

Independence Realty Trust, Inc. was originally formed in 2009 as Empire American Realty Trust, Inc. On January 20, 2011, the advisor and other entities affiliated with the REIT were acquired by an affiliate of the Sponsor for approximately \$2.3 million, and the REIT was renamed and reregistered.

The Company invests primarily in multifamily properties located throughout the United States. As of the end of the second quarter, the REIT had \$133 million in assets in seven multifamily properties totaling 1,812 units. The REIT is in the Emerging LifeStage for Effective REITs, which is typified by high levels of debt, not meaningful distribution payout levels and limited distributions. The investment style of this REIT is considered to be “Core,” which is typically defined as a REIT that generates a high percentage of its total return from income and a modest percentage from asset appreciation. REITs in this category are also expected to exhibit low volatility in asset values.

Key Highlights

- The REIT acquired six properties from its Sponsor for \$104 million (the “Initial Portfolio”) in return for the assumption of debt and payment of limited partnership units.
- \$39.2 million of limited partnership units were provided to the Sponsor as part of the purchase of the properties.
- The REIT’s sponsor, RAIT Financial Trust, is a publicly traded REIT listed on the NYSE as RAS.
- In the first quarter, RAIT purchased the minimum offering amount to break escrow of \$3.0 million.

Capital Stack Review

- Since breaking escrow, the REIT has raised \$0.05 million.
- Debt – Current debt ratio is 61.8% down slightly from year-end with 100% of the REIT’s debt in fixed instruments.
- Debt Maturity – 100% of the REIT’s debt matures in 2017 or later.
- Loan Activity – The REIT entered into a \$17.6 million mortgage in association with its acquisition in December.
- Cash on Hand – 3.0% which is better than median for the LifeStage.

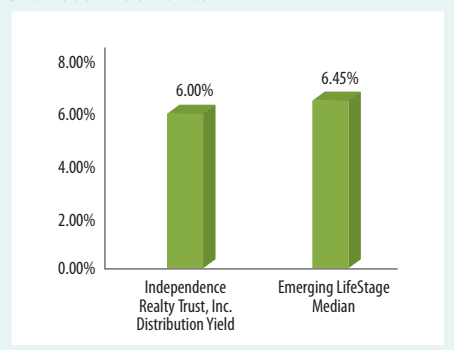
Metrics

- Distribution – The distribution yield remained steady at 6.0%.
- Distribution Source – Year to date, the REIT paid \$1.6 million in distributions compared to cash flow from operations of \$1.9 million.
- MFFO Payout Ratio – 79% in the second quarter up from 76% in Q1.
- Fee Waivers and Deferrals – As part of the acquisition of the six-property portfolio from the sponsor, asset management fees were waived on those assets through April, 2013.
- Interest Coverage Ratio – 2.3x for the quarter which is above average compared to other Emerging LifeStage REITs.
- Impairments – None reported.

Real Estate

- Acquisitions – None during 2012, one property in Arizona was added in December 2011 for \$28.3 million (\$88,563/unit).
- Occupancy – 93.6% up slightly from 93.4% at year-end 2011.
- Dispositions – None reported.
- Diversification – Properties are held in five states.

Distribution Yield vs. Median



Debt Ratio vs. Median

