



**Independence
Realty Trust**



Q4 2015 Earnings Release & Supplemental Information

**NYSE MKT: IRT
www.irtreit.com**

TABLE OF CONTENTS

Company Information	3
Forward-Looking Statements	4
Earnings Release Text	5
Financial Highlights	9
Balance Sheets	10
Statements of Operations, FFO & CORE FFO	
Trailing 5 Quarters	11
Three and Twelve Months Ended December 31, 2015	12
Adjusted EBITDA Reconciliations	
Trailing 5 Quarters	13
Three and Twelve Months Ended December 31, 2015	13
Same-Store Portfolio Net Operating Income	
Trailing 5 Quarters	14
Three and Twelve Months Ended December 31, 2015	15
Net Operating Income Bridge	16
Debt and Capitalization Overview	17
Property Summary	18
NOI Exposure by Market	19
Definitions	20



**Independence Realty Trust
December 31, 2015**

Company Information:

Independence Realty Trust, Inc. (NYSE MKT: IRT) is a real estate investment trust that seeks to own well-located apartment properties in geographic submarkets that it believes support strong occupancy and the potential for growth in rental rates. IRT seeks to provide stockholders with attractive risk-adjusted returns, with an emphasis on distributions and capital appreciation. IRT is externally advised by a wholly-owned subsidiary of RAIT Financial Trust (NYSE: RAS).

Corporate Headquarters

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Trading Symbol

NYSE MKT: "IRT"

Investor Relations Contact

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	For the Three-Months Ended				
	December 31, 2015	September 30, 2015	June 30, 2015	March 31, 2015	December 31, 2014
Common Shares & Units:					
Share Price, period end	\$ 7.51	\$ 7.21	\$ 7.53	\$ 9.49	\$ 9.31
Share Price, high	\$ 8.13	\$ 8.57	\$ 9.65	\$ 9.78	\$ 10.29
Share Price, low	\$ 6.88	\$ 6.95	\$ 7.45	\$ 9.07	\$ 8.96
Dividends declared	\$ 0.18	\$ 0.18	\$ 0.18	\$ 0.18	\$ 0.18
Dividend yield, period end	9.6%	10.0%	9.6%	7.6%	7.7%

Forward-Looking Statements

This supplemental information may contain certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Such forward-looking statements can generally be identified by our use of forward-looking terminology such as "may," "trend," "will," "expect," "intend," "anticipate," "estimate," "believe," "continue," "seek," "outlook," "project," "guidance" or other similar words. Because such statements include risks, uncertainties and contingencies, actual results may differ materially from the expectations, intentions, beliefs, plans or predictions of the future expressed or implied by such forward-looking statements. These forward looking statements are based upon the current beliefs and expectations of IRT's management and are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are difficult to predict and generally not within IRT's control. In addition, these forward-looking statements are subject to assumptions with respect to future business strategies and decisions that are subject to change. These risks, uncertainties and contingencies include, but are not limited to, those disclosed in IRT's filings with the Securities and Exchange Commission. IRT undertakes no obligation to update these forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events, except as may be required by law.



Independence Realty Trust Announces Fourth Quarter and Fiscal 2015 Financial Results

PHILADELPHIA, PA — February 18, 2016 — Independence Realty Trust, Inc. (“IRT”) (NYSE MKT: IRT) today announced its fourth quarter and fiscal 2015 financial results. All per share results are reported on a diluted basis.

Results for the Quarter

- Core Funds from Operations (“CFFO”) per share increased 29% to \$0.22 for the quarter ended December 31, 2015 from \$0.17 for the quarter ended December 31, 2014.
- Earnings per share (“EPS”) was \$0.09 for the quarter ended December 31, 2015 as compared to \$0.01 for the quarter ended December 31, 2014.
- Earnings before interest, taxes, depreciation and amortization and before acquisition expenses (“Adjusted EBITDA”), increased 156% to \$19.7 million for the quarter ended December 31, 2015 from \$7.7 million for the quarter ended December 31, 2014.
- On December 22, 2015, IRT sold a 320 unit apartment property located in Tucson, Arizona for \$33.6 million. IRT received net cash proceeds of approximately \$14.2 million, after transaction costs and full repayment of the debt underlying the property.

Results for the Year

- CFFO per share increased 14% to \$0.80 for the year ended December 31, 2015 from \$0.70 for the year ended December 31, 2014.
- EPS was \$0.78 for the year ended December 31, 2015 as compared to \$0.14 for the year-ended December 31, 2014.
- Adjusted EBITDA increased 126% to \$51.8 million for the year ended December 31, 2015 from \$22.9 million for the year ended December 31, 2014.
- On September 17, 2015, IRT completed the acquisition of Trade Street Residential, Inc. (“TSRE”) adding nineteen properties or 4,989 units to its portfolio.

Scott Schaeffer, IRT’s Chairman and CEO said, “In 2015, we took a dramatic step forward towards our goal of becoming a leading owner of apartment communities in non-gateway markets through the acquisition of Trade Street Residential. During that year, IRT grew its total number of units 56% and its total gross assets increased 100% to \$1.4 billion. In 2016, we remain focused on maximizing the operating performance of the portfolio through revenue increases and managing expenses lower while selling non-core assets to reduce leverage.”

Same-Store Property Operating Results

	Fourth Quarter 2015 Compared to Fourth Quarter 2014 ⁽¹⁾	Year Ended 12/31/15 Compared to Year Ended 12/31/14 ⁽²⁾
Rental income	4.5% increase	5.2% increase
Total revenues	5.2% increase	5.9% increase
Property level operating expenses	4.2% increase	4.3% increase
Net operating income (“NOI”)	6.1% increase	7.5% increase
Portfolio average occupancy	92.9%, or a 0.4% increase	94.0%, or a 0.1% decrease
Portfolio average rental rate	4.2% increase to \$823	5.5% increase to \$809
NOI Margin	0.4% increase to 52.0%	0.8% increase to 49.9%

⁽¹⁾ Same store portfolio for the three months ended December 31, 2015 and 2014 includes 21 properties which represents 6,150 apartment units.

- (2) Same store portfolio for the year ended December 31, 2015 and 2014 includes 9 properties which represents 2,470 apartment units.

Capital Expenditures

For the three months ended December 31, 2015, our recurring capital expenditures for the total portfolio was \$1.6 million, or \$118 per unit. For the year ended December 31, 2015, our recurring capital expenditures for the total portfolio was \$5.1 million, or \$472 per unit.

2016 CFFO Guidance

IRT estimates that its 2016 full year CFFO per diluted share will be in a range of \$0.82-\$0.88 per common share. A reconciliation of IRT's projected net income (loss) allocable to common shares to its projected CFFO, a non-GAAP financial measure, is included below. Also included below are the primary assumptions underlying this estimate. See Schedule II to this release for further information regarding how IRT calculates CFFO and Schedule V to this release for management's definition and rationale for the usefulness of CFFO.

<u>2016 Full Year CFFO Guidance</u> ⁽¹⁾	<u>Low</u>	-	<u>High</u>
Net income (loss) available to common shares	\$0.34	-	\$0.39
Adjustments:			
Depreciation and amortization	0.95	-	0.95
Gains on asset sales	(0.56)	-	(0.56)
Share base compensation	0.02	-	0.03
Amortization of deferred financing fees	<u>0.07</u>	-	<u>0.07</u>
CORE FFO per diluted share allocated to common shareholders	<u>\$0.82</u>	-	<u>\$0.88</u>

- (1) This guidance, including the underlying assumptions, constitutes forward-looking information. Actual full 2016 CFFO could vary significantly from the projections presented. Our estimate is based on the following key operating assumptions:

- For 2016, a same store pool of 26 properties totaling 7,755 units.
- Same store NOI growth of 4.5% to 5.5%, driven by revenue growth of 4% to 5% and property operating expense growth of 2% to 3%.
- The portfolio of properties acquired from TSRE, which is not included in the same store pool, experiences NOI growth of 6% to 7%, driven by revenue growth of 4% to 5% and an improved operating margin of 56%, up from 54% in 2015. The improved operating margin is driven through reduced operating expenses for property insurance.
- No property acquisitions in 2016.
- Completion of the sale of Cumberland Glen in February 2016 for \$18 million, the sale of Belle Creek in March 2016 for \$23 million and the sale of Tresa at Arrowhead in April 2016 for \$47 million. Assume substantially all net proceeds from the sales of these assets are used to repay the KeyBank interim facility.
- General and administrative expenses of approximately \$1.25 million to \$1.75 million.

Selected Financial Information

See Schedule I to this Release for selected financial information for IRT.

Trade Street Acquisition

On September 17, 2015, IRT completed the acquisition of TSRE adding nineteen high-quality properties with 4,989 units to its portfolio. As a result of the acquisition, each outstanding share of TSRE common stock was automatically converted into (a) \$3.80 in cash and (b) 0.4108 shares of IRT common stock. In connection with the acquisition, IRT paid approximately \$139.8 million in cash and issued approximately 15.1 million shares of common stock to former TSRE stockholders. On a fully diluted basis following the closing of the merger, legacy IRT stockholders owned approximately 68% of the combined company, and former TSRE stockholders owned approximately 32% of the combined company. In addition, in connection with the merger, the holder of all TSRE operating



partnership common units not held by TSRE contributed those units to IRT’s operating partnership in exchange for approximately 1.9 million IRT operating partnership common units exchangeable for a like number of shares of IRT common stock.

Non-GAAP Financial Measures and Definitions

IRT discloses the following non-GAAP financial measures in this release: funds from operations (“FFO”), CFFO, Adjusted EBITDA and NOI. A reconciliation of IRT’s reported net income (loss) to its FFO and CFFO is included as Schedule II to this release. A reconciliation of IRT’s same store NOI to its reported net income (loss) is included as Schedule III to this release. A reconciliation of IRT’s Adjusted EBITDA, to net income (loss) is included as Schedule IV to this release. See Schedule V to this release for management’s respective definitions and rationales for the usefulness of each of these non-GAAP financial measures and other definitions used in this release.

Distributions

On January 14, 2016, IRT’s Board of Directors declared monthly cash dividends for the first quarter of 2016 on IRT’s shares of common stock in the amount of \$0.06 per share per month. The monthly dividends total \$0.18 per share for the first quarter. The month for which each dividend was declared is set forth below, with the relevant amount per share, record date and payment date set forth opposite the month:

<u>Month</u>	<u>Amount</u>	<u>Record Date</u>	<u>Payment Date</u>
January 2016	\$0.06	01/29/2016	02/16/2016
February 2016	\$0.06	02/29/2016	03/15/2016
March 2016	\$0.06	03/31/2016	04/15/2016

Conference Call

All interested parties can listen to the live conference call webcast at 9:00 AM ET on Thursday, February 18, 2016 from the investor relations section of the IRT website at www.irtreit.com or by dialing 1.877.787.3988, access code 38518766. For those who are not available to listen to the live call, the replay will be available shortly following the live call on IRT’s website and telephonically until Thursday, February 25, 2016, by dialing 855.859.2056, access code 38518766.

Supplemental Information

IRT produces supplemental information that includes details regarding the performance of the portfolio, financial information, non-GAAP financial measures, same-store information and other useful information for investors. The supplemental information is available via the Company’s website, www.irtreit.com, through the "Investor Relations" section.

About Independence Realty Trust, Inc.

Independence Realty Trust, Inc. (NYSE MKT: IRT) is a real estate investment trust that seeks to own well-located apartment properties in geographic submarkets that it believes support strong occupancy and the potential for growth in rental rates. IRT seeks to provide stockholders with attractive risk-adjusted returns, with an emphasis on distributions and capital appreciation. IRT is externally advised by a wholly-owned subsidiary of RAIT Financial Trust (NYSE: RAS).

Forward-Looking Statements

This press release may contain certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Such forward-looking statements can generally be identified by our use of forward-looking terminology such as "may," "trend", "will," "expect," "intend," "anticipate," "estimate," "believe," "continue," "seek," "outlook," "project," "guidance" or other similar words. Because such statements include risks, uncertainties and contingencies, actual results may differ materially from the expectations, intentions, beliefs, plans or predictions of the future expressed or implied by such forward-looking statements. These forward looking statements are based upon the current beliefs and expectations of IRT’s management and are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are difficult to predict and generally not within IRT’s control. In addition, these forward-looking statements are subject to assumptions with respect to future business strategies and decisions that are subject to

change. These risks, uncertainties and contingencies include, but are not limited to, whether IRT can maintain its assumed same store pool in 2016; whether it can achieve projected same store NOI growth and revenue growth and limit projected property operating expense growth; whether the TSRE portfolio of properties achieves projected NOI growth, revenue growth, improved operating margins and reduced operating expenses for property insurance; whether IRT will not make any property acquisitions in 2016; whether the sales of Cumberland Glen, Belle Creek and Tresa at Arrowhead can be completed at the expected times on the projected terms generating the expected net proceeds; whether substantially all net proceeds from such sales will be available to be used to repay the KeyBank interim facility; whether general and administrative expenses can be limited to projected levels; and those disclosed in IRT's filings with the Securities and Exchange Commission. IRT undertakes no obligation to update these forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events, except as may be required by law.

Independence Realty Trust, Inc. Contact

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FINANCIAL HIGHLIGHTS

	For the Three-Months Ended				
	December 31, 2015	September 30, 2015	June 30, 2015	March 31, 2015	December 31, 2014
Selected Financial Information:					
Operating Statistics:					
Total revenue	\$ 39,709	\$ 25,492	\$ 22,718	\$ 21,657	\$ 16,349
Total property operating expenses	\$ 17,398	\$ 11,945	\$ 10,517	\$ 10,095	\$ 7,689
Net operating income	\$ 22,311	\$ 13,547	\$ 12,201	\$ 11,562	\$ 8,660
NOI margin	56.2%	53.1%	53.7%	53.4%	53.0%
Adjusted EBITDA	\$ 19,720	\$ 11,742	\$ 10,518	\$ 9,851	\$ 7,673
Net income available to common shares	\$ 4,123	\$ 24,015	\$ 337	\$ (233)	\$ 189
Earnings (loss) per share -- diluted	\$ 0.09	\$ 0.71	\$ 0.01	\$ (0.01)	\$ 0.01
FFO per share -- diluted	\$ 0.19	\$ 0.86	\$ 0.18	\$ 0.18	\$ 0.14
CORE FFO per share -- diluted	\$ 0.22	\$ 0.20	\$ 0.19	\$ 0.19	\$ 0.17
Dividends per share	\$ 0.18	\$ 0.18	\$ 0.18	\$ 0.18	\$ 0.18
CORE FFO payout ratio	81.8%	90.0%	94.7%	94.7%	105.9%
Portfolio Data:					
Total gross assets (total assets plus accumulated depreciation)	\$ 1,432,052	\$ 1,448,559	\$ 754,347	\$ 721,293	\$ 717,526
Total number of properties	49	50	31	30	30
Total units	13,724	14,044	9,055	8,819	8,819
Total portfolio average occupancy	93.6%	94.0%	93.6%	93.5%	91.9%
Total portfolio average effective monthly rent, per unit	\$ 951	\$ 950	\$ 840	\$ 827	\$ 792
Same store portfolio average occupancy (a)	92.9%	93.5%	93.2%	93.0%	92.5%
Same store portfolio average effective monthly rent, per unit (a)	\$ 823	\$ 814	\$ 808	\$ 794	\$ 790
Capitalization:					
Total debt	\$ 975,837	\$ 993,908	\$ 457,202	\$ 422,613	\$ 418,901
Common share price, period end	\$ 7.51	\$ 7.21	\$ 7.53	\$ 9.49	\$ 9.31
Market equity capitalization	\$ 377,194	\$ 362,127	\$ 249,915	\$ 314,852	\$ 307,998
Total market capitalization	\$ 1,353,031	\$ 1,356,035	\$ 707,117	\$ 737,465	\$ 726,899
Total debt/total gross assets	68.1%	68.6%	60.6%	58.6%	58.4%
Net debt (b) / total market capitalization	69.3%	72.0%	61.6%	54.7%	55.6%
Net debt (b) to adjusted EBITDA	11.9x	12.4x (c)	10.4x	10.2x	13.2x
Interest coverage	1.9x	2.1x (c)	2.5x	2.4x	2.6x
Common shares and OP Units:					
Shares outstanding	47,070,678	47,070,678	31,933,218	31,894,751	31,800,076
OP units outstanding	3,154,936	3,154,936	1,255,983	1,282,450	1,282,450
Common shares and OP units outstanding	50,225,614	50,225,614	33,189,201	33,177,201	33,082,526
Weighted average common shares and units	50,101,609	35,472,807	33,066,770	31,768,468	28,578,949

- (a) Same store portfolio includes 21 properties which represents 6,150 units.
 (b) Net debt equals total debt less cash and cash equivalents.
 (c) Annualized assuming the TSRE merger occurred at the beginning of the period.

BALANCE SHEETS

Dollars in thousands, except per share data

	December 31, 2015	September 30, 2015	As of June 30, 2015	March 31, 2015	December 31, 2014
Assets					
Investments in real estate at cost (a)	\$ 1,372,015	\$ 1,400,892	\$ 716,581	\$ 689,867	\$ 689,112
Less: accumulated depreciation	(39,638)	(35,304)	(31,188)	(27,261)	(23,376)
Investments in real estate, net	1,332,377	1,365,588	685,393	662,606	665,736
Cash and cash equivalents	38,301	16,939	21,568	19,084	14,763
Restricted cash	5,413	7,330	6,335	6,228	5,206
Accounts receivable and other assets	3,362	5,153	6,689	1,818	2,270
Intangible assets, net	3,735	7,544	182	1,342	3,251
Deferred costs, net	9,226	10,701	2,992	2,954	2,924
Total assets	\$ 1,392,414	\$ 1,413,255	\$ 723,159	\$ 694,032	\$ 694,150
Liabilities and Equity					
Total indebtedness	\$ 975,837	\$ 993,908	\$ 457,202	\$ 422,613	\$ 418,901
Accounts payable and accrued expenses	19,304	18,724	10,922	10,691	8,353
Accrued interest payable	1,239	558	30	31	49
Dividends payable	3,006	2,427	1,982	1,982	1,982
Other liabilities	2,998	3,183	1,893	1,860	1,831
Total liabilities	1,002,384	1,018,800	472,029	437,177	431,116
Equity					
Shareholders' Equity:					
Preferred shares, \$0.01 par value per share	—	—	—	—	—
Common shares, \$0.01 par value per share	471	471	318	318	318
Additional paid in capital	378,187	377,989	267,566	267,695	267,683
Accumulated other comprehensive income (loss)	(8)	5	—	—	—
Retained earnings (deficit)	(14,500)	(10,174)	(28,065)	(22,680)	(16,728)
Total shareholders' equity	364,150	368,291	239,819	245,333	251,273
Noncontrolling Interests	25,880	26,164	11,311	11,522	11,761
Total equity	390,030	394,455	251,130	256,855	263,034
Total liabilities and equity	\$ 1,392,414	\$ 1,413,255	\$ 723,159	\$ 694,032	\$ 694,150

(a) Includes \$3,283 of a parcel of land acquired with the TSRE merger, as of September 30, 2015. This parcel was sold in October 2015.

STATEMENTS OF OPERATIONS, FFO & CORE FFO
TRAILING 5 QUARTERS

Dollars in thousands, except per share data

	For the Three-Months Ended				
	December 31, 2015	September 30, 2015	June 30, 2015	March 31, 2015	December 31, 2014
Revenue:					
Rental income	\$ 35,747	\$ 22,758	\$ 20,268	\$ 19,443	\$ 14,996
Reimbursement and other income	3,962	2,734	2,450	2,214	1,353
Total revenue	39,709	25,492	22,718	21,657	16,349
Expenses:					
Real estate operating expenses	17,398	11,945	10,517	10,095	7,689
General and administrative expenses	709	546	423	499	343
Asset management fees - Base	1,690	1,259	1,046	1,001	644
Asset management fees - Incentive	192	-	214	211	-
Acquisition and integration expenses	524	12,830	168	33	641
Depreciation and amortization expense	11,632	4,704	5,720	6,038	3,856
Total expenses	32,145	31,284	18,088	17,877	13,173
Operating Income (loss)	7,564	(5,792)	4,630	3,780	3,176
Interest expense	(10,160)	(5,094)	(4,277)	(4,022)	(2,986)
Interest income	-	18	-	1	5
Net gains (losses) on sale of assets	6,412	-	-	-	-
TSRE financing extinguishment and employee separation expenses	-	(27,508)	-	-	-
Gains (losses) on TSRE merger and property acquisitions	592	64,012	-	-	-
Net income (loss)	4,408	25,636	353	(241)	195
(Income) loss allocated to noncontrolling interests	(285)	(1,621)	(16)	8	(6)
Net income (loss) available to common shares	<u>\$ 4,123</u>	<u>\$ 24,015</u>	<u>\$ 337</u>	<u>\$ (233)</u>	<u>\$ 189</u>
EPS - basic	<u>\$ 0.09</u>	<u>\$ 0.71</u>	<u>\$ 0.01</u>	<u>\$ (0.01)</u>	<u>\$ 0.01</u>
Weighted-average shares outstanding - Basic	<u>46,946,678</u>	<u>33,962,015</u>	<u>31,794,822</u>	<u>31,768,468</u>	<u>28,174,568</u>
EPS - diluted	<u>\$ 0.09</u>	<u>\$ 0.71</u>	<u>\$ 0.01</u>	<u>\$ (0.01)</u>	<u>\$ 0.01</u>
Weighted-average shares outstanding - Diluted	<u>46,966,605</u>	<u>33,962,015</u>	<u>33,066,770</u>	<u>31,768,468</u>	<u>28,578,949</u>
Funds From Operations (FFO):					
Net Income (loss)	\$ 4,408	\$ 25,636	\$ 353	\$ (241)	\$ 195
Add-Back (Deduct):					
Income allocated to preferred units	-	-	-	-	(6)
Depreciation	11,632	4,704	5,720	6,038	3,856
Net (gains) losses on sale of assets	(6,412)	-	-	-	-
FFO	<u>\$ 9,628</u>	<u>\$ 30,340</u>	<u>\$ 6,073</u>	<u>\$ 5,797</u>	<u>\$ 4,045</u>
FFO per share--diluted	<u>\$ 0.19</u>	<u>\$ 0.86</u>	<u>\$ 0.18</u>	<u>\$ 0.18</u>	<u>\$ 0.14</u>
CORE Funds From Operations (CFFO):					
FFO	\$ 9,628	\$ 30,340	\$ 6,073	\$ 5,797	\$ 4,045
Add-Back (Deduct):					
Equity based compensation	198	217	10	70	32
Amortization of deferred financing costs	1,034	151	150	147	126
Acquisition and integration expenses	524	12,830	168	33	641
TSRE financing extinguishment and employee separation expenses	-	27,508	-	-	-
(Gains) losses on TSRE merger and property acquisitions	(592)	(64,012)	-	-	-
CFFO	<u>\$ 10,792</u>	<u>\$ 7,034</u>	<u>\$ 6,401</u>	<u>\$ 6,047</u>	<u>\$ 4,844</u>
CFFO per share--diluted	<u>\$ 0.22</u>	<u>\$ 0.20</u>	<u>\$ 0.19</u>	<u>\$ 0.19</u>	<u>\$ 0.17</u>
Weighted-average shares and units outstanding	<u>50,101,609</u>	<u>35,472,807</u>	<u>33,066,770</u>	<u>31,768,468</u>	<u>28,578,949</u>

STATEMENTS OF OPERATIONS, FFO & CORE FFO
THREE AND TWELVE MONTHS ENDED DECEMBER 31, 2015

Dollars in thousands, except per share data

	Three-Months Ended December 31		Twelve-Months Ended December 31	
	2015	2014	2015	2014
Revenue:				
Rental income	\$ 35,747	14,996	\$ 98,216	44,834
Reimbursement and other income	3,962	1,353	11,360	4,337
Total revenue	39,709	16,349	109,576	49,171
Expenses:				
Real estate operating expenses	17,398	7,689	49,955	23,395
General and administrative expenses	709	343	2,177	1,137
Asset management fees - Base	1,690	644	4,996	1,582
Asset management fees - Incentive	192	—	617	154
Acquisition and integration expenses	524	641	13,555	1,842
Depreciation and amortization expense	11,632	3,856	28,094	12,520
Total expenses	32,145	13,173	99,394	40,630
Operating Income (loss)	7,564	3,176	10,182	8,541
Interest expense	(10,160)	(2,986)	(23,553)	(8,496)
Interest income	—	5	19	17
Net gains (losses) on sale of assets	6,412	-	6,412	-
TSRE financing extinguishment and employee separation expenses	—	—	(27,508)	—
Gains (losses) on TSRE merger and property acquisitions	592	—	64,604	2,882
Net income (loss)	4,408	195	30,156	2,944
(Income) loss allocated to noncontrolling interests	(285)	(6)	(1,914)	(4)
Net income (loss) available to common shares	\$ 4,123	\$ 189	\$ 28,242	\$ 2,940
EPS - basic	\$ 0.09	\$ 0.01	\$ 0.78	\$ 0.14
Weighted-average shares outstanding - Basic	46,946,678	28,174,568	36,153,673	21,315,928
EPS - diluted	\$ 0.09	\$ 0.01	\$ 0.78	\$ 0.14
Weighted-average shares outstanding - Diluted	46,966,605	28,578,949	36,160,274	21,532,671
Funds From Operations:				
Net Income (loss)	\$ 4,408	\$ 195	\$ 30,156	\$ 2,944
Adjustments:				
Income allocated to preferred units	—	(6)	—	(4)
Real estate depreciation and amortization	11,632	3,856	28,094	12,520
Net (gains) losses on sale of assets	(6,412)	—	(6,412)	—
Funds From Operations	\$ 9,628	\$ 4,045	\$ 51,838	\$ 15,460
FFO per share--diluted	\$ 0.19	\$ 0.14	\$ 1.37	\$ 0.72
Core Funds From Operations:				
Funds From Operations	\$ 9,628	\$ 4,045	\$ 51,838	\$ 15,460
Adjustments:				
Equity based compensation	198	32	495	206
Amortization of deferred financing costs	1,034	126	1,483	358
Acquisition and integration expenses	524	641	13,555	1,842
TSRE financing extinguishment and employee separation expenses	—	—	27,508	—
(Gains) losses on TSRE merger and property acquisitions	(592)	—	(64,604)	(2,882)
Core Funds From Operations	\$ 10,792	\$ 4,844	\$ 30,275	\$ 14,984
CFFO per share--diluted	\$ 0.22	\$ 0.17	\$ 0.80	\$ 0.70
Weighted-average shares and units outstanding	50,101,609	28,578,949	37,968,183	21,532,671

ADJUSTED EBITDA RECONCILIATIONS

Dollars in thousands, except per share data

	Three-Months Ended December 31		Twelve-Months Ended December 31	
	2015	2014	2015	2014
Net income (loss)	\$ 4,408	\$ 195	\$ 30,156	\$ 2,944
Add-Back (Deduct):				
Depreciation and amortization	11,632	3,856	28,094	12,520
Interest expense	10,160	2,986	23,553	8,496
Interest Income	—	(5)	(19)	(17)
Acquisition and integration expenses	524	641	13,555	1,842
Net (gains) losses on sale of assets	(6,412)		(6,412)	
TSRE financing extinguishment and employee separation expenses	—	—	27,508	—
(Gains) losses on TSRE merger and property acquisitions	(592)	—	(64,604)	(2,882)
Adjusted EBITDA	<u>\$ 19,720</u>	<u>\$ 7,673</u>	<u>\$ 51,831</u>	<u>\$ 22,903</u>

	For the Three-Months Ended				
	December 31, 2015	September 30, 2015	June 30, 2015	March 31, 2015	December 31, 2014
Net income (loss)	\$ 4,408	\$ 25,636	\$ 353	\$ (241)	\$ 195
Add-Back (Deduct):					
Depreciation and amortization	11,632	4,704	5,720	6,038	3,856
Interest expense	10,160	5,094	4,277	4,022	2,986
Interest Income	—	(18)	—	(1)	(5)
Acquisition and integration expenses	524	12,830	168	33	641
Net (gains) losses on sale of assets	(6,412)				
TSRE financing extinguishment and employee separation expenses	—	27,508	—	—	—
(Gains) losses on TSRE merger and property acquisitions	(592)	(64,012)	—	—	—
Adjusted EBITDA	<u>\$ 19,720</u>	<u>\$ 11,742</u>	<u>\$ 10,518</u>	<u>\$ 9,851</u>	<u>\$ 7,673</u>

**SAME STORE PORTFOLIO NET OPERATING INCOME
TRAILING 5 QUARTERS**

Dollars in thousands, except per share data

	For the Three-Months Ended (a)				
	December 31, 2015	September 30, 2015	June 30, 2015	March 31, 2015	December 31, 2014
Revenue:					
Rental income	\$ 13,446	\$ 13,389	\$ 13,263	\$ 13,029	\$ 12,868
Reimbursement and other income	1,440	1,470	1,418	1,322	1,282
Total revenue	14,886	14,859	14,681	14,351	14,150
Operating Expenses:					
Real estate taxes	1,597	1,532	1,382	1,484	1,478
Property insurance	459	439	453	434	434
Personnel expenses	1,733	1,757	1,646	1,577	1,605
Utilities	1,105	1,217	1,091	1,193	1,168
Repairs and maintenance	612	740	744	498	596
Management fees	539	539	517	522	504
Contract services	378	391	386	372	381
Advertising expenses	206	213	220	222	202
Other expenses	514	541	611	506	487
Total operating expenses	7,143	7,369	7,050	6,808	6,855
Net operating income	<u>\$ 7,743</u>	<u>\$ 7,490</u>	<u>\$ 7,631</u>	<u>\$ 7,543</u>	<u>\$ 7,295</u>
NOI Margin	52.0%	50.4%	52.0%	52.6%	51.6%
Average Occupancy	92.9%	93.5%	93.2%	93.0%	92.5%
Average effective monthly rent, per unit	\$ 823	\$ 814	\$ 808	\$ 794	\$ 790
Reconciliation of Same-Store Net Operating Income to Net Income (loss)					
Same-store net operating income (a)	\$ 7,743	\$ 7,490	\$ 7,631	\$ 7,543	\$ 7,295
Non same-store net operating income	14,568	6,057	4,570	4,019	1,365
Asset management fees	(1,882)	(1,259)	(1,260)	(1,212)	(644)
General and administrative expenses	(709)	(546)	(423)	(499)	(343)
Acquisition and integration expenses	(524)	(12,830)	(168)	(33)	(641)
Depreciation and amortization	(11,632)	(4,704)	(5,720)	(6,038)	(3,856)
Interest expense	(10,160)	(5,094)	(4,277)	(4,022)	(2,986)
Interest income	—	18	—	1	5
Net gains (losses) on sale of assets	6,412	—	—	—	—
TSRE financing extinguishment and employee separation expenses	—	(27,508)	—	—	—
Gains (losses) on TSRE merger and property acquisitions	592	64,012	—	—	—
Net income (loss)	<u>\$ 4,408</u>	<u>\$ 25,636</u>	<u>\$ 353</u>	<u>\$ (241)</u>	<u>\$ 195</u>

(a) Same store portfolio includes 21 properties which represents 6,150 units.

**SAME STORE PORTFOLIO NET OPERATING INCOME
THREE AND TWELVE MONTHS ENDED DECEMBER 31, 2015**

Dollars in thousands, except per share data

	Three-Months Ended December 31 (a)			Twelve-Months Ended December 31 (b)		
	2015	2014	% change	2015	2014	% change
Revenue:						
Rental income	\$ 13,446	\$ 12,868	4.5%	\$ 21,171	\$ 20,121	5.2%
Reimbursement and other income	1,440	1,282	12.3%	2,709	2,439	11.1%
Total revenue	14,886	14,150	5.2%	23,880	22,560	5.9%
Operating Expenses:						
Real estate taxes	1,597	1,478	8.1%	2,024	2,056	-1.6%
Property insurance	459	434	5.8%	664	691	-3.9%
Personnel expenses	1,733	1,605	8.0%	2,723	2,549	6.8%
Utilities	1,105	1,168	-5.4%	2,456	2,402	2.2%
Repairs and maintenance	612	596	2.7%	1,157	1,134	2.0%
Management fees	539	504	6.9%	945	886	6.7%
Contract services	378	381	-0.7%	589	604	-2.5%
Advertising expenses	206	202	2.2%	341	323	5.6%
Other expenses	514	487	5.5%	1,073	833	28.8%
Total operating expenses	7,143	6,855	4.2%	11,972	11,478	4.3%
Net operating income	<u>\$ 7,743</u>	<u>\$ 7,295</u>	<u>6.1%</u>	<u>\$ 11,908</u>	<u>\$ 11,082</u>	<u>7.5%</u>
NOI Margin	52.0%	51.6%	0.4%	49.9%	49.1%	0.8%
Average Occupancy	92.9%	92.5%	0.4%	94.0%	94.1%	-0.1%
Average effective monthly rent, per unit	\$ 823	\$ 790	4.2%	\$ 809	\$ 767	5.5%
Reconciliation of Same-Store Net Operating Income to Net Income (loss)						
Same-store portfolio net operating income (a) (b)	\$ 7,743	\$ 7,295		\$ 11,908	\$ 11,082	
Non same-store net operating income	14,568	1,365		47,713	14,694	
Asset management fees	(1,882)	(644)		(5,613)	(1,736)	
General and administrative expenses	(709)	(343)		(2,177)	(1,137)	
Acquisition and integration expenses	(524)	(641)		(13,555)	(1,842)	
Depreciation and amortization	(11,632)	(3,856)		(28,094)	(12,520)	
Interest expense	(10,160)	(2,986)		(23,553)	(8,496)	
Interest income	—	5		19	17	
Net gains (losses) on sale of assets	6,412	—		6,412	-	
TSRE financing extinguishment and employee separation expenses	—	—		(27,508)	—	
Gains (losses) on TSRE merger and property acquisitions	592	—		64,604	2,882	
Net income (loss)	<u>\$ 4,408</u>	<u>\$ 195</u>		<u>\$ 30,156</u>	<u>\$ 2,944</u>	

(a) Same store portfolio for the three months ended December 31, 2015 and 2014 includes 21 properties which represents 6,150 units.

(b) Same store portfolio for the twelve months ended December 31, 2015 and 2014 includes 9 properties which represents 2,470 units.

NET OPERATING INCOME (NOI) BRIDGE

Dollars in thousands, except per share data

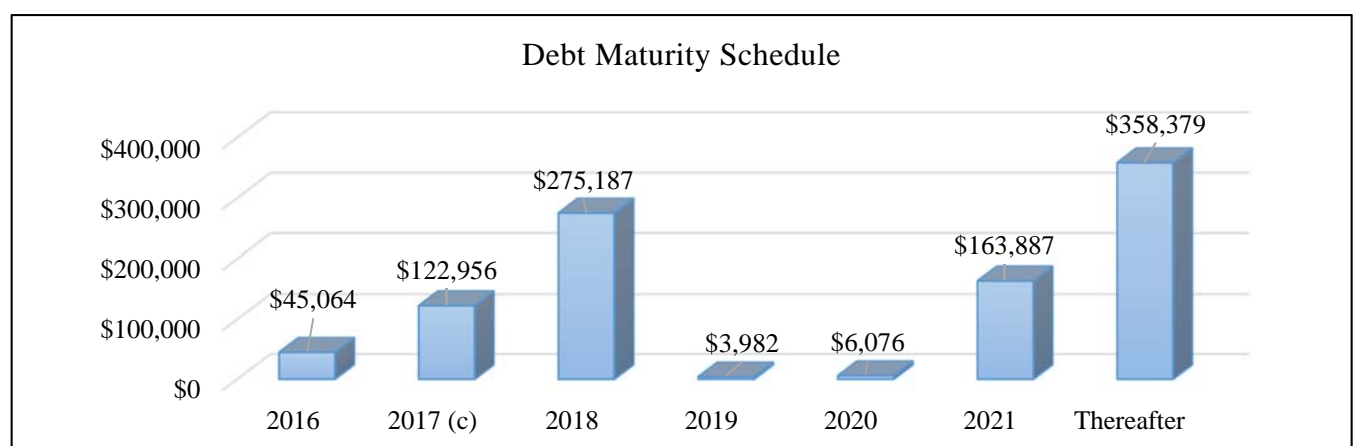
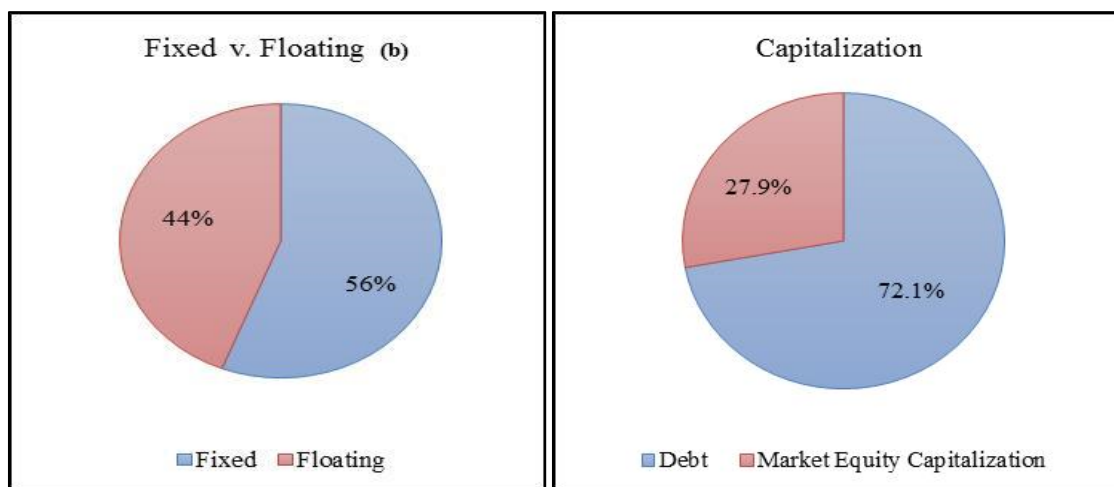
	For the Three-Months Ended				
	December 31, 2015	September 30, 2015	June 30, 2015	March 31, 2015	December 31, 2014
Property revenue					
Same store (a)	\$ 14,886	\$ 14,859	\$ 14,681	\$ 14,351	\$ 14,150
Non same store	24,823	10,633	8,037	7,306	2,199
Total property revenue	39,709	25,492	22,718	21,657	16,349
Property expenses					
Same store (a)	7,143	7,369	7,050	6,808	6,855
Non same store	10,255	4,576	3,467	3,287	834
Total property expenses	17,398	11,945	10,517	10,095	7,689
Net operating income					
Same store (a)	7,743	7,490	7,631	7,543	7,295
Non same store	14,568	6,057	4,570	4,019	1,365
Total property net operating income	\$ 22,311	\$ 13,547	\$ 12,201	\$ 11,562	\$ 8,660
Reconciliation of NOI to GAAP net income (loss)					
Total property net operating income	\$ 22,311	\$ 13,547	\$ 12,201	\$ 11,562	\$ 8,660
General and administrative expense	(709)	(546)	(423)	(499)	(343)
Asset management fees - base	(1,690)	(1,259)	(1,046)	(1,001)	(490)
Asset management fees - incentive	(192)	—	(214)	(211)	(154)
Acquisition and integration expenses	(524)	(12,830)	(168)	(33)	(641)
Depreciation and amortization expense	(11,632)	(4,704)	(5,720)	(6,038)	(3,856)
Interest expense	(10,160)	(5,094)	(4,277)	(4,022)	(2,986)
Interest income	—	18	—	1	5
Net gains (losses) on sale of assets	6,412				
TSRE financing extinguishment and employee separation expenses	—	(27,508)	—	—	—
Gains (losses) on TSRE merger and property acquisitions	592	64,012	—	—	—
Net income (loss)	\$ 4,408	\$ 25,636	\$ 353	\$ (241)	\$ 195

(a) Same store portfolio includes 21 properties which represents 6,150 units.

Debt Summary

(Unaudited, in thousands except shares and per share data)

	Amount	Rate	Type	Weighted Average Maturity (in years)
Debt:				
Credit facility (a)	\$ 271,500	2.9%	Floating (b)	2.8
Bridge term loan	120,000	5.4%	Floating (b)	1.2 (c)
Mortgages-Fixed rate	545,956	3.8%	Fixed	7.0
Mortgages-Floating rate	38,075	2.8%	Floating	5.4
Unamortized debt premiums	306			
Total Debt	<u>975,837</u>	<u>3.7%</u>		<u>5.0</u>
Market Equity Capitalization, at period end	377,194			
Total Capitalization	<u>\$ 1,353,031</u>			



- (a) Credit facility total capacity is \$325.0 million, of which \$271.5 million was drawn as of December 31, 2015.
- (b) As of December 31, 2015, IRT maintained an interest rate cap, which caps 1-month LIBOR at 3.0% on \$200 million in notional. This agreement has a maturity date of October 17, 2017.
- (c) Includes the initial 6 month extension included in the bridge term loan.

Property Summary

(Unaudited, in thousands except shares and per share data)

Property Name	Location	Acquisition Date	Year Built / Renovated (a)	Units ^(b)	Period End Occupancy ^(c)	Average Occupancy ^(d)	Average Effective
							Rent per Occupied Unit ^(e)
Belle Creek	Henderson, CO	4/29/2011	2011	162	97.5 %	98.0 %	\$ 1,178
Copper Mill	Austin, TX	4/29/2011	2010	320	96.3 %	95.9 %	912
Crestmont	Marietta, GA	4/29/2011	2010	228	81.1 %	84.2 %	852
Cumberland Glen	Smyrna, GA	4/29/2011	2010	222	95.0 %	95.2 %	786
Heritage Trace	Newport News, VA	4/29/2011	2010	200	98.5 %	97.7 %	702
Tresa	Phoenix, AZ	4/29/2011	2006	360	98.6 %	98.1 %	876
Runaway Bay	Indianapolis, IN	10/11/2012	2002	192	95.8 %	97.0 %	953
Berkshire Square	Indianapolis, IN	9/19/2013	2012	354	92.7 %	91.5 %	624
The Crossings	Jackson, MS	11/22/2013	2012	432	89.1 %	91.6 %	781
Reserve at Eagle Ridge	Waukegan, IL	1/31/2014	2008	370	95.4 %	96.2 %	968
Windrush	Edmond, OK	2/28/2014	2011	160	91.9 %	94.4 %	796
Heritage Park	Oklahoma City, OK	2/28/2014	2011 (f)	453	86.3 %	87.1 %	669
Raindance	Oklahoma City, OK	2/28/2014	2011	504	94.1 %	93.5 %	563
Augusta	Oklahoma City, OK	2/28/2014	2011	197	93.9 %	95.2 %	729
Invitational	Oklahoma City, OK	2/28/2014	2011	344	90.7 %	92.2 %	667
King's Landing	Creve Coeur, MO	3/31/2014	2005	152	91.6 %	95.7 %	1,480
Carrington Park	Little Rock, AR	5/7/2014	1999	202	93.6 %	92.1 %	992
Arbors at the Reservoir	Ridgeland, MS	6/4/2014	2000	170	90.6 %	95.3 %	1,112
Walnut Hill	Cordova, TN	8/28/2014	2001	360	92.5 %	91.3 %	924
Lenoxplace	Raleigh, NC	9/5/2014	2012	268	94.4 %	93.8 %	870
Stonebridge Crossing	Cordova, TN	9/15/2014	1994	500	88.0 %	88.1 %	770
Bennington Pond	Groveport, OH	11/24/2014	2000	240	94.2 %	93.9 %	828
Prospect Park	Louisville, KY	12/8/2014	1990	138	94.2 %	90.7 %	896
Brookside	Louisville, KY	12/8/2014	1987	224	97.8 %	97.3 %	795
Jamestown	Louisville, KY	12/8/2014	1970 (f)	355	88.7 %	90.1 %	983
Meadows	Louisville, KY	12/8/2014	1988	400	93.3 %	95.3 %	793
Oxmoor	Louisville, KY	12/8/2014	1999-2000 (f)	432	88.7 %	88.0 %	1,021
Stonebridge at the Ranch	Little Rock, AR	12/16/2014	2005	260	93.9 %	91.6 %	910
Iron Rock Ranch	Austin, TX	12/30/2014	2001-2002	300	94.0 %	95.1 %	1,192
Bayview Club	Indianapolis, IN	5/1/2015	2004	236	92.0 %	91.5 %	862
Arbors River Oaks	Memphis, TN	9/17/2015	1990 (f)	191	93.7 %	91.1 %	1,146
Aston	Wake Forest, NC	9/17/2015	2013	288	94.1 %	94.5 %	1,032
Avenues at Craig Ranch	McKinney, TX	9/17/2015	2013	334	92.2 %	94.7 %	1,216
Bridge Pointe	Huntsville, AL	9/17/2015	2002	178	97.8 %	96.1 %	816
Creekstone at RTP	Durham, NC	9/17/2015	2012	256	93.4 %	94.5 %	1,104
Fountains Southend	Charlotte, NC	9/17/2015	2013	208	97.6 %	96.2 %	1,353
Fox Trails	Plano, TX	9/17/2015	1981	286	97.6 %	96.8 %	965
Lakeshore on the Hill	Chattanooga, TN	9/17/2015	2015	123	96.8 %	96.9 %	925
Millenia 700	Orlando, FL	9/17/2015	2012	297	96.3 %	96.0 %	1,290
Miller Creek at German Town	Memphis, TN	9/17/2015	2013	330	93.3 %	94.9 %	1,217
Pointe at Canyon Ridge	Atlanta, GA	9/17/2015	1986 (f)	494	92.3 %	91.9 %	910
St James at Goose Creek	Goose Creek, SC	9/17/2015	2009	244	91.0 %	93.1 %	1,051
Talison Row at Daniel Island	Daniel Island, SC	9/17/2015	2013	274	87.2 %	93.4 %	1,519
The Aventine Greenville	Greenville, SC	9/17/2015	2013	346	92.8 %	93.8 %	1,125
Trails at Signal Mountain	Chattanooga, TN	9/17/2015	2015	172	97.1 %	98.6 %	882
Vue at Knoll Trail	Dallas, TX	9/17/2015	2015	114	94.7 %	96.3 %	846
Waterstone at Brier Creek	Raleigh, NC	9/17/2015	2014	232	94.4 %	94.9 %	1,201
Waterstone Big Creek	Alpharetta, GA	9/17/2015	2014	370	96.2 %	97.2 %	1,322
Westmont Commons	Asheville, NC	9/17/2015	2003	252	96.8 %	97.1 %	979
TOTAL				13,724	93.0 %	93.6 %	\$ 951

- (a) All dates are for the year in which a significant renovation program was completed, except for Runaway Bay, Arbors at the Reservoir, King's Landing, Walnut Hill, Stonebridge, Bennington Pond, Prospect Park, Brookside, Jamestown, Meadows, Oxmoor, Stonebridge at the Ranch and Iron Rock Ranch which is the year construction was completed.
- (b) Units represent the total number of apartment units available for rent at December 31, 2015.
- (c) Physical occupancy for each of our properties is calculated as (i) total units rented as of December 31, 2015 divided by (ii) total units available as of December 31, 2015, expressed as a percentage.
- (d) Average occupancy represents the daily average occupied units for the three-month period ended December 31, 2015.
- (e) Average monthly effective monthly rent, per unit, represents the average monthly rent for all occupied units for the three-month period ended December 31, 2015.
- (f) Properties are undergoing renovation.

NOI Exposure by Market

Dollars in thousands, except per share data

Market	Units	Gross Real Estate Assets	Period End Occupancy	For the Three Months Ended December 31, 2015		
				Average Effective Monthly Rent per Unit	Net Operating Income (a)	% of NOI
Atlanta, GA	1,314	\$ 144,941	91.9%	\$ 995	\$ 2,361	10.8%
Louisville, KY	1,549	159,220	91.7%	910	2,343	10.7%
Raleigh, NC	1,044	137,683	94.1%	1,046	2,099	9.6%
Memphis, TN	1,381	133,473	91.2%	969	2,082	9.5%
Oklahoma City, OK	1,658	67,922	91.0%	656	1,496	6.8%
Dallas, TX	734	83,980	94.7%	1,061	1,292	5.9%
Charleston, SC	518	78,064	89.0%	1,298	1,175	5.4%
Austin, TX	620	49,220	95.2%	1,048	927	4.2%
Jackson, MS	602	41,940	90.6%	875	878	4.0%
Indianapolis, IN	782	52,568	93.2%	775	831	3.8%
Greenville, SC	346	47,781	92.8%	1,125	746	3.4%
Little Rock, AR	462	51,402	93.7%	946	725	3.3%
Orlando, FL	297	47,011	96.3%	1,290	707	3.2%
Phoenix, AZ	360	31,206	98.6%	876	638	2.9%
Charlotte, NC	208	41,393	97.6%	1,353	631	2.9%
Chicago, IL	370	27,686	95.4%	968	596	2.7%
Asheville, NC	252	27,837	96.8%	979	489	2.2%
St. Louis, MO	152	31,175	91.6%	1,480	447	2.0%
Chattanooga, TN	295	25,128	97.0%	900	409	1.9%
Denver, CO	162	8,369	97.5%	1,178	364	1.7%
Columbus, OH	240	17,053	94.2%	828	282	1.3%
Huntsville, AL	178	15,731	97.8%	816	269	1.2%
Norfolk, VA	200	11,594	98.5%	702	142	0.6%
Total/Weighted Average	13,724	\$1,332,377	93.0%	\$ 951	\$ 21,929	100.0%

(a) Net operating income for the three months ended December 31, 2015 excludes \$382 for a property sold on December 22, 2015.

DEFINITIONS

Average Effective Monthly Rent per Unit

Average effective rent per unit represents the average of gross rent amounts, divided by the average occupancy (in units) for the period presented. We believe average effective rent is a helpful measurement in evaluating average pricing. This metric, when presented, reflects the average effective rent per month.

Average Occupancy

Average occupancy represents the average of the daily physical occupancy for the period presented.

Adjusted EBITDA

EBITDA is defined as net income before gains or losses on asset sales, gains or losses on debt extinguishments, depreciation and amortization expenses, interest expense, income taxes, and amortization of deferred financing costs. Adjusted EBITDA is EBITDA before acquisition expenses and gains. EBITDA and Adjusted EBITDA are each non-GAAP measures. We consider EBITDA and Adjusted EBITDA to be an appropriate supplemental measure of our performance because it eliminates depreciation, income taxes, interest and acquisition expenses and gains relating to IRT's acquisition of TSRE, which permits investors to view income from operations without non-cash items such as depreciation, amortization, the cost of debt or items specific to the TSRE acquisition. The table is a reconciliation of net income applicable to common stockholders to Adjusted EBITDA. IRT's calculation of Adjusted EBITDA differs from the methodology used for calculating Adjusted EBITDA by certain other REITs and, accordingly, IRT's Adjusted EBITDA may not be comparable to Adjusted EBITDA reported by other REITs.

Funds From Operations ("FFO") and Core Funds From Operations ("CFFO")

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

CFFO is a computation made by analysts and investors to measure a real estate company's operating performance by removing the effect of items that do not reflect ongoing property operations, including acquisition and integration expenses, expensed costs related to the issuance of shares of our common stock, gains or losses on real estate transactions and equity-based compensation expenses, from the determination of FFO. IRT incurs acquisition expenses in connection with acquisitions of real estate properties and expenses those costs when incurred in accordance with U.S. GAAP. As these expenses are one-time and reflective of investing activities rather than operating performance, IRT adds back these costs to FFO in determining CFFO. In connection with the TSRE transaction, IRT modified the calculation of CFFO to adjust for amortization of deferred financing costs and TSRE financing extinguishment and employee separation expenses because these are non-cash items or reflective of investing activities rather than operating performance similar to the other CFFO adjustments. The effect of these modifications on prior periods is reflected in the reconciliation of IRT's reported net income (loss) allocable to common shares to its FFO and CFFO included herein.

IRT's calculation of CFFO differs from the methodology used for calculating CFFO by certain other REITs and, accordingly, IRT's CFFO may not be comparable to CFFO reported by other REITs. IRT's management utilizes FFO and CFFO as measures of IRT's operating performance, and believes they are also useful to investors, because they facilitate an understanding of IRT's operating performance after adjustment for certain non-cash items, such as depreciation and amortization expenses, equity based compensation, amortization of deferred financing fees, TSRE financing extinguishment and employee separation costs, gains (loss) on TSRE transaction and property acquisitions and acquisition expenses and pursuit costs that are required by GAAP to be expensed but may not necessarily be indicative of current operating performance and that may not accurately compare IRT's operating performance between periods. Furthermore, although FFO, CFFO and other supplemental performance measures are defined in various ways throughout the REIT industry, IRT also believes that FFO and CFFO may provide IRT and our investors with an additional useful measure to compare IRT's financial performance to certain other REITs. IRT also uses CFFO for purposes of determining the quarterly incentive fee, if any, payable to our advisor. Neither FFO nor CFFO is equivalent to net income or cash generated from operating activities determined in accordance with GAAP. Furthermore, FFO and CFFO do not represent amounts available for management's discretionary use because of needed capital replacement or expansion, debt service obligations or other commitments

or uncertainties. Neither FFO nor CFFO should be considered as an alternative to net income as an indicator of IRT's operating performance or as an alternative to cash flow from operating activities as a measure of IRT's liquidity.

Net Operating Income

IRT believes that Net Operating Income ("NOI"), a non-GAAP measure, is a useful measure of its operating performance. IRT defines NOI as total property revenues less total property operating expenses, excluding depreciation and amortization, asset management fees, acquisition expenses and general administrative expenses. Other REITs may use different methodologies for calculating NOI, and accordingly, our NOI may not be comparable to other REITs. We believe that this measure provides an operating perspective not immediately apparent from GAAP operating income or net income. We use NOI to evaluate our performance on a same store and non-same store basis because NOI measures the core operations of property performance by excluding corporate level expenses and other items not related to property operating performance and captures trends in rental housing and property operating expenses. However, NOI should only be used as an alternative measure of our financial performance.

Same Store Properties and Same Store Portfolio

IRT defines same store properties or portfolio as conventional multifamily residential apartments which were owned and operational for the entire periods presented, including each comparative period.