BLUEROCK™

BLUEROCK™ RESIDENTIAL

2016 Annual Report

Bluerock Residential Growth REIT
is listed on the NYSE MKT

Ticker: ***BRG, BRGpA, BRGpC, BRGpD***

Letter from the CEO

To Our Shareholders:

2016 was active for Bluerock Residential Growth REIT ("BRG," "the REIT," "the Company"). As we discuss below, in 2016 we successfully stepped up our capital formation while reducing capital costs substantially. We also saw significant improvements in key performance metrics and sustained a sizable increase in acquisition, development and disposition activity. In 2016, the REIT's total asset size increased 78%, total unit count rose 48%, top line revenues were up 74% and Adjusted Funds from Operations ("AFFO") rose 32%.

We share highlights of the REIT's activities and performance below, as well as our outlook for the year to come:

2016 Highlights: New Sources of Capital Formation and 17 Investments

Capital Formation at Reduced Cost

Total Assets 78% ▲

Throughout 2016, BRG remained focused on reducing our cost of capital through a series of preferred offerings, with each of our public offerings coming to market at progressively lower rates than the one before. Our three public preferred offerings, launched in April at 8.250%, July at 7.625% and October at 7.125%, also allowed us to tighten terms and expand our institutional shareholder base.

As we were raising our public preferred, we were also ramping up sales of our continuously-offered, non-traded preferred, which is being issued at an even more cost effective rate of 6%. Importantly, we were able to execute each of our preferred tranches at a yield that is lower than that of our common dividend. This is a rare achievement and one that few firms have been able to accomplish in the preferred market.

In total, BRG's public offerings of the Series A, B, C and D preferred stock raised gross proceeds of more than $220 million, making it possible for us to execute on a pipeline of accretive transactions.

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CEO's Letter Continued

2016 Offerings

MONTH	DISTRIBUTION RATE	GROSS PROCEED	SERIES	TYPE	SYMBOL
April & May	8.250%	$71,200,000	A	Cumulative Redeemable	BRG-pA
July	7.625%	$58,125,000	C	Cumulative Redeemable	BRG-pC
October	7.125%	$71,250,000	D	Cumulative	BRG-pD
Continuously Offered	6.00%*	$21,482,000 (2016)	B	Cumulative Redeemable	Not Listed

*Includes detachable warrants for Class A common stock at certain premiums to market.

17 Transactions Across the Sunbelt States

During 2016, our total unit count grew 48% to nearly 9,600 units. The REIT made a total of 17 investments (3,833 units) in 2016, including the acquisition of nine existing properties (3,058 units), investments in four new development projects (775 units total) and additional investments in four development projects, all located in growth markets throughout the sunbelt states of Florida, Texas, Georgia, and North Carolina. The year-end total unit count of 9,570 units was up from 6,449 units in 2015 and our property count was 31 properties, up from 20. These activities helped to grow our total assets to $1.2 billion, up from $699 million at the end of the year prior, for an increase of 78%.

Two Successful Dispositions and Accretive Recycling of Capital

We remain committed to recycling capital actively when accretive for shareholders, and disposed of two properties in 2016. Springhouse at Newport News, which was sold in August, generated a 17% internal rate of return ("IRR") and 1.8x equity multiple. The sale enabled us to exit a non-core market. EOS, a ground-up development that sold in December, generated a 31% IRR and 1.8x equity multiple.

Total Revenues Increased 74%

We achieved significant revenue growth with the increased size of our portfolio. Top line revenue grew 74% to $77.1 million in 2016, up from $44.3 million in the prior year.

Total Revenues
74%

Property NOI Increased 78%

Property Net Operating Income ("NOI") grew 78% to $47.2 million for 2016, from $26.5 million in the prior year, and same store NOI increased 7.4% for 2016 versus the prior year.

Property Operating Margins Improved

Property-level operating margins grew to 61.2% in 2016, as compared to 59.7% in the prior year.

General and Administrative Expenses Decreased to 3.7% of Revenue

General and administrative expenses (excluding non-cash expenses) as a percentage of revenue declined to 3.7% of revenues in 2016 from 4.4% of revenues in 2015. As a percentage of total assets, general and administrative expenses were 0.23% for 2016, down from 0.28% in 2015.

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CEO's Letter Continued

Net Loss

We posted a net loss of $3.0 million in 2016. This was attributable primarily to acquisition activity, which resulted in $4.6 million of acquisition expense, and $7.6 million of amortization of in-place leases that were included as expenses.

AFFO
32%

AFFO Increased 32%

AFFO grew to $17.7 million in 2016 from $13.4 million for the prior year, or $0.85 per share for 2016 from $0.77 per share for 2015, an increase of 32%.

2017 Highlights and Outlook: A Robust Start to the New Year
Active Capital Formation, Acquisition and Disposition Activity

Common Stock & Preferred Equity Raises

In January 2017, we raised $60.5 million in gross proceeds (including the full overallotment option) in an underwritten common offering of 4,600,000 shares at a price of $13.15 per share. Momentum is also picking up in the sales of our 6% Series B Redeemable Preferred Shares and Warrants. In the first half of this year we sold more than $74 million of our Series B, eclipsing the full year total for 2016 by over 340%. We expect that total proceeds from this offering will continue to grow as we ramp up our fundraising through the Independent Broker Dealer channel.

2017 Acquisitions/Dispositions

The REIT remains very active this year to date, with more than $305 million in new acquisitions. Included are properties in two key North Carolina submarkets: the 382-unit Preston View Apartments in Raleigh-Durham and the 301-unit Wesley Village Apartments in Charlotte; as well as a five-asset, 1,408-unit portfolio of stabilized assets in the active San Antonio and Tyler submarkets, our largest single acquisition to date.

We sold our interests in four properties: Village Green of Ann Arbor apartments in Ann Arbor, Michigan (38% IRR on our equity investment; 2.3x equity multiple); Lansbrook Village in Palm Harbor, Florida (25% IRR on our equity investment; 1.7x equity multiple); Fox Hill in Austin, Texas (26% IRR on our equity investment; 1.6x equity multiple); and MDA Apartments in Chicago, Illinois (22% IRR on our equity investment; 2.2x equity multiple). This sale, along with the sale of Village Green in Ann Arbor, enabled us to achieve our goal of exiting minority interests in non-core markets.

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CEO's Letter Continued

Management Internalization

On August 4, 2017, we announced that we had entered into a definitive agreement to internalize the external management function currently performed by our Manager. The transaction was negotiated and approved by a special committee comprised entirely of independent, disinterested members of the Company's Board of Directors. When finalized, we believe the internalization should have a strong, positive, long-term impact on the REIT on multiple fronts including, among others, corporate governance, alignment of interests, increased general and administrative expense savings over time as well as growth in institutional sponsorship, investment banking coverage and institutional research.

Establishing a Line of Credit

In keeping with our plans for continued growth as well as our intent to increase capital sources for use in acquisitions and more efficient cash management, we are focusing on obtaining a line of credit led by a leading financial institution. While we have not yet agreed to a term sheet, our discussions to date suggest several viable options for implementation in 2017.

For the remainder of 2017, we remain focused on continuing to build our portfolio of institutional-quality, highly-amenitized live/work/play multifamily communities in growth markets throughout the US, doing so through targeted acquisitions, operational enhancements of existing properties and participation in the development of communities. We will continue to make these acquisitions either through joint ventures or through convertible equity or loan structures to promote value creation.

I would like to thank our shareholders for their support and our team for their hard work as we continue to grow.

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

Apartment Market Outlook

Apartment sector fundamentals remain strong and we remain optimistic for the coming year.

Even in the context of a tightening Federal Reserve monetary policy, most economic indicators point to continued growth for the US. An ongoing flow of millennials into the workforce as well as projections for two million new jobs and 2.5% GDP growth should drive the apartment sector forward in 2017 (*Marcus and Millichap Multifamily Investment Forecast 2017*).

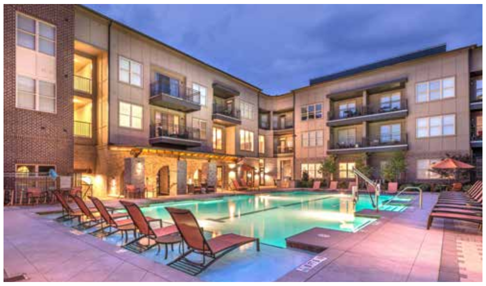
Supply trends also point to continued strength in the rental sector. Despite new supply of 320,000 units in 2016 (which is consistent with long term historical averages), the national apartment vacancy rate inched down to nearly 4%, where it is projected to remain this year. For 2017, new supply is projected to reach 370,000 units by year-end. This will most likely be absorbed as a result of continuing demand from newly-employed millennials as well as an overall bias away from home ownership in the US. Indeed, the national homeownership rate, at 62.9%, is currently at a 51-year low. These trends, as well as persistently low vacancy rates, are expected to spur 3.8% rent growth for the coming year.

The size and influence of the millennial cohort should not be underestimated. At 86 million strong, this generation is unique in its size and living preferences. Millennials, including those aged between 20 and 34 years old (the target renter age group), are characterized by a clear propensity to rent. The bias is so strong that the Urban Institute projects 39% of all households will be renter households by 2030, up from 34% in 2010. Contributing to the expected future momentum is growth from an estimated 30%-45% of millennials within our target markets who are still living at home with parents but who are expected to create new households going forward.

Millennials' tastes and preferences, as well as those of other renter groups, are also evolving. While analysts tend to view markets as urban infill or suburban, the new concept of 'surban' has made its way into the lexicon of place. Surban locations have urban-like amenities, but are located outside central urban cores. They have the advantages of urban and suburban living, with proximity to employment centers, good access to shopping, dining and entertainment, yet are situated close to parks and natural areas with abundant recreation. These benefits appeal to millennials and other renters, offering convenient, mixed-use, walkable environments to live, work and play. The evolution of surban areas is a trend that we continue to monitor and a majority of our properties fit comfortably into this category.

The combination of positive demographic trends, low vacancy rates, rising rents and the continued appetite for vibrant, amenity-rich rental communities bodes well for BRG in the coming year and we believe these trends will remain strong into the foreseeable future.

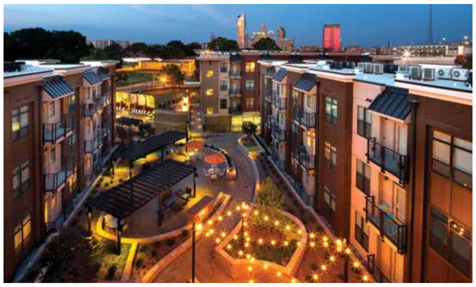
2016 Portfolio Snapshot



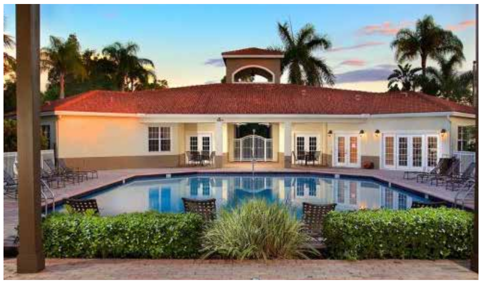
Roswell City Walk | Roswell, GA

James on South First (formerly Legacy at Southpark) | Austin, TX

The Preserve at Henderson Beach | Destin, FL



Park & Kingston | Charlotte, NC



ARIUM Pine Lakes | Port St. Lucie, FL

Portfolio Detail

Portfolio as of 12/31/2016 - Operating Properties

Acquired	Property Name	Location	Units	Occupancy
Jan 2016	ARIUM at Palmer Ranch	Sarasota, FL	320	**95.9%**
Nov 2014	ARIUM Grandewood	Orlando, FL	306	**96.7%**
Jan 2016	ARIUM Gulfshore	Naples, FL	368	**95.9%**
Aug 2015	ARIUM Palms	Orlando, FL	252	**96.0%**
Oct 2016	ARIUM Pine Lakes	Port St. Lucie, FL	320	**96.3%**
Jul 2016	ARIUM Westside	Atlanta, GA	336	**94.6%**
Aug 2015	Ashton Reserve(1)	Charlotte, NC	473	**94.7%**
Oct 2012	Enders Place at Baldwin Park	Orlando, FL	220	**95.5%**
Mar 2015	Fox Hill	Austin, TX	288	**98.3%**
May 2014	Lansbrook Village	Palm Harbor, FL	619	**91.1%**
Dec 2016	James on South First (formerly Legacy at Southpark)	Austin, TX	250	**90.8%**
Oct 2012	MDA Apartments	Chicago, IL	190	**97.4%**
Oct 2016	Nevadan	Atlanta, GA	480	**92.5%**
Mar 2015	Park & Kingston(2)	Charlotte, NC	168	**96.4%**
Dec 2016	Roswell City Walk	Roswell, GA	320	**85.6%**
Oct 2015	Sorrel	Frisco, TX	352	**90.6%**
Oct 2015	Sovereign	Fort Worth, TX	322	**95.0%**
Nov 2016	The Brodie	Austin, TX	324	**93.2%**
Mar 2016	The Preserve at Henderson Beach	Destin, FL	340	**92.6%**
Apr 2014	Village Green of Ann Arbor	Ann Arbor, MI	520	**93.7%**
2016 Operating Properties Subtotal:			**6,768**	**93.7%**

Portfolio as of 12/31/2016 - Convertible Preferred Equity/Mezzanine Loan Investments(4)

Acquired	Property Name	Location	Units	Occupancy
Jul 2014	Alexan CityCentre (3)	Houston, TX	340	-
Jan 2015	Alexan Southside Place (3)	Houston, TX	270	-
Sept 2016	APOK Townhomes (3)	Boca Raton, FL	90	-
Dec 2016	Crescent Perimeter (3)	Atlanta, GA	320	-
Nov 2015	Domain Phase 1 (3)	Garland, TX	299	-
Dec 2015	Flagler Village (3)	Fort Lauderdale, FL	384	-
May 2015	Helios (formerly Cheshire Bridge) (3)	Atlanta, GA	285	-
Dec 2015	Lake Boone Trail (3)	Raleigh, NC	245	-
Dec 2016	Vickers Village (3)	Roswell, GA	79	-
Jan 2016	West Morehead (3)	Charlotte, NC	286	-
May 2015	Whetstone	Durham, NC	204	90.2%
2016 Convertible Preferred Equity/Mezzanine Loan Investments Subtotal:			**2,082**	
2016 Total:			**9,570**	

Portfolio: 2017 Acquisitions

Acquired	Property Name	Location	Units
Feb 2017	Preston View	Morrisville, NC	382
Mar 2017	Wesley Village	Charlotte, NC	301
Jun 2017	Texas Portfolio(5)	San Antonio/Tyler, TX	1,408
2017 Total:			**2,091**

__(1)__ Ashton Reserve includes the acquisition in Dec 2015 of Ashton II consisting of 151 units for a purchase price of $21.8 million. __(2)__ Park & Kingston includes the acquisition in Nov 2015 of Park & Kingston Phase II consisting of 15 units for a purchase price of $2.9 million. __(3)__ Property is currently under development. __(4)__ The Company holds a preferred equity investment with an option to convert into partial ownership of the underlying asset upon stabilization, except the following: (i) Flagler Village is currently an equity method investment with common ownership and (ii) APOK Townhomes, Domain Phase 1, and West Morehead are mezzanine loan investments with an option to purchase indirect property interest upon maturity. __(5)__ Represents a five property multifamily community portfolio located in San Antonio and Tyler, Texas.

Summary of Recent Sales

Property	Location	Date Sold	Units	Sale Price (in millions)	BRG Net Proceeds (in millions)	IRR
Springhouse at Newport News	Newport News, VA	8/10/16	432	$ 38.2	$ 9.1	17%
EOS	Orlando, FL	12/19/16	296	$ 52.0	$ 5.1	31%
Village Green of Ann Arbor	Ann Arbor, MI	2/22/17	520	$ 71.4	$13.6	38%
Lansbrook Village	Palm Harbor, FL	4/26/17	621	$ 82.4	$19.1	25%
Fox Hill	Austin, TX	5/24/17	288	$ 46.5	$16.4	26%
MDA Apartments	Chicago, IL	6/30/17	190	$ 18.3	$11.0	22%
Total/Weighted Average			**2,347**	**$308.8**	**$74.3**	**24%**

Financial Operations Summary

We are pleased with the operating results of our current real estate portfolio for fiscal year 2016. As projected, each of the stabilized properties in the BRG portfolio contributed substantial, positive NOI for 2016 with a combined total NOI of approximately $47.2 million. As a result of conservative leverage, strong operating performance and favorable financing rates, our portfolio's debt service coverage ratio was approximately 2.19x.

NOI Growth

78%

for the BRG portfolio in 2016.

Property Operating Results

The following table presents same store and non-same store results from operations for the years ended December 31, 2016 and December 31, 2015 (amounts in thousands):

	Year Ended December 31,		Change	
	2016	**2015**	**$**	**%**
Property Revenues (1)				
Same Store	$30,018	$28,405	$ 1,613	5.7%
Non-Same Store	47,016	16,003	31,013	193.8%
Total property revenues	**$ 77,034**	**$44,408**	**$ 32,626**	73.5%
Property Expenses (1)				
Same Store	$11,165	$10,848	$ 317	2.9%
Non-Same Store	18,705	7,058	11,647	165.0%
Total property expenses	**$ 29,870**	**$17,906**	**$11,964**	66.8%
Same Store NOI	$18,853	$17,557	$ 1,296	7.4%
Non-Same Store NOI	28,311	8,945	19,366	216.5%
Total NOI (2)	**$47,164**	**$26,502**	**$20,662**	78.0%

(1) Property revenues and expenses include consolidated real estate investments and equity method investments. Equity method investments in 2015 included revenues of $0.2 million and expenses of $0.1 million.

(2) See "Property Net Operating Income" beginning on page 10 of our Annual Report for a reconciliation of same store NOI, non-same store NOI and total NOI to net income (loss) attributable to common stockholders and a discussion of how management uses this non-GAAP financial measure.

Financial Highlights

Summary:

	2016	2015
Properties in Portfolio	31	20
Total Revenue (in thousands)	$ 77,051	$ 44,255
Property Operating Margins	61.2%	59.7%
General & Administrative Expenses as percentage of revenue (1)	3.7%	4.4%
Property NOI (in thousands) (2)	$ 47,164	$ 26,502

(1) General and administrative expenses excluding non-cash amortization.
(2) See page 10 for a reconciliation of net income (loss) attributable to common stockholders to this non-GAAP measurement and the Company's definition of this non-GAAP measurement and reasons for using it. Amounts are inclusive of the Company's equity method investments for operating properties.

Financial Highlights: (in thousands)

For the Years Ended	2016	2015
Net Income (Loss)	($ 2,974)	$ 7,643
Net Income (Loss) Attributable to Non-controlling Interests	$ 1,355	$ 5,855
Net Income (Loss) Attributable to Common Stockholders	($ 18,985)	$ 635
Total Assets	$1,241,322	$699,227
Total Liabilities	$ 735,412	$392,350
Stockholders' Equity	$ 241,728	$207,184
FFO Attributable to Common Stockholders (1)	$ 1,274	$ 5,044
AFFO Attributable to Common Stockholders (1)	$ 17,728	$ 13,406

(1) See "Non-GAAP Financial Measures" beginning on page 9 of this 2016 Annual Report for a discussion of how management uses these non-GAAP financial measures.

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

FORWARD LOOKING STATEMENTS
This Annual Report contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and other federal securities laws. These forward-looking statements are based on BRG's present expectations, but these statements are not guaranteed to occur. Furthermore, BRG disclaims any obligation to publicly update or revise any forward-looking statement to reflect changes in underlying assumptions or factors, of new information, data or methods, future events or other changes. Investors should not place undue reliance on forward-looking statements. For further discussion of the factors that could affect outcomes, please refer to the risk factors set forth in Item 1A of the Company's Annual Report on Form 10-K filed by BRG with the U.S. Securities and Exchange Commission ("SEC") on February 22, 2017, and subsequent filings by BRG with the SEC. We claim the safe harbor protection for forward looking statements contained in the Private Securities Litigation Reform Act of 1995.

Financial Highlights Continued

NON-GAAP FINANCIAL MEASURES

This Annual Report includes certain non-GAAP financial measures that we believe are helpful in understanding our business, as further described below. Our definition and calculation of these non-GAAP financial measures may differ from those of other REITs, and may, therefore, not be comparable. Funds from Operations ("FFO") and Adjusted Funds from Operations ("AFFO") attributable to common stockholders, are non-GAAP financial measures that are widely recognized as a measure of REIT operating performance. We consider FFO attributable to common stockholders to be an appropriate supplemental measure of our operating performance as it is based on a net income analysis of property portfolio performance that excludes non-cash items such as depreciation. The historical accounting convention used for real estate assets requires straight-line depreciation of buildings and improvements, which implies that the value of real estate assets diminishes predictably over time. Since real estate values historically rise and fall with market conditions, presentations of operating results for a REIT, using historical accounting for depreciation, could be less informative. We define FFO, consistent with the National Association of Real Estate Investment Trusts, or ("NAREIT's"), definition as net income, computed in accordance with GAAP, excluding gains (or losses) from sales of property, plus depreciation and amortization of real estate assets, and after adjustments for unconsolidated partnerships and joint ventures. Adjustments for unconsolidated partnerships and joint ventures will be calculated to reflect FFO on the same basis. In addition to FFO attributable to common stockholders, we use AFFO attributable to common stockholders. AFFO is a computation made by analysts and investors to measure a real estate company's operating performance by removing the effect of items that do not reflect ongoing property operations. To calculate AFFO, we further adjust FFO by adding back certain items that are not added to net income in NAREIT's definition of FFO, such as acquisition expenses, equity based compensation expenses, and any other non-recurring or non-cash expenses, which are costs that do not relate to the operating performance of our properties, and subtracting recurring capital expenditures (and when calculating the quarterly incentive fee payable to our Manager only, we further adjust FFO to include any realized gains or losses on our real estate investments). Our calculation of AFFO differs from the methodology used for calculating AFFO by certain other REITs and, accordingly, our AFFO may not be comparable to AFFO reported by other REITs. Our management utilizes FFO and AFFO as measures of our operating performance after adjustment for certain non-cash items, such as depreciation and amortization expenses, and acquisition expenses 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, AFFO and other supplemental performance measures are defined in various ways throughout the REIT industry, we also believe that FFO and AFFO may provide us and our stockholders with an additional useful measure to compare our financial performance to certain other REITs. We also use AFFO for purposes of determining the quarterly incentive fee, if any, payable to our Manager. Neither FFO nor AFFO is equivalent to net income or cash generated from operating activities determined in accordance with GAAP. Furthermore, FFO and AFFO do not represent amounts available for management's discretionary use because of needed capital replacement or expansion, debt service obligations or other commitments or uncertainties. Neither FFO nor AFFO should be considered as an alternative to net income as an indicator of our operating performance or as an alternative to cash flow from operating activities as a measure of our liquidity.

We acquired nine additional properties and four equity method investments subsequent to December 31, 2015 and sold one property and one property owned by a preferred investment that were owned in 2015. The results presented in the table below are not directly comparable and should not be considered an indication of our future operating performance (unaudited and dollars in thousands, except share and per share data). The table below presents our calculation of FFO and AFFO for the years ended December 31, 2016 and 2015.

Reconciliation of FFO and AFFO Attributable to Common Stockholders (in thousands)	**Three Months Ended December 31, 2016**	**Three Months Ended December 31, 2015**	**Year Ended December 31, 2016**	**Year Ended December 31, 2015**
Net income (loss) attributable to common stockholders	$(7,260)	$(1,523)	$(18,985)	$ 635
Common stockholders' pro-rata share of:				
Real estate depreciation and amortization [1]	7,527	4,728	26,963	12,369
Gain on sale of joint venture interests	-	-	-	(5,320)
Gain on sale of real estate assets	(1,828)	(2,640)	(6,704)	(2,640)
FFO Attributable to Common Stockholders	($ 1,561)	$ 565	$ 1,274	$ 5,044
Common stockholders' pro-rata share of:				
Amortization of non-cash interest expense	171	83	790	326
Acquisition and disposition costs	2,130	2,008	4,123	3,375
Management internalization process expense	63	-	63	-
Loss on early extinguishment of debt	-	-	2,269	-
Normally recurring capital expenditures [2]	(252)	(147)	(907)	(660)
Preferred stock accretion	320	-	880	-
Non-cash equity compensation	2,805	1,910	9,405	5,731
Non-cash tax abatement	85	-	85	-
Non-recurring income	(23)	(121)	(254)	(410)
AFFO Attributable to Common Stockholders	$ 3,738	$ 4,298	$ 17,728	$ 13,406
Weighted average common shares outstanding - diluted	21,102,894	20,447,381	20,810,134	17,417,198
PER SHARE INFORMATION:				
FFO Attributable to Common Stockholders - diluted	$(0.07)	$ 0.03	$ 0.06	$ 0.29
AFFO Attributable to Common Stockholders - diluted	$ 0.18	$ 0.21	$ 0.85	$ 0.77

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

(2) Normally recurring capital expenditures exclude development, investment, revenue enhancing and non-recurring capital expenditures.

Financial Highlights Continued

Property Net Operating Income ("Property NOI")

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

	Three Months Ended (1) December 31,		Year Ended (2) December 31,	
	2016	**2015**	**2016**	**2015**
Net income (loss) attributable to common stockholders	**$(7,260)**	**$(1,523)**	**$(18,985)**	**$ 635**
Add pro-rata share:				
Depreciation and amortization	7,527	4,728	26,963	12,369
Amortization of non-cash interest expense	171	83	790	326
Management fees	1,987	1,144	6,417	4,154
Acquisition and disposition costs	2,130	2,008	4,123	3,375
Loss on early extinguishment of debt	–	–	2,269	–
Corporate operating expenses	1,680	1,166	5,779	4,050
Management internalization process expense	63	–	63	–
Preferred dividends	5,298	1,153	13,567	1,153
Preferred stock accretion	320	–	880	–
Less pro-rata share:				
Other income	–	1	26	93
Preferred returns and equity in income of unconsolidated real estate joint ventures	2,973	2,276	11,464	6,605
Interest income from related parties	17	–	17	–
Gain on sale of joint venture interest, net of fees	–	–	–	5,320
Gain on sale of real estate assets	1,828	2,640	6,704	2,640
Pro-rata share of properties' income	**7,098**	**3,842**	**23,655**	**11,404**
Add:				
Noncontrolling interest pro-rata share of property income	1,300	965	4,500	3,669
Total property income	**8,398**	**4,807**	**28,155**	**15,073**
Add:				
Interest expense	5,628	3,448	19,009	11,429
Net operating income	**14,026**	**8,255**	**47,164**	**26,502**
Less:				
Non-same store net operating income	7,606	2,206	28,311	8,945
Same store net operating income	**$ 6,420**	**$ 6,049**	**$18,853**	**$17,557**

(1) Same Store sales for the three months ended December 31, 2016 related to the following properties: Enders Place at Baldwin Park, MDA Apartments, Village Green of Ann Arbor, Lansbrook Village, ARIUM Grandewood, Fox Hill, Park & Kingston, and ARIUM Palms.

(2) Same Store sales for the year ended December 31, 2016 related to the following properties: Enders Place at Baldwin Park, MDA Apartments, Village Green of Ann Arbor, Lansbrook Village, ARIUM Grandewood.

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