Bluerock Residential Growth REIT, Inc.

First Quarter 2015 Earnings

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CORPORATE PARTICIPANTS

Christopher Vohs – *Chief Accounting Officer*

Ramin Kamfar – *Chairman and CEO*

Larry Kaufman – *VP of Asset Management*

Ryan MacDonald – *SVP of Acquisitions*

Jim Babb – *Chief Investment Office*

PRESENTATION

Operator
Good morning, ladies and gentlemen, and welcome to Bluerock Residential Growth REIT's First Quarter 2015 Earnings conference call. All participants will be in listen-only mode. After today's presentation there will be an opportunity to ask questions. Please note this event is being recorded. Should you require operator assistance, please signal a conference specialist by pressing the * key followed by 0.

I would now like to introduce your host for today's call, Christopher Vohs, Chief Accounting Officer of Bluerock Residential. Mr. Vohs, please go ahead.

Christopher Vohs
Thank you and welcome to Bluerock Residential Growth REIT First Quarter 2015 Earnings conference call. This morning, prior to market open, we issued our earnings press release and our earnings supplement. The press release can be found on our website at bluerockresidential.com. In addition, we anticipate filing our 10-Q this week. Following the conclusion of our remarks, we'll be pleased to answer any questions you may have.

Before we begin, please note that this call may contain forward-looking statements as they are defined under the Private Securities Litigation Reform Act of 1995. There are a variety of risks and uncertainties associated with forward-looking statements and actual results may differ from those set forth in such statements. For a discussion of these risks and uncertainties, you should review the forward-looking statements disclosure in the earnings release we issued this morning as well as our SEC filings. With respect to non-GAAP measures we use in this call including pro forma measures, please refer to our earnings supplement for our reconciliation of GAAP, the reasons management uses these non-GAAP measures, and the assumptions used with respect to any pro forma measures and their inherent limitations.

And with that, I'll turn the call over to Ramin Kamfar, Chairman and CEO of Bluerock Residential Growth REIT for his remarks.

Ramin Kamfar
Thank you, Chris, and thank you, everyone, for joining us for our BRG's First Quarter Earnings call. With me today are several members of our manager, Jordon Ruddy, our President; Jim Babb, our Chief Investment Officer; Ryan MacDonald, our Senior Vice President of Acquisitions; and Larry Kaufman, our Vice President of Asset Management. I will open my remarks with some key operational highlights from the quarter and close with some capital markets commentary. Following my remarks, I am going to ask Larry Kaufman and Ryan MacDonald to give you additional operational and transactional detail respectively.

Let me start with operational highlights. I'm pleased to report we are reporting Adjusted Funds from Operations or AFFO per share of $0.13, which exceeds our guidance of $0.10 to $0.11. On a year-over-year basis, our AFFO per share is obviously a significant increase as compared to the prior year quarter when we had AFFO of negative $0.48 per share. We're also pleased to report pro forma AFFO per share of $0.29 per share. On a pro forma basis, we've also exceeded our guidance range, which was $0.26 to $0.28 per share. I want to also point out that we have a dividend of $0.29 per share on a quarterly basis, so we've achieved our milestone of covering our dividend on a pro forma AFFO basis.

Moving onto the revenue front, we achieved significant growth alongside the substantial increase on the size of our portfolio in 2014. Our top line revenue for the first quarter was $9 million, which is 180%

increase from $3.2 million in the prior year quarter. And in terms of NOI margins, we're able to significantly improve our margins by 620 basis points, from 51% in the prior year quarter to 57.2% in the most recent quarter. As a result, property NOI on a dollar basis grew faster than revenues at 214% increase to $5.2 million in the quarter, from $1.6 million in the prior year quarter. Same store NOI also increased significantly, 19.2% for the quarter versus the prior year quarter. I do want to mention that this was still based on a relatively small base.

We continue to lower our general and administrative expenses as a percentage of revenue as we have grown our asset base. G&A excluding non-cash amortization items declined a substantial 890 basis points to 5.1% for the quarter versus 16% for the prior year quarter.

Net income attributable to common stockholders for the quarter ended March 31, 2015 improved significantly to a positive $3.3 million versus a loss of $1 million for the prior year quarter. This was partially the result of a $5.3 million gain from the sale of Berry Hill and offset by non-cash depreciation and amortization expense of $2.8 million.

Our asset base continues to grow significantly on a quarterly basis. Gross real estate assets are up 141% to $366 million at the end of the quarter, from $152 million at the end of the prior year quarter. And they are up 22% sequentially quarter-over-quarter. We're getting—we will look to—for this to continue to grow as our committed capital is fully deployed throughout the second quarter.

On the transaction front, we committed $52 million into five enhanced investments, including two pending investments, which should close shortly for a total of about 1200 total units. In addition, we sold our Berry Hill Development to a large institution at a sub 5% cap rate, yielding us a very attractive gain at a 60% IRR and a 282% return on capital to BRG over a 27 month hold period. And we have returned around and accretively reinvested the proceeds in a tax efficient manner.

As we've previously indicated we will continue to review our portfolio and be active recyclers of capital when it's beneficial for our shareholders.

Shifting to capital markets, we completed a follow on offering in January of 4.6 million shares of class A common stock at an offering price of $12.50 per share for gross proceeds of $57.5 million. Part of our goal for this offering was to raise capital to execute on a robust pipeline of accretive transactions that we're continuing to see. Another important goal we had for the offering was to continue to build our institutional shareholder base, which was executed successfully as we placed over two thirds of the shares institutionally.

Finally, we're looking forward to a solid second quarter. We'll continue to report AFFO, both on an actual and a pro forma basis so investors can evaluate our earnings potential on a fully invested basis without the cash drag associated with raising and investing capital. Our pro forma AFFO guidance for the second quarter is $0.26 to $0.28 per share, which assumes we that have fully invested our remaining cash in pending and pipeline transactions, the details of which we outlined in our supplement, which was filed this morning.

Now I would like to hand over the commentary to Larry Kaufman, our Vice President of Asset Management. Larry.

Larry Kaufman
Thank you, Ramin, and good afternoon, everyone. As Ramin mentioned briefly, our operating portfolio continues to perform exceptionally well. I would like to highlight some of the key metrics for the quarter. Same store NOI increased 19.2% as compared to the first quarter of the prior year. This was due to a

7.4% increase in same store property revenues as compared to the same prior period. Primarily, if you're driving a 4.0% increase in average revenue for occupied unit, the acquisition of 22 additional units at our Enders property and driving a 1.44% increase in average occupancy. In addition, same store expenses decreased 7.4% compared to the prior year period, primarily by driving lower property level administrative expenses and from a decrease in repair and maintenance expenses.

Portfolio-wide, our average occupancy for the first quarter of 2015 was 93.8%, which is an increase of 200 basis points from the prior year quarter. We continue to drive occupancy, which was 94.5% as of the end of April.

Now I'd like to turn it over to Ryan, who will give you some additional details about the quarter's investment activities.

Ryan MacDonald
Thank you, Larry. We had a productive quarter on the investment side of the business. On the dispositions front, we closed a sale of our urban Nashville development 23Hundred at Berry Hill at a very attractive sub 5% cap rate to a brand name core institutional investor. I'm happy to report that we achieved a 60% IRR and 282% return on capital to BRG. I should note that since the start of fourth quarter of 2014, we've disposed of three assets yielding a 67% IRR and a return on capital of 180%.

Shifting to acquisitions, we closed three investments in the quarter and committed two additional transactions. They're as follows. Our first investment was a convertible preferred equity investment in a healthcare-oriented class A development project in Houston Texas. The project is 269 units and located in the south side submarket of Houston, which we believe is very attractive because one of the few submarkets in Houston with restrictive zoning. And that has led to very little new supply for almost two decades. The site also offers direct access to the Texas Medical Center, and for those of you who may not be familiar with it, the Texas Medical Center is a 46 million square foot internationally renowned medical and research campus. The largest in the US, in fact, that is projected to grow to 59 million square feet.

BRG's underwriting projects a return on cost for the project ranging from 7% to 7.5% at stabilization for value creation of 200 to 250 basis points versus sales of high quality institutional multi-family communities in the greater Houston metro at 4.5% to 5% cap rates. Our partner on the transaction is Trammell Crow Residential, which is one of the top developers in the country.

Our second investment was a purchase of a 47% interest in a 153-unit Class AA Core Plus asset in Charlotte, North Carolina called the Park and Kingston Apartments. We intend to increase BRG's ownership to over 90% at the original purchase basis over time. This was a complicated relationship-driven, off-market purchase of an existing asset that includes purchasing a second phase upon delivery, which is expected to be in the fourth quarter of this year. The asset is located in one of the most vibrant and affluent live-work-play transit-oriented neighbors in downtown Charlotte that features direct access to a large amount of employment nodes, retail and restaurants. We underwrote a stabilized cap rate of 5.25% versus market cap rates in downtown Charlotte of 4.5% to 5%.

Our third investment was a purchase of an 85% interest in the Fox Hill Apartments, a 288-unit Class A asset located in Austin Texas and built in 2010. The seller was a financial buyer that was exiting the Austin market. This was their last asset to be sold and it had fallen out of contract with performance that had degraded as a result of a long sales process. We had a prior relationship with the seller so we were able to step in and negotiate a discounted price in exchange for moving quickly. We brought in Bell Partners, one of our strategic operating partners, who validated our thesis that rents were 15% below market and collectively believe this is a 6.25% stabilized cap rate versus market cap rates of 5%

to 5.25%. And by the way, since take over, in March and April we've been able to increase rents on average on new leases 7.2%.

In terms of pending acquisitions, I have the following to report. The first transaction, which we expect to close by the end of the month, is a $12.3 million dollar convertible preferred equity investment in a new class A 204-unit apartment community currently in lease up in downtown Durham, North Carolina. Our operating partner was able to source the opportunity off-market directly with the seller, and in our view, achieve an attractive price for an institutional quality asset. On a pro forma basis, we estimate the stabilized cap rate for the asset is approximately 6%, which we believe compares favorably to market cap rates of 4.75% to 5%. And from a market perspective, we believe Durham, North Carolina is a vibrant growth market with a tremendous intellectual capital base focused on attracting both healthcare and technology-based employment.

Our second committed investment is a to-be-built 285-unit class A luxury apartment complex in [indiscernible] Atlanta with direct access to the institutional submarkets of Buckhead and Midtown. BRG is projecting funding in convertible preferred equity investment in the amount of $15 million in this transaction. BRG's underwriting projects a return on cost for the project ranging from 7% to 7.5% at stabilization for value creation of 200 to 250 basis points versus sales of comparable multi-family communities in the greater Atlanta MSA at 4.5% to 5%.

And before I hand off the call back to Ramin, I'd like to note that our 296-unit development project in Orlando, Florida with Catalyst Development Partners, called EOS, recently began leasing. Rents are budgeted to be in line with projections and we started off strong with five leases in the first week despite not having a leasing office. We look forward to strong lease up at the property and reporting on the continued progress at the next quarter.

And with that I will now return the call to Ramin to conclude.

Ramin Kamfar
Thank you, Ryan. In conclusion, all I want to say is that we continue to be very excited about executing our strategy, about the economic and demographic trends and the high growth primary markets that we target, about the high quality class A asset base that we're building in these markets and the continued positive operational trends in our portfolio. We want to thank you all for your support and I look forward to sharing news of our progress as we continue to execute our business plan.

And with that, Operator, I'm happy to answer any questions.

QUESTIONS AND ANSWERS

Operator
We will now begin the question and answer session. To ask a question, you may press * then 1 on your touchtone phone. If you are using a speakerphone, please pick up your handset before pressing the keys. To withdraw your question, please press * then 2. At this time, we will pause momentarily to assemble our roster.

The first question comes from Rob Stevenson with Janney. Please go ahead.

Rob Stevenson
Good morning, guys. Can you talk about what the same store revenue and NOI growth would have been excluding the additional units that you got at the Enders property over the last year?

Ramin Kamfar
Sure. Good morning, Rob. Yes, that a good question. The numbers would have been 15% instead of the 19.2% on the NOI side. I don't have the revenue off the top of my head, but we can get that. Chris, do you have that?

Christopher Vohs
Yes, I'll pull it up [indiscernible].

Rob Stevenson
Okay. And then can you guys provide a little bit more detail about the year-over-year drop in same store expenses? Was it just repairs and maintenance at one or two assets? Was it something that you guys were doing on a bunch of assets a year ago that didn't happen this year? Just if you could provide a bit more color on that?

Ramin Kamfar
Sure. It was a couple of major things. One was that we collapsed the Home Owners Association at Enders and that was a significant savings. That's what we referred to when we said there were savings on the administrative side. The second piece of it was repairs and maintenance and that was partially seasonal, which we had an extended winter so a number of the dollars that we had budgeted to spend actually in Q1 didn't get spent because of the extended winter and those dollars will get pushed into—some of those dollars will get pushed into Q2. Larry, do you want to drill down on anything specific?

Larry Kaufman
Yes, I think just to amplify the Enders. It was really two parts. One was the collapse of the condominium association and then further what we did is we achieved a re-designation of the property within the Baldwin Park Home Owners' Association, and that reduced significantly the dues and fees that we pay to them. And in addition to the R&M, there were lower controllable expenses across a number of the properties.

Rob Stevenson
Okay. And then the Whetstone property that's in lease up to date. Where is the occupancy today?

Ryan MacDonald
It's currently about 30% leased, 20% occupied. Generally leasing about I think 20 units on average per month. So, should get there reasonably quickly.

Rob Stevenson
So you would expect it to reach stabilization towards the end of the year?

Ryan MacDonald
I think that's fair, yes.

Rob Stevenson
Okay, and then, Ramin, how are you feeling today about buying properties straight out that are stabilized and income-producing today versus making sort of smaller, incremental investments in these development deals that have a 15% preferred return but that you're not going to have an option to really buy the asset until probably back half of '16, and now with the one in Atlanta, 2017 in terms of building out the portfolio?

Ramin Kamfar

I think we look at it as a mix in terms of what—we map out what we want the portfolio to look like, and today because we have the capability to go across multiple markets with multiple strategies using our operating partners, we look at the landscape to start and say, okay, where do we want to be in terms of markets, in terms of assets, in terms of strategies, and the most recent, when we've done that, we've said, we've looked at the value add piece of the business, we've got Core Plus, we've got value add and we've got development, and what we feel today is the values of the barbells, i.e., the Core Plus and the development, and it's not in the value add because the value—there's so much money chasing value add in our markets that people are paying you for the value that you're going to create.

So, we want to sell into value add situations and we'll be doing a couple of those, so you'll see that coming up. But we want to buy either Core Plus where we can tweak it without spending a lot of money and get 50 plus basis points, or we're solving a problem. For example, the deals that you see in our pipeline or we've recently announced it's a—Whetstone's a good example. It was not a marketed deal. They left 100 basis points on the table.

We've got a—want to do deals like that. And or we've got a deal that's a recap off a deal that was brought—that we're buying at 2000—we haven't announced it yet, we'll announce it shortly, where we're doing a recap off a deal that our operating partner brought to us and their LP, which put up most of the capital has changed its mind and decided they want to be in a different segment other than apartments and we have an opportunity to buy them out at a 2013 price. So we'll see. We're doing discount purchases Core Plus where we've got a relatively new build and we'll tweak it a little bit. Fox Hill, for example, is a good example of that where it's a five year old property, but it was running—it was a specific situation with respect to the seller.

Or we'll do development. We like both of those. We think that the development only has let's say up to 30% of the portfolio and the rest of the portfolio is going to be existing assets.

Rob Stevenson
Okay. Thanks, guys. Appreciate it.

Christopher Vohs
And just real quick, on your Enders question, our revenue's increased 4.2% without those 22 units.

Rob Stevenson
Thanks, guys.

Ramin Kamfar
Versus the 7.2%–7.4%.

Operator
The next question comes from Wilkes Graham with Compass Point. Please go ahead.

Wilkes Graham
Hi. Good afternoon, guys. Maybe just quickly first on the pro forma guidance for the second quarter. Can you just reconcile why it's still \$0.26 to \$0.28 versus the \$0.29 you had in the first quarter?

Ramin Kamfar
I knew someone was going to have that question and thank you for asking it, Wilkes. We're trying to be conservative. I think we have been conservative in the past as we've provided guidance. This is not

a—it's an operating business and it's a relatively small base of assets and so a few dollars here and there is going to move your numbers around. One of the things that we talked about is R&M. R&M was light last quarter because of—and that—and because of the extended winter. Some of those expenses get pushed into the second quarter. So that's one item.

On the other hand, for example, G&A was heavy because of legal—extra legal and accounting in the first quarter and so G&A should be lighter in the second quarter. So we kind of—when we were doing our forecasting, we kind of looked at each other and said, "Do we want to be conservative"? The answer was, "yes" and that's why we're at $0.26 to $0.28. Does that make sense?

Wilkes Graham
It does, it does. Thanks. And then can you just give us a reminder if you close these two pending deals, the one in Durham and the one in Atlanta, how much equity do you have left to invest overall even, because I know you had the capital raised in January and then you had a couple of assets that you sold, including Berry Hill. How much equity do you have left to invest and I think you just alluded to Rob's question that maybe you're targeting another couple of assets to sell.

Ramin Kamfar
Okay. I think we've got somewhere around $35 million left and we've got some assets that we're targeting, two of which, I think we're going to announce very shortly.

Wilkes Graham
So $35 million of buying power or of equity after these two—

Ramin Kamfar
Of equity.

Wilkes Graham
Of equity, got it.

Ramin Kamfar
So you should think about that in terms of generally we're using two thirds leverage so that would be about $100 million in additional acquisitions.

Wilkes Graham
Right. And just any general comments on how the market for the assets that you're looking at, maybe not so much the developments, but just on the stabilized assets, how the market on those, if it's changed at all in the past six months or even if the past month or so with the moving rates.

Ramin Kamfar
The market is difficult and what we do is difficult. As you know, Wilkes, we spend a tremendous amount of time mining, not only our own pipeline but our partner's pipeline for these nuggets that recap at a 2013 price, or the deal that was sold off-market because it's an unsophisticated seller or it's a financial institution that has an end of fund life issue and has exited the market and lost their infrastructure and just simply wants to take their chips off the table on this last asset. So it's a lot of work but we're continuing to find deals that had—that we can buy at a discount or we can add value. But I will tell you, we look at—we turn over a lot of stones. I looked at our pipeline sheet just before this call and we're working on 21 deals and over $700 million worth of assets. And when we say we're working on it, we're really—it's not books we got in the mail or by email. Its deals that we get in and we underwrite. So it's a lot of work, but we continue to find attractive assets to be able to execute our strategy.

Wilkes Graham
Thank you. Appreciate it.

Ramin Kamfar
Thank you, Wilkes.

Operator
The next question comes from Craig Kucera with Wunderlich. Please go ahead.

Craig Kucera
Hi, good afternoon, guys.

Ramin Kamfar
Good afternoon, Craig.

Craig Kucera
I appreciate the color on the pipeline. You're seeing a lot of deals beyond what's been announced. Where are you finding the most attractive opportunities geographically? Are there any specific markets that are more attractive from a pricing relative to a fundamentals basis today?

Ryan MacDonald
I think the Carolinas, Florida, Texas have generally been where we've seen the attractiveness and I'm going through our pipeline and those generally—those are generally the markets that we're seeing. So it's the same markets that we've been in. I think you'll see us rotate—you've seen us rotate into some new markets with the Atlanta deal. It was a unique opportunity and we're really excited about that, but generally I think the Carolinas, and Florida and Texas have generally been—

Jim Babb
This is Jim, Craig. I would agree. I would add that I think Atlanta actually is a little bit further behind the cycle than many of the markets. I would suggest that we're going to continue to look there a little bit harder. We'll probably expand our presence in Florida and perhaps move into a couple of—expand our presence in Texas as well. We're really focused on the where the job population growth is. There is supply in many of these markets, but the submarkets we focus on very, very specifically to make sure that they're well located to the job generators, to the transportation, to the life-style elements that are unique and in the renter-by-choice categories. So I think those are—

Craig Kucera
Got it. No, I appreciate the color. And Ramin, you kind of discussed this barbell strategy between people are over paying for value add right now. So you're focused on Core Plus and development. Are you tilting, going forward, are you tilting a little bit more towards doing more convertible preferred equity investments versus buying properties outright than maybe you were six to nine months ago because of where you see us in the cycle or is that just what the market is presenting to you today?

Ramin Kamfar
I think we've been saying that development is good for 30% of our equity base and that's kind of our target number and so Berry Hill was in that bucket. It became an operating asset, we sold it so and we reinvested the capital. Now EOS is coming out of that bucket. So this is a time in the cycle where selectively and given—and some of our markets, and some of our submarkets, with the right partners, you can create a tremendous amount of value with development. Obviously we don't think that a portfolio that's 100% development is appropriate so we're balancing that with existing assets but 30%, a third is a good target to look at.

Craig Kucera
Got it.

Ramin Kamfar
You've got, for example, the Whetstone deal. That's a convertible preferred because it's a lease up and the cash flow is important to us so you'll see that be convertible preferred for a period of time. Towards the end of the year, we'll convert it into—the plan is to convert it into the underlying equity, so that will come out of that bucket.

Craig Kucera
Right, right. No got it. And from the debt side of things, have you seen, with the movement from the 10 year over the last 30 days, have you seen any change and how is that translated to the debt quotes that you're seeing, and are you comfortable with maneuvering around at all taking any interest rate risk or maybe going with shorter maturities to make deals pencil out?

Ramin Kamfar
I'm going to let Ryan talk about interest. What we're seeing out there in the market in terms of strategy, I think we have not looked at going floating rate to make deals pencil out, but Ryan.

Ryan MacDonald
Hi, Craig. No, I think generally speaking we have a tremendous availability of capital across a wide variety of sources—

Ramin Kamfar
Debt capital.

Ryan MacDonald
Debt capital, excuse me, and I think everyone was worried about the agencies and the 40 basis point widening of rates, I'll call it about a month ago. I think one thing we found out late last week is that the agencies, in particular, actually got some good news although it hasn't been fully announced that they will get a reallocation of what I'll call the affordable housing cap, so that should actually alleviate some of the widening in the basis point spread. But in addition to that, we're actually seeing some very attractive quotes. I think we're seeing 7 to 10 year quotes anywhere from 350 to 370 on the [indiscernible] side.

In particular, I think it's partly because of the leverage point that we're at in addition to really the high quality nature of the asset. So, while, yes, I think on the lower quality assets rates have moved, rates have widened and the ten year has obviously moved and that's really hurt the lower quality asset base. But the leverage point and the quality of the assets that we bring to the table I think are getting a lot of attractiveness.

Ramin Kamfar
And for, like Ryan said, for quality of our markets, the class A new built product that we're buying to build out the portfolio, there's plenty of sources outside of the GSEs. Obviously, we don't have a crystal ball. We're hearing they're getting issues resolved but you've got banks, insurance companies and CMBS. So, it hasn't been an issue for us.

Craig Kucera
Okay, great. Thanks, guys. I'll jump back in the queue.

Operator
Once again, if you have a question, please press * then 1. The next question comes from John Benda from National Securities Incorporated. Please go ahead.

John Benda
Hi, good morning, good afternoon, everyone, how are you today?

Ramin Kamfar
Good afternoon, John, how are you?

Male Speaker
Good afternoon, John.

John Benda
Good. So just thinking about how you guys are acquiring assets and your specific buckets for value add, core plus, etc., do you mostly evaluate single asset deals or is there an opportunity or possibility to expand the asset grabs into three or four asset deals?

Ramin Kamfar
We have the ability to look at both. We're agnostic as to single deals versus portfolios. We've got, out of the $700 million, we've got two of them are—two of these—there are two portfolios in there that make up a significant part of that. So we'll look at both. It's all about value and where we can find it and sometimes it's in a portfolio, sometimes it's doing it the hard way which is doing singles, but the values what drives it.

John Benda
Okay, and then on the capital respective side, which you guys have seem to be doing a fantastic job with, what are the main criteria where you evaluate a decision and balance that against reinvestment risk? Is it meeting or exceeding underwriting hurdles for an asset, what are some of the main—increased activity in the market, that kind of drives your decision to look at something that might not have been for sale but all of sudden is now an opportunity?

Ramin Kamfar
I think there are several drivers. One, is we're continuously looking at our markets to see if something has changed about our investment thesis in the market. For example, Chattanooga was a market that when we went in was undersupplied and had tremendous employment and over time got saturated. Well, one of the advantages that we have were we saw that it was getting saturated.

One of the advantages that we have is that we don't have an operating infrastructure in our market so that doesn't tie us into a market, so when we see a Chattanooga market, which was driven by the Volkswagen plant that went in there and transformed that market, well you can look two years out and you can see the permitting coming. You can see the supply coming by watching the permitting. So if you see that we can exit that market without having to worry about unwinding our infrastructure. So that's one of the core things that we look at. Is the thesis changed with respect to the market? Has the thesis changed with respect to the asset? Similar analysis.

And then the third is, have we achieved the value creation that we want and are we getting credit for it in terms of the value that we're being placed—our enterprise value in the public markets, and that was the driver for the Berry Hill sale, because we said we're not getting credit for sub-5 cap class A brand new asset in our portfolio. That's not where our stock is trading, so if we sell it and we reinvest it the way we think we can, it's going to be $0.01 or $0.02 or $0.03 to our AFFO, and that's accretive to us, that's accretive to us as it will BRG and the shareholders and that's what drives that decision.

John Benda
Great, thank you very much.

Operator
Once again, if you have a question, please press * then 1 on a touchtone phone.

Seeing that there are no other questions, this concludes our question and answer session. I would like to turn the conference back over to Ramin Kamfar, Chairman and CEO, for any closing remarks

CONCLUSION

Ramin Kamfar
Thank you, operator. And again, thank you, everyone, for joining us. We look forward to reporting to you on a good second quarter in the next several months.

Operator
The conference has now concluded. Thank you for attending today's presentation. You may now disconnect.