these purposes, shares of Company Class A common stock underlying equity or equity-based awards) ("Shares") that he or she would otherwise have received or that would have become vested if the restated financial statements had been used to determine whether such Incentive Awards should have been received or vested, with respect to any Incentive Awards received by the executive officers within three (3) completed fiscal years preceding the Restatement Date and any interim period. In the event that the Board of Directors or the Committee determines that a Covered Employee received Incentive Awards in excess of the amount of cash or the number of Shares that he or she would otherwise have received or that would otherwise have become vested, the Company will recover from such Covered Employee the amount of cash or the number of Shares (or equivalent value) in excess of the amount of cash or the number of Shares (or equivalent value) that would have been paid or issued or that would have become vested (or if no amount of cash or number of Shares would have been paid or issued or have become vested, then the entire amount of cash or number of Shares (or equivalent value)) according to the restated financial statements ("Excess Compensation").

The Board of Directors or the Committee may, in its sole discretion, recover Incentive Awards in any manner (or combination thereof) permitted by law, including by (i) requiring repayment or return of prior Incentive Awards made to such Covered Employee, including Incentive Awards that were not affected by the accounting restatement, (ii) cancelling unvested Incentive Awards or (iii) adjusting the future compensation of such Covered Employee. All actions taken by the Company to recover Incentive Awards will be taken in accordance with applicable law and consistent with the provisions of Section 409A of the Internal Revenue Code of 1986, as amended, and the rules and regulations promulgated thereunder.

The Board of Directors or the Committee shall not seek recovery of Excess Compensation or cancel any unvested portion of an award of Incentive Compensation if it determines that to do so would be (i) unreasonable, or (ii) contrary to the best interests of the Company. In making such determination, the Board of Directors or the

Committee may take into account such considerations as it deems appropriate, including without limitation: (A) the likelihood of success to recover the claimed Excess Compensation under governing law in comparison to the expected cost and effort involved, (B) the assertion of a claim in any such proceeding that may prejudice the interests of the Company, including in any related proceeding or investigation, (C) the passage of time since the restatement, and/or (D) the existence of any pending legal proceeding relating to the restatement.

The Board of Directors or the Committee will consider the accountability of any Covered Employee whose acts or omissions were responsible in whole or in part for the events that led to the restatement and whether such acts or omissions constituted fraud or misconduct. In the event that the Board of Directors or the Committee determines that a Covered Employee's acts or omissions constituted fraud or misconduct, the Board of Directors or the Committee, in addition to the recovery of Incentive Awards, as provided above, may (i) take (in the case of the Board of Directors), or recommend to the Board of Directors (in the case of the Committee), disciplinary action, including termination, and (ii) pursue other available remedies, including legal action.

Each annual incentive plan, equity plan or agreement documenting an Incentive Award that is granted to a Covered Employee on or after the Effective Date will include a provision stating that the Covered Employee's rights thereunder are subject to this Policy, as in effect on the date that the annual incentive plan or equity is adopted or applicable Incentive Award is granted.

In addition, following a restatement of the Company's consolidated financial statements, the Board of Directors or the Committee shall cause the Company to recover any compensation received by the Chief Executive Officer and Chief Financial Officer that is required to be recovered by Section 304 of Sarbanes-Oxley Act of 2002.

For purposes of this Policy, the term "executive officers" means any current or former officer of the Company who is (or who was) subject to Section 16 of the Securities Exchange Act of 1934, as amended.

Adopted and approved by the Compensation Committee effective as of October 6, 2022.