

INDEPENDENCE REALTY TRUST, INC
Form 10-K
March 03, 2017

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, 2016

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 001-36041

INDEPENDENCE REALTY TRUST, INC.

(Exact name of registrant as specified in its charter)

Maryland
(State or other jurisdiction of
incorporation or organization)

26-4567130
(I.R.S. Employer
Identification No.)

Two Logan Square, 100 N. 18th Street, 23rd Floor,

Philadelphia, PA
(Address of principal executive offices)

19103
(Zip Code)

(215) 207-2100

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(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Securities Exchange Act of 1934:

Title of each class	Name of each exchange on which registered
Common Stock	NYSE MKT

Securities registered pursuant to Section 12(g) of the Securities Exchange Act of 1934:

None

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 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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

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

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The aggregate market value of the shares of common stock of the registrant held by non-affiliates of the registrant, based upon the closing price of such shares on June 30, 2016 of \$8.18, was approximately \$326,001,833.17.

As of February 28, 2017 there were 69,035,969 outstanding shares of the registrant's common stock issued and outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the proxy statement for registrant's 2017 Annual Meeting of Stockholders are incorporated by reference in Part III of this Form 10-K.

INDEPENDENCE REALTY TRUST, INC.

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FORWARD LOOKING STATEMENTS

The Securities and Exchange Commission, or SEC, encourages companies to disclose forward-looking information so that investors can better understand a company's future prospects and make informed investment decisions. This report contains or incorporates by reference such "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, or Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or Exchange Act.

Words such as "anticipates," "estimates," "expects," "projects," "intends," "plans," "believes" and words and terms of similar substance used in connection with any discussion of future operating or financial performance identify forward-looking statements. As used herein, the terms "we," "our" "us" and "IRT" refer to Independence Realty Trust, Inc. and, as required by context, Independence Realty Operating Partnership, LP, which we refer to as IROP, and their subsidiaries.

We claim the protection of the safe harbor for forward-looking statements provided in the Private Securities Litigation Reform Act of 1995. These statements may be made directly in this report and they may also be incorporated by reference in this report to other documents filed with the SEC, and include, but are not limited to, statements about future financial and operating results and performance, statements about our plans, objectives, expectations and intentions with respect to future operations, products and services, and other statements that are not historical facts. These forward-looking statements are based upon the current beliefs and expectations of our management and are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are difficult to predict and generally beyond our control. In addition, these forward-looking statements are subject to assumptions with respect to future business strategies and decisions that are subject to change. Actual results may differ materially from the anticipated results discussed in these forward-looking statements.

The risk factors discussed and identified in item 1A of this report and in other of our public filings with the SEC, among others, could cause actual results to differ materially from the anticipated results or other expectations expressed in the forward-looking statements. We caution you not to place undue reliance on these forward-looking statements, which speak only as of the date of this report. All subsequent written and oral forward-looking statements attributable to us or any person acting on our behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. Except to the extent required by applicable law or regulation, we undertake no obligation to update these forward-looking statements to reflect events or circumstances after the date of this filing or to reflect the occurrence of unanticipated events.

PART I

ITEM 1. Business

Our Company

We are a Maryland corporation that owns apartment properties in geographic non-gateway markets that we believe support strong occupancy and have the potential for growth in rental rates. We seek to provide stockholders with attractive risk-adjusted returns, with an emphasis on distributions and capital appreciation. We became an internally-managed real estate investment trust, or REIT, in December 2016 as a result of completing the management internalization transactions, or the management internalization, described below under “Management Internalization.” Prior to completing the management internalization, we were externally advised by a wholly-owned subsidiary of RAIT Financial Trust, or RAIT (NYSE: RAS). We elected to be taxed as a REIT under the Internal Revenue Code of 1986, as amended, or the Code, commencing with our taxable year ended December 31, 2011.

We seek to acquire and operate apartment properties that:

- have stable occupancy;
- are located in non-gateway markets that we do not expect will experience substantial new apartment construction in the foreseeable future;
- in appropriate circumstances, present opportunities for repositioning or updating through capital expenditures; and
- present opportunities to apply tailored marketing and management strategies to attract and retain residents and enable rent increases.

Our Business Objective and Investment Strategies

Our primary business objective is to maximize stockholder value by increasing cash flows at our existing apartment properties and acquiring additional properties that have strong and stable occupancies with the ability to raise rental rates or that have the potential for repositioning through capital expenditures or tailored management strategies. We intend to achieve this objective by executing the following strategies:

- Focus on properties in markets that have strong apartment demand, reduced competition from national apartment buyers and no substantial new apartment construction. In evaluating potential acquisitions, we analyze apartment occupancy and trends in rental rates, employment and new construction, among many other factors, and seek to identify properties located primarily in non-gateway markets where there is strong demand for apartment units, little to no apartment development, stable resident bases and occupancy rates, positive net migration trends and strong employment drivers. We generally seek to avoid markets where we believe potential yields have decreased as a result of the acquisition and development efforts of large institutional buyers.

• Acquire properties that have operating upside through targeted management strategies. We have expertise in acquiring and/or managing properties and maximizing the net operating income, or NOI, of such properties through more effective marketing and leasing, better management of rental rates and more efficient expense management. We will seek to acquire properties that we believe possess significant prospects for increased occupancy and rental revenue growth. Our target profile for acquisitions currently is midrise/garden-style apartments containing 150-500 units with good amenities that we can acquire at less than replacement cost in the \$15 million to \$50 million price range with a five to fifteen year operating track record. We do not intend to limit ourselves to properties in this target profile, however, and may make acquisitions outside of this profile or change our target profile whenever market conditions warrant.

• Selectively use our capital to improve apartment properties where we believe the return on such investments is accretive to our stockholders. We have significant experience allocating capital to value-added improvements of apartment properties to produce better occupancy and rental rates. We will selectively deploy our capital into revenue-enhancing capital projects that we believe will improve the physical plant or market positioning of particular apartment properties and generate increased income over time.

• Use our extensive experience owning and/or managing apartment properties, and our networks of contacts in the apartment industry, to acquire additional apartment properties. We manage approximately 15,000 apartment units in 17 states (including those owned by us). We believe these factors and our management's real estate relationships and access to off-market transactions, including relationships with the brokerage community, will continue to provide us with a strong pipeline of acquisition opportunities.

2016 Developments

Management Internalization Transaction

On September 27, 2016, we entered into an agreement, or the internalization agreement, with RAIT to complete the management internalization and separation from RAIT and its affiliates and to repurchase 7,269,719 shares of our common stock, or our common stock, from RAIT subsidiaries, representing all of the shares of our common stock owned by RAIT.

On October 5, 2016, we paid approximately \$62.2 million to RAIT to repurchase, or the IRT stock repurchase, and retire RAIT's shares of our common stock at a purchase price of \$8.55 per share. This price was equal to the price to the public in our common stock offering described below less underwriting discounts or commissions.

On December 20, 2016, we completed the management internalization. The management internalization consisted of two parts: (i) the acquisition of our external advisor, which was a subsidiary of RAIT, and (ii) the acquisition of substantially all of its assets and the assumption of certain liabilities relating to the multifamily property management business of RAIT, including property management contracts relating to apartment properties owned by us, RAIT and third parties. The purchase price we paid RAIT for the Internalization was \$43.0 million, subject to certain prorations at closing. After the management internalization, we terminated our advisory agreement with the external advisor we had acquired.

Upon closing of the management internalization, each of Scott F. Schaeffer, our chairman of the board and chief executive officer, Farrell Ender, our president, and James J. Sebra, our chief financial officer and treasurer, entered into employment agreements with us. Messrs. Schaeffer and Ender became our employees upon closing. Mr. Schaeffer resigned as RAIT's chairman of the board and chief executive officer and Mr. Ender ceased to be employed by RAIT effective upon the closing of the management internalization. Mr. Sebra remains the chief financial officer and treasurer of RAIT until the later to occur of March 31, 2017 or the filing of RAIT's Form 10-K for the fiscal year ending December 31, 2016 with the U.S. Securities and Exchange Commission. Upon closing of the management internalization, we hired substantially all of the employees of the multifamily property management business from RAIT we had acquired and other RAIT personnel who had focused primarily on our business. We expect to continue to provide property management services to RAIT properties that were managed by RAIT's multifamily property management business. We do not expect to otherwise expand our multifamily property management business to third parties.

At the closing of the management internalization, we and RAIT entered into a shared services agreement, or the shared services agreement, pursuant to which we and RAIT will provide each other certain transitional services such as information technology, human resources, insurance, investor relations, legal, tax and accounting for a six-month transition period after the closing ending June 20, 2017.

We believe the management internalization and IRT stock repurchase is and will be transformative for IRT.

By acquiring our external advisor:

- We eliminated all asset management fees payable to the external advisor;
- We eliminated the advisory agreement termination fee, which equaled 4 times the average annual base management and incentive fees earned by the external advisor during the eight full calendar quarters preceding the termination date;
- We removed the possibility of increased asset management fees payable to the external advisor that might result if we raised additional equity;
- We established a newly independent IRT management team; and
- We believe the management internalization will assist us in attracting new institutional investors, diversifying our stockholder base and improving our ability to raise capital.

By acquiring RAIT's multifamily property management business:

- We eliminated the related property management fees;
- We plan to realize the potential for cost savings through the capture of economies of scale; and

• We retained employees with knowledge of and experience with managing our properties

As a result of the IRT stock repurchase:

• We believe we enhanced the float and liquidity of our common stock; and

• We removed the potential adverse market effect on the trading of our common stock of possible sales by RAIT of its some or all of its substantial holdings of our common stock.

As a result of the management internalization we expect to save approximately \$2.5 million per year on general and administrative expenses after the shared services period ends while eliminating the increased management cost related to growth under the external management contract structure.

2016 Common Stock Offering

On October 5, 2016, we closed an underwritten public offering, or the 2016 common stock offering, of 25,000,000 shares of our common stock at a public offering price of \$9.00 per share for total net proceeds of approximately \$213.4 million. On October 21, 2016, we closed on the underwriters' option to purchase 3,750,000 additional shares of our common stock at the public offering price, less underwriting discounts and commissions netting us an additional \$32.1 million of proceeds. In the aggregate, we received approximately \$245.5 million of net proceeds from the 2016 common stock offering. We used the net proceeds from the 2016 common stock offering plus available cash as follows: \$40.0 million was used to repay our \$40.0 million senior secured term loan facility; \$43.0 million was reserved for, and ultimately paid to, RAIT at the closing of the management internalization; \$62.2 million was used for the IRT stock repurchase; and \$107.3 million was used to repay outstanding borrowings under our \$325.0 million senior secured credit facility.

Financing Strategy

We intend to use prudent amounts of leverage in making our investments. As previously disclosed, we determined that the strategic long term benefits of our acquisition of Trade Street Residential, Inc., or TSRE, in September 2015 justified exceeding our historical leverage limits, defined as having total indebtedness of no more than approximately 65% of the combined initial purchase price of all of the properties in our portfolio. Also, as previously disclosed, following the completion of our acquisition of TSRE, or the TSRE acquisition, we instituted a strategy, which we refer to as our capital recycling strategy, seeking to reduce IRT's leverage ratio over time by using the proceeds from

sales of properties which are outside our core geographic footprint in the Southeastern United States or which we believe we have limited potential for further improvements to their operating results to repay a portion of our indebtedness. We have successfully continued to implement our capital recycling strategy to reduce our leverage and reduce our exposure to short term indebtedness. During 2016, our leverage as measured by the ratio of our debt to gross assets decreased from 64% to 54.3%. We continue to review and reposition our financing structures seeking to enhance our flexibility and liquidity while continuing to reduce our leverage. For 2017, we expect one focus of our capital recycling strategy to be to match sales of our properties we classify as “C” properties with acquisitions we classify as “B” properties using the proceeds of sales of the “C” properties. We classify our properties based on industry standards. Our goal in having this focus for our capital recycling strategy in 2017 is to increase the amount of “B” properties in, and remove the “C” properties from, our portfolio without increasing our leverage or requiring additional issuances of our equity.

For further description of our indebtedness at December 31, 2016, see “Part II-Item 8. Financial Statements and Supplementary Data-Note 5: Indebtedness” below, or the financial statements indebtedness note.

In general, however, by operating on a leveraged basis, we expect to have more funds available for property acquisitions and other purposes, which we believe will allow us to acquire more properties than would otherwise be possible, resulting in a larger and more diversified portfolio. See “Part I-Item 1A. Risk Factors—Risks Associated with Debt Financing” below for more information about the risks related to operating on a leveraged basis.

If our board of directors changes our policies regarding our use of leverage, we expect that it will consider many factors, including, among others, the lending standards of government-sponsored enterprises, such as the Federal National Mortgage Association, or Fannie Mae, and the Federal Home Loan Mortgage Corporation, or Freddie Mac, for loans in connection with the financing of apartment properties, the leverage ratios of publicly traded REITs with similar investment strategies, the cost of leverage as compared to expected operating net revenues and general market conditions.

Development and Structure of Our Company

We were formed as a Maryland corporation on March 26, 2009. RAIT acquired beneficial ownership of 100% of our outstanding common stock on January 20, 2011 for approximately \$2.5 million and we commenced operations on April 29, 2011 upon our acquisition of six properties from RAIT. Since our formation, we have sold 55,198,300 shares of our common stock in six underwritten public offerings raising \$497.2 million of gross proceeds. While RAIT has bought shares in several of these offerings, RAIT's ownership percentage was reduced after each offering. On October 5, 2016, we repurchased and retired all 7,269,719 shares of our common stock owned by RAIT.

We conduct our business through a traditional umbrella partnership REIT, or UPREIT, structure in which our properties are owned by our operating partnership, IROP, directly or through subsidiaries. We are the sole general partner of IROP. IROP was formed as a Delaware limited partnership on March 27, 2009. Substantially all of our assets are held by, and substantially all of our operations are conducted through, our operating partnership. As the sole general partner of our operating partnership, we have the exclusive power under the partnership agreement to manage and conduct its business. Since IROP's formation, IROP has issued 3,207,868 IROP units to unaffiliated third parties as part of the consideration to acquire 23 properties in five transactions, including 1,925,419 IROP units issued in connection with the TSRE acquisition. These IROP units are exchangeable for the equivalent number of shares of common stock or the equivalent value in cash, at our option, in defined circumstances. From IROP's formation through December 31, 2016, 298,919 IROP units held by unaffiliated third parties have been exchanged for 298,913 shares of our common stock with fractional units being settled in cash. From January 1, 2017 through March 1, 2017, 39,899 of IROP units held by unaffiliated third parties were exchanged for 39,899 shares of our common stock. As of December 31, 2016, 2,908,949 IROP units held by unaffiliated third parties were outstanding. As of March 1, 2017, 2,869,050 IROP units held by unaffiliated third parties were outstanding. We refer to these transactions as UPREIT transactions. Limited partners have certain limited approval and voting rights.

As described above under "Management Internalization," we became internally managed as of December 20, 2016. Prior to that, we were externally advised by our advisor, a RAIT subsidiary, pursuant to an advisory agreement and subject to the oversight of our board of directors. As described above, we acquired our advisor from RAIT as a result of the management internalization and terminated the advisory agreement. Our advisor was formed on March 26, 2009 and, prior to the management internalization, was responsible for managing our day-to-day business operations and identifying properties for us to acquire. We did not have any employees until the management internalization closed. See "Employees" below. Items of compensation and expense reimbursement we paid to our advisor prior to the management internalization are outlined below in Item 8—"Financial Statements and Supplementary Data"—Note 9. Related Party Transactions and Arrangements."

As described above under "Management Internalization," we acquired the multifamily property management business of RAIT on December 20, 2016 in connection with the management internalization. We now operate that business in our wholly owned subsidiary, IRT Management, LLC, or IRT property manager, formed October 26, 2016. Prior to that, RAIT Residential, a RAIT subsidiary, was our property manager. In the management internalization, RAIT Residential transferred substantially all of its assets and certain of its liabilities to us and we hired substantially all of its employees. IRT property manager is a full-service apartment property management company that, as of

December 31, 2016, employs approximately 400 staff and professionals and manages approximately 15,000 apartment units, including 12,982 units owned by us. IRT property manager provides services to us in connection with the rental, leasing, operation and management of our properties.

Competition

In attracting and retaining residents to occupy our properties, we compete with numerous other housing alternatives. Our properties compete directly with other rental apartments as well as condominiums and single-family homes that are available for rent or purchase in the sub-markets in which our properties are located. Principal factors of competition include rent or price charged, attractiveness of the location and property and quality and breadth of services and amenities. If our competitors offer leases at rental rates below current market rates, or below the rental rates we currently charge our tenants, we may lose potential tenants.

The number of competitive properties relative to demand in a particular area has a material effect on our ability to lease apartment units at our properties and on the rents we charge. In certain sub-markets there exists an oversupply of single family homes and condominiums and a reduction of households, both of which affect the pricing and occupancy of our rental apartments. Additionally, we compete with other real estate investors, including other apartment REITs, pension and investment funds, partnerships and investment companies in acquiring, redeveloping and managing apartment properties. This competition affects our ability to acquire properties and the price that we pay for such acquisitions.

Employees

As of March 1, 2017, we had 395 employees and believe our relationships with our employees to be good. None of our employees are covered by a collective bargaining agreement.

Regulation

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.

Income Taxes

We have elected to be taxed as a REIT beginning with the taxable year ended December 31, 2011. Accordingly, we recorded no income tax expense for the years ended December 31, 2016, 2015, 2014 and 2013.

To qualify as a REIT, we must meet certain organizational and operational requirements, including a requirement to distribute at least 90% of our ordinary taxable income to stockholders. As a REIT, we generally are not subject to federal income tax on taxable income that we distribute to our stockholders. If we fail to qualify as a REIT in any taxable year, we will be subject to federal income taxes on our taxable income at regular corporate rates and will not be permitted to qualify for treatment as a REIT for federal income tax purposes for four years following the year during which qualification is lost unless the Internal Revenue Service grants us relief under certain statutory provisions. Such an event could materially adversely affect our net income and core funds from operations, or core FFO; however, we believe that we are organized and operate in such a manner as to qualify and maintain treatment as a REIT and intend to operate in such a manner so that we will remain qualified as a REIT for federal income tax purposes. For a discussion of the tax implications of our REIT status to us and our stockholders, see “Material U.S. Federal Income Tax Considerations” contained in Exhibit 99.1 to this Annual Report on Form 10-K.

The table below reconciles the differences between reported net income (loss), total taxable income and estimated REIT taxable income for the three years ended December 31, 2016 (dollars in thousands):

	For the Years		
	Ended December 31		
	2016	2015	2014
Net Income	\$ (9,555)	\$ 30,156	\$ 2,944
Add (deduct):			
Depreciation and amortization differences	(3,063)	334	489
Gain/loss differences	4,680	(3,175)	(2,882)

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Gain recognized on TSRE Acquisition	(621)	(64,604)	-
IRT Internalization Expense	44,976	-	-
Other book to tax differences:			
Capitalized acquisition costs	-	20,973	1,740
Share-based compensation expense	1,001	495	126
Other	(1,382)	6	3
Total taxable income (loss)	\$36,036	\$(15,815)	\$2,420
Deductible capital gain distribution	(34,783)	(4,376)	-
Taxable (income)/loss allocable to noncontrolling interest	(1,253)	1,010	(16)
Estimated REIT taxable income (loss) before dividends paid deduction	\$-	\$(19,181)	\$2,404

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For the year ended December 31, 2016, the tax classification of our dividends on common shares was as follows:

Record	Payment	Dividend	Ordinary	Qualified	Total Capital Gain	Unrecaptured	Return
Date	Date	Paid	Income	Dividend	Distribution	Section 1250 Gain	of Capital
1/29/2016	2/16/2016	\$ 0.0600	\$ 0.0042	\$ -	\$ 0.0558	\$ 0.0198	\$ -
2/29/2016	3/15/2016	0.0600	0.0042	-	0.0558	0.0198	-
3/31/2016	4/15/2016	0.0600	0.0042	-	0.0558	0.0198	-
4/29/2016	5/16/2016	0.0600	0.0042	-	0.0558	0.0198	-
5/31/2016	6/15/2016	0.0600	0.0042	-	0.0558	0.0198	-
6/30/2016	7/15/2016	0.0600	0.0042	-	0.0558	0.0198	-
7/29/2016	8/15/2016	0.0600	0.0042	-	0.0558	0.0198	-
8/31/2016	9/15/2016	0.0600	0.0042	-	0.0558	0.0198	-
9/30/2016	10/17/2016	0.0600	0.0042	-	0.0558	0.0198	-
10/31/2016	11/15/2016	0.0600	0.0042	-	0.0558	0.0198	-
11/30/2016	12/15/2016	0.0600	0.0042	-	0.0558	0.0198	-
12/30/2016	01/17/2017	0.0600	0.0042	-	0.0558	0.0198	-
		\$ 0.7200	\$ 0.0504	\$ -	\$ 0.6696	\$ 0.2376	\$ -

For the year ended December 31, 2015, the estimate REIT taxable loss before dividends paid deduction is primarily attributable to prepayment penalties incurred on the mortgage debt that was assumed as part of, and paid off upon closing of, the TSRE acquisition.

For the year ended December 31, 2015, the tax classification of our dividends on common shares was as follows:

Record	Payment	Dividend	Ordinary	Qualified	Total Capital Gain	Unrecaptured	Return
Date	Date	Paid	Income	Dividend	Distribution	Section 1250 Gain	of Capital
1/30/2015	2/17/2015	\$ 0.0600	\$ -	\$ -	\$ 0.0101	\$ 0.0101	\$ 0.0499
2/27/2015	3/16/2015	0.0600	-	-	0.0101	0.0101	0.0499
3/31/2015	4/15/2015	0.0600	-	-	0.0101	0.0101	0.0499
4/30/2015	5/15/2015	0.0600	-	-	0.0101	0.0101	0.0499
5/29/2015	6/15/2015	0.0600	-	-	0.0101	0.0101	0.0499
6/30/2015	7/15/2015	0.0600	-	-	0.0101	0.0101	0.0499
7/31/2015	8/17/2015	0.0600	-	-	0.0101	0.0101	0.0499
8/29/2015	9/15/2015	0.0600	-	-	0.0101	0.0101	0.0499
9/15/2015	10/15/2015	0.0340	-	-	0.0057	0.0057	0.0283
9/30/2015	10/15/2015	0.0260	-	-	0.0044	0.0044	0.0216

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10/30/2015	11/16/2015	0.0600	-	-	0.0101	0.0101	0.0499
11/30/2015	12/15/2015	0.0600	-	-	0.0101	0.0101	0.0499
12/31/2015	01/15/2016	0.0600	-	-	0.0101	0.0101	0.0499
		\$ 0.7200	\$ -	\$ -	\$ 0.1212	\$ 0.1212	\$ 0.5988

Financial Information About Industry Segments

Our current business consists of owning, managing, operating, leasing, acquiring, developing, investing in, and disposing of real estate assets. We internally evaluate all of our real estate assets as one industry segment, and, accordingly, we do not report segment information.

Available Information

We file annual, quarterly and current reports, proxy statements and other information with the SEC. The public may read and copy any materials we file with the SEC at the SEC's Public Reference Room at 100 F Street, NE, Washington, DC 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC maintains an internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC. The internet address of the SEC site is <http://www.sec.gov>. Our internet address is <http://www.irtliving.com>. We make our SEC filings available free of charge on or through our internet website as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. We are not incorporating by reference in this report any material from our website.

ITEM 1A. Risk Factors

Stockholders should carefully consider the following risk factors in conjunction with the other information contained in this report. The risks discussed in this report could adversely affect our business, operating results, prospects and financial condition. This could cause the value of our common stock to decline and/or you to lose part or all of any investment in our securities. The risks and uncertainties described below are not the only ones we face, but do represent those risks and uncertainties that we believe are material to us. Additional risks and uncertainties not presently known to us or that, as of the date of this report, we deem immaterial may also harm our business. Some statements in this report, including statements in the following risk factors, constitute forward-looking statements. Please refer to the “Forward-Looking Statements” above contained in this report.

Risks Related to Our Business and Operations

Our portfolio of properties consists primarily of apartment communities concentrated in certain markets, and any adverse developments in local economic conditions or in the demand for apartment units in these markets may cause our operating results to decline.

Our portfolio of properties consists primarily of apartment communities geographically concentrated in the Southeastern United States, including Louisville, Kentucky, Memphis, Tennessee, Atlanta, Georgia, Raleigh, North Carolina, Oklahoma City, Oklahoma and Dallas, Texas. As such, we are susceptible to local economic conditions and the supply of and demand for apartment units in these markets. If there is a downturn in the local economy or an oversupply of or decrease in demand for apartment units in these markets, our business could be harmed to a greater extent than if we owned a real estate portfolio that was more diversified in terms of both geography and industry focus.

Adverse economic conditions may reduce or eliminate our returns and profitability and, as a result, our ability to make distributions to our stockholders.

Our operating results may be affected by market and economic challenges, which may reduce or eliminate our returns and profitability and, as a result, our ability to make distributions to our stockholders. These market and economic challenges include, principally, the following:

- adverse conditions in the real estate industry could harm our business and financial condition by reducing the value of our existing assets, limiting our access to debt and equity capital and otherwise negatively impacting our operations;
 - any future downturn in the U.S. economy and the related reduction in spending, reduced home prices and high unemployment may result in tenant defaults under leases, vacancies at our apartment communities and concessions or reduced rental rates under new leases due to reduced demand;
 - the rate of household formation or population growth in our 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 apartment units in our markets; and
 - the failure of the real estate market to attract the same level of capital investment in the future that it attracts 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 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 could be negatively affected to the extent that an economic slow-down or downturn is prolonged or becomes severe.

We depend on residents for revenue, and vacancies, resident defaults or lease terminations may cause a material decline in our operating results.

The success of our investments depends upon the occupancy levels, rental revenue and operating expenses of our apartment communities. Our revenues may be adversely affected by the general or local economic climate, local real estate considerations (such as oversupply of or reduced demand for apartment units), the perception by prospective residents of the safety, convenience and attractiveness of the areas in which our apartment communities are located (including the quality of local schools and other amenities) and increased operating costs (including real estate taxes and utilities).

Occupancy rates and rents at a community, including apartment communities that are newly constructed or in the lease-up phase, may fail to meet our original expectations for a number of reasons, including changes in market and economic conditions beyond our control and the development by competitors of competing communities and we may be unable to complete lease-up of a community on schedule, resulting in increased construction and financing costs and a decrease in expected rental revenues.

Vacancy rates may increase in the future and we may be unable to lease vacant units or renew expiring leases on attractive terms, or at all, and we may be required to offer reduced rental rates or other concessions to residents. Our revenues may be lower as a result of lower occupancy rates, increased turnover, reduced rental rates, increased economic concessions and potential increases in uncollectible rent. In addition, we will continue to incur expenses, including maintenance costs, insurance costs and property taxes, even though a property maintains a high vacancy rate. Our financial performance will suffer if our revenues decrease or our costs increase as a result of this trend.

The underlying value of our properties and our ability to make distributions to our stockholders will depend upon our ability to lease our available apartment units and the ability of our residents to generate enough income to pay their rents in a timely manner. Our residents' inability to pay rents may be impacted by employment and other constraints on their personal finances, including debts, purchases and other factors. Upon a resident default, we will attempt to remove the resident from the premises and re-lease the unit as promptly as possible. Our ability and the time required to evict a resident, however, will depend on applicable law. Substantially all of the leases for our properties are short-term leases (generally, one year or less in duration). As a result, our rental income and our cash flow are impacted by declines in market conditions more quickly than if our leases were for longer terms.

We may be limited in our ability to diversify our investments.

Our ability to diversify our portfolio may be limited both as to the number of investments owned and the geographic regions in which our investments are located. While we will seek to diversify our portfolio by geographic location, we expect to focus on markets with high potential for attractive returns located in the United States and, accordingly, our actual investments may result in concentrations in a limited number of geographic regions. As a result, there is an increased likelihood that the performance of any single property, or the economic performance of a particular region in which our properties are located, could materially affect our operating results.

We may fail to consummate some or all potential property dispositions we disclose individually or in the aggregate, whether as part of our capital recycling strategy or otherwise, which could have a material adverse impact on our liquidity and leverage.

We have continued a capital recycling strategy that contemplates selling properties and may disclose other potential property dispositions, whether individually or in the aggregate, at any time and from time to time. We may disclose our plans to sell one or more properties prior to offering such properties for sale, identifying or negotiating with potential buyers, entering into letters of intent or if entering into a purchase and sale agreement at any time and from time to time. These letters of intent are generally non-binding. If we enter into a legally binding purchase and sale agreement to dispose of a property, any disposition may be subject to the satisfaction of various closing conditions, and there can be no assurance that these conditions will be satisfied or that the disposition will close on the terms described, or at all. If we fail to consummate these dispositions, we will not have the use of the proceeds of the dispositions and may not be able to carry out our intended plans for such proceeds or may have to obtain liquidity from alternative sources on less favorable terms. To the extent we intend to use proceeds of property sales to purchase new properties or to reduce our leverage by repaying our indebtedness, any such failure may cause us not to have the liquidity necessary to purchase such new properties or repay our indebtedness in accordance with its terms or we may be required to obtain such liquidity from such alternative sources. As a result, failure to consummate one or more of pending property dispositions we may disclose could have a material adverse impact on our liquidity and affect our ability to purchase new properties or may result in our obtaining alternative financing which may increase our leverage which could adversely affect our financial condition, results of operations and the market price of our common stock.

We may fail to consummate some or all potential property acquisitions we disclose individually or in the aggregate, which could have a material adverse impact on our results of operations, earnings and cash flow.

We may disclose potential property acquisitions, whether individually or in the aggregate, at any time and from time to time. We refer to the aggregate number of potential acquisitions we are considering at any particular time as our pipeline. We generally include a property in our pipeline when our underwriting and due diligence efforts have proceeded to the point where we have issued a letter of intent to acquire a particular property or if we have entered into a purchase and sale agreement. These letters of intent are generally non-binding. If we enter into legally binding purchase and sale agreements to acquire a property, any acquisition may be subject to the satisfaction of various closing conditions, and there can be no assurance that these conditions will be satisfied or that the acquisitions will close on the terms described herein, or at all. If we fail to consummate these acquisitions, to the extent we issued additional securities in order to use the proceeds of the offering to fund any of the acquisitions, we may have issued a significant number of our securities without realizing a corresponding increase in earnings and cash flow from acquiring the properties involved in such acquisitions. In addition, we may have broad authority to use the net proceeds of any offering for other purposes, including the repayment of indebtedness, the acquisition of other properties that we may identify in the future or for other investments, which may not be initially accretive to our results of operations. As a result, failure to consummate one or more of the pending property acquisitions could have a material adverse impact on our financial condition, results of operations and the market price of our common stock.

We may suffer from delays in locating suitable investments or, because of our public company status, may be unable to acquire otherwise suitable investments, which could adversely affect our growth prospects and results of operations.

Our ability to achieve our investment objectives and to make distributions to our stockholders depends upon our ability to locate, obtain financing for and consummate the acquisition of apartment properties that meet our investment criteria. The current market for apartment properties that meet our investment criteria is highly competitive. We cannot be sure that we will be successful in obtaining suitable investments on financially attractive terms or at all.

Additionally, as a public company, we are subject to the ongoing reporting requirements under the Securities Exchange Act of 1934, as amended, or the Exchange Act. Pursuant to the Exchange Act, we may be required to file with the SEC financial statements of properties we acquire. To the extent any required financial statements are not available or cannot be obtained, we may not be able to acquire the property. As a result, we may be unable to acquire certain properties that otherwise would be suitable investments.

If we are unable to invest the proceeds of any offering of our securities in real properties in a timely manner, we may invest the proceeds in short-term, investment-grade investments which typically will yield significantly less than what we expect our investments will yield. As a result, delays we encounter in identifying and consummating potential acquisitions may adversely affect our growth prospects, results of operations and our ability to make distributions to our stockholders.

If we lose or are unable to retain or obtain key personnel, our ability to implement our investment strategies could be hindered, which could reduce our ability to make distributions and adversely affect the trading price of our common stock.

Our success depends to a significant degree upon the contributions of certain of our officers and other key personnel. If any of our key personnel were to terminate their employment with us, our operating results could suffer. Further, we do have not and do not intend to maintain key person life insurance that would provide us with proceeds in the event of death or disability of any of our key personnel. We believe our future success depends upon our ability to hire and retain highly skilled managerial, operational and marketing personnel. Competition for such personnel is intense, and we cannot assure you that we will be successful in attracting and retaining such skilled personnel. If we lose or are unable to obtain the services of key personnel, our ability to implement our investment strategies could be delayed or hindered, and the trading price of our common stock may be adversely affected.

We may not manage the management internalization effectively or realize its anticipated benefits.

We internalized our management and separated from RAIT in a series of transactions completed on December 20, 2016 which included acquiring all of the shares of our common stock held by RAIT, acquiring our external advisor from RAIT and terminating the advisory agreement and acquiring the assets of RAIT's apartment property manager from RAIT. We may not manage the management internalization effectively. The management internalization could be a time-consuming and costly process. The internalized company may encounter potential difficulties in the integration process which may result in the inability to successfully internalize corporate management or the property manager in a manner that permits us to achieve the cost savings anticipated to result from the management internalization. Following the management internalization, we expect to be reliant on RAIT for certain services such as information technology, human resources, insurance, investor relations, legal, tax and accounting for a period of time after the closing. If we are unable to internalize or find other providers for these services within a reasonable time period, we may not achieve all of the expected benefits of the management internalization. We may not be able to retain all of the current employees who provided services to our former external advisor who transferred from RAIT to us upon the management internalization or our executive officers. We also may not be able to retain all of the current properties of the property manager or the employees who transferred from RAIT to us upon the management

internalization. Our general and administrative expenses after the management internalization could be higher than our current expectations. The failure to manage the internalization effectively, including failure to smoothly transition services or retain employees, could result in the anticipated benefits of the management internalization not being realized in the timeframe currently anticipated or at all. Any of these foregoing risks could materially adversely affect our business, financial condition and results of operations.

The management internalization was negotiated between a special committee of RAIT's board of trustees comprised solely of independent trustees, or the RAIT special committee, and a special committee of the IRT board of directors comprised solely of independent directors, or the IRT special committee, to address potential conflicts of interest among executive officers shared by RAIT and IRT.

The management internalization was negotiated by the RAIT special committee on behalf of RAIT with the IRT special committee on behalf of IRT in order for RAIT and IRT to address potential conflicts of interest among executive officers shared by RAIT and IRT, including the following: (i) Mr. Schaeffer's service as CEO of both RAIT and IRT and as chairman of the board of the board of trustees and as chairman of the IRT board of directors; and (ii) Mr. Sebra's service as CFO and treasurer of both RAIT and IRT. As a result, the affiliated officers may have had different interests than we do with respect to the management internalization and the future conduct of the businesses of the companies. While the IRT special committee was responsible for negotiating on behalf of IRT to address potential conflicts of interest related to the management internalization, including those of the affiliated officers, these potential conflicts would not exist in the case of a transaction negotiated with unaffiliated third parties.

The representations, warranties, covenants and indemnities in the IRT internalization agreement and related agreements are subject to limitations and qualifiers, which may limit our ability to enforce any remedy under these agreements.

The representations, warranties, covenants and indemnities in the IRT internalization agreement, the related shared services agreement and other agreements related to the IRT management internalization are subject to limitations and qualifiers, which may limit our ability to enforce any remedy under these agreements. These include, without limitation, limitations on liability and materiality qualifiers on certain representations and covenants.

If we fail to maintain an effective system of integrated internal controls, we may not be able to accurately report our financial results and may be required to incur additional costs and divert management resources.

We depend on our ability to produce accurate and timely financial statements in order to run our business. If we fail to do so, our business could be negatively affected and our independent registered public accounting firm may be unable to attest to the accuracy of our financial statements. A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A significant deficiency is defined as a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those responsible for oversight of a registrant's financial reporting. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected, on a timely basis by the Company's internal controls.

Although we continuously monitor the design, implementation and operating effectiveness of our internal controls over financial reporting and disclosure controls and procedures, there can be no assurance that significant deficiencies or material weaknesses will not occur in the future. If we fail to maintain effective internal controls and disclosure controls in the future, it could result in a material misstatement of our financial statements that may not be prevented or detected on a timely basis, which could cause investors, analysts and others to lose confidence in our reported financial information. Our inability to remedy any additional deficiencies or material weaknesses that may be identified in the future could, among other things, cause us to fail to file timely our periodic reports with the SEC (which may have a material adverse effect on our ability to access the capital markets); prevent us from providing reliable and accurate financial information and forecasts or from avoiding or detecting fraud; or require us to incur additional costs or divert management resources to achieve compliance.

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 multifamily residential real estate sector. Many multifamily companies depend heavily on Fannie Mae and Freddie Mac to finance growth by purchasing or guarantying apartment loans and to refinance outstanding indebtedness as it matures. In August 2012, the U.S. Treasury modified its investment in Fannie Mae and Freddie Mac to accelerate the reduction of Fannie Mae's and Freddie Mac's investment portfolio and to require a sweep of all quarterly profits generated by Fannie Mae and Freddie Mac.

In March 2013, proposed legislation was introduced in the U.S. Senate to sell the assets of Fannie Mae and Freddie Mac over the next five years and to replace the firms' roles in the housing market with government bond insurance. If this or similar legislation is enacted, the absence of Fannie Mae and Freddie Mac may restrict financing for the multifamily residential real estate sector and, therefore, may adversely affect our business.

We do not know when or if Fannie Mae or Freddie Mac will further restrict their support of lending to the multifamily industry or to us in particular. If new U.S. government regulations (i) heighten Fannie Mae's and Freddie Mac's underwriting standards, (ii) adversely affect interest rates and (iii) continue to reduce the amount of capital they can make available to the multifamily sector, it could reduce or remove entirely a vital resource for multifamily financing. Any potential reduction in loans, guarantees and credit-enhancement arrangements from Fannie Mae and Freddie Mac could jeopardize the effectiveness of the multifamily sector's available financing and decrease the amount of available liquidity and credit that could be used to acquire and diversify our portfolio of multifamily assets, as well as dispose of our multifamily assets upon our liquidation, and our ability to refinance our existing mortgage obligations as they come due and obtain additional long-term financing for the acquisition of additional multifamily apartment 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.

As of December 31, 2016, the average age of our apartment communities was approximately 10 years, after adjusting for significant renovations. While the majority of our properties are newly-constructed or 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 ability to make distributions to our stockholders.

Our growth will depend upon future acquisitions of multifamily apartment communities, and we may be unable to complete acquisitions on advantageous terms or acquisitions may not perform as we expect.

Our growth will depend upon future acquisitions of multifamily apartment communities, which entails various risks, including risks that our investments may not perform as we expect. Further, we will face competition for attractive investment opportunities from other real estate investors, including local real estate investors and developers, as well as other multifamily REITs, income-oriented non-traded REITs, and private real estate fund managers, and these competitors may have greater financial resources than us and a greater ability to borrow funds to acquire properties. This competition may increase as investments in real estate become increasingly attractive relative to other forms of investment. As a result of competition, we may be unable to acquire additional properties as we desire or the purchase price may be significantly elevated. In addition, our acquisition activities pose the following risks to our ongoing operations:

- we may not achieve the increased occupancy, cost savings and operational efficiencies projected at the time of acquiring a property;
- management may incur significant costs and expend significant resources evaluating and negotiating potential acquisitions, including those that we subsequently are unable to complete;
- we may acquire properties that are not initially accretive to our results upon acquisition, and we may not successfully manage and operate those properties to meet our expectations;
- we may acquire properties outside of our existing markets where we are less familiar with local economic and market conditions;
- some properties may be worth less or may generate less revenue than, or simply not perform as well as, we believed at the time of the acquisition;
- we may be unable to assume mortgage indebtedness with respect to properties we seek to acquire or obtain financing for acquisitions on favorable terms or at all;

- we may forfeit earnest money deposits with respect to acquisitions we are unable to complete due to lack of financing, failure to satisfy closing conditions or certain other reasons;

- we may spend more than budgeted to make necessary improvements or renovations to acquired properties; and

- we may acquire properties without any recourse, or with only limited recourse, for liabilities, whether known or unknown, such as clean-up of environmental contamination, claims by tenants, vendors or other persons against the former owners of the properties, and claims for indemnification by general partners, trustees, officers, and others indemnified by the former owners of the properties.

Our growth depends on securing external sources of capital that are outside of our control, which may affect our ability to take advantage of strategic opportunities, satisfy debt obligations and make distributions to our stockholders.

In order to maintain our qualification as a REIT, we are generally required under the Code to distribute annually at least 90% of our REIT taxable income, determined without regard to the dividends paid deduction and excluding any net capital gain. In addition, we will be subject to income tax at regular corporate rates to the extent that we distribute less than 100% of our net taxable income, including any net capital gains. Because of these distribution requirements, we may not be able to fund future capital needs, including any necessary acquisition financing, from operating cash flow. Consequently, we may rely on third-party sources to fund our capital needs. We may not be able to obtain financing on favorable terms or at all. Any additional debt we incur will increase our leverage. If we issue additional equity securities to finance developments and acquisitions instead of incurring debt, the interests of our existing

stockholders could be diluted. Our access to third-party sources of capital depends, in part, on:

- general market conditions;
- the market's perception of our growth potential;
 - our current debt levels;
- our current and expected future earnings;
- our cash flow and cash distributions; and
- the market price per share of our common stock.

If we cannot obtain capital from third-party sources, we may not be able to acquire properties when strategic opportunities exist, meet the capital and operating needs of our existing properties or satisfy our debt service obligations. Further, in order to meet the

REIT distribution requirements and maintain our REIT status and to avoid the payment of income and excise taxes, we may need to borrow funds on a short-term basis even if the then-prevailing market conditions are not favorable for these borrowings. These short-term borrowing needs could result from differences in timing between the actual receipt of cash and inclusion of income for U.S. federal income tax purposes or the effect of non-deductible capital expenditures, the creation of reserves, certain restrictions on distributions under loan documents or required debt or amortization payments.

To the extent that capital is not available to acquire properties, profits may not be realized or their realization may be delayed, which could result in an earnings stream that is less predictable than some of our competitors and result in us not meeting our projected earnings and distributable cash flow levels in a particular reporting period. Failure to meet our projected earnings and distributable cash flow levels in a particular reporting period could have an adverse effect on our financial condition and on the market price of our common stock.

We may increase our debt or raise additional capital in the future, which could adversely affect our financial condition and growth prospects.

To execute our business strategy, we will require additional capital. Debt or equity financing, however, may not be available to us on terms acceptable to us, if at all. If we incur additional debt or raise equity through the issuance of preferred stock, the terms of the debt or preferred stock issued may give the holders rights, preferences and privileges senior to those of holders of our common stock, particularly in the event of liquidation. The terms of any new debt may also impose additional and more stringent restrictions on our operations than we currently have. If we raise funds through the issuance of additional common equity, either through public or private offerings or rights offerings, the percentage ownership of our stockholders would decline. If we are unable to raise additional capital when needed, it could affect our financial condition and growth prospects.

We may be subject to contingent or unknown liabilities related to properties or business that we have acquired or may acquire for which we may have limited or no recourse against the sellers.

The properties or businesses that we have acquired or may acquire may be subject to unknown or contingent liabilities for which we have limited or no recourse against the sellers. Unknown liabilities might include liabilities for, among other things, cleanup or remediation of undisclosed environmental conditions, liabilities under the Employee Retirement Income Security Act of 1974, as amended, or ERISA, claims of residents, vendors or other persons dealing with the entities prior to the acquisition of such property, tax liabilities, and accrued but unpaid liabilities whether incurred in the ordinary course of business or otherwise. Because many liabilities, including tax liabilities, may not be identified within the applicable contractual indemnification period, we may have no recourse against any of the owners from whom we acquired such properties for these liabilities. The existence of such liabilities could significantly adversely affect the value of the property subject to such liability. As a result, if a liability was asserted against us based on ownership of any of such properties, then we might have to pay substantial sums to settle it, which could adversely affect our cash flows.

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.

General Risks Related to Investments in Real Estate

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 in interest rates, which could adversely affect our ability to obtain financing on favorable terms or at all;
- the inability of residents 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, amenities and safety record;
- increased operating costs, including increased real property taxes, maintenance, insurance and utilities costs;
- weather conditions that may increase or decrease energy costs and other weather-related expenses;

- civil unrest, acts of God, including earthquakes, floods, hurricanes and other natural disasters, which may result in uninsured losses, and acts of war or terrorism;
- oversupply of multifamily housing or a reduction in demand for real estate in the markets in which our properties are located;
- a favorable interest rate environment that may result in a significant number of potential residents of our multifamily apartment communities deciding to purchase homes instead of renting;
- 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.

Economic conditions may adversely affect the residential real estate market and our income.

A residential property's income and value may be adversely affected by international, national and regional economic conditions. During the past five years, the U.S. and international markets have experienced increased levels of volatility due to a combination of many factors, including decreased values of homes and commercial real estate, limited access to credit markets, increased energy costs, increased unemployment rates, and a national and global recession. Although recently some economic conditions appear to have improved, if such improvement does not continue or if new economic or capital markets problems arise, the value of our portfolio may decline significantly. A deterioration in economic conditions may also have an adverse effect on our operations if they result in our tenants or prospective tenants being unable to afford the rents we need to charge to be profitable.

In addition, local real estate conditions such as an oversupply of properties or a reduction in demand for properties, availability of "for sale" properties and competition from other similar properties, our ability to provide adequate maintenance, insurance and management services, increased operating costs (including real estate taxes), the attractiveness and location of the property and changes in market rental rates, may adversely affect a property's income and value. A rise in energy costs could result in higher operating costs, which may affect our results from operations. In addition, local conditions in the markets in which we own or intend to own properties may significantly affect occupancy or rental rates at such properties. Layoffs, plant closings, relocations of significant local employers and other events reducing local employment rates and the local economy; an oversupply of, or a lack of demand for, apartments; a decline in household formation; the inability or unwillingness of residents to pay rent increases; and rent control, rent stabilization and other housing laws, all could prevent us from raising or maintaining rents, and could cause us to reduce rents.

We will face competition from third parties, including other apartment properties, which may limit our profitability and the return on any investment in our securities.

The apartment industry is highly competitive. This competition may limit our ability to increase revenue and could reduce occupancy levels and revenues at our apartment properties. We compete with many other entities engaged in real estate investment activities, including individuals, corporations, bank and insurance company investment accounts, other REITs, real estate limited partnerships, and other entities engaged in real estate investment activities. Many of these entities have significant financial and other resources, including operating experience, allowing them to compete effectively with us. Competitors with substantially greater financial resources than us may be able to accept more risk than we can effectively manage. In addition, those competitors that are not REITs may be at an advantage to the extent they can use working capital to finance projects, while we (and our competitors that are REITs) will be required by the annual distribution provisions under the Code to distribute significant amounts of cash from operations to our stockholders. Competition may also result in overbuilding of apartment properties, causing an increase in the number of apartment units available which could potentially decrease our occupancy and apartment rental rates. We may also be required to expend substantial sums to attract new residents. The resale value of the property could be

diminished because the market value of a particular property will depend principally upon the net revenues generated by the property. In addition, increases in operating costs due to inflation may not be offset by increased apartment rental rates. 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 income from the investment. These events would cause a significant decrease in revenues and the trading price of our common stock, and could cause us to reduce the amount of distributions to our stockholders.

The illiquidity of real estate investments could make it difficult for us to respond to changing economic, financial, and investment conditions or changes in the operating performance of our properties, which could reduce our cash flows and adversely affect results of operations.

Real estate investments are relatively illiquid and may become even more illiquid during periods of economic downturn. As a result, we will have a limited ability to vary our portfolio in response to changes in economic, financial and investment conditions or changes in the operating performance of our properties. We may not be able to sell a property or properties quickly or on favorable terms in response to changes in the economy or other conditions when it otherwise may be prudent to do so. This inability to respond

quickly to changes in the performance of our properties as a result of an economic or market downturn could adversely affect our results of operations if we cannot sell an unprofitable property.

We will also have a limited ability to sell assets in order to fund working capital, repay debt and similar capital needs. Our financial condition could be adversely affected if we were, for example, unable to sell one or more of our properties in order to meet our debt obligations upon maturity. We cannot predict whether we will be able to sell any property for the price or on the terms set by us, or whether any price or other terms offered by a prospective purchaser would be acceptable to us. We also cannot predict the length of time needed to find a willing purchaser and to close the sale of a property. We also may be required to expend funds to correct defects or to make improvements before a property can be sold, and we cannot assure you that we will have funds available to correct those defects or to make those improvements. Our inability to dispose of assets at opportune times or on favorable terms could adversely affect our cash flows and results of operations.

Moreover, the Code imposes restrictions on a REIT's ability to dispose of properties that are not applicable to other types of real estate companies. In particular, the tax laws applicable to REITs require that we hold our properties for investment, rather than primarily for sale in the ordinary course of business, which may cause us to forego or defer sales of properties that otherwise would be in our best interests.

Therefore, we may not be able to vary our portfolio promptly in response to economic or other conditions or on favorable terms, which may adversely affect our cash flows, our ability to make distributions to our stockholders and the market price of our common stock.

Rising expenses could reduce cash flow and funds available for future acquisitions, which may have a material effect on the trading price of our common stock.

Our properties may be subject to increases in tax rates, utility costs, operating expenses, insurance costs, repairs and maintenance, administrative and other expenses. If we are unable to match increased costs with increased rental rates, our growth prospects, our ability to make distributions to stockholders and the trading price of our common stock may be materially and adversely affected.

Properties we purchase may not appreciate or may decrease in value.

The residential real estate market may experience substantial influxes of capital from investors. A substantial flow of capital, combined with significant competition for real estate, may result in inflated purchase prices for such assets. To the extent we purchase real estate in such an environment, we are subject to the risk that, if the real estate market subsequently ceases to attract the same level of capital investment, or if the number of investors seeking to acquire such assets decreases, our returns will be lower and the value of our assets may not appreciate or may decrease significantly below the amount we paid for such assets. In addition, if interest rates applicable to financing apartment properties rise, that may negatively affect the values of our properties in any period when capitalization rates for our properties, an important valuation metric, do not make corresponding adjustments.

We may incur liabilities in connection with properties we acquire.

We may acquire properties that are subject to liabilities or that have problems relating to environmental condition, state of title, physical condition or compliance with zoning laws, building codes, or other legal requirements, many of which may not be known to us at the time of acquisition. In each case, our acquisition may be without any, or with only limited, recourse with respect to unknown liabilities or conditions. If any liability were asserted against us relating to those properties or entities, or if any adverse condition existed with respect to the properties or entities, we might have to pay substantial sums to settle or cure it, which could adversely affect our cash flow and operating

results. While we will attempt to obtain appropriate representations and undertakings from the sellers of the properties or entities we acquire, the sellers may not have the resources to satisfy their indemnification obligations if a liability arises.

Increasing real estate taxes, utilities and insurance costs may negatively impact operating results.

As a result of our substantial real estate holdings, the cost of real estate taxes, utilities, and insuring our apartment communities is a significant component of expense. Real estate taxes, utilities costs and insurance premiums are subject to significant increases and fluctuations, which can be widely outside of our control. A number of our markets have multi-year real estate tax reassessments coming up in 2017 and tax increases may result from such reassessments. If the costs associated with real estate taxes, utilities and insurance should rise, without being offset by a corresponding increase in rental rates, our results of operations could be negatively impacted, and our ability to pay our dividends and distributions and senior debt could be affected.

We may suffer losses that are not covered by insurance.

If we suffer losses that are not covered by insurance or that are in excess of insurance coverage, we could lose invested capital and anticipated profits. We maintain comprehensive insurance for our properties, including casualty, liability, fire, extended coverage, terrorism, earthquakes, hurricanes and rental loss customarily obtained for similar properties in amounts which our advisor determines are sufficient to cover reasonably foreseeable losses, and with policy specifications and insured limits that we believe are adequate and appropriate under the circumstances. Material losses may occur in excess of insurance proceeds with respect to any property, and there

are types of losses, generally of a catastrophic nature, such as losses due to wars, pollution, environmental matters and mold, which are either uninsurable or not economically insurable, or may be insured subject to limitations, such as large deductibles or co-payments. Moreover, we cannot predict whether all of the coverage that we currently maintain will be available to us in the future, or what the future costs or limitations on any coverage that is available to us will be.

Lawsuits or other legal proceedings could result in substantial costs.

We are subject to various lawsuits and other legal proceedings and claims that arise in the ordinary course of our business operations. The defense or settlement of any lawsuit or claim may adversely affect our business, financial condition, or results of operations or result in increased insurance premiums.

We may be unable to secure funds for property improvements, which could reduce cash distributions to our stockholders.

When tenants do not renew their leases or otherwise vacate, we may be required to expend funds for capital improvements to the vacated apartment units in order to attract replacement tenants. In addition, we may require substantial funds to renovate an apartment property in order to sell, upgrade or reposition it in the market. If our reserves are insufficient to fund these improvements, we may have to obtain financing. We cannot assure you that sufficient financing will be available or, if available, will be available on economically feasible terms or on terms acceptable to us. Moreover, some reserves required by lenders may be designated for specific uses and may not be available for capital improvements to other properties. Additional borrowing will increase our interest expense, and could result in decreased net revenues and a decreased ability to make cash distributions to our stockholders.

Short-term tenant leases expose us to the effects of declining market rent, which could adversely impact our ability to make cash distributions to our stockholders.

We expect that most of our tenant leases will be for a term of one year or less. Because these leases generally permit the tenants to leave at the end of the lease term without any penalty, our rental revenues may be impacted by declines in market rents more quickly than if our leases were for longer terms.

The profitability of our acquisitions is uncertain.

We intend to acquire properties selectively. Acquisition of properties entails risks that investments will fail to perform in accordance with expectations. In undertaking these acquisitions, we will incur certain risks, including the expenditure of funds on, and the devotion of management's time to, transactions that may not come to fruition. Additional risks inherent in acquisitions include risks that the properties will not achieve anticipated occupancy levels and that estimates of the costs of improvements to bring an acquired property up to standards established for the market position intended for that property may prove inaccurate.

Acquiring or attempting to acquire multiple properties in a single transaction may adversely affect our operations.

We may acquire multiple properties in a single transaction. Such portfolio acquisitions are more complex and expensive than single-property acquisitions, and the risk that a multiple-property acquisition does not close may be greater than in a single-property acquisition. Portfolio acquisitions may also result in us owning investments in geographically dispersed markets, placing additional demands on our ability to manage the properties in the portfolio. In addition, a seller may require that a group of properties be purchased as a package even though we may not want to purchase one or more properties in the portfolio. In these situations, if we are unable to identify another person or entity to acquire the unwanted properties, we may be required to operate, or attempt to dispose of, these properties. To

acquire multiple properties in a single transaction, we may be required to accumulate a large amount of cash. We expect the returns that we can earn on such cash to be less than the ultimate returns on real property, and therefore, accumulating such cash could reduce the funds available for distributions. Any of the foregoing events may have an adverse effect on our operations.

If we sell properties by providing financing to purchasers, we will bear the risk of default by the purchaser.

If we decide to sell any of our properties, we intend to use commercially reasonable efforts to sell them for cash. However, in some instances, we may sell our properties by providing financing to purchasers. If we provide financing to purchasers, we will bear the risk of default by the purchaser which would reduce the value of our assets, impair our ability to make distributions to our stockholders and reduce the price of our common stock.

Our revenue and net income may vary significantly from one period to another due to investments in value-add properties and portfolio acquisitions, which could increase the variability of our cash distributions.

We may make investments in properties that have existing cash flow which are in various phases of development, redevelopment or repositioning and where we believe that, through limited capital expenditures, we can achieve enhanced returns (which we refer to as value-add properties), which may cause our revenues and net income to fluctuate significantly from one period to another. Projects do not produce revenue while in development or redevelopment. We have identified a number of properties in our portfolio as value-add properties and intend to make capital expenditures on such properties. During any period when the number of our projects in development or redevelopment or those with significant capital requirements increases without a corresponding increase in stable revenue-producing properties, our revenues and net income will likely decrease, and we could have losses. Moreover, value-add properties subject us to the risks of higher than expected construction costs, failure to complete projects on a

timely basis, failure of the properties to perform at expected levels upon completion of development or redevelopment, and increased borrowings necessary to fund higher than expected construction or other costs related to the project. The occurrence of one or more of these risks could decrease our core FFO.

We may acquire properties through joint ventures, which 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 adversely affect our trading price.

We may enter into joint ventures with affiliates and/or other third parties 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 the following:

- a co-venturer, co-owner or partner may have certain approval rights over major decisions, which may prevent us from taking actions that are in the best interest of our stockholders but opposed by our partners or co-venturers;
- a co-venturer, co-owner or partner may at any time have economic or business interests or goals which are or become inconsistent with our business interests or goals, including inconsistent goals relating to the sale of properties held in the joint venture or the timing of termination or liquidation of the joint venture;
- a co-venturer, co-owner or partner in an investment might become insolvent or bankrupt (in which event we and any other remaining partners or members would generally remain liable for the liabilities of the partnership or joint venture);
- we may incur liabilities as a result of an action taken by our co-venturer, co-owner or partner;
- a co-venturer, co-owner or partner may be in a position to take actions contrary to our instructions, requests, objectives or policies, including our policy with respect to qualifying and maintaining our qualification as a REIT;
- agreements governing joint ventures, limited liability companies and partnerships often contain restrictions on the transfer of a member's or partner's interest or "buy-sell" or other provisions that may result in a purchase or sale of the interest at a disadvantageous time or on disadvantageous terms;
- 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; and
- 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.

If any of the foregoing were to occur we may be subject to liabilities in excess of those contemplated, which could adversely affect our trading price.

Risks Associated with Debt Financing

We plan to incur mortgage indebtedness and other borrowings and are not limited in the amount or percentage of indebtedness that we may incur, which may increase our business risks.

We intend to acquire properties subject to existing financing or by borrowing new funds. In addition, we intend to incur additional mortgage debt by obtaining loans secured by some, or all, of our real properties to obtain funds to acquire additional real properties and/or make capital improvements to properties. We may also borrow funds, if necessary, to satisfy the requirement that we generally distribute to stockholders as dividends at least 90% of our annual REIT taxable income (computed without regard to dividends paid and excluding net capital gain), or otherwise as is necessary or advisable to assure that we maintain our qualification as a REIT for U.S. federal income tax purposes.

Our charter and bylaws do not limit the amount or percentage of indebtedness that we may incur. We are subject to risks normally associated with debt financing, including the risk that our cash flows will be insufficient to meet required payments of principal and interest. There can be no assurance that we will be able to refinance any maturing indebtedness, that such refinancing would be on terms as favorable as the terms of the maturing indebtedness or that we will be able to otherwise obtain funds by selling assets or raising equity to make required payments on maturing indebtedness.

In particular, loans obtained to fund property acquisitions will generally be secured by mortgages or deeds in trust on such properties. If we are unable to make our debt service payments as required, a lender could foreclose on the property or properties securing its debt.

In addition, for U.S. federal income tax purposes, a foreclosure of any of our properties would be treated as a sale of the property for a purchase price equal to the outstanding balance of the debt secured by the mortgage. If the outstanding balance of the debt secured by the mortgage exceeds our tax basis in the property, we would recognize taxable income on foreclosure, but would not receive any cash proceeds. We may, in some circumstances, give a guaranty on behalf of an entity that owns one or more of our properties. In these cases, we will be responsible to the lender for satisfaction of the debt if it is not paid by such entity. If any

mortgages contain cross-collateralization or cross-default provisions, there is a risk that we could lose part or all of our investment in multiple properties. Each of these events could in turn cause the value of our common stock and distributions payable to stockholders to be reduced.

Any mortgage debt which we place on properties may prohibit prepayment and/or impose a prepayment penalty upon the sale of a mortgaged property. If a lender invokes these prohibitions or penalties upon the sale of a property or prepayment of a mortgage on a property, the cost to us to sell the property could increase substantially. This could decrease the proceeds from a sale or refinancing or make the sale or refinancing impractical, which may lead to a reduction in our income, which would reduce core FFO and, accordingly, our distributions to stockholders.

We may also 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.

Failure to procure adequate capital and funding may decrease our profitability and our ability to make distributions, reducing the market price of our common stock.

We depend upon the availability of adequate funding and capital for our operations. As a REIT, we must distribute annually at least 90% of our REIT taxable income, determined without regard to the deduction for dividends paid and excluding net capital gain, to our stockholders and are therefore not able to retain significant amounts of our earnings for new investments. Consequently, we will depend upon the availability of financing and additional capital to execute our investment strategy. If sufficient financing or capital is not available to us on acceptable terms, we may not be able to achieve anticipated levels of profitability either due to the lack of funding or an increase in funding costs and our ability to make distributions and the price of our common stock may decline.

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

In providing financing to us, a lender may impose restrictions on us that would affect our ability to incur additional debt, make certain investments, reduce liquidity below certain levels, make distributions to our stockholders and otherwise affect our distribution and operating policies. Our KeyBank senior facility includes restrictions and requirements relating to the incurrence of debt, permitted investments, maintenance of insurance, mergers and sales of assets and transactions with affiliates. We expect that any other loan agreements we enter into will contain similar covenants and may also impose other restrictions and limitations. Any such covenants, restrictions or limitations may limit our ability to make distributions to you and could make it difficult for us to satisfy the requirements necessary to maintain our qualification as a REIT for U.S. federal income tax purposes.

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

In financing our property acquisitions, we may 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 certain liabilities associated with 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 improper (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 foreclosure on mortgages or related loan, and such claim were successful, our business and financial results could be materially adversely affected.

We may be subject to risks related to interest rate fluctuations, and the derivative financial instruments that we may use may be costly and ineffective, may reduce the overall returns on any investment in our securities and have other related risks.

We may be subject to risks related to interest rate fluctuations if any of our debt is subject to a floating interest rate. At December 31, 2016, we had \$750.2 million of outstanding indebtedness, \$150.0 million of which was floating-rate indebtedness. On June 24, 2016, we entered into an interest rate swap contract with a notional value of \$150.0 million, a strike rate of 1.145% based on 1-month LIBOR and a maturity date of June 17, 2021 to hedge our interest rate exposure on floating rate indebtedness. To the extent that we use derivative financial instruments to hedge our exposure to floating interest rate debt, we may be exposed to credit, basis and legal enforceability risks. Derivative financial instruments may include interest rate swap contracts, interest rate cap or floor contracts, futures or forward contracts, options or repurchase agreements. 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. Moreover, hedging strategies involve transaction and other costs. If we are unable to manage these risks and costs effectively, our results of operations, financial condition and ability to make distributions to you will be adversely affected.

Some of our outstanding mortgage indebtedness contains, and we may in the future acquire or finance properties with, lock-out provisions, which may prohibit us from selling a property, or may require us to maintain specified debt levels for a period of years on some properties.

A lock-out provision is a provision that prohibits the prepayment of a loan during a specified period of time. Lock-out provisions may include terms that provide strong financial disincentives for borrowers to prepay their outstanding loan balance and exist in order to protect the yield expectations of lenders. Some of our outstanding mortgage indebtedness is, and we expect that many of our properties will be, subject to lock-out provisions. Lock-out provisions could materially restrict us from selling or otherwise disposing of or refinancing properties when we may desire to do so. Lock-out provisions may prohibit us from reducing the outstanding indebtedness with respect to any properties, refinancing such indebtedness on a non-recourse basis at maturity, or increasing the amount of indebtedness with respect to such properties. Lock-out provisions could impair our ability to take other actions during the lock-out period that could be in the best interests of our stockholders and, therefore, may have an adverse impact on the value of our shares relative to the value that would result if the lock-out provisions did not exist. In particular, lock-out provisions could preclude us from participating in major transactions that could result in a disposition of our assets or a change in control even though that disposition or change in control might be in the best interests of our stockholders.

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

The REIT provisions of the Code may limit our ability to hedge the risks inherent to our operations. 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% or the 95% Gross Income Test, as defined in Exhibit 99.1 “Material U.S. Federal Income Tax Considerations” of this report, provided specific requirements are met. Such requirements include that the hedging transaction be properly identified within prescribed time periods and that the transaction either (i) hedges risks associated with indebtedness issued by us that is incurred to acquire or carry real estate assets or (ii) manages the risks of currency fluctuations with respect to income or gain that qualifies under the 75% or 95% Gross Income Test (or assets that generate such income). 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 will not be treated as qualifying income for purposes of the 75% and 95% Gross

Income Tests. 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.

Higher levels of debt or increases in interest rates could increase the amount of our debt payments and adversely affect our ability to make distributions to our stockholders.

We expect that we will incur additional indebtedness in the future. Interest we pay reduces our core FFO. In addition, if we incur variable rate debt in the future, increases in interest rates could raise our interest costs, which would reduce our cash flows and our ability to make distributions to our stockholders. If we are unable to refinance our indebtedness at maturity or meet our payment obligations, the amount of our distributable cash flows and our financial condition would be adversely affected, and we may lose the property securing such indebtedness. 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 which may not permit realization of the maximum return on such investments.

There is refinancing risk associated with our debt.

Certain of our outstanding debt contains, and we may in the future acquire or finance properties with debt containing, limited or no principal amortization, which would require that the principal be repaid at the maturity of the loan in a so-called “balloon payment.” As of December 31, 2016, the financing arrangements of our outstanding indebtedness could require us to make lump-sum or “balloon” payments of approximately \$708.5 million at maturity dates that range from 2018 to 2026. At the maturity of these loans,

assuming we do not have sufficient funds to repay the debt, we will need to refinance the debt. If the credit environment is constrained at the time of our debt maturities, we would have a very difficult time refinancing debt. In addition, for certain loans, we locked in our fixed-rate debt at a point in time when we were able to obtain favorable interest rate, principal payments and other terms. When we refinance our debt, prevailing interest rates and other factors may result in us paying a greater amount of debt service, which will adversely affect our cash flow, and, consequently, our core FFO and distributions to our stockholders. If we are unable to refinance our debt on acceptable terms, we may be forced to choose from a number of unfavorable options, including agreeing to otherwise unfavorable financing terms on one or more of our unencumbered assets, selling one or more properties at disadvantageous terms, including unattractive prices, or defaulting on the mortgage and permitting the lender to foreclose. Any one of these options could have a material adverse effect on our business, financial condition, results of operations and our ability to make distributions to our stockholders.

If mortgage debt is unavailable at reasonable rates, we may not be able to finance or refinance our properties, which could reduce the amount of cash distributions we can make.

If mortgage debt is unavailable at reasonable rates, we may not be able to finance the purchase of properties. In addition, we run the risk of being unable to refinance mortgage debt when the loans come due or of being unable to refinance such debt on favorable terms. If interest rates are higher when we refinance such debt, our income could be reduced. We may be unable to refinance such debt at appropriate times, which may require us to sell properties on terms that are not advantageous to us or could result in the foreclosure of such properties. If any of these events occur, our cash flows would be reduced. This, in turn, would reduce core FFO to our stockholders and may hinder our ability to raise more capital by issuing more stock or by borrowing more money.

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.

In purchasing properties subject to financing, we may obtain financing with “due-on-sale” and/or “due-on-encumbrance” clauses. 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, to acquire new financing in connection with the sale, or to provide seller financing which may make it more difficult to sell the property or reduce the selling price.

Compliance with Laws

We are subject to significant regulations, which could adversely affect our results of operations through increased costs and/or an inability to pursue business opportunities.

Local zoning and use laws, environmental statutes and other governmental requirements may restrict or increase the costs of our development, expansion, renovation and reconstruction activities and thus may prevent or delay us from taking advantage of business opportunities. Failure to comply with these requirements could result in the imposition of fines, awards to private litigants of damages against us, substantial litigation costs and substantial costs of remediation or compliance. In addition, we cannot predict what requirements may be enacted in the future or that such requirements will not increase our costs of regulatory compliance or prohibit us from pursuing business opportunities that could be profitable to us, which could adversely affect our results of operations.

The costs of compliance with environmental laws and regulations may adversely affect our income and the cash available for any distributions.

All real property and the operations conducted on real property are subject to federal, state and local laws and regulations relating to environmental protection and human health and safety. Examples of federal laws include: the National Environmental Policy Act, the Comprehensive Environmental Response, Compensation, and Liability Act, the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act, the Federal Water Pollution Control Act, the Federal Clean Air Act, the Toxic Substances Control Act, the Emergency Planning and Community Right to Know Act and the Hazard Communication Act. These laws and regulations generally govern wastewater discharges, air emissions, the operation and removal of underground and aboveground storage tanks, the use, storage, treatment, transportation and disposal of solid and hazardous materials, and the remediation of contamination associated with disposals. Some of these laws and regulations may impose joint and several liability on tenants, owners or operators for the costs of investigation or remediation of contaminated properties, regardless of fault or the legality of the original disposal.

Under various federal, state and local environmental laws, ordinances and regulations, a current or previous owner or operator of real property may be liable for the cost of removal or remediation of hazardous or toxic substances on, under or in such property. The costs of removal or remediation could be substantial. These laws often impose liability whether or not the owner or operator knew of, or was responsible for, the presence of the hazardous or toxic substances. In addition, the presence of these substances, or the failure to properly remediate these substances, may adversely affect our ability to sell or rent the property or to use the property as collateral for future borrowing.

Environmental laws also may impose restrictions on the manner in which property may be used or businesses may be operated, and these restrictions may require substantial expenditures. Environmental laws provide for sanctions in the event of noncompliance and may be enforced by governmental agencies or, in certain circumstances, by private parties. Certain environmental laws and common law principles govern the presence, maintenance, removal and disposal of certain building materials, including asbestos and lead-based paint. Such hazardous substances could be released into the air and third parties may seek recovery from owners or operators of real properties for personal injury or property damage associated with exposure to released hazardous substances.

In addition, if any property in our portfolio is not properly connected to a water or sewer system, or if the integrity of such systems is breached, microbial matter or other contamination can develop. If this were to occur, we could incur significant remedial costs and we may also be subject to private damage claims and awards, which could be material. If we become subject to claims in this regard, it could materially and adversely affect us.

Property values may also be affected by the proximity of such properties to electric transmission lines. Electric transmission lines are one of many sources of electro-magnetic fields, or EMFs, to which people may be exposed. Research completed regarding potential health concerns associated with exposure to EMFs has produced inconclusive results. Notwithstanding the lack of conclusive scientific evidence, some states now regulate the strength of electric and magnetic fields emanating from electric transmission lines and other states have required transmission facilities to measure for levels of EMFs. On occasion, lawsuits have been filed (primarily against electric utilities) that allege personal injuries from exposure to transmission lines and EMFs, as well as from fear of adverse health effects due to such exposure. This fear of adverse health effects from transmission lines may be considered both when property values are determined to obtain financing and in condemnation proceedings. We may not, in certain circumstances, search for electric transmission lines near our properties, but are aware of the potential exposure to damage claims by persons exposed to EMFs.

There may also be potential liability associated with lead-based paint arising from lawsuits alleging personal injury and related claims. The existence of lead paint is especially a concern in residential units. A structure built prior to 1978 may contain lead-based paint and may present a potential for exposure to lead; however, structures built after 1978 are not likely to contain lead-based paint.

The cost of defending against such claims of liability, of compliance with environmental regulatory requirements, of remediating any contaminated property, or of paying personal injury claims could materially adversely affect our business, assets or results of operations and, consequently, amounts available for distribution to our stockholders.

Compliance with new or more stringent laws or regulations or stricter interpretation of existing laws may require material expenditures by us. We cannot assure you that future laws, ordinances or regulations will not impose any material environmental liability, or that the current environmental condition of our properties will not be affected by the operations of residents, existing conditions of the land, operations in the vicinity of the properties, or the activities of unrelated third parties. In addition, there are various local, state and federal fire, health, life-safety and similar regulations that we may be required to comply with. Failure to comply with applicable laws and regulations could result in fines and/or damages, suspension of our personnel and/or other sanctions.

We cannot provide any assurance properties which we acquire will not have any material environmental conditions, liabilities or compliance concerns. Accordingly, we have no way of determining at this time the magnitude of any potential liability to which we may be subject arising out of environmental conditions or violations with respect to the properties we own.

As the owner or operator 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 inability to obtain 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 decide in the future to 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. As a result, there have been a number of lawsuits in our industry against owners and managers of apartment communities relating to indoor air quality, moisture infiltration and resulting mold. 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 and financial condition.

Our costs associated with and the risk of failing to comply with the Americans with Disabilities Act may affect core FFO.

We generally expect that our properties will be subject to the Americans with Disabilities Act of 1990, as amended, or the Disabilities Act. Under the Disabilities Act, all places of public accommodation are required to comply with federal requirements related to access and use by disabled persons. The Disabilities Act has separate compliance requirements for “public accommodations” and “commercial facilities” that generally require that buildings and services be made accessible and available to people with disabilities. The Disabilities Act does not, however, consider residential properties, such as apartment properties, to be public accommodations or commercial facilities, except to the extent portions of such facilities, such as a leasing office, are open to the public. The Disabilities Act’s requirements could require removal of access barriers and could result in the imposition of injunctive relief, monetary penalties or, in some cases, an award of damages. We will attempt to acquire properties that comply with the Disabilities Act or place the burden on the seller or a third party to ensure compliance with such laws. However, we cannot assure you that we will be able to acquire properties or allocate responsibilities in this manner. If we cannot, costs in complying with these laws may affect core FFO and the amount of distributions to you.

We must comply with the Fair Housing Amendments Act of 1988, or the FHAA, and failure to comply may affect core FFO.

We must comply with the FHAA, which requires that apartment properties first occupied after March 13, 1991 be accessible to handicapped residents and visitors. As with the Disabilities Act, compliance with the FHAA could require removal of structural barriers to handicapped access in a community, including the interiors of apartment units covered under the FHAA. Recently there has been heightened scrutiny of apartment housing properties for compliance with the requirements of the FHAA and the Disabilities Act and an increasing number of substantial enforcement actions and private lawsuits have been brought against apartment communities to ensure compliance with these requirements. Noncompliance with the FHAA could result in the imposition of fines, awards of damages to private litigants, payment of attorneys’ fees and other costs to plaintiffs, substantial litigation costs and substantial costs of remediation.

United States Federal Income Tax Risks

We may decide to borrow funds to satisfy our REIT minimum distribution requirements, which could adversely affect our overall financial performance.

We may decide to borrow funds in order to meet the REIT minimum distribution requirements 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 the REIT minimum 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, any or all of which may decrease future distributions to stockholders.

To maintain our qualification as a REIT, we may be forced to forego otherwise attractive opportunities, which may delay or hinder our ability to meet our investment objectives and adversely affect the trading price of our common stock.

To maintain our qualification as a REIT, we must satisfy certain tests on an ongoing basis concerning, among other things, the sources of our income, nature of our assets and the amounts we distribute to our stockholders. We may be required to make distributions to stockholders at times when it would be more advantageous to reinvest cash in our business or when we do not have funds readily available for distribution. Compliance with the REIT qualification requirements may hinder our ability to operate solely on the basis of maximizing profits and adversely affect the trading price of our common stock.

If we fail to maintain our qualification as a REIT, we will be subject to tax on our income, and the amount of distributions we make to our stockholders will be less.

We intend to maintain our qualification as a REIT under the Code. A REIT generally is not taxed at the corporate level on income and gains that it distributes to its stockholders on a timely basis. We do not intend to request a ruling from the Internal Revenue Service, or the IRS, as to our REIT status. Qualification as a REIT involves the application of highly technical and complex rules for which there are only limited judicial or administrative interpretations. The determination of various factual matters and circumstances not entirely within our control may affect our ability to continue to qualify as a REIT. In addition, new legislation, regulations, administrative interpretations or court decisions could significantly change the tax laws with respect to qualification as a REIT or the U.S. federal income tax consequences of such qualification, including changes with retroactive effect.

If we fail to qualify as a REIT in any taxable year:

- we would not be allowed to deduct our distributions to our stockholders when computing our taxable income;
- we would be subject to U.S. federal income tax (including any applicable alternative minimum tax) on our taxable income at regular corporate rates;

- we generally would be disqualified from being taxed as a REIT for the four taxable years following the year during which qualification was lost, unless entitled to relief under certain statutory provisions;

- we would have less cash to make distributions to our stockholders; and
- we might be required to borrow additional funds or sell some of our assets in order to pay corporate tax obligations we may incur as a result of our disqualification.

Although our organization and current and proposed method of operation is intended to enable us to maintain our qualification to be taxed as a REIT, it is possible that future economic, market, legal, tax or other considerations may cause our board of directors to revoke our REIT election. Even if we maintain our qualification to be taxed as a REIT, we expect to incur some taxes, such as state and local taxes, taxes imposed on certain subsidiaries and potential U.S. federal excise taxes.

We encourage you to read Exhibit 99.1—“Material U.S. Federal Income Tax Considerations” to this report for further discussion of the tax issues related to an investment in us.

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

Our Charter provides that our Board of Directors 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 interest to continue to maintain our qualification as a REIT. If we cease to maintain our qualification as a REIT, we would become subject to U.S. federal income tax on our taxable income without the benefit of the dividends paid deduction and would no longer be required to distribute most of our taxable income to our stockholders, which may have adverse consequences on the total return to our stockholders.

To maintain our qualification as a REIT, we must meet annual distribution requirements, which may result in our distributing amounts that may otherwise be used for our operations.

To obtain the favorable tax treatment accorded to REITs, we generally are required each year to distribute to our stockholders at least 90% of our REIT taxable income (excluding net capital gain), determined without regard to the deduction for distributions paid. We are subject to U.S. federal income tax on our undistributed taxable income and net capital gain and to a 4% nondeductible excise tax on any amount by which distributions we pay with respect to any calendar year are less than the sum of (i) 85% of our ordinary income, (ii) 95% of our capital gain net income and (iii) 100% of our undistributed income from prior years. These requirements could cause us to distribute amounts that otherwise would be spent on investments in real estate assets, and it is possible that we might be required to borrow funds, possibly at unfavorable rates, or sell assets to fund these distributions. Although we intend to make distributions sufficient to meet the annual distribution requirements and to avoid U.S. federal income and excise taxes on our earnings, it is possible that we might not always be able to do so.

Complying with REIT requirements may cause us to forgo otherwise attractive opportunities.

To maintain our qualification as a REIT, we must continually satisfy various tests regarding sources of income, nature and diversification of assets, amounts distributed to stockholders and the ownership of shares of our capital stock. In order to satisfy these tests, we may be required to forgo investments that might otherwise be made. Accordingly, compliance with the REIT requirements may hinder our investment performance.

In particular, at least 75% of our total assets at the end of each calendar quarter must consist of real estate assets, government securities, and cash or cash items. For this purpose, “real estate assets” generally include interests in real

property, such as land, buildings, leasehold interests in real property, stock of other entities that qualify as REITs, interests in mortgage loans secured by real property, investments in stock or debt instruments during the one-year period following the receipt of new capital and regular or residual interests in a real estate mortgage investment conduit, or REMIC. In addition, the amount of securities of a single issuer that we hold, other than securities qualifying under the 75% asset test and certain other securities, must generally not exceed either 5% of the value of our gross assets or 10% of the vote or value of such issuer's outstanding securities.

A REIT's net income from prohibited transactions is subject to a 100% penalty tax. In general, prohibited transactions are sales or other dispositions of property, other than foreclosure property, held in inventory or primarily for sale to customers in the ordinary course of business. It may be possible to reduce the impact of the prohibited transaction tax and the holding of assets not qualifying as real estate assets for purposes of the REIT asset tests by conducting certain activities, or holding non-qualifying REIT assets through a TRS, subject to certain limitations as described below. To the extent that we engage in such activities through a TRS, the income associated with such activities will be subject to full U.S. federal corporate income tax.

Certain of our business activities are potentially subject to the prohibited transaction tax, which could reduce the return on any investment in our securities.

Our ability to dispose of property is restricted to a substantial extent as a result of our REIT status. Under applicable provisions of the Code regarding prohibited transactions by REITs, we will be subject to a 100% tax on any gain recognized on the sale or other

disposition of any property (other than foreclosure property) that we own, directly or through any subsidiary entity, including IROP, but excluding a TRS, that is deemed to be inventory or property held primarily for sale to customers in the ordinary course of trade or business. Whether property is inventory or otherwise held primarily for sale to customers in the ordinary course of a trade or business depends on the particular facts and circumstances surrounding each property. No assurance can be given that any particular property we own, directly or through any subsidiary entity, including IROP, but excluding a TRS, will not be treated as inventory or property held primarily for sale to customers in the ordinary course of a trade or business.

The use of TRSs would increase our overall tax liability.

Some of our assets may need to be owned or sold, or some of our operations may need to be conducted, by TRSs. We do not currently have a TRS but may form one in the future. A TRS will be subject to U.S. federal and state income tax on its taxable income. The after-tax net income of a TRS would be available for distribution to us. Further, we will incur a 100% excise tax on transactions with a TRS that are not conducted on an arm's length basis. For example, to the extent that the rent paid by a TRS exceeds an arm's length rental amount, such amount is potentially subject to the excise tax. We intend that all transactions between us and any TRS we form will be conducted on an arm's length basis, and, therefore, any amounts paid by any TRS we form to us will not be subject to the excise tax. However, no assurance can be given that no excise tax would arise from such transactions.

Dividends paid by REITs do not qualify for the reduced tax rates provided for under current law.

Dividends paid by REITs are generally not eligible for the reduced 20% maximum tax rate applicable to qualified dividends paid to individuals. The more favorable rates applicable to qualified dividends could cause stockholders who are individuals to perceive investments in REITs to be relatively less attractive than investments in the stock of non-REIT corporations that pay dividends to which more favorable rates apply, which could reduce the value of the stocks of REITs.

If our operating partnership, IROP, is not treated as a partnership or disregarded entity for U.S. federal income tax purposes, its income may be subject to taxation.

We intend to maintain the status of IROP as a partnership or disregarded entity for U.S. federal income tax purposes. However, if the IRS were to successfully challenge the status of IROP as a partnership or disregarded entity for such purposes, it would be taxable as a corporation. In such event, this would reduce the amount of distributions that IROP could make to us. This would also result in our losing REIT status, and becoming subject to a corporate level tax on our own income. This would substantially reduce our cash available to pay distributions and the yield on any investment in our securities. In addition, if any of the partnerships or limited liability companies through which IROP owns its properties, in whole or in part, loses its characterization as a partnership for U.S. federal income tax purposes, it would be subject to taxation as a corporation, thereby reducing distributions to IROP. Such a recharacterization of an underlying property owner could also threaten our ability to maintain REIT status.

Distributions to tax-exempt investors may be classified as unrelated business taxable income, or UBTI, and tax-exempt investors would be required to pay tax on such income and to file income tax returns.

Neither ordinary nor capital gain distributions with respect to our common stock nor gain from the sale of stock should generally constitute UBTI to a tax-exempt investor. However, there are certain exceptions to this rule, including:

• 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 UBTI 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 UBTI if such investor incurs debt in order to acquire our common 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 U.S. federal income taxation under Sections 501(c)(7), (9), (17) or (20) of the Code may be treated as UBTI.

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

Distributions to foreign investors may be treated as an ordinary income distribution to the extent that it is made out of current or accumulated earnings and profits.

In general, foreign investors will be subject to regular U.S. federal income tax with respect to their investment in our stock if the income derived therefrom is “effectively connected” with the foreign investor’s conduct of a trade or business in the United States. A distribution to a foreign investor that is not attributable to gain realized by us from the sale or exchange of a “U.S. real property interest” within the meaning of the Foreign Investment in Real Property Tax Act of 1980, as amended, or FIRPTA, will be treated as an ordinary income distribution to the extent that it is made out of current or accumulated earnings and profits (as determined for U.S. federal income tax purposes). Generally, any ordinary income distribution will be subject to a U.S. withholding tax equal to 30% of the gross amount of the distribution, unless this tax is reduced by the provisions of an applicable treaty.

Foreign investors may be subject to FIRPTA tax upon the sale of their shares of our stock.

A foreign investor disposing of a U.S. real property interest, including shares of stock of a U.S. corporation whose assets consist principally of U.S. real property interests, is generally subject to FIRPTA tax on the gain recognized on the disposition. Such FIRPTA tax does not apply, however, to the disposition of stock in a REIT if the REIT is “domestically controlled.” A REIT is “domestically controlled” if less than 50% of the REIT’s stock, by value, has been owned directly or indirectly by persons who are not U.S. persons during a continuous five-year period ending on the date of disposition or, if shorter, during the entire period of the REIT’s existence. While we intend to qualify as “domestically controlled,” we cannot assure you that we will. If we were to fail to so qualify, gain realized by foreign investors on a sale of shares of our stock would be subject to FIRPTA tax, unless the shares of our stock were traded on an established securities market and the foreign investor did not at any time during a specified testing period directly or indirectly own more than 10% (5% for 2015 and prior years) of the value of our outstanding common stock.

Foreign investors may be subject to FIRPTA tax upon a capital gain dividend.

A foreign investor may be subject to FIRPTA tax upon the payment of any capital gain dividend by us if such dividend is attributable to gain from sales or exchanges of U.S. real property interests.

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

We may make distributions consisting of both stock and cash, in which case stockholders may be required to pay income taxes in excess of the cash distributions they receive.

We may make distributions that are paid in cash and stock at the election of each stockholder and may distribute other forms of taxable stock dividends. Taxable stockholders receiving such distributions will be required to include the full amount of the distributions as ordinary income to the extent of our current and accumulated earnings and profits for U.S. federal income tax purposes. As a result, stockholders may be required to pay income taxes with respect to such distributions in excess of the cash received. If a stockholder sells the stock that it receives in order to pay this tax, the sales proceeds may be less than the amount included in income with respect to the distribution, depending on the market price of our stock at the time of the sale. Furthermore, in the case of certain non-U.S. stockholders, we may be required to withhold federal income tax with respect to taxable dividends, including taxable dividends that are paid in stock. In addition, if a significant number of our stockholders decide to sell their shares in order to pay taxes owed with respect to taxable stock dividends, it may put downward pressure on the trading price of our stock.

If our operating partnership, IROP, were classified as a “publicly traded partnership” taxable as a corporation for U.S. federal income tax purposes under the Code, we would cease to maintain our qualification as a REIT and would suffer other adverse tax consequences.

We intend for IROP to be treated as a partnership for U.S. federal income tax purposes. If the IRS were to successfully challenge the status of IROP as a partnership, however, IROP generally would be taxable as a corporation. In such event, we likely would fail to maintain our status as a REIT for U.S. federal income tax purposes, and the resulting corporate income tax burden would reduce the amount of distributions that IROP could make to us. This would substantially reduce the cash available to pay distributions to our stockholders. In addition, if any of the partnerships or limited liability companies through which the operating partnership owns its properties, in whole or in part, loses its characterization as a partnership and is not otherwise disregarded for U.S. federal income tax purposes, it would be subject to taxation as a corporation, thereby reducing distributions to the operating partnership. Such a recharacterization of an underlying property owner could also threaten our ability to maintain our REIT qualification.

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

Certain provisions of the Code and the stock ownership limits in our Charter may inhibit market activity in our capital stock and restrict our business combination opportunities. In order to maintain our qualification as a REIT, five or fewer individuals, as defined in the Code, 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, our Charter restricts the acquisition and ownership of shares of our stock.

Our Charter, with certain exceptions, authorizes our Board of Directors to take such actions as are necessary and desirable to preserve our qualification as a REIT. Unless exempted by our Board of Directors, our Charter prohibits any person from beneficially or constructively owning more than 9.8% in value or number of shares, whichever is more restrictive, of the outstanding shares of our common stock or capital stock. Our Board of Directors may not grant an exemption from these restrictions to any proposed transferee whose ownership in excess of ownership limits would result in our failing to maintain our qualification as a REIT. These restrictions on transferability and ownership will not apply, however, if our Board of Directors determines that it is no longer in our best interest to continue to maintain our qualification as a REIT.

Legislative or regulatory action could adversely affect the returns to our investors.

In recent years, numerous legislative, judicial and administrative changes have been made in the provisions of U.S. federal income tax laws applicable to investments similar to an investment in shares of our common stock. Additional changes to the tax laws or the administrative interpretations of those laws are likely to continue to occur, and we cannot assure you that any such changes will not adversely affect the taxation of our stockholders. Any such changes could have an adverse effect on an investment in our shares or on the market value or the resale potential of our assets. You are urged to consult with your own tax adviser with respect to the impact of recent legislation on any investment in our securities and the status of legislative, regulatory or administrative developments and proposals and their potential effect on an investment in our shares.

Although REITs continue to receive more favorable tax treatment than entities taxed as corporations, it is possible that future legislation would result in a REIT having fewer tax advantages, and it could become more advantageous for a company that invests in real estate to elect to be taxed for U.S. federal income tax purposes as a corporation. As a result, our charter provides our board of directors with the power, under certain circumstances, to revoke or otherwise terminate our REIT election and cause us to be taxed as a corporation, without the vote of our stockholders. Our board of directors has fiduciary duties to us and our stockholders and could only cause such changes in our tax treatment if it determines in good faith that such changes are in our best interest.

Risks Related to Our Organization and Structure

The Maryland General Corporation Law prohibits certain business combinations, which may make it more difficult for us to be acquired.

Under the Maryland General Corporation Law, “business combinations” between a Maryland corporation and an “interested stockholder” or an affiliate of an interested stockholder are prohibited for five years after the most recent date on which the interested stockholder became an interested stockholder. These business combinations include a merger, consolidation, share exchange, or in circumstances specified in the statute, an asset transfer or issuance or reclassification of equity securities. An interested stockholder is defined as (i) any person who beneficially owns 10% or more of the voting power of the then outstanding voting stock of the corporation; or (ii) an affiliate or associate of the corporation who, at any time within the two-year period prior to the date in question, was the beneficial owner of 10% or more of the voting power of the then outstanding stock of the corporation.

A person is not an interested stockholder under the statute if the board of directors approved in advance the transaction by which the person otherwise would have become an interested stockholder. However, in approving a transaction, the board of directors may provide that its approval is subject to compliance, at or after the time of approval, with any terms and conditions determined by the board.

After the expiration of the five-year period described above, any business combination between the Maryland corporation and an interested stockholder must generally be recommended by the board of directors of the corporation and approved by the affirmative vote of at least:

80% of the votes entitled to be cast by holders of the then outstanding shares of voting stock of the corporation; and two-thirds of the votes entitled to be cast by holders of voting stock of the corporation, other than shares held by the interested stockholder with whom or with whose affiliate the business combination is to be effected, or held by an affiliate or associate of the interested stockholder.

These super-majority vote requirements do not apply if the corporation’s common stockholders receive a minimum price, as defined under the Maryland General Corporation Law, for their shares in the form of cash or other consideration in the same form as previously paid by the interested stockholder for its shares. The Maryland General Corporation Law also permits various exemptions from these provisions, including business combinations that are exempted by the board of directors before the time that the interested stockholder becomes an interested stockholder.

Pursuant to the statute, our board of directors has by resolution exempted business combinations between us and any other person from these provisions of the Maryland General Corporation Law, provided that the business combination is first approved by our board of directors and, consequently, the five year prohibition and the supermajority vote requirements will not apply to such business combinations. As a result, any person approved by our board of directors will be able to enter into business combinations with us that may not be in the best interests of our stockholders without compliance by us with the supermajority vote requirements and other provisions of the statute. This resolution, however, may be altered or repealed in whole or in part at any time. If this resolution is repealed, or our board of directors does not otherwise approve a business combination, the statute may discourage others from trying to acquire control of us and increase the difficulty of consummating any offer.

Stockholders have limited control over changes in our policies and operations.

Our board of directors determines our major policies, including those regarding our investment objectives and strategies, financing, growth, debt capitalization, REIT qualification and distributions. Our board of directors may amend or revise these and other policies without a vote of the stockholders. Under our charter and the Maryland General Corporation Law, our stockholders generally have a right to vote only on the following matters:

- the election or removal of directors;

the amendment of our charter, except that our board of directors may amend our charter without stockholder approval to:

- change our name;
- change the name or other designation or the par value of any class or series of stock and the aggregate par value of our stock;
- increase or decrease the aggregate number of our authorized shares;
- increase or decrease the number of our shares of any class or series of stock that we have the authority to issue; and
- effect certain reverse stock splits;
- our dissolution; and
- our being a party to any acquisition, consolidation, sale or other disposition of substantially all of our assets or statutory share exchange.

All other matters are subject to the discretion of our board of directors.

Our authorized but unissued shares of common and preferred stock may prevent a change in our control.

Our charter authorizes us to issue additional authorized but unissued shares of common or preferred stock. In addition, our board of directors may, without stockholder approval, amend our charter from time to time to increase or decrease the aggregate number of shares of our stock or the number of shares of stock of any class or series that we have authority to issue and classify or reclassify any unissued shares of common or preferred stock into other classes or series of stock and set the preferences, rights and other terms of the classified or reclassified shares. As a result, our board of directors may establish a series of common or preferred stock that could delay 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 interest of our stockholders.

Because of our holding company structure, we depend on our operating partnership, IROP, and its subsidiaries for cash flow; however, we will be structurally subordinated in right of payment to the obligations of IROP and its subsidiaries.

We are a holding company with no business operations of our own. Our only significant asset is and will be the partnership interests in IROP. We conduct, and intend to continue to conduct, all of our business operations through IROP. Accordingly, our only source of cash to pay our obligations is distributions from IROP and its subsidiaries of their net earnings and cash flows. We cannot assure you that IROP or its subsidiaries will be able to, or be permitted to, make distributions to us that will enable us to make distributions to our stockholders from cash flows from operations. Each of IROP's subsidiaries is a distinct legal entity and, under certain circumstances, legal and contractual restrictions may limit our ability to obtain cash from such entities. In addition, because we are a holding company, your claims as stockholders will be structurally subordinated to all existing and future liabilities and obligations of IROP and its subsidiaries. Therefore, in the event of our bankruptcy, liquidation or reorganization, our assets and those of IROP and its subsidiaries will be able to satisfy your claims as stockholders only after all of our and IROP's and its subsidiaries' liabilities and obligations have been paid in full.

Our rights and the rights of our stockholders to recover on claims against our directors are limited, which could reduce your and our recovery against them if they negligently cause us to incur losses.

The Maryland General Corporation Law provides that a director has no liability in such capacity if he performs his duties in good faith, in a manner he reasonably believes to be in our best interests and with the care that an ordinarily prudent person in a like position would use under similar circumstances. In addition, our directors and officers will not be liable to us or our stockholders for monetary damages unless the director or officer actually received an improper benefit or profit in money, property or services, or is adjudged to be liable to us or our stockholders based on a finding that his or her action, or failure to act, was the result of active and deliberate dishonesty and was material to the cause

of action adjudicated in the proceeding. We will indemnify and advance expenses to our directors and officers to the maximum extent permitted by the Maryland General Corporation Law and we are permitted to purchase and maintain insurance or provide similar protection on behalf of any directors, officers, employees and agents, against any liability asserted which was incurred in any such capacity with us or arising out of such status.

Risks Relating to the Market for our Common Stock

The percentage of ownership of any of our common stockholders may be diluted if we issue new shares of common stock.

Stockholders have no rights to buy additional shares of stock if we issue new shares of stock. We may issue common stock, convertible debt or preferred stock pursuant to a public offering or a private placement, to sellers of properties we directly or indirectly acquire instead of, or in addition to, cash consideration. Because our decision to issue securities in any future offering will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing or nature of our future offerings. Any of our common stockholders who do not participate in any future stock issuances will experience dilution in the percentage of the issued and outstanding stock they own.

Sales of our common stock, or the perception that such sales will occur, may have adverse effects on our share price.

We cannot predict the effect, if any, of future sales of common stock, or the availability of shares for future sales, on the market price of our common stock. Sales of substantial amounts of common stock, including shares of common stock issuable upon the exchange of units of our operating partnership, IROP, that we may issue from time to time, the sale of shares of common stock held by our current stockholders and the sale of any shares we may issue under our long-term incentive plan, or the perception that these sales could occur, may adversely affect prevailing market prices for our common stock.

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

One of the factors that investors may consider in deciding whether to buy or sell our 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 common stock or may seek securities paying higher dividends or interest. The market price of our common stock likely will be based primarily on the earnings that we derive from rental income with respect to our properties and our related distributions to stockholders, and not from the underlying appraised value of the properties themselves. As a result, interest rate fluctuations and capital market conditions are likely to affect the market price of our 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 common stock could decrease because potential investors may require a higher distribution yield on our common stock as market rates on interest-bearing securities, such as bonds, rise.

Some of our distributions may include a return of capital for U.S. federal income tax purposes.

Some of our distributions may include a return of capital. To the extent that we decide to make distributions in excess of our current and accumulated earnings and profits, such distributions would generally be considered a return of capital for U.S. federal income tax purposes to the extent of the holder's adjusted tax basis in its shares, and thereafter as gain on a sale or exchange of such shares.

Future issuances of debt securities, which would rank senior to our common stock upon liquidation, or future issuances of preferred equity securities, may adversely affect the trading price of our common stock.

In the future, we may issue debt or equity securities or incur other borrowings. Upon our liquidation, holders of our debt securities, other loans and preferred stock will receive a distribution of our available assets before common stockholders. Any preferred stock, if issued, likely will also have a preference on periodic distribution payments, which could eliminate or otherwise limit our ability to make distributions to common stockholders. Common stockholders bear the risk that our future issuances of debt or equity securities or our incurrence of other borrowings may negatively affect the trading price of our common stock.

The market prices for our common stock may be volatile.

The prices at which our common stock may sell in the public market may be volatile. Fluctuations in the market prices of our common stock may not be correlated in a predictable way to our performance or operating results. The prices at which our common stock trade may fluctuate as a result of factors that are beyond our control or unrelated to our performance or operating results.

We have not established a minimum dividend payment level and we cannot assure you of our ability to pay dividends in the future or the amount of any dividends.

Our board of directors will determine the amount and timing of distributions. In making this determination, our directors will consider all relevant factors, including REIT minimum distribution requirements, the amount of core FFO, restrictions under Maryland law, capital expenditures and reserve requirements and general operational requirements. We cannot assure you that we will be able to make distributions in the future or in amounts similar to our past distributions. We may need to fund distributions through borrowings, returning capital or selling assets, which may be available only at commercially unattractive terms, if at all. Any of the foregoing could adversely affect the market price of our common stock.

ITEM 1B. Unresolved Staff Comments

None.

ITEM 2. Properties

We hold fee title to all of the apartment properties in our portfolio. The following table presents an overview of our portfolio as of December 31, 2016.

Property Name	Location	Acquisition Date	Year Built / Renovated ^(a)	Gross Cost	Accumulated Depreciation	Net Book Value	Units ^(b)	Period End Occupancy	Average Rent per Occupied Unit ^(c)	
									Average Occupancy ^(d)	Average Rent per Occupied Unit ^(e)
Copper Mill	Austin, TX	4/29/2011	2010	\$18,353	\$(3,667)	\$14,686	320	96.6%	95.1%	993
Crestmont	Marietta, GA	4/29/2011	2010	17,137	(3,317)	13,820	228	87.7%	87.1%	845
Heritage Trace	Newport News, VA	4/29/2011	2010	14,390	(2,930)	11,460	200	99.5%	99.5%	749
Runaway Bay	Indianapolis, IN	10/11/2012	2002	16,091	(1,539)	14,552	192	96.9%	96.9%	979
Berkshire Square	Indianapolis, IN	9/19/2013	2012	13,828	(1,031)	12,797	354	94.4%	92.8%	607
The Crossings	Jackson, MS	11/22/2013	2012	23,422	(1,580)	21,842	432	94.4%	91.8%	784
Reserve at Eagle Ridge	Waukegan, IL	1/31/2014	2008	29,135	(1,772)	27,363	370	90.5%	91.7%	999
Windrush	Edmond, OK	2/28/2014	2011	9,384	(589)	8,795	160	89.4%	87.5%	771
Heritage Park	Oklahoma City, OK	2/28/2014	2011	17,356	(1,061)	16,295	453	91.4%	90.1%	649
Raindance	Oklahoma City, OK	2/28/2014	2011	14,283	(881)	13,402	504	91.7%	92.5%	557
Augusta	Oklahoma City, OK	2/28/2014	2011	11,667	(800)	10,867	197	89.9%	89.5%	724
Invitational	Oklahoma City, OK	2/28/2014	2011	19,345	(1,346)	17,999	344	93.6%	91.1%	656
King's Landing	Creve Coeur, MO	3/31/2014	2005	32,685	(2,095)	30,590	152	94.7%	93.4%	1,517
Carrington Park	Little Rock, AR	5/7/2014	1999	22,155	(1,430)	20,725	202	97.0%	94.7%	1,026
Arbors at the Reservoir	Ridgeland, MS	6/4/2014	2000	20,753	(1,215)	19,538	170	95.9%	93.1%	1,149
Walnut Hill	Cordova, TN	8/28/2014	2001	28,133	(1,623)	26,510	362	96.4%	93.2%	952
Lenoxplace	Raleigh, NC	9/5/2014	2012	24,411	(1,262)	23,149	268	94.8%	96.5%	916
Stonebridge Crossing	Cordova, TN	9/15/2014	1994	30,142	(1,624)	28,518	500	95.4%	96.1%	796
Bennington Pond	Groveport, OH	11/24/2014	2000	17,785	(875)	16,910	240	92.1%	94.6%	876
		12/8/2014	1990	14,206	(588)	13,618	138	95.7%	95.0%	918

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Prospect Park	Louisville, KY									
Brookside	Louisville, KY	12/8/2014	1987	20,903	(893)	20,010	224	96.0%	95.7%	840
Jamestown	Louisville, KY	12/8/2014	1970	35,760	(1,528)	34,232	355	95.5%	94.5%	999
Meadows	Louisville, KY	12/8/2014	1988	37,863	(1,622)	36,241	400	96.3%	94.7%	821
Oxmoor	Louisville, KY	12/8/2014	1999-2000	55,411	(2,485)	52,926	432	94.7%	92.9%	998
Stonebridge at the Ranch	Little Rock, AR	12/16/2014	2005	31,533	(1,434)	30,099	260	95.0%	93.7%	930
Iron Rock Ranch	Austin, TX	12/30/2014	2001-2002	35,274	(1,538)	33,736	300	95.7%	94.6%	1,253
Bayview Club	Indianapolis, IN	5/1/2015	2004	25,499	(967)	24,532	236	92.8%	92.6%	960
Arbors River Oaks	Memphis, TN	9/17/2015	2010 (f)	21,567	(637)	20,930	191	95.8%	94.5%	1,209
Aston	Wake Forest, NC	9/17/2015	2013	37,859	(1,078)	36,781	288	95.1%	94.3%	1,060
Avenues at Craig Ranch	McKinney, TX	9/17/2015	2013	47,668	(1,326)	46,342	334	94.9%	94.5%	1,252
Bridge Pointe	Huntsville, AL	9/17/2015	2002	15,950	(460)	15,490	178	98.3%	97.5%	834
Creekstone at RTP	Durham, NC	9/17/2015	2013	38,228	(1,035)	37,193	256	94.1%	94.4%	1,164
Fountains Southend	Charlotte, NC	9/17/2015	2013	41,684	(1,170)	40,514	208	96.6%	89.4%	1,342
Fox Trails	Plano, TX	9/17/2015	1981	27,965	(716)	27,249	286	92.7%	94.8%	1,027
Lakeshore on the Hill	Chattanooga, TN	9/17/2015	2015	11,318	(334)	10,984	123	96.8%	97.0%	948
Millenia 700	Orlando, FL	9/17/2015	2012	47,383	(1,317)	46,066	297	96.3%	92.7%	1,316
Miller Creek at German Town	Memphis, TN	9/17/2015	2013	56,874	(1,680)	55,194	330	95.2%	93.9%	1,232
Pointe at Canyon Ridge	Atlanta, GA	9/17/2015	2007 (f)	48,656	(1,209)	47,447	494	95.8%	95.1%	938
St James at Goose Creek	Goose Creek, SC	9/17/2015	2009	31,739	(905)	30,834	244	93.0%	94.8%	1,094
Talison Row at Daniel Island	Daniel Island, SC	9/17/2015	2013	47,039	(1,311)	45,728	274	94.5%	95.0%	1,514
The Aventine	Greenville, SC	9/17/2015	2013	48,089	(1,376)	46,713	346	95.1%	94.2%	1,137

Greenville											
Trails at Signal Mountain	Chattanooga, TN	9/17/2015	2015	14,383	(428)	13,955	172	97.7%	97.4%	946	
Vue at Knoll Trail	Dallas, TX	9/17/2015	2015	9,276	(200)	9,076	114	94.7%	94.2%	898	
Waterstone at Brier Creek	Raleigh, NC	9/17/2015	2014	38,939	(1,093)	37,846	232	95.3%	93.1%	1,228	
Waterstone Big Creek	Alpharetta, GA	9/17/2015	2014	69,655	(1,943)	67,712	370	93.2%	93.6%	1,352	
Westmont Commons	Asheville, NC	9/17/2015	2003, 2008	28,173	(809)	27,364	252	96.0%	96.8%	1,033	
TOTAL				\$1,319,349	\$(60,719)	\$1,258,630	12,982	94.5%	93.8%	\$977	

- (a) All dates are for the later of the year in which construction was completed or the year in which a significant renovation program was completed.
- (b) Units represent the total number of apartment units available for rent at December 31, 2016.
- (c) Physical occupancy for each of our properties is calculated as (i) total units rented as of December 31, 2016 divided by (ii) total units available as of December 31, 2016, expressed as a percentage.
- (d) Average occupancy represents the daily average occupied units for the three-month period ended December 31, 2016.
- (e) Average effective monthly rent, per unit, represents the average monthly rent for all occupied units for the three-month period ended December 31, 2016.
- (f) Properties are undergoing renovation.

Additional information on our consolidated properties is contained in “Schedule III - Real Estate and Accumulated Depreciation” in this Annual Report on Form 10-K, which is incorporated herein by reference.

ITEM 3. Legal Proceedings

We are subject to various legal proceedings and claims that arise in the ordinary course of our business operations. Matters which arise out of allegations of bodily injury, property damage, and employment practices are generally covered by insurance. While the resolution of these matters cannot be predicted with certainty, we currently believe the final outcome of such matters will not have a material adverse effect on our financial position, results of operations or cash flows.

ITEM 4. Mine Safety Disclosures

Not applicable.

PART II

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

Market Price Information

Our common stock is listed and traded on the NYSE MKT under the symbol "IRT". At the close of business on March 1, 2017, the closing price for our common stock was \$9.20 per share and there were 370 holders of record, one of which is the holder for all beneficial owners who hold in street name.

Since our formation, we have sold our common stock in six public offerings. See Item 1-"Business." The following table sets forth the range of high and low sales prices of our common stock by quarter in the periods indicated.

2015

First Quarter (January 1, 2015 through March 31, 2015)	\$9.78	\$9.07
Second Quarter (April 1, 2015 through June 30, 2015)	\$9.65	\$7.45
Third Quarter (July 1, 2015 through September 30, 2015)	\$8.57	\$6.95
Fourth Quarter (October 1, 2015 through December 31, 2015)	\$8.13	\$6.88

2016

First Quarter (January 1, 2016 through March 31, 2016)	\$7.78	\$5.97
Second Quarter (April 1, 2016 through June 30, 2016)	\$8.21	\$6.75
Third Quarter (July 1, 2016 through September 30, 2016)	\$10.70	\$8.05
Fourth Quarter (October 1, 2016 through December 31, 2016)	\$9.15	\$7.74

We have adopted a Code of Ethics, which we refer to as the Code, for our directors, officers and employees intended to satisfy NYSE MKT listing standards and the definition of a "code of ethics" set forth in Item 406 of Regulation S-K. Any information relating to amendments to the Code or waivers of a provision of the Code required to be disclosed pursuant to Item 5.05 of Form 8-K will be disclosed through our website. Our internet address is <http://www.irtliving.com>.

PERFORMANCE GRAPH

On August 13, 2013, our common stock commenced trading on the NYSE MKT. The following graph compares the index of the cumulative total shareholder return on our common shares for the measurement period commencing August 12, 2013 and ending December 31, 2016 with the cumulative total returns of the National Association of Real Estate Investment Trusts (NAREIT) Equity REIT index and the Russell 3000 Index. The following graph assumes that each index was 100 on the initial day of the relevant measurement period and that all dividends were reinvested.

Unregistered Sales of Equity Securities

We have previously disclosed four “UPREIT” transactions completed in May 2014, August 2014, November 2014 and December 2014 wherein IROP, issued, in the aggregate, 1,282,449 common units, or units, to unaffiliated entities or persons in order to acquire properties. In addition, we have previously disclosed that in September 2015, IROP issued 1,925,419 units, plus cash in lieu of fractional TSRE operating partnership units, in a transaction related to the TSRE acquisition. All of such issuances were exempt from registration pursuant to Section 4(a)(2) of the Securities Act. As previously disclosed, these units are subject to exchange agreements containing the terms and conditions under which the units could be exchanged for cash in an amount equal to the value of an equivalent number of shares of our common stock as of the date IROP receives contributor’s notice of its desire to exchange the units for cash or, at IROP’s option, for the equivalent number of shares of our common stock. The first exchanges of these units began in May 2015. During 2015, IROP exchanged 52,937 units for 52,933 shares of our common stock (with fractional units being settled in cash) and, in 2016 through March 1, 2017, IROP exchanged an additional 285,881 units for 285,879 shares of our common stock (with fractional units being settled in cash). As a result of these exchanges, at December 31, 2016 and at March 1, 2017, there remained outstanding 2,908,949 units and 2,869,050 units, respectively, held by unaffiliated third parties. The issuance of the shares of our common stock in these exchanges was exempt from registration pursuant to Section 4(a)(2) of the Securities Act and Rule 506 of Regulation D; all of the persons receiving such shares were accredited investors.

Distributions

We intend to continue to qualify as a REIT for U.S. 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 a 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 U.S. federal income and excise tax, we intend to make regular monthly 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. Except for distributions for January, February and March 2017, our board of directors has not yet determined the rate for our future distributions, and all future distributions will be at the sole discretion of our board of directors. When determining the amount of future distributions, our board of directors considers, among other factors, (i) the amount of cash generated from our operating activities, (ii) our expectations of future cash flows, (iii) our determination of near-term cash needs for acquisitions of new properties, 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 status 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.

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, borrow funds, sell assets, make taxable distributions of our securities or reduce 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, 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 "Risk Factors."

For 2015 and 2016 and for the first quarter of 2017, our board established, on a quarterly basis, in advance, the distribution amount for our common stock and for the units for each month in the quarter. The distributions for each month in the three-month period are paid in arrears on or about the fifteenth day following the completion of each respective month. For 2015, and 2016, we declared and paid the following distributions (expressed on a quarterly basis) on our common stock (dollars in thousands except per share and per unit data):

Common Shares Dividends		
Declared and		
Total		
Payable		
per Dividends		
Share Payable		
2015		
First Quarter	\$0.18	\$ 5,719

Second Quarter	0.18	5,723
Third Quarter	0.18	6,122
Fourth Quarter	0.18	8,450
2016		
First Quarter	\$0.18	\$ 8,519
Second Quarter	0.18	8,494
Third Quarter	0.18	8,499
Fourth Quarter	0.18	12,368

	Operating Partnership Units Dividends	Declared and Total Payable per Share	Dividends Payable
2015			
First Quarter	\$0.18	\$	231
Second Quarter	0.18		228
Third Quarter	0.18		273
Fourth Quarter	0.18		568
2016			
First Quarter	\$0.18	\$	543
Second Quarter	0.18		531
Third Quarter	0.18		527
Fourth Quarter	0.18		523

On January 12, 2017, our board declared the following monthly distributions per share of our common stock or units outstanding for January, February and March 2017:

	Dividend
	Declared
Month	Per Share
Declaration Date	Record Date
Payment Date	
January 2017	January 12, 2017
February 2017	January 31, 2017
March 2017	February 15, 2017
	\$ 0.06
	\$ 0.06
	\$ 0.06

Issuer Purchases of Equity Securities

During the quarter ended December 31, 2016, we repurchased 7,269,719 shares of our common stock in connection with the management internalization. The table below summarizes this repurchase activity:

Period	Total Number of Shares	Average Price	Total Number of Shares Purchased as Part of	Maximum Number (or Approximate Dollar
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	Purchased	Paid per Share	Publicly Announced Plans or Programs	Value) of Shares that May Yet Be Purchased Under the Plans or Programs
10/01/2016 to 10/31/2016	7,269,719	(1)\$ 8.55	(1) 7,269,719	(1)0 (1)
11/01/2016 to 11/30/2016	-	-	-	-
12/01/2016 to 12/31/2016	-	-	-	-
Total	7,269,719	\$ 8.55	7,269,719	0 (1)

(1) On September 27, 2016, we publicly announced that we had entered into the internalization agreement with RAIT to complete the management internalization and separation from RAIT and its affiliates and to repurchase 7,269,719 shares of our common stock from RAIT subsidiaries, representing all of the shares of our common stock owned by RAIT. On October 5, 2016, we paid approximately \$62.2 million to RAIT to complete the IRT stock repurchase and retire RAIT's shares of our common stock at a purchase price of \$8.55 per share. This price was equal to the price to the public in the 2016 common stock offering described above less underwriting discounts or commissions. We have no further obligations to repurchase our common stock under the internalization agreement.

ITEM 6. Selected Financial Data

The following table summarizes selected financial data about our company (dollars in thousands, except share and per share data). The following selected financial data information should be read in conjunction with Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” and our consolidated financial statements, including the notes thereto, included elsewhere herein.

As of and for the

Years Ended

December 31

	2016	2015	2014	2013	2012
Operating Data:					
Total revenue	\$153,388	\$109,576	\$49,171	\$19,943	\$16,629
Property operating expenses	(63,148)	(46,281)	(21,636)	(8,643)	(7,411)
Total expenses	(113,726)	(99,394)	(40,630)	(15,010)	(12,897)
Interest expense	(35,535)	(23,553)	(8,496)	(3,659)	(3,305)
Net income (loss)	(9,555)	30,156	2,944	1,274	427
Net income (loss) allocable to common shares	(9,801)	28,242	2,940	615	(123)
Earnings (loss) per share:					
Basic	\$(0.19)	\$0.78	\$0.14	\$0.12	\$(0.45)
Diluted	\$(0.19)	\$0.78	\$0.14	\$0.12	\$(0.45)
Balance Sheet Data:					
Investments in real estate	\$1,197,845	\$1,332,377	\$665,736	\$174,321	\$141,282
Total assets	1,294,237	1,383,188	694,150	181,871	146,197
Total indebtedness	743,817	966,611	418,901	103,303	92,413
Total liabilities	765,546	993,158	431,116	106,963	95,346
Total equity	528,691	390,030	263,034	74,908	50,851

As of and for the

years ended

December 31

	2016	2015	2014	2013	2012
Other Data:					
Property portfolio occupancy	94.5 %	93.0 %	92.7 %	94.5 %	92.0 %
Common shares outstanding	68,996,070	47,070,678	31,800,076	9,652,540	345,063
Limited partnership units outstanding					
(1)	2,908,949	3,154,931	1,282,449	—	5,274,900
Cash distributions declared per common share/unit	\$0.7200	\$0.7200	\$0.7200	\$0.6263	\$0.6000

(1)Held by persons other than IRT and its subsidiaries.

ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations
Overview

We are a Maryland corporation that owns apartment properties in geographic submarkets that we believe support strong occupancy and have the potential for growth in rental rates. We seek to provide stockholders with attractive risk-adjusted returns, with an emphasis on distributions and capital appreciation. We elected to be taxed as a REIT under the Internal Revenue Code of 1986, as amended, or the Code, commencing with our taxable year ended December 31, 2011.

We seek to acquire and operate apartment properties that:

- have stable occupancy;

- are located in submarkets that we do not expect will experience substantial new apartment construction in the foreseeable future;

- in appropriate circumstances, present opportunities for repositioning or updating through capital expenditures; and

- present opportunities to apply tailored marketing and management strategies to attract and retain residents and enable rent increases.

We were externally advised by a wholly-owned subsidiary of RAIT, a multi-strategy commercial real estate company organized as an internally managed REIT until December 20, 2016 at which time we completed our management internalization. On

September 27, 2016, we entered into the internalization agreement to repurchase all of our outstanding common shares owned by RAIT at the first closing contemplated by the internalization agreement and to complete the management internalization at the second closing contemplated by the internalization agreement. On October 5, 2016, we repurchased and retired those shares at the first closing.

See “Part I- Item 1. Business” above, or the business description, which is incorporated herein by reference, for further description of our company, our business objectives and investment strategies, 2016 developments, including the management internalization, financing strategy and the development and structure of our company.

2016 was a transformative year for IRT as we completed the management internalization and IRT stock repurchase and separated from RAIT, with a shared services arrangement with RAIT ending in June 2017. As a result of the management internalization, we expect to save approximately \$2.5 million per year on general and administrative expenses after the shared services period ends while eliminating the increased management cost related to growth under the external management contract structure. For further discussion of our rationale for, and our expected benefits from, the management internalization, see the business description.

We also completed the October 2016 offering netting proceeds of approximately \$245.5 million. We used the total proceeds and balance sheet cash to de-lever our balance sheet by \$147.3 million dollars, complete the IRT stock repurchase for \$62.2 million dollars and pay \$43.0 million dollars to complete the management internalization in December 2016. By December 31, 2016, our leverage had decreased with debt to gross assets declining from 64% historically to 54.3%.

As of December 31, 2016, we had \$1.3 billion of gross investments in real estate comprised of 46 apartment properties containing an aggregate of 12,982 units, as compared to \$1.4 billion of gross investments in real estate comprised of 49 properties containing an aggregate of 13,724 units as of December 31, 2015. We refer to our investments in real estate as of December 31, 2016 as our “existing portfolio.” As of December 31, 2016, our existing portfolio had an average occupancy of 93.8% and an average monthly effective rent per occupied apartment unit of \$977. With respect to our operating performance, our earnings (loss) per share was \$(0.19) for the year ended December 31, 2016 as compared to \$0.78 for the year ended December 31, 2015 due largely to costs related to the management internalization. Our Core Funds from Operations, or CFFO, per share was \$0.79 for the year ended December 31, 2016 as compared to \$0.80 for the year ended December 31, 2015. Our earnings before interest, taxes, depreciation and amortization and before acquisition expenses, or adjusted EBITDA, increased 43.8% to \$74.5 million for the year ended December 31, 2016 from \$51.8 million for the year ended December 31, 2015. CFFO and adjusted EBITDA are non-GAAP financial measures. See “Non-GAAP Financial Measures” below for their definition and reconciliation to the closest GAAP financial measure.

Looking forward into 2017, we remain committed to our strategy of owning and operating a portfolio of apartment communities in primarily non-gateway markets. These non-gateway markets share attractive fundamentals including healthy job and population growth, limited additions of new supply resulting in strong demand from renters. We believe that these market dynamics will continue to drive rents higher in our portfolio throughout 2017 while keeping a strong stable occupancy rate.

For 2017 our strategy is focused on:

- Implementing the 2017 focus of our capital recycling plan to sell our class “C” properties and reinvesting the proceeds into higher quality class “B” properties.
- Maximizing the operating efficiency of our properties.
- Reviewing and repositioning our financing structures for flexibility and liquidity while continuing to reduce our leverage.
- Delivering a tenant-focused living experience throughout the portfolio supported by our strong, experienced property management team.

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Trends That May Affect Our Business

The following trends may affect our business:

Positive Economic and Demographic Characteristics. We expect economic and demographic characteristics conditions to remain favorable for our investment strategy focused on owning apartment properties for the foreseeable future across our markets for the following reasons:

Positive Demographic Factors. We believe demand for rental housing will remain strong as a result of a strengthening job market and positive household formation growth. Population growth in our markets has grown at a higher rate than the U.S overall.

Low Homeownership. While both owner and rental sectors benefit from the growth in households, the rental sector is benefiting more from this trend due to the declining homeownership rate. A contributing factor is that homeownership affordability remains challenging for many households, especially for many first time buyers.

Limited New Supply. Notwithstanding an increase in apartment completions across the broader apartment market, national vacancy rates remain close to historic lows. The majority of new supply remains focused on primary markets. IRT's markets have outperformed both the regional and national markets in terms of their ability to absorb new deliveries.

Strong Employment Outlook. We expect the 2017 ratio of projected jobs to projected completions and projected 2017 employment growth to be higher in most of IRT's markets when compared to the projected national average.

Market Trends. The energy sector represents 6% of the overall economy in Oklahoma City, Oklahoma and a downturn in that sector has presented challenges to the performance of our properties there by limiting rent growth and affecting occupancy rates. We expect Oklahoma City to see improvement in 2017 with job and population growth around 1%, with limited additional supply.

We continue to believe that the Class B apartment market offers the most opportunity to consistently increase rents and is much less likely to be impacted from construction of new apartment supply. We also believe that the Class B apartment sector has much less exposure to home ownership as we see far fewer move outs due to home purchases in our Class B portfolio as compared to our Class A portfolio.

Interest rate environment. We expect interest rates for commercial real estate financing to rise from historically low levels that continued throughout 2016. This may result in corresponding increases to capitalization rates and affect the pricing of properties we wish to buy or sell.

Results of Operations

Year Ended December 31, 2016 Compared to the Year Ended December 31, 2015

	SAME STORE PROPERTIES				NON SAME STORE PROPERTIES				CONSOLIDATED			
	2016	2015	Increase % (Decrease) Change		2016	2015	Increase % (Decrease) Change		2016	2015	Increase % (Decrease) Change	
Revenue:												
Rental income	\$60,485	\$58,765	\$1,720	2.9%	\$76,931	\$39,451	\$37,480	95.0%	\$137,416	\$98,216	\$39,200	39.9%
Reimbursement and other income	7,126	6,744	382	5.7%	8,817	4,616	4,201	91.0%	15,943	11,360	4,583	40.3%
Total revenue	67,611	65,509	2,102	3.2%	85,748	44,067	41,681	94.6%	153,359	109,576	43,783	40.0%
Expenses:												
Real estate operating expenses	28,914	28,492	422	1.5%	34,234	17,789	16,445	92.4%	63,148	46,281	16,867	36.4%
Net Operating income	\$38,697	\$37,017	\$1,680	4.5%	\$51,514	\$26,278	\$25,236	96.0%	\$90,211	\$63,295	\$26,916	42.5%
Other Income:												
Property management									29	-	29	-
Total other income									29	-	29	-
Corporate and other expenses:												
Property management expenses									4,847	3,674	1,173	31.9%
General and administrative expenses									3,422	2,177	1,245	57.2%
Asset management fees									7,442	5,613	1,829	32.6%
Acquisition and integration expenses									43	13,555	(13,512)	-99.7%
Depreciation and amortization expense									34,824	28,094	6,730	24.0%
Total corporate and other expenses									50,578	53,113	(2,535)	-4.8%
Operating Income (loss)									39,662	10,182	29,480	289.5%
Interest expense									(35,535)	(23,553)	(11,982)	50.9%
Interest income									(4)	19	(23)	-121.1%
Net gains (losses) on sale of assets									31,776	6,412	25,364	-
Gains (losses) on extinguishment of debt									(1,210)	-	(1,210)	-
TSRE financing extinguishment and employees and separation expenses									-	(27,508)	27,508	-
Management internalization expense									(44,976)	-	(44,976)	-
Gains (losses) on TSRE merger and property acquisitions									732	64,604	(63,872)	-98.9%
Net income (loss)									(9,555)	30,156	(39,711)	-131.7%

(income) loss allocated to noncontrolling interests	(246)	(1,914)	1,668	-87.1 %
Net income (loss) available to common shares	\$(9,801)	\$28,242	\$(38,043)	-134.7 %

Revenue

Rental Income. Rental revenue increased \$39.2 million to \$137.4 million for the year ended December 31, 2016 from \$98.2 million for the year ended December 31, 2015. The increase is primarily attributable to \$45.0 million of rental income from the acquisition of 20 properties during the year ended December 31, 2015 present for a full year of operations in 2016, and an increase of \$1.7 million due to improved occupancy and rental rates at our same store properties. The increase was partially offset by a decrease of \$8.0 million of rental income related to four properties that were disposed of and not present for a full year of operations in 2016.

Tenant reimbursement and other income. Tenant reimbursement and other income increased \$4.5 million to \$15.9 million for the year ended December 31, 2016 from \$11.4 million for the year ended December 31, 2015. The increase is primarily attributable to \$4.9 million of tenant reimbursement and other income from the acquisition of 20 properties during the year ended December 31, 2015 present for a full year of operations in 2016, and an increase of \$0.4 million of tenant reimbursement and other income in our same store portfolio. The increase was partially offset by a decrease of \$0.9 million of tenant reimbursement and other income related to four properties that were disposed of and not present for a full year of operations in 2016.

Expenses

Property operating expenses. Property operating expenses increased \$16.8 million to \$63.1 million for the year ended December 31, 2016 from \$46.3 million for the year ended December 31, 2015. The increase is primarily attributable to \$19.6 million of real estate operating expense from the acquisition of 20 properties during the year ended December 31, 2015 present for a full year of operations in 2016, and an increase of \$0.4 million of real estate operating expense in our same store portfolio. This increase was partially offset by a decrease of \$3.4 million of real estate operating expenses related to four properties that were disposed of and not present for a full year of operations in 2016.

Property management expenses. Property management expenses increased \$1.1 million to \$4.8 million for the year ended December 31, 2016 from \$3.7 million for the year ended December 31, 2015. The increase is primarily attributable to \$1.5 million of property management expense from the acquisition of 20 properties during the year ended December 31, 2015 present for a full year of operations in 2016. The increase was partially offset by a decrease of \$0.3 million of property management expense related to four properties that were disposed of and not present for a full year of operations in 2016.

General and administrative expense. General and administrative expense increased \$1.2 million to \$3.4 million for the year ended December 31, 2016 from \$2.2 million for the year ended December 31, 2015. This was primarily due to an increase of \$0.7 million of stock based compensation and \$0.5 million of professional fees for the year ended December 31, 2016 compared to the year ended December 31, 2015.

Asset management fees. Asset management fees increased \$1.8 million to \$7.4 million for the year ended December 31, 2016 from \$5.6 million for the year ended December 31, 2015. The increase is primarily due to the growth of our portfolio of real estate properties which occurred in 2015 and the related capital used to complete the acquisitions as well as the offering that was completed in October 2016. Additionally, as part of the TSRE merger in September 2015, we changed the structure of our advisory contract with RAIT. Through September 30, 2015, the asset management fees payable to RAIT were calculated as 75 basis points of our average gross real estate assets, with an incentive fee due equal to 20% of any excess core FFO over a 7% core FFO return. As of October 1, 2015, the fee structure became a base fee of 1.5% of cumulative equity with an incentive fee equal to 20% of CORE FFO in excess of \$0.20 per share. We terminated the advisory agreement requiring us to pay these asset management fees on December 20, 2016 in connection with the management internalization.

Acquisition and integration expenses. Acquisition and integration expenses were \$13.6 million for the year ended December 31, 2015. These expenses primarily related to the TSRE merger in which we acquired 19 properties in 2015.

Depreciation and amortization expense. Depreciation and amortization expense increased \$6.7 million to \$34.8 million for the year ended December 31, 2016 from \$28.1 million for the year ended December 31, 2015. The increase is primarily attributable to \$11.5 million of depreciation and amortization expense from the acquisition of 20 properties during the year ended December 31, 2015 present for a full year of operations in 2016. The increase was partially offset by a decrease of \$1.9 million of depreciation and amortization expense related to four properties that were disposed of and not present for a full year of operations in 2016 and by a decrease of \$3.3 million of amortization expense in our same store portfolio.

Interest expense. Interest expense increased \$11.9 million to \$35.5 million for the year ended December 31, 2016 from \$23.6 million for the year ended December 31, 2015. The increase is primarily attributable to \$7.8 million of additional interest expense on debt obtained in connection with the TSRE Merger that was present for a full year of operation in 2016, and \$6.7 million attributable to additional debt obtained on properties acquired during the year

ended December 31, 2015 and present for a full year of operations in 2016. The increase was partially offset by a decrease of \$1.6 million of interest expense related to four properties that were disposed of and not present for a full year of operation in 2016 and by a decrease of \$1.1 million of interest expense related to the loan payoff of our Oklahoma City portfolio of properties.

Net gains (losses) on sale of assets. During the year ended December 31, 2016, three multi-family properties were sold resulting in gains of \$31.8 million.

Gains (losses) on extinguishment of debt. During the year ended December 31, 2016, we recognized a \$1.2 million loss on the extinguishment of the debt related to the write-off of the unamortized deferred financing costs associated with debt that was extinguished.

Management internalization expense. During the year ended December 31, 2016, we recognized a \$45.0 million loss due to our management internalization.

Year Ended December 31, 2015 Compared to the Year Ended December 31, 2014

	SAME STORE PROPERTIES				NON SAME STORE PROPERTIES				CONSOLIDATED			
	2015	2014	Increase % (Decrease)	Change	2015	2014	Increase % (Decrease)	Change	2015	2014	Increase % (Decrease)	Change
Revenue:												
Rental income	\$21,171	\$20,121	\$1,050	5.2 %	\$77,045	\$24,713	\$52,332	211.8 %	\$98,216	\$44,834	\$53,382	119.1 %
Reimbursement and other income	2,709	2,439	270	11.1 %	8,651	1,898	6,753	355.8 %	11,360	4,337	7,023	161.9 %
Total revenue	23,880	22,560	1,320	5.9 %	85,696	26,611	59,085	222.0 %	109,576	49,171	60,405	122.8 %
Expenses:												
Real estate operating expenses	11,972	11,478	494	4.3 %	34,309	10,158	24,151	237.8 %	46,281	21,636	24,645	113.9 %
Net Operating Income	\$11,908	\$11,082	\$826	7.5 %	\$51,387	\$16,453	\$34,934	212.3 %	\$63,295	\$27,535	\$35,760	129.9 %
Corporate and other expenses:												
General and administrative expenses									2,177	1,137	1,040	91.5 %
Property management expenses									3,674	1,759	1,915	108.9 %
Asset management fees									5,613	1,736	3,877	223.3 %
Acquisition and integration expenses									13,555	1,842	11,713	635.9 %
Depreciation and amortization expense									28,094	12,520	15,574	124.4 %
Total corporate and other expenses									53,113	18,994	34,119	179.6 %
Operating Income (loss)									10,182	8,541	1,641	19.2 %
Interest expense									(23,553)	(8,496)	(15,057)	177.2 %
Interest income									19	17	2	11.8 %
Net gains (losses) on sale of assets									6,412	-	6,412	-
TSRE financing extinguishment and employees and separation expenses									(27,508)	-	(27,508)	-
Gains (losses) on TSRE merger and property acquisitions									64,604	2,882	61,722	2141.6 %
Net income (loss)									30,156	2,944	27,212	924.3 %
(Income) loss allocated to noncontrolling interests									(1,914)	(4)	(1,910)	47750.0 %
Net income (loss) available to common shares									\$28,242	\$2,940	\$25,302	860.6 %

Revenue

Rental Income. Rental revenue increased \$53.4 million to \$98.2 million for the year ended December 31, 2015 from \$44.8 million for the year ended December 31, 2014. The increase is primarily attributable to \$19.2 million of rental income from the acquisition of 20 properties during the year ended December 31, 2015, and \$33.1 million from properties acquired during the year ended December 31, 2014 present for a full year of operations in 2015. The remaining increase of \$1.0 million is due to improved occupancy and rental rates at our same store properties.

Tenant reimbursement and other income. Tenant reimbursement and other income increased \$7.0 million to \$11.4 million for the year ended December 31, 2015 from \$4.4 million for the year ended December 31, 2014. The increase is primarily attributable to \$2.1 million of income from the acquisition of 20 properties during the year ended December 31, 2015, and \$4.5 million from properties acquired during the year ended December 31, 2014 present for a full year of operations in 2015.

Expenses

Property operating expenses. Property operating expenses increased \$26.6 million to \$50.0 million for the year ended December 31, 2015 from \$23.4 million for the year ended December 31, 2014. The increase is primarily due to \$26.1 million of expenses associated with the acquisition of 20 properties during the year ended December 31, 2015 present for a full year of operations in 2015.

Property management expenses. Property management expenses increased \$1.9 million to \$3.7 million for the year ended December 31, 2015 from \$1.8 million for the year ended December 31, 2014. The increase is primarily attributable to \$0.6 million of property management expense from the acquisition of 20 properties during the year ended December 31, 2015, and an increase of \$1.2 million of property management expense from the acquisition of 20 properties acquired during the year ended December 31, 2014 present for a full year of operations in 2015.

General and administrative expense. General and administrative expense increased \$1.1 million to \$2.2 million for the year ended December 31, 2015 from \$1.1 million for the year ended December 31, 2014. This was primarily due to an increase of \$0.9 million of professional fees for the year ended December 31, 2015 compared to the year ended December 31, 2014.

Asset management fees. Asset management fees increased \$3.9 million to \$5.6 million for the year ended December 31, 2015 from \$1.7 million for the year ended December 31, 2014. The increase is primarily due to the growth of our portfolio of real estate properties and related capital used to complete the acquisitions. During 2015, we increased our portfolio of properties through the 19 properties acquired in the TSRE merger and a single property acquisition in May 2015. Additionally, as part of the TSRE merger in September 2015, we changed the structure of our advisory contract with RAIT. Through September 30, 2015, the asset management fees payable to RAIT were calculated as 75 basis points of our average gross real estate assets, with an incentive fee due equal to 20% of any excess core FFO over a 7% core FFO return. As of October 1, 2015, the fee structure became a base fee of 1.5% of cumulative equity with an incentive fee equal to 20% of CORE FFO in excess of \$0.20 per share. We terminated the advisory agreement requiring us to pay these asset management fees on December 20, 2016 in connection with the management internalization.

Acquisition and integration expenses. Acquisition and integration expenses increased \$11.8 million to \$13.6 million for the year ended December 31, 2015 from \$1.8 million for the year ended December 31, 2014. This increase is primarily related to significant acquisition expenses that were incurred in connection with the TSRE merger in which we acquired 19 properties.

Depreciation and amortization expense. Depreciation and amortization expense increased \$15.6 million to \$28.1 million for the year ended December 31, 2015 from \$12.5 million for the year ended December 31, 2014. The increase is primarily attributable to \$8.1 million of depreciation and amortization expenses from the acquisition of 20 properties during the year ended December 31, 2015, and \$8.0 million from properties acquired during the year ended December 31, 2014 present for a full year in 2015.

Interest expense. Interest expense increased \$15.1 million to \$23.6 million for the year ended December 31, 2015 from \$8.5 million for the year ended December 31, 2014. The increase is primarily attributable to \$5.9 million of interest expense associated with indebtedness related to the TSRE properties and \$8.0 million attributable to additional debt obtained on properties acquired during the year ended December 31, 2014 and present for a full year of operations in 2015.

Net gains (losses) on sale of assets. In December 2015, we sold a 320 unit property in Tucson, Arizona for a sales price of \$33.8 million. We recognized a gain on sale of \$6.4 million. We did not sell any properties in 2014.

Non-GAAP Financial Measures

Funds from Operations and Core Funds from Operations

We believe that FFO and Core FFO, each of which is a non-GAAP financial measure, are additional appropriate measures of the operating performance of a REIT and us in particular. We compute FFO in accordance with the standards established by the National Association of Real Estate Investment Trusts, or NAREIT, as net income or loss allocated to common shares (computed in accordance with GAAP), excluding real estate-related depreciation and amortization expense, gains or losses on sales of real estate and the cumulative effect of changes in accounting principles.

CFFO 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, including acquisition and integration expenses, gains or losses on real estate transactions, management internalization expense, gains or losses on extinguishment of debt, amortization of deferred financing costs and equity-based compensation expenses, from the determination of FFO. IRT incurs acquisition expenses in connection with acquisitions of real estate properties and expenses those costs when incurred in accordance with U.S. GAAP. As these expenses are one-time and reflective of investing activities rather than operating performance, IRT adds back these costs to FFO in determining CFFO.

Our calculation of CFFO differs from the methodology used for calculating CFFO by certain other REITs and, accordingly, IRT's CFFO may not be comparable to CFFO reported by other REITs. Our management utilizes FFO and CFFO as measures of our operating performance, and believes they are also useful to investors, because they facilitate an understanding of our operating performance after adjustment for certain non-cash items, such as depreciation and amortization expenses, equity based compensation, amortization of deferred financing fees, TSRE financing extinguishment and employee separation costs, gains (losses) on TSRE transaction and property acquisitions, and with respect to CFFO, acquisition and integration expenses, pursuit costs and internalization 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, CFFO and other supplemental performance measures are defined in various ways throughout the REIT industry, we also believe that FFO and CFFO may provide IRT and our investors with an additional useful measure to compare our financial performance to certain other REITs. Neither FFO nor CFFO is equivalent to net income 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 as an indicator of our operating performance or as an alternative to cash flow from operating activities as a measure of our liquidity.

Set forth below is a reconciliation of net income (loss) to FFO and Core FFO for the years ended December 31, 2016, 2015 and 2014 (in thousands, except share and per share information):

	For the Year		For the Year		For the Year	
	Ended		Ended		Ended	
	December 31,		December 31,		December 31,	
	2016		2015		2014	
	Amount	Per Share (1)	Amount	Per Share (1)	Amount	Per Share (1)
Funds From Operations:						
Net income (loss)	\$(9,555)	\$(0.17)	\$30,156	\$0.79	\$2,944	\$0.14
Adjustments:						
Income allocated to preferred units	-	-	-	-	(4)	-
Real estate depreciation and amortization	34,824	0.63	28,094	0.75	12,520	0.58
Net (gains) losses on sale of assets	(31,776)	(0.58)	(6,412)	(0.17)	-	-
Funds From Operations	\$(6,507)	\$(0.12)	\$51,838	\$1.37	\$15,460	\$0.72
Core Funds From Operations:						
Funds From Operations	\$(6,507)	\$(0.12)	\$51,838	\$1.37	\$15,460	\$0.72
Adjustments:						
Stock-based compensation	1,222	0.02	495	0.01	206	0.01
Amortization of deferred financing costs	3,064	0.06	1,483	0.04	358	0.02
Acquisition and integration expenses	43	-	13,555	0.36	1,842	0.08
(Gains) losses on extinguishment of debt	1,210	0.02	-	-	-	-
Management internalization expense	44,976	0.82	-	-	-	-
TSRE financing extinguishment and	-	-	27,508	0.72	-	-

employee separation expenses							
(Gains) losses on TSRE merger and property							
acquisitions	(732)	(0.01)	(64,604)	(1.70)	(2,882)	(0.13)	
Core Funds From Operations	\$43,276	\$0.79	\$30,275	\$0.80	\$14,984	\$0.70	
(1) Based on 55,092,382, 37,968,183 and 21,532,671 weighted average shares and units outstanding for the years ended December 31, 2016, 2015, and 2014, respectively.							

Same Store Portfolio Net Operating Income

We believe that Net Operating Income, or NOI, a non-GAAP measure, is a useful measure of our operating performance. We define NOI as total property revenues less total property operating expenses, excluding depreciation and amortization, asset management fees, acquisition and integration expenses and general administrative expenses. In connection with our management internalization which was completed in the fourth quarter of 2016, we modified our calculation of NOI to exclude property management expenses. We retrospectively adjusted previously reported NOI to conform to this change in the table below.

Other REITs may use different methodologies for calculating NOI, and accordingly, our NOI may not be comparable to 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. However, NOI should only be used as an alternative measure of our financial performance.

We review our same store properties or portfolio at the beginning of each calendar year. Properties are added into the same store portfolio if they were owned at the beginning of the previous year. Properties that have been sold or classified as held for sale are excluded from the same store portfolio. The current same store portfolio is comprised of properties owned as of January 1, 2015. As such, the table below does not include results for the year ended December 31, 2014.

	Twelve-Months Ended December 31		% change	
	2016	2015		
Revenue:				
Rental income	\$60,485	\$58,765	2.9	%
Reimbursement and other income	7,126	6,744	5.7	%
Total revenue	67,611	65,509	3.2	%
Operating Expenses:				
Real estate taxes	7,994	7,919	0.9	%
Property insurance	1,937	1,823	6.3	%
Personnel expenses	6,947	6,925	0.3	%
Utilities	4,544	4,465	1.8	%
Repairs and maintenance	2,783	2,679	3.9	%
Contract services	2,100	2,031	3.4	%
Advertising expenses	860	906	-5.1	%
Other expenses	1,749	1,744	0.3	%
Total operating expenses	28,914	28,492	1.5	%
Same-store net operating income (a)	\$38,697	\$37,017	4.5	%
Same-store NOI margin	57.2	% 56.5	% 0.7	%
Average occupancy	93.4	% 93.2	% 0.2	%
Average effective monthly rent, per unit	\$875	\$852	2.7	%
Reconciliation of same-store net operating income to net income (loss)				
Same-store portfolio net operating income	\$38,697	\$37,017		
Non same-store net operating income	51,514	26,278		
Property management income	29	—		
Asset management fees	(7,442)	(5,613)		
Property management expenses	(4,847)	(3,674)		
General and administrative expenses	(3,422)	(2,177)		
Acquisition and integration expenses	(43)	(13,555)		
Depreciation and amortization	(34,824)	(28,094)		
Interest expense	(35,535)	(23,553)		
Other income (expense)	(4)	19		
Net gains (losses) on sale of assets	31,776	6,412		
TSRE financing extinguishment and employee separation expenses	—	(27,508)		

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Gains (losses) on extinguishment of debt	(1,210)	—
Gains (losses) on TSRE merger and property		
acquisitions	732	64,604
Management internalization expense	(44,976)	—
Net income (loss)	\$(9,555)	\$30,156

(a) Same store portfolio for the twelve months ended December 31, 2016 and 2015 includes 22 properties which represents 6,451 units.

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Liquidity and Capital Resources

Overview

Liquidity is a measure of our ability to meet potential cash requirements, including ongoing commitments to repay borrowings, fund and maintain investments, pay distributions and other general business needs. We believe our available cash balances, financing arrangements and cash flows from operations will be sufficient to fund our liquidity requirements with respect to our existing portfolio for the next 12 months and the foreseeable future.

Our primary cash requirements are to:

- make investments and fund the associated costs;
- repay our indebtedness;
- pay our operating expenses, including fees paid to our advisor and our property manager; and
- distribute a minimum of 90% of our REIT taxable income (determined without regard to the deduction for dividends paid and excluding net capital gain) and to make investments in a manner that enables us to maintain our qualification as a REIT.

We intend to meet these liquidity requirements primarily through:

- the use of our cash and cash equivalent balance of \$20.9 million as of December 31, 2016;
- existing and future financing secured directly or indirectly by the apartment properties in our portfolio;
- cash generated from operating activities;
- net cash proceeds from property sales implementing our capital recycling strategy and other sales;
- proceeds from the sale of our common stock; and
- if required, proceeds from future borrowings and offerings.

As previously disclosed in prior reports, we determined that the strategic long term benefits of the TSRE acquisition justified exceeding our historical leverage limits, defined as having total indebtedness of no more than approximately 65% of the combined initial purchase price of all of the properties in our portfolio. Also, as previously disclosed, following the completion of the TSRE acquisition, we have instituted a strategy, which we refer to as our capital recycling strategy, seeking to reduce IRT's leverage ratio over time by using the proceeds from sales of properties which are outside our core geographic footprint in the Southeastern United States or which we believe we have limited potential for further improvements to their operating results to repay a portion of our indebtedness. We have successfully continued to implement our capital recycling strategy, which began in 2015, to reduce our leverage and reduce our exposure to short term indebtedness. By December 31, 2016, our leverage had decreased with debt to gross assets declining from 64% historically to 54.3%.

- We have sold four targeted properties for \$121.6 million, in the aggregate, generating net cash proceeds of \$53.9 million, in the aggregate, after costs and repayment of property specific financing.
- In March 2016, we refinanced a \$43.7 million mortgage on our Oklahoma City portfolio with \$45.5 million borrowed under the secured facility.
- The net cash proceeds from these sales and the additional loan proceeds under the secured credit facility were used to pay down the interim facility.
- In May 2016, we refinanced three properties on the secured credit facility with long term fixed rate mortgages. We entered into three loan agreements for a total loan of \$106.0 million secured by first mortgages on these three properties. The loans bear interest at rates ranging from 3.3% to 3.7% per annum and provide for monthly payments of interest only for the next three to five years with principal amortization beginning thereafter.
- In June 2016, we entered into an amended and restated credit agreement with KeyBank that provides for a \$40 million senior term loan that will mature on September 17, 2018. We borrowed \$40.0 million under the facility, using \$33.9 million to pay closing costs and repay the remaining balance under the former KeyBank Interim

Facility. The former KeyBank Interim Facility was terminated. See Note 5: Indebtedness, for a description of the terms related to the amended facility.

In October 2016, we completed the October 2016 offering as described below.

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•We are implementing the 2017 focus of our capital recycling strategy by planning to use the proceeds of sales of our class “C” properties to acquire class “B” properties without adversely impacting our leverage. As of December 31, 2016, we identified 4 assets as held for sale which we characterize as Class “C” properties with an aggregate book value of \$61.0 million which we expect to sell by the end of June 2017, subject to customary closing conditions. We currently have 2 properties under separate contracts to purchase for prices aggregating approximately \$44.0 million, subject to customary closing conditions.

October 2016 Offering

Pursuant to the October 2016 offering, we issued and sold 28,750,000 shares of our common stock which generated total gross proceeds, before deducting the underwriting discount and estimated offering expenses, of \$258.8 million. On October 5, 2016, 25,000,000 of these shares were sold pursuant to the underwritten public offering and on October 21, 2016, 3,750,000 of these shares were sold pursuant to the exercise of the underwriters’ overallotment option. After deducting underwriting discounts and commissions and offering expenses paid by us, IRT received approximately \$245.5 of net proceeds, and used the net proceeds from the offering plus available cash as follows:

•On October 5, 2016, we used \$40.0 million of the net proceeds of the October 2016 offering to prepay in full and terminate our \$40.0 million senior secured term loan facility provided for in our \$40.0 million senior secured term loan facility.

•On October 5, 2016, we used approximately \$62.2 million of the proceeds from the October 2016 offering to repurchase the RAIT shares from certain of RAIT’s subsidiaries at a purchase price of \$8.55 per share. This price was equal to the price to the public in the October 2016 offering less underwriting discounts or commissions.

•On October 5, 2016, we used approximately \$47.3 million of the net proceeds of the October 2016 offering to pay down the \$325.0 million senior secured credit facility.

•As required by the internalization agreement, we reserved \$43.0 million in net proceeds from the October 2016 offering to consummate the second closing contemplated by the internalization agreement to be used to implement the management internalization. The second closing contemplated by the internalization agreement occurred in December 2016 and we paid the \$43.0 million to RAIT.

•On October 11, 2016, we paid down an additional \$30.0 million on the \$325.0 million senior secured credit facility using proceeds of the October 2016 offering and cash from the balance sheet.

•On October 24, 2016, we used \$30.0 million of the proceeds from the exercise of underwriters’ overallotment option to pay down the \$325.0 million senior secured credit facility.

We have also preserved liquidity by structuring acquisitions as UPREIT transactions in which some or all of the consideration we pay for a property is in IROP units which can be exchanged for cash or, at our option, an equivalent number of shares of our common stock. See “Part II-Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities” above for a further description of these UPREIT transactions. In the ordinary course of our business and subject to conditions at the relevant time, we expect to choose to settle any exchanges of our outstanding IROP units by unaffiliated holders by issuing shares of our common stock.

Cash Flows

As of December 31, 2016 and 2015, we maintained cash and cash equivalents of approximately \$20.9 million and \$38.3 million, respectively. Our cash and cash equivalents were generated from the following activities (dollars in thousands):

For the Years

Ended December 31

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	2016	2015	2014
Cash flow from operating activities	\$(7,533)	\$18,725	\$15,724
Cash flow from investing activities	27,779	(153,466)	(307,337)
Cash flow from financing activities	(37,655)	158,279	303,042
Net change in cash and cash equivalents	(17,409)	23,538	11,429
Cash and cash equivalents at beginning of period	38,301	14,763	3,334
Cash and cash equivalents at end of period	\$20,892	\$38,301	\$14,763

Our cash outflow from operating activities during the year ended December 31, 2016 was related to the cost of our management internalization partially offset by ongoing operations of our properties. Our increased cash inflow from operating activities during the

year ended December 31, 2015 as compared to 2014 resulted from the expansion of our investments through the acquisition of 20 properties in 2015, as well as prior year acquisitions being present for a full year of operations in 2015.

Our cash inflow from investing activities during the year ended December 31, 2016 is primarily due to the disposition of three properties. Our decreased cash outflow from investing activities during the year ended December 31, 2015 as compared to 2014 is primarily due to a change in the mix of consideration transferred related to property acquisitions in 2015 as compared to property acquisitions in 2014. In 2015, we transferred a greater amount of equity consideration (as opposed to cash consideration) related to property acquisitions. We issued 15.1 million shares of common stock and 1.9 million IROP units as part of our acquisition of the TSRE portfolio. Comparatively, cash consideration was primarily transferred as part of our acquisitions of 20 properties in 2014.

Our cash outflow from financing activities during the year ended December 31, 2016 was primarily due to repayments of mortgage indebtedness and the interim facility with proceeds from the three property dispositions. Our decreased cash inflow from financing activities during the year ended December 31, 2015 as compared to 2014 is primarily due to a change in the mix of consideration transferred related to property acquisitions in 2015 as compared to property acquisitions in 2014. In 2015, we did not issue common stock in any transactions where we received cash proceeds. Comparatively, in 2014, we completed three underwritten public offerings of our common stock receiving nearly \$190 million in proceeds. This decrease in cash inflow from financing activities was partially offset by an increase in cash inflows related to the issuance of debt in 2015, primarily the KeyBank facilities.

As a REIT, we evaluate our dividend coverage based on our cash flow from operating activities, excluding acquisition and integration expenses and changes in other assets and liabilities. During the year ended December 31, 2016, we paid distributions to our common stockholders and non-controlling interests of \$38.7 million and generated cash flows from operating activities, before acquisition and integration expenses, management internalization expense and changes in working capital of \$43.0 million.

Capitalization

Refer to Note 5: Indebtedness and Note 7: Stockholder Equity and Non-Controlling Interest for information regarding our capitalization.

Contractual Commitments

The table below summarizes our contractual obligations as of December 31, 2016 (dollars in thousands):

	Payment due by Period				
	Less Than	1-3	3-5	More Than	
	Total	1 Year	Years	Years	5 Years
Principal payments on outstanding debt obligations	\$750,188	\$2,799	\$158,150	\$130,151	\$459,088
Interest payments on outstanding debt obligations (1)	154,194	27,059	46,236	40,887	40,010
Operating lease obligations	589	148	308	133	—
Total	\$904,971	\$30,006	\$204,694	\$171,171	\$499,098

(1) All variable-rate indebtedness assumes a 30-day LIBOR rate of .77167% as of December 31, 2016.

Off-Balance Sheet Arrangements

There were no off-balance sheet arrangements during the year ended December 31, 2016 that have or are likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures, or capital resource that is material to our interests.

Terms of Leases and Tenant Characteristics

The leases for our portfolio typically follow standard forms customarily used between landlords and tenants in the geographic area in which the relevant property is located. Under such leases, the tenant typically agrees to pay an initial deposit (generally one month's rent) and pays rent on a monthly basis. As landlord, we are directly responsible for all real estate taxes, sales and use taxes, special assessments, property-level utilities, insurance and building repairs, and other building operation and management costs. Individual tenants are generally responsible for the utility costs of their unit. Our lease terms generally range from six months to two years and average twelve months.

Our apartment tenant composition varies across the regions in which we operate, includes single and family renters and is generally reflective of the principal employers in the relevant region. For example, in our Norfolk, Virginia market, many of our tenants are employees of the U.S. military. Our apartment properties predominantly consist of one-bedroom and two-bedroom units, although some of our apartment properties also have three-bedroom units.

Critical Accounting Estimates and Policies

We consider the accounting policies discussed below to be critical to an understanding of how we report our financial condition and results of operations because their application places the most significant demands on the judgment of our management.

Our financial statements are prepared on the accrual basis of accounting in accordance with GAAP. The preparation of financial statements in conformity with GAAP requires management to make use of estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting periods. Actual results could differ from those estimates.

Revenue Recognition

Minimum rents are recognized on an accrual basis, over the terms of the related leases on a straight-line basis. Any above-market lease values and the capitalized below-market lease values are amortized as an adjustment to rental income over the lease term. Recoveries from residential tenants for utility costs are recognized as revenue in the period that the applicable costs are incurred.

Investments in Real Estate

Allocation of Purchase Price of Acquired Assets

We account for acquisitions of properties that meet the definition of a business pursuant to Financial Accounting Standards Board, or FASB, Accounting Standards Codification, or ASC, Topic 805, “Business Combinations”. The fair value of the real estate acquired is allocated to the acquired tangible assets, generally consisting of land and building, and identified intangible assets, generally consisting of acquired in-place leases, based in each case on their fair values. Purchase accounting is applied to assets and liabilities associated with the real estate acquired. Transaction costs and fees incurred related to acquisitions are expensed as incurred. Transaction costs and fees incurred related to the financing of an acquisition are capitalized and amortized over the life of the related financing.

Upon the acquisition of properties, we estimate the fair value of acquired tangible assets (consisting of land, building and improvements) and identified intangible assets and liabilities (consisting of in-place leases), and assumed debt at the date of acquisition, based on the evaluation of information and estimates available at that date. Based on these estimates, we allocate the initial purchase price to the applicable assets and liabilities. As final information regarding fair value of the assets acquired and liabilities assumed is received and estimates are refined, appropriate adjustments will be made to the purchase price allocation, in no case later than twelve months of the acquisition date.

The aggregate value of in-place leases is determined by evaluating various factors, including the terms of the leases that are in place and assumed lease-up periods.

Impairment of Long-Lived Assets

Management evaluates the recoverability of its investment in real estate assets, including related identifiable intangible assets, in accordance with FASB ASC Topic 360, "Property, Plant and Equipment." This statement requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that recoverability of the assets is not assured.

Management reviews its long-lived assets on an ongoing basis and evaluates the recoverability of the carrying value when there is an indicator of impairment. An impairment charge is recorded when it is determined that the carrying value of the assets exceeds the fair value. The estimated cash flows used for the impairment analysis and the determination of estimated fair value are based on our plans for the respective assets and our views of market and economic conditions. The estimates consider matters such as current and historical rental rates, occupancies for the respective and/or comparable properties, and recent sales data for comparable properties. Changes in estimated future cash flows due to changes in our plans or views of market and economic conditions could result in recognition of impairment losses, which, under the applicable accounting guidance, could be substantial.

Share-Based Compensation

We account for stock-based compensation in accordance with FASB ASC Subtopic 505-50, “Equity – Equity Payments to Non-Employees” and FASB ASC Topic 718, “Compensation—Stock Compensation”. We did not have any employees prior to December 20, 2016 and therefore accounted for share-based compensation as nonemployee awards.

Stock-based compensation cost is measured at the grant date based on the fair value of the award and revalued at the end of each accounting period. The expense is recognized over the requisite service period, which is the vesting period. Any share-based compensation awards granted to employees are measured based on the grant-date fair value of the award and we record compensation expense for the entire award on a straight line basis, over the related vesting period, for the entire award.

ITEM 7A. Quantitative and Qualitative Disclosures About Market Risk

Market risk is the adverse effect on the value of a financial instrument that results from a change in interest rates. We may be exposed to interest rate changes primarily as a result of long-term debt used to maintain liquidity, fund capital expenditures and expand our real estate investment portfolio and operations. Market fluctuations in real estate financing may affect the availability and cost of funds needed to expand our investment portfolio. In addition, restrictions upon the availability of real estate financing or high interest rates for real estate loans could adversely affect our ability to dispose of real estate in the future. We seek to limit the impact of interest rate changes on earnings and cash flows and to lower our overall borrowing costs. We may use derivative financial instruments to hedge exposures to changes in interest rates on loans secured by our assets. The market risk associated with interest-rate contracts is managed by establishing and monitoring parameters that limit the types and degree of market risk that may be undertaken. With regard to variable rate financing, our advisor assesses our interest rate cash flow risk by continually identifying and monitoring changes in interest rate exposures that may adversely impact expected future cash flows and by evaluating hedging opportunities. Our advisor maintains risk management control systems to monitor interest rate cash flow risk attributable to both our outstanding and forecasted debt obligations as well as our potential offsetting hedge positions. While this hedging strategy is designed to minimize the impact on our net income and funds from operations of changes in interest rates, the overall returns on any investment in our securities may be reduced. We currently have limited exposure to financial market risks.

We may also be exposed to credit risk in derivative contracts we may use. 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 will owe us, which creates credit risk for us. If the fair value of a derivative contract is negative, we will owe the counterparty and, therefore, do not have credit risk. We seek to minimize the credit risk in derivative instruments by entering into transactions with high-quality counterparties.

Interest Rate Risk and Sensitivity

Interest rates may be affected by economic, geo-political, monetary and fiscal policy, market supply and demand and other factors generally outside our control, and such factors may be highly volatile. A change in market interest rates applicable to the fixed-rate portion of our indebtedness affects the fair value, but it has no effect on interest incurred or cash flows. A change in market interest rates applicable to the variable portion of our indebtedness affects the interest incurred and cash flows, but does not affect the fair value.

As of December 31, 2016, our only interest rate sensitive assets or liabilities related to our principal amount of \$750.2 million of outstanding indebtedness, of which \$600.2 million is fixed rate and \$150.0 million is floating rate, an individual interest rate cap with a notional amount of \$200.0 million and a float-to-fixed interest rate swap with a notional amount of \$150.0 million. As of December 31, 2015, our only interest rate sensitive assets or liabilities

related to our principal amount of \$975.6 million of outstanding indebtedness, of which \$429.6 million was floating-rate and \$546.0 million was fixed-rate indebtedness and an individual interest rate cap with a notional of \$200.0 million. We monitor interest rate risk routinely and seek to minimize the possibility that a change in interest rates would impact the interest incurred and our cash flows. To mitigate such risk, we may use interest rate derivative contracts. As of December 31, 2016 and 2015, the fair value of our fixed-rate indebtedness was \$588.5 and \$553.0 million, respectively. The fair value of our fixed rate indebtedness was estimated using a discounted cash flow analysis utilizing rates that we believe a market participant would expect to pay for debt of a similar type and remaining maturity as if the debt was originated at December 31, 2016 and 2015, respectively. As we expect to remain obligated on our fixed rate instruments to maturity and the amounts due under such instruments would be limited to the outstanding principal balance and any accrued and unpaid interest, we do not expect that fluctuations in interest rates, and the resulting change in fair value of our fixed rate instruments, would have a significant impact on our operations.

As of December 31, 2016, our interest rate cap had an insignificant asset fair value. As of December 31, 2015, the fair value of our interest rate cap was \$0.03 million. The fair value of our interest rate cap was estimated using a discounted cash flow analysis based on forward interest rate curves and implied volatilities applicable to the individual caplets. The interest rate cap has been excluded from the table below as its impact to our interest rate risk under the scenarios presented in the table is insignificant.

As of December 31, 2016, our interest rate swap had an asset fair value of \$3.9 million. The fair value of our interest rate swap was estimated using a discounted cash flow analysis based on forward interest rate curves. The impact of the interest rate swap has been included in the table below.

The following table summarizes our indebtedness, and the impact to interest expense for a 12-month period, and the change in the net fair value of our indebtedness assuming an instantaneous increase or, subject to note (b) below, decrease of 100 basis points in the LIBOR interest rate curve:

	Liabilities		
	Subject to		
	Interest	100 Basis Point	
	Rate Sensitivity	Increase (b)	Decrease (b) (c)
	(a)	(c)	
Interest expense from variable-rate indebtedness	\$ 150,000	\$ -	\$ -
Fair value of fixed-rate indebtedness	588,523	545,285	626,190
Total	\$ 738,523	\$ 545,285	\$ 626,190

(a) Unpaid balance of variable-rate indebtedness as of December 31, 2016 is shown. Fair value of fixed-rate indebtedness as of December 31, 2016 is shown.

(b) Assumes LIBOR will not fall below 0%.

(c) Sensitivities include the impact of our \$150.0 million float-to-fixed interest rate swap.

ITEM 8. Financial Statements and
Supplementary Data

INDEX TO FINANCIAL STATEMENTS

OF INDEPENDENCE REALTY TRUST, INC.

(A Maryland Corporation)

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Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders

Independence Realty Trust, Inc.:

We have audited the accompanying consolidated balance sheets of Independence Realty Trust, Inc. and subsidiaries as of December 31, 2016 and 2015, and the related consolidated statements of operations, comprehensive income (loss), equity, and cash flows for each of the years in the three year period ended December 31, 2016. In connection with our audits of the consolidated financial statements, we also have audited financial statement schedule III. These consolidated financial statements and financial statement schedule are the responsibility of Independence Realty Trust, Inc.'s management. Our responsibility is to express an opinion on these consolidated financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Independence Realty Trust, Inc. and subsidiaries as of December 31, 2016 and 2015, and the results of their operations and their cash flows for each of the years in the three year period ended December 31, 2016, in conformity with U.S. generally accepted accounting principles. Also in our opinion, the related financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly, in all material respects, the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Independence Realty Trust, Inc.'s internal control over financial reporting as of December 31, 2016, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated March 3, 2017 expressed an unqualified opinion on the effectiveness of Independence Realty Trust, Inc.'s internal control over financial reporting.

/s/ KPMG LLP

Philadelphia, Pennsylvania

March 3, 2017

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders

Independence Realty Trust, Inc.:

We have audited Independence Realty Trust, Inc.'s internal control over financial reporting as of December 31, 2016, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Independence Realty Trust, Inc.'s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on Independence Realty Trust, Inc.'s internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Independence Realty Trust, Inc. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2016, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Independence Realty Trust, Inc. and subsidiaries as of December 31, 2016 and 2015, and the related consolidated statements of operations, comprehensive income (loss), equity, and cash flows

for each of the years in the three-year period ended December 31, 2016, and our report dated March 3, 2017 expressed an unqualified opinion on those consolidated financial statements.

/s/ KPMG LLP

Philadelphia, Pennsylvania

March 3, 2017

Independence Realty Trust, Inc. and Subsidiaries

Consolidated Balance Sheets

(Dollars in thousands, except share and per share data)

	As of December 31, 2016	As of December 31, 2015
ASSETS:		
Investments in real estate:		
Investments in real estate, at cost	\$1,249,356	\$1,372,015
Accumulated depreciation	(51,511)	(39,638)
Investments in real estate, net	1,197,845	1,332,377
Real estate held for sale (see Note 4)	60,786	-
Cash and cash equivalents	20,892	38,301
Restricted cash	5,518	5,413
Accounts receivable and other assets	5,211	3,362
Derivative assets	3,867	-
Intangible assets, net of accumulated amortization of \$0 and \$11,551, respectively	118	3,735
Total Assets	\$1,294,237	\$1,383,188
LIABILITIES AND EQUITY:		
Indebtedness, net of unamortized discount and deferred financing costs of \$6,371 and \$8,920, respectively	\$743,817	\$966,611
Accounts payable and accrued expenses	14,028	19,304
Accrued interest payable	491	1,239
Dividends payable	4,297	3,006
Other liabilities	2,913	2,998
Total Liabilities	765,546	993,158
Equity:		
Stockholders' equity:		
Preferred stock, \$0.01 par value; 50,000,000 shares authorized, 0 and 0 shares issued and outstanding, respectively	-	-
Common stock, \$0.01 par value; 300,000,000 shares authorized, 68,996,070 and 47,070,678 shares issued and outstanding, including 281,000 and 117,000 unvested restricted common share awards, respectively	690	471
Additional paid in capital	564,633	378,187
Accumulated other comprehensive income (loss)	3,683	(8)
Retained earnings (accumulated deficit)	(62,181)	(14,500)
Total stockholders' equity	506,825	364,150
Noncontrolling interests	21,866	25,880

Total Equity	528,691	390,030
Total Liabilities and Equity	\$1,294,237	\$1,383,188

The accompanying notes are an integral part of these consolidated financial statements.

Independence Realty Trust, Inc. and Subsidiaries

Consolidated Statements of Operations

(Dollars in thousands, except share and per share information)

	For the Years Ended December 31		
	2016	2015	2014
REVENUE:			
Rental income	\$137,416	\$98,216	\$44,834
Tenant reimbursement income	5,587	4,401	1,924
Other income	10,356	6,959	2,413
Property management	29	-	-
Total revenue	153,388	109,576	49,171
EXPENSES:			
Property operating expenses	63,148	46,281	21,636
Property management expenses	4,847	3,674	1,759
General and administrative expenses	3,422	2,177	1,137
Asset management fees	7,442	5,613	1,736
Acquisition and integration expenses	43	13,555	1,842
Depreciation and amortization expense	34,824	28,094	12,520
Total expenses	113,726	99,394	40,630
Operating income	39,662	10,182	8,541
Interest expense	(35,535)	(23,553)	(8,496)
Interest income	(4)	19	17
Net gains (losses) on sale of assets	31,776	6,412	-
TSRE financing extinguishment and employee separation expenses	-	(27,508)	-
Gain (loss) on extinguishment of debt	(1,210)	-	-
Management internalization expense	(44,976)	-	-
Gains (losses) on TSRE merger and property acquisitions	732	64,604	2,882
Net income (loss):	(9,555)	30,156	2,944
(Income) loss allocated to noncontrolling interest	(246)	(1,914)	(4)
Net income (loss) allocable to common shares	\$(9,801)	\$28,242	\$2,940
Earnings (loss) per share:			
Basic	\$(0.19)	\$0.78	\$0.14
Diluted	\$(0.19)	\$0.78	\$0.14
Weighted-average shares:			
Basic	52,182,427	36,153,673	21,315,928
Diluted	52,182,427	36,160,274	21,532,671

The accompanying notes are an integral part of these consolidated financial statements.

Independence Realty Trust, Inc. and Subsidiaries

Consolidated Statements of Comprehensive Income (Loss)

(Dollars in thousands)

	For the Years Ended December 31		
	2016	2015	2014
Net income (loss)	\$(9,555)	\$30,156	\$2,944
Other comprehensive income (loss):			
Change in fair value of interest rate hedges	3,354	(8)	—
Realized (gains) losses on interest rate hedges reclassified to earnings	492	—	—
Total other comprehensive income	3,846	(8)	—
Comprehensive income (loss) before allocation to noncontrolling			
interests	(5,709)	30,148	2,944
Allocation to noncontrolling interests	(401)	(1,914)	(4)
Comprehensive income (loss) allocable to common shares	\$(6,110)	\$28,234	\$2,940

The accompanying notes are an integral part of these consolidated financial statements.

Independence Realty Trust, Inc. and Subsidiaries

Consolidated Statements of Equity

(Dollars in thousands, except share and per share data)

				Par Value	Additional Paid In Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings (Accumulated Deficit)	Total Stockholders' Equity	Noncontrolling Interests	Total Equity
	Preferred Shares	Preferred Shares	Common Shares	Common Shares						
Balance, January 1, 2014	-	\$ -	9,652,540	\$ 96	\$ 78,112	\$ -	\$ (3,300)	\$ 74,908	\$ -	\$ 74,908
Net income (loss)	-	-	-	-	-	-	2,940	2,940	4	2,944
Distribution to noncontrolling interest declared	-	-	-	-	-	-	-	-	(204)	(204)
Common dividends declared	-	-	-	-	-	-	(16,368)	(16,368)	-	(16,368)
Issuance of noncontrolling interests	-	-	-	-	-	-	-	-	11,961	11,961
Issuance of common shares, net	-	-	22,098,536	221	189,366	-	-	189,587	-	189,587
Stock compensation expense	-	-	49,000	1	205	-	-	206	-	206
Balance, December 31, 2014	-	\$ -	31,800,076	\$ 318	\$ 267,683	\$ -	\$ (16,728)	\$ 251,273	\$ 11,761	\$ 263,034
Net income (loss)	-	-	-	-	-	-	28,242	28,242	1,914	30,156
Distribution to noncontrolling interest declared	-	-	-	-	-	-	-	-	(1,300)	(1,300)
Common dividends declared	-	-	-	-	-	-	(26,014)	(26,014)	-	(26,014)
Other comprehensive income	-	-	-	-	-	(8)	-	(8)	-	(8)
	-	-	-	-	-	-	-	-	13,998	13,998

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Issuance of noncontrolling interests										
Conversion of noncontrolling interest to common shares	-	-	52,933	-	493	-	-	493	(493)	-
Issuance of common shares, net	-	-	15,105,669	152	109,516	-	-	109,668	-	109,668
Stock compensation expense	-	-	112,000	1	495	-	-	496	-	496
Balance, December 31, 2015	-	\$ -	47,070,678	\$ 471	\$ 378,187	\$ (8)	\$ (14,500)	\$ 364,150	\$ 25,880	\$ 390,030
Net income (loss)	-	-	-	-	-	-	(9,801)	(9,801)	246	(9,555)
Common dividends declared	-	-	-	-	-	-	(37,880)	(37,880)	-	(37,880)
Other comprehensive income	-	-	-	-	-	3,691		3,691	155	3,846
Stock compensation expense	-	-	228,000	2	1,220	-	-	1,222	-	1,222
Common share activity related to equity compensation	-	-	(28,869)	-	(143)	-	-	(143)	-	(143)
Conversion of noncontrolling interest to common shares	-	-	245,980	2	2,289	-	-	2,291	(2,291)	-
Issuance of common shares, net	-	-	28,750,000	288	245,164	-	-	245,452	-	245,452
Repurchase of common shares	-	-	(7,269,719)	(73)	(62,083)	-	-	(62,156)	-	(62,156)
Distribution to noncontrolling interest declared	-	-	-	-	-	-	-	-	(2,124)	(2,124)
Balance, December 31, 2016	-	\$ -		\$ 690	\$ 564,633	\$ 3,683	\$ (62,181)	\$ 506,825	\$ 21,866	\$ 528,691
			68,996,070							

The accompanying notes are an integral part of these consolidated financial statements.

Independence Realty Trust, Inc. and Subsidiaries

Consolidated Statements of Cash Flows

(Dollars in thousands)

	For the Years Ended December 31		
	2016	2015	2014
Cash flows from operating activities:			
Net income	\$(9,555)	\$30,156	\$2,944
Adjustments to reconcile net income to cash flow from operating activities:			
Depreciation and amortization	34,824	28,094	12,520
Amortization of deferred financing costs and premium on indebtedness, net	2,757	389	(660)
Stock compensation expense	1,222	495	206
Net (gains) losses on sale of assets	(31,776)	(6,412)	-
Net (gains) losses on extinguishment of debt	1,210	-	-
TSRE financing extinguishment expenses	-	23,219	-
(Gains) losses on TSRE merger and property acquisitions	(732)	(64,604)	(2,882)
Changes in assets and liabilities:			
Accounts receivable and other assets	(477)	5,570	764
Accounts payable and accrued expenses	(4,328)	3,362	2,670
Accrued interest payable	(715)	1,060	(14)
Other liabilities	37	(2,604)	176
Net cash provided by operating activities	(7,533)	18,725	15,724
Cash flows from investing activities:			
Acquisition of real estate properties	-	(24,746)	(299,881)
Disposition of real estate properties	39,690	17,524	-
Acquisition of advisory and management contracts	(143)	-	-
TSRE merger, net of cash acquired	-	(137,096)	-
Capital expenditures	(10,663)	(8,941)	(4,158)
Deposit paid for future acquisition	(1,000)	-	-
(Increase) decrease in restricted cash	(105)	(207)	(3,298)
Cash flow used in investing activities	27,779	(153,466)	(307,337)
Cash flows from financing activities:			
Proceeds from issuance of common stock	245,309	(188)	189,587
Payments related to repurchase of common stock	(62,156)	-	-
TSRE financing extinguishment expenses	-	(23,219)	-
Proceeds from Secured Credit Facility and mortgage indebtedness	209,481	488,725	154,650
Secured Credit Facility and mortgage principal repayments	(390,089)	(272,751)	(26,001)
Payments for deferred financing costs	(1,485)	(7,998)	(89)
Distributions on common stock	(36,575)	(25,103)	(14,978)
Distributions to noncontrolling interests	(2,140)	(1,187)	(127)
Net cash from financing activities	(37,655)	158,279	303,042
Net change in cash and cash equivalents	(17,409)	23,538	11,429
Cash and cash equivalents, beginning of period	38,301	14,763	3,334

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Cash and cash equivalents, end of the period	\$20,892	\$38,301	\$14,763
Supplemental cash flow information:			
Cash paid for interest	\$33,034	\$22,105	\$9,170
Non-cash decrease in noncontrolling interest from conversion of common limited partnership units to shares of common stock			
	\$2,290	\$493	\$-
Distributions declared but not paid	\$4,297	\$3,006	\$1,982
Value of common stock issued	\$-	\$109,857	\$-
Value of limited partnership units issued in acquisitions	\$-	\$13,998	\$11,961
Mortgage debt assumed	\$-	\$121,885	\$66,963

The accompanying notes are an integral part of these consolidated financial statements.

Independence Realty Trust, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

As of December 31, 2016

(Dollars in thousands, except share and per share data)

NOTE 1: Organization

Independence Realty Trust, Inc. was formed on March 26, 2009 as a Maryland corporation that has elected to be taxed as a real estate investment trust, or REIT, commencing with the taxable year ended December 31, 2011. We became an internally managed REIT in December 2016. Prior to that date, we were externally managed by a subsidiary of RAIT Financial Trust, or RAIT, a publicly traded Maryland REIT whose common shares are listed on the New York Stock Exchange under the symbol “RAS” (referred to as our Advisor) until December 20, 2016. On December 20, 2016, we completed our management internalization, which was announced on September 27, 2016 as part of the agreement, or the internalization agreement, with RAIT and RAIT affiliates that provided for transactions which changed us from being externally managed to being internally managed and separated us from RAIT. The management internalization consisted of two parts: (i) our acquisition of our external advisor, which was a subsidiary of RAIT, and (ii) our acquisition of substantially all of its assets and the assumption of certain liabilities relating to the multifamily property management business of RAIT, including property management contracts relating to apartment properties owned by us, RAIT and third parties. Also, pursuant to the internalization agreement, on October 5, 2016, we repurchased all of the 7,269,719 shares of our common stock owned by certain of RAIT’s subsidiaries and retired these shares. As used herein, the terms “we,” “our” and “us” refer to Independence Realty Trust, Inc. and, as required by context, Independence Realty Operating Partnership, LP, which we refer to as IROP, and their subsidiaries. We own apartment properties in geographic non-gateway markets that we believe support strong occupancy and have the potential for growth in rental rates. We seek to provide stockholders with attractive risk-adjusted returns, with an emphasis on distributions and capital appreciation. We own substantially all of our assets and conduct our operations through IROP, of which we are the sole general partner.

NOTE 2: Summary of Significant Accounting Policies

a. Basis of Presentation

The consolidated financial statements have been prepared by management in accordance with U.S. generally accepted accounting principles, or GAAP. In the opinion of management, all adjustments, consisting only of normal recurring adjustments, necessary to present fairly our consolidated financial position and consolidated results of operations, equity and cash flows are included.

Concurrent with IRT’s management internalization that was completed on December 20, 2016, IRT now has property management employees that perform regional supervision, accounting, treasury, human resources and other corporate functions. The expenses associated with these employees are presented in a separate income statement line item entitled “Property management expenses.” We have also, retroactively, adjusted historical periods to move property

management fees paid to our previous property manager from property operating expenses to property management expenses.

b. Principles of Consolidation

The consolidated financial statements reflect our accounts and the accounts of IROP and other wholly-owned subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation. Pursuant to FASB Accounting Standards Codification Topic 810, "Consolidation", IROP is considered a variable interest entity. As our significant asset is our investment in IROP, substantially all of our assets and liabilities represent the assets and liabilities of IROP.

c. Use of Estimates

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

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d. Cash and Cash Equivalents

Cash and cash equivalents include cash held in banks and highly liquid investments with maturities of three months or less when purchased. Cash, including amounts restricted, may at times exceed the Federal Deposit Insurance Corporation deposit insurance limit of \$250 per institution. We mitigate credit risk by placing cash and cash equivalents with major financial institutions. To date, we have not experienced any losses on cash and cash equivalents.

e. Restricted Cash

Restricted cash includes tenant escrows and our funds held by lenders to fund certain expenditures or to be released at our discretion upon the occurrence of certain pre-specified events. As of December 31, 2016 and 2015, we had \$5,518 and \$5,413, respectively, of restricted cash.

f. Accounts Receivable and Allowance for Bad Debts

We make estimates of the collectability of our accounts receivable related to base rents, expense reimbursements and other revenue. We analyze accounts receivable and historical bad debt levels, tenant credit worthiness and current economic trends when evaluating the adequacy of the allowance for doubtful accounts. In addition, tenants experiencing financial difficulties are analyzed and estimates are made in connection with expected uncollectible receivables. Our reported operating results are affected by management's estimate of the collectability of accounts receivable.

g. Investments in Real Estate

Investments in real estate are recorded at cost less accumulated depreciation. Costs that both add value and appreciably extend the useful life of an asset are capitalized. Expenditures for repairs and maintenance are expensed as incurred.

Investments in real estate are classified as held for sale in the period in which certain criteria are met including when the sale of the asset is probable and actions required to complete the plan of sale indicate that it is unlikely that significant changes to the plan of sale will be made or the plan of sale will be withdrawn.

Allocation of Purchase Price of Acquired Assets

We account for acquisitions of properties that meet the definition of a business pursuant to Financial Accounting Standards Board, or FASB, Accounting Standards Codification, or ASC, Topic 805, "Business Combinations". The fair value of the real estate acquired is allocated to the acquired tangible assets, generally consisting of land, building and tenant improvements, and identified intangible assets and liabilities, consisting of the value of above-market and below-market leases for acquired in-place leases and the value of tenant relationships, based in each case on their fair values. Purchase accounting is applied to assets and liabilities associated with the real estate acquired. Transaction

costs and fees incurred related to acquisition are expensed as incurred. Transaction costs and fees incurred related to the financing of an acquisition are capitalized and amortized over the life of the related financing.

Upon the acquisition of properties, we estimate the fair value of acquired tangible assets (consisting of land, building and improvements) and identified intangible assets (consisting of in-place leases), and assumed debt at the date of acquisition, based on the evaluation of information and estimates available at that date. Based on these estimates, we allocate the initial purchase price to the applicable assets and liabilities. As final information regarding fair value of the assets acquired and liabilities assumed is received and estimates are refined, appropriate adjustments will be made to the purchase price allocation, in no case later than twelve months of the acquisition date. During the year ended December 31, 2016, we made an adjustment related to the TSRE acquisition as described in NOTE 4: Investments in Real Estate.

The aggregate value of in-place leases is determined by evaluating various factors, including the terms of the leases that are in place and assumed lease-up periods. During the year ended December 31, 2016, we did not acquire any properties and, therefore, did not acquire any in-place leases. During the twelve month period ended December 31, 2015, we acquired in-place leases with a value of \$7,690 related to our acquisitions that are discussed further in NOTE 4: Investments in Real Estate. The value assigned to this intangible asset is amortized over the assumed lease up period, typically six months. For the years ended December 31, 2016, 2015 and 2014 we recorded \$3,735, \$7,206 and \$3,778 of amortization expense for intangible assets, respectively. During the year ended December 31, 2016, \$7,471 of intangible assets became fully amortized and were written off.

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Impairment of Long-Lived Assets

Management evaluates the recoverability of its investment in real estate assets, including related identifiable intangible assets, in accordance with FASB ASC Topic 360, "Property, Plant and Equipment". This statement requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that recoverability of the assets is not assured.

Management reviews its long-lived assets on an ongoing basis and evaluates the recoverability of the carrying value when there is an indicator of impairment. An impairment charge is recorded when it is determined that the carrying value of the asset exceeds the fair value. The estimated cash flows used for the impairment analysis and the determination of estimated fair value are based on our plans for the respective assets and our views of market and economic conditions. The estimates consider matters such as current and historical rental rates, occupancies for the respective and/or comparable properties, and recent sales data for comparable properties. Changes in estimated future cash flows due to changes in our plans or views of market and economic conditions could result in recognition of impairment losses, which, under the applicable accounting guidance, could be substantial.

Depreciation

Depreciation expense for real estate assets are computed using a straight-line method based on a life of 40 years for buildings and improvements and five to ten years for equipment and fixtures. For the years ended December 31, 2016, 2015 and 2014 we recorded \$31,089, \$20,888 and \$8,742 of depreciation expense, respectively.

h. Revenue and Expenses

Minimum rents are recognized on an accrual basis, over the terms of the related leases on a straight-line basis. Any above-market lease values and the capitalized below-market lease values are amortized as an adjustment to rental income over the lease term. Recoveries from residential tenants for utility costs are recognized as revenue in the period that the applicable costs are incurred.

Our portfolio of properties consists primarily of apartment communities geographically concentrated in the Southeastern United States. Georgia, Kentucky, North Carolina, Oklahoma, South Carolina, Tennessee and Texas comprised 9.22%, 11.21%, 13.38%, 7.91%, 8.57%, 13.33%, and 11.88%, respectively, of our rental revenue for the year ended December 31, 2016.

For the year ended December 31, 2016 and 2015, we recognized revenues of \$189 and \$322, respectively, related to recoveries of lost rental revenue due to natural disasters and other insurable events from our insurance providers.

For the years ended December 31, 2016, 2015 and 2014, we incurred \$1,749, \$1,399, and \$675 of advertising expenses, respectively.

i. Fair Value of Financial Instruments

In accordance with FASB ASC Topic 820, “Fair Value Measurements and Disclosures”, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Where available, fair value is based on observable market prices or parameters or derived from such prices or parameters. Where observable prices or inputs are not available, valuation models are applied. These valuation techniques involve management estimation and judgment, the degree of which is dependent on the price transparency for the instruments or market and the instruments’ complexity for disclosure purposes. Assets and liabilities recorded at fair value in the consolidated balance sheets are categorized based upon the level of judgment associated with the inputs used to measure their value. Hierarchical levels, as defined in FASB ASC Topic 820, “Fair Value Measurements and Disclosures” and directly related to the amount of subjectivity associated with the inputs to fair valuations of these assets and liabilities, are as follows:

Level 1: Valuations are based on unadjusted, quoted prices in active markets for identical assets or liabilities at the measurement date. The types of assets carried at Level 1 fair value generally are equity securities listed in active markets. As such, valuations of these investments do not entail a significant degree of judgment.

Level 2: Valuations are based on quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

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Level 3: Inputs are unobservable inputs for the asset or liability, and include situations where there is little, if any, market activity for the asset or liability. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level in the fair value hierarchy within which the fair value measurement in its entirety falls has been determined based on the lowest level input that is significant to the fair value measurement in its entirety. Our assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the asset.

The availability of observable inputs can vary depending on the financial asset or liability and is affected by a wide variety of factors, including, for example, the type of investment, whether the investment is new, whether the investment is traded on an active exchange or in the secondary market, and the current market condition. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised by us in determining fair value is greatest for instruments categorized in Level 3.

Fair value is a market-based measure considered from the perspective of a market participant who holds the asset or owes the liability rather than an entity-specific measure. Therefore, even when market assumptions are not readily available, our own assumptions are set to reflect those that management believes market participants would use in pricing the asset or liability at the measurement date. We use prices and inputs that management believes are current as of the measurement date, including during periods of market dislocation. In periods of market dislocation, the observability of prices and inputs may be reduced for many instruments. This condition could cause an instrument to be transferred from Level 1 to Level 2 or Level 2 to Level 3.

Fair value for certain of our Level 3 financial instruments is derived using internal valuation models. These internal valuation models include discounted cash flow analyses developed by management using current interest rates, estimates of the term of the particular instrument, specific issuer information and other market data for securities without an active market. In accordance with FASB ASC Topic 820, "Fair Value Measurements and Disclosures", the impact of our own credit spreads is also considered when measuring the fair value of financial assets or liabilities, including derivative contracts. Where appropriate, valuation adjustments are made to account for various factors, including bid-ask spreads, credit quality and market liquidity. These adjustments are applied on a consistent basis and are based on observable inputs where available. Management's estimate of fair value requires significant management judgment and is subject to a high degree of variability based upon market conditions, the availability of specific issuer information and management's assumptions.

FASB ASC Topic 825, "Financial Instruments" requires disclosure of the fair value of financial instruments for which it is practicable to estimate that value. The fair value of mortgage indebtedness is based on a discounted cash flows valuation technique. As this technique utilizes current credit spreads for various maturities and types of loans, which are generally unobservable, this is classified as a Level 3 fair value measurement within the fair value hierarchy. We determine appropriate credit spreads based on the type of debt and its maturity. The fair value of our secured credit facility, term loan facility, cash and cash equivalents and restricted cash as of December 31, 2016 and 2015 approximated their respective unpaid principal balances due to the nature of these instruments. Given that cash and cash equivalents and restricted cash are short term in nature with limited fair value volatility, the carrying amount is deemed to be a reasonable approximation of fair value and the fair value input is classified as a Level 1 fair value

measurement. The fair value inputs for the secured credit facility and the term loan facility are classified as Level 2 fair value measurements within the fair value hierarchy. The fair value of derivatives is based on a discounted cash flows technique and is classified as a Level 2 fair value measurement within the fair value hierarchy. The following table summarizes the carrying amount and the fair value of our financial instruments as of the periods indicated:

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Financial Instrument	December 31, 2016		As of December 31, 2015	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
Assets				
Cash and cash equivalents	\$20,892	\$20,892	\$38,301	\$38,301
Restricted cash	5,518	5,518	5,413	5,413
Derivative assets	3,867	3,867	24	24
Liabilities				
Debt:				
Secured credit facility	147,280	150,000	267,155	271,500
Term loan	—	—	118,418	120,000
Mortgages	596,537	588,523	581,038	589,320
Derivative liabilities	—	—	—	—

j. Deferred Financing Costs

Costs incurred in connection with debt financing are deferred and classified within indebtedness and charged to interest expense over the terms of the related debt agreements, under the effective interest method. As of January 1, 2016, we adopted the accounting standard classified under FASB ASC Topic 835, "Interest" which required deferred financing costs to be presented on the balance sheet as a direct deduction from indebtedness. This resulted in the reclassification of the amounts presented as deferred financing costs as of December 31, 2015 from deferred financing costs to indebtedness on our consolidated balance sheet.

k. Income Taxes

We have elected to be taxed as a REIT beginning with the taxable year ended December 31, 2011. Accordingly, we recorded no income tax expense for the years ended December 31, 2016, 2015 and 2014.

To qualify as a REIT, we must meet certain organizational and operational requirements, including a requirement to distribute at least 90% of our ordinary taxable income to stockholders. As a REIT, we generally are not subject to federal income tax on taxable income that we distribute to our stockholders. If we fail to qualify as a REIT in any taxable year, we will be subject to federal income taxes on our taxable income at regular corporate rates and will not be permitted to qualify for treatment as a REIT for federal income tax purposes for four years following the year during which qualification is lost unless the Internal Revenue Service grants us relief under certain statutory provisions. Such an event could materially adversely affect our net income and net cash available for distribution to stockholders; however, we believe that we are organized and operate in such a manner as to qualify and maintain

treatment as a REIT and intend to operate in such a manner so that we will remain qualified as a REIT for federal income tax purposes. For the year ended December 31, 2016, 93% of dividends were characterized as total capital gain distribution, 7% were characterized as ordinary income and 0% were characterized as return of capital. For the year ended December 31, 2015, 17% of dividends were characterized as total capital gain distribution and 83% were characterized as return of capital. For the year ended December 31, 2014, 35% of dividends were characterized as ordinary taxable income and 65% were characterized as return of capital.

I. Share-Based Compensation

We account for stock-based compensation in accordance with FASB ASC Subtopic 505-50, "Equity – Equity Payments to Non-Employees" and FASB ASC Topic 718, "Compensation—Stock Compensation". We did not have any employees prior to the management internalization on December 20, 2016 and therefore accounted for stock-based compensation as nonemployee awards. Stock-based compensation cost for nonemployee awards is measured at the grant date based on the fair value of the award and is revalued at the end of each accounting period. The expense is recognized over the requisite service period, which is the vesting period. Any share-based compensation awards granted to employees are measured based on the grant-date fair value of the award and we record compensation expense for the entire award on a straight line basis, over the related vesting period, for the entire award. For awards granted to nonemployees who subsequently became employees, the fair value of the awards were revalued on the date the employment status change occurred and the resulting compensation expense is recognized on a straight line basis over the remaining vesting period, for the entire award.

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m. Noncontrolling Interest

Our noncontrolling interest represents limited partnership units of our operating partnership that were issued in connection with certain property acquisitions. We record limited partnership units issued in an acquisition at their fair value on the closing date of the acquisition. The holders of the limited partnership units have the right to redeem their limited partnership units for either shares of our common stock or for cash at our discretion. As the settlement of a redemption is in our sole discretion, we present noncontrolling interest in our consolidated balance sheet within equity but separate from shareholders' equity. Any noncontrolling interests that fail to qualify as permanent equity will be presented as temporary equity and be carried at the greater of historical cost or their redemption value.

n. Derivative Instruments

We may use derivative financial instruments to hedge all or a portion of the interest rate risk associated with our borrowings. The principal objective of such arrangements is to minimize the risks and/or costs associated with our operating and financial structure as well as to hedge specific anticipated transactions. While these instruments may impact our periodic cash flows, they benefit us by minimizing the risks and/or costs previously described. The counterparties to these contractual arrangements are major financial institutions with which we and our affiliates may also have other financial relationships. In the event of nonperformance by the counterparties, we are potentially exposed to credit loss. However, because of the high credit ratings of the counterparties, we do not anticipate that any of the counterparties will fail to meet their obligations.

In accordance with FASB ASC Topic 815, "Derivatives and Hedging", we measure each derivative instrument (including certain derivative instruments embedded in other contracts) at fair value and record such amounts in our consolidated balance sheet as either an asset or liability. For derivatives designated as cash flow hedges, the changes in the fair value of the effective portions of the derivative are reported in other comprehensive income and changes in the ineffective portions of cash flow hedges, if any, are recognized in earnings. For derivatives not designated as hedges (or designated as fair value hedges), or for derivatives designated as cash flow hedges associated with debt for which we elected the fair value option under FASB ASC Topic 825, "Financial Instruments", the changes in fair value of the derivative instrument are recognized in earnings. Any derivatives that we designate in hedge relationships are done so at inception. At inception, we determine whether or not the derivative is highly effective in offsetting changes in the designated interest rate risk associated with the identified indebtedness using regression analysis. At each reporting period, we update our regression analysis and use the hypothetical derivative method to measure any ineffectiveness.

o. Recent Accounting Pronouncements

In May 2014, the FASB issued an accounting standard classified under FASB ASC Topic 606, "Revenue from Contracts with Customers". This accounting standard generally replaces existing guidance by requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. This accounting standard applies to all contracts with customers, except those that are within the scope of other Topics in the FASB ASC. During 2016 and 2017, the FASB issued four amendments to this to this accounting

standard which provide further clarification to this accounting standard. These standards amending FASB ASC Topic 606 are currently effective for annual reporting periods beginning after December 15, 2017. Management is currently evaluating the impact that these standards may have on our consolidated financial statements.

In January 2016, the FASB issued an accounting standard classified under FASB ASC Topic 825, “Financial Instruments”. This accounting standard addresses certain aspects of recognition, measurement, presentation, and disclosure of financial instruments. Among other things, the amendment (i) eliminates certain disclosure requirements for financial instruments measured at amortized cost; (ii) requires the use of the exit price notion when measuring the fair value of financial instruments for disclosure purposes; (iii) requires separate presentation, in other comprehensive income, of the change in fair value of a liability, when the fair value option has been elected, resulting from a change in the instrument-specific credit risk; and (iv) requires separate presentation of financial instruments by measurement category and form. This standard is effective for annual periods beginning after December 15, 2017, including interim periods within those fiscal years. Early adoption is permitted for the separate presentation of changes in fair value due to changes in instrument-specific credit risk. Management is currently evaluating the impact that this standard may have on our consolidated financial statements.

In February 2016, the FASB issued an accounting standard classified under FASB ASC Topic 842, “Leases”. This accounting standard amends lease accounting by requiring the recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases on the balance sheet and disclosing key information about leasing arrangements. This standard is effective for

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annual periods beginning after December 15, 2018, including interim periods within those fiscal years. Early application of the amendments in this standard is permitted. Management is currently evaluating the impact that this standard may have on our consolidated financial statements.

In March 2016, the FASB issued an accounting standard classified under FASB ASC Topic 815, “Derivatives and Hedging”. This accounting standard clarifies that a change in the counterparty to a derivative instrument that has been designated as the hedging instrument under Topic 815 does not, in and of itself, require dedesignation of that hedging relationship provided that all other hedge accounting criteria continue to be met. This standard is effective for financial statements issued for annual periods beginning after December 15, 2016, and interim periods within those fiscal years. Early adoption is permitted, including adoption in an interim period. Management does not expect this standard to have a significant impact on our consolidated financial statements.

In March 2016, the FASB issued an accounting standard classified under FASB ASC Topic 815, “Derivatives and Hedging”. This accounting standard clarifies the requirements for assessing whether contingent call (put) options that can accelerate the payment of principal on debt instruments are clearly and closely related to their debt hosts. This accounting standard clarifies what steps are required when assessing whether the economic characteristics and risks of call (put) options are clearly and closely related to the economic characteristics and risks of their debt hosts, which is one of the criteria for bifurcating an embedded derivative. Consequently, when a call (put) option is contingently exercisable, an entity does not have to assess whether the event that triggers the ability to exercise a call (put) option is related to interest rates or credit risks. This standard is effective for financial statements issued for annual periods beginning after December 15, 2016, and interim periods within those fiscal years. Early adoption is permitted, including adoption in an interim period. Management does not expect this standard to have a significant impact on our consolidated financial statements.

In March 2016, the FASB issued an accounting standard classified under FASB ASC Topic 718, “Compensation – Stock Compensation”. This accounting standard simplifies several aspects of the accounting for share-based payment award transactions, including: (i) income tax consequences; (ii) classification of awards as either equity or liabilities; and (iii) classification on the statement of cash flows. This standard is effective for annual periods beginning after December 15, 2016, and interim periods within those annual periods. Early adoption is permitted for any entity in any interim or annual period. Management is currently evaluating the impact that this standard may have on our consolidated financial statements.

In August 2016, the FASB issued an accounting standard classified under FASB ASC Topic 230, “Statement of Cash Flows”. This accounting standard provides guidance on eight specific cash flow issues: (i) debt prepayment or debt extinguishment costs; (ii) settlement of zero-coupon debt instruments or other debt instruments with coupon interest rates that are insignificant in relation to the effective interest rate of the borrowing; (iii) contingent consideration payments made after a business combination; (iv) proceeds from the settlement of insurance claims; (v) proceeds from the settlement of corporate-owned life insurance policies, including bank-owned life insurance policies; (vi) distributions received from equity method investees; (vii) beneficial interests in securitization transactions and (viii) separately identifiable cash flows and application of the predominance principle. The amendments are effective for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. Early adoption is

permitted, including adoption in an interim period. Management is currently evaluating the impact that this standard may have on our consolidated statement of cash flows.

In October 2016, the FASB issued an accounting standard classified under FASB ASC Topic 810, "Consolidation". The amendments in this accounting standard provide guidance on how a reporting entity that is the single decision maker of a VIE should treat indirect interests in the entity held through related parties that are under common control with the reporting entity when determining whether it is the primary beneficiary of that VIE. The amendments in this accounting standard do not change the characteristics of a primary beneficiary in current GAAP. A primary beneficiary of a VIE has both of the following characteristics: (i) the power to direct the activities of a VIE that most significantly impact the VIE's economic performance and (ii) the obligation to absorb losses of the VIE that could potentially be significant to the VIE or the right to receive benefits from the VIE that could potentially be significant to the VIE. If a reporting entity satisfies the first characteristic of a primary beneficiary (such that it is the single decision maker of a VIE), the amendments in this accounting standard require that the reporting entity, in determining whether it satisfies the second characteristic of a primary beneficiary, to include all of its direct variable interest in a VIE and, on a proportionate basis, its indirect variable interest in a VIE held through related parties, including related parties that are under common control with the reporting entity. If after performing that assessment, a reporting entity that is the single decision maker of a VIE concludes that it does not have the characteristics of a primary beneficiary, the amendments continue to require that the reporting entity evaluate whether it and one or more of its related parties under common control, as a group, have the characteristics of a primary beneficiary. The amendments in this accounting standard are effective for fiscal years beginning after December 15, 2016,

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including interim periods within those fiscal years. Early adoption is permitted, including adoption in an interim period. Management is currently evaluating the impact that this standard may have on our consolidated financial statements.

In January 2017, the FASB issued an accounting standard classified under FASB ASC Topic 805, "Business Combinations". The amendments in this accounting standard clarify the definition of a business by more clearly outlining the requirements for an integrated set of assets and activities to be considered a business and by establishing a practical framework to determine when the integrated set of assets and activities is a business. The amendments in this accounting standard are effective for fiscal years beginning after December 15, 2017, including interim periods with those fiscal years. Early adoption is permitted for transactions not yet reflected in the financial statements. Management is currently evaluating the impact this standard will have on our consolidated financial statements.

NOTE 3: Management Internalization

As previously discussed in Note 1, on December 20, 2016, we completed our management internalization, which consisted of two parts: (i) our acquisition of our external advisor, which was a subsidiary of RAIT, and (ii) our acquisition of substantially all of its assets and the assumption of certain liabilities relating to the multifamily property management business of RAIT, including property management contracts relating to apartment properties owned by us, RAIT and third parties.

In accounting for the management internalization transaction, we first evaluated the net assets that were acquired. The assets that were acquired included \$118 of customer list intangible assets related to third party property management contracts and \$25 of other assets. There were no liabilities that were required to be recognized. We also considered pre-existing relationships that were settled as part of the transaction, which included the advisory agreement and our properties' property management agreements. In evaluating the amount by which these contracts were favorable or unfavorable to us, we compared the actual amounts historically paid and that would be owed under these agreements to a range of potential market arrangements and then applying a discount rate to the two sets of cash flows. The most significant difference between our agreements and the potential markets arrangements observed was our inability to terminate the advisory agreement until October 1, 2020 as well as the advisory agreement's termination fee. The impact of this difference led to the conclusion that these agreements were unfavorable to us, on a present value basis, by more than \$43,000, which was the purchase price for the management internalization.

Accordingly, the difference between estimated fair value of the net assets acquired of \$143 and the consideration transferred of \$43,000 represents the settlement of pre-existing relationships between us and RAIT. Accordingly, the

difference of \$42,857 was recognized as a loss in our income statement as management internalization expense.

As part of our management internalization, we incurred \$2,119 of acquisition-related expenses. These acquisition-related expenses were recognized in earnings immediately and are included within management internalization expense.

The table below presents the revenue, net income, and earnings per share effect of the business combination on a pro forma basis as if the combination occurred on January 1, 2015. The pro forma results are not necessarily indicative of the results which actually would have occurred if the business combination had occurred on the first day of the periods presented, nor does the pro forma financial information purport to represent the results of operations for future periods.

	For the	For the
	Year Ended	Year Ended
Description	December 31, 2016	December 31, 2015
Pro forma total revenue (unaudited)	\$ 154,482	\$ 110,541
Pro forma net income (loss) allocable to common shares		
(unaudited)	36,850	(14,126)
Earnings (loss) per share attributable to common		
shareholders:		
Basic-pro forma (unaudited)	\$ 0.71	\$ (0.39)
Diluted-pro forma (unaudited)	\$ 0.71	\$ (0.39)

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NOTE 4: Investments in Real Estate

As of December 31, 2016, our investments in real estate and real estate held for sale consisted of 46 apartment properties (unaudited). The table below summarizes our investments in real estate:

	2016	2015	Depreciable Lives (In years)
Land	\$ 165,120	\$ 190,585	-
Building	1,066,611	1,168,453	40
Furniture, fixtures and equipment	17,625	12,977	5-10
Total investment in real estate	\$ 1,249,356	\$ 1,372,015	
Accumulated depreciation	(51,511)	(39,638)	
Investments in real estate, net	\$ 1,197,845	\$ 1,332,377	

As of December 31, 2016, we had investments in real estate valued at \$60,786 classified as held for sale.

Acquisitions

On May 1, 2015 we acquired a 236 unit (unaudited) residential community located in Indianapolis, Indiana known as Bayview Club. We acquired the property for an aggregate purchase price of \$25,250 exclusive of closing costs.

On September 17, 2015 the merger with TSRE closed, as part of this merger we acquired 19 properties containing 4,989 units (unaudited). Net assets acquired was \$328,240 and fair value of the consideration transferred totaled \$263,636, consisting of \$109,857 of common shares and \$13,998 of IRT OP units, and cash consideration of \$139,781. As the fair value of the net assets acquired exceeded the fair value of the consideration, we recognized a gain from a bargain purchase of \$64,604.

During the first quarter of 2016, we received additional information regarding estimates we had made for certain accrued expenses related to our acquisition of Trade Street Residential, or the TSRE acquisition, that was completed on September 17, 2015. This information led to an increase in the fair value of the net assets we acquired of \$91, which was recognized during the year ended December 31, 2016. During the third quarter of 2016, we finalized our purchase accounting process related to the TSRE acquisition. As part of this process, we received additional information regarding estimates we had made for certain accrued expenses related to the TSRE acquisition which led to an increase in fair value of the net assets we acquired of \$641, which we recognized during the year ended December 31, 2016.

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On February 27, 2017, we acquired a 216 unit (unaudited) residential community located in Tampa, Florida for a purchase price of \$29,750 exclusive of closing costs.

Dispositions

During the year ended December 31, 2016 we recognized a \$9 loss related to the sale of a multifamily property which occurred in the prior year as we settled remaining amounts with buyers. The below table summarizes the dispositions for the year ended December 31, 2016 and also presents each property's contribution to net income (loss) allocable to common shares, excluding the impact of the gain (loss) on sale:

Property Name	Date of Sale	Sale Price	Gain (loss) on sale	Net income (loss) allocable to common shares For the Year Ended December 31, 2016
Cumberland Glen (1)	02/18/2016	\$ 18,000	\$ 2,452	\$ 35
Belle Creek	04/07/2016	23,000	14,191	252
Tresa	05/05/2016	47,000	15,142	354
Total		\$ 88,000	\$ 31,785	\$ 641

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- (1) Gain (loss) on sale related to this property includes a defeasance premium of \$1,343.

On December 22, 2015, we disposed of one multi-family real estate property for a total sale price of \$33,600. We recorded a gain on the sale of this asset of \$6,420.

On October 15, 2015, we sold a parcel of land acquired in the TSRE merger for \$3,350. After considering actual closing costs, we recognized a loss on the sale of this asset of \$8.

NOTE 5: Indebtedness

The following tables contains summary information concerning our indebtedness as of December 31, 2016:

						Weighted
						Average
						Weighted
						Maturity
Debt:	Outstanding Principal	Unamortized Discount and Debt Issuance Costs	Carrying Amount	Type	Average Rate	(in years)
Secured credit facility (1)(2)	\$ 150,000	\$ (2,720)	\$ 147,280	Floating	3.0%	1.7
Mortgages-Fixed rate	600,188	(3,651)	596,537	Fixed	3.8%	6.7
Total Debt	\$ 750,188	\$ (6,371)	\$ 743,817		3.6%	5.7

(1) The secured credit facility total capacity is \$312,500, of which \$150,000 was outstanding as of December 31, 2016.

(2) As of December 31, 2016, IRT maintained a float-to-fixed interest rate swap with a \$150,000 notional amount. This swap, which expires on June 17, 2021 and has a fixed rate of 1.145%, has converted \$150,000 of our floating rate debt to fixed rate debt.

Original maturities on or before December 31,						
Debt:	2017	2018	2019	2020	2021	Thereafter
Secured credit facility	\$-	\$150,000	\$-	\$-	\$-	\$-

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Mortgages-Fixed rate	2,799	3,551	4,599	15,897	114,254	459,088
Total	\$2,799	\$153,551	\$4,599	\$15,897	\$114,254	\$459,088

As of December 31, 2016 we were in compliance with all financial covenants contained in our indebtedness.

The following tables contains summary information concerning our indebtedness as of December 31, 2015:

						Weighted
						Average
						Maturity
Debt:	Outstanding Principal	Unamortized Discount and Debt Issuance Costs	Carrying Amount	Type	Weighted Average Rate	(in years)
Secured credit facility (1)	\$ 271,500	\$ (4,345)	\$ 267,155	Floating	2.9%	2.7
Bridge term loan	120,000	(1,582)	118,418	Floating	5.4%	0.7
Mortgages-Fixed rate	545,956	(2,993)	542,963	Fixed	3.8%	6.9
Mortgages-Floating rate	38,075	-	38,075	Floating	2.8%	5.4
Total Debt	\$ 975,531	\$ (8,920)	\$ 966,611		3.7%	4.9

(1) The secured credit facility total capacity was \$325,000, of which \$271,500 was outstanding as of December 31, 2015.

As of December 31, 2016, the weighted average interest rate of our mortgage indebtedness was 3.8%. As of December 31, 2016 and December 31, 2015, RAIT held \$0 and \$38,075 of our mortgage indebtedness, respectively. For the years ended December 31,

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2016 and 2015, we paid approximately \$361 and \$965, respectively, of interest to RAIT. There was no accrued interest payable outstanding as of December 31, 2016.

Secured Credit Facility

As of September 17, 2015, the HNB facility was terminated and repaid in full. The facility, which was originally entered into on October 25, 2013 had a 3-year term, bore interest at LIBOR plus 2.50% and contained customary financial covenants for this type of revolving credit agreement.

On September 17, 2015, IROP entered into a credit agreement with KeyBank with respect to a \$325,000 senior secured credit facility, or the secured credit facility. IROP incurred upfront costs of \$4,722 associated with this facility that were capitalized as deferred financing costs. The KeyBank senior facility consisted of a revolving line of credit in an amount of up to \$125,000, or the revolver, and a term loan in an amount of no less than \$200,000, or the term loan. Up to 10% of the revolver was available for swingline loans, and up to 10% of the revolver was available for the issuance of letters of credit. Additionally, IROP has the right to increase the aggregate amount of the KeyBank senior facility to up to \$450,000. The KeyBank senior facility will mature on September 17, 2018, three years from its closing date, subject to the option of IROP to extend the KeyBank senior facility for two additional 12-month periods under certain circumstances. IROP may prepay the KeyBank senior facility, in whole or in part, at any time without prepayment fee or penalty, except for breakage costs associated with LIBOR borrowings. At IROP's option, borrowings under the KeyBank senior facility will bear interest at a rate equal to either (i) the 1-month LIBOR rate plus a margin of 165 to 245 basis points, or (ii) a base rate plus a margin of 65 to 145 basis points. The applicable margin will be determined based upon IROP's total leverage ratio. In addition, IROP will pay a fee of either 20 basis points (if greater than or equal to 50% of the revolver is used) or 25 basis points (if less than 50% of the revolver is used) on the unused portion of the revolver. The KeyBank senior facility requires monthly payments of interest only and does not require any mandatory prepayments.

In March of 2016, IROP drew down \$8,000 on the secured credit facility, which was used to repay \$6,000 of the interim facility, discussed below.

In March of 2016, IROP drew down \$45,476 on the secured credit facility, which was used to satisfy the existing mortgages and closing costs relating to the Oklahoma City portfolio of properties which were acquired in 2014.

In May of 2016, IROP repaid \$77,665 on the secured credit facility with the proceeds received from entering into permanent financing relating to Aston, Avenues at Craig Ranch and Waterstone at Big Creek which were all acquired in 2015.

In October of 2016, IROP paid down \$107,335 on the secured credit facility with the proceeds received from a public offering. See Note 7: Stockholder Equity and Non-Controlling Interest.

In October of 2016, IROP drew down \$10,000 on the secured credit facility.

On December 21, 2016, IROP entered into an Increase Agreement with KeyBank which amended the terms of the previous \$325,000 senior secured credit facility. The amended agreement increased the revolving line of credit to \$172,500, which reflected the conversion of a portion of the term loan line of credit which had previously been repaid and was therefore unavailable for re-borrowing into availability under the revolving line of credit. The other features of the facility remained the same. As of December 31, 2016, amounts outstanding under the KeyBank secured facility bear interest at 225 basis points over 1-month LIBOR. As of December 31, 2016, there was \$162,500 of availability under the revolver. An unused fee of 0.25% is charged on this amount.

In February of 2017, IROP drew down \$22,000 on the secured credit facility in connection with a property acquisition.

In addition to certain negative covenants, our lending facility with Key Bank has financial covenants that require us to (i) maintain a consolidated leverage ratio below thresholds described in the debt agreement, (ii) maintain a minimum consolidated fixed charge coverage ratio, (iii) maintain a minimum consolidated tangible net worth, and (iv) maintain a minimum liquidity amount. Additionally, the covenants limit (i) the amount of distributions that IRT can make to a percentage of Funds from Operations (as such term is described in the debt agreement), (ii) the amount of recourse indebtedness that may be incurred by us, (iii) the amount of unhedged variable rate indebtedness that may be incurred, and requires us to maintain a pledge of collateral base of properties with an occupancy level of not less than 85% as security for the facility.

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Term Loan

On September 17, 2015, IROP entered into a credit agreement with KeyBank with respect to a \$120,000 senior interim term loan facility, or the interim facility. IROP incurred upfront deferred costs of \$2,092 associated with this facility. The interim facility was amended and restated to replace the interim facility with a \$40,000 senior secured term loan on June 24, 2016. Upon entering into the term loan, IROP borrowed \$40,000, using \$416 to pay closing costs and \$33,512 to repay the remaining balance under the interim facility. The maturity date of the term loan is September 17, 2018, subject to acceleration in the event of customary events of default. The term loan requires monthly payments of interest only through June 30, 2017. IROP is required to reduce the principal amount outstanding under the term loan by \$100 per month beginning July 2017 and must apply 50% of all net proceeds from equity issuances, sales of assets, or refinancings of assets towards repaying the term loan. At IROP's option, borrowings under the term loan will bear interest at a rate equal to either (i) LIBOR plus a margin of 400 basis points, or (ii) a base rate plus a margin of 300 basis points. IROP may prepay the term loan, in whole or in part, at any time without fee or penalty, except for breakage costs associated with LIBOR borrowings.

In January and February of 2016, IROP repaid \$23,784 of the interim facility subsequent to two property dispositions.

In April and May of 2016, IROP repaid \$30,000 of the interim facility subsequent to two property dispositions.

In May of 2016, IROP repaid \$26,704 of the interim facility subsequent to the permanent financing of two properties with seven and ten year fixed-rate mortgages.

In October of 2016, IROP repaid the \$40,000 term loan in full with the proceeds received from a public offering. See Note 7: Stockholder Equity and Non-Controlling Interest.

Mortgages-Fixed Rate

In February of 2016, we repaid \$6,659 of mortgage indebtedness as part of the disposition of our Cumberland property.

In March of 2016, we repaid \$43,694 of mortgage indebtedness related to the Oklahoma City portfolio of properties we acquired in 2014 through a refinancing whereby IROP drew down on the secured credit facility.

On May 26, 2016, we entered into a loan agreement for a \$25,050 loan secured by a first mortgage on our Aston property. The loan bears interest at a rate of 3.4% per annum, provides for monthly payments of interest only through December 2019, when principal and interest payments will be due monthly based on a 30-year amortization schedule, and matures June 2023.

On May 17, 2016, we entered into a loan agreement for a \$31,250 loan secured by a first mortgage on our Avenues at Craig Ranch property. The loan bears interest at a rate of 3.3% per annum, provides for monthly payments of interest only through May 2019, when principal and interest payments will be due monthly based on a 30-year amortization schedule, and matures June 2023.

On May 20, 2016, we entered into a loan agreement for a \$49,680 loan secured by a first mortgage on our Waterstone at Big Creek property. The loan bears interest at a rate of 3.7% per annum, provides for monthly payments of interest only through June 2019, when principal and interest payments will be due monthly based on a 30-year amortization schedule, and matures June 2026.

On January 27, 2015, we entered into a loan agreement for a \$22,900 loan secured by a first mortgage on our Iron Rock Ranch property. The loan bears interest at a rate of 3.4% per annum, provides for monthly payments of interest only until the maturity date of February 1, 2025.

On April 13, 2015, we entered into a loan agreement for a \$20,527 loan secured by a first mortgage on our Stonebridge at the Ranch property. The loan bears interest at a rate of 3.2% per annum, provides for monthly payments of interest only until the maturity date of May 1, 2025.

On September 17, 2015, in connection with the TSRE Merger, we acquired Creekstone at RTP and assumed an existing loan secured by the property with a fair value of \$23,250. The loan bears interest at a fixed rate of 3.9% per annum, provides for monthly payments of interest only through June 10, 2016 when principal and interest payments will be due monthly based on a 30-year amortization schedule, and matures on June 10, 2023.

On September 17, 2015, in connection with the TSRE Merger, we acquired Fountains Southend and assumed an existing loan secured by the property with a fair value of \$23,750. The loan bears interest at a fixed rate of 4.3% per annum, provides for monthly

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payments of interest only through February 5, 2017 when principal and interest payments will be due monthly based on a 30-year amortization schedule, and matures on February 5, 2024.

On September 17, 2015, in connection with the TSRE Merger, we acquired IRT Millenia and assumed an existing loan secured by the property with a fair value of \$25,000. The loan bears interest at a fixed rate of 3.8% per annum, provides for monthly payments of interest only through April 5, 2018 when principal and interest payments will be due monthly based on a 30-year amortization schedule, and matures on March 5, 2021. In connection with our acquisition of IRT Millenia, we also entered into a supplemental loan agreement for a \$4,175 loan secured by the property. The supplemental loan bears interest at a fixed rate of 4.3% per annum, provides for monthly payments of interest only through May 5, 2018 when principal and interest payments will be due monthly based on a 30-year amortization schedule, and matures on March 5, 2021.

On September 17, 2015, in connection with the TSRE Merger, we acquired Talison Row and assumed an existing loan secured by the property with a fair value of \$33,635. The loan bears interest at a fixed rate of 4.1% per annum, provides for monthly payments of interest only through September 10, 2016. Beginning September 11, 2016 principal and interest payments are required monthly based on a 30 year amortization schedule until the maturity date of September 10, 2023.

On September 17, 2015, in connection with the TSRE Merger, we acquired Aventine Greenville and entered into a loan agreement for \$30,600 secured by the property. The loan bears interest at a fixed rate of 3.2% per annum, provides for monthly payments of interest only through November 4, 2016. Beginning November 5, 2016 principal and interest payments are required monthly based on a 30 year amortization schedule until the maturity date of March 5, 2021.

On September 17, 2015, in connection with the TSRE Merger, we acquired Waterstone at Brier Creek and assumed an existing loan secured by the property with a fair value of \$16,250. The loan bears interest at a fixed rate of 3.7% per annum, provides for monthly payments of interest only through the maturity date of April 5, 2022. In connection with our acquisition of Waterstone at Brier Creek, we also entered into a supplemental loan agreement for a \$4,175 loan secured by the property. The supplemental loan bears interest at a fixed rate of 4.2% per annum, provides for monthly payments of interest only until the maturity date of April 5, 2022.

NOTE 6: Derivative Financial Instruments

We may use derivative financial instruments to hedge all or a portion of the interest rate risk associated with our borrowings. The principal objective of such arrangements is to minimize the risks and/or costs associated with our operating and financial structure as well as to hedge specific anticipated transactions. While these instruments may impact our periodic cash flows, they benefit us by minimizing the risks and/or costs previously described. The counterparties to these contractual arrangements are major financial institutions with which we and our affiliates may also have other financial relationships. In the event of nonperformance by the counterparties, we are potentially

exposed to credit loss. However, because of the high credit ratings of the counterparties, we do not anticipate that any of the counterparties will fail to meet their obligations.

Interest Rate Swaps and Caps

We have entered into an interest rate cap contract and an interest rate swap contract to hedge interest rate exposure on floating rate indebtedness.

On September 30, 2015, we entered into an interest rate cap contract with a notional value of \$200 million, a strike rate of 3.0% based on 1-month LIBOR and a maturity date of October 17, 2017. Through June 23, 2016, this interest rate cap was designated as a cash flow hedge. Through that date, we concluded that this hedging relationship was highly effective in offsetting interest rate fluctuations associated with the identified indebtedness and, using the hypothetical derivative method, did not recognize any ineffectiveness. On June 24, 2016, this interest rate cap was de-designated and, as of June 30, 2016, this interest rate cap was accounted for as a freestanding derivative. The change in fair value of this interest cap was \$24 for the twelve months ended December 31, 2016.

On June 24, 2016, we entered into an interest rate swap contract with a notional value of \$150 million, a strike rate of 1.145% and a maturity date of June 17, 2021. We designated this interest rate swap as a cash flow hedge at inception and determined that the hedge is highly effective in offsetting interest rate fluctuations associated with the identified indebtedness. We concluded that this hedging relationship was and will continue to be highly effective, and using the hypothetical derivative method, did not recognize any ineffectiveness.

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The following table summarizes the aggregate notional amount and estimated net fair value of our derivative instruments as of December 31, 2016 and December 31, 2015:

	December 31, 2016			As of December 31, 2015		
	Notional	Fair Value of Assets	Fair Value of Liabilities	Notional	Fair Value of Assets	Fair Value of Liabilities
Cash flow hedges:						
Interest rate swap	\$ 150,000	\$ 3,867	\$ —	\$ —	\$ —	\$ —
Interest rate cap	—	—	—	200,000	24	—
	150,000	3,867	—	200,000	24	—
Freestanding derivatives:						
Interest rate cap	200,000	—	—	—	—	—
Net fair value	\$ 350,000	\$ 3,867	\$ —	\$ 200,000	\$ 24	\$ —

Effective interest rate swaps and caps are reported in accumulated other comprehensive income and the fair value of these hedge agreements is included in other assets or other liabilities.

For interest rate swaps and caps that are considered effective hedges, we reclassified realized losses of \$492, \$0 and \$0 to earnings within interest expense for the twelve months ended December 31, 2016, 2015 & 2014, respectively. For interest rate swaps and caps that are considered effective hedges, we expect \$292 to be reclassified out of accumulated other comprehensive income to earnings over the next 12 months.

NOTE 7: Stockholder Equity and Non-Controlling Interest

Stockholder Equity

Common Shares

On October 5, 2016, we completed an underwritten public offering. We issued and sold 25,000,000 common shares, par value \$0.01 per share, at a public offering price of \$9.00 per common share. We received \$213,389 of net proceeds of the public offering, after deducting underwriting discounts and commissions and offering expenses paid by us.

On October 5, 2016, we used these proceeds as follows: (i) \$40,000 of the proceeds were used to prepay in full and terminate our \$40,000 senior secured term loan facility; (ii) \$62,156 of the proceeds were used to repurchase and retire 7,269,719 shares of our common stock from certain of RAIT's subsidiaries at a purchase price of \$8.55 per share; (iii) \$47,335 of the proceeds were used to partially pay down the \$325,000 senior secured credit facility; (iv) \$43,000 of the proceeds were reserved to consummate the management internalization; and (v) the remaining \$20,898 was held for general corporate purposes.

As part of the offering, we granted the underwriters an option, exercisable for 30 days from the date of the underwriting agreement, to purchase up to an additional 3,750,000 common shares. On October 21, 2016, the underwriters exercised their option to purchase an additional 3,750,000 common shares at a purchase price of \$9.00 per common share. We received \$32,062 of net proceeds, after deducting underwriting discounts and commissions.

IRT also incurred \$142 of expenses associated with equity awards that vested in 2016.

On September 17, 2015, we completed the TSRE merger. As a result of the Merger, each outstanding share of TSRE common stock was converted automatically into the right to receive (a) \$3.80 in cash and (b) 0.4108 shares of our common stock, plus cash in lieu of fractional shares. We issued 15,110,994 shares of our common stock as equity consideration in the merger.

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Our board of directors declared the following dividends in 2016:

				Dividend	
				Declared	
Month	Declaration Date	Record Date	Payment Date	Per Share	
January 2016	January 14, 2016	January 29, 2016	February 16, 2016	\$	0.06
February 2016	January 14, 2016	February 29, 2016	March 15, 2016	\$	0.06
March 2016	January 14, 2016	March 31, 2016	April 15, 2016	\$	0.06
April 2016	April 14, 2016	April 29, 2016	May 16, 2016	\$	0.06
May 2016	April 14, 2016	May 31, 2016	June 15, 2016	\$	0.06
June 2016	April 14, 2016	June 30, 2016	July 15, 2016	\$	0.06
July 2016	July 14, 2016	July 29, 2016	August 15, 2016	\$	0.06
August 2016	July 14, 2016	August 31, 2016	September 15, 2016	\$	0.06
September 2016	July 14, 2016	September 30, 2016	October 17, 2016	\$	0.06
October 2016	October 12, 2016	October 31, 2016	November 15, 2016	\$	0.06
November 2016	October 12, 2016	November 30, 2016	December 15, 2016	\$	0.06
December 2016	October 12, 2016	December 30, 2016	January 17, 2017	\$	0.06

Our board of directors declared the following dividends during the beginning of 2017:

Dividend

Declared

Month	Declaration Date	Record Date	Payment Date	Per Share
January 2017	January 12, 2017	January 31, 2017	February 15, 2017	\$ 0.06
February 2017	January 12, 2017	February 28, 2017	March 15, 2017	\$ 0.06
March 2017	January 12, 2017	March 31, 2017	April 17, 2017	\$ 0.06

Our board of directors declared the following dividends in 2015:

Dividend

Declared

Month	Declaration Date	Record Date	Payment Date	Per Share
January 2015	January 19, 2015	January 30, 2015	February 17, 2015	\$ 0.06
February 2015	January 19, 2015	February 27, 2015	March 16, 2015	\$ 0.06
March 2015	January 19, 2015	March 31, 2015	April 15, 2015	\$ 0.06
April 2015	April 13, 2015	April 30, 2015	May 15, 2015	\$ 0.06
May 2015	April 13, 2015	May 29, 2015	June 15, 2015	\$ 0.06
June 2015	April 13, 2015	June 30, 2015	July 15, 2015	\$ 0.06
July 2015	July 1, 2015	July 31, 2015	August 17, 2015	\$ 0.06
August 2015	July 1, 2015	August 31, 2015	September 15, 2015	\$ 0.06
September 2015	September 4, 2015	September 15, 2015	October 15, 2015	\$ 0.034
September 2015	September 4, 2015	September 30, 2015	October 15, 2015	\$ 0.026
October 2015	October 19, 2015	October 30, 2015	November 16, 2015	\$ 0.06
November 2015	October 19, 2015	November 30, 2015	December 15, 2015	\$ 0.06
December 2015	October 19, 2015	December 31, 2015	January 15, 2016	\$ 0.06

Noncontrolling Interest

On February 1, 2016 holders of IROP units exchanged an additional 204,115 units for 204,113 shares of our common stock with fractional units being settled in cash. On August 1, 2016, holders of IROP units exchanged 35,808 units for 35,808 shares of our common stock. On October 31, 2016, holders of IROP units exchanged 6,059 units for 6,059 shares of our common stock.

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As of December 31, 2016, 2,908,949 IROP units held by unaffiliated third parties remain outstanding with a redemption value of \$25,948, based on IRT's stock price of \$8.92 as of December 30, 2016.

During 2015, IROP exchanged 52,937 units for 52,933 shares of our common stock with fractional units being settled in cash.

On September 17, 2015, immediately prior to the TSRE merger, the sole third party holder of units of TSR OP units contributed all of their TSR OP units to IROP in exchange for 1,925,419 of IROP units, plus cash in lieu of fractional IROP units, valued at \$13,998.

Our board of directors declared the following distributions on our operating partnership's LP units during 2016:

				Dividend
				Declared
Month	Declaration Date	Record Date	Payment Date	Per Share
January 2016	January 14, 2016	January 29, 2016	February 16, 2016	\$ 0.06
February 2016	January 14, 2016	February 29, 2016	March 15, 2016	\$ 0.06
March 2016	January 14, 2016	March 31, 2016	April 15, 2016	\$ 0.06
April 2016	April 14, 2016	April 29, 2016	May 16, 2016	\$ 0.06
May 2016	April 14, 2016	May 31, 2016	June 15, 2016	\$ 0.06
June 2016	April 14, 2016	June 30, 2016	July 15, 2016	\$ 0.06
July 2016	July 14, 2016	July 29, 2016	August 15, 2016	\$ 0.06
August 2016	July 14, 2016	August 31, 2016	September 15, 2016	\$ 0.06
September 2016	July 14, 2016	September 30, 2016	October 17, 2016	\$ 0.06
October 2016	October 12, 2016	October 31, 2016	November 15, 2016	\$ 0.06
November 2016	October 12, 2016	November 30, 2016	December 15, 2016	\$ 0.06
December 2016	October 12, 2016	December 30, 2016	January 17, 2017	\$ 0.06

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Our board of directors declared the following distributions on our operating partnership's LP units during the beginning of 2017:

Dividend			
Declared			
Month	Record Date	Payment Date	Per Share
January 2017	January 31, 2017	February 15, 2017	\$ 0.06
February 2017	February 28, 2017	March 15, 2017	\$ 0.06
March 2017	March 31, 2017	April 17, 2017	\$ 0.06

Our board of directors declared the following distributions on our operating partnership's LP units during 2015:

Dividend				
Declared				
Month	Declaration Date	Record Date	Payment Date	Per Share
January 2015	January 19, 2015	January 30, 2015	February 17, 2015	\$ 0.06
February 2015	January 19, 2015	February 27, 2015	March 16, 2015	\$ 0.06
March 2015	January 19, 2015	March 31, 2015	April 15, 2015	\$ 0.06
April 2015	April 13, 2015	April 30, 2015	May 15, 2015	\$ 0.06
May 2015	April 13, 2015	May 29, 2015	June 15, 2015	\$ 0.06
June 2015	April 13, 2015	June 30, 2015	July 15, 2015	\$ 0.06
July 2015	July 1, 2015	July 31, 2015	August 17, 2015	\$ 0.06
August 2015	July 1, 2015	August 31, 2015	September 15, 2015	\$ 0.06
September 2015	September 4, 2015	September 15, 2015	October 15, 2015	\$ 0.034
September 2015	September 4, 2015	September 30, 2015	October 15, 2015	\$ 0.026
October 2015	October 19, 2015	October 30, 2015	November 16, 2015	\$ 0.06
November 2015	October 19, 2015	November 30, 2015	December 15, 2015	\$ 0.06
December 2015	October 19, 2015	December 31, 2015	January 15, 2016	\$ 0.06

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NOTE 8: Equity Compensation Plans

Long Term Incentive Plan

In May 2016, our shareholders approved and our board of directors adopted an amended and restated Long Term Incentive Plan, or the incentive plan, which provides for the grants of awards to our directors, officers and full-time employees, full-time employees of our former advisor and its affiliates, full-time employees of entities that provide services to our former advisor, directors of our former advisor or of entities that provide services to it, certain of our consultants and certain consultants to our former advisor and its affiliates or to entities that provide services to our former advisor. The incentive plan authorizes the grant of restricted or unrestricted shares of our common stock, non-qualified and incentive stock options, restricted stock units, stock appreciation rights, dividend equivalents and other stock- or cash-based awards. In conjunction with the amendment, the number of shares of common stock issuable under the incentive plan was increased to 4,300,000 shares and the term of the incentive plan was extended to May 12, 2026.

Under the incentive plan or predecessor incentive plans, we granted restricted shares and stock appreciation rights, or SARs, to employees of our former advisor. These awards generally vested over a three-year period. In addition, we granted unrestricted shares to our directors. These awards generally vested immediately.

A summary of the SARs activity of the incentive plan is presented below.

	2016		2015		2014	
	SARs	Weighted Average Exercise Price	SARs	Weighted Average Exercise Price	SARs	Weighted Average Exercise Price
Outstanding, January 1,	351,000	\$ 9.13	72,000	\$ 8.20	-	\$ -
Granted	—		300,000	9.35	80,000	8.20
Expired	(2,000)	9.35	-	-	-	-
Exercised	(8,000)	8.20	(2,000)	8.20	-	-
Forfeited	(4,000)	9.35	(19,000)	9.11	(8,000)	-
Outstanding, December 31,	337,000	\$ 9.15	351,000	\$ 9.13	72,000	\$ 8.20
SARs exercisable at December 31,	128,998		22,000		-	

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As of December 31, 2016, our closing common stock price was \$8.92, which exceeds the exercise prices of some of the SARs. The total intrinsic value of SARs outstanding and exercisable at December 31, 2016 was \$26.

The following table summarizes information about the SARs outstanding and exercisable as of December 31, 2016:

SARs Outstanding			SARs Exercisable	
			Weighted	
			Average	
Weighted Average Remaining			Remaining	
Number	Contractual		Number	Contractual
Exercise Price	Outstanding	Life	Exercisable	Life
\$8.20 - 9.35	337,000	2.95	128,998	2.84

As of December 31, 2016, the unearned compensation cost relating to unvested SAR awards was \$71.

Our assumptions used in computing the fair value of the SARs issued during the years ended December 31, 2015 and 2014, using the Black-Scholes Option Pricing Model, are summarized below. There were no SARs issued during the year ended December 31, 2016.

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Independence Realty Trust, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

As of December 31, 2016

(Dollars in thousands, except share and per share data)

	As of December 31	
	2015	2014
Stock Price	\$7.51	\$9.31
Strike Price	\$8.20-9.35	\$8.20
Risk-free interest rate	1.2%	1.1%
Dividend yield	9.6%	7.7%
Volatility	34%	21%
Expected term	2.5 years	2.5 years

A summary of the restricted common share awards as of December 31, 2016, 2015 and 2014 of the incentive plan is presented below.

	2016		2015		2014	
	Number of Shares	Weighted Average Grant Date Fair Value	Number of Shares	Weighted Average Grant Date Fair Value	Number of Shares	Weighted Average Grant Date Fair Value
Balance, January 1,	117,000	\$ 9.13	36,000	\$ 8.20	-	\$ -
Granted	228,000	6.33	112,000	9.30	49,000	8.34
Vested	(60,661)	8.62	(24,000)	8.55	(13,000)	8.72
Forfeited	(3,334)	7.47	(7,000)	9.02	-	-
Balance, December 31,	281,005	\$ 6.99	117,000	\$ 9.13	36,000	\$ 8.20

As of December 31, 2016, the unearned compensation cost relating to unvested restricted common share awards was \$1,508. The estimated fair value of restricted common share awards vested during 2016 and 2015 was \$427 and \$221, respectively.

For the years ended December 31, 2016, 2015 and 2014 we recognized \$1,222, \$495 and \$206 of stock compensation expense, respectively.

On February 28, 2017, our compensation committee awarded 143,679 restricted stock awards, valued at \$9.19 per share, or \$1,320 in the aggregate. The restricted stock awards vest over a three-year period except for 6,585 awards that vested immediately. In addition, our compensation committee awarded performance share units, or PSUs, to Eligible Officers under a newly adopted 2017 Annual Equity Award Program pursuant to the incentive plan. The number of PSUs awarded will be based on attainment of certain performance criteria over a three-year period, with 226,469 PSUs granted for achieving the maximum performance criteria.

NOTE 9: Related Party Transactions and Arrangements

Fees and Expenses Paid to Our External Advisor

On December 20, 2016, in connection with our management internalization, we acquired our external Advisor and, therefore, fees and expenses to our external Advisor are no longer incurred.

As of September 25, 2015, we entered into the Second Amendment to the Second Amended and Restated Advisory Agreement. The Second Amendment amended the advisory agreement to extend its term to October 1, 2020, and to provide for compensation to our external Advisor for periods subsequent to October 1, 2015, as follows:

• Quarterly base management fee of 0.375% of our cumulative equity raised; and

- Quarterly incentive fee equal to 20% of our core funds from operations, or Core FFO, as defined in the advisory agreement, in excess of \$0.20 per share.

Independence Realty Trust, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

As of December 31, 2016

(Dollars in thousands, except share and per share data)

Prior to the Second Amendment, the Second Amended and Restated Advisory Agreement, which was effective as of May 7, 2013 through September 30, 2015, provided that our external Advisor was compensated as follows:

Quarterly base management fee of 0.1875% of average gross real estate assets as of the last day of such quarter. Average gross real estate assets means the average of the aggregate book value of our real estate assets before reserves for depreciation or other similar noncash reserves and excluding the book values attributable to the eight properties that were acquired prior to August 16, 2013. We computed average gross real estate assets by taking the average of these book values at the end of each month during the quarter for which we calculated the fee.

An incentive fee based on our pre-incentive fee Core FFO. The incentive fee was computed at the end of each fiscal quarter as follows:

no incentive fee in any fiscal quarter in which our pre-incentive fee Core FFO does not exceed the hurdle rate of 1.75% (7% annualized) of the cumulative gross amount of our equity capital we have obtained; and

20% of the amount of our pre-incentive fee Core FFO that exceeded 1.75% (7% annualized) of the cumulative gross proceeds from our issuance of equity securities.

For the years ended December 31, 2016, 2015 and 2014, our external Advisor earned \$7,092, \$4,984, and \$1,582 of asset management fees, respectively. It is noted that the quarterly asset management fee for the period ended December 31, 2016 was calculated by adjusting for the effect of the repurchase of our shares held by RAIT as described in Note 7: Stockholder Equity and Non-Controlling Interest as well as the purchase price for our management internalization as described in Note 3: Management Internlization.

For the years ended December 31, 2016, 2015, and 2014 our external Advisor earned \$350, \$629, and \$154 of incentive fees, respectively. These fees are included within asset management fees in our consolidated statements of operations.

As of December 31, 2016 and 2015 we had liabilities payable to our external Advisor for asset management fees and incentive fees of \$0 and \$1,854, respectively. These liabilities are presented within accounts payable and accrued expenses in the accompanying consolidated balance sheets.

Property Management Fees Paid to Our Property Manager

On December 20, 2016, in connection with our management internalization, we acquired property management agreements with respect to each of our properties from RAIT Residential, our previous property manager, which is wholly owned by RAIT.

We had entered into property management agreements with our previous property manager with respect to each of our properties. Pursuant to these property management agreements, we paid our previous property manager property management and leasing fees on a monthly basis up to 4.0% of the gross revenues from a property for each month. Additionally, we may have paid our previous property manager a separate fee for the one-time initial rent-up or leasing-up of newly constructed properties. For the years ended December 31, 2016, 2015 and 2014 our previous property manager earned \$4,769, \$3,675, and \$1,759, respectively, of property management and leasing fees. As of December 31, 2016 and 2015, we had liabilities payable to our property manager for property management and leasing fees of \$0 and \$440, respectively. These liabilities are presented within accounts payable and accrued expenses.

Independence Realty Trust, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

As of December 31, 2016

(Dollars in thousands, except share and per share data)

Dividends Paid to Affiliates of Our External Advisor

On October 5, 2016, we repurchased and retired all 7,269,719 shares of our common stock owned by RAIT.

As of December 31, 2016 and 2015, RAIT owned 0.0% and 15.5% of the outstanding shares of our common stock, respectively. For the years ended December 31, 2016, 2015 and 2014, we declared and subsequently paid dividends of \$3,926, \$5,234 and \$5,126, respectively, related to shares of common stock owned by RAIT.

RAIT Indebtedness

During the year ended December 31, 2016, we repaid \$38,075 of mortgage indebtedness with proceeds from two property dispositions. This indebtedness was held by RAIT. For the years ended December 31, 2016, we paid \$486 in exit fees pursuant to the contractual terms of the mortgage indebtedness to RAIT. Also for the years ended December 31, 2016, 2015, and 2014, we paid \$361 \$965, and \$966 respectively, of interest to RAIT. There was accrued interest payable outstanding as of December 31, 2016.

Other Transactions with RAIT Subsequent to our Management Internalization (December 20, 2016 to December 31, 2016)

IRT paid RAIT \$50 pursuant to the shared services agreement for the period ended December 31, 2016. RAIT paid IRT \$23 of property management fees. IRT reimbursed RAIT \$253 for compensation expense that RAIT paid to IRT employees.

NOTE 10: Earnings (Loss) Per Share

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The following table presents a reconciliation of basic and diluted earnings (loss) per share for the years ended December 31, 2016, 2015 and 2014:

	For the Years Ended December 31		
	2016	2015	2014
Net Income (loss)	\$(9,555)	\$30,156	\$2,944
(Income) loss allocated to preferred shares	-	-	-
(Income) loss allocated to non-controlling interests	(246)	(1,914)	(4)
Net Income (loss) allocable to common shares	(9,801)	28,242	2,940
Weighted-average shares outstanding—Basic	52,182,427	36,153,673	21,315,928
Dilutive securities	-	6,601	216,743
Weighted-average shares outstanding—Diluted	52,182,427	36,160,274	21,532,671
Earnings (loss) per share—Basic	\$(0.19)	\$0.78	\$0.14
Earnings (loss) per share—Diluted	\$(0.19)	\$0.78	\$0.14

Certain IROP units, stock appreciation rights, or SARs, and unvested shares totaling 3,175,720, 3,156,184, and 1,282,450 for the years ended December 31, 2016, 2015 and 2014, respectively, were excluded from the earnings (loss) per share computation because their effect would have been anti-dilutive.

Independence Realty Trust, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

As of December 31, 2016

(Dollars in thousands, except share and per share data)

NOTE 11: Quarterly Financial Data (Unaudited)

The following table summarizes our quarterly financial data which, in the opinion of management, reflects all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of our results of operations:

	For the Three-Month Periods Ended			
	March		September	December
	31	June 30	30	31
2016:				
Total revenue	\$38,666	\$38,327	\$ 38,364	\$ 38,031
Net income (loss)	(46)	30,790	2,407	(42,706)
Net income (loss) allocable to common shares	(75)	28,987	2,267	(40,980)
Total earnings (loss) per share—Basic (1)	\$—	\$0.61	\$ 0.05	\$(0.61)
Total earnings (loss) per share—Diluted (1)	\$—	\$0.61	\$ 0.05	\$(0.61)
2015:				
Total revenue	\$21,657	\$22,718	\$ 25,492	\$ 39,709
Net income (loss)	(241)	353	25,636	4,408
Net income (loss) allocable to common shares	(233)	337	24,015	4,123
Total earnings (loss) per share—Basic (1)	\$(0.01)	\$0.01	\$ 0.71	\$0.09
Total earnings (loss) per share—Diluted (1)	\$(0.01)	\$0.01	\$ 0.71	\$0.09

(1) The summation of quarterly per share amounts do not equal the full year amounts.

NOTE 12: SEGMENT REPORTING

Segments

We have identified one operating segment and have determined that we have one reportable segment. As a group, our executive officers act as the Chief Operating Decision Maker or CODM. The CODM reviews operating results to make decisions about all investments and resources and to assess performance for the entire company. Our portfolio consists of one reportable segment, investments in real estate through the mechanism of ownership. The CODM manages and reviews our operations as one unit. Resources are allocated without regard to the underlying structure of any investment, but rather after evaluating such economic characteristics as returns on investment, leverage ratios, current portfolio mix, degrees of risk, income tax consequences and opportunities for growth. We have no single customer that accounts for 10% or more of revenue.

NOTE 13: COMMITMENTS AND CONTINGENCIES

Litigation

We are subject to various legal proceedings and claims that arise in the ordinary course of our business operations. Matters which arise out of allegations of bodily injury, property damage, and employment practices are generally covered by insurance. While the resolution of these matters cannot be predicted with certainty, we currently believe the final outcome of such matters will not have a material adverse effect on our financial position, results of operations or cash flows.

Other Matters

To the extent that a natural disaster or similar event occurs with more than a remote risk of having a material impact on the consolidated financial statements, we will disclose the estimated range of possible outcomes, and, if an outcome is probable, accrue an appropriate liability.

Lease Obligations

In connection with the management internalization, we assumed a lease obligation for office space in Chicago. This office serves as the headquarters for our property management function. As of December 31, 2016, the annual minimum rent due pursuant to this lease for each of the next five years and thereafter is estimated to be \$148, \$152, \$156, \$133, zero, and zero, respectively.

Independence Realty Trust

Schedule III

Real Estate and Accumulated Depreciation

As of December 31, 2016

(Dollars in thousands)

			Initial Cost		Cost of Improvements, net of		Gross Carrying Amount		Accumulated Depreciation and Unpaid	
Property Name	Description	Location	Land	Building	Land	Building	Land (1)	Building (1)	Building	Principal
Crestmont	Apartment	Marietta, GA	\$3,254	\$13,017	\$-	\$866	\$3,254	\$13,883	\$(3,317)	\$(6,42
Runaway Bay	Apartment	Indianapolis, IN	3,079	12,318	-	694	3,079	13,012	(1,539)	(9,63
Reserve at Eagle Ridge	Apartment	Waukegan, IL	5,800	22,743	-	592	5,800	23,335	(1,772)	(18,8
Windrush	Apartment	Edmond, OK	1,677	7,464	-	244	1,677	7,708	(589)	—
Heritage Park	Apartment	Oklahoma, OK	4,234	12,232	-	891	4,234	13,123	(1,061)	—
Raindance	Apartment	Oklahoma, OK	3,503	10,051	-	730	3,503	10,781	(881)	—
Augusta	Apartment	Oklahoma, OK	1,296	9,930	-	441	1,296	10,371	(801)	—
Invitational	Apartment	Oklahoma, OK	1,924	16,852	-	569	1,924	17,421	(1,346)	—
Kings Landing	Apartment	Creve Coeur, MO	2,513	29,873	-	299	2,513	30,172	(2,095)	(21,2
Carrington	Apartment	Little Rock, AR	1,715	19,526	-	914	1,715	20,440	(1,430)	(14,2
Arbors	Apartment	Ridgeland, MS	4,050	15,946	-	757	4,050	16,703	(1,215)	(13,1
Walnut Hill	Apartment	Cordova, TN	2,230	25,251	-	652	2,230	25,903	(1,622)	(18,6
Lenox Place	Apartment	Raleigh, NC	3,480	20,482	-	450	3,480	20,932	(1,262)	(15,9
Stonebridge Crossing	Apartment	Memphis, TN	3,100	26,223	-	819	3,100	27,042	(1,625)	(19,3
Bennington Pond	Apartment	Groveport, OH	2,400	14,828	-	557	2,400	15,385	(875)	(11,3
Prospect Park	Apartment	Louisville, KY	2,837	11,193	-	176	2,837	11,369	(588)	(9,23
Brookside	Apartment	Louisville, KY	3,947	16,502	-	453	3,947	16,955	(893)	(13,4
Jamestown	Apartment	Louisville, KY	7,034	27,730	-	996	7,034	28,726	(1,529)	(22,8
Meadows	Apartment	Louisville, KY	6,857	30,030	-	976	6,857	31,006	(1,622)	(24,2
Oxmoor	Apartment	Louisville, KY	7,411	47,095	-	906	7,411	48,001	(2,485)	(35,8
Stonebridge at the Ranch	Apartment	Little Rock, AR	3,315	27,954	-	264	3,315	28,218	(1,434)	(20,5
	Apartment	Austin, TX	5,860	28,911	-	502	5,860	29,413	(1,538)	(22,9

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Iron Rock Ranch											
Bayview Club	Apartment	Indianapolis, IN	2,525	22,506	-	468	2,525	22,974	(967)	-	
Arbors		Memphis, TN									
River Oaks	Apartment		2,100	19,045	-	422	2,100	19,467	(637)	-	
Aston	Apartment	Wake Forest, NC	3,450	34,333	-	76	3,450	34,409	(1,078)	(25,0	
Avenues at Craig Ranch	Apartment	McKinney, TX	5,500	42,054	-	114	5,500	42,168	(1,326)	(31,2	
Bridge Pointe	Apartment	Huntsville, AL	1,500	14,306	-	144	1,500	14,450	(460)	-	
Creekstone at RTP	Apartment	Durham, NC	5,376	32,727	-	124	5,376	32,851	(1,035)	(23,0	
Fountains		Charlotte, NC									
Southend	Apartment		4,368	37,254	-	63	4,368	37,317	(1,170)	(23,7	
Fox Trails	Apartment	Plano, TX	5,700	21,944	-	320	5,700	22,264	(716)	-	
Lakeshore on the Hill	Apartment	Chattanooga, TN	925	10,212	-	181	925	10,393	(334)	-	
Millenia 700	Apartment	Orlando, FL	5,500	41,752	-	130	5,500	41,882	(1,317)	(29,1	
Miller Creek at German Town	Apartment	Memphis, TN	3,300	53,504	-	71	3,300	53,575	(1,679)	-	
Pointe at Canyon Ridge	Apartment	Atlanta, GA	11,100	36,995	-	560	11,100	37,555	(1,208)	-	
St James at Goose Creek	Apartment	Goose Creek, SC	3,780	27,695	-	264	3,780	27,959	(905)	-	
Talison Row at Daniel Island	Apartment	Daniel Island, SC	5,480	41,409	-	150	5,480	41,559	(1,311)	(33,4	
The Aventine		Greenville, SC									
Greenville	Apartment		4,150	43,905	-	34	4,150	43,939	(1,376)	(30,4	
Trails at Signal Mountain	Apartment	Chattanooga, TN	1,200	12,895	-	288	1,200	13,183	(428)	-	
Vue at Knoll Trail	Apartment	Dallas, TX	3,100	6,077	-	98	3,100	6,175	(200)	-	
Waterstone at Brier Creek	Apartment	Raleigh, NC	4,200	34,651	-	87	4,200	34,738	(1,093)	(20,4	
Waterstone Big Creek	Apartment	Alpharetta, GA	7,600	61,971	-	85	7,600	62,056	(1,943)	(49,6	
Westmont Commons	Apartment	Asheville, NC	2,750	25,225	-	198	2,750	25,423	(809)	-	
			\$165,120	\$1,066,611	\$-	\$17,625	\$165,120	\$1,084,236	\$(51,511)	\$(564,	

Total Investment in Real
Estate
78

Real Estate Held for
Sale

Copper Mill	Apartment	Austin, TX	3,472	13,888	-	993	3,472	14,881	(3,667)	(6,998))	2011
Heritage Trace	Apartment	Newport News, VA	2,673	10,691	-	1,027	2,673	11,718	(2,930)	(5,237))	2011
The Crossings	Apartment	Jackson, MS	4,600	17,948	-	874	4,600	18,822	(1,580)	(15,313))	2013
Berkshire	Apartment	Indianapolis, IN	2,650	10,319	-	859	2,650	11,178	(1,031)	(8,478))	2013
Total Real Estate Held for Sale			\$13,395	\$52,846	\$-	\$3,753	\$13,395	\$56,599	\$(9,208)	\$(36,026)		

	For the	For the	For the
	Year Ended	Year Ended	Year Ended
	December 31, 2016	December 31, 2015	December 31, 2014
Investments in Real Estate			
Balance, beginning of period	\$ 1,372,015	\$ 689,112	\$ 190,096
Additions during period:			
Acquisitions	—	707,268	495,998
Improvements to land and building	10,664	8,941	4,159
Deductions during period:			
Dispositions of real estate	(63,329)	(33,306)	(1,141)
Reclassification to held for sale	(69,994)	—	—
Balance, end of period:	\$ 1,249,356	\$ 1,372,015	\$ 689,112
Balance, end of period - held for sale:	\$ 69,994	\$ —	\$ —

	For the	For the	For the
	Year Ended	Year Ended	Year Ended
	December 31, 2016	December 31, 2015	December 31, 2014
Accumulated Depreciation			
Balance, beginning of period	\$ 39,638	\$ 23,376	\$ 15,775
Depreciation expense	31,085	20,888	8,742
Dispositions of real estate	(10,004)	(4,626)	(1,141)
Reclassification to held for sale	(9,208)	—	—
Balance, end of period:	\$ 51,511	\$ 39,638	\$ 23,376
Balance, end of period - held for sale:	\$ 9,208	\$ —	\$ —

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

None.

ITEM 9A. Controls and Procedures

Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our reports under the Securities Exchange Act of 1934, as amended, or 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 our chief financial officer, as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, our management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and our management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Under the supervision of our chief executive officer and chief financial officer and with the participation of our disclosure committee, we have carried out an evaluation of the effectiveness of our disclosure controls and procedures as of the end of the period covered by this report. Based upon that evaluation, our chief executive officer and chief financial officer determined that our disclosure controls and procedures are effective at the reasonable assurance level.

Management's Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risks that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of our internal control over financial reporting as of December 31, 2016. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control – Integrated Framework (2013 Framework). Based on this

assessment, management believes that, as of December 31, 2016, our internal control over financial reporting is effective.

Our independent registered public accounting firm has issued an attestation report on our internal control over financial reporting. This report is included as part of Item 8 in this annual report on Form 10-K.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting or in other factors during our last fiscal quarter, that have materially affected, or were reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. Other Information

This disclosure below is intended to satisfy any obligation of ours to provide disclosures pursuant to the following items of Form 8-K: Item 1.01 “Entry into a Material Definitive Agreement”, Item 5.02 “Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers” and Item 5.03 “Amendments to Articles of Incorporation or Bylaws; Change in Fiscal Year.”

Item 1.01. Entry into a Material Definitive Agreement.

On March 3, 2017, the Board of Directors (the “Board”) of IRT approved a form of director’s and officer’s indemnification agreement (the “D&O Indemnification Agreement”). The D&O Indemnification Agreement indemnifies directors and officers who are parties thereto with indemnification rights arising out of, or relating to, their service as directors and officers of IRT or where they serve at the request of IRT as an officer, director, representative or other agent at another entity. The D&O Indemnification Agreement also provides for the directors and officers who are parties thereto with certain rights to advancement of expenses incurred in defending a proceeding in advance of the disposition of any proceeding for which indemnification rights may be available pursuant to the D&O Indemnification Agreement. The foregoing description of the form of D&O Indemnification Agreement does not purport

to be complete and is qualified in its entirety by reference to the complete text of the form of D&O Indemnification Agreement, a copy of which is attached to this Annual Report as Exhibit 10.7.2 and incorporated by reference herein in this Item 1.01 in its entirety.

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

The information included in Item 1.01 relating to the IRT's form of D&O Indemnification Agreement is incorporated by reference in this Item 5.02.

Effective February 28, 2017, the compensation committee (the "Compensation Committee") of the board of directors (the "Board") of Independence Realty Trust, Inc. ("IRT") approved awards under Independence Realty Trust, Inc. Long Term Incentive Plan (as amended and restated May 12, 2016) (the "2016 Plan") for three of IRT's executive officers (the "Eligible Officers"). These awards included awards intended to qualify as "qualified performance-based compensation" under section 162(m) of Internal Revenue Code and Article X of the 2016 Plan. The Compensation Committee adopted an Annual Cash Bonus Plan (the "Annual Cash Bonus Plan") pursuant to the 2016 Plan and made the awards thereunder ("2017 Cash Bonus Awards") to the Eligible Officers setting forth the basis on which the Eligible Officers could earn cash bonuses for 2017. In addition, the Compensation Committee adopted an Annual Equity Award Program (the "Equity Program") pursuant to the 2016 Plan and made awards thereunder (the "2017 Equity Awards") to the Eligible Officers setting forth the basis on which the Eligible Officers could earn and vest in equity compensation over the years 2017 through 2020. The Eligible Officers are Scott F. Schaeffer, IRT's Chairman and Chief Executive Officer, Farrell M. Ender, IRT's President, and James J. Sebra, IRT's Chief Financial Officer and Treasurer. The terms of the 2017 Cash Bonus Awards and the 2017 Equity Awards are described below. On February 28, 2017, the Compensation Committee also made a separate award which vested immediately of 624 shares of IRT common stock under the 2016 Plan to Mr. Ender.

2017 Cash Bonus Awards

Beginning with IRT's 2017 fiscal year, the Compensation Committee is implementing the new Annual Cash Bonus Plan that it believes will incentivize the Eligible Officers to produce a high level of operational performance by explicitly linking the majority of their annual bonuses to certain objectives and formulaic metrics that the Compensation Committee believes are important drivers in the creation of shareholder value, while also rewarding more subjective elements of each Eligible Officer's performance through a subjective component. This new program will set forth a target cash bonus award level for each Eligible Officer participant composed of two components, as described below:

•**"Objective/Formulaic Component"** — the objective/formulaic component of the Annual Cash Bonus Award that may be earned by each Eligible Officer will be determined by IRT's performance relative to specified objective performance criteria established by the Compensation Committee as described below.

•**"Subjective Component"** — the subjective component of the Annual Cash Bonus Award may be determined based on the Compensation Committee's subjective evaluation of such participant's performance.

•Allocation of Components and Calculation of the Annual Cash Bonus Award. For 2017, the 2017 Cash Bonus Awards are allocated 75% to the objective/formulaic component and 25% to the subjective component. The amount of the 2017 Cash Bonus Award of any Eligible Officer will be calculated by: (a) determining the sum of the results of multiplying the 2017 weighting for each metric (described below) by the Relevant Percentage (described below) achieved with respect to each metric, (b) multiplying such sum by the objective criteria allocation of 75% to obtain a percentage referred to as the “Objective Criteria Bonus Earned”, (c) determining the result of multiplying the subjective criteria Relevant Percentage by the subjective criteria allocation of 25% to obtain to obtain a percentage referred to as the “Subjective Criteria Bonus Earned”, (d) multiplying the 2017 base salary of the relevant Eligible Officer by the sum the Objective Criteria Bonus Earned and the Subjective Criteria Bonus Earned. The actual 2017 Annual Cash Bonus Award earned by a participant may range from 0% to each Eligible Officer’s maximum Relevant Percentage of base salary based on actual performance for the year.

The individual 2017 Cash Bonus Award ranges, as a percentage (each, a “Relevant Percentage”) of base salary for Threshold, Target and Maximum performance levels for each of the Eligible Officers as follows:

		2017 Cash Bonus Award Ranges		
		2017 Base Salary	Threshold	Target
Executive				Maximum
Scott F. Schaeffer	\$618,600	100%	164%	250%
Farrell M. Ender	\$308,600	57%	117%	177%
James J. Sebra	\$398,600	50%	100%	150%

2017 Cash Bonus Award			
Executive	Threshold	Target	Maximum
Scott F. Schaeffer	\$618,600	\$1,015,000	\$1,546,500
Farrell M. Ender	\$176,000	\$ 361,000	\$ 546,000
James J. Sebra	\$199,300	\$ 398,600	\$ 597,900

Objective/Formulaic Criteria

The Compensation Committee has established the following objective performance metrics to be utilized in determining any payout with respect to the 2017 Cash Bonus Awards weighted based on these performance measurements with their 2017 relative weighting:

Objective Performance Criteria	2017 Weighting
CORE FFO per share	40%
The increase in same store property net operating income as compared to the previous year	20%
Property net operating income margin	15%

General and Administrative expenses (excluding stock based compensation) as a percentage of revenues	15%
IRT's ratio of net debt to Adjusted EBITDA	10%

All of these objective performance criteria shall be calculated in a manner consistent with how IRT discloses the metric in its public reporting; provided that the Compensation Committee will retain discretion to adjust the calculation of these metrics if it determines, due to unanticipated business developments, transactions or other factors affecting the calculation of such metrics, that such an adjustment would enhance incentivizing or rewarding actions in the best interests of IRT's stockholders. The actual 2017 Cash Bonus Award payment realized by an Eligible Officer with respect to each applicable metric will depend on IRT's achievement of at least the "Threshold" level of performance established by the Compensation Committee with respect to that metric. There will be no 2017 Cash Bonus Award payable for that metric in the event IRT achieves less than the Threshold level. IRT's achievement of the Threshold level for a designated metric will result in a payout of such Eligible Officer's Relevant Percentage of the proportion of the 2017 Cash Bonus Award allocated to that metric; the achievement of the Target level for a designated metric will result in a payout of such Eligible Officer's Relevant Percentage of the proportion of the 2017 Cash Bonus Award allocated to that metric; and the achievement of the Maximum level for a designated metric will result in a payout of such Eligible Officer's Relevant Percentage of the proportion of the 2017 Cash Bonus Award allocated to that metric. If the calculated percentage is between Threshold and Target or between Target and Maximum for an annual performance period, then the earned percentage will be prorated. See "Allocation of Components and Calculation of the Annual Cash Bonus Award" above for a description of how the 2017 Cash Bonus Awards will be calculated.

Subjective Criteria

The Subjective Bonus Award portion of each Eligible Officer's Cash Bonus will be based on the Compensation Committee's subjective evaluation of the Eligible Officer's performance relative to achieving specified individual criteria established for 2017 for each participant, which the Compensation Committee has determined are also important elements of each Eligible Officer's contribution to the creation of overall shareholder value. These include the following elements; provided that the Compensation Committee will retain discretion to add or modify subjective criteria if it determines, due to unanticipated business developments,

transactions or other factors affecting IRT, that such additions or modifications to the subjective criteria would enhance incentivizing or rewarding actions in the best interests of IRT's stockholders:

oBroaden Company's institutional shareholder base. oIncrease analyst coverage of the Company

oPursue financial transactions to lower cost of capital, extend debt maturities and enhance liquidity profile oComplete systems separation from RAIT Financial Trust ("RAIT"), including staffing and back office requirements in 2017.

The Eligible Officer's achievement of the Threshold level for subjective criteria will result in a payout of such Eligible Officer's Relevant Percentage of the proportion of the 2017 Cash Bonus Award allocated to subjective criteria; the achievement of the Target level for subjective criteria will result in a payout of such Eligible Officer's Relevant Percentage of the proportion of the 2017 Cash Bonus Award allocated to that metric; and the achievement of the Maximum level for subjective criteria will result in a payout of such Eligible Officer's Relevant Percentage of the proportion of the 2017 Cash Bonus Award allocated to subjective criteria. If the calculated percentage is between Threshold and Target or between Target and Maximum for an annual performance period, then the earned percentage will be prorated. See "Allocation of Components and Calculation of the Annual Cash Bonus Award" above for a description of how the 2017 Cash Bonus Awards will be calculated.

Cash Bonus Award Payments

•All Cash Bonus Award payments will be made in the year following the completion of the annual performance period to which the Cash Bonus Award payment relates. The actual payment to each Eligible Officer will be made as soon as practical after final certification of the underlying performance results and approval of such payment by the Compensation Committee; provided, however, that, in order to comply with certain rules concerning the regulation of deferred compensation under the Internal Revenue Code of 1986, as amended, in no event will any such payment be made later than March 15 of such year.

•An Eligible Officer who terminates employment with IRT prior to the conclusion of any applicable performance period with respect to which an applicable Cash Bonus Award payment relates will not receive a Cash Bonus Award payment, except that:

oIn the event of such participant's death or disability (as defined in the relevant Eligible Employee's employment agreement, or, if not so defined, determined in accordance with the 2016 Plan) ("Disability") prior to the end of the annual performance period, an otherwise eligible participant may receive a Cash Bonus Award payment in the amount of such participant's full Cash Bonus Award, as determined by the Compensation Committee, provided a Cash Bonus Award was approved for such participant for the applicable performance period.

o In the event of the termination of such participant's employment, other than voluntarily or for Cause (as defined in the relevant employment agreement for each Eligible Officer), following a Change of Control (as defined in the relevant Eligible Employee's employment agreement, or, if not so defined, in the 2016 Plan) but prior to end of the annual performance period, an otherwise eligible participant may receive an Cash Bonus Award payment in the amount of such participant's full Cash Bonus Award, as determined by the Compensation Committee, provided a Cash Bonus Award was approved for such participant for the applicable annual performance period.

2017 Equity Awards

The Compensation Committee also is granting restricted share Equity Award under the 2017 Equity Awards Plan consisting of the following two components:

•“Performance Component” - 75% of the value of each Eligible Officer's 2017 potential Equity Award will be based on the attainment of absolute and relative Total Shareholder Return (“TSR”) hurdles over a three-year period, which include both share price appreciation and reinvestment of common stock dividends, as well as a subjective evaluation of the achievement of strategic objectives. This component consists of Performance Share Unit Awards (the “2017 PSUs”) authorized by the Compensation Committee under the Equity Program adopted pursuant to the 2016 Plan, with the number of shares of IRT common stock (“Common Shares”) issued or their equivalent value in cash paid, at the Compensation Committee's option, at the conclusion of the relevant performance period. The number of 2017 PSUs earned will be determined (a) for 80% by IRT's performance for the three year period commencing January 1, 2017 and ending December 31, 2019 relative to two long term performance metrics established by the Compensation Committee, as described in greater detail below, and (b) for 20% of the awards, by the Compensation Committee's subjective evaluation of the Eligible Officer's contribution to the creation of overall stockholder value.

The actual number of 2017 PSUs earned by a participant may range from 0% to 150% of target based on actual performance for the performance period. The performance based awards vest 50% at December 31, 2019 based on performance for 2017-2019, and the 50% balance, consisting of the same number of shares that were awarded at December 31, 2019, become time vesting and vest one year thereafter, subject to forfeiture in such year only in the event IRT has terminated the Eligible Officer's employment for cause or the Eligible Officer has resigned without good reason as determined, in each situation, under such Eligible Officer's employment agreement. The Compensation Committee currently intends to redeem any vested 2017 PSUs with Common Shares, subject to the availability of shares of IRT common stock under the 2016 Plan at the time of vesting.

Performance Criteria	2017 Weighting	Threshold	Performance Criteria	
			Target	Maximum
Relative 3-year TSR ⁽¹⁾	60%	30 th percentile	50 th percentile	75 th percentile
Absolute 3-Year TSR	20%	22.50%	33.75%	45.00%
Strategic Objectives	20%		Subjective	

⁽¹⁾ For purposes of determining the Company's achievement against this metric, the Company's TSR will be compared to the constituents of the FTSE NAREIT Apartment Index (the "Index") over the performance period, using the relative percentile ranking approach for all constituents that are included in the Index over the full performance period.

No awards will be earned if below Threshold performance is achieved for a particular metric.

"Time-Based Component" - The remaining 25% of the potential Equity Award will be time-based. This component consists of Restricted Stock Awards (the "2017 Stock Awards") authorized by the Compensation Committee under the Equity Program adopted pursuant to the 2016 Plan,. The shares of IRT common stock subject to the Annual Restricted Share Awards will vest 25% per annum on the first four anniversaries from the date of grant.

Number of PSUs and 2017 Stock Awards

The number of 2017 PSUs awarded is set forth below and was determined by dividing the maximum dollar amount of the award that may be earned by IRT's closing stock price on the NYSE MKT on February 28, 2017, the grant date, \$9.19, based on the following proposed individual award opportunities. The number of shares awarded for 2017 Stock Awards is set forth below and was determined by dividing the dollar amount of the award based by such closing stock price.

Executive	Total Target Award	Time-Based Award	Performance-Based Award		
			Threshold	Target	Maximum
Scott F. Schaeffer	\$1,000,000	\$250,000	\$375,000	\$750,000	\$1,125,000
Farrell M. Ender	400,000	100,000	150,000	300,000	450,000
James J. Sebra	450,000	112,500	168,750	337,500	506,250

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Executive	Number of 2017 Stock Awards	Number of 2017 PSUs
Scott F. Schaeffer	27,203	122,416
Farrell M. Ender	10,881	48,966
James J. Sebra	12,242	55,087

Additional Terms of the 2017 Equity Awards

Dividends will be paid with respect to outstanding 2017 Stock Awards, subject to forfeiture prior to vesting. Dividend equivalents will not be paid on the 50% of the 2017 PSUs that have met the 3 year performance based criteria and have vested, but dividend equivalents will be paid on the remaining 50 % of the 2017 PSUs only for the year during which they time vest, subject to forfeiture prior to vesting. No dividend equivalents will be paid while the 2017 PSUs are subject to performance criteria. Dividend equivalents will accrue only on the portion of the 2017 PSUs which have met the performance criteria and remain subject only to time vesting.

The 2017 Stock Awards will have voting rights and the 2017 PSUs will not have any voting rights.

Any Eligible Officer whose employment is terminated will forfeit any unvested 2017 Equity Awards except with respect to 2017 PSUs in the event of a Qualified Termination or Retirement as described below and except where such Eligible Officer's employment agreement with IRT provides for accelerated vesting in defined circumstances.

If an Eligible Officer's employment is terminated due to death or disability and other than voluntarily or for cause (as defined in the relevant employment agreement for each Eligible Officer) (a "Qualified Termination") prior to the conclusion of the 3-year performance period applicable to such Eligible Officer's 2017 PSUs, then such performance period will be shortened to conclude on the date of such Qualified Termination (a "Shortened Performance Period"). In such event, the Compensation Committee will determine within three months after the date of such Qualified Termination the number of 2017 PSUs earned by such Eligible Officer, if any, for such Shortened Performance Period in accordance with the performance criteria established for such award. The Eligible Officer's earned 2017 PSUs, if any, will vest as of the date that the Compensation Committee determines the achievement of such performance criteria and will not be subject to the additional time based vesting period. The number of 2017 PSUs eligible to be earned shall be determined on a pro rata basis by multiplying the number of 2017 PSUs issued to such Eligible Officer by a fraction, the numerator is the number of days in the Shortened Performance Period and the denominator of which is the number of days in the original 3-year Performance Period. With respect to earned 2017 PSUs held by the Officer for which the Performance Period is complete but for which the additional time-based vesting period is incomplete prior to the Eligible Officer's Qualified Termination, any restrictions on such earned awards shall lapse and such earned awards shall automatically become fully vested as of the date of such Qualified Termination.

In the event of an Eligible Officer's "Retirement" (as defined below), the 2017 PSUs will vest in the following manner. If such Retirement occurs during the performance period, the number of 2017 PSUs vested will be determined on a pro rata basis by multiplying the 2017 PSUs earned in the performance period by a fraction, the numerator is the number of days from the beginning of the performance period to the date of such Retirement and the denominator of which is the total number of days in the 3-year performance period. If an Eligible Officer's Retirement occurs after the performance period, 100% of the 2017 PSUs earned in the performance period will vest upon Retirement. The above notwithstanding in no event will any 2017 PSUs vest if the performance targets are not met. "Retirement" is defined in the 2017 PSUs as the Eligible Officer's voluntary separation of employment following satisfaction of the "Rule of 70." The Rule of 70 will be satisfied upon (1) completion of at least fifteen (15) years of service with IRT or its related entities; (2) attainment of age 55 and (3) such Eligible Officer's combined age and service equals at least 70. An Eligible Officer may separate upon Retirement subject to providing at least six (6) months' advance notice to IRT and entering into a separate three-year non-competition and non-solicitation agreement if requested. In the event the 2017 PSUs vest due to Retirement, 50% of the vested 2017 PSUs will be redeemable as of the relevant determination date and the remaining 50% will be redeemable on the first anniversary of the last day of the performance period.

Clawback Policy

Awards made under the 2017 Cash Bonus Awards and the 2017 Equity Awards for the Eligible Officers are subject to a clawback policy which will allow IRT to recover amounts paid to such officer pursuant to such awards to the extent that the Compensation Committee, following an appropriate investigation and consideration of all relevant circumstances, determines that such officer has engaged in fraud or willful misconduct that caused the requirement for a material accounting restatement of IRT's financial statements due to material noncompliance with any financial reporting requirement (excluding any restatement due solely to a change in accounting rules).

Item 5.03 Amendments to Articles of Incorporation or Bylaws; Change in Fiscal Year.

On March 3, 2017, the Board approved amendments to amend and restate IRT's bylaws, effective as of March 3, 2017 (the "Bylaws"). The Bylaws have not been amended since they were last filed with the U.S. Securities and Exchange Commission (the "SEC") on May 13, 2013 as an exhibit to IRT's Quarterly Report on Form 10-Q for the quarter ended March 31, 2013. The amendments to the Bylaws, particularly the amendments to the advance notice provisions thereof, (i) enhance the information that the Board would have access to about the persons deemed to be proposing director nominees and/or stockholder proposals and further the Board's ability to make informed recommendations to stockholders relating thereto; (ii) enhance the information that the Board would have access to about proposed nominees and/or stockholder proposals and further the Board's ability to make informed recommendations to stockholders relating thereto; and (iii) enhance the information that IRT would have access to in preparing proxy materials commenting on any stockholder proposed nominees and/or stockholder proposals. Among other things, the amendments to the Bylaws:

- Amend the provisions relating to how an annual meeting of IRT's stockholders is called to provide that the date, time and place of an annual meeting shall be fixed by a resolution of the Board adopted by a majority of the total number of authorized directors (whether or not there exists any vacancies in the previously authorized directorships at the time any such resolution is presented to the Board);

- Specify certain procedural matters relating to the requirements for any business to be brought before an annual meeting of stockholders, including, but not limited to, the prerequisites for a stockholder to bring any proposal before an annual meeting of stockholders including that the making of such proposal must be permitted by applicable law, IRT's Articles of Restatement (the "Articles of Restatement") and the Bylaws and must comply with the notice and other procedures contained in the Bylaws in all applicable respects;

- Amend the provisions related to the advance notice of stockholder proposals required to be submitted to IRT in connection with business intended to be brought before an annual meeting of stockholders (the "Proposal Notice"), including, but not limited to, provisions that:

- o Provide for a defined term, "Proposing Person," to encompass the individuals for whom information will be required to be included in a Proposal Notice or Nominating Notice (as defined below), as the case may be, and defining "Proposing Person" to include (i) the stockholder providing the applicable notice, (ii) the beneficial owner of IRT's capital stock, if different, on whose behalf the applicable notice is given, (iii) any "affiliate" or "associate" (as such terms are defined in the Securities Exchange Act of 1934, as amended (the "Exchange Act")) of such stockholder or beneficial owner, (iv) each other person who is "Acting in Concert" (as defined below) with such stockholder or beneficial owner, persons who are members of any Schedule 13D group (as such term is used in Rule 13d-5 under the Exchange Act) with such stockholder or beneficial owner, and (v) persons who are participants in any solicitation of proxies by such stockholder or beneficial owner;

- o Provide that a person shall be deemed to be "Acting in Concert" with another person if such person knowingly acts (whether or not pursuant to an express agreement, arrangement or understanding) in concert with, or towards a common goal relating to the management, governance or control of IRT in parallel with, such other person where (A) each person is conscious of the other person's conduct or intent and this awareness is an element in their decision-making processes and (B) at least one additional factor suggests that such persons intend to act in concert or in parallel, which such additional factors may include, without limitation, exchanging information (whether publicly or privately), attending meetings, conducting discussions, or making or soliciting invitations to act in concert or in parallel; provided, that a person shall not be deemed to be Acting in Concert with any other person solely as a result of the solicitation or receipt of revocable proxies from such other person in response to a solicitation made pursuant to, and in accordance with, Section 14(a) of the Exchange Act by way of a proxy or consent solicitation statement filed on Schedule 14A. A person Acting in Concert with another person shall be deemed to be Acting in Concert with any third party who is also Acting in Concert with such other person;

- o Further specify the information required to be provided by Proposing Persons in respect of the business proposed in their Proposal Notice, including, but not limited to, the following information regarding such persons:

the name and address of the Proposing Person, as they appear on IRT's stock transfer books.

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their ownership, direct and indirect, in IRT's securities, including any shares, owned beneficially (as defined in Rule 13d-3 (or any successor thereof) under the Exchange Act) and/or held of record by such persons (including any shares of any class or series of IRT as to which such person has a right to acquire beneficial ownership at any time in the future, whether such right is exercisable immediately, only after the passage of time or only upon the satisfaction of certain conditions precedent), the dates on which such shares were acquired and the investment intent of such acquisition of shares at the time they were acquired;

a description in reasonable detail of any pending, or to the knowledge of any such persons, threatened legal proceeding in which any Proposing Person is a party or participant involving IRT or any officer, director, affiliate or associate of IRT;

a description in reasonable detail of any relationship (including any direct or indirect interest in any agreement, arrangement or understanding, written or oral) between any Proposing Person and IRT or any director, officer, affiliate or associate of IRT;

a description in reasonable detail of any derivative interests that are directly or indirectly, held or maintained by such persons with respect to any shares of any class or series of shares of IRT's securities (including any short position or any borrowing or lending of shares of stock) that has been made by or on behalf of such persons, the effect or intent of any of the foregoing being to mitigate loss to, or to manage risk of stock price changes for, any such persons or any of their "affiliates" or "associates" (as such terms are defined in Rule 12b-2 of the Exchange Act) or to increase or decrease the voting power or pecuniary or economic interest of such persons or any of their affiliates or associates with respect to stock of IRT, including any security or instrument that would not otherwise constitute a "derivative security" (as such term is defined in Rule 16a-1(c) under the Exchange Act) as a result of any feature that would make any conversion, exercise or similar right or privilege of such security or instrument becoming determinable only at some future date or upon the happening of a future occurrence;

a description in reasonable detail of any agreement, arrangement or understanding (including any short position or any borrowing or lending of shares of stock) that has been made by or on behalf of a Proposing Person, the effect or intent of any of the foregoing being to mitigate loss to, or to manage risk of stock price changes for, any Proposing Person or to increase or decrease the voting power or pecuniary or economic interest of such Proposing Person or any of its affiliates or associates with respect to stock of IRT;

a description in reasonable detail of any proxy, contract, arrangement, understanding or relationship, written or oral and formal or informal, between such Proposing Person and any other person or entity (naming each such person or entity) pursuant to which the Proposing Person has a right to vote any shares of IRT;

a description in reasonable detail of any rights to dividends on the shares of any class or series of shares of IRT directly or indirectly held of record or beneficially by such Proposing Person that are separated or separable from the underlying shares of IRT;

a description in reasonable detail of any performance-related fees (other than an asset-based fee) to which the Proposing Person may be entitled as a result of any increase or decrease in the value of shares of IRT or any of its derivative securities;

any direct or indirect interest of such Proposing Person in any contract or agreement with IRT, or any affiliate or associate of IRT (naming such affiliate or associate);

a description in reasonable detail of all agreements, arrangements and understandings, written or oral, formal or informal (1) between or among any of the Proposing Persons or (2) between or among any of the Proposing Persons and any other person or entity (naming each such person or entity) in connection with or related to the proposal of business by a stockholder, including without limitation, (A) any understanding, formal or informal, written or oral, that any Proposing Person may have reached with any stockholder of IRT (naming each such stockholder) with respect to how such stockholder will vote its shares in IRT at any meeting of IRT's stockholders or take other action in support of or related to

any business proposed, or other action to be taken, by the Proposing Person, and (B) any agreements that would be required to be disclosed by any Proposing Person or any other person or entity pursuant to Item 5 or Item 6 of a Schedule 13D that would be filed pursuant to the Exchange Act and the rules and regulations promulgated thereunder (regardless of whether the requirement to file a Schedule 13D is applicable to the Proposing Person or other person or entity); and

all other information relating to such Proposing Persons that would be required to be disclosed in a proxy statement or other filing required to be made by any Proposing Persons in connection with the contested solicitation of proxies or consents (even if a contested solicitation is not involved) by such persons in support of the business proposed to be brought before the stockholders' meeting pursuant to Section 14(a) and Regulation 14A under the Exchange Act;

oFurther specify, as to each item of business that the stockholder giving the Proposal Notice proposes to bring before the annual meeting, the information required to be provided about such proposed business, including, but not limited to the following:

a description in reasonable detail of the business desired to be brought before the meeting and the reasons (including the text of any reasons for the business that would be disclosed in any proxy statement or supplement thereto to be filed with the SEC) detailing why such stockholder or any other Proposing Person believes that the taking of the action or actions proposed to be taken would be in the best interests of IRT and its stockholders;

the text of the proposal or business (including the text of any resolutions proposed for consideration);

a description in reasonable detail of any interest of any Proposing Person in such business, including any anticipated benefit to the stockholder or any other Proposing Person therefrom, including any interest that would be disclosed to IRT's stockholders in any proxy statement to be distributed to IRT's stockholders; and

all other information relating to such proposed business that would be required to be disclosed in a proxy statement or other filing required to be made by any of the Proposing Persons in connection with the solicitation of proxies or consents (even if a contested solicitation is not involved) in support of such proposed business by one or more Proposing Persons pursuant to Section 14(a) and Regulation 14A under the Exchange Act.

oRequire the Proposing Person to, from time to time, update and supplement the information provided by such stockholder in its Proposal Notice such that the information contained in the Proposal Notice is true, correct and complete in all respects;

oInclude a provision that allows IRT, the Board or any duly authorized committee thereof to request the Proposing Person to provide written verification of the accuracy of the information contained in the Proposal Notice;

oRequire that the Proposal Notice include a representation as to whether any Proposing Person intends to deliver a proxy statement and form of proxy to holders of at least the percentage of IRT's outstanding capital stock entitled to vote and required to approve the proposed business described in the Proposal Notice and, if so, identifying each such Proposing Person;

oRequire that the Proposal Notice include a representation that the stockholder or its qualified representative intends to appear in person at the meeting (unless such meeting is held by means of remote communication and, in such case, a representation that the stockholder or its qualified representative shall appear at the meeting by means of remote communication) to propose the actions specified in the Proposal Notice and to vote all proxies solicited;

oRequire a stockholder to specifically identify in the Proposal Notice by way of an express reference how the information being provided is intended to comply with a specific advance notice requirement of the Bylaws;

- o Specify that a stockholder must set forth in writing directly within the body of the Proposal Notice (as opposed to being incorporated by reference from any other document or writing not included with, and made a part of, the Proposal Notice) all the information required to be included in the Proposal Notice pursuant to the Bylaws;
- o Clarify that the advance notice requirements for a Proposal Notice are not intended to require a broker, dealer, commercial bank, trust company or other nominee to include any information relating to their ordinary course business activities when they are directed to prepare and submit a Proposal Notice on behalf of an unaffiliated beneficial owner of IRT's shares;
- o Specify that a stockholder submitting the Proposal Notice, by its delivery to IRT, represents and warrants that all information contained therein is true, accurate and complete in all respects, contains no false and misleading statements and such stockholder acknowledges that it intends for IRT and the Board to rely on such information as (i) being true, accurate and complete in all respects, without regard to what other information may be publicly available but not contained in the Proposal Notice, and (ii) not containing any false and misleading statements;
- o Require that, notwithstanding any notice of the annual meeting sent to stockholders on behalf of IRT, a stockholder must separately provide a Proposal Notice in accordance with the Bylaws to conduct business at any stockholder meeting and further clarifying that, if the stockholder's proposed business is the same or relates to business brought by IRT and included in IRT's annual meeting notice, the stockholder is nevertheless still required to comply with the advance notice of business provisions of the Bylaws and give its own separate and timely Proposal Notice to the Secretary of IRT which complies in all respects with the applicable requirements of the Bylaws;
- o Provide that, in addition to the requirements contained in the Bylaws, a Proposing Person must also comply with all applicable requirements of the Exchange Act and Maryland law with respect to any business that may be sought to be brought before an annual meeting of stockholders and any solicitations of proxies in connection therewith;
- o Provide that in no event shall any adjournment or postponement of an annual meeting or the announcement thereof commence a new time period for the giving of a Proposal Notice;
 - o Provide that the Bylaws' advance notice provisions shall be the exclusive means for any stockholder of IRT to propose business to be brought before an annual meeting of stockholders; and
- o Provide that the Bylaws' advance notice provisions shall not be deemed to affect the rights of stockholders to submit proposals pursuant to, and in compliance with, Rule 14a-8 of the Exchange Act.

Specify certain procedural matters relating to the requirements for any director nominations to be brought before a stockholders' meeting, including, but not limited to, the prerequisites for a stockholder to bring a proposed director nomination before a stockholders' meeting;

Amend the provisions related to the advance notice of proposed director nominations, including, but not limited to, revisions to:

- o Further specify the information required to be provided by Proposing Persons in their advance notice of proposed nominations of candidates for election to the Board (the "Nominating Notice") which includes, as to each Proposing Person, substantially the same information about such Proposing Person that is required to be included in a Proposal Notice, as more fully discussed above, except that any reference to "business" or "proposal" therein will be deemed to refer to the "nomination" of a director or directors by a stockholder which is proposed in a Nominating Notice;
- o Further specify the information required to be provided in the Nominating Notice about each person being proposed as a nominee for election to the Board, including, but not limited to, the following:
all information with respect to such proposed nominee that would be required to be set forth in a Nominating Notice if such proposed nominee was a Proposing Person;

a description in reasonable detail of any and all litigation, whether or not judicially resolved, settled or dismissed, relating to the proposed nominee's past or current service on the Board (or similar governing body) of any Corporation, limited liability company, partnership, trust or any other entity where a legal complaint filed in any state or federal court located within the United States alleges that the proposed nominee committed any act constituting (a) a breach of fiduciary duties, (b) misconduct, (c) fraud, (d) breaches of confidentiality obligations, and/or (e) a breach of the entity's code of conduct applicable to directors;

to the extent that such proposed nominee has been convicted of any past criminal offenses involving dishonesty or a breach of trust or duty, a description in reasonable detail of such offense and all legal proceedings relating thereto;

to the extent that such proposed nominee has ever been suspended or barred by any governmental authority or self-regulatory organization from engaging in any profession or participating in any industry, or has otherwise been subject to a disciplinary action by a governmental authority or self-regulatory organization that provides oversight over the proposed nominee's current or past profession or an industry that the proposed nominee has participated in, a description in reasonable detail of such action and the reasons therefor;

to the extent that such proposed nominee has been determined by any governmental authority or self-regulatory organization to have violated any federal or state securities or commodities laws, including but not limited to, the Securities Act of 1933, as amended, the Exchange Act or the Commodity Exchange Act, a description in reasonable detail of such violation and all legal proceedings relating thereto;

all information relating to such proposed nominee that would be required to be disclosed in a proxy statement or other filing required to be made with the SEC by any Proposing Person pursuant to Section 14(a) under the Exchange Act to be made in connection with a contested solicitation of proxies or consents (even if a contested election is not involved) by a Proposing Person for an election of directors;

such proposed nominee's executed written consent to be named in the proxy statement of the Proposing Person as a nominee and to serve as a director of IRT if elected;

to the extent that such proposed nominee has entered into (1) any agreement, arrangement or understanding (whether written or oral) with, or has given any commitment or assurance to, any person or entity as to the positions that such proposed nominee, if elected as a director of IRT, would take in support of or in opposition to any issue or question that may be presented to him or her for consideration in his or her capacity as a director of IRT, (2) any agreement, arrangement or understanding (whether written or oral) with, or has given any commitment or assurance to, to any person or entity as to how such proposed nominee, if elected as a director of IRT, would act or vote with respect to any issue or question presented to him or her for consideration in his or her capacity as a director of IRT, (3) any agreement, arrangement or understanding (whether written or oral) with any person or entity that could be reasonably interpreted as having been both (a) entered into in contemplation of the proposed nominee being elected as a director of IRT, and (b) intended to limit or interfere with the proposed nominee's ability to comply, if elected as a director of IRT, with his or her fiduciary duties, as a director of IRT, to IRT or its stockholders, or (4) any agreement, arrangement or understanding (whether written or oral) with any person or entity that could be reasonably interpreted as having been or being intended to require such proposed nominee to consider the interests of a person or entity (other than IRT and its stockholders) in complying with his or her fiduciary duties, as a director of IRT, to IRT or its stockholders, a description in reasonable detail of each such agreement, arrangement or understanding (whether written or oral) or commitment or assurance;

the amount of any equity securities beneficially owned by such proposed nominee in any company that is a direct competitor of IRT or its operating subsidiaries if such beneficial ownership by such nominee, when aggregated with that of all other proposed nominees and the Proposing Persons, is five percent (5%) or more of the class of equity securities of such company;

a description in reasonable detail of any and all agreements, arrangements and/or understandings, written or oral, between such proposed nominee and any person or entity (naming each such person or entity) with respect to any direct or indirect compensation, reimbursement, indemnification or other benefit (whether monetary or non-monetary) in connection with or related to such proposed nominee's candidacy for election to the Board and/or service on the Board if elected as a member of the Board;

a description in reasonable detail of any and all other agreements, arrangements and/or understandings, written or oral, between such proposed nominee and any person or entity (naming such person or entity) in connection with such proposed nominee's service or action as a proposed nominee and, if elected, as a member of the Board;

a certificate executed by the proposed nominee (A) certifying that such proposed nominee (1) has disclosed any agreement, arrangement or understanding with any person or entity other than IRT in connection with service or action as a director; and (2) agreeing to comply, if elected as a director of IRT, with all corporate governance, conflicts of interest, code of conduct and ethics, confidentiality and stock ownership and trading policies and guidelines of IRT, as the same shall be amended from time to time by the Board; and (B) attaching a completed proposed nominee questionnaire (which questionnaire shall be provided by IRT, upon request, to the stockholder providing the notice); and

all information that would be required to be disclosed pursuant to Items 403 and 404 under Regulation S-K if the stockholder giving the notice or any other Proposing Person were the "registrant" for purposes of such rule and the proposed nominee were a director or executive officer of such registrant.

- o Require the Proposing Person to, from time to time, update and supplement the information provided by such stockholder in its Nominating Notice such that the information contained in the Nominating Notice is true, correct and complete in all respects;

- o Include a provision that allows IRT, the Board or any duly authorized committee thereof to request the Proposing Person to provide written verification of the accuracy of the information contained in the Nominating Notice;

- o Require a stockholder to specifically identify in the Nominating Notice by way of an express reference how the information being provided is intended to comply with a specific advance notice requirement of the Bylaws;

- o Specify that a Proposing Person must set forth in writing directly within the body of the Nominating Notice (as opposed to being incorporated by reference from any other document or writing not included with, and made a part of, the Proposal Notice) all the information required to be included in the Nominating Notice pursuant to the Bylaws;

- o Clarify that the advance notice requirements for a Nominating Notice are not intended to require a broker, dealer, commercial bank, trust company or other nominee to include any information relating to their ordinary course business activities when they are directed to prepare and submit a Nominating Notice on behalf of an unaffiliated beneficial owner of IRT's shares;

- o Provide that a Proposing Person submitting the Nominating Notice, by its delivery to IRT, represents and warrants that all information contained therein is true, accurate and complete in all respects, contains no false and misleading statements and such Proposing Person acknowledges that it intends for IRT and the Board to rely on such information as (i) being true, accurate and complete in all respects, without regard to what other information may be publicly available but not contained in the Nominating Notice, and (ii) not containing any false and misleading statements;

- o Provide that, notwithstanding any notice of stockholders' meeting sent to stockholders on behalf of IRT, a Proposing Person must separately comply with the advance notice of nominations provisions of the Bylaws to propose director nominations at any stockholders' meeting and would still be required to give its own separate and timely Nominating Notice to the Secretary of IRT which complies in all respects with the applicable requirements of the Bylaws;

- o Provide that the stockholder or a qualified representative of such stockholder must be present in person at a stockholders' meeting and must represent that it will be present at such meeting (unless such meeting is held by

means of remote communication and, in such case, a representation that the stockholder or its qualified representative shall appear at the meeting by means of remote communication) in order for a proposed director nomination to be brought before the meeting.

o Provide that in the event that the number of directors to be elected to the Board of IRT is increased and there is no public disclosure naming all of the proposed nominees for director or specifying the size of the increased Board made by IRT at least one hundred and thirty (130) calendar days prior to the one year anniversary of the date of mailing of the definitive proxy statement for the immediately preceding year's annual meeting, a Nominating Notice required by the Bylaws shall also be considered timely, but only with respect to proposed nominees for any new positions created by such increase, and only with respect to a stockholder who had, prior to such increase in the size of the Board, previously submitted a Nominating Notice that complied with the Bylaws prior to the deadline for submitting director nominations, if such Nominating Notice is delivered to, or mailed and received by, the Secretary of IRT at the principal office of IRT not later than the close of business on the tenth (10th) calendar day following the day on which such public disclosure is first made by IRT;

o Provide that, in addition to the requirements contained in the Bylaws, a Proposing Person must also comply with all applicable requirements of the Exchange Act and Maryland law with respect to any nominations of directors for election at an annual meeting of stockholders and any solicitations of proxies in connection therewith;

o Provide that in no event shall any adjournment or postponement of an annual meeting or the announcement thereof commence a new time period for the giving of a Nominating Notice; and

o Provide that the Bylaws' advance notice of nomination provisions shall be the exclusive means for any stockholder of IRT to propose nominees for election to the Board to be brought before an annual meeting of stockholders.

• Provide maximum flexibility and discretion to the chairman of the meeting to set rules for the conduct of any stockholders' meeting.

• Provide more detailed procedural provisions with respect to stockholders' meetings, including, but not limited to, the organization and conduct of the meeting, meeting protocol, the retention of inspectors of election for such meetings, proxies for such meetings, the appointment of a presiding officer for such meetings, and the appointment of a secretary for such meetings.

• Provide that for business to be properly brought before a special meeting of stockholders, it must be (i) specified in IRT's notice of meeting given by or at the direction of the Board (or an authorized committee thereof), (ii) if not specified in the notice of meeting provided by or at the direction of the Board (or an authorized committee thereof), otherwise properly brought before the special meeting by or at the direction of the Board (or an authorized committee thereof) or the Chairman of the Board, or (iii) otherwise properly requested to be brought before a special meeting requested by holders of in the aggregate, not less than a majority of the outstanding shares of IRT, in accordance with the stockholder-requested special meeting provisions contained in the Bylaws.

• Provide procedural provisions for having stockholders request that a record date be set by the Board for determining that the stockholders requesting that a special meeting be called hold, in the aggregate, not less than a majority of the outstanding shares of IRT that would be entitled to vote at the meeting and requiring informational disclosures to be included with such request that are substantially similar to those required to be included in a Proposal Notice or a Nominating Notice.

• Provide procedures for having stockholders, who have met the requisite stock ownership threshold requirement necessary to request that a special meeting of stockholders be called, request that a special meeting be called and requiring informational disclosures to be made together with such request that are substantially similar to those required to be included in a Proposal Notice or a Nominating Notice.

•

Provide procedural provisions for special meetings called by stockholders that permit the Board to not call the special meeting under certain circumstances, including if the matter with respect to which the special meeting sought to be called relates to a similar or substantially similar matter intended to be considered at an upcoming annual meeting or if the actions proposed to be taken are not actions that stockholders are permitted to take under Maryland law or under the Articles of Restatement or Bylaws.

Require that any proposed bylaw amendments must be specifically identified in a notice of stockholder meeting such that any proposal to amend the Bylaws must be provided in the notice of the meeting along with the text of the proposed Bylaw amendments.

Add provisions relating to electronic transmissions and communications, including permitting the participation by directors and stockholders in meetings by means of remote communications.

Provide for the ability of the Board to postpone or cancel any previously scheduled annual or special meeting of the stockholders by resolution of the Board upon public notice given prior to the time previously scheduled for such meeting of stockholders.

Revise the section of the Bylaws regarding the indemnification that IRT provides to its directors, officers and other agents to clarify the type of proceedings that are indemnified, the expenses that are reimbursable, the persons who are indemnifiable, the capacity that the person needs to be acting in to be indemnified, and the process that needs to be followed in determining whether indemnification is proper in a particular circumstance. In addition, the rights granted to indemnified persons to be advanced expenses incurred in defending a proceeding in advance of its final disposition have also been clarified to provide a specific time period by which the advancement needs to be made and to provide that advancement cannot be conditioned on the ability to repay, must be unsecured and must be interest-free and cannot be otherwise conditioned unless applicable Maryland law provides otherwise. Additional provisions have been added to avoid duplicate payments to indemnified persons, provide that IRT shall be subrogated to all rights of recovery of any person entitled to indemnification and provide that the conduct of one indemnified person will not be imputed to another.

In addition to the foregoing, there are various other “clean-up” changes to the Bylaws including, but not limited to, grammatical and other typographical corrections, formatting changes, revisions to headings, titles and captions, and defining certain terms and the capitalization of such defined terms.

The foregoing description of various amendments included in the Bylaws does not purport to be complete and is qualified in its entirety by reference to the complete text of the Bylaws adopted by the Board on March 3, 2017, a copy of which is attached to this Annual Report as Exhibit 3.3 and incorporated by reference in this Item 5.03 in its entirety.

PART III

ITEM 10. Directors, Executive Officers and Corporate Governance

The information required by this item will be set forth in our definitive proxy statement with respect to our annual meeting of stockholders, and is incorporated herein by reference.

ITEM 11. Executive Compensation

The information required by this item will be set forth in our definitive proxy statement with respect to our annual meeting of stockholders, and is incorporated herein by reference.

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

The information required by this item will be set forth in our definitive proxy statement with respect to our annual meeting of stockholders, and is incorporated herein by reference.

ITEM 13. Certain Relationships and Related Transactions and Director Independence

The information required by this item will be set forth in our definitive proxy statement with respect to our annual meeting of stockholders, and is incorporated herein by reference.

ITEM 14. Principal Accountant Fees and Services

The information required by this item will be set forth in our definitive proxy statement with respect to our annual meeting of stockholders, and is incorporated herein by reference.

PART IV

ITEM 15. Exhibits and Financial Statement Schedules

The following documents are filed as part of this report:

1. Consolidated Financial Statements

Index to Consolidated Financial Statements

Independence Realty Trust, Inc.

Report of Independent Registered Public Accounting Firm.

Consolidated Balance Sheets as of December 31, 2016 and 2015.

Consolidated Statements of Operations for the years ended December 31, 2016, 2015 and 2014.

Consolidated Statements of Changes in Equity for the years ended December 31, 2016, 2015 and 2014.

Consolidated Statements of Cash Flows for the years ended December 31, 2016, 2015 and 2014.

Notes to Consolidated Financial Statements.

2. Financial Statement Schedules

Schedule III: Real Estate and Accumulated Depreciation

All other schedules are not applicable.

3. Exhibits

The exhibits listed on the Exhibit Index (following the signatures section of this report on Form 10-K) are included herewith.

ITEM 16. Form 10-K Summary

Not applicable.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

INDEPENDENCE REALTY TRUST, INC.

Date: March 3, 2017 By: /S/ SCOTT F. SCHAEFFER

Scott F. Schaeffer

Chairman of the Board and Chief 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.

Name	Title	Date
/S/ SCOTT F. SCHAEFFER	Chairman of the Board and Chief Executive Officer	March 3, 2017
Scott F. Schaeffer	(Principal Executive Officer)	
/S/ JAMES J. SEBRA	Chief Financial Officer and Treasurer	March 3, 2017
James J. Sebra	(Principal Financial Officer and Principal Accounting Officer)	
/S/ WILLIAM C. DUNKELBERG	Director	March 3, 2017
William C. Dunkelberg		
/S/ ROBERT F. MCCADDEN	Director	March 3, 2017
Robert F. McCadden		
/S/ Mack D. Pridgen III	Director	March 3, 2017
Mack D. Pridgen III		
/S/ Richard H. Ross	Director	March 3, 2017
Richard H. Ross		
/S/ DEFOREST B. SOARIES, JR.	Director	March 3, 2017
DeForest B. Soaries, Jr.		

EXHIBIT INDEX

Exhibit	Description
2.1	Agreement and Plan of Merger, dated as of May 11, 2015, by and among Independence Realty Trust, Inc. (“IRT”), Independence Realty Operating Partnership, LP (“IROP”), Adventure Merger Sub LLC, IRT Limited Partner, LLC, Trade Street Residential, Inc. and Trade Street Operating Partnership, LP, incorporated by reference to Exhibit 2.1 to IRT’s Current Report on Form 8-K filed on May 12, 2015 (the “5/12/15 Form 8-K”).
2.2	Amendment No. 1, dated as of September 11, 2015, to Agreement and Plan of Merger, dated as of May 11, 2015, by and among Independence Realty Trust, Inc., IROP, Adventure Merger Sub LLC, IRT Limited Partner, LLC,

Trade Street
Residential, Inc.
and Trade Street
Operating
Partnership, LP,
incorporated by
reference to
Exhibit 2.1 of
IRT's Current
Report on Form
8-K filed on
September 11,
2015).

3.1 Articles of
Restatement of
Independence
Realty Trust, Inc.,
dated as of August
20, 2013,
incorporated by
reference to
Exhibit 3.1 to
IRT's Current
Report on Form
8-K filed on
August 20, 2013.

3.2 Second Amended
and Restated
Bylaws of IRT,
incorporated by
reference to
Exhibit 3.2 to
IRT's Quarterly
Report on Form
10-Q for the
quarter ended
March 31, 2013
(the "2013 Q1
10-Q").

3.3 Amended and
Restated Bylaws
of IRT adopted
March 3, 2017,
filed herewith.

EXHIBIT INDEX

Exhibit	Description
4.1.1	Fourth Amended and Restated Agreement of Limited Partnership of IROP, dated as of May 7, 2013 (the “IROP LP Agreement”), incorporated by reference to Exhibit 4.1 to the 2013 Q1 10-Q.
4.1.2	Form of Exchange Rights Agreement for Partnership Units, incorporated by reference to Exhibit C of Exhibit 4.1.1 hereto.
4.1.3	First Amendment, dated as of August 20, 2013, to Fourth Amended and Restated Agreement of Limited Partnership of IROP, dated as of May 7, 2013, incorporated by reference to Exhibit 4.1 to IRT’s Current Report on Form 8-K filed on August 20, 2013.
4.1.4	Admission Agreement and Amendment dated

as of May 7, 2014
to Fourth
Amendment and
Restated
Agreement of
Limited
Partnership of
IROP dated as of
May 7, 2013, a
corrected copy
was incorporated
by reference to
Exhibit 4.3 to
IRT's Quarterly
Report on Form
10-Q for the
quarter ended
March 31, 2014
(the "2014 Q1
10-Q"), replacing
the copy filed as
Exhibit 4.1 to
IRT's Current
Report on Form
8-K filed on May
7, 2014 (the "5/7/14
Form 8-K").

- 4.1.5 Admission
Agreement and
Amendment dated
as of August 28,
2014 to Fourth
Amendment and
Restated
Agreement of
Limited
Partnership of
IROP dated as of
May 7, 2013,
incorporated by
reference to
Exhibit 4.5 to
IRT's Quarterly
Report on Form
10-Q for the
quarter ended
September 30,
2014 (the "2014 Q3
10-Q").

- 4.1.6 Exchange Rights Agreement dated as of August 28, 2014 among IRT, IROP and the limited partners named therein, incorporated by reference to Exhibit 4.6 to the 2014 Q3 10-Q.
- 4.1.7 Admission Agreement and Amendment dated as of November 24, 2014 to Fourth Amendment and Restated Agreement of Limited Partnership of IROP, incorporated by reference to Exhibit 4.1.7 to IRT's Annual Report on Form 10-K for the fiscal year ended December 31, 2014 (the "2014 10-K").
- 4.1.8 Admission Agreement and Amendment dated as of December 30, 2014 to Fourth Amendment and Restated Agreement of Limited Partnership of IROP dated as of December 30, 2014, incorporated by reference to Exhibit 4.1.8 to the 2014 10-K.

- 4.1.9 Exchange Rights Agreement dated as of December 30, 2014 among IRT, IROP and the limited partners named therein, incorporated by reference to Exhibit 4.1.9 to the 2014 10-K.
- 4.1.10 Amendment dated as of January 1, 2015 to the 4th IROP LP Agreement, incorporated by reference to Exhibit 4.1.10 to the 2014 10-K.
- 4.1.11 Exchange Rights Agreement, dated as of September 17, 2015, by and among Independence Realty Trust, Inc., IROP and Michael D. and Heidi Baumann, incorporated by reference to Exhibit 4.1 to IRT's Current Report on Form 8-K filed on September 18, 2015 (the "9/18/15 Form 8-K").
- 4.1.12 Fifth Amended and Restated Agreement of Limited Partnership of IROP, dated as of March 3, 2017, filed herewith.

- 10.1.1 Second Amended and Restated Advisory Agreement by and among IRT, IROP and Independence Realty Advisors, LLC, dated as of May 7, 2013, incorporated by reference to Exhibit 10.3 to the First Quarter 10-Q.
- 10.1.2 First Amendment dated as of July 26, 2013 to the Second Amended and Restated Advisory Agreement dated May 7, 2013 by and among IRT, IROP and Independence Realty Advisors, LLC, incorporated by reference to Exhibit 10.1 to IRT's Current Report on Form 8-K filed on August 1, 2013.
- 10.1.3 Second Amendment dated as of September 25, 2015 to the Second Amended and Restated Advisory Agreement dated May 7, 2013 among Independence Realty Trust, Inc., IROP and Independence Realty Advisors,

LLC incorporated
by reference to
Exhibit 10.1 of
IRT's Current
Report on
Form 8-K filed on
September 11,
2015.

10.1.4 Termination
Agreement dated
December 20,
2016 IRT, IROP,
and Independence
Realty Advisors,
LLC, incorporated
by reference to
Exhibit 10.3 to
IRT's Current
Report on Form
8-K filed on
December 22,
2016 (the "12/22/16
Form 8-K").

10.2.1 Independence
Realty Trust, Inc.
Long-Term
Incentive Plan (as
amended and
restated as of July
29, 2013),
incorporated by
reference to
Exhibit 10.3 to
IRT's Current
Report on Form
8-K filed on
August 1, 2013.

EXHIBIT INDEX

Exhibit	Description
10.2.2	Independence Realty Trust, Inc. Long Term Incentive Plan Form of Stock Appreciation Rights Award Certificate adopted January 31, 2014, incorporated by reference to Exhibit 10.1 to IRT's Current Report on Form 8-K filed on February 6, 2014 (the "2/6/14 Form 8-K").
10.2.3	Independence Realty Trust, Inc. Long Term Incentive Plan a Form of Restricted Stock Award Certificate adopted January 31, 2014, incorporated by reference to Exhibit 10.2 to the 2/6/14 Form 8-K.
10.2.4	IRT 2016 Long Term Incentive Plan, as amended and restated as of May 12, 2016 incorporated by reference to Exhibit 10.1 to IRT's Current Report on Form 8-K filed on May 17, 2016.

- Termination of the
IRT Independent
Directors
Compensation
Plan as of May 12,
2016 incorporated
by reference to
Exhibit 10.2 to
IRT's Current
Report on Form
8-K filed on May
17, 2016.
- 10.2.5
- 10.3.1 Loan Agreement,
dated as of April
29, 2011, by and
between IRT
Copper Mill
Apartments Texas,
LLC and RAIT
Partnership, L.P.,
relating to the
property referred
to as Copper Mill,
incorporated by
reference to
Exhibit 10.10 to
Amendment No. 1.
- 10.3.2 Guaranty of
Non-Recourse
Carveouts, dated
as of April 29,
2011, by IROP for
the benefit of
RAIT Partnership,
L.P., relating to
the property
referred to as
Copper Mill,
incorporated by
reference to
Exhibit 10.11 to
Amendment No. 1.
- 10.4.1 Loan Agreement,
dated as of April
29, 2011, by and
between IRT
Crestmont

Apartments
Georgia, LLC and
RAIT Partnership,
L.P., relating to
the property
referred to as
Crestmont,
incorporated by
reference to
Exhibit 10.12 to
Amendment No. 1.

10.4.2 Guaranty of
Non-Recourse
Carveouts, dated
as of April 29,
2011, by IROP for
the benefit of
RAIT Partnership,
L.P., relating to
the property
referred to as
Crestmont,
incorporated by
reference to
Exhibit 10.13 to
Amendment No. 1.

10.5.1 Loan Agreement,
dated as of April
29, 2011, by and
between IRT
Heritage Trace
Apartments
Virginia, LLC and
RAIT Partnership,
L.P., relating to
the property
referred to as
Heritage Trace,
incorporated by
reference to
Exhibit 10.16 to
Amendment No. 1.

10.5.2 Guaranty of
Non-Recourse
Carveouts, dated
as of April 29,
2011, by IROP for
the benefit of

RAIT Partnership,
L.P., relating to
the property
referred to as
Heritage Trace,
incorporated by
reference to
Exhibit 10.17 to
Amendment No. 1.

10.6.1 Multifamily Loan
and Security
Agreement, dated
as of October 11,
2012, by and
between IRT
Runaway Bay
Apartments, LLC
and Walker &
Dunlop, LLC,
relating to the
property referred
to as Runaway
Bay Apartments,
incorporated by
reference to
Exhibit 10.1 to the
Current Report on
Form 8-K filed on
October 17, 2012
(the “10/17/12
Form 8-K”).

10.6.2 Guaranty of
Non-Recourse
Obligations, dated
as of October 11,
2012, by IROP for
the benefit of
Walker & Dunlop,
LLC, relating to
the property
referred to as
Runaway Bay
Apartments,
incorporated by
reference to
Exhibit 10.2 to the
10/17/12 Form
8-K.

10.7.1 Indemnification
Agreement dated
March 17, 2011
between IRT and
Scott F. Schaeffer,
together with the
schedule required
by Instruction 2 of
Item 601 of
Regulation S-K,
listing other
substantially
identical
agreements
incorporated by
reference to
Exhibit 10.22 to
Pre-Effective
Amendment No. 1
to the Registration
Statement on Form
S-11 filed on June
18, 2013,
Commission File
No. 333-188577.

Form of
Indemnification
Agreement
approved March 3,
2017 for IRT
directors and
executive officers,
together with the
schedule required
by Instruction 2 of
Item 601 of
Regulation S-K,
listing the parties
to substantially
identical
agreements, filed
herewith.

10.7.2

10.8.1 Multifamily Loan
and Security
Agreement dated
as of December
27, 2013 among
Berkshire Square
LLC and

Berkshire II
Cumberland, LLC,
collectively as
borrower, and
Grandbridge Real
Estate Capital,
LLC, as lender,
incorporated by
reference to
Exhibit 10.1 to
IRT's Current
Report on
Form 8-K filed on
January 3, 2014
(the "1/3/14 Form
8-K").

10.8.2 Multifamily Note
effective as of
December 27,
2013 made by
Berkshire Square
LLC and
Berkshire II
Cumberland, LLC,
collectively as
borrower,
incorporated by
reference to
Exhibit 10.2 to the
1/3/14 Form 8-K.

10.8.3 Guaranty dated as
of December 27,
2013 made by
IROP, as
guarantor, for the
benefit of
Grandbridge Real
Estate Capital,
LLC, as lender,
incorporated by
reference to
Exhibit 10.3 to the
1/3/14 Form 8-K.

EXHIBIT INDEX

Exhibit	Description
10.9.1	Loan Agreement dated as of February 7, 2014 between Bank of America, N.A., as lender, and IRT Eagle Ridge Apartments Owner, LLC, as borrower, incorporated by reference to Exhibit 10.1 to IRT's Current Report on Form 8-K filed on February 12, 2014 (the "2/12/14 Form 8-K").
10.9.2	Promissory Note dated February 7, 2014 made by IRT Eagle Ridge Apartments Owner, LLC, as borrower, payable to Bank of America, N.A., as lender, incorporated by reference to Exhibit 10.2 to the 2/12/14 Form 8-K.
10.9.3	Guaranty Agreement dated as of February 7, 2014 made by IROP, as guarantor, for the benefit of Bank of America, N.A., as lender, incorporated by

reference to
Exhibit 10.3 to the
2/12/14 Form 8-K.

10.10.1 Note and
Mortgage
Assumption
Agreement dated
as of February 28,
2014 among U.S.
Bank National
Association, a
national banking
association, as
trustee for the
registered holders
of J.P. Morgan
Chase Commercial
Mortgage
Securities Corp.,
Commercial
Mortgage
Pass-Through
Certificates, Series
2006-LDP7, as
lender, Kola
Investments, LLC,
as original
borrower, IRT
OKC Portfolio
Owner, LLC, as
new borrower,
together with the
Joinder by and
Agreement of
Original
Indemnitor by
Allstate
Management
Corp. and the
Joinder by and
Agreement of New
Indemnitor by
IROP and IRT,
incorporated by
reference to
Exhibit 10.37 to
the 2013 10-K.

10.11.1 Assumption and
Release

Agreement dated
as of March 31,
2014 among the
original guarantors
named therein,
IROP, as the new
guarantor, between
King's Landing
LLC, as borrower,
and Fannie Mae,
as lender,
incorporated by
reference to
Exhibit 10.1 to
IRT's Current
Report on Form
8-K filed on April
3, 2014 (the "4/3/14
Form 8-K").

10.11.2 First Amendment
to Multifamily
Loan and Security
Agreement made
as of March 31,
2014 between
King's Landing
LLC, as borrower,
and Fannie Mae,
as lender,
incorporated by
reference to
Exhibit 10.2 to the
4/3/14 Form 8-K.

10.11.3 Multifamily Loan
and Security
Agreement made
as of May 24,
2012 between
King's Landing
LLC, as borrower,
and CWC Capital
LLC, as lender,
incorporated by
reference to
Exhibit 10.3 to the
4/3/14 Form 8-K.

10.11.4 Multifamily Note
dated as of May

24, 2012 made by
King's Landing
LLC, as borrower,
to CWCapital
LLC, as lender,
incorporated by
reference to
Exhibit 10.4 to the
4/3/14 Form 8-K.

10.11.5 Guaranty of
Non-Recourse
Obligations dated
as of May 24,
2012 made by the
guarantors named
therein, as
guarantor, to
CWCapital LLC,
as lender,
incorporated by
reference to
Exhibit 10.5 to the
4/3/14 Form 8-K.

10.12 Loan Assumption
Agreement and
Release dated as of
May 5, 2014
effective May 7,
2014 among the
transferors named
therein, IRT
Carrington
Apartment Owner,
LLC, as transferee,
and IRT Lender,
incorporated by
reference to
Exhibit 10.19 to
the 2014 Q1 10-Q.

10.13.1 Multifamily Loan
and Security
Agreement dated
as of December 8,
2014 between
Brookside
CRA-B1, LLC, as
borrower, and
NorthMarq

Capital, LLC, as lender, relating to Brookside property, incorporated by reference to Exhibit 10.23.6 to the 2014 10-K.

10.13.2 Multifamily Note-Fixed Rate Defeasance effective as of December 8, 2014 made by Brookside CRA-B1, LLC, as borrower, to NorthMarq Capital, LLC, as lender, relating to Brookside property, incorporated by reference to Exhibit 10.23.7 to the 2014 10-K.

10.13.3 Multistate Guaranty effective as of December 8, 2014 by IROP, as guarantor, for the benefit of NorthMarq Capital, LLC, as lender, relating to Brookside property, incorporated by reference to Exhibit 10.23.8 to the 2014 10-K.

10.13.4 Multifamily Loan and Security Agreement dated as of December 8, 2014 between Jamestown CRA-B1, LLC, as

borrower, and
NorthMarq
Capital, LLC, as
lender, relating to
Jamestown
property,
incorporated by
reference to
Exhibit 10.23.9 to
the 2014 10-K.

- 10.13.5 Multifamily
Note-Fixed Rate
Defeasance
effective as of
December 8, 2014
made by
Jamestown
CRA-B1, LLC, as
borrower, to
NorthMarq
Capital, LLC, as
lender, relating to
Jamestown
property,
incorporated by
reference to
Exhibit 10.23.10
to the 2014 10-K.

EXHIBIT INDEX

Exhibit	Description
10.13.6	Multistate Guaranty effective as of December 8, 2014 by IROP, as guarantor, for the benefit of NorthMarq Capital, LLC, as lender, relating to Jamestown property, incorporated by reference to Exhibit 10.23.11 to the 2014 10-K.
10.13.7	Multifamily Loan and Security Agreement dated as of December 8, 2014 between Meadows CRA-B1, LLC, as borrower, and NorthMarq Capital, LLC, as lender, relating to Meadows property, incorporated by reference to Exhibit 10.23.12 to the 2014 10-K.
10.13.8	Multifamily Note-Fixed Rate Defeasance effective as of December 8, 2014 made by Meadows CRA-B1, LLC, as borrower, to NorthMarq Capital, LLC, as

lender, relating to
Meadows
property,
incorporated by
reference to
Exhibit 10.23.13
to the 2014 10-K.

10.13.9 Multistate
Guaranty effective
as of December 8,
2014 by IROP, as
guarantor, for the
benefit of
NorthMarq
Capital, LLC, as
lender, relating to
Meadows
property,
incorporated by
reference to
Exhibit 10.23.14
to the 2014 10-K.

10.13.10 Multifamily Loan
and Security
Agreement dated
as of December 8,
2014 between
Oxmoor CRA-B1,
LLC, as borrower,
and NorthMarq
Capital, LLC, as
lender, relating to
Oxmoor property,
incorporated by
reference to
Exhibit 10.23.15
to the 2014 10-K.

10.13.11 Multifamily
Note-Fixed Rate
Defeasance
effective as of
December 8, 2014
made by Oxmoor
CRA-B1, LLC, as
borrower, to
NorthMarq
Capital, LLC, as
lender, relating to

Oxmoor property,
incorporated by
reference to
Exhibit 10.23.16
to the 2014 10-K.

10.13.12 Multistate

Guaranty effective
as of December 8,
2014 by IROP, as
guarantor, for the
benefit of
NorthMarq
Capital, LLC, as
lender, relating to
Oxmoor property,
incorporated by
reference to
Exhibit 10.23.17
to the 2014 10-K.

10.13.13 Multifamily Loan
and Security

Agreement dated
as of December 8,
2014 between
Prospect Park
CRA-B1, LLC, as
borrower, and
NorthMarq
Capital, LLC, as
lender, relating to
Prospect Park
property,
incorporated by
reference to
Exhibit 10.23.18
to the 2014 10-K.

10.13.14 Multifamily

Note-Fixed Rate
Defeasance
effective as of
December 8, 2014
made by Prospect
Park CRA-B1,
LLC, as borrower,
to NorthMarq
Capital, LLC, as
lender, relating to
Prospect Park

property,
incorporated by
reference to
Exhibit 10.23.19
to the 2014 10-K.

10.13.15 Multistate
Guaranty effective
as of December 8,
2014 by IROP, as
guarantor, for the
benefit of
NorthMarq
Capital, LLC, as
lender, relating to
Prospect Park
property,
incorporated by
reference to
Exhibit 10.23.20
to the 2014 10-K.

10.14 Commitment
Letter of Deutsche
Bank AG New
York Branch and
Independence
Realty Trust, Inc.,
dated May 11,
2015 incorporated
by reference to
Exhibit 10.1 to the
5/12/15 Form 8-K.

10.15.1 Voting
Agreement, dated
as of May 11,
2015, by and
between
Independence
Realty Trust, Inc.
and Senator
Global
Opportunity
Intermediate Fund
LP incorporated
by reference to
Exhibit 10.2 to the
5/12/15 Form 8-K.

10.15.2

Voting
Agreement, dated
as of May 11,
2015, by and
between
Independence
Realty Trust, Inc.
and Senator
Global
Opportunity Fund
LP incorporated
by reference to
Exhibit 10.3 to the
5/12/15 Form 8-K.

10.15.3 Voting
Agreement, dated
as of May 11,
2015, by and
between
Independence
Realty Trust, Inc.
and Monarch Debt
Recovery Master
Fund Ltd,
Monarch
Opportunities
Master Fund Ltd,
MCP Holdings
Master LP,
Monarch Capital
Master Partners II
LP, P Monarch
Recovery Ltd and
Monarch
Alternative
Solutions Master
Fund Ltd.
incorporated by
reference to
Exhibit 10.4 to the
5/12/15 Form 8-K.

10.15.4 Voting
Agreement, dated
as of May 11,
2015, by and
between Trade
Street Residential,
Inc. and RAIT
Financial Trust

incorporated by
reference to
Exhibit 10.5 to the
5/12/15 Form 8-K.

10.16.1 Credit Agreement,
dated as of
September 17,
2015, by and
among, IROP, as
Parent Borrower,
KeyBank National
Association, The
Huntington
National Bank, the
other lenders
which are parties
to the Agreement
and other lenders
that may become
parties to the
Agreement,
KeyBank National
Association, as
Agent and Issuing
Lender, The
Huntington
National Bank, as
Syndication
Agent, and
KeyBanc Capital
Markets and The
Huntington
National Bank, as
Joint Lead
Arrangers and
Book Managers,
with respect to a
\$325 Million
Senior Credit
Facility,
incorporated by
reference to
Exhibit 10.6 to the
9/18/15 Form 8-K.

EXHIBIT INDEX

Exhibit	Description
10.16.2	<p>First Amendment dated as of October 2, 2015 to Credit Agreement, dated as of September 17, 2015, by and among, IROP, as Parent Borrower, KeyBank National Association, the other lenders which are parties to the Agreement and other lenders that may become parties to the Agreement, KeyBank National Association, as Agent and Issuing Lender</p> <p>and as Swing Loan Lender, The Huntington National Bank, as Syndication Agent, KeyBanc Capital Markets and The Huntington National Bank, as Joint Lead Arranger and Book Managers, and Capital One, National Association, as Documentation Agent, with respect to a \$325 Million Senior Credit Facility, incorporated by</p>

reference to
Exhibit 10.1 of
IRT's Current
Report on Form
8-K filed on
October 7, 2015
(the "10/7/15 Form
8-K").

10.16.3 Increase
Agreement dated
as of December
21, 2016 by and
among
Independence
Realty Operating
Partnership, LP ("IROP"), as
borrower,
subsidiaries of
IROP named
therein, KeyBank
National
Association ("KeyBank"), the
other lenders party
thereto, KeyBank,
as administrative
agent, The
Huntington
National Bank ("HNB"), as
syndication agent
and KeyBank
Capital Markets
and HNB, as joint
lead arrangers and
book managers,
and Capital One,
National
Association, as
documentation
agent, with a
guarantor
confirmation from
IRT and Op Co,
incorporated by
reference to
Exhibit 10.2 to the
12/22/16 Form
8-K.

10.17.1 Credit Agreement,
dated as of
September 17,
2015, by and
among, IROP, as
Borrower,
KeyBank National
Association, The
Huntington
National Bank, the
other lenders
which are parties
to the Agreement
and other lenders
that may become
parties to the
Agreement,
KeyBank National
Association, as
Agent, The
Huntington
National Bank, as
Syndication
Agent, and
KeyBanc Capital
Markets and The
Huntington
National Bank, as
Joint Lead
Arrangers and
Book Managers,
with respect to a
\$120 Million
Senior Interim
Term Loan
Facility ,
incorporated by
reference to
Exhibit 10.7 to the
9/18/15 Form 8-K
.

10.17.2 First Amendment
dated as of
October 2, 2015 to
Credit Agreement
dated as of
September 17,
2015 by and
among IROP, as

Borrower,
KeyBank National
Association, the
other lenders
which are parties
to the Agreement
and other lenders
that may become
parties to the
Agreement,
KeyBank National
Association, as
Agent, The
Huntington
National Bank, as
Syndication
Agent, and
KeyBanc Capital
Markets and The
Huntington
National Bank, as
Joint Lead
Arranger and Joint
Book Managers,
and Capital One,
National
Association, as
Documentation
Agent, with
respect to a \$120
Million Senior
Interim Term Loan
Facility,
incorporated by
reference to
Exhibit 10.2 of the
10/7/15 Form 8-K
.

- 10.17.3 Amended and
Restated Credit
Agreement dated
as of June 24,
2016 by and
among,
Independence
Realty Operating
Partnership, LP, as
Borrower,
KeyBank National
Association, The

Huntington
National Bank, the
other lenders
which are parties
to the Agreement
and other lenders
that may become
parties to the
Agreement,
KeyBank National
Association, as
Agent, The
Huntington
National Bank, as
Syndication Agent
and KeyBanc
Capital Markets
and The
Huntington
National Bank, as
Joint Lead
Arrangers and
Joint Book
Managers, with
respect to a \$40
Million Senior
Term Loan
Facility
incorporated by
reference to
Exhibit 10.1 to
IRT's Current
Report on Form
8-K filed on June
27, 2016.

10.18.1 Securities and
Asset Purchase
Agreement by and
among RAIT
Financial Trust,
Jupiter
Communities,
LLC, RAIT TRS,
LLC, the RAIT
selling
stockholders
named therein,
IRT and IROP
dated as of
September 27,

2016 incorporated
by reference to
Exhibit 10.1 to
IRT's Current
Report on Form
8-K filed on
September 27,
2016.

10.18.2 Shared Services
Agreement, dated
December 20,
2016, by and
among
Independence
Realty Trust, Inc.
("IRT ") and RAIT
Financial Trust,
incorporated by
reference to
Exhibit 10.1 to the
12/22/16 Form
8-K.

10.19 Employment
Agreement, dated
December 20,
2016, by and
between IRT and
Scott F. Schaeffer,
incorporated by
reference to
Exhibit 10.4 to the
12/22/16 Form
8-K

10.20 Employment
Agreement, dated
December 20,
2016, by and
between IRT and
James J. Sebra,
incorporated by
reference to
Exhibit 10.5 to the
12/22/16 Form
8-K

10.21 Employment
Agreement, dated
December 20,

2016, by and
between IRT and
Farrell M. Ender,
incorporated by
reference to
Exhibit 10.6 to the
12/22/16 Form
8-K

- 12.1 Statements
regarding
computation of
ratios as of
December 31,
2016, filed
herewith.
- 21.1 Subsidiaries of
IRT, filed
herewith.
- 23.1 Consent of KPMG
LLP, filed
herewith.
- 31.1 Certification of the
Principal
Executive Officer
pursuant to
Section 302 of the
Sarbanes-Oxley
Act of 2002 filed
herewith.

EXHIBIT INDEX

Exhibit	Description
31.2	Certification of the Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 filed herewith.
32.1	Certification of the Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 filed herewith.
32.2	Certification of the Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 filed herewith.
99.1	Material U.S. Federal Income Tax Considerations filed herewith.
99.2	Unaudited Condensed Consolidated Financial Statements of Trade Street Residential, Inc. as of June 30, 2015 and for the three and six months ended July 30, 2015 and 2014 , incorporated by reference to

Exhibit 99.2 to the
9/18/15 Form 8-K.

99.3 Audited
Consolidated
Financial
Statements of
Trade Street
Residential, Inc. as
of December 31,
2014 and 2013 and
for each year in
the three-year
period ended
December 31,
2014, incorporated
by reference to
Exhibit 99.2 of
IRT's Current
Report on Form
8-K filed on June
11, 2015.

99.4 Unaudited Pro
Forma Condensed
Consolidated
Financial
Statements of
Independence
Realty Trust, Inc.
as of and for the
six months ended
June 30, 2015 and
for the year ended
December 31,
2014 ,
incorporated by
reference to
Exhibit 99.4 to the
9/18/15 Form 8-K.

101 XBRL (eXtensible
Business
Reporting
Language). The
following
materials,
formatted in
XBRL: (i)
Consolidated
Balance Sheets as

of December 31,
2016 and
December 31,
2015, (ii)
Consolidated
Statements of
Operations for the
years ended
December 31,
2016, 2015 and
2014. (iii)
Consolidated
Statements of
Equity for the
years ended
December 31,
2016, 2015 and
2014, (iv)
Consolidated
Statements of
Cash Flows for the
years ended
December 31,
2016, 2015, and
2014, and (v)
notes to the
consolidated
financial
statements as of
December 31,
2016, filed
herewith.