



**Independence  
Realty Trust**



## **Q3 2016 Earnings Release & Supplemental Information**

**NYSE MKT: IRT**  
**[www.irtreit.com](http://www.irtreit.com)**

## **TABLE OF CONTENTS**

<b>Company Information</b>	3
<b>Forward-Looking Statements</b>	4
<b>Earnings Release Text</b>	5
<b>Financial Highlights</b>	9
<b>Balance Sheets</b>	10
<b>Statements of Operations, FFO &amp; CORE FFO</b>	
<b>Trailing 5 Quarters</b>	11
<b>Three and Nine Months Ended September 30, 2016</b>	12
<b>Adjusted EBITDA Reconciliations</b>	
<b>Trailing 5 Quarters</b>	13
<b>Three and Nine Months Ended September 30, 2016</b>	13
<b>Same-Store Portfolio Net Operating Income</b>	
<b>Trailing 5 Quarters</b>	14
<b>Three and Nine Months Ended September 30, 2016</b>	15
<b>Net Operating Income Bridge</b>	16
<b>Debt and Capitalization Overview</b>	17
<b>Property Summary</b>	18
<b>NOI Exposure by Market</b>	19
<b>Definitions</b>	20



**Independence Realty Trust  
September 30, 2016**

**Company Information:**

Independence Realty Trust, Inc. (“IRT”) (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. While IRT is currently externally advised by a wholly-owned subsidiary of RAIT Financial Trust (“RAIT”) (NYSE: RAS), IRT expects to internalize its management by the end of 2016.

**Corporate Headquarters**

Two Logan Square  
100 N. 18<sup>th</sup> Street, 23<sup>rd</sup> Floor  
Philadelphia, Pa 19103  
215.207.2100

**Trading Symbol**

NYSE MKT: “IRT”

**Investor Relations Contact**

Andres Viroslav  
Two Logan Square  
100 N. 18<sup>th</sup> Street, 23<sup>rd</sup> Floor  
Philadelphia, Pa 19103  
215.207.2100

	For the Three Months Ended				
	September 30, 2016	June 30, 2016	March 31, 2016	December 31, 2015	September 30, 2015
<b>Common Shares &amp; Units:</b>					
Share Price, period end	\$ 9.00	\$ 8.18	\$ 7.12	\$ 7.51	\$ 7.21
Share Price, high	\$ 10.70	\$ 8.21	\$ 7.78	\$ 8.13	\$ 8.57
Share Price, low	\$ 8.05	\$ 6.75	\$ 5.97	\$ 6.88	\$ 6.95
Dividends declared	\$ 0.18	\$ 0.18	\$ 0.18	\$ 0.18	\$ 0.18
Dividend yield, period end	8.0%	8.8%	10.1%	9.6%	10.0%

## 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, whether and when we will be able to complete the Internalization; whether we can manage the Internalization effectively or realize its anticipated benefits; whether IRT can maintain its 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 general and administrative expenses can be limited to projected levels; and whether the weighted average number of shares outstanding at December 31, 2016 will be at the assumed 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 Announces Third Quarter 2016 Financial Results

PHILADELPHIA, PA — October 28, 2016 — Independence Realty Trust, Inc. (“IRT”) (NYSE MKT: IRT) today announced its third quarter 2016 financial results. All per share results are reported on a diluted basis.

### Results for the Quarter

- Earnings per share (“EPS”) was \$0.05 for the quarter ended September 30, 2016 as compared to \$0.71 for the quarter ended September 30, 2015.
- Core Funds from Operations (“CFFO”) per share increased 5.0% to \$0.21 for the quarter ended September 30, 2016 from \$0.20 for the quarter ended September 30, 2015.
- Earnings before interest, taxes, depreciation and amortization and before acquisition expenses (“Adjusted EBITDA”), increased 56.5% to \$18.4 million for the quarter ended September 30, 2016 from \$11.7 million for the quarter ended September 30, 2015.

### Results for the Nine Months

- EPS was \$0.66 for the nine months ended September 30, 2016 as compared to \$0.74 for the nine months ended September 30, 2015.
- CFFO per share increased 10.5% to \$0.63 for the nine months ended September 30, 2016 from \$0.57 for the nine months ended September 30, 2015.
- Adjusted EBITDA increased 74.3% to \$56.0 million for the nine months ended September 30, 2016 from \$32.1 million for the nine months ended September 30, 2015.

### Management Internalization Transaction

On September 27, 2016, IRT entered an agreement (the “Internalization Agreement”) with RAIT Financial Trust (“RAIT”) to repurchase 7,269,719 shares of IRT common stock from RAIT subsidiaries, representing all of the shares of IRT common stock owned by RAIT, and for IRT to complete a management internalization and separation (the “Internalization”) from RAIT and certain of its affiliates.

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

The Internalization consists of two parts: (i) the acquisition of IRT’s external advisor, which is a subsidiary of RAIT, and (ii) the acquisition of certain assets and the assumption of certain liabilities relating to the multifamily property management business of RAIT, including property management contracts relating to apartment properties owned by IRT, RAIT and third parties. The purchase price IRT will pay RAIT for the Internalization is \$43.0 million, subject to certain prorations at closing. The Internalization Agreement provides that the Internalization will occur, subject to its terms and conditions, no earlier than December 20, 2016 and IRT expects it to occur by year end.

Upon closing of the Internalization, each of Scott F. Schaeffer, IRT’s Chief Executive Officer, Farrell Ender, IRT’s President, and James J. Sebra, IRT’s Chief Financial Officer, are expected to enter into employment agreements with IRT. Messrs. Schaeffer and Ender are expected to become employees of IRT upon closing. Mr. Sebra is expected to remain the CFO of RAIT until the later to occur of March 31, 2017 or the filing of RAIT’s Form 10-K for the fiscal year ending December 31, 2016 with the U.S. Securities and Exchange Commission. In addition, more than 400 current employees of RAIT and the property manager are expected to become employees of IRT.

## Common Stock Offering

On October 5, 2016, IRT closed an underwritten public offering of 25,000,000 shares of IRT common stock at a public offering price of \$9.00 per share for total net proceeds of approximately \$211.8 million. On October 21, 2016, IRT closed on the underwriters' option to purchase 3,750,000 additional shares of IRT common stock at the public offering price, less underwriting discounts and commissions netting IRT an additional \$32.1 million of proceeds. In the aggregate, IRT received approximately \$245.8 million of net proceeds from this offering, before offering expenses and after underwriting discounts and commissions. IRT used the net proceeds from the offering plus available cash as follows: \$40.0 million was used to repay IRT's \$40.0 million senior secured term loan facility; \$43.0 million was reserved for the Internalization; \$62.2 million was used for the IRT Stock Repurchase; and \$107.3 million was used to repay outstanding borrowings under IRT's \$325.0 million senior secured credit facility.

Scott Schaeffer, IRT's Chairman and CEO said, "During the quarter, IRT's portfolio of apartment communities delivered strong same store operating results and remains well positioned for further NOI growth. At the end of the quarter we took steps to strengthen IRT's market position by entering into an agreement with RAIT, which owns our external advisor, to internalize IRT's management. This milestone transaction delivers continuity of management and other key benefits which will enhance shareholder value. The proceeds from the completion of our previously announced equity offering will be used to pay for the internalization, reduce debt and repurchase and retire our common stock from RAIT. We are excited about the market opportunity and look forward to completing the internalization later this year."

## Same-Store Property Operating Results

	Third Quarter 2016 Compared to Third Quarter 2015 <sup>(1)</sup>	Nine Months Ended 9/30/16 Compared to Nine Months Ended 9/30/15 <sup>(2)</sup>
Rental income	3.4% increase	3.2% increase
Total revenues	4.1% increase	3.5% increase
Property level operating expenses	2.1% increase	2.2% increase
Net operating income ("NOI")	6.0% increase	4.6% increase
Portfolio average occupancy	93.2%, 0.2% decrease	93.4%, no change
Portfolio average rental rate	3.5% increase to \$867	3.1% increase to \$857
NOI Margin	0.9% increase to 51.7%	0.6% increase to 52.7%

(1) Same store portfolio for the three months ended September 30, 2016 and 2015 consists of 26 properties with 7,757 apartment units.

(2) Same store portfolio for the nine months ended September 30, 2016 and 2015 consists of 26 properties with 7,757 apartment units.

## Capital Expenditures

For the three months ended September 30, 2016, our recurring capital expenditures for the total portfolio was \$2.1 million, or \$161 per unit. For the nine months ended September 30, 2016, our recurring capital expenditures for the total portfolio was \$5.6 million, or \$420 per unit.

## 2016 Net Income and CFFO Guidance

IRT is updating prior guidance to reflect impact from the previously announced internalization transaction, debt reduction, stock repurchase and common stock offering for full year EPS and CFFO per share, with EPS now projected to be in a range of (\$0.12)-(\$0.10), a decrease from the prior guidance range of \$0.54-\$0.58, due largely from the (\$0.78) per common share internalization expense expected in the fourth quarter. CFFO per share is now projected to be in the range of \$0.77-\$0.79 per common share, a decrease from the prior guidance range of \$0.84-\$0.88 per common share. A reconciliation of IRT's projected net income (loss) allocable to common shares to its projected CFFO per share, 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.



**2016 Full Year Net Income and CFFO  
Guidance <sup>(1)</sup>**

<b>2016 Net Income Guidance <sup>(1)</sup></b>	<b><u>Low</u></b>	-	<b><u>High</u></b>
Net income (loss) available to common shares	<u>\$(0.12)</u>		<u>\$(0.10)</u>
<b>2016 CFFO Guidance <sup>(1)</sup></b>			
Net income (loss) available to common shares	\$(0.12)	-	\$(0.10)
Adjustments:			
Depreciation and amortization	0.61	-	0.61
Gains on asset sales	(0.57)	-	(0.57)
Share base compensation	0.02	-	0.02
Internalization	0.78	-	0.78
Amortization of deferred financing fees and other items	<u>0.05</u>	-	<u>0.05</u>
CORE FFO per diluted share allocated to common shareholders	<u>\$0.77</u>	-	<u>\$0.79</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:

- (a) For 2016, a same store pool of 26 properties totaling 7,757 units.
- (b) 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%.
- (c) 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.
- (d) No property acquisitions in 2016.
- (e) General and administrative expenses of approximately \$1.8 million to \$2.3 million.
- (f) 55.1 million weighted average shares outstanding for fiscal year 2016.

**Selected Financial Information**

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

**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 October 12, 2016, IRT’s Board of Directors declared monthly cash dividends for the fourth 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 fourth 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>
October 2016	\$0.06	10/31/2016	11/15/2016
November 2016	\$0.06	11/30/2016	12/15/2016
December 2016	\$0.06	12/30/2016	01/17/2017



## **Conference Call**

All interested parties can listen to the live conference call webcast at 9:30 AM ET on Friday, October 28, 2016 from the investor relations section of the IRT website at [www.irtreit.com](http://www.irtreit.com) or by dialing 1.844.775.2542, access code 96007206. 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 Friday, November 4, 2016, by dialing 855.859.2056, access code 96007206.

## **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](http://www.irtreit.com), through the "Investor Relations" section.

## **About Independence Realty Trust, Inc.**

Independence Realty Trust, Inc. ("IRT") (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. While IRT is currently externally advised by a wholly-owned subsidiary of RAIT Financial Trust ("RAIT") (NYSE: RAS), IRT expects to internalize its management by the end of 2016.

## **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," "in the process," "assumption," "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 and when we will be able to complete the Internalization; whether we can manage the Internalization effectively or realize its anticipated benefits; 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 general and administrative expenses can be limited to projected levels ; and whether the weighted average number of shares outstanding at December 31, 2016 will be at the assumed 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**

Andres Viroslav  
215.207.2100  
[aviroslav@irtreit.com](mailto:aviroslav@irtreit.com)



## HIGHLIGHTS

	For the Three Months Ended				
	September 30, 2016	June 30, 2016	March 31, 2016	December 31, 2015	September 30, 2015
<b>Selected Financial Information:</b>					
<b>Operating Statistics:</b>					
Net income available to common shares	\$ 2,267	\$ 28,987	\$ (75)	\$ 4,123	\$ 24,015
Earnings (loss) per share -- diluted	\$ 0.05	\$ 0.61	\$ -	\$ 0.09	\$ 0.71
Total revenue	\$ 38,364	\$ 38,327	\$ 38,666	\$ 39,709	\$ 25,492
Total property operating expenses	\$ 17,326	\$ 16,852	\$ 17,120	\$ 17,398	\$ 11,945
Net operating income	\$ 21,038	\$ 21,475	\$ 21,546	\$ 22,311	\$ 13,547
NOI margin	54.8%	56.0%	55.7%	56.2%	53.1%
Adjusted EBITDA	\$ 18,373	\$ 18,688	\$ 18,924	\$ 19,720	\$ 11,742
FFO per share -- diluted	\$ 0.20	\$ 0.18	\$ 0.18	\$ 0.19	\$ 0.86
CORE FFO per share -- diluted	\$ 0.21	\$ 0.22	\$ 0.21	\$ 0.22	\$ 0.20
Dividends per share	\$ 0.18	\$ 0.18	\$ 0.18	\$ 0.18	\$ 0.18
CORE FFO payout ratio	85.7%	81.8%	85.7%	81.8%	90.0%
<b>Portfolio Data:</b>					
Total gross assets	\$ 1,374,353	\$ 1,368,217	\$ 1,404,359	\$ 1,434,377	\$ 1,445,601
Total number of properties	46	46	48	49	50
Total units	12,982	12,982	13,502	13,724	14,044
Total portfolio average occupancy	94.1%	94.4%	93.5%	93.6%	94.0%
Total portfolio average effective monthly rent, per unit	\$ 977	\$ 961	\$ 952	\$ 947	\$ 949
Same store portfolio average occupancy (a)	93.2%	93.9%	92.9%	92.4%	93.4%
Same store portfolio average effective monthly rent, per unit (a)	\$ 867	\$ 856	\$ 848	\$ 844	\$ 838
<b>Capitalization (c):</b>					
Total debt	\$ 880,581	\$ 880,288	\$ 940,336	\$ 966,611	\$ 983,207
Common share price, period end	\$ 9.00	\$ 8.18	\$ 7.12	\$ 7.51	\$ 7.21
Market equity capitalization	\$ 453,823	\$ 412,493	\$ 358,913	\$ 377,194	\$ 362,127
Total market capitalization	\$ 1,334,404	\$ 1,292,781	\$ 1,299,249	\$ 1,343,805	\$ 1,345,334
Total debt/total gross assets	64.1%	64.3%	67.0%	67.4%	68.0%
Net debt to adjusted EBITDA	11.6x	11.4x	12.1x	11.8x	12.2x (b)
Interest coverage	2.1x	2.1x	1.9x	1.9x	2.1x (b)
<b>Common shares and OP Units:</b>					
Shares outstanding	47,509,731	47,476,250	47,458,250	47,070,678	47,070,678
OP units outstanding	2,915,008	2,950,816	2,950,816	3,154,936	3,154,936
Common shares and OP units outstanding	50,424,739	50,427,066	50,409,066	50,225,614	50,225,614
Weighted average common shares and units	50,229,637	50,134,620	50,113,693	50,101,609	35,472,807

(a) Same store portfolio includes 26 properties which represents 7,757 units.

(b) Annualized assuming the TSRE merger which closed September 17, 2015 occurred at the beginning of the period.

(c) On September 29, 2016, IRT priced a \$25 million common share offering at \$9.00 per share. The proceeds of this offering will be used to repay indebtedness, repurchase shares and fund the internalization payment later in 2016. As a result of this offering, IRT's leverage and capitalization have improved.

**BALANCE SHEETS**

Dollars in thousands, except per share data

	September 30, 2016	June 30, 2016	As of March 31, 2016	December 31, 2015	September 30, 2015
<b>Assets</b>					
Investments in real estate at cost	\$ 1,316,725	\$ 1,314,115	\$ 1,357,338	\$ 1,372,015	\$ 1,400,892
Less: accumulated depreciation	(52,824)	(45,059)	(44,422)	(39,638)	(35,304)
Investments in real estate, net	1,263,901	1,269,056	1,312,916	1,332,377	1,365,588
Cash and cash equivalents	29,247	28,051	21,924	38,301	16,939
Restricted cash	8,028	6,779	7,015	5,413	7,330
Accounts receivable and other assets	5,066	3,985	2,795	3,362	5,153
Intangible assets, net	-	-	-	3,735	7,544
<b>Total assets</b>	<u>\$ 1,306,242</u>	<u>\$ 1,307,871</u>	<u>\$ 1,344,650</u>	<u>\$ 1,383,188</u>	<u>\$ 1,402,554</u>
<b>Liabilities and Equity</b>					
Total indebtedness	\$ 880,581	\$ 880,288	\$ 940,336	\$ 966,611	\$ 983,207
Accounts payable and accrued expenses	22,231	17,807	16,089	19,304	18,724
Accrued interest payable	830	701	1,175	1,239	558
Dividends payable	3,009	3,009	3,007	3,006	2,427
Derivative liabilities	696	1,163	-	-	-
Other liabilities	2,857	2,955	3,071	2,998	3,183
<b>Total liabilities</b>	910,204	905,923	963,678	993,158	1,008,099
<b>Equity</b>					
Shareholders' Equity:					
Preferred shares, \$0.01 par value per share	-	-	-	-	-
Common shares, \$0.01 par value per share	475	475	475	471	471
Additional paid in capital	381,106	380,532	380,152	378,187	377,989
Accumulated other comprehensive income (loss)	(727)	(1,195)	(26)	(8)	5
Retained earnings (deficit)	(8,833)	(2,601)	(23,094)	(14,500)	(10,174)
Total shareholders' equity	372,021	377,211	357,507	364,150	368,291
Noncontrolling Interests	24,017	24,737	23,465	25,880	26,164
<b>Total equity</b>	396,038	401,948	380,972	390,030	394,455
<b>Total liabilities and equity</b>	<u>\$ 1,306,242</u>	<u>\$ 1,307,871</u>	<u>\$ 1,344,650</u>	<u>\$ 1,383,188</u>	<u>\$ 1,402,554</u>

**STATEMENTS OF OPERATIONS, FFO & CORE FFO  
TRAILING 5 QUARTERS**

Dollars in thousands, except per share data

	For the Three Months Ended				
	September 30, 2016	June 30, 2016	March 31, 2016	December 31, 2015	September 30, 2015
<b>Revenue:</b>					
Rental income	\$ 34,333	\$ 34,185	\$ 34,753	\$ 35,747	\$ 22,758
Reimbursement and other income	4,031	4,142	3,913	3,962	2,734
Total revenue	38,364	38,327	38,666	39,709	25,492
<b>Expenses:</b>					
Real estate operating expenses	17,326	16,852	17,120	17,398	11,945
General and administrative expenses	485	544	721	511	329
Stock compensation expense	247	380	205	198	217
Asset management fees - Base	1,727	1,784	1,631	1,690	1,259
Asset management fees - Incentive	206	79	65	192	-
Acquisition and integration expenses	19	8	10	524	12,830
Depreciation and amortization expense	7,765	7,635	11,527	11,632	4,704
Total expenses	27,775	27,282	31,279	32,145	31,284
<b>Operating Income (loss)</b>	<b>10,589</b>	<b>11,045</b>	<b>7,387</b>	<b>7,564</b>	<b>(5,792)</b>
Interest expense	(8,820)	(9,018)	(9,977)	(10,160)	(5,094)
Other income (expense)	(2)	-	-	-	18
Net gains (losses) on sale of assets	(1)	29,321	2,453	6,412	-
TSRE financing extinguishment and employee separation expenses	-	-	-	-	(27,508)
Gains (losses) on extinguishment of debt	-	(558)	-	-	-
Gains (losses) on TSRE merger and property acquisitions	641	-	91	592	64,012
<b>Net income (loss)</b>	<b>2,407</b>	<b>30,790</b>	<b>(46)</b>	<b>4,408</b>	<b>25,636</b>
(Income) loss allocated to noncontrolling interests	(140)	(1,803)	(29)	(285)	(1,621)
Net income (loss) available to common shares	\$ 2,267	\$ 28,987	\$ (75)	\$ 4,123	\$ 24,015
<b>EPS - basic</b>	<b>\$ 0.05</b>	<b>\$ 0.61</b>	<b>\$ -</b>	<b>\$ 0.09</b>	<b>\$ 0.71</b>
Weighted-average shares outstanding - Basic	47,215,918	47,183,804	47,093,343	46,946,678	33,962,015
<b>EPS - diluted</b>	<b>\$ 0.05</b>	<b>\$ 0.61</b>	<b>\$ -</b>	<b>\$ 0.09</b>	<b>\$ 0.71</b>
Weighted-average shares outstanding - Diluted	47,314,629	47,229,736	47,093,343	46,966,605	33,962,015
<b>Funds From Operations (FFO):</b>					
Net Income (loss)	\$ 2,407	\$ 30,790	\$ (46)	\$ 4,408	\$ 25,636
Add-Back (Deduct):					
Depreciation	7,765	7,635	11,527	11,632	4,704
Net (gains) losses on sale of assets	1	(29,321)	(2,453)	(6,412)	-
<b>FFO</b>	<b>\$ 10,173</b>	<b>\$ 9,104</b>	<b>\$ 9,028</b>	<b>\$ 9,628</b>	<b>\$ 30,340</b>
<b>FFO per share--diluted</b>	<b>\$ 0.20</b>	<b>\$ 0.18</b>	<b>\$ 0.18</b>	<b>\$ 0.19</b>	<b>\$ 0.86</b>
<b>CORE Funds From Operations (CFFO):</b>					
<b>FFO</b>	<b>\$ 10,173</b>	<b>\$ 9,104</b>	<b>\$ 9,028</b>	<b>\$ 9,628</b>	<b>\$ 30,340</b>
Add-Back (Deduct):					
Stock compensation expense	247	380	205	198	217
Amortization of deferred financing costs	597	749	1,197	1,034	151
Acquisition and integration expenses	19	8	10	524	12,830
TSRE financing extinguishment and employee separation expenses	-	-	-	-	27,508
(Gains) losses on extinguishment of debt	-	558	-	-	-
(Gains) losses on TSRE merger and property acquisitions	(641)	-	(91)	(592)	(64,012)
<b>CFFO</b>	<b>\$ 10,395</b>	<b>\$ 10,799</b>	<b>\$ 10,349</b>	<b>\$ 10,792</b>	<b>\$ 7,034</b>
<b>CFFO per share--diluted</b>	<b>\$ 0.21</b>	<b>\$ 0.22</b>	<b>\$ 0.21</b>	<b>\$ 0.22</b>	<b>\$ 0.20</b>
Weighted-average shares and units outstanding	50,229,637	50,134,620	50,113,693	50,101,609	35,472,807

**STATEMENTS OF OPERATIONS, FFO & CORE FFO**  
**THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2016**

Dollars in thousands, except per share data

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
<b>Revenue:</b>				
Rental income	\$ 34,333	\$ 22,758	\$ 103,271	62,469
Reimbursement and other income	4,031	2,734	12,086	7,398
Total revenue	38,364	25,492	115,357	69,867
<b>Expenses:</b>				
Real estate operating expenses	17,326	11,945	51,298	32,557
General and administrative expenses	485	329	1,750	1,171
Stock compensation expense	247	217	832	297
Asset management fees - Base	1,727	1,259	5,142	3,306
Asset management fees - Incentive	206	—	350	425
Acquisition and integration expenses	19	12,830	37	13,031
Depreciation and amortization expense	7,765	4,704	26,927	16,462
Total expenses	27,775	31,284	86,336	67,249
<b>Operating Income (loss)</b>	10,589	(5,792)	29,021	2,618
Interest expense	(8,820)	(5,094)	(27,815)	(13,393)
Other income (expense)	(2)	18	(2)	19
Net gains (losses) on sale of assets	(1)	—	31,773	—
Gains (losses) on extinguishment of debt	-	—	(558)	—
TSRE financing extinguishment and employee separation expenses	—	(27,508)	—	(27,508)
Gains (losses) on TSRE merger and property acquisitions	641	64,012	732	64,012
<b>Net income (loss)</b>	2,407	25,636	33,151	25,748
(Income) loss allocated to noncontrolling interests	(140)	(1,621)	(1,972)	(1,629)
Net income (loss) available to common shares	\$ 2,267	\$ 24,015	\$ 31,179	\$ 24,119
<b>EPS - basic</b>	\$ 0.05	\$ 0.71	\$ 0.66	\$ 0.74
Weighted-average shares outstanding - Basic	47,215,918	33,962,015	47,164,543	32,516,470
<b>EPS - diluted</b>	\$ 0.05	\$ 0.71	\$ 0.66	\$ 0.74
Weighted-average shares outstanding - Diluted	47,314,629	33,962,015	47,190,139	32,520,684
<b>Funds From Operations (FFO):</b>				
Net Income (loss)	\$ 2,407	\$ 25,636	\$ 33,151	\$ 25,748
Adjustments:				
Real estate depreciation and amortization	7,765	4,704	26,927	16,462
Net (gains) losses on sale of assets	1	—	(31,773)	—
Funds From Operations	\$ 10,173	\$ 30,340	\$ 28,305	\$ 42,210
<b>FFO per share--diluted</b>	\$ 0.20	\$ 0.86	\$ 0.56	\$ 1.25
<b>Core Funds From Operations (CFFO):</b>				
Funds From Operations	\$ 10,173	\$ 30,340	\$ 28,305	\$ 42,210
Adjustments:				
Stock compensation expense	247	217	832	297
Amortization of deferred financing costs	597	151	2,543	448
Acquisition and integration expenses	19	12,830	37	13,031
(Gains) losses on extinguishment of debt	-	—	558	—
TSRE financing extinguishment and employee separation expenses	—	27,508	—	27,508
(Gains) losses on TSRE merger and property acquisitions	(641)	(64,012)	(732)	(64,012)
Core Funds From Operations	\$ 10,395	\$ 7,034	\$ 31,543	\$ 19,482
<b>CFFO per share--diluted</b>	\$ 0.21	\$ 0.20	\$ 0.63	\$ 0.57
Weighted-average shares and units outstanding	50,229,637	35,472,807	50,105,147	33,874,170



## ADJUSTED EBITDA RECONCILIATION AND COVERAGE RATIO

Dollars in thousands, except per share data

	For the Three Months Ended					Nine Months Ended	
	September 30, 2016	June 30, 2016	March 31, 2016	December 31, 2015	September 30, 2015	September 30, 2016	September 30, 2015
<b>ADJUSTED EBITDA:</b>							
<b>Net income (loss)</b>	\$ 2,407	\$ 30,790	\$ (46)	\$ 4,408	\$ 25,636	\$ 33,151	\$ 25,748
Add-Back (Deduct):							
Depreciation and amortization	7,765	7,635	11,527	11,632	4,704	26,927	16,462
Interest expense	8,820	9,018	9,977	10,160	5,094	27,815	13,393
Other (income) expense	2	—	—	—	(18)	2	(19)
Acquisition and integration expenses	19	8	10	524	12,830	37	13,031
Net (gains) losses on sale of assets	1	(29,321)	(2,453)	(6,412)	—	(31,773)	—
TSRE financing extinguishment and employee separation expenses	—	—	—	—	27,508	—	27,508
(Gains) losses on extinguishment of debt	—	558	—	—	—	558	—
(Gains) losses on TSRE merger and property acquisitions	(641)	—	(91)	(592)	(64,012)	(732)	(64,012)
<b>Adjusted EBITDA</b>	<u>\$ 18,373</u>	<u>\$ 18,688</u>	<u>\$ 18,924</u>	<u>\$ 19,720</u>	<u>\$ 11,742</u>	<u>\$ 55,985</u>	<u>\$ 32,111</u>
<b>INTEREST COST:</b>							
Interest expense	<u>\$ 8,820</u>	<u>\$ 9,018</u>	<u>\$ 9,977</u>	<u>\$ 10,160</u>	<u>\$ 5,094</u>	<u>\$ 27,815</u>	<u>\$ 13,393</u>
<b>INTEREST COVERAGE:</b>	2.1x	2.1x	1.9x	1.9x	2.1x (a)	2.0x	2.1x (a)

(a) Annualized assuming the TSRE merger occurred at the beginning of the period.



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

Dollars in thousands, except per share data

	For the Three Months Ended (a)				
	September 30, 2016	June 30, 2016	March 31, 2016	December 31, 2015	September 30, 2015
<b>Revenue:</b>					
Rental income	\$ 17,937	\$ 17,811	\$ 17,424	\$ 17,329	\$ 17,351
Reimbursement and other income	2,261	2,136	2,045	2,012	2,058
<b>Total revenue</b>	<b>20,198</b>	<b>19,947</b>	<b>19,469</b>	<b>19,341</b>	<b>19,409</b>
<b>Operating Expenses:</b>					
Real estate taxes	2,194	2,155	2,240	2,368	2,229
Property insurance	576	590	560	563	540
Personnel expenses	2,189	2,053	2,081	2,144	2,199
Utilities	1,543	1,400	1,552	1,365	1,527
Repairs and maintenance	994	914	720	794	946
Management fees	677	667	664	657	656
Contract services	655	613	600	593	589
Advertising expenses	249	250	256	252	269
Other expenses	671	572	590	576	596
<b>Total operating expenses</b>	<b>9,748</b>	<b>9,214</b>	<b>9,263</b>	<b>9,312</b>	<b>9,551</b>
<b>Net operating income</b>	<b>\$ 10,450</b>	<b>\$ 10,733</b>	<b>\$ 10,206</b>	<b>\$ 10,029</b>	<b>\$ 9,858</b>
<b>NOI Margin</b>	<b>51.7%</b>	<b>53.8%</b>	<b>52.4%</b>	<b>51.9%</b>	<b>50.8%</b>
<b>Average Occupancy</b>	<b>93.2%</b>	<b>93.9%</b>	<b>92.9%</b>	<b>92.4%</b>	<b>93.4%</b>
<b>Average effective monthly rent, per unit</b>	<b>\$ 867</b>	<b>\$ 856</b>	<b>\$ 848</b>	<b>\$ 844</b>	<b>\$ 838</b>
<b>Reconciliation of Same-Store Net Operating Income to Net Income (loss)</b>					
Same-store net operating income (a)	\$ 10,450	\$ 10,733	\$ 10,206	\$ 10,029	\$ 9,858
Non same-store net operating income	10,588	10,742	11,340	12,282	3,689
Asset management fees	(1,933)	(1,863)	(1,696)	(1,882)	(1,259)
General and administrative expenses	(485)	(544)	(721)	(511)	(329)
Stock compensation expense	(247)	(380)	(205)	(198)	(217)
Acquisition and integration expenses	(19)	(8)	(10)	(524)	(12,830)
Depreciation and amortization	(7,765)	(7,635)	(11,527)	(11,632)	(4,704)
Interest expense	(8,820)	(9,018)	(9,977)	(10,160)	(5,094)
Other income (expense)	(2)	—	—	—	18
Net gains (losses) on sale of assets	(1)	29,321	2,453	6,412	—
TSRE financing extinguishment and employee separation expenses	—	—	—	—	(27,508)
Gains (losses) on extinguishment of debt	—	(558)	—	—	—
Gains (losses) on TSRE merger and property acquisitions	641	—	91	592	64,012
<b>Net income (loss)</b>	<b>\$ 2,407</b>	<b>\$ 30,790</b>	<b>\$ (46)</b>	<b>\$ 4,408</b>	<b>\$ 25,636</b>

(a) Same store portfolio includes 26 properties which represents 7,757 units.

**SAME STORE PORTFOLIO NET OPERATING INCOME  
THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2016**

Dollars in thousands, except per share data

	Three Months Ended September 30 (a)			Nine Months Ended September 30 (a)		
	2016	2015	% change	2016	2015	% change
<b>Revenue:</b>						
Rental income	\$ 17,937	\$ 17,351	3.4%	\$ 53,172	\$ 51,541	3.2%
Reimbursement and other income	2,261	2,058	9.9%	6,442	6,075	6.0%
Total revenue	20,198	19,409	4.1%	59,614	57,616	3.5%
<b>Operating Expenses:</b>						
Real estate taxes	2,194	2,229	-1.6%	6,589	6,452	2.1%
Property insurance	576	540	6.7%	1,726	1,644	5.0%
Personnel expenses	2,189	2,199	-0.5%	6,323	6,201	2.0%
Utilities	1,543	1,527	1.0%	4,495	4,513	-0.4%
Repairs and maintenance	994	946	5.1%	2,628	2,480	6.0%
Management fees	677	656	3.2%	2,008	1,939	3.6%
Contract services	655	589	11.2%	1,868	1,765	5.8%
Advertising expenses	249	269	-7.4%	755	815	-7.4%
Other expenses	671	596	12.6%	1,833	1,808	1.4%
Total operating expenses	9,748	9,551	2.1%	28,225	27,617	2.2%
<b>Net operating income</b>	<u>\$ 10,450</u>	<u>\$ 9,858</u>	<u>6.0%</u>	<u>\$ 31,389</u>	<u>\$ 29,999</u>	<u>4.6%</u>
<b>NOI Margin</b>	51.7%	50.8%	0.9%	52.7%	52.1%	0.6%
<b>Average Occupancy</b>	93.2%	93.4%	-0.2%	93.4%	93.4%	0.0%
<b>Average effective monthly rent, per unit</b>	\$ 867	\$ 838	3.5%	\$ 857	\$ 831	3.1%
<b>Reconciliation of Same-Store Net Operating Income to Net Income (loss)</b>						
Same-store portfolio net operating income (a)	\$ 10,450	\$ 9,858		\$ 31,389	\$ 29,999	
Non same-store net operating income	10,588	3,689		32,670	7,311	
Asset management fees	(1,933)	(1,259)		(5,492)	(3,731)	
General and administrative expenses	(485)	(329)		(1,750)	(1,171)	
Stock compensation expense	(247)	(217)		(832)	(297)	
Acquisition and integration expenses	(19)	(12,830)		(37)	(13,031)	
Depreciation and amortization	(7,765)	(4,704)		(26,927)	(16,462)	
Interest expense	(8,820)	(5,094)		(27,815)	(13,393)	
Other income (expense)	(2)	18		(2)	19	
Net gains (losses) on sale of assets	(1)	—		31,773	—	
TSRE financing extinguishment and employee separation expenses	—	(27,508)		—	(27,508)	
Gains (losses) on extinguishment of debt	—	—		(558)	—	
Gains (losses) on TSRE merger and property acquisitions	641	64,012		732	64,012	
<b>Net income (loss)</b>	<u>\$ 2,407</u>	<u>\$ 25,636</u>		<u>\$ 33,151</u>	<u>\$ 25,748</u>	

(a) Same store portfolio includes 26 properties which represents 7,757 units.

**NET OPERATING INCOME (NOI) BRIDGE**

Dollars in thousands, except per share data

	For the Three-Months Ended				
	September 30, 2016	June 30, 2016	March 31, 2016	December 31, 2015	September 30, 2015
<b>Property revenue</b>					
Same store (a)	\$ 20,198	\$ 19,947	\$ 19,469	\$ 19,341	\$ 19,409
Non same store	18,166	18,380	19,197	20,368	6,083
<b>Total property revenue</b>	<b>38,364</b>	<b>38,327</b>	<b>38,666</b>	<b>39,709</b>	<b>25,492</b>
<b>Property expenses</b>					
Same store (a)	9,748	9,214	9,263	9,312	9,551
Non same store	7,578	7,638	7,857	8,086	2,394
<b>Total property expenses</b>	<b>17,326</b>	<b>16,852</b>	<b>17,120</b>	<b>17,398</b>	<b>11,945</b>
<b>Net operating income</b>					
Same store (a)	10,450	10,733	10,206	10,029	9,858
Non same store	10,588	10,742	11,340	12,282	3,689
<b>Total property net operating income</b>	<b>\$ 21,038</b>	<b>\$ 21,475</b>	<b>\$ 21,546</b>	<b>\$ 22,311</b>	<b>\$ 13,547</b>
<b>Reconciliation of NOI to GAAP net income (loss)</b>					
Total property net operating income	\$ 21,038	\$ 21,475	\$ 21,546	\$ 22,311	\$ 13,547
General and administrative expense	(485)	(544)	(721)	(511)	(329)
Stock compensation expense	(247)	(380)	(205)	(198)	(217)
Asset management fees - base	(1,727)	(1,784)	(1,631)	(1,690)	(1,259)
Asset management fees - incentive	(206)	(79)	(65)	(192)	—
Acquisition and integration expenses	(19)	(8)	(10)	(524)	(12,830)
Depreciation and amortization expense	(7,765)	(7,635)	(11,527)	(11,632)	(4,704)
Interest expense	(8,820)	(9,018)	(9,977)	(10,160)	(5,094)
Other income (expense)	(2)	—	—	—	18
Net gains (losses) on sale of assets	(1)	29,321	2,453	6,412	—
TSRE financing extinguishment and employee separation expenses	—	—	—	—	(27,508)
Gains (losses) on extinguishment of debt	—	(558)	—	—	—
Gains (losses) on TSRE merger and property acquisitions	641	—	91	592	64,012
<b>Net income (loss)</b>	<b>\$ 2,407</b>	<b>\$ 30,790</b>	<b>\$ (46)</b>	<b>\$ 4,408</b>	<b>\$ 25,636</b>

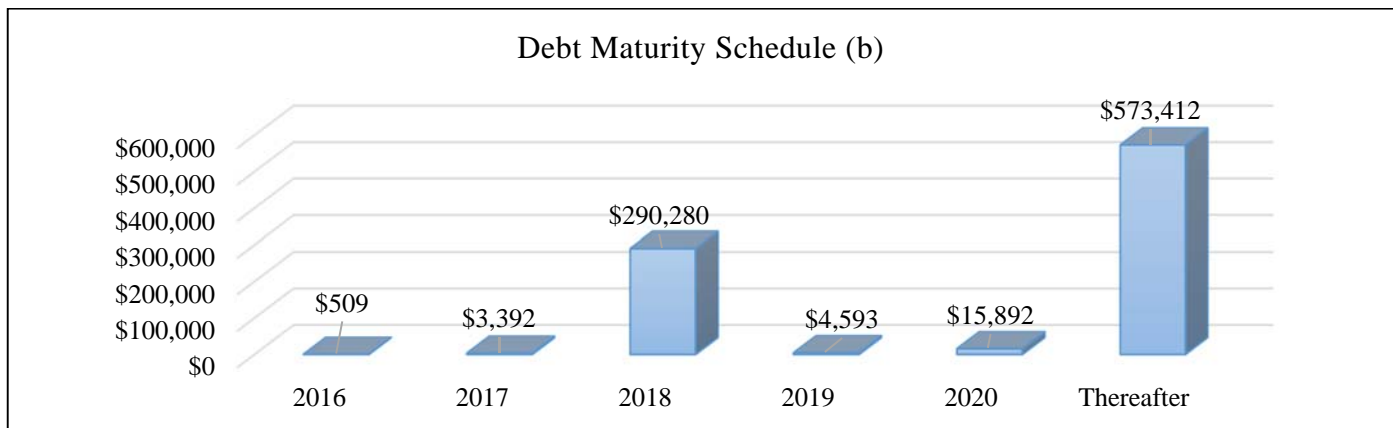
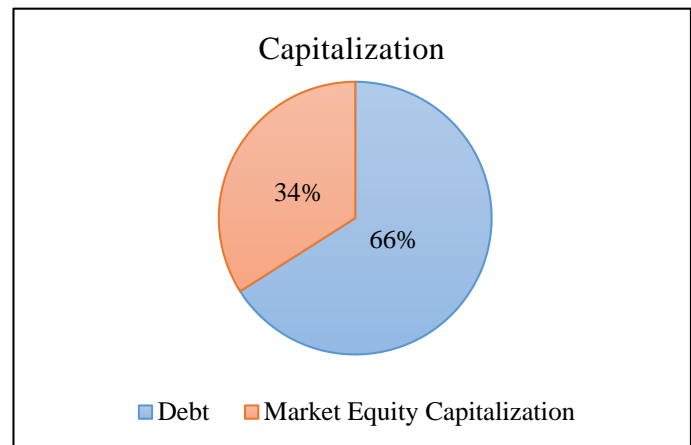
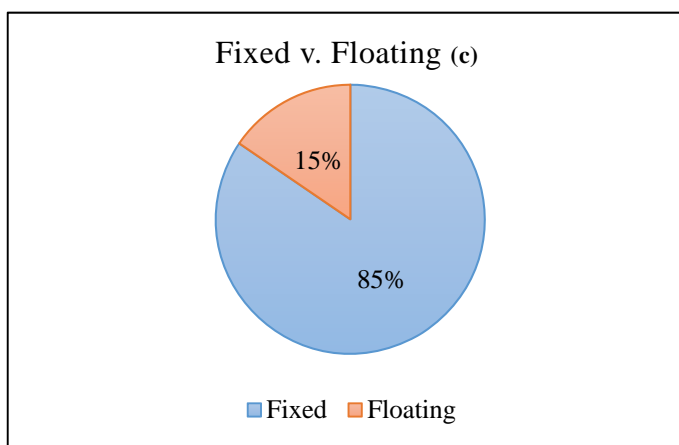
(a) Same store portfolio includes 26 properties which represents 7,757 units.



### Debt Summary as of September 30, 2016

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

	Amount	Rate	Type	Weighted Average Maturity (in years)
<b>Debt:</b>				
Credit facility (a) (b)	\$ 247,335	2.8%	Floating	2.0
Term loan (b)	40,000	4.5%	Floating	2.0
Mortgages-Fixed rate	600,743	3.8%	Fixed	7.0
Unamortized deferred costs	(7,497)			
<b>Total Debt</b>	<b>880,581</b>	<b>3.5%</b>		<b>5.3</b>
<b>Market Equity Capitalization, at period end (b)</b>	<b>453,823</b>			
<b>Total Capitalization</b>	<b>\$ 1,334,404</b>			



- (a) Credit facility total capacity is \$325.0 million, of which \$247.3 million was drawn as of September 30, 2016.
- (b) On September 29, 2016, IRT priced a \$25 million common share offering at \$9.00 per share. The proceeds of this offering will be used to repay indebtedness, repurchase shares and fund the internalization payment later in 2016. As a result of this offering, IRT's leverage and capitalization have improved.
- (c) As of September 30, 2016, IRT maintained a float-to-fixed interest rate swap with a \$150.0 million notional. This swap, which expires on June 17, 2021 and has a fixed rate of 1.145%, has converted \$150.0 million of our floating rate debt to fixed rate debt.

## Property Summary

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

### Investments in Real Estate

Property Name	Location	Acquisition Date	Year Built / Renovated <sup>(a)</sup>	Gross Cost	Accumulated Depreciation	Net Book Value	Units <sup>(b)</sup>	Period End Occupancy <sup>(c)</sup>	Average Occupancy <sup>(d)</sup>	Average Effective Rent per Occupied Unit <sup>(e)</sup>
Copper Mill	Austin, TX	4/29/2011	2010	\$ 18,312	\$ (3,547)	\$ 14,765	320	98.8%	95.2%	\$ 969
Crestmont	Marietta, GA	4/29/2011	2010 (f)	17,067	(3,202)	13,865	228	87.7%	86.7%	825
Heritage Trace	Newport News, VA	4/29/2011	2010	14,348	(2,823)	11,525	200	97.0%	95.6%	734
Runaway Bay	Indianapolis, IN	10/11/2012	2002	16,061	(1,429)	14,632	192	95.8%	92.9%	967
Berkshire Square	Indianapolis, IN	9/19/2013	2012	13,728	(928)	12,800	354	89.0%	88.9%	608
The Crossings	Jackson, MS	11/22/2013	2012	23,276	(1,432)	21,844	432	91.4%	89.7%	790
Reserve at Eagle Ridge	Waukegan, IL	1/31/2014	2008	28,986	(1,605)	27,381	370	92.7%	93.3%	998
Windrush	Edmond, OK	2/28/2014	2011	9,360	(531)	8,829	160	88.1%	89.0%	785
Heritage Park	Oklahoma City, OK	2/28/2014	2011	17,250	(943)	16,307	453	89.2%	90.6%	661
Raindance	Oklahoma City, OK	2/28/2014	2011	14,166	(784)	13,382	504	94.0%	93.5%	564
Augusta	Oklahoma City, OK	2/28/2014	2011	11,576	(720)	10,856	197	93.4%	93.4%	742
Invitational	Oklahoma City, OK	2/28/2014	2011	19,309	(1,214)	18,095	344	91.6%	93.3%	672
King's Landing	Creve Coeur, MO	3/31/2014	2005	32,594	(1,899)	30,695	152	95.4%	97.0%	1,521
Carrington Park	Little Rock, AR	5/7/2014	1999	22,124	(1,271)	20,853	202	94.1%	92.2%	1,017
Arbors at the Reservoir	Ridgeland, MS	6/4/2014	2000	20,713	(1,080)	19,633	170	94.1%	94.4%	1,145
Walnut Hill	Cordova, TN	8/28/2014	2001	28,077	(1,435)	26,642	362	94.8%	95.6%	947
Lenoxplace	Raleigh, NC	9/5/2014	2012	24,390	(1,112)	23,278	268	97.0%	95.9%	902
Stonebridge Crossing	Cordova, TN	9/15/2014	1994	30,040	(1,424)	28,616	500	96.4%	93.5%	788
Bennington Pond	Groveport, OH	11/24/2014	2000	17,750	(756)	16,994	240	97.1%	95.4%	869
Prospect Park	Louisville, KY	12/8/2014	1990	14,190	(510)	13,680	138	97.8%	95.2%	915
Brookside	Louisville, KY	12/8/2014	1987	20,891	(774)	20,117	224	94.6%	95.5%	828
Jamestown	Louisville, KY	12/8/2014	1970 (f)	35,649	(1,313)	34,336	355	94.9%	93.9%	977
Meadows	Louisville, KY	12/8/2014	1988	37,819	(1,404)	36,415	400	95.5%	95.1%	815
Oxmoor	Louisville, KY	12/8/2014	1999-2000	55,186	(2,144)	53,042	432	95.4%	94.9%	1,044
Stonebridge at the Ranch	Little Rock, AR	12/16/2014	2005	31,482	(1,248)	30,234	260	93.5%	91.9%	926
Iron Rock Ranch	Austin, TX	12/30/2014	2001-2002	35,222	(1,335)	33,887	300	94.7%	94.2%	1,252
Bayview Club	Indianapolis, IN	5/1/2015	2004	25,430	(809)	24,621	236	92.8%	93.8%	967
Arbors River Oaks	Memphis, TN	9/17/2015	2010 (f)	21,490	(500)	20,990	191	96.3%	97.6%	1,182
Aston	Wake Forest, NC	9/17/2015	2013	37,819	(861)	36,958	288	93.8%	94.5%	1,057
Avenues at Craig Ranch	McKinney, TX	9/17/2015	2013	47,643	(1,058)	46,585	334	94.6%	95.3%	1,251
Bridge Pointe	Huntsville, AL	9/17/2015	2002	15,906	(365)	15,541	178	96.6%	95.8%	818
Creekstone at RTP	Durham, NC	9/17/2015	2013	38,209	(825)	37,384	256	93.8%	94.1%	1,165
Fountains Southend	Charlotte, NC	9/17/2015	2013	41,677	(935)	40,742	208	90.9%	94.1%	1,412
Fox Trails	Plano, TX	9/17/2015	1981	27,888	(565)	27,323	286	95.8%	96.2%	1,001
Lakeshore on the Hill	Chattanooga, TN	9/17/2015	2015	11,278	(264)	11,014	123	99.2%	97.8%	950
Millenia 700	Orlando, FL	9/17/2015	2012	47,344	(1,051)	46,293	297	90.2%	90.4%	1,341
Miller Creek at German Town	Memphis, TN	9/17/2015	2013	56,860	(1,342)	55,518	330	93.6%	94.8%	1,233
Pointe at Canyon Ridge	Atlanta, GA	9/17/2015	2007 (f)	48,531	(956)	47,575	494	95.7%	96.2%	921
St James at Goose Creek	Goose Creek, SC	9/17/2015	2009	31,707	(720)	30,987	244	96.3%	97.1%	1,077
Talison Row at Daniel Island	Daniel Island, SC	9/17/2015	2013	47,013	(1,045)	45,968	274	98.5%	96.9%	1,518
The Aventine Greenville	Greenville, SC	9/17/2015	2013	48,083	(1,100)	46,983	346	96.8%	95.6%	1,152
Trails at Signal Mountain	Chattanooga, TN	9/17/2015	2015	14,354	(337)	14,017	172	98.3%	97.6%	928
Vue at Knoll Trail	Dallas, TX	9/17/2015	2015	9,257	(159)	9,098	114	94.7%	94.9%	878
Waterstone at Brier Creek	Raleigh, NC	9/17/2015	2014	38,917	(873)	38,044	232	90.9%	93.6%	1,240
Waterstone Big Creek	Alpharetta, GA	9/17/2015	2014	69,626	(1,553)	68,073	370	92.7%	95.4%	1,352
Westmont Commons	Asheville, NC	9/17/2015	2003, 2008	28,127	(643)	27,484	252	97.6%	97.0%	1,021
<b>TOTAL</b>				<b>\$1,316,725</b>	<b>\$ (52,824)</b>	<b>\$1,263,901</b>	<b>12,982</b>	<b>94.3%</b>	<b>94.1%</b>	<b>\$ 977</b>

- (a) All dates are for the later of the year in which construction was completed or the year in which a significant renovation program was completed.
- (b) Units represent the total number of apartment units available for rent at September 30, 2016.
- (c) Physical occupancy for each of our properties is calculated as (i) total units rented as of September 30, 2016 divided by (ii) total units available as of September 30, 2016, expressed as a percentage.
- (d) Average occupancy represents the daily average occupied units for the three-month period ended September 30, 2016.
- (e) Average monthly effective monthly rent, per unit, represents the average monthly rent for all occupied units for the three-month period ended September 30, 2016.
- (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 September 30, 2016		
				Average Effective Monthly Rent per Unit	Net Operating Income (a)	% of NOI
Atlanta, GA	1,092	\$ 135,224	93.0%	\$ 1,047	\$ 2,156	10.3%
Louisville, KY	1,549	163,736	95.4%	927	2,571	12.2%
Raleigh, NC	1,044	139,335	94.0%	1,084	2,011	9.6%
Memphis, TN	1,383	136,468	95.3%	990	2,210	10.5%
Oklahoma City, OK	1,658	71,661	91.6%	655	1,513	7.2%
Dallas, TX	734	84,787	95.1%	1,096	1,326	6.3%
Charleston, SC	518	78,721	97.5%	1,310	1,161	5.5%
Austin, TX	620	53,532	96.8%	1,106	1,037	4.9%
Jackson, MS	602	43,990	92.2%	890	866	4.1%
Indianapolis, IN	782	55,218	91.8%	821	749	3.6%
Greenville, SC	346	48,082	96.8%	1,152	749	3.6%
Little Rock, AR	462	53,606	93.7%	966	735	3.5%
Orlando, FL	297	47,344	90.2%	1,341	666	3.2%
Charlotte, NC	208	41,677	90.9%	1,412	573	2.7%
Chicago, IL	370	28,986	92.7%	998	587	2.8%
Asheville, NC	252	28,129	97.6%	1,021	514	2.4%
St. Louis, MO	152	32,593	95.4%	1,521	464	2.2%
Chattanooga, TN	295	25,631	98.6%	937	430	2.0%
Columbus, OH	240	17,751	97.1%	869	334	1.6%
Huntsville, AL	178	15,906	96.6%	818	226	1.1%
Norfolk, VA	200	14,348	97.0%	734	147	0.7%
<b>Total/Weighted Average</b>	<u>12,982</u>	<u>\$1,316,725</u>	<u>94.3%</u>	<u>\$ 977</u>	<u>\$ 21,025</u>	<u>100.0%</u>

- (a) Net operating income for the three months ended September 30, 2016 excludes \$13 primarily for properties sold during the nine months ended September 30, 2016.

## 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, and internalization costs, 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, and internalization costs. 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 (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 expends 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 IRT's acquisition of Trade Street Residential Inc., or TSRE, in September 2015, 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 (losses) on TSRE transaction and property acquisitions, and with respect to CFFO, acquisition and integration expenses, pursuit costs and internalization costs that are required by GAAP to be expensed but may not necessarily be indicative of current operating performance and that may not accurately compare 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 Debt

Net debt, a non-GAAP measure, equals total debt less cash and cash equivalents as these captions are reported on the consolidated balance sheet. The following table provides a reconciliation of total debt to net debt.

	September 30, 2016	March 31, 2016	As of March 31, 2016	December 31, 2015	September 30, 2015
Total debt	\$ 880,581	\$ 880,288	\$ 940,336	\$ 966,611	\$ 983,207
Less: cash and cash equivalents	(29,247)	(28,051)	(21,924)	(38,301)	(16,939)
Total net debt	<u>\$ 851,334</u>	<u>\$ 852,237</u>	<u>\$ 918,412</u>	<u>\$ 928,310</u>	<u>\$ 966,268</u>

IRT presents net debt because management believes it is a useful measure of IRT's credit position and progress toward reducing leverage. The calculation is limited in that IRT may not always be able to use cash to repay debt on a dollar for dollar basis.

## 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 reviews its same store properties or portfolio at the beginning of each calendar year. Properties are added into the same store portfolio if they were owned at the beginning of the previous year. Properties that have been sold are excluded from the same store portfolio.

## Total Gross Assets

Total Gross Assets equals total assets plus accumulated depreciation and accumulated amortization, including fully depreciated or amortized real estate and real estate related assets. The following table provides a reconciliation of total assets to total gross assets.

	September 30, 2016	June 30, 2016	As of March 31, 2016	December 31, 2015	September 30, 2015
Total assets	\$ 1,306,242	\$ 1,307,871	\$ 1,344,650	\$ 1,383,188	\$ 1,402,554
Plus: Accumulated Depreciation	52,824	45,059	44,422	39,638	35,304
Plus: Accumulated Amortization	15,287	15,287	15,287	11,551	7,743
Total gross assets	<u>\$ 1,374,353</u>	<u>\$ 1,368,217</u>	<u>\$ 1,404,359</u>	<u>\$ 1,434,377</u>	<u>\$ 1,445,601</u>