

INDEPENDENCE REALTY TRUST, INC  
Form POS AM  
April 05, 2013  
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As filed with the Securities and Exchange Commission on April 5, 2013

Registration No. 333-173391

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**Post-Effective Amendment No. 6**

**to**

**Form S-11**

FOR REGISTRATION UNDER THE SECURITIES ACT OF 1933

OF SECURITIES OF CERTAIN REAL ESTATE COMPANIES

**Independence Realty Trust, Inc.**

(Exact Name of Registrant as Specified in Governing Instruments)

Cira Centre

2929 Arch Street, 17<sup>th</sup> Floor

Philadelphia, Pennsylvania 19104

(215) 243-9000

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(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal Executive Offices)

**Scott F. Schaeffer**

**Cira Centre**

**2929 Arch Street, 17<sup>th</sup> Floor**

**Philadelphia, Pennsylvania 19104**

**(215) 243-9000**

(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent for Service)

*With copies to:*

**Jason W. Goode**

**Lesley H. Solomon**

**Alston & Bird LLP**

**1201 West Peachtree Street**

**Atlanta, GA 30309**

**(404) 881-7000**

**Approximate date of commencement of proposed sale to the public:** As soon as practicable after this registration statement becomes effective.

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box.

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.



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This Post-Effective Amendment No. 6 consists of the following:

1. The Registrant's prospectus dated April 5, 2013 (the Prospectus );
2. Supplement No. 1 dated April 5, 2013 to the Prospectus, included herewith, which will be delivered as an unattached document along with the Prospectus;
3. Part II, included herewith; and
4. Signatures, included herewith.

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# INDEPENDENCE REALTY TRUST, INC.

## \$1,095,000,000 Maximum Offering

Independence Realty Trust, Inc. is a Maryland corporation incorporated on March 26, 2009 that has elected to be taxed as a real estate investment trust, or REIT. We are sponsored by RAIT Financial Trust, our sponsor, a publicly traded REIT. As of the date of this prospectus, we owned eight multifamily properties, seven of which were acquired from our sponsor. We are offering up to 100,000,000 shares of common stock to investors who meet our suitability standards and up to 10,000,000 shares of common stock to participants in our distribution reinvestment program. We reserve the right to reallocate the shares of common stock we are offering between the primary offering and our distribution reinvestment program. We intend to use substantially all of the net proceeds from this offering to acquire a diverse portfolio of multifamily properties located in the United States. The dealer manager of the offering is Independence Realty Securities, LLC, a member firm of the Financial Industry Regulatory Authority, or FINRA. Our dealer manager is not required to sell a specific number or dollar amount of shares but will use its best efforts to sell our shares and may engage third party soliciting dealers in connection with this offering.

**Investing in us involves a high degree of risk. See Risk Factors beginning on page 24 for a discussion of the risks which should be considered in connection with your investment in our common stock. Some of these risks include:**

We are a blind pool offering because, other than the properties we own, we have not identified any properties to acquire with the offering proceeds and we have a limited operating history. As a result, other than the properties we own, you will not have the opportunity to evaluate our investments before we make them, thus making your investment more speculative;

We acquired properties from our sponsor and our sponsor may provide financing for the acquisition of the future properties we acquire. As a result, there may be conflicts of interest between our interests and those of our sponsor, as well as risks relating to financing arrangements between us and our sponsor;

Because a public market for our shares of common stock does not exist and may never exist, our shares are illiquid;

The amount of distributions we may make, if any, is uncertain. Due to the risks involved in the ownership of real estate, there is no guarantee of any return on your investment in us, and you may lose money;

There are substantial conflicts between the interests of our investors, our interests and the interests of our advisor, sponsor and our respective affiliates regarding affiliate compensation, investment opportunities and management resources;

Our charter permits us to maintain a level of leverage as high as 300% of our net assets (equivalent to 75% of the cost of our net assets) as of the date of any borrowing;

As long as we qualify as a REIT for U.S. federal income tax purposes, five or fewer individuals are generally prohibited from beneficially owning more than 50% of our outstanding shares during the last half of each taxable year, making it more difficult to sell your shares to large investors;

Our investment objectives and strategies may be changed without stockholder consent;

We are obligated to pay substantial fees to our advisor and its affiliates, including fees payable upon the sale of properties, and our incentive fee structure may result in our advisor recommending riskier or more speculative investments;

Our organizational documents permit us to pay distributions from any source, including offering proceeds. Subject to certain limited exceptions, there is no limit to the amount of distributions that we may pay from offering proceeds. Until the proceeds from this offering are fully invested and from time to time during our operational stage, we may use proceeds from this offering and financings to fund distributions in anticipation of cash flow to be received in later periods. Such distributions could reduce the cash available to us and could constitute a return of capital to stockholders;

The agreements between us and our advisor or its affiliates, and the fees paid to them pursuant to such agreements in connection with this offering and in connection with the management of our investments, were not reached through arm's length negotiations and may not reflect the terms that would be available from a third party; and

If we fail to continue to qualify as a REIT and no relief provisions apply, our cash available for distribution to our stockholders could materially decrease.

This offering will end no later than June 10, 2014 (three years after the initial effective date of the registration statement relating to this offering).

PENNSYLVANIA INVESTORS: Because the minimum closing amount is less than \$50,000,000, you are cautioned to carefully evaluate our ability to fully accomplish our stated objectives and inquire as to the current dollar volume of our subscriptions. We will not release any subscription proceeds from Pennsylvania

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investors from escrow until we have an aggregate of \$50,000,000 in subscriptions.

TENNESSEE INVESTORS: The minimum offering amount for Tennessee investors is \$25,000,000 in aggregate gross offering proceeds. We will not release any subscription proceeds from Tennessee investors until we have received an aggregate of \$25,000,000 in subscriptions.

**Neither the Securities and Exchange Commission, the Attorney General of the State of New York nor any other state securities regulator has approved or disapproved of our common stock, determined if this prospectus is truthful or complete or passed on or endorsed the merits of this offering. Any representation to the contrary is a criminal offense. You should purchase these securities only if you can afford a complete loss of your investment. The use of forecasts in this offering is prohibited. Any representation to the contrary and any predictions, written or oral, as to the amount or certainty of any present or future cash benefit or tax consequence which may flow from an investment in us is not permitted.**

	Price to Public	Selling Commissions	Dealer Manager Fee	Proceeds to Us Before Expenses <sup>(1)(2)</sup>
Primary Offering Per Share	\$ 10.00	\$ .70	\$ .30	\$ 9.00
Total Maximum	\$ 1,000,000,000.00	\$ 70,000,000.00	\$ 30,000,000.00	\$ 900,000,000.00
Distribution Reinvestment Program Offering Per Share <sup>(1)</sup>	\$ 9.50	\$	\$	\$ 9.50
Total Maximum	\$ 95,000,000.00	\$	\$	\$ 95,000,000.00

- (1) We reserve the right to reallocate shares of common stock being offered between the primary offering and our distribution reinvestment program.  
(2) Proceeds are calculated before reimbursing our advisor for organization and offering expenses.

Prospectus dated April 5, 2013

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**INVESTOR SUITABILITY STANDARDS**

An investment in our common stock is suitable only for persons who have adequate financial means and desire a relatively long-term investment. We have established suitability standards for investors who purchase our common stock. These suitability standards are intended to help ensure, given the high degree of risk inherent in, the long-term nature of an investment in, and the relative illiquidity of, our shares, that shares of our common stock are an appropriate investment for those of you who become investors. In addition, residents of some states must meet higher suitability standards under state law. These standards require you to meet the applicable criteria below. In determining your net worth, do not include your home, home furnishings or your automobiles.

Notwithstanding these investor suitability standards, potential investors should note that investing in shares of our common stock involves a high degree of risk and should consider all of the information contained in this prospectus, including the Risk Factors section contained herein, in determining whether an investment in our common stock is appropriate.

The minimum purchase is 200 shares (\$2,000), except in certain states. The minimum purchase for New York residents is 250 shares (\$2,500), except for IRAs which must purchase a minimum of 100 shares (\$1,000). The minimum purchase for Tennessee residents is 250 shares (\$2,500). Following an initial subscription for at least the required minimum investment, any investor may make additional purchases in increments of at least 100 shares (\$1,000), except for purchases made by residents of states with a different requirement, whose additional investments must meet their state's minimum investment amount, and purchases of shares pursuant to our distribution reinvestment program, which may be in lesser amounts.

*General Standards for all Investors.* Investors must have either (a) a net worth of at least \$250,000 or (b) an annual gross income of at least \$70,000 and a minimum net worth of at least \$70,000.

*California.* Investors must have either (a) a net worth of at least \$250,000 or (b) an annual gross income of at least \$70,000 and a net worth of at least \$100,000.

*Kentucky and Ohio.* Investors must have either (a) a net worth of at least \$250,000 or (b) an annual gross income of at least \$70,000 and a minimum net worth of at least \$70,000, with the amount invested in this offering not to exceed 10% of the Kentucky or Ohio investor's liquid net worth.

*Iowa.* Investors must have either (a) a net worth of at least \$350,000 or (b) an annual gross income of at least \$70,000 and a minimum net worth of at least \$100,000. In addition, shares will only be sold to Iowa residents that represent that they have a combined liquid net worth of at least 10 times the amount of their investment in this real estate investment program and other similar programs.

*Maine, Michigan, North Dakota, Oregon, Pennsylvania, Vermont and Washington.* Investors must have either (a) a net worth of at least \$250,000 or (b) an annual gross income of at least \$70,000 and a minimum net worth of at least \$70,000. The investor's maximum investment in us and our affiliates cannot exceed 10% of the Maine, Michigan, North Dakota, Oregon, Pennsylvania, Vermont or Washington investor's net worth.

*Kansas, Massachusetts, Missouri and California.* In addition to the general suitability standards described above, it is recommended that investors should invest, in the aggregate, no more than 10% of their liquid net worth in our shares and securities of other REITs. Liquid net worth is defined as that portion of net worth (total assets minus total liabilities) that is comprised of cash, cash equivalents and readily marketable securities.

*Alabama.* In addition to the general suitability standards above, shares will only be sold to Alabama residents that represent that they have a liquid net worth of at least 10 times the amount of their investment in this real estate investment program and other similar programs.

*Nebraska.* Investors must have either (a) a minimum net worth of \$100,000 and an annual income of \$70,000 or (b) a minimum net worth of \$350,000. In addition, the total investment in us should not exceed 10% of the investor's net worth.

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*Tennessee.* In addition to the general suitability standards described above, shares will only be sold to Tennessee residents that represent that their maximum investment in us and our affiliates does not exceed 10% of their liquid net worth. We will only sell shares of our common stock to residents of Tennessee investors who initially purchase a minimum of 250 shares for a total purchase price of \$2,500.

Because the minimum offering of our common stock is less than \$50,000,000, Pennsylvania investors are cautioned to carefully evaluate our ability to fully accomplish our stated objectives and to inquire as to the current dollar volume of our subscription proceeds. Further, the minimum aggregate closing amount for Pennsylvania investors is \$50,000,000.

The foregoing suitability standards must be met by the investor who purchases the shares. In the case of sales to fiduciary accounts, these minimum standards must be met by the beneficiary, the fiduciary account or by the donor or grantor who directly or indirectly supplies the funds to purchase the common stock if the donor or the grantor is the fiduciary. Investors with investment discretion over assets of an employee benefit plan covered by ERISA should carefully review the information in the "ERISA Considerations" section of this prospectus.

In the case of gifts to minors, the suitability standards must be met by the custodian of the account or by the donor.

In order to ensure adherence to the minimum income and net worth standards established for us, requisite criteria must be met, as set forth in the subscription agreement in the form attached hereto as Appendix C. In addition, our sponsor, our dealer manager and the soliciting dealers, as our agents, must make every reasonable effort to determine that the purchase of our shares is a suitable and appropriate investment for an investor. In making this determination, the soliciting dealers will rely on relevant information provided by the investor in the investor's subscription agreement, including information regarding the investor's age, investment objectives, investment experience, income, net worth, financial situation, other investments, and any other pertinent information, including whether (i) the participant is or will be in a financial position appropriate to enable him to realize the benefits described in the prospectus, (ii) the participant has a fair market net worth sufficient to sustain the risks inherent in the investment program and (iii) the investment program is otherwise suitable for the participant. Executed subscription agreements will be maintained in our records for 6 years.



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**RESTRICTIONS IMPOSED BY THE USA PATRIOT ACT AND RELATED ACTS**

In accordance with the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, as amended (the USA PATRIOT Act ), the shares of common stock offered hereby may not be offered, sold, transferred or delivered, directly or indirectly, to any Prohibited Shareholder, which means anyone who is:

a designated national, specially designated national, specially designated terrorist, specially designated global terrorist, foreign terrorist organization, or blocked person within the definitions set forth in the Foreign Assets Control Regulations of the U.S. Treasury Department;

acting on behalf of, or an entity owned or controlled by, any government against whom the U.S. maintains economic sanctions or embargoes under the Regulations of the U.S. Treasury Department;

within the scope of Executive Order 13224 Blocking Property and Prohibiting Transactions with Persons who Commit, Threaten to Commit, or Support Terrorism, effective September 24, 2001;

subject to additional restrictions imposed by the following statutes or regulations, and executive orders issued thereunder: the Trading with the Enemy Act, the Iraq Sanctions Act, the National Emergencies Act, the Antiterrorism and Effective Death Penalty Act of 1996, the International Emergency Economic Powers Act, the United Nations Participation Act, the International Security and Development Cooperation Act, the Nuclear Proliferation Prevention Act of 1994, the Foreign Narcotics Kingpin Designation Act, the Iran and Libya Sanctions Act of 1996, the Cuban Democracy Act, the Cuban Liberty and Democratic Solidarity Act and the Foreign Operations, Export Financing and Related Programs Appropriation Act or any other law of similar import as to any non-U.S. country, as each such act or law has been or may be amended, adjusted, modified or reviewed from time to time; or

designated or blocked, associated or involved in terrorism, or subject to restrictions under laws, regulations, or executive orders as may apply in the future similar to those set forth above.

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**QUESTIONS AND ANSWERS ABOUT THIS OFFERING**

Below are some of the more frequently asked questions and answers relating to our structure and management and an offering of this type. Please see the remainder of this prospectus for more detailed information about this offering.

**Q: What is a REIT?**

A: REIT stands for an entity electing to be treated as a real estate investment trust for U.S. federal income tax purposes. In general, a REIT is a company that:

pools the capital of many investors to acquire or provide financing for real estate properties;

allows individual investors to invest in a diversified real estate portfolio managed by a professional management team;

is required to pay distributions to investors of at least 90% of its taxable income (excluding net capital gain) each year; and

avoids the U.S. federal double income taxation treatment of income that results from investments in a corporation because a REIT is generally not subject to U.S. federal corporate income tax and excise tax on its net income, so long as it complies with certain tax requirements.

**Q: What is an UPREIT?**

A: UPREIT stands for Umbrella Partnership Real Estate Investment Trust. An UPREIT is a REIT that holds substantially all of its properties through a partnership in which the REIT (directly or indirectly) holds an interest as a general partner and/or a limited partner, approximately equal to the value of capital raised by the REIT through sales of its capital stock. Using an UPREIT structure may give us an advantage in acquiring properties from persons who may not otherwise sell their properties because of certain unfavorable U.S. federal income tax consequences. Generally, a sale of property directly to a REIT is a taxable sale to the selling property owner. In an UPREIT structure, a seller of a property who desires to defer taxable gain on the sale of his property may in some cases transfer the property to the UPREIT in exchange for limited partnership units in the partnership and defer taxation of gain until the seller later exchanges his limited partnership units on a one-for-one basis for REIT shares or for cash pursuant to the terms of the limited partnership agreement.

**Q: What is the experience of your management?**

A: Our advisor, Independence Realty Advisors, LLC, is responsible for managing our day-to-day affairs and for identifying and making acquisitions and investments on our behalf. Our advisor's current team of senior management averages approximately 20 years of industry experience among them. Our advisor will select investments for us based on specific investment objectives and criteria and subject to the direction and oversight of our board of directors.

**Q: What is your investment strategy?**

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- A: Our investment strategy is to acquire a diverse portfolio of multifamily properties located in the United States. We plan to diversify our portfolio by size, property location and risk with the goal of attaining a portfolio of multifamily properties with strong and stable cash flows that will generate attractive distributions for our investors. We will target primarily core and stabilized multifamily properties that are well leased and produce predictable income. We will also consider the acquisition of properties that require limited capital expenditures, have existing cash flow and offer opportunities for enhanced returns, with a primary focus on multifamily properties and a lesser focus on other asset classes.

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**Q: What properties do you currently own?**

A: We own eight multifamily properties located in six states, seven of which were contributed to us by our sponsor. Our properties cost \$153,565 in the aggregate, contain a total of 2,004 rental units and were 92.0% occupied as of December 31, 2012. Our board of directors, including a majority of our independent directors, approved the contribution of seven properties from our sponsor and the issuance of limited partner interests in our operating partnership to our sponsor as being fair and reasonable to us and at a price no greater than the costs of these properties to our sponsor. The purchase price for these properties did not exceed their appraised value as performed by nationally recognized appraisal firms that are independent of us and our sponsor and were selected by our independent directors. We purchased our eighth property from an unaffiliated third party.

**Q: If I buy shares of your common stock, will I receive distributions, and if so, how often?**

A: To qualify as a REIT, we are required to make annual aggregate distributions to our stockholders of at least 90% of our taxable income (excluding net capital gain). We are taxed on any undistributed income, including on any net capital gain. Subject to the approval of our board of directors and applicable law, we intend to make distributions to our stockholders on a monthly basis, and we intend to make distributions sufficient to meet the annual distribution requirements in order to maintain our qualification as a REIT and to avoid U.S. federal income and excise taxes on our earnings; however, it may not always be possible to do so.

We generally do not intend to fund such distributions from offering proceeds; however, if we have not generated sufficient cash flow from our operations or other sources, such as borrowings, advances from our advisor, our advisor's deferral, suspension and/or waiver of its fees and expense reimbursements, we may use the net proceeds from this offering to fund distributions. Our board of directors may change this policy, in its sole discretion, at any time. We have not established any limit on the amount of proceeds from this offering that may be used to fund distributions, except that, in accordance with our organizational documents and Maryland law, we may not make distributions that would (1) cause us to be unable to pay our debts as they become due in the usual course of business; (2) cause our total assets to be less than the sum of our total liabilities plus senior liquidation preferences, if any; or (3) jeopardize our ability to qualify as a REIT. Distributions made from offering proceeds are a return of capital to stockholders upon which we will have used to pay offering and organization expenses in connection with this offering.

**Q: Can I reinvest my distributions in additional shares of common stock?**

A: Yes, you may elect to participate in our distribution reinvestment program by checking the appropriate box on the subscription agreement, or by filling out an enrollment form which we will provide you at your request. The purchase price for shares purchased pursuant to the distribution reinvestment program will be \$9.50 per share until not more than 18 months following the completion of our offering stage and 95% of our net asset value thereafter. We will consider our offering stage complete when we are no longer publicly offering equity securities in a continuous offering, whether through our initial public offering or any future offerings.

**Q: Will the distributions I receive be taxable as ordinary income?**

A: Distributions that you receive (not designated as capital gain dividends), including distributions reinvested pursuant to our distribution reinvestment program, will be taxed as ordinary income to the extent that they are paid from our earnings and profits (as determined for U.S. federal income tax purposes). However, distributions that we designate as capital gain dividends will generally be taxable as long-term capital gain to the extent they do not exceed our actual net capital gain for the taxable year. Some portion of your distributions may not be subject to tax in the year in which they are received because depreciation expense reduces the amount of taxable income but does not reduce cash available for distribution. The portion of

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your distribution which is not designated as a capital gain dividend and is in excess of our current and accumulated earnings and profits is considered a return of capital for tax purposes and will reduce the tax basis of your investment, deferring such portion of your tax until your investment is sold or our company is liquidated, at which time you will be taxed at capital gains rates. Please note that each investor's tax considerations are different, therefore, we suggest that you consult with your tax advisor prior to making an investment in our shares.

**Q. Will I receive a stock certificate?**

- A. No. You will not receive a stock certificate unless expressly authorized by our board of directors. We anticipate that all shares of our common stock will be issued in book-entry form only. The use of book-entry registration protects against loss, theft or destruction of stock certificates and reduces the offering costs.

**Q. How do I subscribe for shares of common stock?**

- A. Investors who meet the minimum income and net worth standards established for us may purchase shares of our common stock. See Investor Suitability Standards of this prospectus. Investors that would like to purchase shares of our common stock should:

Read the entire final prospectus and any appendices and supplements accompanying the final prospectus;

Complete and sign the subscription agreement, a copy of which is included in this prospectus as Appendix C.

Deliver a check for the full purchase price of the shares of our common stock being subscribed for along with the completed subscription agreement to the registered broker-dealer or investment advisor. Your check should be made payable to Independence Realty Trust, except that Tennessee and Pennsylvania investors should make checks payable to UMB Bank, N.A., as escrow agent for Independence Realty Trust until we have received and accepted subscriptions for \$25 million and \$50 million, respectively, in the aggregate.

The subscription agreement requires you to make the following factual representations:

Your tax identification number set forth in the subscription agreement is accurate and you are not subject to backup withholding;

You received a copy of our final prospectus not less than five business days prior to signing the subscription agreement;

You meet the minimum income, net worth and any other applicable suitability standards established for you;

You are purchasing our common stock for your own account; and

You acknowledge that our shares are not liquid.

Each of the above representations is included in the subscription agreement in order to help us satisfy our responsibility, which our dealer manager will undertake as our agent, to make every reasonable effort to determine that the purchase of our common stock is a suitable and appropriate investment for you and that appropriate income tax reporting information is obtained. We will not sell any common stock to you unless you are able to make the above factual representations by executing the subscription agreement. You must separately sign or initial each

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representation made in the subscription agreement and, except in the case of fiduciary accounts, you may not grant any person a power of attorney to make such representations on your behalf.

By executing the subscription agreement, you will not be waiving any rights under federal or state law.

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**Q: If we use only approximately 88.5% of what you pay for your shares to acquire properties, will the net asset value of your shares be immediately less than the \$10 per share you pay?**

A: Yes. Like other non-listed REITs, we will incur organizational and selling costs, which means we will have less than 100% of your capital to invest in properties. As described under Estimated Use of Proceeds, we expect that approximately 88.5% of our offering proceeds will be used to acquire multifamily properties. It is our objective to compensate for these costs through funds generated from, and the appreciation of, our investments in properties. However, if our properties are purchased at market value, the initial total value of our properties will represent only the amount we invest in them less than the \$10 per share you invest. To the extent distributions are paid from offering proceeds, the net asset value of your shares may be further reduced.

**Q: How will the payment of fees and expenses affect my invested capital?**

A: We will pay selling commissions and dealer manager fees in connection with this offering. In addition, we will reimburse our advisor for our organization and offering expenses (other than selling commissions and dealer manager fees) not to exceed 1.0% of the gross proceeds of our offering. We will not pay any acquisition fees in connection with our purchase of properties. The payment of fees and expenses will reduce the funds available to us for investment in properties.

**Q: How does a best efforts offering work?**

A: When securities are offered to the public on a best efforts basis, the broker-dealers participating in the offering are only required to use their best efforts to sell the securities and have no firm commitment or obligation to purchase any of the offered securities. Therefore, no specified dollar amount is guaranteed to be raised.

**Q: Who can buy shares of your common stock?**

A: Generally, you can buy shares of our common stock pursuant to this prospectus provided that you have either (i) a net worth of at least \$250,000 or (ii) an annual gross income of at least \$70,000 and a net worth of at least \$70,000. For this purpose, net worth does not include your home, home furnishings or personal automobiles. Please note that some states impose higher minimum levels than the limits above and/or additional restrictions on your investment. See the more detailed descriptions of investor requirements in the Investor Suitability Standards section of this prospectus.

**Q: Is there any minimum investment required?**

A: Generally, the required minimum investment is \$2,000, except for purchases by our existing stockholders, including purchases made pursuant to our distribution reinvestment program. Please note that certain states have imposed higher minimum investment amounts.

**Q: If I buy shares of common stock in this offering, how can I subsequently sell them?**

A: At the time you purchase shares of our common stock, they will not be listed for trading on any national securities exchange or national market system. Moreover, there will not be a public market for the shares when you purchase them and a public market may never develop. As a result, it may be difficult to find a buyer for your shares. You may, however, sell your shares to any buyer unless such sale would violate federal or state securities laws or cause any person or entity to directly or indirectly own more than 9.8% in value or in number, whichever is more restrictive, of outstanding shares of our common stock, unless otherwise excepted by our board of directors or



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If you meet the limited qualifications to participate in our share repurchase program, you may be able to sell your shares to us. We may repurchase shares from stockholders through the program, from time to time, at prices ranging from the 92.5% of the then-current share value to 100% of the then-current share value (or the average purchase price per share paid by such stockholder if that is a lesser amount), depending on how long the stockholder has owned shares. Our board of directors, in its sole discretion, may change these repurchase prices. Stockholders who have held their shares for at least one year may request that we repurchase any number of shares by submitting a repurchase request, the form of which is available on our website to our repurchase agent. However, if a stockholder dies prior to or after owning the shares for one year, the one-year holding period will not be applicable, and any shares held for less than one year by the deceased will be repurchased at a price equal to the lesser of 100% of the then-current share value or the purchase price paid per share paid by such stockholder. We will effect all repurchases on the last business day of the calendar month or any other business day that may be established by our board of directors. Please see the section of our prospectus titled "Share Repurchase Program" for more information.

In the case of any repurchases other than upon the death of a stockholder, we are authorized to use only the proceeds from our distribution reinvestment program during that month and we will limit the number of shares repurchased during any calendar year to 5.0% of the number of shares of common stock outstanding on December 31<sup>st</sup> of the previous calendar year. In the case of repurchases made upon the death of a stockholder, we are authorized to use any funds to complete the repurchase, and neither the limit regarding funds available from the distribution reinvestment program nor the 5.0% limit will apply. The share repurchase program will immediately terminate if our shares are listed on any national securities exchange. In addition, our board of directors, in its sole discretion, may at any time amend, suspend (in whole or in part), or terminate our share repurchase program, without prior notice to stockholders. Further, our board reserves the right in its sole discretion to reject any requests for repurchases. Our board of directors may reject requests at any point prior to the date of repurchase.

### **Q: Do you intend to list your common stock? If not, is there any other planned liquidity transaction?**

A: We do not intend to hold our acquired assets indefinitely. Our board of directors, in consultation with management, will make a determination of whether it is in our best interests to begin the process of engaging advisors to consider alternatives with respect to a liquidity transaction no later than eighteen months after the termination of our offering stage. A liquidity transaction could include a sale of our assets, a sale or merger of our company, a listing of our common stock on a national securities exchange (provided we meet the then applicable listing requirements) or other similar transaction. Any liquidity transaction is subject to the determination of our board of directors that such liquidity transaction is appropriate to commence and the timing of such a liquidity transaction is likely to vary with market conditions.

We will consider our offering stage complete when we are no longer publicly offering equity securities in a public offering, whether through this offering or follow-on offerings. For this purpose, we do not consider a "public offering of equity securities" to include offerings on behalf of selling stockholders or offerings related to a distribution reinvestment program, employee benefit plan or the redemption of interests in our operating partnership. While we expect to seek a liquidity transaction in this time frame, there can be no assurance that a suitable transaction will be available or that market conditions for a transaction will be favorable during that time frame. Our board of directors has the discretion to consider a liquidity transaction, such as listing our common stock on a national securities exchange, at any time if it determines such event to be in our best interests.

### **Q: Will I receive notification as to how my investment is doing?**

A: You will receive periodic reports on the performance of your investment with us, including:

an annual report that updates and details your investment;

an annual report, including audited financial statements, as filed with the Securities and Exchange Commission;

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an annual IRS Form 1099-DIV; and

supplements to the prospectus, as may be required by the federal securities laws.

**Q: When will I receive my tax information?**

A: We intend to mail your IRS Form 1099-DIV tax information by January 31<sup>st</sup> of each year.

**Q: Who can I contact to answer questions I may have?**

A: If you have any questions regarding the offering or if you would like additional copies of this prospectus, please contact your registered representative or:

Independence Realty Trust, Inc.

Cira Centre

2929 Arch Street

17<sup>th</sup> Floor

Philadelphia, Pennsylvania 19104

Tel: (215) 243-9000

Attention: Investor Relations

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**PROSPECTUS SUMMARY**

*This summary highlights some of the material information contained elsewhere in this prospectus. Because it is only a summary, it may not contain all of the information that is important to you. To understand this offering fully, you should read the entire prospectus and its appendices carefully, including the Risk Factors section and the financial statements, before you decide to invest in our common stock. Except where the context suggests otherwise, the terms company, we, us and our refer to Independence Realty Trust, Inc., a Maryland corporation. We refer to: Independence Realty Advisors, LLC, a Delaware limited liability company, as our advisor; Independence Realty Operating Partnership, LP, a Delaware limited partnership, as our operating partnership; Independence Realty Securities, LLC, a Delaware limited liability company, as our dealer manager; Jupiter Communities, LLC, a Delaware limited liability company, as Jupiter or our property manager; and RAIT Financial Trust, a Maryland REIT, as our sponsor. We, our advisor and our operating partnership were acquired by our sponsor on January 20, 2011 from Empire American Holdings, LLC, or Empire, and our dealer manager was acquired by our sponsor on March 2, 2011 from Empire, and as a result we have no further affiliation with Empire and will not receive any services from Empire, any of its affiliates or any of their directors or executive officers.*

**Independence Realty Trust, Inc.**

We are a Maryland corporation that has elected to be taxed as a REIT under the Internal Revenue Code of 1986, as amended, or the Code, beginning with the taxable year ending December 31, 2011. As of the date of this prospectus, we own eight properties. We intend to use substantially all of the net proceeds from this offering to acquire a diversified portfolio of multifamily properties with strong and stable cash flows that will generate attractive distributions for our investors, with a primary focus on core and stabilized multifamily properties that are well leased and produce predictable income. We intend to implement a strategy at our multifamily properties that we believe will increase rents, tenant retention and property values.

Our principal executive offices are located at Cira Centre, 2929 Arch Street, 17<sup>th</sup> Floor, Philadelphia, Pennsylvania 19104, our telephone number is (215) 243-9000, and our website address is [www.irtreit.com](http://www.irtreit.com). The contents of that website are not incorporated by reference or otherwise made part of this prospectus.

**Our Sponsor**

Since 1997, RAIT Financial Trust (NYSE: RAS), our sponsor, has provided debt financing for multifamily owners and operators. As of March 15, 2013, our sponsor employed 376 professionals and staff. Beginning in 2008, it implemented an investment strategy to own multifamily properties by taking ownership of these assets directly, oftentimes subject to the existing financing provided by our sponsor. Multifamily assets were the collateral for 24.8% of our sponsor's \$1 billion commercial loan portfolio as of December 31, 2012. In anticipation of investing directly in multifamily assets, our sponsor acquired majority ownership of Jupiter Communities, LLC, our property manager, in May 2009. The expertise and national reach of our property manager's business enabled our sponsor to acquire properties that were operating below acceptable occupancy and net operating income levels with the intent to restore these properties to investment grade performance levels.

Executing on its acquisition strategy, our sponsor increased its multifamily portfolio from nine investments to 34 during the four years ended December 31, 2011 (including our properties which are consolidated in our sponsor's financial statements). As of December 31, 2012, our sponsor owned \$558 million of investments in multifamily properties with 8,206 units in 19 states. The occupancy increased from 77.7% at December 31, 2009 to 90.0% at December 31, 2012 with \$706 of average effective rent per unit per month.

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Our sponsor, through several wholly owned subsidiaries, owns approximately \$56.2 million of limited partner interests in our operating partnership as a result of its contribution to us of seven properties and cash in 2011 and its purchase of \$3.5 million in Series B preferred units of our operating partnership in 2012. See [Contribution of Our Initial Seven Properties](#) for more information about the contributions and [Operating Partnership Agreement](#) [Issuance of Series B Preferred Units](#) for more information about the Series B preferred units.

Certain officers and directors of our sponsor and its affiliates also have senior management positions with us. The positions and biographical information for these directors and officers can be found below in [Management](#) [Our Directors and Officers](#).

## **Our Offering**

We are offering a maximum of \$1,000,000,000 in shares of our common stock in this offering. These shares are being offered on a best efforts basis through our dealer manager at \$10.00 per share, subject to volume discounts and other discounts in some cases as described in the [Plan of Distribution](#) section of this prospectus. An offering on a best efforts basis is one in which the securities dealers participating in the offering are under no obligation to purchase any of the securities being offered, and therefore, no specified number of securities are guaranteed to be sold and no specified amount of money is guaranteed to be raised from the offering. In addition, we are offering up to 10,000,000 shares of our common stock at \$9.50 per share to stockholders who elect to participate in our distribution reinvestment program. We reserve the right to reallocate the shares of common stock registered in this offering between the primary offering and the distribution reinvestment program. On February 29, 2012, we raised the minimum offering amount of \$2,500,000 as a result of a \$3,000,000 investment by an indirect wholly owned subsidiary of our sponsor.

## **Summary Risk Factors**

An investment in shares of our common stock involves a number of risks which are described in detail in the [Risk Factors](#) section. If we are unable to effectively manage the impact of these risks, we may not meet our investment objectives, and therefore, you may lose some or all of your investment. Some of the more significant risks relating to this offering and an investment in our shares include:

Since this is a blind pool offering and we have a limited operating history, other than the properties identified in this prospectus, you will not have the opportunity to evaluate our investments before we make them, thus making your investment more speculative;

We acquired seven properties from our sponsor and our sponsor may provide financing for properties we may acquire. As a result, there may be conflicts of interest between our interests and those of our sponsor, as well as risks relating to financing arrangements between us and our sponsor;

No public market currently exists, or may ever exist, for shares of our common stock and our shares are, and may continue to be, illiquid;

The amount of distributions we may make, if any, is uncertain. Due to the risks involved in the ownership of real estate, there is no guarantee of any return on your investment in us, and you may lose money;

There are significant risks associated with maintaining as high level of leverage as permitted under our charter (which permits leverage of up to 75% of the cost of all of our net assets);

Our investment objectives and strategies may be changed without stockholder consent;

We are obligated to pay substantial fees to our advisor and its affiliates, including fees payable upon the sale of properties, and our incentive fee structure may result in our advisor recommending riskier or more speculative investments;



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There are numerous conflicts of interest between the interests of investors and our interests or the interests of our advisor, our sponsor, and their respective affiliates;

If we are unable to make distributions with our cash flows from our operations, we may pay distributions from any other source, including, without limitation, the sale of assets, borrowings or offering proceeds. Subject to certain limited exceptions, there is no limit to the amount of distributions that we may pay from these sources. Distributions not paid from cash flows from operations could reduce the cash available to us, could constitute a return of capital to stockholders and could cause subsequent investors to experience immediate dilution;

As long as we maintain our status as a REIT for U.S. federal income tax purposes, five or fewer individuals are generally prohibited from beneficially owning more than 50% of our outstanding shares during the last half of each taxable year, making it more difficult to sell your shares to large investors;

If we do not raise a substantial amount of proceeds in this offering, our ability to diversify our investments will be limited;

If we fail to continue to qualify as a REIT and no relief provisions apply, our cash available for distribution to our stockholders could materially decrease; and

Our share repurchase program is subject to numerous restrictions, may be cancelled at any time and should not be relied upon as a means of liquidity.

## **Conflicts of Interest**

Conflicts of interest may exist between us and some of our affiliates, including our sponsor and our advisor. Some of these potential conflicts include:

Our acquisition of properties from our sponsor and our sponsor's ability to provide financing to us for acquisitions of properties;

Competition for the time and services of personnel that work for us and our affiliates;

Substantial compensation payable by us to our advisor, property manager, dealer manager and affiliates for their various services, which may not be on market terms and is payable, in some cases, whether or not our stockholders receive distributions;

The possibility that we may acquire or merge with our advisor;

The possibility that we may do business with entities that have pre-existing relationships with our affiliates which may result in a conflict between our business and the business of our affiliates;

The possibility that our advisor, its officers and their respective affiliates will face conflicts of interest relating to the purchase and leasing of properties, and that such conflicts may not be resolved in our favor, thus potentially limiting our investment opportunities, impairing our ability to make distributions and reducing the value of your investment in us;

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The possibility that our advisor and its affiliates may make recommendations to us that we buy, hold or sell property or other investments in order to increase their own compensation;

The possibility that when we acquire properties from our sponsor, the price may be higher than we would pay if the transaction were the result of arm's length negotiations with a third party, but we will only do so if our directors, including a majority of our independent directors, approves the investment and only if there is substantial justification for such excess price and such excess is reasonable; and

The possibility that our advisor and its affiliates, including our officers (some of whom are also our directors), will face conflicts of interest caused by their ownership of our advisor and their roles with other programs, resulting in actions that are not in the long-term best interests of our stockholders.



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Conflicts of interest may also arise in connection with the potential sale or refinancing of our properties or the enforcement of agreements. See the Conflicts of Interest section for more details on these and other conflicts of interest.

## **Investment Objectives**

Our primary investment objectives are to:

pay attractive and consistent cash distributions;

preserve invested capital; and

provide a diversified direct investment in multifamily properties.

## **Investment Strategy**

Using substantially all of the net proceeds from this offering, we intend to achieve our investment objectives by acquiring a diverse portfolio of multifamily properties located in the United States. We plan to diversify our portfolio by size, property location and risk. We will target primarily core and stabilized multifamily properties that are well leased and produce predictable income. To a lesser extent we will seek to acquire properties that require limited capital expenditures, have existing cash flow and offer opportunities for enhanced returns, with a primary focus on multifamily properties and a lesser focus on other asset classes. We believe the probability of meeting our investment objectives will be maximized through the careful selection and underwriting of assets. When considering an investment opportunity, we will generally evaluate the following: the performance and risk characteristics of that investment; how that investment will fit within our target portfolio objectives; and the expected returns of that investment relative to the risk characteristics of that investment and to other investment alternatives.

We intend to allocate approximately 70% of our portfolio to investments in well-located, quality multifamily properties with strong and stable cash flows, typically located in supply constrained sub-markets with relatively high expectations of rent growth. As appropriate, we intend to implement strategies at these properties that we anticipate will create sustainable long-term increases in property value and generate attractive returns for our investors by, among other benefits, generating higher rental revenue and reducing resident turnover. We intend to allocate approximately 30% of our portfolio to investments in properties that require limited capital expenditures, have existing cash flow and offer opportunities for enhanced returns, with a primary focus on multifamily properties and a lesser focus on other asset classes. The above summarizes our targeted portfolio; however, we may make adjustments at any time based on, among other things, prevailing real estate market conditions and the availability of attractive investment opportunities.

Our ability to diversify our portfolio will depend on, among other things, prevailing real estate market conditions, prevailing credit market conditions, our ability to raise funds in this offering and the availability of attractive investment opportunities. Although our focus is on multifamily properties, our charter does not restrict us from acquiring other types of properties and we will not forego an attractive investment because it does not fit within our targeted asset class or portfolio composition. Because this offering is being made on a best efforts basis, our potential profitability and our ability to diversify our investments will be limited by the amount of funds we raise. If we are unable to raise substantial funds, we may not be able to execute our diversification strategy, which may adversely affect your investment. Further, we do not anticipate diversifying our investments in properties by industry, that is, we plan to invest primarily in the multifamily industry. Therefore, a downturn in this industry will likely have a more pronounced effect on the amount of cash available to us for distribution or on the value of our assets than if we had diversified our investments by industry.

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### **Contribution of Our Initial Seven Properties**

As of the date of this prospectus, we own eight multifamily properties, seven of which were contributed by our sponsor. Other properties that we own or may in the future acquire are or will be described in supplements to this prospectus. Wholly owned subsidiaries of our sponsor contributed to us six multifamily properties on April 29, 2011 and one multifamily property on December 16, 2011. These properties, which are located in five states and meet the characteristics of the properties we seek to acquire, were contributed in exchange for our assumption of the indebtedness associated with those properties and limited partner interests in our operating partnership. Our board of directors, including a majority of our independent directors, approved the contribution of these properties as being fair and reasonable to us and at a price no greater than the costs of these properties to our sponsor. The aggregate purchase price for the properties was \$134.4 million, of which we assumed \$82.2 million in mortgage debt and our operating partnership issued \$52.7 million in limited partner interests. The seven properties were appraised by nationally recognized appraisal firms that are independent of us and our sponsor and were selected by our independent directors, and the purchase price of each property did not exceed its appraised value at the time of the contribution.

We completed the contribution for the following reasons:

in connection with the contribution, our sponsor invested approximately \$52.7 million in our operating partnership, which aligns our sponsor's interest with those of our stockholders;

our property manager successfully leased these properties at an occupancy rate of greater than 90% as of the end of the fiscal year before the contribution;

the portfolio was generating approximately \$15.2 million in annual revenue before the contribution, which has enabled us to pay distributions, and will help us pay additional distributions in the future, to our stockholders; and

the portfolio is entirely consistent with our investment strategy.

The seven properties acquired from our sponsor are subject to encumbrances based on the \$82.2 million of mortgage indebtedness we assumed in connection with their contribution. The weighted average interest rate of this mortgage indebtedness is 3.8%. Each of these mortgages is an interest-only, non-recourse obligation subject to customary exceptions. None of these mortgages are cross-defaulted or cross-collateralized to any other indebtedness. The loans associated with the mortgages may be prepaid but in some cases are subject to prepayment penalties.

### **Financing Strategy**

We intend to utilize leverage in making our investments. The number of different investments we will acquire will be affected by numerous factors, including the amount of funds available to us. By operating on a leveraged basis, we will have more funds available for our investments. This will allow us to make more investments that would otherwise be possible, resulting in a larger and more diversified portfolio. See the **Risk Factors** section of this prospectus for more information about the risks related to operating on a leveraged basis.

We intend to limit our aggregate leverage to 65% of the combined initial purchase price of all of our real estate properties after we have acquired a substantial portfolio of diversified investments. During the period when we are beginning our operations, we may employ greater leverage in order to more quickly build a diversified portfolio of assets.

Our secured and unsecured aggregate borrowings will be reasonable in relation to our net assets and will be reviewed by our board of directors at least quarterly. In determining whether our borrowings are reasonable in relation to our net assets, we expect that our board of directors will consider many factors, including without

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limitation, the lending standards of government-sponsored enterprises, such as Fannie Mae and Freddie Mac, for loans in connection with the financing of multifamily properties, the leverage ratios of publicly traded and non-traded REITs with similar investment strategies, whether we have positive leverage (in that, the board will compare the capitalization rates of our properties to the interest rates on the indebtedness of such properties) and general market conditions. Pursuant to our charter, the maximum amount of these borrowings in relation to net assets will not exceed 300% of net assets (equivalent to 75% of the cost of our net assets) in the absence of a satisfactory showing that a higher level of borrowing is appropriate, approval by a majority of independent directors and disclosure to our stockholders. Net assets means our total assets, other than intangibles, at cost before deducting depreciation, reserves for bad debts or other non-cash reserves less our total liabilities, calculated at least quarterly on a basis consistently applied. Any excess in borrowing over this 300% level must be approved by a majority of independent directors and disclosed to our stockholders in our next quarterly report, along with justification for such excess. Subject to these limitations set forth in our charter, there is no limitation on the amount that we may borrow for any single investment.

Other than the mortgage financing for our properties, we have no established financing sources as of the date of this prospectus.

### **Our Dealer Manager**

Independence Realty Securities, LLC, a Delaware limited liability company and one of our affiliates, serves as our dealer manager for this offering. Our dealer manager is located at IDS Center, 80 S. 8<sup>th</sup> Street, Suite 4610, Minneapolis, Minnesota 55402 and its telephone number is (800) 546-9322.

### **Our Advisor**

Our advisor is Independence Realty Advisors, LLC, a Delaware limited liability company formed on March 26, 2009, which is responsible for managing our day-to-day business operations and acquiring investments on our behalf. Under the terms of the advisory agreement, our advisor undertakes to use its best efforts to present to us investment opportunities consistent with our investment policies and objectives as adopted by our board of directors. Our advisor is located at Cira Centre, 2929 Arch Street, 17<sup>th</sup> Floor, Philadelphia, Pennsylvania 19104 and its telephone number is (215) 243-9000.

### **Our Management**

We are managed by our board of directors, the members of which are accountable to us and our stockholders as fiduciaries. Our board of directors will approve all investment decisions involving the acquisitions of properties upon recommendations made by our advisor and in accordance with our investment guidelines, as set forth in Investment Strategy, Objectives and Policies. We have four board members, three of whom are independent. Our independent directors have responsibility for reviewing, among other things, our advisor's performance.

### **Our Operating Partnership**

We are a holding company and expect to own substantially all of our properties through our operating partnership, Independence Realty Operating Partnership, LP, a Delaware limited partnership. We are the general partner of our operating partnership and have full, exclusive and complete responsibility and discretion in the management and control of the partnership. Our structure is generally referred to as an UPREIT structure. This structure in some cases may enable us to acquire assets from other partnerships and individual owners in a manner that will defer the recognition of gain to the transferors, assuming certain conditions are met. As consideration for the contribution of the properties from our sponsor, our operating partnership issued limited partner interests to our sponsor.

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### **Our Property Manager**

Jupiter Communities, LLC, our property manager, is a Delaware limited liability company formed on April 9, 2009 as an indirect subsidiary of Jupiter Realty Company, a Chicago-based residential and commercial real estate firm established in 1985. Our sponsor owns 75% of our property manager. Our property manager is a full-service multifamily property management company that employs approximately 300 staff and professionals and manages approximately 10,700 multifamily units for our sponsor and third parties, including other public companies, who have recognized the expertise provided by our property manager in the markets in which they operate. Our property manager will provide services to us in connection with the rental, leasing, operation and management of our properties. Kellie A. DeVilbiss, the president of our property manager, is a member of the board of managers for our advisor. In this capacity, our advisor will have insights to multiple market trends and competitive opportunities to acquire and enhance the assets we intend to acquire. Our property manager is located at 401 North Michigan Avenue, Suite 1300, Chicago, Illinois. Its telephone number is (312) 924-1601.

### **RAIT NTR Holdings, LLC**

RAIT NTR Holdings, LLC, a Delaware limited liability company formed on June 3, 2009, holds special limited partnership units, or special units, of our operating partnership described in Compensation below. RAIT NTR Holdings, LLC is an indirect wholly owned subsidiary of our sponsor. Through our sponsor's ownership and control of RAIT NTR Holdings, LLC, our sponsor may be entitled to a subordinated participation right based on the redemption of the special units in connection with our liquidation, or listing on a national stock exchange or the termination of our advisory agreement. These payments to RAIT NTR Holdings, LLC are related to our successful performance and are paid indirectly to the sponsor through this entity for tax reasons that are advantageous to our sponsor and that have no impact on us.

RAIT NTR Holdings, LLC owns 350 limited partnership units designated as Series B preferred units, which it purchased for \$10,000 per unit on October 11, 2012 in exchange for \$3,500,000 in cash. We used the proceeds from the sale of Series B preferred units to acquire a property.

RAIT NTR Holdings, LLC owns 65,900 common units of our operating partnership as a result of its \$2,000 cash contribution in connection with the initial capitalization of our operating partnership and its \$657,000 of cash contributions in connection with our acquisitions of multifamily properties from indirect wholly owned subsidiaries of our sponsor.

RAIT NTR Holdings, LLC also owns 320,000 shares of our common stock. Of these shares, 300,000 shares were purchased in this offering for \$10.00 per share, and the remaining 20,000 shares were purchased for \$10.00 per share in connection with our initial capitalization.

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### **Organizational Structure**

The following chart shows our organizational structure as of the date of this prospectus and, alternatively, assuming we raise the maximum offering:

- (1) On January 4, 2012, we sold 125 shares of our 12.5% Series A Cumulative Non-Voting Preferred Stock, or our Series A preferred stock, for \$1,000 per share, or \$125,000 in the aggregate, to 125 accredited, unaffiliated investors. We contributed the proceeds of this offering to our operating partnership in exchange for 125 preferred units of our operating partnership designated as 12.5% Series A preferred units. See Description of Securities Preferred Stock and Operating Partnership Agreement Issuance of Series A Preferred Units.
- (2) RAIT Financial Trust directly owns 100% of RAIT General, Inc., which is the general partner of RAIT Partnership, LP, which directly owns 100% of RAIT TRS, LLC. RAIT TRS, LLC directly owns 100% of Independence Realty Advisors, LLC and Independence Realty Securities, LLC.
- (3) RAIT Financial Trust directly owns 100% of RAIT General, Inc., which is the general partner of RAIT Partnership, LP, which directly owns 100% of RAIT NTR Holdings, LLC.
- (4) RAIT Financial Trust indirectly owns 100% of Belle Creek Member, LLC, Copper Mill Member, LLC, Crestmont Member, LLC, Cumberland Member, LLC, Heritage Trace Member, LLC, Taberna IR Holdings, LLC, Tresa At Arrowhead Member, LLC and IRT Centrepoint Arizona, LLC, each of which is a Delaware limited liability company that owns common units issued by our operating partnership.
- (5) RAIT Financial Trust directly owns 100% of RAIT General, Inc., which is the general partner of RAIT Partnership, LP, which directly owns 100% of RAIT Jupiter Holdings, LLC, which directly owns 75% of Jupiter Communities, LLC.
- (6) Assumes we will receive general partner units when we contribute the proceeds of this offering to the operating partnership. As of the date of this prospectus, our ownership interest in our operating partnership was comprised of \$125,000 in Series A preferred units (0.21%) and \$354,259 in common units (5.91%). Assuming we raise the maximum offering amount, our ownership interest in our operating partnership would be comprised of \$125,000 in Series A preferred units (0.01%) and \$1,095,200,000 in common units (95.11%).

**Table of Contents****Estimated Use of Proceeds**

The amounts listed in the table below represent our current estimates concerning the use of the offering proceeds. Since these are estimates, they may not accurately reflect the actual receipt or application of the offering proceeds. The first scenario assumes we sell the minimum number of 250,000 shares of common stock in this offering and the second scenario assumes that we sell the maximum number of 100,000,000 shares in this offering, with both scenarios contemplating a price of \$10.00 per share. Our advisor or its affiliates may advance, and we will reimburse for, organizational and offering costs incurred on our behalf, but only up to 1.0% of the gross proceeds of our offering. We estimate that at least 88.5% of the money raised in this offering will be used to acquire a diverse portfolio of properties located in the United States. The table below does not give effect to special sales or volume discounts which could reduce selling commissions or any sales pursuant to our distribution reinvestment program and many of the figures represent management's best estimate because they cannot be precisely calculated at this time.

	<b>Minimum</b>		<b>Maximum</b>	
	<b>Dollar Amount</b>	<b>Percent</b>	<b>Dollar Amount</b>	<b>Percent</b>
Gross offering proceeds	\$ 2,500,000	100.0%	\$ 1,000,000,000	100.0%
Less offering expenses:				
Selling commissions and dealer manager fee	250,000	10.0	100,000,000	10.0
Organizational and offering expenses	25,000	1.0	10,000,000	1.0
Net proceeds	2,225,000	89.0	890,000,000	89.0
Acquisition costs:				
Acquisition fees				
Acquisition expenses	11,125	0.5	4,925,000	0.5
Initial working capital reserves				
Total proceeds available for investment	\$ 2,213,875	88.5%	\$ 885,075,000	88.5%

**REIT Status**

So long as we remain qualified as a REIT, we generally will not be subject to U.S. federal income or excise tax on income that we distribute to our stockholders. Under the Code, a REIT is subject to numerous organizational and operational requirements, including a requirement that it annually distribute at least 90% of its REIT taxable income (computed without regard to the deduction for dividends paid and excluding net capital gain) to its stockholders. If we fail to qualify for taxation as a REIT in any year, our income will be taxed at regular corporate rates, regardless of our distributions to stockholders, and we may be precluded from qualifying for treatment as a REIT for the four-year period following our failure to qualify. Even though we qualify for treatment as a REIT, we may still be subject to state and local taxes on our income and property and to U.S. federal income and excise taxes on our undistributed income.

**Table of Contents****Compensation**

We pay our advisor and its affiliates fees and reimburse certain expenses for services rendered to us. The most significant items of compensation and reimbursement are outlined in the table below. For a more complete explanation of the fees and expenses, as well as restrictions on compensation, see the Compensation Table and Management sections.

Type of Compensation	Determination of Amount <i>Offering Stage</i>	Estimated Amount for
		Maximum Offering (100,000,000 Shares)
Selling Commissions	Payable to our dealer manager up to 7% of gross offering proceeds before reallowance of commissions earned by participating broker-dealers. Our dealer manager intends to reallow all or a portion of the commissions earned for those transactions that involve participating broker dealers.	\$70,000,000
Dealer Manager Fee	Payable to our dealer manager up to 3% of gross offering proceeds before reallowance to participating broker-dealers. Our dealer manager, in its sole discretion, may reallow a portion of its dealer manager fee of up to 1.5% of the gross offering proceeds to be paid to such participating broker-dealers.	\$30,000,000
Organization and Offering Expenses	We pay our advisor up to 1.0% of the gross offering proceeds for organizational and offering expenses (other than dealer manager fees and selling commissions). We currently estimate that \$7,261,880 of organizational and offering expenses will be incurred if the maximum offering is achieved. Our advisor and its affiliates are responsible for the payment of organization and offering expenses, other than selling commissions and the dealer manager fee, to the extent they exceed 1.0% of gross offering proceeds, without recourse against or reimbursement by us; provided, however, that in no event will we pay or reimburse organization and offering expenses (including dealer manager fees and selling commissions) in excess of 15% of the gross offering proceeds.	\$7,261,880

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Type of Compensation	Determination of Amount	Estimated Amount for
	<i>Operational Stage</i>	Maximum Offering (100,000,000 Shares)
Acquisition Fees	None.	Not applicable.
Acquisition Expenses	Expenses reimbursed to our advisor incurred in connection with the purchase of an asset. We have assumed that acquisition expenses will equal approximately 0.5% of the contract purchase price. The acquisition fees and expenses for any particular asset, including amounts payable to affiliates, will not exceed, in the aggregate, 6% of the contract purchase price (including any mortgage assumed) of the asset. Our advisor will be paid acquisition expenses and we will reimburse our advisor for acquisition expenses only to the extent that acquisition fees and acquisition expenses collectively do not exceed 6% of the contract price of our assets.	\$4,925,000 (or \$14,071,429 assuming that we incur our targeted leverage or \$19,700,000 assuming the maximum amount of leverage permitted by our charter.)
Asset Management Fees	Payable to our advisor in the amount of 0.75% of average invested assets. Average invested assets means the average of the aggregate book value of our assets invested in interests in, and loans secured by, real estate before reserves for depreciation or bad debt or other similar non-cash reserves. We will compute the average invested assets by taking the average of these book values at the end of each month during the quarter for which we are calculating the fee. The fee is payable quarterly in an amount equal to 0.1875% of average invested assets as of the last day of such quarter. We will also reimburse our advisor for expenses that it pays on our behalf.	Not determinable at this time because the fee is based on a fixed percentage of aggregate asset value; there is no maximum dollar amount of this fee.
Property Management and Leasing Fees	Payable to our property manager on a monthly basis in the amount of up to 4% of the gross revenues. Additionally, we may pay our property manager a separate fee for the one-time initial rent-up or leasing-up of newly constructed properties in an amount not to exceed the fee customarily charged in arm's length transactions by others rendering similar services in the same geographic area for similar properties as determined by a survey of brokers and agents in such area.	Not determinable at this time because the fee is based on a fixed percentage of gross revenue and/or market rates; there is no maximum dollar amount of this fee.



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<b>Type of Compensation</b>	<b>Determination of Amount</b>	<b>Estimated Amount for</b>
		<b>Maximum Offering (100,000,000 Shares)</b>
Operating Expenses	<p>We reimburse our advisor for all expenses paid or incurred by our advisor in connection with the services provided to us, subject to the limitation that we do not reimburse our advisor for any amount by which our operating expenses (including the asset management fee and the financing coordination fee) at the end of the four preceding fiscal quarters exceeds the greater of: (A) 2% of our average invested assets, or (B) 25% of our net income determined without reduction for any additions to reserves for depreciation, bad debts or other similar non-cash reserves and excluding any gain from the sale of our assets for that period. Notwithstanding the above, we may reimburse our advisor for expenses in excess of this limitation if a majority of the independent directors determines that such excess expenses are justified based on unusual and non-recurring factors. We do not reimburse our advisor or its affiliates for personnel employment costs incurred by our advisor or its affiliates in performing services under the advisory agreement to the extent that such employees perform services for which the advisor receives a separate fee.</p>	Not determinable at this time.
Financing Coordination Fee	<p>If our advisor provides services in connection with the financing of any debt that we obtain, we pay the advisor a financing coordination fee equal to 1% of the amount available and/or outstanding under such financing, subject to certain limitations. We do not pay a financing coordination fee in connection with debt provided by our sponsor. The services our advisor may perform include, without limitation, searching for lenders in connection with a proposed refinancing and negotiating the terms of any proposed refinancing with such lenders. Our advisor may reallocate some or all of this fee to reimburse third parties that it retains to procure any such refinancing.</p>	Not determinable at this time because the fee is based on a fixed percentage of any debt financing; there is no maximum dollar amount of this fee.

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<b>Type of Compensation</b>	<b>Determination of Amount <i>Liquidation Distributions</i></b>	<b>Estimated Amount for Maximum Offering (100,000,000 Shares)</b>
Disposition Fee	We may pay our advisor a commission upon the sale of one or more of our properties in an amount equal to the lesser of (a) one-half of the commission that would be reasonable, customary and competitive in light of the size, type and location of the asset or (b) 1% of the sale price of the asset. Payment of such fee may be made only if the advisor provides a substantial amount of services in connection with the sale of the asset. In addition, the amount paid when added to all other commissions paid to unaffiliated parties in connection with such sale shall not exceed the lesser of the commission that would be reasonable, customary and competitive in light of the size, type and location of the asset or an amount equal to 6% of the sale price of such asset.	Not determinable at this time because actual amounts are dependent upon the sale price of specific properties and commissions that would be reasonable, customary and competitive at the time of sale.
Subordinated Participation in Net Sale Proceeds	After investors have received a return of their capital contributions invested and a 7% annual cumulative, non-compounded return, then RAIT NTR Holdings, LLC as holder of the special units is entitled to receive 10% of the remaining net sale proceeds. We cannot assure you that we will provide this 7% return, which we have disclosed solely as a measure for our advisor's and its affiliates incentive compensation.	Not determinable at this time because actual amounts are dependent upon the sale proceeds of specific properties.
Subordinated Participation Upon a Listing	Upon listing our common stock on a national securities exchange, RAIT NTR Holdings, LLC as holder of the special units is entitled to an amount based on the redemption of the special units equal to 10% of the amount, if any, by which (a) the market value of our outstanding stock plus distributions paid by us prior to listing, exceeds (b) the aggregate remaining capital contributed by investors plus an amount equal to a 7% annual cumulative, non-compounded return to investors on their aggregate capital contributed. We have no intent to list our shares at this time. We cannot assure you that we will provide this 7% return, which we have disclosed solely as a measure for our advisor's and its affiliates incentive compensation.	Not determinable at this time because actual amounts are dependent upon the future value of our stock and distributions that may be paid by us.

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<b>Type of Compensation</b>	<b>Determination of Amount</b>	<b>Estimated Amount for</b>
Subordinated Participation Upon a Termination of Advisory Agreement	Upon termination of the advisory agreement, RAIT NTR Holdings, LLC as holder of the special units will be entitled to a subordinated participation payable in the form of shares of our common stock or a promissory note that does not bear interest. The subordinated participation, if any, will be equal to 10% of the amount, if any, by which (1) the appraised value of our assets on the termination date, less any indebtedness secured by such assets, plus total distributions paid through the termination date, less any amounts distributable as of the termination date to limited partners who received units in the operating partnership in connection with the acquisition of any assets upon the liquidation or sale of such assets (assuming the liquidation or sale of such assets on the termination date) exceeds (2) the sum of the total amount of capital raised from stockholders (less amounts paid to repurchase shares of our common stock pursuant to our share repurchase plan) and the total amount of cash that, if distributed to them as of the termination date, would have provided them a 7% annual cumulative, pre-tax, non-compounded return on the gross proceeds from the sale of shares of our common stock through the termination date. The subordinated participation will be payable solely from the net proceeds from the sale of properties.	<b>Maximum Offering (100,000,000 Shares)</b> Not determinable at this time because actual amounts are dependent upon the future appraised value of our properties.

**Distributions**

United States federal income tax law requires that a REIT generally distribute annually at least 90% of its REIT taxable income (computed without regard to the deduction for dividends paid and excluding net capital gain). In order to continue to qualify for REIT status, we may be required to make distributions in excess of cash available. 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; however, it may not always be possible to do so. For a discussion of the tax treatment of distributions to you, see Certain Material U.S. Federal Income Tax Considerations.

Distributions are made at the discretion of the board of directors. We cannot assure that regular distributions will continue to be made nor that we will maintain any particular level of distributions that we may establish. Our ability to pay regular distributions and the size of these distributions will depend upon a variety of factors. For example, our borrowing policy permits us to incur short-term indebtedness, having a maturity of two years or less, to meet the distribution requirements that are necessary to achieve the tax benefits associated with qualifying as a REIT.

We are an accrual basis taxpayer, and as such, our REIT taxable income could be higher than the cash available to us. We may therefore borrow to make distributions, which could reduce the cash available to us, in order to distribute 90% of our REIT taxable income as a condition to our election to be taxed as a REIT. To the

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extent that distributions to stockholders are not designated as capital gain dividends and exceed our earnings and profits (as determined for U.S. federal income tax purposes), such excess amounts would generally constitute a return of capital for U.S. federal income tax purposes, although such distributions might not reduce stockholders' aggregate invested capital. Because our earnings and profits are reduced for depreciation and other non-cash items, a portion of each distribution may constitute a tax-deferred return of capital for U.S. federal income tax purposes.

The amount of distributions will depend upon a variety of factors, including without limitation:

our cash available for distribution;

our overall financial condition;

our capital requirements;

the annual distribution requirements applicable to REITs under U.S. federal income tax laws; and

such other considerations as our board of directors may deem relevant.

We may pay distributions from sources other than from our cash flow from operations. We have not established any limit on the amount of proceeds from this offering that may be used to fund distributions, except that, in accordance with our organizational documents and Maryland law, we may not make distributions that would (1) cause us to be unable to pay our debts as they become due in the usual course of business; (2) cause our total assets to be less than the sum of our total liabilities plus senior liquidation preferences, if any; or (3) jeopardize our ability to qualify as a REIT. Our inability to acquire properties may result in a lower return on your investment than you expect. We generally do not intend to fund such distributions from offering proceeds, however, if we have not generated sufficient cash flow from our operations and other sources, such as from borrowings, sale of additional securities, advances from our advisor, our advisor's deferral, suspension and/or waiver of its fees and expense reimbursements, to fund distributions, we may use the offering proceeds. Moreover, our board of directors may change this policy, in its sole discretion, at any time. If we fund distributions from the proceeds of this offering, we will have less funds available for acquiring properties. Our inability to acquire properties may have a negative affect on our ability to generate sufficient cash flow from operations to pay distributions. As a result, the return you realize on your investment may be reduced and investors who invest in us before we commence significant real estate operations or generate significant cash flow may realize a lower rate of return than later investors. In addition, funding distributions from borrowings could restrict the amount we can borrow for investments, which may affect our profitability. Funding distributions with the sale of assets may affect our ability to generate cash flows. Funding distributions from the sale of additional securities could dilute your interest in us if we sell shares of our common stock to third-party investors. Payment of distributions from the mentioned sources could restrict our ability to generate sufficient cash flow from operations, affect our profitability and/or affect the distributions payable to you upon a liquidity transaction, any or all of which may have an adverse affect on your investment. Distributions made from offering proceeds are effectively a return of capital to stockholders upon which we will have used to pay offering and organization expenses in connection with this offering.

### **Distribution Reinvestment and Share Repurchase Programs**

Our distribution reinvestment program provides our stockholders with an opportunity to purchase additional shares of our common stock at a discount by reinvesting distributions. Our share repurchase program may provide our stockholders with limited, interim liquidity by enabling them to sell their shares back to us, subject to restrictions. However, our board of directors reserves the right to terminate either program for any reason without cause by providing written notice.

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### **Investment Company Act of 1940 Considerations**

We intend to conduct our operations so that the company and each of its subsidiaries are exempt from registration as an investment company under the Investment Company Act. Under Section 3(a)(1)(A) of the Investment Company Act, a company is an investment company if it is, or holds itself out as being, engaged primarily, or proposes to engage primarily, in the business of investing, reinvesting or trading in securities. Under Section 3(a)(1)(C) of the Investment Company Act, a company is deemed to be an investment company if it is engaged, or proposes to engage, in the business of investing, reinvesting, owning, holding or trading in securities and owns or proposes to acquire investment securities having a value exceeding 40% of the value of its total assets (exclusive of U.S. government securities and cash items) on an unconsolidated basis, or the 40% test. Investment securities excludes U.S. Government securities and securities of majority-owned subsidiaries that are not themselves investment companies and are not relying on the exception from the definition of investment company set forth in Section 3(c)(1) or Section 3(c)(7) of the Investment Company Act.

We intend to acquire real estate and real-estate related assets directly, for example, by acquiring fee interests in real property, or by purchasing interests, including controlling interests, in REITs or other real estate operating companies, such as real estate management companies and real estate development companies, that own real property. We also may acquire real estate assets through investments in joint venture entities, including joint venture entities in which we may not own a controlling interest. We anticipate that our assets generally will be held in wholly and majority-owned subsidiaries of the company, each formed to hold a particular asset.

We intend to conduct our operations so that the company and most, if not all, of its wholly owned and majority-owned subsidiaries will comply with the 40% test. We will continuously monitor our holdings on an ongoing basis to determine the compliance of the company and each wholly owned and majority-owned subsidiary with this test. We expect that most, if not all, of the company's wholly owned and majority-owned subsidiaries will not be relying on exemptions under either Section 3(c)(1) or 3(c)(7) of the Investment Company Act. Consequently, interests in these subsidiaries (which are expected to constitute most, if not all, of our assets) generally will not constitute investment securities. Accordingly, we believe that the company and most, if not all, of its wholly owned and majority-owned subsidiaries will not be considered investment companies under Section 3(a)(1)(C) of the Investment Company Act.

In addition, we believe that neither the company nor any of its wholly or majority-owned subsidiaries will be considered investment companies under Section 3(a)(1)(A) of the Investment Company Act because they will not engage primarily or hold themselves out as being engaged primarily in the business of investing, reinvesting or trading in securities. Rather, the company and its subsidiaries will be primarily engaged in non-investment company businesses related to real estate. Consequently, the company and its subsidiaries expect to be able to conduct their respective operations such that none of them will be required to register as an investment company under the Investment Company Act.

Additionally, Rule 3a-1 under the Investment Company Act generally provides that an issuer will not be deemed to be an investment company under the Investment Company Act provided that (1) it does not hold itself out as being engaged primarily, or proposes to engage primarily, in the business of investing, reinvesting or trading in securities, and (2) on an unconsolidated basis except as otherwise provided no more than 45% of the value of its total assets, consolidated with the assets of any wholly owned subsidiary (exclusive of government securities and cash items), consists of, and no more than 45% of its net income after taxes, consolidated with the net income of any wholly owned subsidiary (for the last four fiscal quarters combined), is derived from, securities other than government securities, securities issued by employees securities companies, securities issued by certain majority owned subsidiaries of such company and securities issued by certain companies that are controlled primarily by such company. We believe that we, our operating partnership and the subsidiaries of our operating partnership will satisfy this exclusion, and we will monitor our holdings to ensure continuing and ongoing compliance with Rule 3a-1.

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Qualification for exemption from the definition of investment company under the Investment Company Act will limit our ability to make certain investments. Although we intend to monitor our portfolio, there can be no assurance that we will be able to maintain this exemption from registration for our company or each of our subsidiaries.

**Listing or Liquidation**

Our board of directors, in consultation with management, will make a determination of whether it is in our best interests to begin the process of engaging advisors to consider alternatives with respect to a liquidity transaction no later than eighteen months after the termination of our offering stage. A liquidity transaction could include a sale of our assets, a sale or merger of our company, a listing of our common stock on a national securities exchange (provided we meet the then applicable listing requirements) or other similar transaction. We will consider our offering stage complete when we are no longer publicly offering equity securities in a public offering, whether through this offering or follow-on offerings. For this purpose, we do not consider a public offering of equity securities to include offerings on behalf of selling stockholders or offerings related to a distribution reinvestment program, employee benefit plan or the redemption of interests in our operating partnership. Any liquidity transaction is subject to the determination of our board of directors that such liquidity transaction is appropriate to commence and the timing of such a liquidity transaction is likely to vary with market conditions.

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### **RISK FACTORS**

*The purchase of shares of our common stock involves a number of risks. You should carefully consider the following risk factors in conjunction with the other information contained in this prospectus before purchasing our common stock. The risks discussed in this prospectus 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 your investment. 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 prospectus, we deem immaterial may also harm our business.*

#### **Investment Risks**

***Our limited prior operating history makes it difficult for you to evaluate our likely performance and this investment.***

We and our advisor are both entities with limited prior operating histories and we may both be unable to successfully operate our businesses or achieve our investment objectives. The past performance of other real estate investment programs sponsored by our sponsor or affiliates of our sponsor may not be indicative of the performance we may achieve. We may not be able to conduct our business as planned or successfully.

***We differ from our sponsor in a number of respects, and therefore, the past performance of our sponsor may not be indicative of our future results.***

The past performance of our sponsor may not be indicative of our future results and we may not be able to successfully implement our strategies and operate our business. Our business is different in a number of respects from the operations of our sponsor, resulting in returns to our stockholders that vary from those generated by our sponsor.

***This is a blind pool offering, therefore you will not have the opportunity to evaluate most of our investments before we make them, which makes your investment more speculative.***

We currently own eight properties and have not identified any additional investments. As a result, we are not able to provide you with information to evaluate most of our investments prior to acquisition. You will be unable to evaluate the economic merit of most of our properties before we invest in them and will be relying on the ability of our advisor to select well-performing investment properties. Additionally, our board of directors will have broad discretion in implementing policies regarding tenant or mortgagor creditworthiness, and you will not have the opportunity to evaluate potential tenants. These factors increase the risk that your investment may not generate the returns that you seek by investing in our shares.

***We may not raise sufficient funds from this offering to diversify our investments.***

This offering is being made on a best efforts basis whereby our dealer manager is only required to use its best efforts to sell our shares and has no firm commitment or obligation to purchase any of our common stock. Our initial capitalization consists of a \$200,000 investment by our sponsor in shares of our common stock. Our sponsor has contributed cash of \$5,132,000 and seven multifamily properties to us, in exchange for approximately \$52.7 million in operating partnership common units and \$3,500,000 in Series B preferred units. See Contribution of Our Initial Seven Properties. Our sponsor also purchased \$3,000,000 of our common stock for \$10.00 per share in this offering. If we are unable to raise substantial funds in this offering, we will make fewer investments, resulting in less diversification in terms of the number of investments owned and the geographic regions in which our investments are located. In such case, the likelihood that any single property's performance would materially reduce our overall profitability will increase. Any inability to raise substantial funds would increase our fixed operating expenses as a percentage of gross income, and our net income and the distributions we make to stockholders would be reduced. In addition, the more capital we raise in this offering, the greater the proportion of these risks that will be borne by our public stockholders.

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***Currently, our common stock is not listed on an exchange and there is no public trading market for it, therefore it may be difficult for you to sell your stock. If you sell your stock, it may be at a substantial discount.***

Following this offering, our common stock will not be listed on a stock exchange and there is no current public trading market, nor is there any assurance that a public trading market will ever exist, for our stock. In addition, our charter prohibits the ownership of more than 9.8% in the value of the aggregate of the outstanding shares of our stock or more than 9.8% (in value or number of shares, whichever is more restrictive) of any class or series of the outstanding shares of our stock by a single investor, unless exempted by our board of directors, which may inhibit your ability to sell your stock. We have adopted a share repurchase program which limits in terms of the number of shares of stock that may be repurchased annually. Our board of directors may also limit, suspend or terminate our share repurchase program at any time. As a result, it may be difficult for you to sell your shares of stock. If you are able to sell your stock, it might be at a substantial discount from the price you paid. This may be the result because, in part, the amount of funds available for investment is expected to be reduced by selling commissions, dealer manager fees, organization and offering expenses, and acquisition expenses. If our offering expenses are higher than we anticipate, we will have a smaller amount available for investment. You should consider our stock as an illiquid investment and must be prepared to hold your stock for an indefinite period of time. See Description of Securities Restrictions on Ownership and Transfer for a more detailed description.

***Due to the risks involved in the ownership of real estate, there is no guarantee of any return on your investment in us, and you may lose some or all of your investment.***

By owning our shares, stockholders will be subjected to the risks associated with the ownership and operation of real estate properties. The performance of your investment in us will be subject to these risks, which include, without limitation:

changes in the general economic climate;

changes in local conditions such as an oversupply of space or reduction in demand for real estate;

changes in interest rates and the availability of financing;