INDEPENDENCE REALTY TRUST, INC
Form S-4
May 29, 2015
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As filed with the Securities and Exchange Commission on May 29, 2015

Registration No. 333-

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM S-4

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

Independence Realty Trust, Inc.

(Exact name of registrant as specified in its charter)

Maryland	**6798**	**26-4567130**
(State or other jurisdiction of incorporation or organization)	**(Primary Standard Industrial Classification Code Number)**	**(I.R.S. Employer Identification Number)**

Cira Centre, 2929 Arch Street, 17th Floor

Philadelphia, PA 19104

(215) 243-9000

(Address, including zip code, and telephone number, including area code, of registrant s principal executive offices)

James J. Sebra

Chief Financial Officer and Treasurer

Cira Centre, 2929 Arch Street, 17th Floor

Philadelphia, PA 19104

(215) 243-9000

(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

Michael H. Friedman, Esq.	**David P. Slotkin, Esq.**
Matthew M. Greenberg, Esq.	**Justin R. Salon, Esq.**
Pepper Hamilton LLP	**Morrison & Foerster LLP**
3000 Two Logan Square	**2000 Pennsylvania Avenue, NW**
18th and Arch Streets	**Suite 6000**
Philadelphia, PA 19103	**Washington, D.C. 20006**
Tel: (215) 981-4000	**Tel: (202) 887-1500**

Approximate date of commencement of proposed sale of the securities to the public: As soon as practicable after this Registration Statement becomes effective and upon completion of the merger described in the enclosed joint proxy statement/prospectus.

If the securities being registered on this form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. ¨

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

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

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

Large Accelerated filer ¨	Accelerated filer x
Non-accelerated filer ¨ (Do not check if a small reporting company)	Smaller reporting company ¨

If applicable, place an X in the box to designate the appropriate rule provision relied upon in conducting this transaction:

Exchange Act Rule 13e-4(i) (Cross-Border Issuer Tender Offer) ¨

Exchange Act Rule 14d-1(d) (Cross-Border Issuer Third Party Tender Offer) ¨

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Amount to be registered[1]	Proposed maximum offering price per share	Proposed maximum aggregate offering price[2]	Amount of registration fee[3]
Common Stock, $0.01 par value per share	16,079,973 shares	N/A	$134,652,160.80	$15,646.58

(1) Represents the estimated maximum number of shares of common stock, $0.01 par value per share, of Independence Realty Trust, Inc. (IRT) to be issued in connection with the merger described herein. The number of shares of common stock is based on (i) 39,143,070 shares of common stock, $0.01 par value per share, of Trade Street Residential, Inc. (TSRE), the estimated maximum number of shares of TSRE common stock that may be cancelled and exchanged in the merger described herein as of May 26, 2015, which includes 239,260 restricted shares of TSRE common stock and the number of shares of IRT s common stock reserved for issuance upon redemption of 2,343,500 units of limited partnership interest of Trade Street Operating Partnership, LP, and (ii) the exchange ratio of 0.4108 shares of IRT common stock for each share of TSRE common stock.

(2) Estimated solely for purposes of calculating the registration fee required by Section 6(b) of the Securities Act of 1933, as amended (the Securities Act), and calculated pursuant to Rules 457(f)(1), 457(f)(3) and 457(c) under the

Securities Act. The proposed maximum aggregate offering price of the IRT common stock was calculated based upon the market value of TSRE common stock (the securities to be converted in the merger) in accordance with Rule 457(c) under the Securities Act as follows: the product of (i) $7.24, the average of the high and low prices per share of TSRE common stock on May 26, 2015, as quoted on the NASDAQ Global Market, multiplied by (ii) 39,143,070, the estimated maximum number of shares of TSRE common stock that may be cancelled and exchanged in the merger described herein as of May 26, 2015, which number includes 239,260 restricted shares of TSRE common stock and the number of shares of IRT s common stock reserved for issuance upon redemption of 2,343,500 units of limited partnership interest of Trade Street Operating Partnership, LP. Pursuant to Rule 457(f)(3) under the Securities Act, the amount of cash that may be payable by IRT has been deducted from the proposed maximum aggregate offering price, which amount of cash was calculated by multiplying (i) the cash consideration of $3.80 per share of TSRE common stock by (ii) 39,143,070, the estimated maximum number of shares of TSRE common stock that may be cancelled and exchanged in the merger described herein as of May 26, 2015, which number includes 239,260 restricted shares of TSRE common stock and the number of shares of IRT s common stock reserved for issuance upon redemption of 2,343,500 units of limited partnership interest of Trade Street Operating Partnership, LP.

(3) Determined in accordance with Section 6(b) of the Securities Act at a rate equal to $116.20 per $1 million of the proposed maximum aggregate offering price.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment that specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act, or until the Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

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The information in this joint proxy statement/prospectus is not complete and may be changed. Independence Realty Trust, Inc. may not sell the securities offered by this joint proxy statement/prospectus until the registration statement filed with the Securities and Exchange Commission is effective. This joint proxy statement/prospectus is not an offer to sell these securities nor should it be considered a solicitation of an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED MAY 29, 2015

JOINT PROXY STATEMENT/PROSPECTUS

To the Stockholders of Independence Realty Trust, Inc. and the Stockholders of Trade Street Residential, Inc.:

The board of directors of Independence Realty Trust, Inc. (IRT) and the board of directors of Trade Street Residential, Inc. (TSRE) have each approved an Agreement and Plan of Merger, dated as of May 11, 2015 (the Merger Agreement), by and among IRT, Independence Realty Operating Partnership, LP, IRT s operating partnership (IROP), Adventure Merger Sub LLC, a direct wholly-owned subsidiary of IROP (OP Merger Sub), IRT Limited Partner, LLC, a direct wholly-owned subsidiary of IRT (IRT LP LLC), TSRE, and Trade Street Operating Partnership, LP, TSRE s operating partnership (TSR OP).

The Merger Agreement provides for: (i) OP Merger Sub to merge into TSR OP (the Partnership Merger), with TSR OP continuing as the surviving entity, and (ii) TSRE to merge into IRT LP LLC (the Company Merger and, together with the Partnership Merger, the Merger), with IRT LP LLC continuing as the surviving entity and a wholly-owned subsidiary of IRT. The combined company (the Combined Company) will retain the name Independence Realty Trust, Inc. and will continue to trade on the NYSE MKT LLC (the NYSE MKT), under the symbol IRT. Upon completion of the Merger, the board of directors of the Combined Company will be increased to seven members, with Richard H. Ross, TSRE s Chief Executive Officer, and Mack D. Pridgen III, the Chairman of TSRE s board of directors, joining the five current IRT directors on the board of directors of the Combined Company. The executive officers of IRT immediately prior to the effective time of the Merger will continue to serve as the executive officers of the Combined Company.

If the Merger is completed, then, at the effective time of the Company Merger, each issued and outstanding share of TSRE common stock will convert into the right to receive (i) $3.80 in cash, without interest, subject to increase, at the election of IRT, to up to $4.56 (such cash amount, the Per Share Cash Amount), and (ii) a number of shares of IRT common stock equal to the quotient, or Exchange Ratio, determined by dividing (a) $7.60 less the Per Share Cash Amount, by (b) $9.25, and rounding the result to the nearest 1/10,000.

Neither the Per Share Cash Amount nor the Exchange Ratio will change as a result of a change in the market price of IRT common stock, although the aggregate value of the merger consideration will fluctuate with changes in the market price of IRT common stock and the Per Share Cash Amount that IRT elects, which will have the effect of changing the Exchange Ratio and the number of shares of IRT common stock to be issued upon completion of the

Merger. Based on the closing price of IRT common stock on the NYSE MKT of $ on , 2015, the latest practicable date before the date of this joint proxy statement/prospectus, and based on a $3.80 Per Share Cash Amount and a resulting Exchange Ratio of 0.4108, the aggregate value of the per share merger consideration would equal $, comprised of $3.80 of cash and 0.4108 of a share of IRT common stock with a market value of $. **We urge you to obtain current market quotations for IRT common stock and TSRE common stock.**

Upon completion of the Merger, we estimate that continuing IRT stockholders will own approximately 66.5% of the issued and outstanding common stock of the Combined Company, and former TSRE stockholders will own approximately 33.5% of the issued and outstanding common stock of the Combined Company.

In connection with the proposed Merger, IRT and TSRE will each hold a special meeting of their respective stockholders. At the IRT special meeting, IRT stockholders will be asked to vote on (i) a proposal to approve the issuance of IRT common stock in the Merger (including shares of IRT common stock issuable upon redemption of common units of limited partnership interest in IROP (IROP Units) issued in the Partnership Merger), and (ii) a proposal to approve one or more adjournments of the IRT special meeting to another date, time or place, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the issuance of shares of IRT common stock in the Merger (including shares of IRT common stock issuable upon redemption of IROP Units issued in the Partnership Merger). At the TSRE special meeting, TSRE stockholders will be asked to vote on (i) a proposal to approve the Company Merger and the other transactions contemplated by the Merger Agreement, and (ii) a proposal to approve one or more adjournments of the TSRE special meeting to another date, time or place, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the Company Merger and the other transactions contemplated by the Merger Agreement.

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The record date for determining the stockholders entitled to receive notice of, and to vote at, the IRT special meeting and the TSRE special meeting is , 2015.

The IRT board of directors has unanimously (i) determined that the Merger Agreement, the Merger and the other transactions contemplated by the Merger Agreement, are fair to and in the best interests of IRT and its stockholders, (ii) approved and adopted the Merger Agreement, the Merger and the other transactions contemplated by the Merger Agreement, and (iii) authorized and approved the issuance of shares of IRT common stock in the Merger (including shares of IRT common stock issuable upon redemption of IROP Units issued in the Partnership Merger). **The IRT board of directors unanimously recommends that IRT stockholders vote FOR the proposal to approve the issuance of shares of IRT common stock in the Merger (including shares of IRT common stock issuable upon redemption of IROP Units issued in the Partnership Merger) and FOR the proposal to approve one or more adjournments of the IRT special meeting to another date, time or place, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the issuance of shares of IRT common stock in the Merger (including shares of IRT common stock issuable upon redemption of IROP Units issued in the Partnership Merger).**

The TSRE board of directors has (i) determined that the Merger Agreement, the Company Merger and the other transactions contemplated by the Merger Agreement are advisable and in the best interests of TSRE and its stockholders and (ii) approved the Merger Agreement and authorized the performance by TSRE thereunder. **The TSRE board of directors recommends that TSRE stockholders vote FOR the proposal to approve the Company Merger and the other transactions contemplated by the Merger Agreement and FOR the proposal to approve one or more adjournments of the TSRE special meeting to another date, time or place, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the Company Merger and the other transactions contemplated by the Merger Agreement.**

The Merger cannot be completed unless, among other matters, (i) TSRE stockholders approve the Company Merger and the other transactions contemplated by the Merger Agreement by the affirmative vote of the holders of at least a majority of the outstanding shares of TSRE common stock entitled to vote on the Company Merger, and (ii) IRT stockholders approve the issuance of IRT common stock in the Merger (including shares of IRT common stock issuable upon redemption of IROP Units issued in the Partnership Merger) by the affirmative vote of the holders of at least a majority of all votes cast on the proposal. The completion of the Merger is also subject to the satisfaction or waiver of other customary conditions set forth in the Merger Agreement.

Concurrently with the execution of the Merger Agreement, (i) IRT entered into voting agreements with funds managed or advised by Senator Investment Group, LP and funds managed or advised by Monarch Alternative Capital LP, who collectively owned approximately 48% of the outstanding shares of TSRE common stock as of May 8, 2015, and (ii) TSRE entered into a voting agreement with RAIT, which owned approximately 23% of the outstanding shares of IRT common stock as of May 8, 2015. Pursuant to the terms of the voting agreements, among other things, each of stockholders party thereto agreed to vote all of its shares of IRT common stock or TSRE common stock, as applicable, to approve the Company Merger at the TSRE special meeting or to approve the issuance of IRT common stock in the Merger at the IRT special meeting, as applicable.

This joint proxy statement/prospectus contains important information about IRT, TSRE, the Merger, the Merger Agreement and the special meetings. This document is also a prospectus for shares of IRT common

stock that will be issued pursuant to the Merger Agreement. We encourage you to read this joint proxy statement/prospectus carefully before voting, including the section entitled Risk Factors beginning on page 36.

Your vote is very important, regardless of the number of shares you own. Whether or not you plan to attend the IRT special meeting or the TSRE special meeting, as applicable, please submit a proxy to vote your shares as promptly as possible to make sure that your shares of IRT common stock and/or shares of TSRE common stock, as applicable, are represented at the applicable special meeting. Please review this joint proxy statement/prospectus for more complete information regarding the Merger and the special meetings of IRT and TSRE.

Sincerely,

Scott F. Schaeffer	Richard H. Ross
Chief Executive Officer	Chief Executive Officer
Independence Realty Trust, Inc.	Trade Street Residential, Inc.

Neither the Securities and Exchange Commission, nor any state securities regulatory authority has approved or disapproved of the Merger or the securities to be issued under this joint proxy statement/prospectus or has passed upon the adequacy or accuracy of the disclosure in this joint proxy statement/prospectus. Any representation to the contrary is a criminal offense.

This joint proxy statement/prospectus is dated , 2015, and is first being mailed to IRT and TSRE stockholders on or about , 2015.

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INDEPENDENCE REALTY TRUST, INC.

Cira Centre, 2929 Arch Street, 17th Floor

Philadelphia, PA 19104

(215) 243-9000

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

TO BE HELD ON , 2015

To the Stockholders of Independence Realty Trust, Inc.:

A special meeting of the stockholders of Independence Realty Trust, Inc., a Maryland corporation (IRT), will be held at on , 2015, commencing at , local time, for the following purposes:

(i) to consider and vote on a proposal to approve the issuance of shares of IRT common stock (including shares of IRT common stock issuable upon redemption of IROP Units issued in the Partnership Merger) pursuant to the Agreement and Plan of Merger, dated as of May 11, 2015, as it may be amended from time to time (the Merger Agreement), by and among IRT, Independence Realty Operating Partnership, LP, IRT s operating partnership (IROP), Adventure Merger Sub LLC, a direct wholly-owned subsidiary of IROP (OP Merger Sub), IRT Limited Partner, LLC, a direct wholly-owned subsidiary of IRT (IRT LP LLC), Trade Street Residential, Inc., a Maryland corporation (TSRE), and Trade Street Operating Partnership, LP, TSRE s operating partnership (TSR OP) (a copy of the Merger Agreement is attached as Annex A to the joint proxy statement/prospectus accompanying this notice). The Merger Agreement provides for: (i) OP Merger Sub to merge into TSR OP (the Partnership Merger), with TSR OP continuing as the surviving entity, and (ii) TSRE to merge into IRT LP LLC (the Company Merger and, together with the Partnership Merger, the Merger), with IRT LP LLC continuing as the surviving entity and a wholly-owned subsidiary of IRT; and

(ii) to consider and vote on a proposal to approve one or more adjournments of the special meeting to another date, time or place, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the issuance of shares of IRT common stock in the Merger (including shares of IRT common stock issuable upon redemption of IROP Units issued in the Partnership Merger).

IRT does not expect to transact any other business at the special meeting. IRT s board of directors has fixed the close of business on , 2015 as the record date (the IRT Record Date) for determination of IRT stockholders entitled to receive notice of, and to vote at, the special meeting and any adjournments or postponements of the special meeting. Only holders of record of IRT common stock at the close of business on the IRT Record Date are entitled to receive notice of, and to vote at, the special meeting.

Approval of the proposal to approve the issuance of shares of IRT common stock in the Merger (including shares of IRT common stock issuable upon redemption of IROP Units issued in the Partnership Merger) requires the affirmative vote of the holders of at least a majority of all votes cast on the proposal. Approval of the proposal to approve one or more adjournments of the special meeting to another date, time or place, if necessary or appropriate, to solicit

additional proxies in favor of the proposal to approve the issuance of shares of IRT common stock in the Merger (including shares of IRT common stock issuable upon redemption of IROP Units issued in the Partnership Merger) requires the affirmative vote of at least a majority of all votes cast on such proposal.

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IRT s board of directors has unanimously (i) determined that the Merger Agreement, the Merger and the other transactions contemplated by the Merger Agreement are advisable, fair to, and in the best interests of IRT and its stockholders, (ii) approved and adopted the Merger Agreement, the Merger and the other transactions contemplated by the Merger Agreement, and (iii) authorized and approved the issuance of shares of IRT common stock in the Merger (including shares of IRT common stock issuable upon redemption of IROP Units issued in the Partnership Merger). IRT s board of directors unanimously recommends that IRT stockholders vote FOR the proposal to approve the issuance of shares of IRT common stock in the Merger (including shares of IRT common stock issuable upon redemption of IROP Units issued in the Partnership Merger) and FOR the proposal to approve one or more adjournments of the special meeting to another date, time or place, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the issuance of shares of IRT common stock in the Merger (including shares of IRT common stock issuable upon redemption of IROP Units issued in the Partnership Merger).

YOUR VOTE IS IMPORTANT

Whether or not you plan to attend the special meeting, please submit a proxy to vote your shares as promptly as possible. To submit a proxy, complete, sign, date and mail your proxy card in the preaddressed postage-paid envelope provided or, if the option is available to you, call the toll-free telephone number listed on your proxy card or use the internet as described in the instructions on the enclosed proxy card to submit your proxy. Submitting a proxy will assure that your vote is counted at the special meeting if you do not attend in person. If your shares of IRT common stock are held in street name by your broker or other nominee, only your broker or other nominee can vote your shares of IRT common stock and the vote cannot be cast unless you provide instructions to your broker or other nominee on how to vote or obtain a legal proxy from your broker or other nominee. You should follow the directions provided by your broker or other nominee regarding how to instruct your broker or other nominee to vote your shares of IRT common stock. You may revoke your proxy at any time before it is voted. Please review the joint proxy statement/prospectus accompanying this notice for more complete information regarding the Merger and the special meeting of the stockholders of IRT.

By Order of the Board of Directors of Independence Realty Trust, Inc.

Anders F. Laren

Secretary

Philadelphia, Pennsylvania

, 2015

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Trade Street Residential, Inc.

19950 West Country Club Drive

Suite 800

Aventura, Florida 33180

(786) 248-5200

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

TO BE HELD ON , 2015

To the Stockholders of Trade Street Residential, Inc.:

A special meeting of the stockholders of Trade Street Residential, Inc., a Maryland corporation (TSRE), will be held at on , 2015, commencing at , local time, for the following purposes:

(i) to consider and vote on a proposal to approve the merger of TSRE into IRT Limited Partner, LLC (IRT LP LLC), a direct wholly-owned subsidiary of Independence Realty Trust, Inc., a Maryland corporation, with IRT LP LLC continuing as the surviving entity and a wholly-owned subsidiary of IRT (the Company Merger), and other transactions contemplated by an Agreement and Plan of Merger, dated as of May 11, 2015, as it may be amended from time to time (the Merger Agreement), by and among IRT, Independence Realty Operating Partnership, LP, IRT s operating partnership (IROP), Adventure Merger Sub LLC, a direct wholly-owned subsidiary of IROP (OP Merger Sub), IRT LP LLC, TSRE, and Trade Street Operating Partnership, LP, TSRE s operating partnership (TSR OP) (a copy of the Merger Agreement is attached as Annex A to the joint proxy statement/prospectus accompanying this notice). The Merger Agreement provides for: (i) the Company Merger and (ii) OP Merger Sub to merge into TSR OP, with TSR OP continuing as the surviving entity (the Partnership Merger and, together with the Company Merger, the Merger); and

(ii) to consider and vote on a proposal to approve one or more adjournments of the special meeting to another date, time or place, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the Company Merger and the other transactions contemplated by the Merger Agreement.

TSRE does not expect to transact any other business at the special meeting. TSRE s board of directors has fixed the close of business on , 2015 as the record date (the TSRE Record Date) for determination of TSRE stockholders entitled to receive notice of, and to vote at, the special meeting and any adjournments or postponements of the special meeting. Only holders of record of TSRE common stock at the close of business on the TSRE Record Date are entitled to receive notice of, and to vote at, the special meeting.

Approval of the proposal to approve the Company Merger and the other transactions contemplated by the Merger Agreement requires the affirmative vote of the holders of at least a majority of the outstanding shares of TSRE common stock entitled to vote on such proposal. Approval of the proposal to approve one or more adjournments of the special meeting to another date, time or place, if necessary or appropriate, to solicit additional proxies in favor of the

proposal to approve the Company Merger and the other transactions contemplated by the Merger Agreement requires the affirmative vote of at least a majority of all votes cast on such proposal.

TSRE s board of directors has (i) determined that the Merger Agreement, the Merger and the other transactions contemplated by the Merger Agreement are advisable and in the best interests of TSRE and its stockholders and (ii) approved the Merger Agreement and authorized the performance by TSRE thereunder. TSRE s board of directors recommends that TSRE stockholders vote FOR the proposal to approve the Company Merger and the other transactions contemplated by the Merger Agreement and FOR the proposal to approve one or more adjournments of the special meeting to another date, time or place, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the Company Merger and the other transactions contemplated by the Merger Agreement.

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YOUR VOTE IS IMPORTANT

Whether or not you plan to attend the special meeting, please submit a proxy to vote your shares as promptly as possible. To submit a proxy, complete, sign, date and mail your proxy card in the preaddressed postage-paid envelope provided or, if the option is available to you, call the toll-free telephone number listed on your proxy card or use the internet as described in the instructions on the enclosed proxy card to submit your proxy. Submitting a proxy will assure that your vote is counted at the special meeting if you do not attend in person. If your shares of TSRE common stock are held in street name by your broker or other nominee, only your broker or other nominee can vote your shares of TSRE common stock and the vote cannot be cast unless you provide instructions to your broker or other nominee on how to vote or obtain a legal proxy from your broker or other nominee. You should follow the directions provided by your broker or other nominee regarding how to instruct your broker or other nominee to vote your shares of TSRE common stock. You may revoke your proxy at any time before it is voted. Please review the joint proxy statement/prospectus accompanying this notice for more complete information regarding the Merger and the special meeting of the stockholders of TSRE.

By Order of the Board of Directors of Trade Street Residential, Inc.

Caren A. Cohen

Secretary

Aventura, Florida

, 2015

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ADDITIONAL INFORMATION

This joint proxy statement/prospectus incorporates important business and financial information about IRT and TSRE from other documents that are not included in or delivered with this joint proxy statement/prospectus. See Where You Can Find More Information; Incorporation by Reference beginning on page 170.

Documents incorporated by reference are also available to IRT stockholders and TSRE stockholders without charge upon written or oral request. You can obtain any of these documents by requesting them in writing or by telephone from the appropriate company at the following addresses and telephone numbers.

Independence Realty Trust, Inc.	Trade Street Residential, Inc.
Attention: Secretary	Attention: Secretary
Cira Centre, 2929 Arch Street	19950 West Country Club Drive
Philadelphia, PA 19104	Suite 800
(215) 243-9000	Aventura, FL 33180
	(786) 248-5200

To receive timely delivery of the requested documents in advance of the applicable special meeting, you should make your request no later than , 2015.

ABOUT THIS DOCUMENT

This joint proxy statement/prospectus, which forms part of a registration statement on Form S-4 filed by IRT (File No. 333-) with the Securities and Exchange Commission (the SEC), constitutes a prospectus of IRT for purposes of the Securities Act of 1933, as amended (the Securities Act), with respect to the shares of IRT common stock to be issued to TSRE stockholders in exchange for shares of TSRE common stock pursuant to the Merger Agreement and shares that may be issuable upon redemption of IROP Units issued in the Partnership Merger. This joint proxy statement/prospectus also constitutes a proxy statement for each of IRT and TSRE for purposes of the Securities Exchange Act of 1934, as amended (the Exchange Act). In addition, this joint proxy statement/prospectus constitutes a notice of meeting with respect to the IRT special meeting and a notice of meeting with respect to the TSRE special meeting.

You should rely only on the information contained or incorporated by reference in this joint proxy statement/prospectus. No one has been authorized to provide you with information that is different from that contained in, or incorporated by reference into, this joint proxy statement/prospectus. This joint proxy statement/prospectus is dated , 2015. You should not assume that the information contained in, or incorporated by reference into, this joint proxy statement/prospectus is accurate as of any date other than that date. Neither our mailing of this joint proxy statement/prospectus to IRT stockholders or TSRE stockholders nor the issuance by IRT of shares of its common stock to TSRE stockholders pursuant to the Merger Agreement will create any implication to the contrary.

This joint proxy statement/prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, any securities, or the solicitation of a proxy, in any jurisdiction in which or from any person to whom it is unlawful

to make any such offer or solicitation in such jurisdiction. Information contained in this joint proxy statement/prospectus regarding IRT has been provided by IRT and information contained in this joint proxy statement/prospectus regarding TSRE has been provided by TSRE.

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QUESTIONS AND ANSWERS

The following are answers to some questions that IRT stockholders and TSRE stockholders may have regarding the proposed transaction between IRT and TSRE and the other proposals being considered at the IRT special meeting and the TSRE special meeting. IRT and TSRE urge you to read carefully this entire joint proxy statement/prospectus, including the Annexes and the documents incorporated by reference into this joint proxy statement/prospectus, because the information in this section does not provide all the information that might be important to you.

Unless stated otherwise, all references in this joint proxy statement/prospectus to:

IRT are to Independence Realty Trust, Inc., a Maryland corporation;

IRT Record Date are to , 2015, which is the record date for determination of IRT stockholders entitled to receive notice of, and to vote at, the IRT special meeting and any adjournments or postponements of the IRT special meeting.

IROP are to Independence Realty Operating Partnership, LP, a Delaware limited partnership and IRT s operating partnership;

OP Merger Sub are to Adventure Merger Sub LLC, a Delaware limited liability company and direct wholly-owned subsidiary of IROP;

IRT LP LLC are to IRT Limited Partner, LLC, a Delaware limited liability company and direct wholly-owned subsidiary of IRT;

TSRE are to Trade Street Residential, Inc., a Maryland corporation;

TSRE Record Date are to , 2015, which is the record date for determination of TSRE stockholders entitled to receive notice of, and to vote at, the TSRE special meeting and any adjournments or postponements of the TSRE special meeting.

TSR OP are to Trade Street Operating Partnership, LP, a Delaware limited partnership and TSRE s operating partnership;

the IRT Board are to the board of directors of IRT;

the TSRE Board are to the board of directors of TSRE;

the Merger Agreement are to the Agreement and Plan of Merger, dated as of May 11, 2015, by and among IRT, IROP, OP Merger Sub, IRT LP LLC, TSRE and TSR OP, as it may be amended from time to time, a copy of which is attached as Annex A to this joint proxy statement/prospectus and is incorporated herein by reference;

the Partnership Merger are to the merger of OP Merger Sub into TSR OP, with TSR OP continuing as the surviving entity;

the Company Merger are to the merger of TSRE into IRT LP LLC, with IRT LP LLC continuing as the surviving entity and a wholly-owned subsidiary of IRT;

the Merger are to, collectively, the Partnership Merger and the Company Merger;

the Combined Company are to IRT after the effective time of the Company Merger; and

the NYSE MKT are to the NYSE MKT LLC.

Q: What is the proposed transaction?

A: IRT and TSRE have entered into the Merger Agreement, which provides for: (i) OP Merger Sub to merge into TSR OP, with TSR OP continuing as the surviving entity, and (ii) TSRE to merge into IRT LP LLC, with IRT LP LLC continuing as the surviving entity and a wholly-owned subsidiary of IRT.

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Q: What will happen in the proposed transaction?

A: At the effective time of the Company Merger, each issued and outstanding share of TSRE common stock will convert into the right to receive (i) $3.80 in cash, without interest, subject to increase, at the election of IRT, to up to $4.56 (such cash amount, the Per Share Cash Amount), and (ii) a number of shares of IRT common stock equal to the quotient, or Exchange Ratio, determined by dividing (a) $7.60 less the Per Share Cash Amount, by (b) $9.25, and rounding the result to the nearest 1/10,000 (the cash and shares of IRT common stock received in exchange for the TSRE common stock, the Company Merger Consideration). At the effective time of the Partnership Merger, each issued and outstanding unit of limited partnership interest of TSR OP (each, a TSR OP Unit), other than TSR OP Units owned by TSRE or one of its subsidiaries, will convert into the right to receive (i) the Per Share Cash Amount and (ii) a number of common units of limited partnership interest in IROP (IROP Units) equal to the Exchange Ratio (the cash and IROP Units received in exchange for the TSR OP Units, the Partnership Merger Consideration and, together with the Company Merger Consideration, the Merger Consideration). Holders of TSRE common stock and TSR OP Units will not receive any fractional shares of IRT common stock or fractional IROP Units in the Merger and instead will be paid cash (without interest) in lieu of any fractional share or unit interest to which they would otherwise be entitled.

Q: How does IRT s right to elect to increase the Per Share Cash Amount work?

A: Pursuant to the Merger Agreement, and absent any further action by IRT, the Per Share Cash Amount will be $3.80. However, upon IRT s written notice to TSRE at least two business days prior to the TSRE special meeting, IRT may elect to increase the Per Share Cash Amount from $3.80 to an amount that, at the time of such election, would not cause the stock portion of the Merger Consideration to be less than 40% of the total Merger Consideration (calculated based on the closing price of IRT common stock on the trading day prior to the date of the election notice). However, if (i) IRT makes such an election, (ii) the stock portion of the Merger Consideration on the closing date of the Merger (calculated based on the closing price of IRT common stock on the trading day prior closing date of the Merger) would be less than 40% of the total Merger Consideration, and (iii) TSRE does not terminate the Merger Agreement, then the Per Share Cash Amount will be reduced so that the cash portion of the Merger Consideration will equal 60% of the total Merger Consideration on the closing date of the Merger (calculated based on the closing price of IRT common stock on the trading day prior closing date of the Merger).

Q: How will IRT fund the cash portion of the Merger Consideration?

A: IRT intends to finance the cash portion of the Merger Consideration and the fees, expenses and costs incurred in connection with the Merger and other transactions related to the Merger, and to repay or refinance certain of TSRE s borrowings, using a combination of some or all of the following resources:

IRT s available cash on hand;

the assumption and/or refinancing of certain of TSRE s existing mortgage debt;

if market conditions allow, proceeds from the sale of IRT common stock;

borrowings under IRT s existing revolving credit facility, which IRT anticipates amending as of or before the closing of the Merger; and

to the extent IRT deems it advisable after considering the use of some or all of the above resources, borrowings under a new senior secured term loan facility (the Term Loan Facility) for up to $500.0 million, for which IRT has received a commitment from Deutsche Bank AG New York Branch (DBNY).

IRT has entered into a binding commitment letter (the Commitment Letter) with DBNY and Deutsche Bank Securities Inc. (Deutsche Bank) pursuant to which, on and subject to the terms and conditions therein, DBNY has committed to provide the Term Loan Facility in an aggregate principal amount of up to $500.0 million, subject to customary conditions as set forth in the Commitment Letter. IRT has the right to use alternative financing in connection with the consummation of the Merger and is under no obligation to enter into definitive documentation for the Term Loan Facility or to draw upon the financing commitment from DBNY.

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Borrowings under IRT s existing revolving credit facility are subject to customary conditions, and IRT s existing revolving credit facility contains various customary covenants, including customary financial covenants. Any failure to comply with these financial covenants would constitute a default under IRT s existing revolving credit facility and would prevent further borrowings thereunder. In the event IRT were to enter into the Term Loan Facility, IRT expects it would have to amend its existing revolving credit facility to coordinate its terms with those of the Term Loan Facility or otherwise refinance its existing revolving credit facility. IRT expects to evaluate entering into or assuming other revolving credit facilities prior to the closing of the Merger, which may be used to fund part of the cash portion of the Merger Consideration.

IRT s ability to finance the Merger is not a condition to its obligation to complete the Merger. For more information regarding the financing related to the Merger, see The Merger Agreement Financing Related to the Merger beginning on page 128.

Q: How will IRT stockholders be affected by the Merger and the issuance of shares of IRT common stock in the Merger?

A: After the Merger, each IRT stockholder will continue to own the shares of IRT common stock that the stockholder held immediately prior to the effective time of the Company Merger. As a result, each IRT stockholder will own shares of common stock in a larger company with more assets. However, because IRT will be issuing new shares of IRT common stock in the Merger, each outstanding share of IRT common stock immediately prior to the effective time of the Merger will represent a smaller percentage of the aggregate number of shares of the Combined Company s common stock outstanding after the Merger. Upon completion of the Merger, we estimate that continuing IRT stockholders will own approximately 66.5% of the issued and outstanding Combined Company s common stock and former TSRE stockholders will own 33.5% of the issued and outstanding Combined Company s common stock.

Q: What happens if the market price of shares of IRT common stock or TSRE common stock changes before the closing of the Merger?

A: Neither the Per Share Cash Amount nor the Exchange Ratio will change as a result of a change in the market price of IRT common stock, although the aggregate value of the Merger Consideration will fluctuate with changes in the market price of IRT common stock and the Per Share Cash Amount that IRT elects. As a result, the value of the consideration to be received by TSRE stockholders in the Merger will increase or decrease depending on the market price of shares of IRT common stock at the effective time of the Merger. See The Merger Agreement Merger Consideration; Effects of the Merger Merger Consideration beginning on page 109.

Q: Why am I receiving this joint proxy statement/prospectus?

A: The IRT Board and the TSRE Board are using this joint proxy statement/prospectus to solicit proxies of IRT stockholders and TSRE stockholders in connection with the Merger Agreement and the Merger. In addition, IRT is using this joint proxy statement/prospectus as a prospectus for TSRE stockholders because IRT is offering

shares of its common stock to be issued in exchange for TSRE common stock in the Merger. The Merger cannot be completed unless:

- the holders of IRT common stock vote to approve the issuance of shares of IRT common stock in the Merger (including shares of IRT common stock issuable upon redemption of IROP Units issued in the Partnership Merger); and

- the holders of TSRE common stock vote to approve the Company Merger and the other transactions contemplated by the Merger Agreement.

Each of IRT and TSRE will hold separate special meetings of their respective stockholders to obtain these approvals and to consider other proposals as described elsewhere in this joint proxy statement/prospectus.

This joint proxy statement/prospectus contains important information about IRT, TSRE, the Merger and the Merger Agreement, and the other proposals being voted on at the special meetings of stockholders and you should read it carefully. The enclosed voting materials allow you to vote your shares of IRT common stock and/or TSRE common stock, as applicable, without attending the applicable special meeting.

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Your vote is important. You are encouraged to submit your proxy as promptly as possible.

Q: Am I being asked to vote on any other proposals at the special meetings in addition to the Merger proposal?

A: *IRT*. At the IRT special meeting, IRT stockholders will be asked to consider and vote upon the following additional proposal:

> To approve one or more adjournments of the IRT special meeting to another date, time or place, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the issuance of shares of IRT common stock in the Merger (including shares of IRT common stock issuable upon redemption of IROP Units issued in the Partnership Merger).

TSRE. At the TSRE special meeting, TSRE stockholders will be asked to consider and vote upon the following additional proposal:

> To approve one or more adjournments of the TSRE special meeting to another date, time or place, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the Company Merger and the other transactions contemplated by the Merger Agreement.

Q: Why is IRT proposing the Merger?

A: The IRT Board believes that the Merger will result in a number of important strategic benefits for the Combined Company, including an increased scale that will provide an enhanced platform to pursue strategic acquisitions and transformational opportunities, improved operating statistics and portfolio quality, enhanced liquidity due to increased market capitalization and meaningful revenue and cost synergy potential. The IRT Board believes that the Merger will be an accretive transaction to IRT s asset base. To review the reasons of the IRT Board for the Merger in greater detail, see The Merger Recommendation of the IRT Board and Its Reasons for the Merger beginning on page 77.

Q: Why is TSRE proposing the Merger?

A: After careful consideration and consultation, the TSRE Board has recommended that the TSRE stockholders approve the Company Merger and the other transactions contemplated by the Merger Agreement based upon numerous factors, including an attractive valuation with an effective Company Merger Consideration of $7.60 per share of TSRE common stock as of the date of the Merger Agreement (with mechanisms in the Merger Agreement that provide both significant downside protection in the event of a decline and the ability to benefit from any increase in the trading price of IRT common stock before the closing of the Merger), and a mix of consideration, with the TSRE stockholders receiving both liquidity as a result of the receipt of the cash portion of

the Company Merger Consideration and an opportunity to continue to participate in the Combined Company as stockholders, as well as, assuming that the Company Merger qualifies as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended (the Code), the expectation that the receipt of the IRT common stock portion of the Company Merger Consideration generally will not be taxable to TSRE stockholders. To review the reasons of the TSRE Board for the Merger in greater detail, see The Merger Recommendation of the TSRE Board and Its Reasons for the Merger beginning on page 80.

Q: Who will be the board of directors and management of the Combined Company?

A: As of the effective time of the Company Merger, the board of directors of the Combined Company will be increased to seven members, with the five current IRT directors, Scott F. Schaeffer, William C. Dunkelberg, Robert F. McCadden, DeForest B. Soaries, Jr., and Sharon M. Tsao, continuing as directors of the Combined Company. In addition, Richard H. Ross, the Chief Executive Officer of TSRE, and Mack D. Pridgen III, the Chairman of the TSRE Board, will join the board of directors of the Combined Company as of the effective time of the Company Merger.

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The executive officers of IRT immediately prior to the effective time of the Company Merger will continue to serve as the executive officers of the Combined Company, with Scott F. Schaeffer continuing to serve as the Chief Executive Officer of the Combined Company.

Q: Will IRT and TSRE continue to pay distributions prior to the closing of the Merger?

A: Yes. The Merger Agreement permits IRT and IROP to pay (i) monthly distributions of up to $0.06 per share of IRT common stock, including for any partial month ending on the effective time of the Company Merger, (ii) monthly distributions of up to $0.06 per IROP Unit, and (iii) any distribution that is required for IRT to maintain its REIT qualification. The Merger Agreement permits TSRE and TSR OP to pay (i) quarterly distributions of up to $0.095 per share of TSRE common stock for the quarter ending June 30, 2015 and for each quarter (or partial quarter) thereafter ending on or prior to the effective time of the Company Merger, (ii) a distribution per TSR OP Unit in the same amount as any distribution per share made with respect to TSRE common stock, and (iii) any distribution that is required for TSRE to maintain its REIT qualification.

Q: When and where are the special meetings of the IRT and TSRE stockholders?

A: The IRT special meeting will be held at on , 2015 commencing at , local time. The TSRE special meeting will be held at on , 2015 commencing at , local time.

Q: Who can vote at the special meetings?

A: *IRT*. All holders of IRT common stock of record as of the close of business on the IRT Record Date are entitled to notice of, and to vote at, the IRT special meeting. As of the IRT Record Date, there were shares of IRT common stock outstanding and entitled to vote at the IRT special meeting, held by approximately holders of record. Each share of IRT common stock is entitled to one vote on each proposal presented at the IRT special meeting.

TSRE. All holders of TSRE common stock of record as of the close of business on the TSRE Record Date are entitled to receive notice of, and to vote at, the TSRE special meeting. As of the TSRE Record Date, there were shares of TSRE common stock outstanding and entitled to vote at the TSRE special meeting, held by approximately holders of record. Each share of TSRE common stock is entitled to one vote on each proposal presented at the TSRE special meeting.

Q: What constitutes a quorum?

A: *IRT*. IRT s bylaws provide that the presence in person or by proxy of stockholders entitled to cast a majority of all the votes entitled to be cast at such meeting on any matter will constitute a quorum.

TSRE. TSRE s bylaws provide that the presence in person or by proxy of stockholders entitled to cast a majority of all the votes entitled to be cast at such meeting on any matter will constitute a quorum.

Shares that are voted, in person or by proxy, shares abstaining from voting, and broker non-votes, if any, are treated as present at each of the IRT special meeting and the TSRE special meeting, respectively, for purposes of determining whether a quorum is present.

Q: What vote is required to approve the proposals?

A: *IRT*.

Approval of the proposal to approve the issuance of shares of IRT common stock in the Merger (including shares of IRT common stock issuable upon redemption of IROP Units issued in the Partnership Merger) requires the affirmative vote of the holders of at least a majority of all votes cast on such proposal.

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Approval of the proposal to approve one or more adjournments of the IRT special meeting to another date, time or place, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the issuance of shares of IRT common stock in the Merger (including shares of IRT common stock issuable upon redemption of IROP Units issued in the Partnership Merger) requires the affirmative vote of at least a majority of all votes cast on such proposal.

TSRE.

Approval of the proposal to approve the Company Merger and the other transactions contemplated by the Merger Agreement requires the affirmative vote of the holders of at least a majority of the outstanding shares of TSRE common stock entitled to vote on such proposal.

Approval of the proposal to approve one or more adjournments of the TSRE special meeting to another date, time or place, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the Company Merger and the other transactions contemplated by the Merger Agreement requires the affirmative vote of a majority of all votes cast on such proposal.

Q: How does the IRT Board recommend that IRT stockholders vote on the proposals?

A: After consideration, the IRT Board has unanimously (i) determined that the Merger Agreement, the Merger and the other transactions contemplated by the Merger Agreement are advisable, fair to, and in the best interests of IRT and its stockholders, (ii) approved and adopted the Merger Agreement, the Merger and the other transactions contemplated by the Merger Agreement, and (iii) authorized and approved the issuance of shares of IRT common stock in the Merger (including shares of IRT common stock issuable upon redemption of IROP Units issued in the Partnership Merger). The IRT Board unanimously recommends that IRT stockholders vote FOR the proposal to approve the issuance of shares of IRT common stock in the Merger (including shares of IRT common stock issuable upon redemption of IROP Units issued in the Partnership Merger) and FOR the proposal to approve one or more adjournments of the IRT special meeting to another date, time or place, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the issuance of shares of IRT common stock in the Merger (including shares of IRT common stock issuable upon redemption of IROP Units issued in the Partnership Merger).

For a more complete description of the recommendation of the IRT Board, see The Merger Recommendation of the IRT Board and Its Reasons for the Merger beginning on page 77.

Q: How does the TSRE Board recommend that TSRE stockholders vote on the proposals?

After consideration, the TSRE Board has (i) determined that the Merger Agreement, the Merger and the other transactions contemplated by the Merger Agreement are advisable and in the best interests of TSRE and its stockholders and (ii) approved the Merger Agreement. The TSRE Board recommends that TSRE stockholders vote FOR the proposal to approve the Company Merger and the other transactions contemplated by the Merger Agreement and FOR the proposal to approve one or more adjournments of the TSRE special meeting to another date, time or place, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the Company Merger and the other transactions contemplated by the Merger Agreement.

For a more complete description of the recommendation of the TSRE Board, see The Merger Recommendation of the TSRE Board and Its Reasons for the Merger beginning on page 80.

Q: What if I sell my shares of IRT common stock before the IRT special meeting or my shares of TSRE common stock before the TSRE special meeting?

A: *IRT*. If you transfer your shares of IRT common stock after the close of business on the IRT Record Date but before the IRT special meeting, you will, unless you provide the transferee of your shares with a proxy, retain your right to vote at the IRT special meeting.

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TSRE. If you transfer your shares of TSRE common stock after the close of business on the TSRE Record Date but before the TSRE special meeting, you will, unless you provide the transferee of your shares with a proxy, retain your right to vote at the TSRE special meeting, but will have transferred the right to receive the Company Merger Consideration to be paid by IRT in the Merger. In order to receive the Company Merger Consideration to be paid by IRT in the Merger, you must hold your shares of TSRE common stock through the effective time of the Company Merger.

Q: Do any of TSRE s executive officers or directors have interests in the Company Merger that may differ from those of TSRE stockholders?

A: TSRE s executive officers and directors have interests in the Company Merger that are different from, or in addition to, their interests as TSRE stockholders. The members of the TSRE Board were aware of and considered these interests, among other matters, in evaluating the Merger Agreement and the Company Merger, and in recommending that TSRE stockholders vote FOR the proposal to approve the Merger and the other transactions contemplated by the Merger Agreement. For a description of these interests, see The Merger Interests of TSRE s Directors and Executive Officers in the Merger beginning on page 104.

Q: Have any stockholders of IRT and TSRE already agreed to approve the Merger?

A: Yes. Pursuant to a voting agreement, RAIT Financial Trust (RAIT), which owned approximately 23% of the outstanding shares of IRT common stock as of May 8, 2015, has agreed to vote in favor of the issuance of IRT common stock in the Merger (including shares of IRT common stock issuable upon redemption of IROP Units issued in the Partnership Merger), subject to the terms and conditions of contained in the voting agreement, as described under Voting Agreements beginning on page 152.

Pursuant to separate voting agreements, funds managed or advised by Senator Investment Group LP (collectively, Senator) and Monarch Alternative Capital LP (collectively, Monarch), which collectively owned approximately 48% of the outstanding shares of TSRE common stock as of May 8, 2015, have agreed to vote in favor of the Company Merger and the other transactions contemplated by the Merger Agreement, subject to the terms and conditions of the applicable voting agreements, as described under Voting Agreements beginning on page 152.

Q: Are there any conditions that must be satisfied for the Merger to be completed?

A: Yes. In addition to the approval of the stockholders of IRT of the issuance of IRT common stock in the Merger (including shares of IRT common stock issuable upon redemption of IROP Units issued in the Partnership Merger) and the approval of the stockholders of TSRE of the Company Merger and the other transactions contemplated by the Merger Agreement, there are a number of customary conditions that must be satisfied or waived for the Merger to be consummated. For a description of all of the conditions to the Merger, see The Merger Agreement Conditions to Completion of the Merger beginning on page 123.

Q: Are there risks associated with the Merger that I should consider in deciding how to vote?

A: Yes. There are a number of risks related to the Merger that are discussed in this joint proxy statement/ prospectus described in the section entitled Risk Factors beginning on page 36.

Q: If my shares of IRT common stock or my shares of TSRE common stock are held in street name by my broker, bank or other nominee, will my broker, bank or other nominee vote my shares of IRT common stock or my shares of TSRE common stock for me?

A: Unless you instruct your broker, bank or other nominee how to vote your shares of IRT common stock and/or your shares of TSRE common stock, as applicable, held in street name, your shares will NOT be voted. If you hold your shares of IRT common stock and/or your shares of TSRE common stock in a stock brokerage

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account or if your shares are held by a bank or other nominee (that is, in street name), in order for your shares to be present and voted at the applicable special meeting, you must provide your broker, bank or other nominee with instructions on how to vote your shares.

Q: What happens if I do not vote for a proposal?

A: *IRT*. If you are an IRT stockholder, abstentions and broker non-votes, if any, will be counted in determining the presence of a quorum. Abstentions will have no effect on either (i) the proposal to approve the issuance of shares of IRT common stock in the Merger (including shares of IRT common stock issuable upon redemption of IROP Units issued in the Partnership Merger) or (ii) the proposal to approve one or more adjournments of the IRT special meeting to another date, time or place, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the issuance of shares of IRT common stock in the Merger (including shares of IRT common stock issuable upon redemption of IROP Units issued in the Partnership Merger). Broker non-votes, if any, will have no effect on either proposal. A broker non-vote is a vote that is not cast on a non-routine matter because the shares entitled to cast the vote are held in street name, the broker lacks discretionary authority to vote the shares and the broker has not received voting instructions from the beneficial owner. Because there are no discretionary (or routine) matters to be voted on at the IRT special meeting, IRT does not expect to receive any broker non-votes.

TSRE. If you are a TSRE stockholder, abstentions and broker non-votes, if any, will be counted in determining the presence of a quorum. Abstentions and broker non-votes, if any, will have the same effect as a vote cast **AGAINST** the proposal to approve the Company Merger and the other transactions contemplated by the Merger Agreement. Abstentions and broker non-votes, if any, will have no effect on the proposal to approve one or more adjournments of the TSRE special meeting to another date, time or place, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the Company Merger and the other transactions contemplated by the Merger Agreement. A broker non-vote is a vote that is not cast on a non-routine matter because the shares entitled to cast the vote are held in street name, the broker lacks discretionary authority to vote the shares and the broker has not received voting instructions from the beneficial owner. Because there are no discretionary (or routine) matters to be voted on at the TSRE special meeting, TSRE does not expect to receive any broker non-votes.

Q: Will my rights as a stockholder of IRT or TSRE change as a result of the Merger?

A: The rights of IRT stockholders will be unchanged as a result of the Merger. TSRE stockholders will have different rights following the effective time of the Company Merger due to the differences between the governing documents of IRT and TSRE. At the effective time of the Company Merger, the existing charter and bylaws of IRT will thereafter be the charter and bylaws of the Combined Company. For more information regarding the differences in stockholder rights, see Comparison of Rights of Stockholders of IRT and Stockholders of TSRE beginning on page 165.

Q: When is the Merger expected to be completed?

A:

IRT and TSRE expect to complete the Merger as soon as reasonably practicable following satisfaction of all of the required conditions, but in no event after October 15, 2015, provided that IRT has the right to extend the closing date of the Merger if consents from certain of TSRE s lenders are not obtained and IRT has received an extension of the Commitment Letter until December 31, 2015 or has received a financing commitment from an alternate source that does not expire prior to December 31, 2015. If approval is obtained from the stockholders of both IRT and TSRE, and if the other conditions to closing the Merger are satisfied or waived, it is currently expected that the Merger will be completed in the third quarter of 2015. However, there is no guaranty that the conditions to the Merger will be satisfied or that the Merger will close on the anticipated timeline or at all.

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Q: If I am a TSRE stockholder do I need to do anything with my stock certificates now?

A: No. You should not submit your stock certificates at this time. After the Company Merger is completed, if you held shares of TSRE common stock, the exchange agent for the Combined Company will send you a letter of transmittal and instructions for exchanging your shares of TSRE common stock for shares of the Combined Company common stock pursuant to the terms of the Merger Agreement. Upon surrender of a certificate or book-entry share for cancellation along with the executed letter of transmittal and other required documents described in the instructions, a TSRE stockholder will receive shares of common stock of the Combined Company and the cash consideration pursuant to the terms of the Merger Agreement.

Q: What are the anticipated U.S. federal income tax consequences to me of the proposed Merger?

A: It is intended that the Company Merger will qualify as a reorganization within the meaning of Section 368(a) of the Code. The closing of the Company Merger is conditioned on the receipt by each of IRT and TSRE of an opinion from its respective counsel, dated as of the closing date of the Company Merger, to the effect that, on the basis of fact, representations and assumptions set forth or referred to in such opinion, the Company Merger will qualify as a reorganization within the meaning of Section 368(a) of the Code. Assuming that the Company Merger qualifies as a reorganization, U.S. holders of shares of TSRE common stock generally will not recognize gain or loss for U.S. federal income tax purposes upon the receipt of Combined Company common stock in exchange for TSRE common stock in connection with the Company Merger, except with respect to the cash consideration and cash received in lieu of fractional shares of Combined Company common stock. Assuming that the Company Merger qualifies as a reorganization within the meaning of Section 368(a) of the Code, U.S. holders of shares of TSRE common stock generally will recognize gain for U.S. federal income tax purposes to the extent of the cash compensation received in the Company Merger and the cash received in lieu of fractional shares of Combined Company common stock. Holders of TSRE common stock should read the discussion under the heading Material U.S. Federal Income Tax Consequences Material U.S. Federal Income Tax Consequences of the Merger beginning on page 132 and consult their tax advisors to determine the tax consequences to them (including the application and effect of any state, local or non-U.S. income and other tax laws) of the Company Merger.

Q: Are IRT or TSRE stockholders entitled to appraisal rights?

A: No. Neither IRT nor TSRE stockholders are entitled to exercise appraisal or dissenter s rights in connection with the Company Merger or the other transactions contemplated by the Merger Agreement. See The Merger Agreement Merger Consideration; Effects of the Merger Appraisal Rights beginning on page 111.

Q: What do I need to do now?

A: After you have carefully read this joint proxy statement/prospectus, please respond by completing, signing and dating your proxy card or voting instruction card and returning it in the enclosed pre-addressed postage-paid envelope or, if available, by submitting your proxy by one of the other

methods specified in your proxy card or voting instruction card as promptly as possible so that your shares of IRT common stock and/or your shares of TSRE common stock, as applicable, will be represented and voted at the IRT special meeting or the TSRE special meeting, as applicable.

Please refer to your proxy card or voting instruction card forwarded by your broker, bank or other nominee to see which voting options are available to you.

The method by which you submit a proxy will in no way limit your right to vote at the IRT special meeting or the TSRE special meeting, as applicable, if you later decide to attend the special meeting in person.

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However, if your shares of IRT common stock or your shares of TSRE common stock are held in the name of a broker, bank or other nominee, you must obtain a legal proxy, executed in your favor, from your broker, bank or other nominee, to be able to vote in person at the IRT special meeting or the TSRE special meeting, as applicable.

Q: How will my proxy be voted?

A: *IRT*. All shares of IRT common stock entitled to vote and represented by properly completed proxies received prior to the IRT special meeting, and not revoked, will be voted at the IRT special meeting as instructed on the proxies. If you properly sign, date and return a proxy card, but do not indicate how your shares of IRT common stock should be voted on a matter, the shares of IRT common stock represented by your proxy will be voted as the IRT Board recommends and, therefore, **FOR** the proposal to approve the issuance of shares of IRT common stock in the Merger (including shares of IRT common stock issuable upon redemption of IROP Units issued in the Partnership Merger) and **FOR** the proposal to approve one or more adjournments of the IRT special meeting to another date, time or place, if necessary or appropriate in the view of the IRT Board, to solicit additional proxies in favor of the proposal to approve the issuance of shares of IRT common stock in the Merger (including shares of IRT common stock issuable upon redemption of IROP Units issued in the Partnership Merger) if there are not sufficient votes at the time of such adjournment to approve such proposal. If you hold your shares of IRT common stock in street name and do not provide voting instructions to your broker, bank or other nominee, your shares of IRT common stock will have no effect on either proposal at the IRT special meeting.

TSRE. All shares of TSRE common stock entitled to vote and represented by properly completed proxies received prior to the TSRE special meeting, and not revoked, will be voted at the TSRE special meeting as instructed on the proxies. If you properly sign, date and return a proxy card, but do not indicate how your shares of TSRE common stock should be voted on a matter, the shares of TSRE common stock represented by your proxy will be voted as the TSRE Board recommends and, therefore, **FOR** the proposal to approve the Company Merger and the other transactions contemplated by the Merger Agreement and **FOR** the proposal to approve one or more adjournments of the TSRE special meeting to another date, time or place, if necessary or appropriate, including adjournments to permit further solicitation of proxies in favor of approval of the Company Merger and the other transactions contemplated by the Merger Agreement. If you hold your shares of TSRE common stock in street name and do not provide voting instructions to your broker, bank or other nominee, it will have the same effect as a vote cast **AGAINST** the proposal to approve the Company Merger and the other transactions contemplated by the Merger Agreement and will have no effect on the proposal to approve one or more adjournments of the TSRE special meeting to another date, time or place, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the Company Merger and the other transactions contemplated by the Merger Agreement.

Q: Can I revoke my proxy or change my vote after I have delivered my proxy?

A: Yes. You may revoke your proxy or change your vote at any time before your proxy is voted at the IRT special meeting or the TSRE special meeting, as applicable. If you are a holder of record, you can do this in any of the three following ways:

by sending a written notice to the corporate secretary of IRT or the corporate secretary of TSRE, as applicable, in time to be received before the IRT special meeting or the TSRE special meeting, as applicable, stating that you would like to revoke your proxy;

by completing, signing and dating another proxy card and returning it by mail in time to be received before the IRT special meeting or the TSRE special meeting, as applicable, or by submitting a later dated proxy by the internet or telephone in which case your later-submitted proxy will be recorded and your earlier proxy revoked; or

by attending the IRT special meeting or the TSRE special meeting, as applicable, and voting in person. Simply attending the IRT special meeting or the TSRE special meeting, as applicable, without voting will not revoke your proxy or change your vote.

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If your shares of IRT common stock or your shares of TSRE common stock are held in street name in an account at a broker, bank or other nominee and you desire to change your vote or vote in person, you should contact your broker, bank or other nominee for instructions on how to do so. If you hold your shares of IRT common stock or TSRE common stock, as applicable, in street name, you may not vote your shares in person at the IRT special meeting or at the TSRE special meeting, as applicable, unless you bring a legal proxy from the broker, bank or other nominee that holds your shares.

Q: What does it mean if I receive more than one set of voting materials for the IRT special meeting or the TSRE special meeting?

A: You may receive more than one set of voting materials for the IRT special meeting and/or the TSRE special meeting, as applicable, including multiple copies of this joint proxy statement/prospectus and multiple proxy cards or voting instruction cards. For example, if you hold your shares of IRT common stock or your shares of TSRE common stock in more than one brokerage account, you will receive a separate voting instruction card for each brokerage account in which you hold shares of IRT common stock or shares of TSRE common stock. If you are a holder of record and your shares of IRT common stock or your shares of TSRE common stock are registered in more than one name, you may receive more than one proxy card. Please complete, sign, date and return each proxy card and voting instruction card that you receive or, if available, please submit your proxy by telephone or over the internet.

Q: What happens if I am a stockholder of both IRT and TSRE?

A: You will receive separate proxy cards for each entity and must complete, sign and date each proxy card and return each proxy card in the appropriate pre-addressed postage-paid envelope or, if available, by submitting a proxy by one of the other methods specified in your proxy card or voting instruction card for each entity.

Q: Do I need identification to attend the IRT or TSRE special meeting in person?

A: Yes. Please bring proper identification, together with proof that you are a record owner of shares of IRT common stock or shares of TSRE common stock, as the case may be, reflecting your share ownership as of the close of business on the IRT Record Date or the close of business on the TSRE Record Date, as applicable. If your shares are held in street name, please bring acceptable proof of ownership, such as a letter from your broker or an account statement showing that you beneficially owned shares of IRT common stock or shares of TSRE common stock, as applicable, on the applicable record date, as well as a legal proxy from your broker giving you the right to vote your shares at the applicable special meeting.

Q: Will a proxy solicitor be used?

A: IRT intends to engage a proxy solicitor to assist in the solicitation of proxies for the IRT special meeting.

TSRE will not be engaging a proxy solicitor to assist in the solicitation of proxies for the TSRE special meeting.

Q: Who can answer my questions?

A: If you have any questions about the Merger or the other matters to be voted on at the special meetings or how to submit your proxy or need additional copies of this joint proxy statement/prospectus, the enclosed proxy card or voting instructions, you should contact:

If you are an IRT stockholder:	**If you are a TSRE stockholder:**
Independence Realty Trust, Inc.	Trade Street Residential, Inc.
Attention: Secretary	Attention: Secretary
Cira Centre, 2929 Arch Street	19950 West Country Club Drive
Philadelphia, PA 19104	Suite 800
(215) 243-9000	Aventura, FL 33180
	(786) 248-5200

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SUMMARY

The following summary highlights some of the information contained in this joint proxy statement/prospectus. This summary may not contain all of the information that is important to you. For a more complete description of the Merger Agreement, the Merger and the other transactions contemplated by the Merger Agreement, IRT and TSRE encourage you to read carefully this entire joint proxy statement/prospectus, including the attached Annexes and the other documents to which we have referred you because this section does not provide all the information that might be important to you with respect to the Merger and the other matters being considered at the applicable special meeting. See also Where You Can Find More Information; Incorporation by Reference beginning on page 170.

The Companies

Independence Realty Trust, Inc.

IRT is a Maryland corporation that has elected to be taxed as a REIT under the Code. IRT conducts its business through a traditional umbrella partnership REIT (UPREIT) structure in which IRT s properties are owned by IROP directly or through subsidiaries. IRT is the sole general partner of IROP. Substantially all of IRT s assets are held by, and substantially all of IRT s operations are conducted through, IROP. IRT owns apartment properties in geographic submarkets that it believes support strong occupancy and have the potential for growth in rental rates.

IRT is externally advised by its advisor, Independence Realty Advisors, LLC (the Advisor), a wholly-owned subsidiary of RAIT, pursuant to an advisory agreement and subject to the oversight of the IRT Board. The Advisor is responsible for managing IRT s day-to-day business operations and identifying properties for IRT to acquire.

RAIT Residential, the property manager for IRT s properties, is a full-service apartment property management company that, as of March 31, 2015, employed approximately 420 staff and professionals and manages approximately 16,000 apartment units. RAIT Residential provides services to IRT in connection with the rental, leasing, operation and management of IRT s properties.

IRT common stock is listed on the NYSE MKT, trading under the symbol IRT.

IRT was incorporated in the state of Maryland in 2009. IRT s principal executive offices are located at Cira Centre, 2929 Arch Street, Philadelphia, Pennsylvania 19104, and its telephone number is (215) 243-9000.

OP Merger Sub, a direct wholly-owned subsidiary of IROP, is a Delaware limited liability company formed on May 8, 2015 for the purpose of entering into the Merger Agreement. OP Merger Sub has not conducted any activities other than those incidental to its formation and the matters contemplated by the Merger Agreement.

IRT LP LLC, a direct wholly-owned subsidiary of IRT, is a Delaware limited liability company. IRT LP LLC is a holding company that holds 100 IROP Units.

Additional information about IRT and its subsidiaries is included in documents incorporated by reference into this joint proxy statement/prospectus. See Where You Can Find More Information; Incorporation by Reference beginning on page 170.

Trade Street Residential, Inc.

TSRE is a Maryland corporation that has elected to be taxed as a REIT under the Code. TSRE conducts its business through an UPREIT structure in which TSRE s properties are owned by TSR OP directly or through

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subsidiaries. TSRE is a full service, vertically integrated, self-administered and self-managed corporation incorporated in the state of Maryland in 2012, to acquire, own, operate and manage conveniently located, garden-style and mid-rise apartment communities in mid-sized cities and suburban submarkets of larger cities primarily in the southeastern United States and Texas. As of March 31, 2015, TSRE owned and operated 19 apartment communities containing 4,989 apartment units in Alabama, Florida, Georgia, North Carolina, South Carolina, Tennessee and Texas. TSRE s apartment communities are characterized by attractive features including substantial landscaping, well-maintained exteriors and high quality interior finishes, and amenities such as swimming pools, clubhouses and fitness facilities and controlled-access gated entrances.

TSRE common stock is listed on the NASDAQ Global Market, trading under the symbol TSRE.

TSRE s principal executive offices are located at 19950 West Country Club Drive, Suite 800, Aventura, Florida 33180, and its telephone number is (786) 248-5200.

Additional information about TSRE and its subsidiaries is included in documents incorporated by reference into this joint proxy statement/prospectus. See Where You Can Find More Information; Incorporation by Reference on page 170.

The Combined Company

References to the Combined Company are to IRT after the effective time of the Merger. The Combined Company will be named Independence Realty Trust, Inc. and will be a Maryland corporation. The Combined Company will be a leading regional market multifamily platform operating across select target markets in the United States. The Combined Company is expected to have a pro forma equity market capitalization of approximately $422.1 million and a pro forma total market capitalization of $1.4 billion, each as of March 31, 2015 and based on the closing price of IRT common stock of $8.57 per share on May 8, 2015. The Combined Company s asset base will consist primarily of approximately 14,044 multifamily units in 50 properties in 24 geographic markets.

The business of the Combined Company will be operated through IROP and its subsidiaries, which, after completion of the Merger, will include TSR OP.

The common stock of the Combined Company will continue to be listed on the NYSE MKT, trading under the symbol IRT.

The Combined Company s principal executive offices will be located at Cira Centre, 2929 Arch Street, Philadelphia, Pennsylvania, and its telephone number will be (215) 243-9000.

The Merger

The Merger Agreement

IRT, IROP, OP Merger Sub, IRT LP LLC, TSRE and TSR OP have entered into the Merger Agreement attached as Annex A to this joint proxy statement/prospectus, which is incorporated herein by reference. IRT and TSRE encourage you to carefully read the Merger Agreement in its entirety because it is the principal document governing the Merger and the other transactions contemplated by the Merger Agreement.

The Merger Agreement provides that the closing of the Company Merger will take place at the offices of Morrison & Foerster LLP in Washington, D.C. at 9:29 a.m. Eastern Time on the second business day after the satisfaction or

waiver of the conditions to closing set forth in the Merger Agreement (other than those conditions that by their nature are to be satisfied at the closing), immediately after the Partnership Merger, or at such other place, date and time as IRT and TSRE may agree in writing.

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The Merger

Subject to the terms and conditions of the Merger Agreement, (i) at the effective time of the Partnership Merger, OP Merger Sub will merge into TSR OP, with TSR OP continuing as the surviving entity, and (ii) at the effective time of the Company Merger, TSRE will merge into IRT LP LLC, with IRT LP LLC continuing as the surviving entity and a wholly-owned subsidiary of IRT. Upon the closing of the Merger, IROP will own all of the limited partnership interests in TSR OP and IRT LP LLC will own the general partnership interest in TSR OP. Immediately following the consummation of the Merger, IRT will cause TSR OP to become a wholly-owned subsidiary of IROP.

References to the Combined Company are to IRT after the effective time of the Merger. The shares of common stock of the Combined Company will continue to be listed and traded on the NYSE MKT under the symbol IRT.

Upon completion of the Merger, we estimate that continuing IRT stockholders will own approximately 66.5% of the issued and outstanding common stock of the Combined Company, and former TSRE stockholders will own approximately 33.5% of the issued and outstanding common stock of the Combined Company.

The Merger Consideration

At the effective time of the Company Merger, each issued and outstanding share of TSRE common stock will convert into the right to receive (i) $3.80 in cash, without interest, subject to increase, at the election of IRT, to up to $4.56 (such cash amount, the Per Share Cash Amount), and (ii) a number of shares of IRT common stock equal to the quotient, or Exchange Ratio, determined by dividing (a) $7.60 less the Per Share Cash Amount, by (b) $9.25, and rounding the result to the nearest 1/10,000 (the cash and shares of IRT common stock received in exchange for the TSRE common stock, the Company Merger Consideration). At the effective time of the Partnership Merger, each issued and outstanding TSR OP Unit, other than TSR OP Units owned by TSRE or one of its subsidiaries, will convert into the right to receive (i) the Per Share Cash Amount and (ii) a number of IROP Units equal to the Exchange Ratio (the cash and IROP Units received in exchange for the TSR OP Units, the Partnership Merger Consideration and, together with the Company Merger Consideration, the Merger Consideration). Holders of TSRE common stock and TSR OP Units will not receive any fractional shares of IRT common stock or fractional IROP Units in the Merger and instead will be paid cash (without interest) in lieu of any fractional share or unit interest to which they would otherwise be entitled. Neither the Per Share Cash Amount nor the Exchange Ratio will change as a result of a change in the market price of IRT common stock, although the aggregate value of the Merger Consideration will fluctuate with changes in the market price of IRT common stock and the Per Share Cash Amount that IRT elects.

Based on the closing price of IRT common stock on the NYSE MKT of $ on the latest practicable date before the date of this joint proxy statement/prospectus, and based on a $3.80 Per Share Cash Amount and a resulting Exchange Ratio of 0.4108, the aggregate value of the per share Merger Consideration would equal $, comprised of $3.80 of cash and 0.4108 of a share of IRT common stock with a market value of $.

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The following table depicts the total value of the Merger Consideration that a holder of TSRE common stock will receive based on various elections that IRT can make regarding the Per Share Cash Amount at a number of assumed per share prices of IRT common stock at the time the Merger is consummated. The table that follows sets forth the Per Share Cash Amount, the resulting Exchange Ratio (rounded for illustration purposes), and the value of the total Merger Consideration holders of TSRE common stock will receive if the price per share of IRT common stock on the closing date of the Merger is $7.00, $7.50, $8.00, $8.50, $9.00, $9.50 and $10.00. The amounts depicted in the following table are intended to be illustrative only and do not purport to include the exact value of the Merger Consideration holders of TSRE common stock will receive in the Merger, which will depend on the exact Per Share Cash Amount that IRT elects and the exact price of IRT common stock on the closing date of the Merger.

Per Share Cash Amount	Exchange Ratio[1]	Value of Merger Consideration if IRT Stock Price is $7.00	Value of Merger Consideration if IRT Stock Price is $7.50	Value of Merger Consideration if IRT Stock Price is $8.00	Value of Merger Consideration if IRT Stock Price is $8.50	Value of Merger Consideration if IRT Stock Price is $9.00	Value of Merger Consideration if IRT Stock Price is $9.50	Value of Merger Consideration if IRT Stock Price is $10.00
$ 3.80	0.4108	$ 6.68	$ 6.88	$ 7.09	$ 7.29	$ 7.50	$ 7.70	$ 7.91
$ 3.95	0.3946	$ 6.71	$ 6.91	$ 7.11	$ 7.30	$ 7.50	$ 7.70	$ 7.90
$ 4.10	0.3784	$ 6.75	$ 6.94	$ 7.13	$ 7.32	$ 7.51	$ 7.69	$ 7.88
$ 4.25	0.3622	$ 6.79	$ 6.97	$ 7.15	$ 7.33	$ 7.51	$ 7.69	$ 7.87
$ 4.40	0.3459	$ 6.82	$ 6.99	$ 7.17	$ 7.34	$ 7.51	$ 7.69	$ 7.86
$ 4.56	0.3286	$ 6.86	$ 7.02	$ 7.19	$ 7.35	$ 7.52	$ 7.68	$ 7.85

(1) The Exchange Ratio represents the number of shares of IRT common stock that a holder of TSRE common stock will receive in exchange for each share of TSRE common stock that they own and equals the quotient determined by dividing (a) $7.60 less the Per Share Cash Amount, by (b) $9.25, and rounding the result to the nearest 1/10,000. The Exchange Ratio is dependent solely on the Per Share Cash Amount elected by IRT and will not fluctuate as a result of changes in the market price of IRT common stock.

You are urged to obtain current market prices of shares of IRT common stock and TSRE common stock. You are cautioned that the trading price of the common stock of the Combined Company after the Merger may be affected by factors different from those currently affecting the trading prices of IRT common stock and TSRE common stock, and therefore, the historical trading prices of IRT common stock and TSRE common stock may not be indicative of the trading price of the Combined Company. See the risks related to the Merger and the other transactions contemplated by the Merger Agreement described under the section Risk Factors Risk Factors Relating to the Merger beginning on page 36.

Voting Agreements

Concurrently with the execution of the Merger Agreement, (i) IRT entered into voting agreements with funds managed or advised by Senator and funds managed or advised by Monarch, and (ii) TSRE entered into a voting agreement with RAIT. As of May 8, 2015, Senator and Monarch owned approximately 25% and 23%, respectively, of the outstanding shares of TSRE common stock and RAIT owned approximately 23% of the outstanding shares of IRT common stock.

Pursuant to the terms of the voting agreements, each of the stockholders party to the voting agreements has agreed, subject to the terms and conditions contained in each voting agreement, to, among other things, vote all of its shares of IRT common stock or TSRE common stock, as applicable, whether currently owned or acquired at any time prior to the termination of the applicable voting agreement, in favor of the issuance of IRT common stock in the Merger (including IRT common stock issuable upon redemption of IROP Units in the Partnership Merger) or in favor of the Company Merger and the other transactions contemplated by the Merger Agreement, as applicable. In addition, the voting agreements with Senator and Monarch provide that they each will vote their

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TSRE common stock against any acquisition proposal, and both the voting agreements with Senator and Monarch and the voting agreement with the RAIT provide that they each will vote their shares of TSRE common stock or IRT common stock, as applicable, against any action which would reasonably be expected to adversely affect or interfere with the consummation of the Merger or the other transactions contemplated by the Merger Agreement.

Each of the stockholders party to the voting agreements has also agreed to comply with certain restrictions on the transfer of such stockholder s shares subject to the terms of the applicable voting agreement. Each of the voting agreements terminates upon the earlier to occur of (i) the effective time of the Merger; (ii) the termination of the Merger Agreement pursuant to its terms; (iii) any modification, waiver, change or amendment to the Merger Agreement that is materially adverse to the stockholder or that results in a material decrease in the amount or change in the form of the Merger Consideration; and (iv) October 15, 2015, as may be extended to December 31, 2015 pursuant to the terms the Merger Agreement.

The foregoing summary of the voting agreements is subject to, and qualified in its entirety by reference to, the full text of each of the voting agreements. Copies of each of the voting agreements are attached as Annex B, Annex C, Annex D and Annex E to this joint proxy statement/prospectus and are incorporated herein by reference. For more information, see Voting Agreements beginning on page 152.

Financing Related to the Merger

IRT intends to finance the cash portion of the Merger Consideration and the fees, expenses and costs incurred in connection with the Merger and other transactions related to the Merger, and to repay or refinance certain of TSRE s borrowings, using a combination of some or all of the following resources:

- IRT s available cash on hand;
- the assumption and/or refinancing of certain of TSRE s existing mortgage debt;
- if market conditions allow, proceeds from the sale of IRT common stock;
- borrowings under IRT s existing revolving credit facility, which IRT anticipates amending as of or before the closing of the Merger; and
- to the extent IRT deems it advisable after considering the use of some or all of the above resources, borrowings under the Term Loan Facility for up to $500.0 million, for which IRT has received a commitment from DBNY.

IRT has entered into the Commitment Letter pursuant to which, on and subject to the terms and conditions therein, DBNY has committed to provide the Term Loan Facility in an aggregate principal amount of up to $500.0 million, subject to customary conditions as set forth in the Commitment Letter. IRT has the right to use alternative financing in connection with the consummation of the Merger and is under no obligation to enter into definitive documentation for the Term Loan Facility or to draw upon the financing commitment from DBNY. The Commitment Letter expires on the earliest of (i) October 15, 2015 (or such later date as may be agreed in good faith by the parties to the Commitment

Letter to the extent the outside termination date of the Merger Agreement is extended), (ii) the date on which the Merger Agreement is terminated or expires in accordance with its terms, and (iii) the date of the closing of the Merger without the use of the Term Loan Facility.

Borrowings under IRT s existing revolving credit facility are subject to customary conditions, and IRT s existing revolving credit facility contains various customary covenants, including customary financial covenants. Any failure to comply with these financial covenants would constitute a default under IRT s existing revolving credit facility and would prevent further borrowings thereunder. In the event IRT were to enter into the Term Loan Facility, IRT expects it would have to amend its existing revolving credit facility to coordinate its terms with

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those of the Term Loan Facility or otherwise refinance its existing revolving credit facility. IRT expects to evaluate entering into or assuming other revolving credit facilities prior to the closing of the Merger, which may be used to fund part of the cash portion of the Merger Consideration.

IRT s ability to finance the Merger is not a condition to its obligation to complete the Merger. For more information regarding the financing related to the Merger, see The Merger Agreement Financing Related to the Merger beginning on page 128.

Recommendation of the IRT Board

The IRT Board has unanimously (i) determined that the Merger Agreement, the Merger and the other transactions contemplated by the Merger Agreement are advisable, fair to, and in the best interests of IRT and its stockholders, (ii) approved and adopted the Merger Agreement, the Merger and the other transactions contemplated by the Merger Agreement, and (iii) authorized and approved the issuance of shares of IRT common stock in the Merger (including IRT common stock issuable upon redemption of IROP Units in the Partnership Merger). The IRT Board unanimously recommends that IRT stockholders vote **FOR** the proposal to approve the issuance of shares of IRT common stock in the Merger (including IRT common stock issuable upon redemption of IROP Units in the Partnership Merger) and **FOR** the proposal to approve one or more adjournments of the IRT special meeting to another date, time or place, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the issuance of shares of IRT common stock in the Merger.

Recommendation of the TSRE Board

The TSRE Board has (i) determined that the Merger Agreement, the Merger and the other transactions contemplated by the Merger Agreement are advisable and in the best interests of TSRE and its stockholders and (ii) approved the Merger Agreement and authorized the performance by TSRE thereunder. The TSRE Board recommends that TSRE stockholders vote **FOR** the proposal to approve the Company Merger and the other transactions contemplated by the Merger Agreement and **FOR** the proposal to approve one or more adjournments of the TSRE special meeting to another date, time or place, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the Company Merger and the other transactions contemplated by the Merger Agreement.

Summary of Risk Factors Related to the Merger

You should consider carefully all of the risk factors together with all of the other information included in this joint proxy statement/prospectus before deciding how to vote. The risks related to the Merger and the other transactions contemplated by the Merger Agreement are described under the section Risk Factors Risk Factors Relating to the Merger beginning on page 36 and include:

- IRT and TSRE stockholders will be diluted by the Merger.

- The Merger Agreement contains provisions that could discourage a potential competing acquirer of TSRE or could result in a competing acquisition proposal being at a lower price.

There can be no assurance that IRT will be able to secure the financing necessary to pay the cash portion of the Merger Consideration on acceptable terms, in a timely manner, or at all.

The Merger is subject to a number of conditions which, if not satisfied or waived, would adversely impact the parties ability to complete the Merger.

The Merger Consideration will not be adjusted in the event of any change in the stock prices of either IRT or TSRE.

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Failure to complete the Merger could negatively impact the stock prices and the future business and financial results of both IRT and TSRE.

The pendency of the Merger could adversely affect the business and operations of IRT and TSRE.

The IRT Special Meeting

The special meeting of the stockholders of IRT will be held at on , 2015, commencing at , local time.

At the IRT special meeting, stockholders of IRT as of the IRT Record Date will be asked to consider and vote upon the following matters:

(i) a proposal to approve the issuance of IRT common stock in the Merger (including IRT common stock issuable upon redemption of IROP Units issued in the Partnership Merger); and

(ii) a proposal to approve one or more adjournments of the IRT special meeting to another date, time or place, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the issuance of shares of IRT common stock in the Merger (including IRT common stock issuable upon redemption of IROP Units issued in the Partnership Merger).

Approval of the proposal to approve the issuance of shares of IRT common stock in the Merger (including IRT common stock issuable upon redemption of IROP Units issued in the Partnership Merger) requires the affirmative vote of the holders of at least a majority of all votes cast on such proposal.

Approval of the proposal to approve one or more adjournments of the IRT special meeting to another date, time or place, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the issuance of shares of IRT common stock in the Merger (including IRT common stock issuable upon redemption of IROP Units issued in the Partnership Merger) requires the affirmative vote of at least a majority of all votes cast on such proposal.

At the close of business on the IRT Record Date, directors and executive officers of IRT and their affiliates were entitled to vote shares of IRT common stock, or approximately % of the shares of IRT common stock issued and outstanding on that date. IRT currently expects that the IRT directors and executive officers will vote their shares of IRT common stock in favor of the proposal to approve the issuance of IRT common stock in the Merger (including IRT common stock issuable upon redemption of IROP Units in the Partnership Merger) as well as the other proposal to be considered at the IRT special meeting, although none of them is contractually obligated to do so.

RAIT, which was entitled to vote shares of IRT common stock, or approximately % of the shares of IRT common stock issued and outstanding at the close of business on the IRT Record Date, has entered into a voting agreement that obligates it to vote **FOR** the issuance of IRT common stock in the Merger.

Your vote as an IRT stockholder is very important. Accordingly, please sign and return the enclosed proxy card whether or not you plan to attend the IRT special meeting in person.

The TSRE Special Meeting

The special meeting of the stockholders of TSRE will be held at on , 2015, commencing at , local time.

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At the TSRE special meeting, TSRE stockholders as of the TSRE Record Date will be asked to consider and vote upon the following matters:

(i) a proposal to approve the Company Merger and the other transactions contemplated by the Merger Agreement; and

(ii) a proposal to approve one or more adjournments of the TSRE special meeting to another date, time or place, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the Company Merger and the other transactions contemplated by the Merger Agreement.

Approval of the proposal to approve the Company Merger and the other transactions contemplated by the Merger Agreement requires the affirmative vote of the holders of at least a majority of the outstanding shares of TSRE common stock entitled to vote on such proposal.

Approval of the proposal to approve one or more adjournments of the TSRE special meeting to another date, time or place, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the Company Merger and the other transactions contemplated by the Merger Agreement requires the affirmative vote of a majority of all votes cast on such proposal.

At the close of business on the TSRE Record Date, directors and executive officers of TSRE and their affiliates were entitled to vote shares of TSRE common stock, or approximately % of the shares of TSRE common stock issued and outstanding on that date. Additionally, TSRE currently expects that the TSRE directors and executive officers will vote their shares of TSRE common stock in favor of the TSRE proposal to approve the Company Merger as well as the other proposal to be considered at the TSRE special meeting, although none of them is contractually obligated to do so.

Senator and Monarch, which collectively were entitled to vote shares of TSRE common stock, or approximately % of the shares of TSRE common stock issued and outstanding at the close of business on the TSRE Record Date, have entered into voting agreements that obligate them to vote **FOR** the TSRE proposal to approve the Company Merger and the other transactions contemplated by the Merger Agreement.

Your vote as a TSRE stockholder is very important. Accordingly, please sign and return the enclosed proxy card whether or not you plan to attend the TSRE special meeting in person.

Opinions of Financial Advisors

Opinion of IRT s Financial Advisor

Deutsche Bank has acted as financial advisor to IRT in connection with the Merger. At the May 10, 2015 meeting of the IRT Board, Deutsche Bank rendered its oral opinion to the IRT Board, subsequently confirmed by delivery of a written opinion dated May 11, 2015, to the effect that, as of the date of such opinion, and based upon and subject to the assumptions, limitations, qualifications and conditions described in Deutsche Bank s opinion, the Merger Consideration to be paid by IRT pursuant to the Merger Agreement was fair, from a financial point of view, to IRT. Deutsche Bank s opinion noted that, pursuant to the Merger Agreement, IRT may, subject to limitations provided therein, elect to increase the cash portion of the Merger Consideration to more than $3.80 per share of TSRE common stock or TSR OP Unit, which would result in a decrease in the number of shares of IRT common stock and the

number of IROP Units included in the Merger Consideration. Deutsche Bank s opinion also noted that, pursuant to the Merger Agreement, the cash portion of the Merger Consideration may be further adjusted if IRT has made such an election to increase the cash portion of the Merger Consideration and the stock portion of the Merger Consideration (calculated using the closing price of IRT common stock on the NYSE MKT on the trading day prior to the closing date of the Merger) would be less

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than 40% of the total Merger Consideration. Deutsche Bank noted that for purposes of its opinion, the IRT Board instructed Deutsche Bank to assume, and Deutsche Bank assumed, that the cash portion of the Merger Consideration will be $3.80 per share of TSRE common stock or TSR OP Unit, as applicable.

The full text of Deutsche Bank s written opinion, dated May 11, 2015, which sets forth the assumptions made, procedures followed, matters considered and limitations, qualifications and conditions on the review undertaken in connection with the opinion, is included in this document as Annex F and is incorporated herein by reference. The summary of Deutsche Bank s opinion set forth in this document is qualified in its entirety by reference to the full text of the opinion. Deutsche Bank s opinion was addressed to, and for the use and benefit of, the IRT Board in connection with its evaluation of the Merger. Deutsche Bank s opinion does not constitute a recommendation as to how any holder of IRT common stock should vote with respect to the Merger or any other matter. Deutsche Bank s opinion was limited to the fairness of the Merger Consideration to be paid by IRT pursuant to the Merger Agreement, from a financial point of view, to IRT as of the date of the opinion and Deutsche Bank did not express any opinion as to the underlying decision by IRT to engage in the Merger or the relative merits of the Merger as compared to any alternative transactions or business strategies.

See The Merger Opinion of IRT s Financial Advisor beginning on page 84.

Opinion of TSRE s Financial Advisor

The TSRE Board retained J.P. Morgan Securities LLC (J.P. Morgan) to act as its financial advisor in connection with the proposed Merger. At the meeting of the TSRE Board on May 10, 2015, J.P. Morgan rendered its oral opinion to the TSRE Board that, as of such date and based upon and subject to the factors and assumptions set forth in its opinion, the Company Merger Consideration to be paid to the holders of TSRE common stock in the proposed Company Merger, was fair, from a financial point of view, to such holders. The oral opinion was subsequently confirmed in writing by delivery of J.P. Morgan s written opinion dated May 11, 2015.

The full text of the written opinion of J.P. Morgan, dated May 11, 2015, which sets forth, among other things, the assumptions made, procedures followed, matters considered and limitations on the review undertaken by J.P. Morgan in rendering its opinion, is attached as Annex G to this joint proxy statement/prospectus and is incorporated herein by reference. TSRE s stockholders are urged to read the opinion in its entirety. J.P. Morgan s opinion is addressed to the TSRE Board, is directed only to the fairness from a financial point of view of the Company Merger Consideration to be paid to the holders of TSRE common stock in the proposed Company Merger as of the date of the opinion and does not constitute a recommendation to any stockholder of TSRE as to how such stockholder should vote with respect to the Merger or any other matter.

See The Merger Opinion of TSRE s Financial Advisor beginning on page 94.

Treatment of the TSRE Amended and Restated 2013 Equity Incentive Plan

At the effective time of the Merger, each outstanding share of TSRE common stock subject to vesting or other forfeiture conditions that remains unvested or otherwise subject to forfeiture conditions immediately prior to the effective time of the Merger shall automatically become vested and free of any such forfeiture conditions and will be automatically converted into and cancelled in exchange for the right to receive an amount equal to the (i) Per Share Cash Amount and (ii) a number of shares of common stock in IRT equal to the Exchange Ratio, less any required withholding taxes which may be satisfied via net settlement.

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Directors and Management of the Combined Company After the Merger

As of the effective time of the Company Merger, the board of directors of the Combined Company will be increased to seven members, with the five current IRT directors, Scott F. Schaeffer, William C. Dunkelberg, Robert F. McCadden, DeForest B. Soaries, Jr., and Sharon M. Tsao, continuing as directors of the Combined Company. In addition, Richard H. Ross, the Chief Executive Officer of TSRE, and Mack D. Pridgen III, the Chairman of the TSRE Board, will join the board of directors of the Combined Company, to serve until the next annual meeting of the stockholders of the Combined Company (and until their successors have been duly elected and qualified).

The executive officers of IRT immediately prior to the effective time of the Company Merger will continue to serve as the executive officers of the Combined Company, with Scott F. Schaeffer continuing to serve as the Chief Executive Officer of the Combined Company.

Interests of IRT s Directors, Executive Officers and Affiliates in the Merger

Holders of IRT common stock should be aware that certain of IRT s affiliates have interests in the Merger and the other transactions contemplated by the Merger Agreement that are different from, or in addition to, the interests of holders of IRT common stock generally, which may create potential conflicts of interest or the appearance thereof. The IRT Board was aware of these interests, among other matters, in approving the Merger Agreement, the Merger and the other transactions contemplated by the Merger Agreement, and in recommending that holders of IRT common stock vote for the proposal to approve the issuance of shares of IRT common stock in the Merger (including IRT common stock issuable upon redemption of IROP Units issued in the Partnership Merger). These interests include those discussed below.

Concurrently with the execution and delivery of the Merger Agreement, TSRE entered into a voting agreement with RAIT, which owned approximately 23% of the outstanding shares of IRT common stock as of May 8, 2015. Pursuant to the voting agreement, RAIT has agreed to vote in favor of the issuance of IRT common stock in the Merger (including IRT common stock issuable upon redemption of IROP Units issued in the Partnership Merger), subject to the terms and conditions of contained in the voting agreement.

The Advisor is a wholly-owned subsidiary of RAIT, and RAIT owns a 75% controlling equity interest in IRT s property manager, RAIT Residential. The Advisor is responsible for managing IRT s day-to-day business operations and identifying properties for IRT to acquire, while RAIT Residential provides services to IRT in connection with the rental, leasing, operation and management of its properties. All of the executive officers of IRT are also employees of RAIT. Each of Scott F. Schaeffer, IRT s Chairman of the Board and Chief Executive Officer, and James J. Sebra, IRT s Chief Financial Officer and Treasurer, also hold the same positions at RAIT. IRT s executive officers have been granted restricted stock awards and stock appreciation rights under IRT s Long Term Incentive Plan. IRT has an advisory agreement with the Advisor and expects to amend the terms of this advisory agreement to extend the term and modify the method to calculate the Advisor s advisory fee. See The Merger Interests of IRT s Directors, Executive Officers and Affiliates in the Merger beginning on page 103. While the changes to such methods would not necessarily increase the amount of advisory fees paid to the Advisor, due to the increased size of the Combined Company, the Advisor expects to receive increased advisory fees if the Merger is completed. IRT expects to have RAIT Residential serve as the property manager for each of the properties acquired from TSRE as a result of the Merger. While the terms of each property management agreement are expected to be substantially similar to those IRT has used for its properties currently in IRT s portfolio, due to the increased size of the Combined Company, RAIT Residential expects to receive increased property management fees if the Merger is completed.

For more information about these interests, see The Merger Interests of IRT s Directors, Executive Officers and Affiliates in the Merger beginning on page 103.

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Interests of TSRE s Directors and Executive Officers in the Company Merger

In considering the recommendation of the TSRE Board to approve the Company Merger and the other transactions contemplated by the Merger Agreement, TSRE stockholders should be aware that TSRE s directors and executive officers have certain interests in the Merger that may be different from, or in addition to, the interests of TSRE stockholders generally, including certain contractual change of control payments, benefits and incentive awards in connection with the Merger, as described below.

Pursuant to the terms of their employment agreements with TSRE, Richard H. Ross, TSRE s Chief Executive Officer, and Randall C. Eberline, TSRE s Chief Accounting Officer, will be entitled to: (i) all accrued but unpaid wages through the termination date; (ii) all accrued but unused and unpaid vacation; (iii) any earned but unpaid bonuses relating to the prior year; (iv) all approved, but unreimbursed, business expenses; (v) if the executive is participating in TSRE s group medical, vision and dental plan immediately prior to the date of termination, a lump sum payment equal to 18 times (or such lesser period that the executive (and his eligible dependents) are entitled to under COBRA) the amount of monthly employer contribution that TSRE made to an issuer to provide medical, vision and dental insurance to the executive (and his eligible dependents) in the month immediately preceding the date of termination; and (vi) a separation payment equal to the sum of three times the executive s (a) then current base salary and (b) average annual bonus for the two annual bonus periods completed prior to the termination (if the change in control occurs prior to the date the executive was eligible to earn two bonuses, the average bonus for the two-year period will be deemed to be the executive s target bonus in the year of termination), with such separation payment being payable in a lump sum within 60 days from the date of termination, subject to the executive executing a release that becomes effective and certain other conditions. Additionally all of the executive s outstanding unvested equity-based awards (including restricted stock and restricted stock units) granted pursuant to TSRE s Amended and Restated 2013 Equity Incentive Plan will vest and become immediately exercisable and unrestricted, without any action by the TSRE Board or any committee thereof.

Concurrently with the execution and delivery of the Merger Agreement, IRT entered into separate voting agreements with funds affiliated with Senator and Monarch, which collectively owned approximately 48% of the outstanding shares of TSRE common stock as of May 8, 2015. Pursuant to the voting agreements, Senator and Monarch have each agreed to vote in favor of the Company Merger and the other transactions contemplated by the Merger Agreement, subject to the terms and conditions of the applicable voting agreements, as described under Voting Agreements beginning on page 152. In addition, Senator and Monarch each also entered into a lock-up agreement in favor of IRT. Pursuant to the terms of the lock-up agreements, and subject to certain exceptions, each of Senator and Monarch are subject to restrictions on the sale of its shares of IRT common stock for a period of 180 days following the closing of the Merger. Michael Simanovsky and Adam Sklar, each of whom is a member of the TSRE Board, are employees of Senator and Monarch, respectively.

Listing of Shares of the IRT Common Stock; Delisting and Deregistration of TSRE Common Stock

It is a condition to each company s obligation to complete the Merger that the shares of IRT common stock issuable in the Merger (including IRT common stock issuable upon redemption of IROP Units issued in the Partnership Merger) be approved for listing on the NYSE MKT, subject to official notice of issuance. IRT has agreed to use its reasonable best efforts to cause the shares of IRT common stock to be issued in the Merger (including IRT common stock issuable upon redemption of IROP Units issued in the Partnership Merger) to be approved for listing on the NYSE MKT, subject to official notice of issuance. After the Merger is completed, the shares of TSRE common stock currently listed on the NASDAQ Global Market will cease to be listed on the NASDAQ Global Market and will be deregistered under the Exchange Act.

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Stockholder Appraisal Rights in the Merger

No dissenters or appraisal rights, or rights of objecting stockholders under Title 3 Subtitle 2 of the Maryland General Corporation Law (the MGCL) will be available with respect to the Company Merger or the other transactions contemplated by the Merger Agreement.

Conditions to Completion of the Merger

A number of customary conditions must be satisfied or waived, where legally permissible, before the Merger can be consummated. These include, among others:

- approval by TSRE stockholders of the Company Merger and the other transactions contemplated by the Merger Agreement;
- approval by IRT stockholders of the issuance of shares of IRT common stock in the Merger (including IRT common stock issuable upon redemption of IROP Units issued in the Partnership Merger);
- the absence of any law, injunction, judgment, order or ruling prohibiting the consummation of the Merger or the other transactions contemplated by the Merger Agreement;
- the Form S-4 registration statement, of which this joint proxy statement/prospectus is a part, having been declared effective by the SEC and no stop order suspending the effectiveness of such Form S-4 having been issued and no proceeding to that effect having been commenced or threatened by the SEC and not withdrawn;
- the shares of IRT common stock to be issued in the Merger (including IRT common stock issuable upon redemption of IROP Units issued in the Partnership Merger) having been approved for listing on the NYSE MKT, subject to official notice of issuance;
- the representations and warranties of each party made in the Merger Agreement must generally be true and correct when made and as of the closing, subject to customary materiality qualifications;
- the performance by the parties in all material respects of their covenants, obligations and agreements under the Merger Agreement;
- the delivery of tax opinions related to each of TSRE s and IRT s qualification and taxation as a REIT;

the delivery of tax opinions that the Company Merger will qualify as a reorganization within the meaning of Section 368(a) of the Code

certain of TSRE s lenders entering into amendments to their loan documents that will, among other things, allow IRT to assume these loans, subject to waiver in the event such amendments are not obtained by a certain date;

the termination of a certain stockholders agreement between TSRE and certain affiliates of Senator;

the termination of the TSRE 401(k) plan; and

the absence of a material adverse effect on either party prior to the closing.

Neither IRT nor TSRE can give any assurance as to when or if all of the conditions to the consummation of the Merger will be satisfied or waived or that the Merger will occur on the anticipated timeline or at all.

For more information regarding the conditions to the consummation of the Merger and a complete list of such conditions, see The Merger Agreement Conditions to Completion of the Merger beginning on page 123.

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Regulatory Approvals Required for the Merger

IRT and TSRE are not aware of any material federal or state regulatory requirements that must be complied with, or regulatory approvals that must be obtained, in connection with the Merger or the other transactions contemplated by the Merger Agreement.

No Solicitation and Change in Recommendation

Under the Merger Agreement, TSRE has agreed not to, and to cause its subsidiaries not to (and not authorize any of its officers, directors, managers and other representatives to), directly or indirectly, (i) solicit, initiate, knowingly encourage or take any other action to knowingly facilitate any inquiry, discussion, offer or request that constitutes, or could reasonably be expected to lead to, an acquisition proposal, (ii) enter into any agreement, letter of intent, memorandum of understanding or other similar instrument with respect to an acquisition proposal (other than certain confidentiality agreements), or (iii) enter into, continue, conduct, engage or otherwise participate in any discussions or negotiations regarding, or furnish to any third party any non-public information with respect to, or for the purpose of encouraging or facilitating, any acquisition proposal.

However, prior to the approval of the Company Merger and the other transactions contemplated by the Merger Agreement by TSRE stockholders, TSRE may, under certain specified circumstances, conduct, engage or participate in discussions or negotiations with and provide non-public information regarding itself to a third party making an unsolicited acquisition proposal. Under the Merger Agreement, TSRE is required to notify IRT within 24 hours if it receives any acquisition proposal or any request for information or inquiry that expressly contemplates or that could reasonably be expected to lead to an acquisition proposal.

Prior to the approval of the Company Merger and the other transactions contemplated by the Merger Agreement by TSRE stockholders, the TSRE Board may, under certain specified circumstances, withdraw its recommendation of the Company Merger if (i) TSRE receives an unsolicited bona fide written acquisition proposal that the TSRE Board determines, after consultation with independent financial advisors and outside legal counsel, constitutes a superior proposal or (ii) in response to certain intervening events which were not known to the TSRE Board as of the date of the Merger Agreement, the TSRE Board determines, after consultation with outside legal counsel, that failure to take such action would be inconsistent with the directors duties under applicable law. In addition, prior to the approval of the Company Merger and the other transactions contemplated by the Merger Agreement by TSRE stockholders, the TSRE Board may, under certain specified circumstances, enter into an agreement with respect to an acquisition proposal if TSRE receives an unsolicited bona fide written acquisition proposal that the TSRE Board determines, after consultation with independent financial advisors and outside legal counsel, constitutes a superior proposal.

For more information regarding the limitations on TSRE and the TSRE Board to consider other competing proposals, see The Merger Agreement Covenants and Agreements No Solicitation of Transactions beginning on page 117.

Termination of the Merger Agreement

The Merger Agreement may be terminated at any time prior to the effective time of the Partnership Merger by the mutual written consent of IRT and TSRE, even after approval of TSRE stockholders or approval of IRT stockholders.

In addition, the Merger Agreement may also be terminated prior to the effective time of the Partnership Merger by either TSRE or IRT under the following conditions, each subject to certain exceptions:

a governmental entity of competent jurisdiction has issued or enacted any law or taken any other action that has become final that has the effect of restraining, enjoining or otherwise prohibiting the consummation of the Merger;

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the Merger has not been consummated on or before October 15, 2015 (as may be extended, the End Date); provided that if ten business days prior to the End Date all of the conditions of IRT to consummate the Merger have been satisfied, other than the condition whereby certain of TSRE s lenders must enter into amendments to their loan documents that will, among other things, allow IRT to assume these loans, and IRT has a commitment for the financing that is necessary to pay the cash portion of the Merger Consideration that is effective until at least December 31, 2015, then IRT may elect to extend the End Date to December 31, 2015;

all of the conditions of IRT to consummate the Merger have been satisfied (other than those conditions that by their nature are to be satisfied at closing) and IRT is unable to effect the closing because it is unable to obtain the financing that is necessary to pay the cash portion of the Merger Consideration;

there has been a breach by the other party of any representation or warranty or failure to perform any covenant or agreement set forth in the Merger Agreement on the part of such other party has occurred that would cause any of the closing conditions of such other party not to be satisfied and which either cannot be cured or which is not cured within 20 days of notice thereof;

stockholders of TSRE failed to approve the Company Merger and the other transactions contemplated by the Merger Agreement at a duly convened special meeting;

stockholders of IRT failed to approve the issuance of shares of IRT common stock in the Merger (including IRT common stock issuable upon redemption of IROP Units issued in the Partnership Merger) at a duly convened special meeting;

the TSRE Board has made an adverse recommendation change with respect to the Merger; or

if TSRE enters into a letter of intent, memorandum of understanding, agreement in principle, acquisition agreement, merger agreement, joint venture agreement, partnership agreement or other similar agreement relating to an acquisition proposal.

The Merger Agreement may also be terminated by TSRE if:

closing has not occurred within two business days after TSRE has delivered written notice to IRT that all of the conditions of IRT to consummate the Merger have been satisfied (other than those conditions that by their nature are to be satisfied at closing) and TSRE is ready, willing and able to effect the closing;

the aggregate amount of cash consideration to be paid in the Merger would exceed 60% of the total Merger Consideration; and

the percentage decline, if any, from the 20-day volume weighted average price per share of IRT common stock as of the trading day prior to the date of the Merger Agreement to the 20-day volume weighted average price per share of IRT common stock as of the date five days prior to closing date of the Merger exceeds by 15% or more the percentage decline, if any, from the average closing value of the MSCI US REIT Index for the period of 20 consecutive trading days ending on the trading day prior to the date of the Merger Agreement to the average closing value of the MSCI US REIT Index for the period of 20 consecutive trading days ending on the date five days prior to the closing date of the Merger.

For more information regarding the rights of IRT and TSRE to terminate the Merger Agreement, see The Merger Agreement Termination of the Merger Agreement beginning on page 125.

Termination Fees

Generally, all fees and expenses incurred in connection with the Merger and the transactions contemplated by the Merger Agreement will be paid by the party incurring those fees and expenses. However, TSRE will be obligated

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to pay IRT a $12.0 million termination fee if the Merger Agreement is terminated as a result of (i) (a) the stockholders of TSRE failing to approve the Company Merger and the other transactions contemplated by the Merger Agreement at a duly convened special meeting, the TSRE Board making an adverse recommendation change, or the Merger not being consummated prior to the End Date and (b) an acquisition proposal was announced and not withdrawn prior to such termination and TSRE subsequently consummates a transaction regarding, or executes a definitive agreement with respect to, an acquisition proposal within 12 months of the termination of the Merger Agreement, or (ii) TSRE entering into an agreement relating to an acquisition proposal. IRT will be obligated to pay TSRE a $25.0 million reverse termination fee if the Merger Agreement is terminated in certain circumstances where IRT has failed to consummate the Merger (including as a result of the failure to obtain the financing necessary to pay the cash portion of the Merger Consideration) at a time when all of the conditions of IRT to consummate the Merger have been satisfied (other than those conditions that by their nature are to be satisfied at closing and the condition whereby certain of TSRE s lenders must enter into amendments to their loan documents that will, among other things, allow IRT to assume these loans).

For more information regarding the termination fees, see The Merger Agreement Termination of the Merger Agreement Termination Fee and Expenses Payable by TSRE to IRT beginning on page 127 and The Merger Agreement Termination of the Agreement Termination Fee and Expenses Payable by IRT to TSRE beginning on page 128.

Estimated Transaction Expenses

As of the date of this joint proxy statement/prospectus, IRT has incurred or expects to incur aggregate expenses, consisting primarily of legal, advisory and commercial banking expenses, of approximately $ million in connection with the Merger and the other transactions contemplated by the Merger Agreement. IRT estimates that approximately $ million of these transaction expenses are contingent upon the completion of the Merger. IRT has also agreed to reimburse TSRE for all or a portion of TSRE s expenses in an aggregate amount not to exceed $5.0 million if the Merger Agreement is terminated by either IRT or TSRE because IRT stockholders fail to approve the issuance of IRT common stock in the Merger (including IRT common stock issuable upon redemption of IROP Units issued in the Partnership Merger) at a duly held meeting.

As of the date of this joint proxy statement/prospectus, TSRE has incurred or expects to incur aggregate expenses, consisting primarily of legal and advisory expenses, of approximately $ in connection with the Merger and the other transactions contemplated by the Merger Agreement. Up to approximately $ of these transaction expenses are contingent upon the completion of the Merger. TSRE has also agreed to reimburse IRT for all or a portion of IRT s expenses in an aggregate amount not to exceed $5.0 million if (i) the Merger Agreement is terminated by either IRT or TSRE because TSRE stockholders fail to approve the Company Merger and the other transactions contemplated by the Merger Agreement at a duly held meeting, (ii) the Merger Agreement is terminated by either IRT or TSRE as a result of the TSRE Board making an adverse recommendation change or (iii) if TSRE terminates the Merger Agreement because the percentage decline, if any, from the 20-day volume weighted average price per share of IRT common stock as of the trading day prior to the date of the Merger Agreement to the 20-day volume weighted average price per share of IRT common stock as of the date five days prior to closing date of the Merger exceeds by 15% or more the percentage decline, if any, from the average closing value of the MSCI US REIT Index for the period of 20 consecutive trading days ending on the trading day prior to the date of the Merger Agreement to the average closing value of the MSCI US REIT Index for the period of 20 consecutive trading days ending on the date five days prior to the closing date of the Merger.

For more information regarding the expense reimbursement, see The Merger Agreement Termination of the Merger Agreement Termination Fee and Expenses Payable by TSRE to IRT beginning on page 127 and The Merger

Agreement Termination of the Agreement Termination Fee and Expenses Payable by IRT to TSRE beginning on page 128.

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Material U.S. Federal Income Tax Consequences of the Merger

TSRE and IRT expect that the Company Merger of TSRE into IRT LP LLC will qualify as a reorganization within the meaning of Section 368(a) of the Code. The closing of the Company Merger is conditioned on the receipt by each of IRT and TSRE of an opinion from its respective counsel, dated as of the closing date of the Company Merger, to the effect that, on the basis of facts, representations and assumptions set forth or referred to in such opinion, the Company Merger will qualify as a reorganization within the meaning of Section 368(a) of the Code. If the stock price of IRT common stock as of the close of the day before the Company Merger would cause the Per Share Cash Amount to be more than 60% of the total consideration to be received by the TSRE stockholders in the Company Merger, the transaction would not qualify as a reorganization within the meaning of Section 368(a) of the Code, and such condition would not be met. In that case, the Company Merger would not occur unless the parties submitted to the stockholders a request for the waiver of such condition. Such a waiver does not have to be requested.

Assuming that the Company Merger qualifies as a reorganization within the meaning of Section 368(a) of the Code, U.S. holders of shares of TSRE common stock generally will only recognize gain for U.S. federal income tax purposes to the extent of the cash consideration received in the Company Merger and the cash received in lieu of fractional shares of Combined Company common stock, and will not recognize any loss in connection with the Company Merger.

For further discussion of the material U.S. federal income tax consequences of the Company Merger and the ownership of common stock of the Combined Company, see Material U.S. Federal Income Tax Consequences beginning on page 132.

Holders of shares of TSRE common stock, TSR OP Units and IROP Units should consult their tax advisors to determine the tax consequences to them (including the application and effect of any state, local or non-U.S. income and other tax laws) of the Merger.

Accounting Treatment of the Merger

IRT prepares its financial statements in accordance with U.S. generally accepted accounting principles (GAAP). The Merger will be accounted for by applying the acquisition method of accounting. See The Merger Accounting Treatment.

Comparison of Rights of Stockholders of IRT and Stockholders of TSRE

If the Merger is consummated, stockholders of TSRE will become stockholders of the Combined Company. The rights of TSRE stockholders are currently governed by and subject to the provisions of Maryland law, and the charter and bylaws of TSRE. Upon consummation of the Merger, the rights of the former TSRE stockholders who receive shares of IRT common stock in the Merger will continue to be governed by Maryland law but will be governed by the charter and bylaws of IRT, rather than the charter and bylaws of TSRE.

For a summary of certain differences between the rights of IRT stockholders and TSRE stockholders, see Comparison of Rights of Stockholders of IRT and Stockholders of TSRE beginning on page 165.

Selected Historical Financial Information of IRT

The following selected historical financial information for each of the years during the three-year period ended December 31, 2014 and the selected balance sheet data as of December 31, 2014 and 2013 has been derived from

IRT s audited consolidated financial statements contained in its Annual Report on Form 10-K filed with the SEC on March 16, 2015, which has been incorporated into this joint proxy statement/prospectus by reference. The

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selected historical financial information for each of the years ended December 31, 2011 and 2010 and as of December 31, 2012, 2011 and 2010 has been derived from IRT s audited consolidated financial statements for such years, which have not been incorporated into this joint proxy statement/prospectus by reference.

The selected historical financial information for each of the three-month periods ended March 31, 2015 and 2014, and as of March 31, 2015 has been derived from IRT s unaudited condensed consolidated financial statements contained in IRT s Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2015, which has been incorporated into this joint proxy statement/prospectus by reference. In IRT s opinion, such unaudited financial statements include all adjustments (consisting of normal recurring adjustments) necessary for a fair presentation of the interim March 31, 2015 financial information. Interim results for the three months ended and as of March 31, 2015 are not necessarily indicative of, and are not projections for, the results to be expected for the fiscal year ending December 31, 2015.

You should read this selected historical financial information together with the financial statements included in reports that are incorporated by reference in this joint proxy statement/prospectus and their accompanying notes and management s discussion and analysis of operations and financial condition of IRT contained in such reports.

(in thousands, except share and per share data)	**For the Three-Month Periods Ended March 31,**		**For the Years Ended December 31,**				
	2015	**2014**	**2014**	**2013**	**2012**	**2011**	**2010**
	(Unaudited)						
Operating Data:							
Total revenue	$ 21,700	$ 8,135	$ 49,203	$ 19,943	$ 16,629	$ 8,668	$ 5
Property operating expenses	10,138	3,988	(23,427)	(9,429)	(8,066)	(4,477)	
Total expenses	17,920	6,787	(40,662)	(15,010)	(12,897)	(7,311)	(1)
Interest expense	(4,022)	(1,299)	(8,496)	(3,659)	(3,305)	(1,727)	
Net income (loss)	(241)	2,935	2,944	1,274	427	(370)	4
Net income (loss) allocable to common shares	(233)	2,935	2,940	615	(123)	(112)	4
Earnings (loss) per share:							
Basic	$ (0.01)	$ 0.19	$ 0.14	$ 0.12	$ (0.45)	$ (5.60)	$ 0.20
Diluted	$ (0.01)	$ 0.19	$ 0.14	$ 0.12	$ (0.45)	$ (5.60)	$ 0.20

Other Data:							
Property portfolio occupancy	94.0%	93.9%	92.7%	94.6%	92.0%	91.4%	
Common shares outstanding	31,894,751	17,742,540	31,800,076	9,652,540	345,063	20,000	20,000
Limited partnership units outstanding	1,282,449		1,282,449		5,274,900	5,274,900	
Cash distributions declared per common share/unit	$ 0.1800	$ 0.1800	$ 0.7200	$ 0.6263	$ 0.6000	$ 0.3000	$

(in thousands)	**As of March 31, 2015** (unaudited)	**2014**	**As of December 31, 2013**	**2012**	**2011**	**2010**
Balance Sheet Data:						
Investments in real estate	$ 662,606	$ 665,736	$ 174,321	$ 141,282	$ 128,124	$
Total assets	694,032	694,150	181,871	146,197	131,352	209
Total indebtedness	422,613	418,901	103,303	92,413	82,175	
Total liabilities	437,177	431,116	106,963	95,346	84,294	2
Total equity	256,855	263,034	74,908	50,851	47,058	207

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Selected Historical Financial Information of TSRE

The following selected historical financial information for each of the years during the three-year period ended December 31, 2014 and the selected balance sheet data as of December 31, 2014 and 2013 have been derived from TSRE s audited consolidated financial statements contained in its Annual Report on Form 10-K filed with the SEC on March 13, 2015, which has been incorporated into this joint proxy statement/prospectus by reference. The selected historical financial information for the year ended December 31, 2011 and as of December 31, 2012 and 2011 has been derived from TSRE s audited consolidated financial statements for such year, which have not been incorporated into this joint proxy statement/prospectus by reference.

The selected historical financial information for each of the three-month periods ended March 31, 2015 and 2014, and as of March 31, 2015 has been derived from TSRE s unaudited consolidated financial statements contained in TSRE s Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2015, which has been incorporated into this joint proxy statement/prospectus by reference. In TSRE s opinion, such unaudited financial statements include all adjustments (consisting of normal recurring adjustments) necessary for a fair presentation of the interim March 31, 2015 financial information. Interim results for the three months ended and as of March 31, 2015 are not necessarily indicative of, and are not projections for, the results to be expected for the fiscal year ending December 31, 2015.

The information for the periods prior to June 1, 2012 reflect the assets, liabilities and operations of Trade Street Company retroactively adjusted to reflect the legal capital of Trade Street Residential, Inc. Trade Street Company is not a legal entity, but instead represents a combination of certain real estate entities and management operations based on common ownership and control by the Trade Street Funds and Trade Street Capital.

TSRE is an emerging growth company under the federal securities laws and, as such, has elected to comply with reduced public company reporting requirements. Accordingly, TSRE is not required to provide historical financial information for years prior to the year ended December 31, 2011.

You should read this selected historical financial information together with the financial statements included in reports that are incorporated by reference in this joint proxy statement/prospectus and their accompanying notes and management s discussion and analysis of operations and financial condition of TSRE contained in such reports.

	For the Three-Month Periods Ended March 31,		For the Years Ended December 31,			
(in thousands, except per share data)	**2015**	**2014**	**2014**	**2013**	**2012**	**2011**
	(Unaudited)					
Statement of Operations Data:						
Total property revenues[1]	$ 15,629	$ 11,410	$ 56,867	$ 28,957	$ 14,460	$ 9,025
Total property expenses	6,353	5,301	24,781	13,185	7,453	4,457
Total other expense, net[2][3]	9,751	22,224	63,973	45,655	15,867	6,926
Total other income, net[4]		34	1,570	7,055	313	1,129
Loss from continuing operations	(475)	(16,081)	(30,317)	(22,828)	(8,547)	(1,229)
Income (loss) from discontinued operations[5]				6,272	(4)	(2,569)
Net loss	(475)	(16,081)	(30,317)	(16,556)	(8,551)	(3,798)
Net loss attributable to common stockholders of Trade Street	$ (446)	$ (15,194)	$ (27,797)	$ (5,611)	$ (7,218)	$ (3,421)

Residential, Inc.[6]	

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(in thousands, except per share data)	For the Three-Month Periods Ended March 31, 2015	2014	For the Years Ended December 31, 2014	2013	2012	2011
	(Unaudited)					
Income (loss) per common share basic and diluted						
Continuing operations	$ (0.01)	$ (0.48)	$ (0.79)	$ (1.36)	$ (3.17)	$ (8.85)
Discontinued operations				0.72		(26.68)
Weighted average number of shares outstanding basic and diluted	36,519	31,746	35,325	8,762	2,278	96
Cash dividend per common share	$ 0.09500	$ 0.09500	$ 0.38000	$ 0.43300	$ 0.16155	$
Cash flows data:						
Operating activities	$ 1,228	$ 3,498	$ 15,066	$ (3,264)	$ (1,160)	$ 3,044
Investing activities	$ (15,115)	$ (95,435)	$ (127,217)	$ (49,406)	$ 2,893	$ (30,635)
Financing activities	$ 11,047	$ 98,752	$ 116,422	$ 56,809	$ 2,519	$ 26,532
Other data:						
Funds from Operation (FFO)[7]	$ 3,484	$ (11,401)	$ (4,576)	$ (5,836)	$ (2,166)	$ 2,934
Core FFO[7]	$ 3,729	$ 955	$ 10,688	$ (836)	$ 1,474	$ 4,856
Net Operating Income (NOI)[8]	$ 9,276	$ 6,109	$ 32,086	$ 15,772	$ 7,337	$ 4,919
Number of properties at end of the period	19	20	19	15	13	13

(1) Amounts exclude TSRE s discontinued operations, which are described in Note L to the consolidated financial statements contained in TSRE s Annual Report on Form 10-K, which has been incorporated into this joint proxy statement/prospectus by reference.

(2) Total other expenses, net, for the years ended December 31, 2014 and 2012 include approximately $1.0 million and $1.9 million, respectively, of expenses incurred as a result of recapitalization activities.

(3) Total other expenses, net, for the years ended December 31, 2014 and 2013, include approximately $8.0 million and $12.4 million of impairment losses on the land investments, respectively (See Note L to the consolidated financial statements contained in TSRE s Annual Report on Form 10-K, which has been incorporated into this joint proxy statement/prospectus by reference).

(4) Total other income, net, for the year ended December 31, 2013, includes a $6.9 million bargain purchase gain from the Fountains Southend acquisition (See Note C to the consolidated financial statements contained in TSRE s Annual Report on Form 10-K, which has been incorporated into this joint proxy statement/prospectus by reference).

(5) Reflects net gains from sales and operating results of apartment communities sold in the applicable years.

(6) Net loss attributable to common stockholders for the years ended December 31, 2014 and 2013 include the following respective benefits: $1.2 million resulting from TSRE s redemption of all outstanding shares of Class A preferred stock in October 2014 and $11.7 million resulting from extinguishments related to Class B contingent units, less related adjustments attributable to participating securities of $2.5 million in February 2014 (see Note G to the consolidated financial statements contained in TSRE s Annual Report on Form 10-K, which has been incorporated into this joint proxy statement/prospectus by reference).

(7) FFO for the year ended December 31, 2014 and 2012 includes recapitalization costs of approximately $1.0 million and $1.9 million, respectively. For a definition and reconciliation of FFO and Core FFO to net income (loss), the most directly comparable GAAP measurement and a statement disclosing the reasons why TSRE s

management believes that the presentation of FFO and Core FFO provides useful information to investors and, to the extent material, any additional purposes for which TSRE s management uses FFO and Core FFO, see Management s Discussion and Analysis of Financial Condition and Results of Operations Non-GAAP Financial Measures contained in TSRE s Annual Report on Form 10-K, which has been incorporated into this joint proxy statement/prospectus by reference.

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(8) For a definition and reconciliation of NOI to net income (loss), the most directly comparable GAAP measurement and a statement disclosing the reasons why TSRE s management believes that the presentation of NOI provides useful information to investors and, to the extent material, any additional purposes for which TSRE s management uses NOI, see Management s Discussion and Analysis of Financial Condition and Results of Operations Non-GAAP Financial Measures contained in TSRE s Annual Report on Form 10-K, which has been incorporated into this joint proxy statement/prospectus by reference.

(in thousands)	As of March 31, 2015	2014	As of December 31, 2013	2012	2011
	(unaudited)				
Balance Sheet Data:					
Real estate assets, at cost	$ 584,017	$ 568,542	$ 340,425	$ 175,354	$ 110,683
Land held for future development	$	$	$ 31,963	$ 42,623	$ 18,171
Real estate held for sale	$ 3,492	$ 3,492	$	$ 58,638	$ 85,853
Total assets	$ 576,090	$ 568,668	$ 387,636	$ 291,910	$ 235,200
Indebtedness[1]	$ 359,589	$ 344,756	$ 249,584	$ 133,246	$ 81,559
Total stockholders equity[2]	$ 205,832	$ 210,002	$ 128,403	$ 46,239	$ 84,337

(1) Excludes liabilities aggregating approximately $39.5 million and $39.6 million related to real estate held for sale (Fontaine Woods, Beckanna, Terrace at River Oaks and Oak Reserve, respectively) included in discontinued operations as of December 31, 2012 and 2011, respectively.

(2) Excludes redeemable preferred stock of approximately $26.8 million recorded as temporary equity as of December 31, 2012.

Selected Unaudited Pro Forma Consolidated Financial Information

The following tables show summary unaudited pro forma condensed consolidated financial information about the combined financial condition and operating results of IRT and TSRE after giving effect to the Merger. The unaudited pro forma condensed consolidated statements of income for the three months ended March 31, 2015 and the year ended December 31, 2014 give effect to the Merger as if it had occurred on January 1, 2014, the beginning of the earliest period presented. The unaudited pro forma condensed consolidated balance sheet as of March 31, 2015 gives effect to the Merger as if it had occurred on March 31, 2015. The historical consolidated financial statements of TSRE have been adjusted to reflect certain reclassifications in order to conform to IRT s financial statement presentation.

The unaudited pro forma condensed consolidated financial statements were prepared using the acquisition method of accounting with IRT considered the accounting acquirer of TSRE. Under the acquisition method of accounting, the purchase price is allocated to the underlying TSRE tangible and intangible assets acquired and liabilities assumed based on their respective fair values with the excess purchase price, if any, allocated to goodwill.

The summary unaudited pro forma condensed consolidated financial information listed below has been derived from and should be read in conjunction with (i) the more detailed unaudited pro forma condensed consolidated financial information, including the notes thereto, appearing elsewhere in this joint proxy statement/prospectus and (ii) the historical consolidated financial statements and related notes of both IRT and TSRE, which are incorporated herein by reference. See Unaudited Pro Forma Condensed Consolidated Financial Statements beginning on page 155 and Where You Can Find More Information; Incorporation by Reference beginning on page 170.

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The unaudited pro forma consolidated financial information is presented for illustrative purposes only and is not necessarily indicative of the operating results or financial position that would have occurred if the transactions had been consummated at the beginning of the earliest period presented, nor is it necessarily indicative of future operating results or financial position. The pro forma adjustments are estimates based upon information and assumptions available at the time of the filing of this joint proxy statement/prospectus. Future results may vary significantly from the results reflected in such statements.

(in thousands)	**As of March 31, 2015**			
	IRT Historical	**IRT Historical, As Adjusted**	**TSRE Historical**	**Consolidated Pro Forma**
Balance Sheet Data				
Investments in real estate at cost	$ 689,867	$ 714,898	$ 587,509	$ 1,348,231
Total Assets	$ 694,032	$ 729,346	$ 576,090	$ 1,376,944
Indebtedness	$ 422,613	$ 457,988	$ 359,589	$ 457,988
Total Equity	$ 256,855	$ 256,794	$ 205,832	$ 358,699

(in thousands, except share and per share data)	**For the Three Months Ended March 31, 2015**			
	IRT Historical	**IRT Historical, As Adjusted**	**TSRE Historical**	**Consolidated Pro Forma**
Operating Data				
Total revenue	$ 21,700	$ 22,362	$ 15,629	$ 37,991
Property operating expenses	10,138	10,422	6,353	16,775
Total expenses	17,920	16,434	12,481	27,339
Interest expense	(4,022)	(4,269)	(3,623)	(10,144)
Net income (loss)	(241)	1,660	(475)	509
Net income (loss) allocable to common shares	$ (233)	$ 1,614	$ (446)	$ 492
Per Share Data				
Earnings (loss) per share:				
Basic	$ (0.01)	$ 0.05		$ 0.01
Diluted	$ (0.01)	$ 0.05		$ 0.01
Weighted-Average Shares:				
Basic	31,768,468	31,768,468		47,848,441
Diluted	31,768,468	33,181,815		49,261,788

(in thousands, except share and per share data)	**For the Year Ended December 31, 2014**			
	IRT Historical	**IRT Historical, As Adjusted**	**TSRE Historical**	**Consolidated Pro Forma**
Operating Data				
Total revenue	$ 49,203	$ 88,329	$ 56,867	$ 147,283
Property operating expenses	23,427	41,598	24,781	67,274

Total expenses	40,662	70,880	65,199	121,700
Interest expense	(8,496)	(16,150)	(13,964)	(39,650)
Net income (loss)	2,944	4,198	(30,317)	(19,189)
Net income (loss) allocable to common shares	$ 2,940	$ 4,079	(27,797)	(18,138)
Per Share Data				
Earnings (loss) per share:				
Basic	$ 0.14	$ 0.19	$	(0.49)
Diluted	$ 0.14	$ 0.19	$	(0.49)
Weighted-Average Shares:				
Basic	21,315,928	21,315,928		37,395,901
Diluted	21,532,671	21,532,671		37,395,901

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Unaudited Comparative Per Share Information

The following table sets forth for the three months ended March 31, 2015 and the year ended December 31, 2014 selected per share information for IRT common stock on a historical and pro forma basis and for TSRE common stock on a historical and pro forma equivalent basis after giving effect to the Merger using the acquisition method of accounting. Except for the historical information as of and for the year ended December 31, 2014, the information in the table is unaudited. You should read the table below together with the historical consolidated financial statements and related notes of IRT and TSRE contained in their respective Quarterly Reports on Form 10-Q for the three months ended March 31, 2015 and in their respective Annual Reports on Form 10-K for the year ended December 31, 2014, which are incorporated by reference into this joint proxy statement/prospectus. See Where You Can Find More Information; Incorporation by Reference beginning on page 170.

The pro forma consolidated TSRE equivalent information shows the effect of the Company Merger from the perspective of an owner of TSRE common stock and the information was computed by multiplying the IRT pro forma combined information by an Exchange Ratio of 0.4108. This computation does not include the benefit to TSRE stockholders of the cash component of the Merger Consideration.

The unaudited pro forma consolidated per share data is presented for illustrative purposes only and is not necessarily indicative of the operating results or financial position that would have occurred if the transactions had been consummated at the beginning of the earliest period presented, nor is it necessarily indicative of future operating results or financial position. The pro forma adjustments are estimates based upon information and assumptions available at the time of the filing of this joint proxy statement/prospectus.

The pro forma income from continuing operations per share includes the combined income from continuing operations of IRT and TSRE on a pro forma basis as if the Merger was consummated on January 1, 2014.

	IRT		TSRE	
	Historical	Pro Forma Combined	Historical	Pro Forma Equivalent
For the Three Months Ended March 31, 2015				
Income (loss) from continuing operations available to common stockholders per common share, basic	$ (0.01)	$ 0.01	$ (0.01)	$ 0.00
Income (loss) from continuing operations available to common stockholders per common share, diluted	$ (0.01)	$ 0.01	$ (0.01)	$ 0.00
Cash dividends declared per common share	$ 0.18	$ 0.18	$ 0.095	$ 0.07
As of March 31, 2015				
Book value per common share	$ 8.09	$ 7.50	$ 5.64	$ 3.09
For the Year Ended December 31, 2014				
Income (loss) from continuing operations available to common stockholders per common share, basic	$ 0.14	$ (0.49)	$ (0.79)	$ (0.20)
Income (loss) from continuing operations available to common stockholders per common share, diluted	$ 0.14	$ (0.49)	$ (0.79)	$ (0.20)
Cash dividends declared per common share	$ 0.72	$ 0.72	$ 0.38	$ 0.30

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Comparative IRT and TSRE Market Price and Dividend Information

IRT s Market Price Data

IRT common stock has been listed and traded on the NYSE MKT under the symbol IRT since August 13, 2013. This table sets forth, for the periods indicated, the high and low sales prices per share of IRT common stock, as reported by the NYSE MKT, and distributions declared per share of IRT common stock.

	Price Per Share of Common Stock		Dividends Declared Per Share[1]
	High	Low	
2013			
First Quarter	N/A	N/A	N/A
Second Quarter	N/A	N/A	N/A
Third Quarter	$ 8.50	$ 7.90	$ 0.16
Fourth Quarter	8.85	7.95	0.16
2014			
First Quarter	$ 9.07	$ 8.15	$ 0.18
Second Quarter	9.50	8.70	0.18
Third Quarter	10.84	9.40	0.18
Fourth Quarter	10.29	8.96	0.18
2015			
First Quarter	$ 9.78	$ 9.07	$ 0.18
Second Quarter (through May 28, 2015)	9.63	8.50	0.18

(1) Common stock cash distributions currently are declared monthly by IRT and paid in the month subsequent to the declaration.

TSRE s Market Price Data

TSRE common stock is listed on the NASDAQ Global Market under the symbol TSRE. From July 2008 until May 14, 2013, TSRE s common stock traded on the OTC Pink market. The following table sets forth the quarterly high and low per share of TSRE s common stock as reported on NASDAQ and the OTC Pink market, as applicable, as adjusted to reflect the reverse stock split that was effected on January 17, 2013 and the quarterly distributions paid or payable per share to TSRE s stockholders.

			Dividends Declared

	Price Per Share of Common Stock		Distributions Declared and Paid Per Share[1]
	High	Low	
2013			
First Quarter	$ 20.00	$ 12.00	$ 0.0855
Second Quarter	17.00	7.81	0.1575
Third Quarter	9.00	6.42	0.0950
Fourth Quarter	7.34	6.10	0.0950
2014			
First Quarter	$ 8.50	$ 6.25	$ 0.0950
Second Quarter	8.46	7.07	0.0950
Third Quarter	7.51	6.58	0.0950
Fourth Quarter	8.15	6.58	0.0950
2015			
First Quarter	$ 8.02	$ 7.10	$ 0.0950
Second Quarter (through May 28, 2015)	7.35	6.97	0.0950

(1) Common stock cash distributions currently are declared quarterly by TSRE.

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Recent Closing Prices

The table below sets forth the closing per share sales prices of IRT common stock as reported on the NYSE MKT and TSRE common stock as reported on the NASDAQ Global Market on May 8, 2015, the last full trading day before the public announcement of the execution of the Merger Agreement by IRT and TSRE, and on May 28, 2015, the latest practicable trading day before the date of this joint proxy statement/prospectus. The TSRE pro forma equivalent closing share price is equal to (i) cash consideration of $3.80 plus (ii) the closing price of a share of IRT common stock on each such date multiplied by 0.4108 (the Exchange Ratio assuming cash consideration of $3.80).

	IRT Common Stock	TSRE Common Stock	TSRE Pro Forma Equivalent
May 8, 2015	$ 8.57	$ 7.08	$ 7.32
May 28, 2015	$ 8.81	$ 7.30	$ 7.42

The market price of IRT common stock and TSRE common stock will fluctuate between the date of this joint proxy statement/prospectus and the effective time of the Merger. Because the number of shares of IRT common stock to be issued in the Company Merger for each share of TSRE common stock pursuant to the Merger Agreement is not dependent on changes in the market price of IRT common stock or TSRE common stock, the market value of IRT common stock to be received by TSRE stockholders at the effective time of the Company Merger may vary significantly from the prices shown in the table above.

Following the transaction, IRT common stock will continue to be listed on the NYSE MKT and, until the completion of the Merger, TSRE common stock will continue to be listed on the NASDAQ Global Market.

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RISK FACTORS

In addition to the other information included in this joint proxy statement/prospectus, including the matters addressed in the section entitled Cautionary Statement Concerning Forward-Looking Statements, whether you are an IRT stockholder or a TSRE stockholder, you should carefully consider the following risks before deciding how to vote your shares of common stock of IRT and/or TSRE. In addition, you should read and consider the risks associated with each of the businesses of IRT and TSRE because these risks will also affect the Combined Company. These risks can be found in the respective Annual Reports on Form 10-K for the year ended December 31, 2014 and subsequent Quarterly Reports on Form 10-Q of IRT and TSRE, each of which is filed with the SEC and incorporated by reference into this joint proxy statement/prospectus. You should also read and consider the other information in this joint proxy statement/prospectus and the other documents incorporated by reference into this joint proxy statement/prospectus. See Where You Can Find More Information; Incorporation by Reference beginning on page 170.

Risk Factors Relating to the Merger

IRT and TSRE stockholders will be diluted by the Merger.

The Merger will dilute the ownership position of IRT stockholders and result in TSRE stockholders having an ownership stake in the Combined Company that is smaller than their current stake in TSRE. Upon completion of the Merger, we estimate that continuing IRT stockholders will own approximately 65.6% of the issued and outstanding common stock of the Combined Company, and former TSRE stockholders will own approximately 34.4% of the issued and outstanding common stock of the Combined Company. Consequently, IRT stockholders and TSRE stockholders, as a general matter, will have less influence over the management and policies of the Combined Company after the effective time of the Company Merger than each currently exercise over the management and policies of IRT and TSRE, as applicable.

The Merger Agreement contains provisions that could discourage a potential competing acquirer of TSRE or could result in a competing acquisition proposal being at a lower price than a potential acquiror might otherwise propose to pay.

The Merger Agreement contains provisions that restrict the ability of TSRE to solicit, initiate, encourage or knowingly facilitate any third-party proposals to acquire beneficial ownership of at least 20% of the assets of, equity interest in, or businesses of TSRE or any subsidiary of TSRE. Prior to receiving TSRE stockholder approval of the Company Merger, TSRE may negotiate with a third party after receiving an unsolicited written proposal if the TSRE Board determines in good faith that the unsolicited proposal could reasonably be likely to result in a transaction that is more favorable to TSRE stockholders than the Merger, and the TSRE Board determines that failure to negotiate would be inconsistent with its duties under applicable law. Once a third party proposal is received, TSRE must notify IRT within 24 hours following receipt of the proposal and keep IRT informed of the status and terms of the proposal and associated negotiations. In response to such a proposal, the TSRE Board may, under certain circumstances, withdraw or modify its recommendation to TSRE stockholders with respect to the Merger. TSRE may also terminate the Merger Agreement to enter into an agreement to consummate a competing transaction with a third party, if the TSRE Board determines in good faith that the competing proposal is more favorable to TSRE stockholders and pays a $12.0 million termination fee to IRT. See The Merger Agreement Covenants and Agreements No Solicitation of Transactions beginning on page 117 and The Merger Agreement Termination of the Merger Agreement Termination Fee and Expenses Payable by TSRE to IRT beginning on page 127.

These provisions could discourage a potential acquirer that may have an interest in acquiring all or a significant part of TSRE from considering or proposing such an acquisition, even if the potential competing acquirer was prepared to

pay consideration with a higher per share value than the value proposed to be received or realized in the Merger, or might result in a potential competing acquirer proposing to pay a lower per share value than it might otherwise have proposed to pay because of the added expense that the termination fee would impose on the transaction.

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There can be no assurance that IRT will be able to secure the financing necessary to pay the cash portion of the Merger Consideration on acceptable terms, in a timely manner, or at all.

In connection with the Merger, IRT has obtained commitments for the Term Loan Facility in an aggregate principal amount of up to $500.0 million, as set forth in the Commitment Letter, to finance the cash portion of the Merger Consideration. In addition, IRT is exploring additional alternatives to fund the cash portion of the Merger Consideration, including through equity issuances, refinancing TSRE s existing mortgage debt or other financing arrangements. However, IRT has not entered into a definitive agreement for the debt financing, nor any alternative form of financing. There can be no assurance that IRT will be able to secure financing to pay the cash portion of the Merger Consideration on acceptable terms, in a timely manner, or at all. IRT s ability to secure such financing is not a condition to the consummation of the Merger, and, in certain circumstances, IRT may be required to pay a $25.0 million reverse termination fee if it is unable to obtain the financing necessary to pay the cash portion of the Merger Consideration. See The Merger Agreement Financing Related to the Merger beginning on page 128.

The Merger is subject to a number of conditions which, if not satisfied or waived, would adversely impact the parties ability to complete the Merger.

The Merger, which is expected to close during the third quarter of 2015, is subject to certain closing conditions, including, among others (i) the approval of the issuance of IRT common stock in the Merger (including IRT common stock issuable upon redemption of IROP Units issued in the Partnership Merger) by a majority of the votes cast by IRT stockholders at the IRT special meeting and the approval for listing on the NYSE MKT of such shares, (ii) the approval of the Company Merger by the holders of a majority of the issued and outstanding shares of TSRE common stock entitled to vote at the TSRE special meeting, (iii) the absence of any law, judgment, order or injunction prohibiting the consummation of the Merger or the other transactions contemplated by the Merger Agreement, (iv) the SEC having declared effective the Registration Statement on Form S-4 of which this joint proxy statement/prospectus forms a part, pursuant to which the shares of IRT common stock to be issued as the stock portion of the Merger Consideration will be registered under the Securities Act, (v) the accuracy of the other parties representations and warranties and compliance with covenants, subject in each case to customary materiality standards, (vi) the absence of any material adverse effect with respect to either party, (vii) delivery of certain tax opinions related to each of TSRE s and IRT s qualification and taxation as a REIT and the qualification of the Company Merger as a reorganization within the meaning of Section 368(a) of the Code, and (viii) the receipt of certain consents from TSRE s lenders.

There can be no assurance these conditions will be satisfied or waived, if permitted. Therefore, there can be no assurance with respect to the timing of the closing of the Merger or that the Merger will be completed at all.

The Merger Consideration will not be adjusted in the event of any change in the stock prices of either IRT or TSRE.

As provided in the Merger Agreement, holders of TSRE common stock are entitled to receive the Merger Consideration, which consists of a cash portion and a stock portion. Neither the Per Share Cash Amount nor the Exchange Ratio will change as a result of a change in the market price of IRT common stock, although the aggregate value of the Merger Consideration will fluctuate with changes in the market price of IRT common stock and the Per Share Cash Amount that IRT elects. The market price of IRT common stock may change as a result of a variety of factors (many of which are beyond IRT s control), including the following:

market reaction to the announcement of the Merger, the issuance of shares of IRT common stock in connection with the Merger and the prospects of the Combined Company;

changes in the respective businesses, operations, assets, liabilities, financial position and prospects of IRT, TSRE or the Combined Company or in the market assessments thereof;

changes in the operating performance of IRT, TSRE or similar companies;

changes in market valuations of similar companies;

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market assessments of the likelihood that the Merger will be completed;

changes in prevailing interest rates or other equity or debt financing terms, including changes that make IRT s financing of the cash portion of the Merger Consideration more expensive than originally expected or render the TSRE acquisition dilutive to current IRT stockholders;

interest rates on debt investments available to investors, general market and economic conditions and other factors generally affecting the value of an investment in IRT common stock;

federal, state and local legislation, governmental regulation and legal developments in the businesses in which IRT and TSRE operate;

dissident stockholder activity;

changes that affect the commercial real estate market generally;

changes in the U.S. or global economy or capital, financial or securities markets generally; and

other factors beyond the control of IRT and TSRE, including those described or referred to elsewhere in this Risk Factors section.

Changes in the market price of shares of IRT common stock prior to the completion of the Merger will affect the market value of the stock portion of the Merger Consideration. The market price of a share of IRT common stock at the completion of the Merger may vary from its price on the date the Merger Agreement was executed, on the date of this joint proxy statement/prospectus or on the date of IRT s special meeting and TSRE s special meeting. For example, based on the range of closing market prices of IRT common stock during the period from May 8, 2015, the last trading day before public announcement of the Merger, through May 28, 2015, the latest practicable trading day before the date of this joint proxy statement/prospectus, the Exchange Ratio of 0.4108 (which assumes that IRT does not elect to increase the cash portion of the Merger Consideration) represented a market value for the share portion of the Merger Consideration ranging from a low of $3.52 to a high of $3.70. Because the Merger will be completed after the date of the special meetings, at the time of your special meeting, you will not know the exact market price of the shares of IRT common stock that TSRE stockholders will receive upon completion of the Merger. You should therefore consider that:

If the market price of shares of IRT common stock increases between the date of the Merger Agreement or the date of the IRT and TSRE special meetings and the closing of the Merger, TSRE stockholders will receive shares of IRT common stock that have a market value upon completion of the Merger that is greater than the market value of such shares on the date of the Merger Agreement or the date of the special meetings, respectively.

If the market price of shares of IRT common stock declines between the date of the Merger Agreement or the date of the IRT and TSRE special meetings and the closing of the Merger, TSRE stockholders will receive shares of IRT common stock that have a market value upon completion of the Merger that is less than the market value of such shares on the date of the Merger Agreement or the date of the special meetings, respectively.

Therefore, while the number of shares of IRT common stock to be issued per share of TSRE common stock will not change based on the market price of IRT common stock, (i) IRT stockholders cannot be sure of the market value of the Merger Consideration that will be paid to TSRE stockholders upon completion of the Merger and (ii) TSRE stockholders cannot be sure of the market value of the Merger Consideration they will receive upon completion of the Merger.

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Failure to complete the Merger could negatively impact the stock prices and the future business and financial results of both IRT and TSRE.

If the Merger is not completed, the ongoing businesses of IRT and TSRE could be adversely affected and each of IRT and TSRE may be subject to a variety of risks associated with the failure to complete the Merger, including the following:

- TSRE being required, under certain circumstances, to pay to IRT a termination fee of $12.0 million or up to $5.0 million in expense reimbursement;
- IRT being required, under certain circumstances, to pay to TSRE a reverse termination fee of $25.0 million or up to $5.0 million in expense reimbursement;
- IRT and/or TSRE having to pay certain costs relating to the proposed Merger, such as legal, accounting, financial advisor, filing, printing and mailing fees; and
- diversion of IRT and TSRE management focus and resources from operational matters and other strategic opportunities while working to implement the Merger.

If the Merger is not completed, these risks could materially affect the business, financial results and stock prices of both IRT and TSRE. See The Merger Agreement Termination of the Merger Agreement beginning on page 125 for more information regarding the specific circumstances under which terminations fees and expense reimbursements are payable.

The pendency of the Merger could adversely affect the business and operations of IRT and TSRE.

Prior to the effective time of the Company Merger, some tenants or vendors of each of IRT and TSRE may delay or defer decisions regarding whether to continue to do business with IRT or TSRE, as applicable, which could negatively affect the revenues, earnings, cash flows and expenses of IRT and TSRE, regardless of whether the Merger is completed. Similarly, current and prospective employees of IRT and TSRE may experience uncertainty about their future roles with the Combined Company following the Merger, which may materially adversely affect the ability of each of IRT and TSRE to attract and retain key personnel during the pendency of the Merger. In addition, due to operating restrictions in the Merger Agreement, each of IRT and TSRE may be unable, during the pendency of the Merger, to pursue strategic transactions, undertake significant capital projects, undertake certain significant financing transactions and otherwise pursue other actions, even if such actions would prove beneficial.

Some of the directors and executive officers of TSRE have interests in the Merger that are different from, or in addition to, those of the other TSRE stockholders.

Some of the directors and executive officers of TSRE have arrangements that provide them with interests in the Merger that are different from, or in addition to, those of the stockholders of TSRE generally. These interests include, among other things, a sizeable separation payment to certain executive officers if terminated upon, or following, consummation of the Merger and (ii) the entry into voting agreements and lock-up agreements by Senator and Monarch, which are each significant stockholders of TSRE and the employer of certain members of the TSRE Board.

These interests, among other things, may influence or may have influenced the directors and executive officers of TSRE to support or approve the Merger. See The Merger Interests of TSRE s Directors and Executive Officers in the Merger beginning on page 104.

The Combined Company s operating results after the Merger may materially differ from the pro forma information presented in this joint proxy statement/prospectus.

The Combined Company s operating results after the Merger may be materially different from those shown in the pro forma information presented in this joint proxy statement/prospectus, which represents only a combination of IRT s historical results with those of TSRE. The Merger, financing and transaction costs related to the Merger could be higher or lower than currently estimated, depending on how difficult it will be to integrate

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IRT s business with that of TSRE. For more information, see Unaudited Pro Forma Condensed Consolidated Financial Statements beginning on page 155.

Risk Factors Relating to the Combined Company Following the Merger

Risks Related to the Combined Company s Operations

The Combined Company expects to incur substantial expenses related to the Merger.

The Combined Company expects to incur substantial expenses in connection with completing the Merger and integrating the business, operations, networks, systems, technologies, policies and procedures of TSRE with those of IRT. There are several systems that must be integrated, including accounting and finance and asset management. While IRT has assumed that a certain level of transaction and integration expenses would be incurred, there are a number of factors beyond its control that could affect the total amount or the timing of the Combined Company s integration expenses. Many of the expenses that will be incurred, by their nature, are difficult to estimate accurately at the present time. As a result, the transaction and integration expenses associated with the Merger could, particularly in the near term, exceed the savings that the Combined Company expects to achieve from the elimination of duplicative expenses and the realization of economies of scale and cost savings related to the integration of the businesses following the completion of the Merger.

Following the Merger, the Combined Company may be unable to integrate the businesses of IRT and TSRE successfully and realize the anticipated synergies and other benefits of the Merger or do so within the anticipated timeframe.

The Merger involves the combination of two companies that currently operate as independent public companies. The Combined Company is expected to benefit from the elimination of duplicative costs associated with supporting a public company platform and the leveraging of state of the art technology and systems. These savings are expected to be realized upon full integration, which is expected to occur over the 12-month period following the closing of the Merger. However, the Combined Company will be required to devote significant management attention and resources to integrating the business practices and operations of IRT and TSRE. Potential difficulties the Combined Company may encounter in the integration process include the following:

- the inability to successfully combine the businesses of IRT and TSRE in a manner that permits the Combined Company to achieve the cost savings anticipated to result from the Merger, which would result in the anticipated benefits of the Merger not being realized in the timeframe currently anticipated or at all;

- the complexities associated with managing the combined businesses out of several different locations and integrating personnel from the two companies;

- the additional complexities of combining two companies with different histories, cultures, markets and tenant bases;

potential unknown liabilities and unforeseen increased expenses, delays or regulatory conditions associated with the Merger; and

performance shortfalls as a result of the diversion of management s attention caused by completing the Merger and integrating the companies operations.

For all these reasons, it is possible that the integration process could result in the distraction of the Combined Company s management, the disruption of the Combined Company s ongoing business or inconsistencies in the Combined Company s operations, services, standards, controls, procedures and policies, any of which could adversely affect the ability of the Combined Company to maintain relationships with tenants, vendors and employees or to achieve the anticipated benefits of the Merger, or could otherwise adversely affect the business and financial results of the Combined Company.

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The Combined Company s anticipated level of indebtedness will increase upon completion of the Merger and will increase the related risks IRT now faces.

In connection with the Merger, the Combined Company may assume certain indebtedness of TSRE and will be subject to increased risks associated with debt financing, including an increased risk that the Combined Company s cash flow could be insufficient to meet required payments on its debt. At March 31, 2015, IRT had indebtedness of $422.6 million, which consisted entirely of outstanding mortgage debt. Taking into account IRT s existing indebtedness, additional indebtedness IRT will incur in connection with obtaining the financing necessary to consummate the Merger and the assumption of TSRE s indebtedness in the Merger, the Combined Company s pro forma consolidated indebtedness as of March 31, 2015, after giving effect to the Merger, would be approximately $958.0 million, all of which would be secured, consisting of $500.0 million of borrowings under the Term Loan Facility, $14.8 million of borrowings on a line of credit, and $443.2 million of mortgage debt.

The Combined Company s increased indebtedness could have important consequences to holders of its common stock, including TSRE stockholders who receive IRT common stock in the Merger, including:

- increasing the Combined Company s vulnerability to general adverse economic and industry conditions;
- limiting the Combined Company s ability to obtain additional financing to fund future working capital, capital expenditures and other general corporate requirements;
- requiring the use of a substantial portion of the Combined Company s cash flow from operations for the payment of principal and interest on its indebtedness, thereby reducing its ability to use its cash flow to fund working capital, acquisitions, capital expenditures and general corporate requirements;
- limiting the Combined Company s flexibility in planning for, or reacting to, changes in its business and its industry; and
- putting the Combined Company at a disadvantage compared to its competitors with less indebtedness.

In addition, if the Combined Company defaults under any of its outstanding loans, it will automatically be in default under any other loan that has cross-default provisions, and it may lose the properties securing these loans.

The future results of the Combined Company will suffer if the Combined Company is unable to effectively manage its expanded operations following the Merger.

Following the Merger, the Combined Company will have an expanded portfolio and operations and may continue to expand its operations through additional acquisitions and other strategic transactions. As a result, the Combined Company will face competition for tenants in additional markets, may face new challenges in attracting and retaining such tenants and will likely compete with more investors for acquisition opportunities. The future success of the Combined Company will depend, in part, upon its ability to attract and retain tenants in these new markets, manage its expansion opportunities, integrate new operations into its existing business in an efficient and timely manner, successfully monitor its operations and costs, and maintain necessary internal controls. The Combined Company

cannot assure you that it will be able to maintain current rents and occupancy at the properties it acquires, that expansion or acquisition opportunities will be successful, or that the Combined Company will realize any expected revenue enhancements or other benefits from such transactions.

Counterparties to certain significant agreements with IRT or TSRE may exercise contractual rights under such agreements in connection with the Merger.

IRT and TSRE are each party to certain agreements that give the counterparty certain rights following a change in control, including in some cases the right to terminate the applicable agreement. Under some such agreements, the Merger will constitute a change in control and, therefore, the counterparty may exercise certain rights under the applicable agreement upon the closing of the Merger. Certain TSRE leases, management and

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service contracts, and debt obligations contain such provisions, and certain agreements between IRT and its lenders also contain such provisions. Any such counterparty may request modifications of their respective agreements as a condition to granting a waiver or consent under their agreement. There can be no assurances that such counterparties will not exercise their rights under these agreements, including termination rights where available, or that the exercise of any such rights under, or modification of, these agreements will not adversely affect the business or operations of the Combined Company.

Risks Related to an Investment in the Combined Company s Common Stock

The market price of the Combined Company s common stock may decline as a result of the Merger.

The market price of the Combined Company s common stock may decline as a result of the Merger if the Combined Company does not achieve the perceived benefits of the Merger as rapidly or to the extent anticipated by financial or industry analysts, or the effect of the Merger on the Combined Company s financial results is not consistent with the expectations of financial or industry analysts.

In addition, upon consummation of the Merger, IRT stockholders and TSRE stockholders will own interests in a Combined Company operating an expanded business with a different mix of properties, risks and liabilities. Current stockholders of IRT and TSRE may not wish to continue to invest in the Combined Company, or for other reasons may wish to dispose of some or all of their shares of the Combined Company s common stock. If, following the effective time of the Company Merger, large amounts of the Combined Company s common stock are sold, the price of the Combined Company s common stock could decline.

The Combined Company cannot assure you that it will be able to continue paying dividends at or above the rate currently paid by IRT and TSRE.

The stockholders of the Combined Company may not receive dividends at the same rate they received dividends as stockholders of IRT or TSRE following the Merger for various reasons, including the following:

- the Combined Company may not have enough cash to pay such dividends due to changes in the Combined Company s cash requirements, capital spending plans, cash flow or financial position;
- decisions on whether, when and in which amounts to make any future distributions will remain at all times entirely at the discretion of the Combined Company s board of directors, which reserves the right to change IRT s current dividend practices at any time and for any reason;
- IRT historically has paid monthly dividends on shares of its common stock while TSRE historically has paid quarterly dividends on shares of its common stock;
- the Combined Company may desire to retain cash to maintain or improve its credit ratings; and

the amount of dividends that the Combined Company s subsidiaries may distribute to the Combined Company may be subject to restrictions imposed by state law, restrictions that may be imposed by state regulators, and restrictions imposed by the terms of any current or future indebtedness that these subsidiaries may incur.

Stockholders of the Combined Company will have no contractual or other legal right to dividends that have not previously been declared by the Combined Company s board of directors.

The Combined Company may need to incur additional indebtedness in the future.

In connection with executing the Combined Company s business strategy following the Merger, the Combined Company expects to evaluate the possibility of acquiring additional properties and making strategic investments, and the Combined Company may elect to finance these endeavors by incurring additional indebtedness. The amount of such indebtedness could have material adverse consequences for the Combined Company, including

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hindering the Combined Company s ability to adjust to changing market, industry or economic conditions; limiting the Combined Company s ability to access the capital markets to refinance maturing debt or to fund acquisitions; limiting the amount of free cash flow available for future operations, acquisitions, dividends, stock repurchases or other uses; making the Combined Company more vulnerable to economic or industry downturns, including interest rate increases; and placing the Combined Company at a competitive disadvantage compared to less leveraged competitors.

The market price of shares of the common stock of the Combined Company may be affected by factors different from those affecting the price of shares of IRT common stock or TSRE common stock before the Merger.

Following the Merger, the results of operations of the Combined Company, as well as the market price of the common stock of the Combined Company, may be affected by other factors in addition to those currently affecting IRT s or TSRE s results of operations and the market prices of IRT common stock and TSRE common stock. These factors include:

- a greater number of shares of the Combined Company common stock outstanding as compared to the number of currently outstanding shares of IRT common stock;
- different stockholders; and
- different assets and capitalizations.

Accordingly, the historical market prices and financial results of IRT and TSRE may not be indicative of these matters for the Combined Company after the Merger. For a discussion of the businesses of IRT and TSRE and certain risks to consider in connection with investing in those businesses, see the documents incorporated by reference by IRT and TSRE into this joint proxy statement/prospectus referred to under See Where You Can Find More Information; Incorporation by Reference beginning on page 170.

After the Merger is completed, TSRE stockholders who receive shares of the Combined Company s common stock in the Merger will have different rights that may be less favorable than their current rights as TSRE stockholders.

After the closing of the Merger, TSRE stockholders who receive shares of the Combined Company s common stock in the Merger will have different rights than they currently have as TSRE stockholders. For a detailed discussion of the significant differences between the current rights as a stockholder of TSRE and the rights as a stockholder of the Combined Company following the Merger, see Comparison of Rights of Stockholders of IRT and Stockholders of TSRE beginning on page 165.

The Combined Company may incur adverse tax consequences if IRT or TSRE has failed, or if the Combined Company fails, to continue to qualify as a REIT for U.S. federal income tax purposes.

Each of IRT and TSRE has operated in a manner that it believes has allowed it to qualify as a REIT for U.S. federal income tax purposes under the Code, and each intends to continue to do so through the time of the Merger, and the Combined Company intends to continue operating in such a manner following the Merger. None of IRT, TSRE or the Combined Company has requested or plans to request a ruling from the Internal Revenue Service (IRS) that it qualifies as a REIT. Qualification as a REIT involves the application of highly technical and complex Code provisions for which there are only limited judicial and administrative interpretations. The determination of various factual

matters and circumstances not entirely within the control of IRT, TSRE or the Combined Company, as the case may be, may affect any such company s ability to qualify as a REIT. In order to qualify as a REIT, each of IRT, TSRE and the Combined Company must satisfy a number of requirements, including requirements regarding the ownership of its stock and the composition of its gross income and assets. In addition, a REIT must make distributions to stockholders aggregating annually at least 90% of its net taxable income, excluding any net capital gains.

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If any of IRT, TSRE or the Combined Company loses its REIT status, or is determined to have lost its REIT status in a prior year, it will face serious tax consequences that would substantially reduce its cash available for distribution, including cash available to pay dividends to its stockholders, because:

- such company would be subject to U.S. federal income tax on its net income at regular corporate rates for the years it did not qualify for taxation as a REIT (and, for such years, would not be allowed a deduction for dividends paid to stockholders in computing its taxable income);
- such company could be subject to the federal alternative minimum tax and possibly increased state and local taxes for such periods;
- unless such company is entitled to relief under applicable statutory provisions, neither it nor any successor company could elect to be taxed as a REIT until the fifth taxable year following the year during which it was disqualified; and
- for up to ten years following re-election of REIT status, upon a taxable disposition of an asset owned as of such re-election, such company could be subject to corporate level tax with respect to any built-in gain inherent in such asset at the time of re-election.

The Combined Company will inherit any liability with respect to unpaid taxes of IRT or TSRE for any periods prior to the Company Merger. In addition, under the investment company rules under Section 368 of the Code, if both IRT and TSRE are investment companies under such rules (without regard to their REIT status), the failure of either IRT or TSRE to qualify as a REIT could cause the Company Merger to be taxable to IRT or TSRE, respectively, and its stockholders. As a result of all these factors, IRT s, TSRE s or the Combined Company s failure to qualify as a REIT could impair the Combined Company s ability to expand its business and raise capital, and would materially adversely affect the value of its stock. In addition, for years in which the Combined Company does not qualify as a REIT, it will not otherwise be required to make distributions to stockholders.

In certain circumstances, even if the Combined Company qualifies as a REIT, it and its subsidiaries may be subject to certain U.S. federal, state, and other taxes, which would reduce the Combined Company s cash available for distribution to its stockholders.

Even if each of IRT, TSRE and the Combined Company has, as the case may be, qualified and continues to qualify as a REIT, the Combined Company may be subject to U.S. federal, state, or other taxes. For example, net income from the sale of properties that are dealer properties sold by a REIT (a prohibited transaction under the Code) will be subject to a 100% tax. In addition, the Combined Company may not be able to make sufficient distributions to avoid income and excise taxes applicable to REITs. Alternatively, the Combined Company may decide to retain income it earns from the sale or other disposition of its property and pay income tax directly on such income. In that event, the Combined Company s stockholders would be treated as if they earned that income and paid the tax on it directly. However, stockholders that are tax-exempt, such as charities or qualified pension plans, might not have any benefit from their deemed payment of such tax liability. The Combined Company and its subsidiaries may also be subject to U.S. federal taxes other than U.S. federal income taxes, as well as state and local taxes (such as state and local income and property taxes), either directly or at the level of its operating partnership, or at the level of the other companies through which the Combined Company indirectly owns its assets. Any U.S. federal or state taxes the Combined

Company (or any of its subsidiaries) pays will reduce cash available for distribution by the Combined Company to stockholders. See Material U.S. Federal Income Tax Consequences beginning on page 132.

The Merger may not be consummated if it would fail to qualify as a reorganization.

If the closing price of IRT common stock as of the trading day immediately prior to the closing date of the Company Merger would cause the Per Share Cash Amount to be greater than 60% of the value of the total Merger Consideration to be received by the TSRE stockholders in the Merger, the Company Merger would not

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qualify as a reorganization within the meaning of Section 368(a) of the Code. Were this to occur, certain conditions to the closing of the Merger would not be satisfied and the Company Merger would not occur unless the parties submitted to their respective stockholders a request for the waiver of such conditions. The Merger Agreement does not require any party to request such a waiver.

IRT and TSRE face other risks.

The foregoing risks are not exhaustive, and you should be aware that, following the Merger, the Combined Company will face various other risks, including those discussed in reports filed by IRT and TSRE with the SEC. See Where You Can Find More Information; Incorporation by Reference beginning on page 170.

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CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

This joint proxy statement/prospectus and the documents incorporated by reference into this joint proxy statement/prospectus contain forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. These forward-looking statements are based on current expectations, estimates and projections about the industry and markets in which IRT and TSRE operate and beliefs of, and assumptions made by, IRT management and TSRE management and involve uncertainties that could significantly affect the financial results of IRT, TSRE or the Combined Company. Words such as expects, anticipates, intends, plans, believes, seeks, estimates, variations of such words and similar expressions are intended to identify such forward-looking statements, which generally are not historical in nature. Such forward-looking statements include, but are not limited to, statements about the anticipated benefits of the business combination transaction involving IRT and TSRE, including future financial and operating results, and the Combined Company s plans, objectives, expectations and intentions. All statements that address operating performance, events or developments that IRT and TSRE expect or anticipate will occur in the future are forward-looking statements. These statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions that are difficult to predict. Although IRT and TSRE believe the expectations reflected in any forward-looking statements are based on reasonable assumptions, IRT and TSRE can give no assurance that their expectations will be attained and therefore, actual outcomes and results may differ materially from what is expressed or forecasted in such forward-looking statements. Some of the factors that may affect outcomes and results include, but are not limited to:

- the occurrence of any event, change or other circumstances that could give rise to the termination of the Merger Agreement;
- the inability to complete the Merger or failure to satisfy other conditions to completion of the Merger;
- the inability to complete the Merger within the expected time period or at all, including due to the failure to obtain the IRT stockholder approval, the TSRE stockholder approval or the failure to satisfy other conditions to completion of the Merger;
- risks related to disruption of management s attention from the ongoing business operations due to the proposed Merger;
- the effect of the announcement of the proposed Merger on IRT s or TSRE s relationships with their respective customers, tenants, lenders, operating results and businesses generally;
- the ability of IRT to obtain funding to finance the cash portion of the Merger Consideration;
- each of IRT s and TSRE s success, or the success of the Combined Company, in implementing its business strategy and its ability to identify, underwrite, finance, consummate and integrate acquisitions or investments;

changes in national, regional and local economic climates;

changes in financial markets and interest rates, or to the business or financial condition of IRT, TSRE or the Combined Company or their respective businesses;

the nature and extent of future competition;

each of IRT s and TSRE s ability, or the ability of the Combined Company, to pay down, refinance, restructure and/or extend its indebtedness as it becomes due;

the ability and willingness of IRT, TSRE and the Combined Company to maintain its qualification as a REIT;

availability to IRT, TSRE and the Combined Company of financing and capital;

the performance of TSRE s, IRT s and the Combined Company s portfolio;

the impact of any financial, accounting, legal or regulatory issues or litigation that may affect IRT, TSRE or the Combined Company;

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- risks associated with acquisitions, including the integration of the combined companies businesses; and

- those additional risks and factors discussed in reports filed with the SEC by IRT and TSRE from time to time, including those discussed under the heading Risk Factors in their respective most recently filed reports on Forms 10-K and 10-Q.

Should one or more of the risks or uncertainties described above or elsewhere in this joint proxy statement/prospectus occur, or should underlying assumptions prove incorrect, actual results and plans could differ materially from those expressed in any forward-looking statements. You are cautioned not to place undue reliance on these statements, which speak only as of the date of this joint proxy statement/prospectus.

All forward-looking statements, expressed or implied, included in this joint proxy statement/prospectus are expressly qualified in their entirety by this cautionary statement. This cautionary statement should also be considered in connection with any subsequent written or oral forward-looking statements that IRT, TSRE or persons acting on their behalf may issue.

Neither IRT nor TSRE undertakes any duty to update any forward-looking statements appearing in this joint proxy statement/prospectus except as may be required by applicable law.

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THE COMPANIES

Independence Realty Trust, Inc.

IRT is a Maryland corporation that has elected to be taxed as a REIT under the Code. IRT conducts its business through a traditional UPREIT structure in which IRT s properties are owned by IROP directly or through subsidiaries. IRT is the sole general partner of IROP. Substantially all of IRT s assets are held by, and substantially all of IRT s operations are conducted through, IROP. IRT owns apartment properties in geographic submarkets that it believes support strong occupancy and have the potential for growth in rental rates.

IRT is externally advised by the Advisor, a wholly-owned subsidiary of RAIT, pursuant to an advisory agreement and subject to the oversight of the IRT Board. The Advisor is responsible for managing IRT s day-to-day business operations and identifying properties for IRT to acquire.

RAIT Residential, the property manager, for IRT s properties, is a full-service apartment property management company that, as of March 31, 2015, employed approximately 420 staff and professionals and manages approximately 16,000 apartment units. RAIT Residential provides services to IRT in connection with the rental, leasing, operation and management of IRT s properties.

IRT common stock is listed on the NYSE MKT, trading under the symbol IRT.

IRT was incorporated in the state of Maryland in 2009. IRT s principal executive offices are located at Cira Centre, 2929 Arch Street, Philadelphia, Pennsylvania 19104, and its telephone number is (215) 243-9000.

OP Merger Sub, a direct wholly-owned subsidiary of IROP, is a Delaware limited liability company formed on May 8, 2015 for the purpose of entering into the Merger Agreement. OP Merger Sub has not conducted any activities other than those incidental to its formation and the matters contemplated by the Merger Agreement.

IRT LP LLC, a direct wholly-owned subsidiary of IRT, is a Delaware limited liability company. IRT LP LLC is a holding company that holds 100 IROP Units.

Additional information about IRT and its subsidiaries is included in documents incorporated by reference into this joint proxy statement/prospectus. See Where You Can Find More Information; Incorporation by Reference beginning on page 170.

Trade Street Residential, Inc.

TSRE is a Maryland corporation that has elected to be taxed as a REIT under the Code. TSRE conducts its business through an UPREIT structure in which TSRE s properties are owned by TSR OP directly or through subsidiaries. TSRE is a full service, vertically integrated, self-administered and self-managed corporation incorporated in the state of Maryland in 2012, to acquire, own, operate and manage conveniently located, garden-style and mid-rise apartment communities in mid-sized cities and suburban submarkets of larger cities primarily in the southeastern United States and Texas. As of March 31, 2015, TSRE owned and operated 19 apartment communities containing 4,989 apartment units in Alabama, Florida, Georgia, North Carolina, South Carolina, Tennessee and Texas. TSRE s apartment communities are characterized by attractive features including substantial landscaping, well-maintained exteriors and high quality interior finishes, and amenities such as swimming pools, clubhouses and fitness facilities and controlled-access gated entrances.

TSRE common stock is listed on the NASDAQ Global Market, trading under the symbol TSRE.

TSRE s principal executive offices are located at 19950 West Country Club Drive, Suite 800, Aventura, Florida 33180, and its telephone number is (786) 248-5200.

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Additional information about TSRE and its subsidiaries is included in documents incorporated by reference into this joint proxy statement/prospectus. See Where You Can Find More Information; Incorporation by Reference on page 170.

The Combined Company

References to the Combined Company are to IRT after the effective time of the Company Merger. The Combined Company will be named Independence Realty Trust, Inc. and will be a Maryland corporation. The Combined Company will be a leading regional market multifamily platform. The Combined Company is expected to have a pro forma equity market capitalization of approximately $422.1 million and a pro forma total market capitalization of $1.4 billion, each as of March 31, 2015 and based on the closing price of IRT common stock of $8.57 per share on May 8, 2015. The Combined Company s asset base will consist primarily of approximately 14,044 multifamily units in 50 properties in 24 geographic markets.

The business of the Combined Company will be operated through IROP and its subsidiaries, which, after completion of the Merger, will include TSR OP.

The common stock of the Combined Company will continue to be listed on the NYSE MKT, trading under the symbol IRT.

The Combined Company s principal executive offices will be located at Cira Centre, 2929 Arch Street, Philadelphia, Pennsylvania, and its telephone number will be (215) 243-9000.

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DESCRIPTION OF IRT CAPITAL STOCK

The following discussion is a summary of the terms of the capital stock of IRT and should be read in conjunction with Comparison of Rights of Stockholders of IRT and Stockholders of TSRE beginning on page 165. The summary set forth below does not purport to be complete and is subject to and qualified in its entirety by reference to relevant provisions of Maryland law, the IRT charter and the IRT bylaws. You are urged to read those documents carefully. Copies of the IRT charter and the IRT bylaws are incorporated by reference as exhibits to the registration statement on Form S-4, of which this proxy statement/prospectus forms a part, and will be sent to stockholders of IRT and TSRE upon request. See Where You Can Find More Information; Incorporation by Reference beginning on page 170.

General

IRT is authorized to issue 350,000,000 shares of stock, consisting of 300,000,000 shares of common stock, $0.01 par value per share, and 50,000,000 shares of preferred stock, $0.01 par value per share. The IRT charter authorizes the IRT Board, with the approval of a majority of the entire IRT Board and without any action on the part of IRT s stockholders, subject to any preferential rights of any class or series of preferential stock, to amend the IRT charter from time to time to increase or decrease the aggregate number of authorized shares of stock or the number of authorized shares of stock of any class or series. As of May 27, 2015, IRT had 31,933,218 outstanding shares of common stock and no outstanding shares of preferred stock. Under Maryland law, stockholders generally are not liable for a corporation s debts or obligations.

Common Stock

All shares of IRT common stock that may be issued in connection with the Merger will be duly authorized, validly issued, fully paid and non-assessable. Holders of IRT common stock:

- are entitled to receive distributions as authorized by the IRT Board and declared by IRT out of legally available funds;
- in the event of any voluntary or involuntary liquidation or dissolution of IRT, are entitled to share ratably in the distributable assets of IRT remaining after satisfaction of the prior preferential rights of any outstanding preferred stock and the satisfaction of all of IRT s debts and liabilities; and
- do not have preference, conversion, exchange, sinking fund, redemption rights or preemptive rights to subscribe for any of IRT s securities and generally have no appraisal rights unless the IRT Board determines that appraisal rights apply, with respect to all or any classes or series of shares, to one or more transactions occurring after the date of such determination in connection with which holders of such shares would otherwise be entitled to exercise appraisal rights.

Shares of IRT common stock will be held in uncertificated form, which will eliminate the physical handling and safekeeping responsibilities inherent in owning transferable stock certificates and eliminate the need to return a duly executed stock certificate to effect a transfer.

Stockholder Voting

Except as otherwise provided, all shares of common stock will have equal voting rights. Because stockholders do not have cumulative voting rights, holders of a majority of the outstanding shares of IRT common stock can elect the entire IRT Board. The voting rights per share of IRT equity securities issued in the future will be established by the IRT Board.

Under Maryland law and the IRT charter, IRT generally may not, without the affirmative vote of stockholders entitled to cast at least a majority of all the votes entitled to be cast on the matter:

amend the IRT charter, except to increase or decrease the number of authorized shares of stock of any class or series or the aggregate number of authorized shares of stock, change its name, change the name

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or other designation or the par value of any class or series of stock, change the aggregate par value of IRT stock or effect certain reverse stock splits;

sell all or substantially all of its assets other than in the ordinary course of its business;

cause a merger, conversion or consolidation of the company;

effect a statutory share exchange; or

dissolve the company.

Each stockholder entitled to vote on a matter may do so at a meeting in person or by proxy directing the manner in which he or she desires that his or her vote be cast or without a meeting by a consent in writing or by electronic transmission. Any proxy must be filed with IRT s secretary before or at the meeting at which the vote is taken. Pursuant to Maryland law, the IRT charter and the IRT bylaws, any action required or permitted to be taken at any meeting of stockholders may be taken without a meeting (a) by the unanimous consent in writing or by electronic transmission of each stockholder entitled to vote on the matter or (b) if the action is advised and submitted for stockholder approval by the IRT Board, by a consent in writing or by electronic transmission of stockholders entitled to cast not less than the minimum number of votes that would be necessary to authorize or take the action at a meeting. The IRT bylaws and Maryland law require IRT to provide notice of any action taken by less than unanimous written consent to each stockholder not later than ten days after the effective time of such action.

Restrictions on Ownership and Transfer

In order to maintain its qualification as a REIT, IRT must meet several requirements concerning the ownership of outstanding IRT capital stock. Specifically, no more than 50% in value of outstanding IRT capital stock may be owned, directly or indirectly, by five or fewer individuals (determined with attribution to the owners of any entity owning the Combined Company s stock), as defined in the Code to include specified private foundations, employee benefit plans and trusts, and charitable trusts, at all times during the last half of a taxable year. Moreover, 100 or more persons must own the outstanding shares of IRT capital stock during at least 335 days of a taxable year of 12 months or during a proportionate part of a shorter taxable year.

Because the IRT Board believes it is essential for IRT to continue to qualify as a REIT and for other corporate purposes, the IRT charter, subject to the exceptions described below, provides that no person may beneficially or constructively own more than 9.8% in value of the aggregate of the outstanding shares of IRT stock and 9.8%, in value or in number of shares, whichever is more restrictive, of any class or series of the outstanding shares of IRT capital stock, including IRT common stock.

The IRT charter provides for certain circumstances where the IRT Board, in its sole discretion, may except a holder of IRT capital stock (prospectively or retroactively) from the 9.8% ownership limitation and impose other limitations and restrictions on ownership. The IRT Board has granted such an exception for RAIT. Additionally, the IRT charter prohibits, subject to the exceptions described below, any transfer of capital stock that would:

result in IRT capital stock being beneficially owned by fewer than 100 persons, determined without reference to any rules of attribution;

result in IRT being closely held under U.S. federal income tax laws (regardless of whether the ownership interest is held during the last half of a taxable year);

cause IRT to own, actually or constructively, 9.8% or more of the ownership interests in a tenant of IRT s real property; or

cause IRT to fail to qualify, under U.S. federal income tax laws or otherwise, as a REIT.

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Any attempted transfer of IRT capital stock which, if effective, would result in IRT capital stock being beneficially owned by fewer than 100 persons, will be null and void, with the intended transferee acquiring no rights in such shares of capital stock, and any other prohibited transfer of shares of IRT capital stock described above will result in the number of shares that would cause such person to violate the above restrictions (rounded up to the nearest whole share) to be designated as shares-in-trust and transferred automatically to a trust effective at the close of business on the business day before the purported transfer of such shares. IRT will designate the trustee, but the trustee will not be affiliated with IRT and any prohibited owner. The beneficiary of the trust will be one or more nonprofit organizations that are named by IRT and whose beneficial ownership does not violate any of the ownership restrictions set forth above. If the transfer to the trust would not be effective for any reason to prevent a violation of the limitations on ownership and transfer, then the shares will be transferred to that number of trusts, each having a distinct trustee and a charitable beneficiary or beneficiaries that are distinct from those of the other trust, such that there will not be a violation of the above ownership restrictions.

Shares-in-trust will remain shares of issued and outstanding capital stock and will be entitled to the same rights and privileges as all other stock of the same class or series. The trust will receive all dividends and other distributions on the shares-in-trust and will hold such dividends or other distributions in trust for the benefit of the beneficiary. The trustee will vote all shares-in-trust and, subject to Maryland law, will have the authority to rescind as void any vote cast by the prohibited owner prior to IRT s discovery that the shares have been transferred to the trust and to recast the vote in accordance with the desires of the trustee acting for the benefit of the beneficiary. However, if IRT has already taken irreversible corporate action, then the trustee will not have the authority to rescind and recast the vote.

Within 20 days of receiving notice from IRT that shares of IRT capital stock have been transferred to the trust, the trustee will sell the shares held by the trust to a person, designated by the trustee, whose ownership of the shares will not violate the above ownership limitations. Upon the sale, the interest of the beneficiary in the shares sold will terminate and the trustee will distribute the net proceeds of the sale to the prohibited owner and to the beneficiary as follows:

The prohibited owner will receive from the trust the lesser of:

- the price per share such prohibited owner paid for the shares of capital stock that were designated as shares-in-trust or, if the prohibited owner did not give value for the shares (such as in the case of a devise or gift), the market price per share on the date of the event causing the shares to be held as shares-in-trust; or

- the price per share received by the trust from the sale of such shares-in-trust.

The trustee may reduce the amount payable to the prohibited owner by the amount of dividends and other distributions which have been paid to the prohibited owner and are owed by the prohibited owner to the trustee. The trust will immediately distribute to the beneficiary any amounts received by the trust in excess of the amounts to be paid to the prohibited owner. If, prior to IRT s discovery that shares of IRT capital stock have been transferred to the trust, the shares are sold by the prohibited owner, then such shares shall be deemed to have been sold on behalf of the trust and, to the extent that the prohibited owner received an amount for the shares that exceeds the amount such prohibited owner was entitled to receive, the excess shall be paid to the trustee upon demand.

In addition, the shares-in-trust will be deemed to have been offered for sale to IRT, or IRT s designee, at a price per share equal to the lesser of:

the price per share in the transaction that resulted in the transfer to the trust or, in the case of a gift or devise, the market price per share on the date of the gift or devise; or

the market price per share on the date that IRT, or IRT s designee, accepts such offer.

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IRT may reduce the amount payable to the prohibited owner by the amount of dividends and other distributions which have been paid to the prohibited owner and are owed by the prohibited owner to the trustee. IRT may pay the amount of such reduction to the trustee for the benefit of the beneficiary. IRT will have the right to accept such offer until the trustee has sold such shares-in-trust. Upon a sale to IRT, the interest of the beneficiary in the shares sold will terminate and the trustee shall distribute the net proceeds to the prohibited owner.

Any person who owns, directly or indirectly, more than 5%, or such lower percentages as required under the Code, of the outstanding shares of IRT capital stock must, within 30 days of the end of each taxable year, provide to IRT a written statement or affidavit stating such person s name and address, the number of shares of capital stock owned directly or indirectly, and a description of how such shares are held. In addition, each direct or indirect stockholder must provide IRT such additional information as it may request in order to determine the effect, if any, of such ownership on IRT s status as a REIT and to ensure compliance with the ownership limit.

The IRT Board may exempt a person (prospectively or retroactively) from the ownership limit or establish or increase an excepted holder limit for such person and may also increase the ownership limit for one or more persons and decrease the ownership limit for all other persons.

The restrictions on ownership and transfer described above will continue to apply until the IRT Board determines that it is no longer in the best interests of IRT to attempt to qualify, or to continue to qualify, as a REIT or that compliance is no longer required for REIT qualification.

The ownership limit in the IRT charter may have the effect of delaying, deferring or preventing a takeover or other transaction or change in control of IRT that might involve a premium price for your shares or otherwise be in your interest as a stockholder.

Transfer Agent

The transfer agent for the IRT common stock is American Stock Transfer & Trust Company, LLC.

No Stockholder Rights Plan

IRT currently does not have a stockholder rights plan.

Listing

IRT common stock is listed and traded on the NYSE MKT under the symbol IRT. It is a condition to the consummation of the Merger that the shares of IRT common stock to be issued in connection with the Merger be approved for listing on the NYSE MKT, subject to official notice of issuance.

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THE IRT SPECIAL MEETING

Date, Time, Place and Purpose of IRT s Special Meeting

The special meeting of the stockholders of IRT will be held at on , 2015, commencing at , local time. The purpose of the IRT special meeting is:

(i) to consider and vote on a proposal to approve the issuance of shares of IRT common stock in the Merger (including IRT common stock issuable upon redemption of IROP Units issued in the Partnership Merger); and

(ii) to consider and vote on a proposal to approve one or more adjournments of the IRT special meeting to another date, time or place, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the issuance of shares of IRT common stock in the Merger (including IRT common stock issuable upon redemption of IROP Units issued in the Partnership Merger).

Recommendation of the IRT Board

The IRT Board has unanimously (i) determined that the Merger Agreement, the Merger and the other transactions contemplated by the Merger Agreement are advisable, fair to, and in the best interests of IRT and its stockholders, (ii) approved and adopted the Merger Agreement, the Merger and the other transactions contemplated by the Merger Agreement, and (iii) authorized and approved the issuance of shares of IRT common stock in the Merger (including IRT common stock issuable upon redemption of IROP Units issued in the Partnership Merger). The IRT Board unanimously recommends that IRT stockholders vote **FOR** the proposal to approve the issuance of IRT common stock in the Merger (including IRT common stock issuable upon redemption of IROP Units issued in the Partnership Merger), and **FOR** the proposal to approve one or more adjournments of the IRT special meeting to another date, time or place, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the issuance of shares of IRT common stock in the Company Merger (including IRT common stock issuable upon redemption of IROP Units issued in the Partnership Merger). For the reasons for this recommendation, see The Merger Recommendation of IRT Board and Its Reasons for the Merger beginning on page 77.

IRT Record Date; Who Can Vote at the IRT Special Meeting

Only holders of record of IRT common stock at the close of business on , 2015, the IRT Record Date, are entitled to notice of, and to vote at, the IRT special meeting and any adjournment or postponement of the IRT special meeting. As of the IRT Record Date, there were shares of IRT common stock outstanding and entitled to vote at the IRT special meeting, held by approximately stockholders of record.

Each share of IRT common stock owned on the IRT Record Date is entitled to one vote on each proposal at the IRT special meeting.

Vote Required for Approval; Quorum

Approval of the proposal to approve the issuance of shares of IRT common stock in the Merger (including IRT common stock issuable upon redemption of IROP Units issued in the Partnership Merger) requires the affirmative vote of at least a majority of all votes cast on such proposal. Approval of the proposal to approve one or more adjournments of the IRT special meeting to another date, time or place, if necessary or appropriate, to solicit

additional proxies in favor of the proposal to approve the issuance of shares of IRT common stock in the Merger (including IRT common stock issuable upon redemption of IROP Units issued in the Partnership Merger) requires the affirmative vote of at least a majority of all votes cast on such proposal.

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IRT s bylaws provide that the presence in person or by proxy of stockholders entitled to cast a majority of all the votes entitled to be cast at such meeting on any matter will constitute a quorum at a meeting of its stockholders. Shares that are voted and shares abstaining from voting are treated as being present at the IRT special meeting for purposes of determining whether a quorum is present.

Abstentions and Broker Non-Votes

Abstentions and broker non-votes, if any, will be counted in determining the presence of a quorum. Abstentions will have no effect on either (i) the proposal to approve the issuance of shares of IRT common stock in the Merger (including IRT common stock issuable upon redemption of IROP Units issued in the Partnership Merger) or (ii) the proposal to approve one or more adjournments of the IRT special meeting to another date, time or place, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the issuance of shares of IRT common stock in the Merger (including IRT common stock issuable upon redemption of IROP Units issued in the Partnership Merger). Broker non-votes, if any, will have no effect on either the proposal to approve the issuance of shares of IRT common stock in the Merger (including IRT common stock issuable upon redemption of IROP Units issued in the Partnership Merger) or the proposal to approve one or more adjournments of the IRT special meeting to another date, time or place, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the issuance of shares of IRT common stock to TSRE stockholders in the Merger (including IRT common stock issuable upon redemption of IROP Units issued in the Partnership Merger). Because there are no discretionary (or routine) matters to be voted on at the IRT special meeting, IRT does not expect to receive any broker non-votes.

Manner of Submitting Proxy

IRT stockholders may submit their votes for or against the proposals submitted at the IRT special meeting in person or by proxy. IRT stockholders may be able to submit a proxy in the following ways:

Internet. IRT stockholders may submit a proxy over the Internet by going to the website listed on their proxy card or voting instruction card. Once at the website, they should follow the instructions to submit a proxy.

Telephone. IRT stockholders may submit a proxy using the toll-free number listed on their proxy card or voting instruction card.

Mail. IRT stockholders may submit a proxy by completing, signing, dating and returning their proxy card or voting instruction card in the preaddressed postage-paid envelope provided.

IRT stockholders should refer to their proxy cards or the information forwarded by their broker or other nominee to see which options are available to them.

The internet and telephone proxy submission procedures are designed to authenticate stockholders and to allow them to confirm that their instructions have been properly recorded. If you submit a proxy over the internet or by telephone, then you need not return a written proxy card or voting instruction card by mail. The internet and telephone facilities available to record holders will close at Eastern Time on , 2015.

The method by which IRT stockholders submit a proxy will in no way limit their right to vote at the IRT special meeting if they later decide to attend the IRT special meeting and vote in person. If shares of IRT common stock are

held in the name of a broker or other nominee, IRT stockholders must obtain a legal proxy, executed in their favor, from the broker or other nominee, to be able to vote in person at the IRT special meeting.

All shares of IRT common stock entitled to vote and represented by properly completed proxies received prior to the IRT special meeting, and not revoked, will be voted at the IRT special meeting as instructed on the proxies. **If IRT stockholders of record return properly executed proxies but do not indicate how their shares of IRT common stock should be voted on a proposal, the shares of IRT common stock represented by their**

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properly executed proxy will be voted as the IRT Board recommends and, therefore, FOR the proposal to approve the issuance of IRT common stock in the Merger (including IRT common stock issuable upon redemption of IROP Units issued in the Partnership Merger), and FOR the proposal to approve one or more adjournments of the IRT special meeting to another date, time or place, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the issuance of shares of IRT common stock in the Merger (including IRT common stock issuable upon redemption of IROP Units issued in the Partnership Merger).

Shares Held in Street Name

If IRT stockholders hold shares of IRT common stock in an account of a broker or other nominee and they wish to vote such shares, they must return their voting instructions to the broker or other nominee.

If IRT stockholders hold shares of IRT common stock in an account of a broker or other nominee and attend the IRT special meeting, they should bring a legal proxy from their broker or other nominee authorizing them to vote.

Shares of IRT common stock held by brokers and other nominees will be present for purposes of determining a quorum but will NOT be voted unless such IRT stockholders instruct such brokers or other nominees how to vote.

Revocation of Proxies or Voting Instructions

IRT stockholders of record may change their vote or revoke their proxy at any time before it is exercised at the IRT special meeting by:

- submitting notice in writing to IRT s Corporate Secretary at Independence Realty Trust, Inc., Cira Centre, 2929 Arch Street, 17th Floor, Philadelphia, PA 19104, Attn: Secretary that you are revoking your proxy;
- executing and delivering a later-dated proxy card or submitting a later-dated proxy by telephone or on the internet; or
- voting in person at the IRT special meeting.

Attending the IRT Special Meeting Without Voting Will Not Revoke Your Proxy

IRT stockholders who hold shares of IRT common stock in an account of a broker or other nominee may revoke their voting instructions by following the instructions provided by their broker or other nominee.

Tabulation of Votes

IRT will appoint an Inspector of Election for the IRT special meeting to tabulate votes and abstentions.

Solicitation of Proxies

The solicitation of proxies from IRT stockholders is made on behalf of the IRT Board. IRT will pay the cost of soliciting proxies from IRT stockholders. IRT s directors, officers and employees, as well as the Advisor and RAIT,

may solicit proxies in person, by telephone or by any other electronic means of communication deemed appropriate. No additional compensation will be paid to IRT s directors, officers or employees, the Advisor or RAIT for such services. IRT also intends to engage a third party proxy solicitor to assist it in the solicitation of proxies for the IRT special meeting.

In accordance with the regulations of the SEC and NYSE MKT, IRT also will reimburse brokerage firms and other custodians, nominees and fiduciaries for their expenses incurred in sending proxies and proxy materials to beneficial owners of shares of IRT common stock.

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PROPOSALS SUBMITTED TO IRT STOCKHOLDERS

Stock Issuance Proposal

(Proposal 1 on the IRT Proxy Card)

IRT stockholders are asked to approve the issuance of IRT common stock in the Merger (including IRT common stock issuable upon redemption of IROP Units issued in the Partnership Merger).

Pursuant to the Merger Agreement, approval of this proposal is a condition to the closing of the Merger. If the proposal is not approved, the Merger will not be completed.

IRT is requesting that IRT stockholders approve the issuance of IRT common stock in the Merger (including IRT common stock issuable upon redemption of IROP Units issued in the Partnership Merger). Approval of the proposal to approve the issuance of IRT common stock in the Merger requires the affirmative vote of a majority of all votes cast at the IRT special meeting.

Recommendation of the IRT Board

The IRT Board unanimously recommends that IRT stockholders vote FOR the proposal to approve the issuance of shares of IRT common stock in the Merger (including IRT common stock issuable upon redemption of IROP Units issued in the Partnership Merger).

IRT Adjournment Proposal

(Proposal 2 on the IRT Proxy Card)

The IRT special meeting may be adjourned one or more times to another date, time or place, if necessary or appropriate, to permit, among other things, further solicitation of proxies, if necessary or appropriate, to obtain additional votes in favor of the proposal to approve the issuance of shares of IRT common stock in the Merger (including IRT common stock issuable upon redemption of IROP Units issued in the Partnership Merger). If, at the IRT special meeting, the number of shares of IRT common stock present in person or represented by proxy and voting in favor of the proposal to approve the issuance of shares of IRT common stock in the Merger (including IRT common stock issuable upon redemption of IROP Units issued in the Partnership Merger) is insufficient to approve the proposal, IRT intends to move to adjourn the IRT special meeting in order to enable the IRT Board to solicit additional proxies for approval of the proposal.

IRT is asking IRT stockholders to approve one or more adjournments of the IRT special meeting to another date, time or place, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the issuance of shares of IRT common stock in the Merger (including IRT common stock issuable upon redemption of IROP Units issued in the Partnership Merger). Approval of this proposal requires the affirmative vote of a majority of all votes cast at the IRT special meeting.

Recommendation of the IRT Board

The IRT Board unanimously recommends that IRT stockholders vote FOR the proposal to approve one or more adjournments of the IRT special meeting to another date, time or place, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the issuance of shares of IRT common stock in the

Merger (including IRT common stock issuable upon redemption of IROP Units issued in the Partnership Merger).

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Other Business

At this time, IRT does not intend to bring any other matters before the IRT special meeting, and IRT does not know of any matters to be brought before the IRT special meeting by others. If, however, any other matters properly come before the IRT special meeting, the persons named in the enclosed proxy, or their duly constituted substitutes, acting at the IRT special meeting or any adjournment or postponement thereof will be deemed authorized to vote the shares represented thereby in accordance with the discretion of such persons or such substitutes on any such matter.

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THE TSRE SPECIAL MEETING

Date, Time, Place and Purpose of the TSRE Special Meeting

The special meeting of the stockholders of TSRE will be held at on , 2015, commencing at , local time. The purpose of the TSRE special meeting is:

1. to consider and vote on a proposal to approve the Company Merger and other transactions contemplated by the Merger Agreement; AND

2. to consider and vote on a proposal to approve one or more adjournments of the TSRE special meeting to another date, time or place, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the Company Merger and other transactions contemplated by the Merger Agreement.

Recommendation of the TSRE Board

The TSRE Board has (i) determined that the Merger, the Merger Agreement, and the other transactions contemplated by the Merger Agreement, are advisable and in the best interests of TSRE and its stockholders and (ii) approved the Merger Agreement and authorized the performance by TSRE thereunder. The TSRE Board recommends that TSRE stockholders vote **FOR** the proposal to approve the Company Merger and the other transactions contemplated by the Merger Agreement and **FOR** the proposal to approve one or more adjournments of the TSRE special meeting to another date, time or place, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the Company Merger and the other transactions contemplated by the Merger Agreement. For the reasons for this recommendation, see The Merger Recommendation of TSRE Board and Its Reasons for the Merger beginning on page 80.

TSRE Record Date; Who Can Vote at the TSRE Special Meeting

Only holders of record of TSRE common stock at the close of business on , 2015, the TSRE Record Date, are entitled to notice of, and to vote at, the TSRE special meeting and any adjournment or postponement of the TSRE special meeting. As of the TSRE Record Date, there were shares of TSRE common stock outstanding and entitled to vote at the TSRE special meeting, held by approximately stockholders of record.

Each share of TSRE common stock owned on TSRE s record date is entitled to one vote on each proposal at the TSRE special meeting.

Vote Required for Approval; Quorum

Approval of the proposal to approve the Company Merger and the other transactions contemplated by the Merger Agreement requires the affirmative vote of the holders of at least a majority of the outstanding shares of TSRE common stock entitled to vote on such proposal. Approval of the proposal to approve one or more adjournments of the TSRE special meeting to another date, time or place, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the Company Merger and the other transactions contemplated by the Merger Agreement each requires the affirmative vote of a majority of the votes cast on such proposal.

TSRE s bylaws provide that the presence in person or by proxy of stockholders entitled to cast a majority of all the votes entitled to be cast constitutes a quorum at a meeting of its stockholders. Shares that are voted and shares abstaining from voting are treated as being present at the TSRE special meeting for purposes of determining whether a quorum is present.

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Abstentions and Broker Non-Votes

Abstentions and broker non-votes, if any, will be counted in determining the presence of a quorum, but will have the same effect as votes cast **AGAINST** the proposal to approve the Company Merger and the other transactions contemplated by the Merger Agreement. However, abstentions and broker non-votes, if any, will have no effect on the proposal to approve one or more adjournments of the TSRE special meeting to another date, time or place, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the Company Merger and the other transactions contemplated by the Merger Agreement. Because there are no discretionary (or routine) matters to be voted on at the TSRE special meeting, TSRE does not expect to receive any broker non-votes.

Manner of Submitting Proxy

TSRE stockholders may submit their votes for or against the proposals submitted at the TSRE special meeting either in person or by proxy. TSRE stockholders may submit a proxy in the following ways:

Internet. TSRE stockholders may submit a proxy over the internet by going to the website listed on their proxy card or voting instruction card. Once at the website, they should follow the instructions to submit a proxy.

Telephone. TSRE stockholders may submit a proxy using the toll-free number listed on their proxy card or voting instruction card.

Mail. TSRE stockholders may submit a proxy by completing, signing, dating and returning their proxy card or voting instruction card in the preaddressed postage-paid envelope provided.

TSRE stockholders should refer to their proxy cards or the information forwarded by their broker or other nominee to see which options are available to them.

The internet and telephone proxy submission procedures are designed to authenticate stockholders and to allow them to confirm that their instructions have been properly recorded. If you submit a proxy over the internet or by telephone, then you need not return a written proxy card or voting instruction card by mail. The internet and telephone facilities available to record holders will close at Eastern Time on , 2015.

The method by which TSRE stockholders submit a proxy will in no way limit their right to vote at the TSRE special meeting if they later decide to attend the TSRE special meeting and vote in person. If shares of TSRE common stock are held in the name of a broker or other nominee, TSRE stockholders must obtain a proxy, executed in their favor, from the broker or other nominee, to be able to vote in person at the TSRE special meeting.

All shares of TSRE common stock entitled to vote and represented by properly completed proxies received prior to the TSRE special meeting, and not revoked, will be voted at the TSRE special meeting as instructed on the proxies. **If TSRE stockholders of record return properly executed proxies but do not indicate how their shares of TSRE common stock should be voted on a proposal, the shares of TSRE common stock represented by their properly executed proxy will be voted as the TSRE Board recommends and therefore, FOR the proposal to approve the Company Merger and the other transactions contemplated by the Merger Agreement and FOR the proposal to approve one or more adjournments of the TSRE special meeting to another date, time or place, if necessary or**

appropriate, to solicit additional proxies in favor of the proposal to approve the Company Merger and the other transactions contemplated by the Merger Agreement. If a TSRE stockholder does not provide voting instructions to their broker or other nominee, it will have the same effect as a vote cast **AGAINST** the proposal to approve the Company Merger and the other transactions contemplated by the Merger Agreement and will have no effect on the proposal to approve one or more adjournments of the TSRE special meeting to another date, time or place, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the Company Merger and the other transactions contemplated by the Merger Agreement.

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Shares Held in Street Name

If TSRE stockholders hold shares of TSRE common stock in an account of a broker or other nominee and they wish to vote such shares, they must return their voting instructions to the broker or other nominee.

If TSRE stockholders hold shares of TSRE common stock in an account of a broker or other nominee and attend the TSRE special meeting, they should bring a legal proxy from their broker or other nominee authorizing them to vote.

If a TSRE stockholder does not provide voting instructions to their broker or other nominee, it will have the same effect as a vote cast **AGAINST** the proposal to approve the Company Merger and the other transactions contemplated by the Merger Agreement and will have no effect on the proposal to approve one or more adjournments of the TSRE special meeting to another date, time or place, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the Company Merger and the other transactions contemplated by the Merger Agreement.

Revocation of Proxies or Voting Instructions

TSRE stockholders of record may change their vote or revoke their proxy at any time before it is exercised at the TSRE special meeting by:

- submitting notice in writing to TSRE s Corporate Secretary at Trade Street Residential, Inc., 19950 West Country Club Drive, Aventura, Florida 33180, Attn: Secretary that you are revoking your proxy;
- executing and delivering a later-dated proxy card or submitting a later-dated proxy by telephone or on the internet; or
- voting in person at the TSRE special meeting.

Attending the TSRE Special Meeting Without Voting Will Not Revoke Your Proxy.

TSRE stockholders who hold shares of TSRE common stock in an account of a broker or other nominee may revoke their voting instructions by following the instructions provided by their broker or other nominee.

Tabulation of Votes

TSRE will appoint an Inspector of Election for the TSRE special meeting to tabulate affirmative and negative votes and abstentions.

Solicitation of Proxies

The solicitation of proxies from TSRE stockholders is made on behalf of the TSRE Board. TSRE will pay the cost of soliciting proxies from TSRE stockholders. Directors, officers and employees of TSRE may solicit proxies on behalf of TSRE in person or by telephone, facsimile or other means, but will not receive any additional compensation for doing so. TSRE has not engaged a third-party proxy solicitor to assist in the solicitation of proxies for the TSRE special meeting.

In accordance with the regulations of the SEC and NASDAQ, TSRE also will reimburse brokerage firms and other custodians, nominees and fiduciaries for their expenses incurred in sending proxies and proxy materials to beneficial owners of shares of TSRE common stock.

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PROPOSALS SUBMITTED TO TSRE STOCKHOLDERS

Company Merger Proposal

(Proposal 1 on the TSRE Proxy Card)

TSRE stockholders are asked to approve the Company Merger and the other transactions contemplated by the Merger Agreement. For a summary and detailed information regarding this proposal to approve the Company Merger and the other transactions contemplated by the Merger Agreement, see the information about the Merger Agreement and the Merger throughout this joint proxy statement/prospectus, including the information set forth in sections entitled The Merger beginning on page 64 and The Merger Agreement beginning on page 108. A copy of the Merger Agreement is attached as Annex A to this joint proxy statement/prospectus.

Pursuant to the Merger Agreement, approval of this proposal is a condition to the closing of the Merger. If the proposal is not approved, the Merger will not be completed even if the other proposals related to the Merger are approved.

TSRE is requesting that TSRE stockholders approve the Company Merger and the other transactions contemplated by the Merger Agreement. Approval of the proposal to approve the Company Merger and the other transactions contemplated by the Merger Agreement requires the affirmative vote of the holders of at least a majority of the outstanding shares of TSRE common stock entitled to vote on such proposal.

Recommendation of the TSRE Board

The TSRE Board has (i) determined that the Merger, the Merger Agreement, and the other transactions contemplated thereby, are advisable and in the best interests of TSRE and its stockholders, and (ii) approved the Merger Agreement and authorized the performance by TSRE thereunder. The TSRE Board recommends that TSRE stockholders vote FOR the proposal to approve the Company Merger and the other transactions contemplated by the Merger Agreement.

TSRE Adjournment Proposal

(Proposal 2 on the TSRE Proxy Card)

The TSRE special meeting may be adjourned one or more times to another date, time or place, if necessary or appropriate, to permit, among other things, further solicitation of proxies, if necessary or appropriate, to obtain additional votes in favor of the proposal to approve the Company Merger and the other transactions contemplated by the Merger Agreement.

If, at the TSRE special meeting, the number of shares of TSRE common stock present or represented by proxy and voting in favor of the Company Merger proposal is insufficient to approve the proposal to approve the Company Merger and the other transactions contemplated by the Merger Agreement, TSRE intends to move to adjourn the TSRE special meeting in order to enable the TSRE Board to solicit additional proxies for approval of the proposal.

TSRE is requesting that TSRE stockholders approve one or more adjournments of the TSRE special meeting, to another date, time or place, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the Company Merger and the other transactions contemplated by the Merger Agreement. Approval of this proposal requires the affirmative vote of a majority of the votes cast at the TSRE special meeting.

Recommendation of the TSRE Board

The TSRE Board recommends that TSRE stockholders vote FOR the proposal to approve one or more adjournments of the TSRE special meeting to another date, time or place, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the Company Merger and the other transactions contemplated by the Merger Agreement.

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Other Business

At this time, TSRE does not intend to bring any other matters before the TSRE special meeting, and TSRE does not know of any matters to be brought before the TSRE special meeting by others. If, however, any other matters properly come before the TSRE special meeting, the persons named in the enclosed proxy, or their duly constituted substitutes, acting at the TSRE special meeting or any adjournment or postponement thereof will be deemed authorized to vote the shares represented thereby in accordance with the discretion of such persons or such substitutes on any such matter.

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THE MERGER

The following is a description of the material aspects of the Merger. While IRT and TSRE believe that the following description covers the material terms of the Merger, the description may not contain all of the information that is important to IRT stockholders and TSRE stockholders and is qualified in its entirety by reference to the Merger Agreement attached to this joint proxy statement/prospectus. IRT and TSRE encourage IRT stockholders and TSRE stockholders to carefully read this entire joint proxy statement/prospectus, including the Merger Agreement and the other documents attached to this joint proxy statement/prospectus and incorporated herein by reference, for a more complete understanding of the Merger.

General

The IRT Board has unanimously declared advisable, and unanimously approved, the Merger Agreement, the Merger and the other transactions contemplated by the Merger Agreement. The TSRE Board has declared advisable and approved the Merger Agreement and authorized the performance by TSRE thereunder. Pursuant to the Merger Agreement, (i) OP Merger Sub will be merged into TSR OP at the effective time of the Partnership Merger, with TSR OP continuing as the surviving entity, and (ii) TSRE will be merged into IRT LP LLC at the effective time of the Company Merger, with IRT LP LLC continuing as the surviving entity and a wholly-owned subsidiary of IRT As a result of the Merger, TSRE stockholders and holders of TSR OP Units will receive the Merger Consideration described below under The Merger Agreement Merger Consideration; Effects of the Merger. Upon the closing of the Merger, IROP will own all of the limited partnership interests in TSR OP and IRT LP LLC will own the general partnership interest in TSR OP. Immediately following the consummation of the Merger, IRT will cause TSR OP to become a wholly-owned subsidiary of IROP.

Background of the Merger

TSRE was created out of Feldman Mall Properties, Inc. (Feldman), a regional mall REIT formed through an initial public offering and related formation transaction in 2004 that lost substantially all of its properties to foreclosure or distressed sale during the financial crisis. In June 2012, two separate funds contributed to Feldman thirteen apartment communities and four parcels of land capable of development in exchange for common stock representing approximately 97.0% of the outstanding common stock of Feldman. At that time, Feldman was re-named Trade Street Residential, Inc.

TSRE consummated its initial public offering in May 2013 and utilized the net proceeds from the offering to fund the acquisition of additional apartment communities. In January 2014, TSRE consummated a public rights offering and sale of $150.0 million of shares of its common stock, the net proceeds from which were used to pay the purchase price for additional acquired apartment communities. The rights offering was backstopped by Senator, and Senator acquired approximately 9.3 million shares of TSRE common stock, or approximately 25.6% of TSRE common stock outstanding after the rights offering. In addition, in the rights offering Monarch, acquired approximately 8.5 million shares of TSRE common stock, representing approximately 23.2% of TSRE common stock outstanding immediately after the rights offering. In exchange for its agreement to backstop the rights offering, Senator was granted the right to designate two members of the TSRE Board. Following the rights offering in January 2014, Senator designated two individuals to serve on the TSRE Board, and in February 2014 a representative of Monarch was appointed to the TSRE Board to fill a vacancy created by a director resignation.

In May 2014, at the regular quarterly meeting of the TSRE Board, TSRE s then Chief Investment Officer informed the TSRE Board that in his opinion TSRE would be unlikely to find apartment communities to acquire that meet TSRE s investment criteria and are also accretive to stockholders. The TSRE Board discussed the fact that as a

micro-capitalization REIT with a fixed cost structure designed for a substantially larger company, TSRE s blended cost of capital would likely remain above the 5.5% to 6.0% capitalization rates represented by the newer apartment communities that TSRE sought to acquire. In June 2014, the TSRE Board decided to retain an investment banking firm to assist the TSRE Board in evaluating TSRE s strategic alternatives for maximizing stockholder value.

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On June 19, 2014, following interviews with multiple investment banking firms that have experience in the REIT industry, TSRE executed an engagement letter with J.P. Morgan to act as a financial advisor to the TSRE Board in its evaluation of strategic alternatives to maximize stockholder value, and J.P. Morgan was authorized to approach, on a confidential basis, a limited number of multifamily companies who were most likely to be interested in some form of strategic transaction with TSRE.

Between July 1, 2014 and July 18, 2014, TSRE entered into confidentiality agreements with IRT, one other publicly-traded interested party (the Second Interested Party), and two other private multifamily companies. The TSRE Board, after consultation with J.P. Morgan, believed the foregoing companies would be the parties most interested in a business combination with TSRE. TSRE provided certain non-public information to each of those parties after July 18, 2014. Between July 18, 2014 and July 25, 2014, each of the foregoing companies provided verbal non-binding indications of interest in pursuing a business combination transaction with TSRE. During that period, IRT indicated that it would be interested in pursuing an all-cash business combination transaction with TSRE at a price per share of TSRE s outstanding common stock of $8.25, subject to additional due diligence. The Second Interested Party indicated that it would be interested in pursuing an all-stock business combination transaction with TSRE at a price per share of TSRE s outstanding common stock in the range of $8.00 and $8.25. The two private multifamily companies indicated an interest in pursuing an all-cash business combination transaction with TSRE at a price per share of TSRE s outstanding common stock in the range of $7.25 to $7.50 per share. The TSRE Board determined that the prices indicated by the two private multifamily companies were, at that time, below a level acceptable to justify additional discussions.

The IRT Board held a telephonic meeting on July 31, 2014, at which IRT s management described the status of IRT s proposal to acquire TSRE to the IRT Board.

Between August 1, 2014 and August 8, 2014, TSRE and its advisors held discussions with each of IRT and the Second Interested Party regarding the price and structure of a potential business combination transaction. On August 8, 2014, both IRT and the Second Interested Party provided TSRE with non-binding verbal indications of interest in pursuing a business combination with TSRE. The revised non-binding price per share of TSRE s outstanding common stock at which both IRT and the Second Interested Party indicated they would be willing to effect a business combination was $8.25; however, the proposed transaction structures were different. The Second Interested Party indicated its desire to pursue an all-stock merger transaction with TSRE at a fixed exchange ratio with a pricing collar, while IRT indicated its desire to pursue an all-cash transaction with TSRE contingent on raising additional equity capital and obtaining debt refinancing commitments. Both IRT and the Second Interested Party indicated the prices they were respectively willing to pay were conditioned on TSRE s completion of a pipeline portfolio acquisition of newly-developed apartment communities for which TSRE had obtained acquisition letters of intent.

On August 12, 2014, the TSRE Board held its regular quarterly meeting with management, J.P. Morgan and Morrison & Foerster LLP, TSRE s legal advisor (Morrison & Foerster). Representatives of J.P. Morgan presented preliminary financial analysis and described the non-binding verbal indications of interests received to date and the various communications that had occurred with each of IRT and the Second Interested Party. J.P. Morgan also presented the various strategic alternatives available to TSRE, as well as the potential execution risk associated with each alternative. After deliberations, the TSRE Board instructed J.P. Morgan to communicate with both IRT and the Second Interested Party that their indicated prices per share were less than the price that the TSRE Board believed would be acceptable to TSRE stockholders under current market conditions. In addition, J.P. Morgan was also instructed to communicate with IRT that IRT s lack of committed financing placed it at a competitive disadvantage to the Second Interested Party with respect to a prospective business combination transaction with TSRE and encouraged IRT to secure a committed financing package in the near term.

On August 13, 2014, J.P. Morgan, on behalf of TSRE, had a telephone conversation with the management team of the Second Interested Party during which J.P. Morgan communicated the view of the TSRE Board that the proposed price per share from the Second Interested Party was inadequate. Subsequent to that telephone

conversation, representatives of the Second Interested Party informed TSRE and its advisors that, based on its further due diligence review of TSRE s assets, the costs of repaying certain TSRE debt, and market conditions generally, it may be interested in pursuing a business combination transaction with TSRE at a price per share of TSRE s outstanding common stock of $7.62.

On August 18, 2014, J.P. Morgan, on behalf of TSRE, had a telephone conversation with certain members of the senior management team of IRT. On August 21, 2014, IRT, through its financial advisor, Deutsche Bank, communicated that its non-binding indication of interest was withdrawn and it was no longer interested in pursuing a business combination transaction with TSRE.

On October 6, 2014, the Second Interested Party informed TSRE and its advisors that it was no longer interested in a business combination with TSRE at any price.

On October 13, 2014, the TSRE Board held a telephonic special meeting during which the TSRE Board discussed the results of the strategic alternative review process. After a discussion of the results of the process, the TSRE Board agreed to reconvene in a few weeks to consider launching a formal, public and expanded process of evaluating all strategic alternatives.

On October 30, 2014, the TSRE Board held a special meeting in New York City to review TSRE s current capital, operating and strategic position and to consider the continuation of exploration of strategic alternatives to maximize stockholder value. At the beginning of the meeting, a representative of Morrison & Foerster advised the members of the TSRE Board of their individual duties as directors of a Maryland corporation under Maryland law. J.P. Morgan made a preliminary presentation to the TSRE Board regarding (i) current multifamily REIT market fundamentals, (ii) a preliminary valuation of TSRE, (iii) the range of strategic alternatives to maximize stockholder value that might be available to TSRE, and (iv) an extensive list of parties that might have an interest in pursuing a transaction with TSRE designed to enhance stockholder value. The TSRE Board held a discussion about the following strategic alternatives (a) remaining an independent public company, (b) the potential sale of all or a significant portion of common stock in the company currently owned by Senator and Monarch and thereafter remaining an independent public company, (c) the potential merger or sale of 100% of the outstanding common stock of TSRE, (d) the reverse merger of TSRE with a larger and better capitalized REIT, and (e) the sale of all of TSRE s assets pursuant to a plan of liquidation. Following J.P. Morgan s presentation and the discussion, the TSRE Board unanimously agreed to continue its engagement of J.P. Morgan as TSRE s financial advisor, to authorize J.P. Morgan to approach a broad range of potentially interested parties to a strategic transaction and to publicly announce that the TSRE Board had unanimously decided to engage in a process to evaluate strategic alternatives to maximize stockholder value.

On November 3, 2014, TSRE publicly announced that the TSRE Board had begun a review of strategic alternatives to enhance stockholder value, which could include (among other alternatives) a sale, merger, acquisition or other form of business combination, a sale or acquisition of assets and a debt or equity recapitalization. TSRE also publicly announced that it had engaged J.P. Morgan as its financial advisor and Morrison & Foerster as its legal advisor in connection with such review.

Between November 3, 2014 and December 10, 2014, J.P. Morgan, working with Morrison & Foerster and Richard H. Ross, TSRE s chief executive officer, contacted 107 parties who J.P. Morgan believed might be interested in pursuing a strategic transaction with TSRE. Of those parties contacted, 47 parties executed a Non-Disclosure and Standstill Agreement (each, an NDA) with TSRE to facilitate confidential discussions regarding a potential transaction and to provide access to certain confidential information.

On December 10, 2014, the TSRE Board held a special telephonic meeting to receive an update regarding the initial phase of the TSRE Board process of reviewing strategic alternatives. Representatives from J.P. Morgan and Morrison & Foerster described the initial phase of the process, including (i) the negotiation and execution of NDAs with 47 parties, (ii) the process of providing certain confidential information to interested parties by means

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of a virtual data room and the volume of activity by interested parties in the virtual data room, (iii) feedback received from potential interested parties who had not submitted an indication of interest in pursuing a transaction, and (iv) the contents of the written indications of interest received from 11 separate interested parties.

As part of its presentation, J.P. Morgan reported the details of the 11 preliminary written non-binding indications of interest in pursuing a strategic transaction with TSRE. The proposed transaction structures included the merger or acquisition of 100% of TSRE s outstanding common stock, acquisition of 100% of the assets of TSRE, acquisition of 75% of TSRE s outstanding common stock, and reverse merger of an existing multifamily company into TSRE. Neither IRT nor the Second Interested Party submitted an indication of interest despite being invited to do so. The indicated prices per share of TSRE s outstanding common stock (or implied prices per share with respect to Companies 8 through 11, all of whom proposed asset purchases) contained in the written non-binding indications of interest were:

Company 1 $8.66 to $9.41

Company 2 $8.14

Company 3 $7.75

Company 4 $7.50 to $7.75

Company 5 $7.61

Company 6 $7.25

Company 7 $7.00

Company 8 $7.96

Company 9 $6.69

Company 10 $4.78

Company 11 $4.50

Members of the TSRE Board asked the J.P. Morgan representatives a number of questions regarding the reasons why certain parties did not submit indications of interest and regarding certain specific matters set forth in the indications of interest from those interested parties who submitted written indications of interest. It was noted that both Company

1 and Company 2 had proposed a transaction that would result in TSRE remaining in existence as a public company with less than 100% of TSRE s outstanding common stock being acquired by the interested party in the proposed transaction. Members of the TSRE Board asked the J.P. Morgan and Morrison & Foerster representatives several questions regarding the relative benefits to TSRE s stockholders and to Company 1 or Company 2 if less than 100% of TSRE s outstanding common stock was acquired in a transaction and existing TSRE stockholders retained a significant minority of TSRE s outstanding common stock that continued to be listed on the NASDAQ Global Market.

Following a discussion, the TSRE Board (i) instructed J.P. Morgan to make inquiries of Company 1 and Company 2 regarding their intentions for TSRE as a public company following a transaction and (ii) asked J.P. Morgan to develop a preliminary view regarding (a) the ongoing valuation of TSRE as a standalone controlled public company following such transaction and (b) the anticipated trading volume or other liquidity with respect to TSRE s common stock following such transaction.

On December 12, 2014, the TSRE Board held a special telephonic meeting to receive an update regarding conversations with Company 1 and Company 2 about the questions posed by the TSRE Board at the December 10, 2014 special meeting and to define the process for the next phase of the TSRE Board s review of strategic alternatives for maximizing stockholder value. J.P. Morgan reported that Company 1 had indicated it was willing to acquire 100% of TSRE s outstanding common stock, but that the offer price per share of TSRE s

outstanding common stock previously indicated by Company 1 would be lower in such event. J.P. Morgan reported that Company 2 was unwilling to consider anything other than a transaction pursuant to which 25% of TSRE s outstanding common stock remained outstanding and listed on the NASDAQ Global Market. The TSRE Board then held a discussion regarding the relative merits of the indications of interest received by TSRE and the potential risks posed by any transaction in which less than 100% of TSRE s outstanding common stock was acquired and TSRE remained in existence as a public company.

Following the discussion, the TSRE Board agreed to move forward with Phase 2 of its evaluation of strategic alternatives to maximize stockholder value. The TSRE Board instructed J.P. Morgan to inform Company 1 and Company 2 that each of them was invited to participate in Phase 2 of the process of evaluating strategic alternatives and to instruct Company 3, Company 4, Company 5, Company 6, Company 7 and Company 8 that they could participate if they were able to increase their indicated price per share for TSRE s outstanding common stock. Furthermore, in the case of Company 4, they were asked to consider an all-cash, fully financed offer and, in the case of Company 8, they were asked to structure their offer as a purchase of 100% of TSRE s outstanding common stock, rather than their contemplated acquisition of TSRE s assets.

Between December 12, 2014 and December 15, 2014, representatives of J.P. Morgan held numerous telephone conversations with each of the parties that had submitted an indication of interest following which Company 1, Company 2 and Company 3 were invited to review a broader range of confidential materials about TSRE, conduct site visits and schedule interviews with Mr. Ross and other members of TSRE management.

On December 16, 2014, TSRE received an indication of interest from a private REIT that owned a large number of apartment communities (the Private REIT). The Private REIT proposed a reverse merger transaction that provided no cash or other liquidity to TSRE s stockholders. In addition, the Private REIT s proposed transaction structure was complex, difficult to evaluate, appeared on its face to provide a lower price per share for TSRE s outstanding common stock than the other alternatives and was inconsistent with the alternatives that the TSRE Board considered in evaluating potential alternatives. Accordingly, no further dialogue occurred with the Private REIT at that time.

On December 16, 2014, Company 8 informed TSRE that it was willing to pursue an acquisition of 100% of TSRE s outstanding common stock at a price per share in excess of that indicated in its initial indication of interest. After informing the TSRE Board and receiving permission from the chairman of the TSRE Board and Mr. Ross, Company 8 was formally invited to participate in Phase 2 of the process.

On December 23, 2014, Company 1, who had presented the highest indicated price per share for TSRE s outstanding common stock of all of the interested parties, contacted TSRE to inform it that Company 1 was no longer interested in a transaction to acquire all of TSRE s outstanding common stock but would be interested in acquiring certain of TSRE s assets. In response, TSRE requested that Company 1 send a revised proposal at their earliest convenience. On or about January 6, 2015, Company 1 revised their indicated price per share for TSRE s outstanding common stock to $6.97 per share, but indicated that its financing situation was uncertain. Following this exchange, TSRE terminated discussions with Company 1.

On January 13, 2015, the TSRE Board held an informal call with J.P. Morgan, Morrison & Foerster, and management to receive an update on a report from J.P. Morgan regarding the status of the due diligence process being conducted by interested parties and the timing for obtaining best and final offers. J.P. Morgan reported that Company 1 had been removed from the process and Company 2, Company 3 and Company 8 continued to actively conduct due diligence. The TSRE Board gave instructions to send to Company 2, Company 3 and Company 8 a formal invitation to submit a best and final non-binding offer to acquire TSRE, which final non-binding offers would be due in February 2015.

On January 15 and 16, 2015, representatives of Company 2 and Company 3 met with Mr. Ross and other members of TSRE s management team to discuss TSRE s apartment communities and its financial condition and results of operations. Although invited to meet with TSRE s management team, Company 8 declined to do so.

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On January 21, 2015, Company 8 informed TSRE that Company 8 was not prepared to submit a final offer in excess of $7.25 per share of TSRE s outstanding common stock. TSRE advised Company 8 to continue its due diligence review and encouraged Company 8 to submit a written offer at the appointed time based on its additional due diligence.

On or about January 27, 2015, Company 2, Company 3 and Company 8 were provided a bid draft of a merger agreement prepared by Morrison & Foerster. Morrison & Foerster informed each interested party that it should submit a markup of the bid draft as well as a best and final non-binding bid for 100% of TSRE s outstanding common stock by February 10, 2015.

On February 10, 2015, the Company reported to the TSRE Board that J.P. Morgan had received no written bids and no markups of the bid draft of the merger agreement. During this time, Company 3 verbally indicated that its current view on value was approximately $6.50 per share.

On February 23, 2015, at the quarterly meeting of the TSRE Board, after being advised by Morrison & Foerster of their duties as directors of a Maryland corporation under Maryland law, the TSRE Board received an update from J.P. Morgan about the latest phase of the TSRE Board s strategic alternative review process, during which J.P. Morgan reported that no formal bids to acquire TSRE or markups of the bid draft of the merger agreement had been received and that Company 2 and Company 8 had formally withdrawn from the process. Company 3 continued to conduct due diligence, and two new parties had signed NDAs and had conducted some due diligence in the virtual data room, but had not made a formal proposal to acquire TSRE. The TSRE Board asked the J.P. Morgan representatives a number of questions regarding the reasons why certain parties did not submit indications of interest and feedback about TSRE that J.P. Morgan had received from the interested parties.

The TSRE Board instructed Mr. Ross and J.P. Morgan to begin evaluating certain alternatives to an all-cash transaction for 100% of TSRE s outstanding common stock, including the possibility of a debt recapitalization with a special dividend to TSRE s stockholders, the potential to recycle capital by selling non-strategic assets in non-core markets, and the possibility of a merger with Company 12, a publicly registered non-listed multifamily REIT who had not participated in the strategic alternative review process but had recently contacted members of the TSRE Board to express interest in a possible transaction. The TSRE Board held a discussion regarding remaining alternatives, including (i) a debt recapitalization with a special dividend to TSRE s stockholders, (ii) the sale of non-strategic assets in non-core markets and utilizing net proceeds to acquire new strategic assets, (iii) a merger with Company 12, and (iv) discussing with parties who had previously indicated an interest in a strategic transaction with TSRE, including IRT, possible alternative transaction structures to an all-cash purchase of 100% of TSRE s outstanding common stock. To streamline the review process, the TSRE Board appointed an ad hoc committee consisting of Mr. Ross, Mack D. Pridgen III, the chairman of the TSRE Board, and Michael Simanovsky, a member of the TSRE Board who was designated by Senator, to begin the process of contacting parties who might have an interest in different transaction structures and to report progress back to the TSRE Board.

Shortly after the February 23, 2015 meeting of the TSRE Board, representatives of J.P. Morgan and the ad hoc committee contacted Company 4, the Private REIT and another publicly registered non-listed multifamily company that had previously executed an NDA but had not submitted an indication of interest (Company 13), about their interest in a strategic transaction.

On March 4, 2015, the ad hoc committee members had a telephone conference with the chief executive officer of Company 13. On March 26, 2015, Mr. Ross provided Company 13 with additional due diligence materials regarding TSRE. On or about March 26, 2015, Company 13 communicated to Mr. Ross a verbal expression of interest in merging with TSRE at a valuation that reflected a premium to the likely fair market values of Company 13 s assets,

taken as a whole, and/or a discount to TSRE s net asset value. After consulting with the other members of the ad hoc committee and representatives of J.P. Morgan, Mr. Ross communicated to the chief executive officer of Company 13 that the TSRE Board was not interested in pursuing a merger transaction with Company 13 at the relative valuations proposed by Company 13.

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During the week of March 16, 2015, Company 4 contacted Mr. Ross and J.P. Morgan regarding a potential transaction. On March 24, 2015, Company 4 submitted a revised bid of $7.50 per share of TSRE s outstanding common stock, however the ad hoc committee expressed concerned regarding Company 4 s proposed method of financing the cash portion of the proposed transaction with TSRE and their ability to enter into a transaction without financing contingencies.

On March 24, 2015, the ad hoc committee members had a telephone conference with representatives of Company 12 regarding potential transaction structures, and Company 12 stated its intention to submit a proposal to TSRE. Company 12 never submitted a formal proposal.

On March 27 and 28, 2015, Mr. Ross, as authorized by the ad hoc committee, had discussions with a key executive of Company 7 regarding a potential transaction. Company 7 stated at the time that it was finalizing its evaluation and expected to submit a proposal to the TSRE Board. These discussions did not subsequently result in any submission of a proposal by Company 7.

On March 27 and 28, 2015, Mr. Ross, as authorized by the ad hoc committee, had several discussions with Mr. Sebra, the chief financial officer of IRT, providing him with additional due diligence information about TSRE.

On April 1, 2015, TSRE received a written non-binding proposal from IRT to acquire 100% of TSRE s outstanding common stock at a price of $7.60 per share payable 50% in cash and 50% in IRT common stock. IRT proposed a floating exchange ratio with a collar, with the number of shares of IRT common stock deliverable in the transaction to be determined based on a 20-day volume weighted average closing price (VWAP) of IRT common stock determined immediately prior to signing. The proposal did not mention financing and stated that it was submitted with the full support of IRT s senior management team and the chairman of the IRT Board.

On April 2, 2015, Mr. Ross and representatives of J.P. Morgan had a telephone conference with Mr. Sebra and representatives of Deutsche Bank during which Mr. Ross communicated the ad hoc committee s desire to gain a better understanding of IRT s proposed method of financing the cash portion of the proposed transaction with TSRE and enter into a transaction without financing contingencies. Mr. Ross also discussed with Mr. Sebra IRT s externally-managed structure, any internalization plans and other due diligence questions posed by both principals.

On April 3, 2015, Mr. Ross and representatives of J.P. Morgan had a telephone conference with Company 4 during which Mr. Ross communicated the ad hoc committee s desire to gain a better understanding of Company 4 s proposed method of financing the cash portion of the proposed transaction with TSRE and enter into a transaction without financing contingencies. Company 4 subsequently informed TSRE that it was unable to meet the ad hoc committee s request for entering into a transaction without financing contingencies, and TSRE terminated discussions with Company 4.

On April 7, 2015, Mr. Ross and representatives of J.P. Morgan had a telephone conference with Mr. Sebra and Farrell Ender, IRT s President. During the telephone conference, J.P. Morgan advocated the ad hoc committee s position that TSRE s stockholders would hold a meaningful percentage of the outstanding common stock of IRT after consummation of a transaction and that it would be appropriate for IRT to increase the size of the IRT Board by two persons and add two directors designated by the TSRE Board. J.P. Morgan also expressed to the IRT executives that the TSRE Board would require a definitive financing commitment sufficient to fund the cash portion of the consideration payable to TSRE s stockholders in any transaction.

The audit committee of the IRT Board held a telephonic meeting on April 9, 2015, at which IRT s management reviewed the discussions it was having with TSRE s management with respect to the proposed transaction.

The IRT Board held a telephonic meeting on April 13, 2015 to discuss the proposed merger with TSRE. At the meeting, Scott F. Schaeffer, IRT s Chairman of the Board and Chief Executive Officer, described the contemplated terms, conditions and timing of the proposed merger. Mr. Schaeffer also discussed the background

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of, alternatives to, and anticipated strategic benefits of the proposed the merger, including key assumptions underlying IRT s realization of these benefits, as well as the risks of the proposed merger. Following discussion regarding the proposed merger, Messrs. Schaeffer and Sebra addressed key financial metrics applicable to the proposed merger and various backstop financing alternatives and plans. After additional discussion, Mr. Schaeffer reviewed anticipated next steps and requested, on behalf of IRT s management, to provide TSRE with a confidential, non-binding proposal. The IRT Board unanimously approved the submission by IRT of a proposal to TSRE containing the terms described during the meeting and authorized IRT s management to continue its financial, legal and property due diligence and to proceed to negotiate terms of the proposed merger with TSRE and its representatives.

On April 13, 2015, IRT submitted a second written proposal that was identical in all material respects to its April 1, 2015 proposal except that it contained (i) a proposal that IRT expand the size of the IRT Board to seven and offer board seats to Mr. Pridgen and a highly qualified independent director mutually agreed upon by IRT and TSRE, (ii) IRT s disclosure of its expected financing sources and sources and uses of funds, and (iii) IRT s commitment to execute a definitive agreement and announce a transaction by May 6, 2015.

On April 14, 2015, the ad hoc committee and representatives of Morrison & Foerster and J.P. Morgan discussed the proposed terms in the April 13, 2015 IRT proposal. The ad hoc committee focused on the potential downside of a floating exchange ratio with a collar as proposed by IRT, the lack of a financing commitment for the cash portion of the acquisition consideration and IRT s lack of willingness to permit TSRE to designate both new directors on an expanded IRT Board. The ad hoc committee instructed representatives of J.P. Morgan to inform IRT (i) that any agreement providing for 50% stock consideration to TSRE s stockholders must include a termination right exercisable by the TSRE Board in the event of a substantial decrease in the price of IRT common stock between the signing of a definitive agreement and closing of the transaction and (ii) of TSRE s desire (a) to enter into a transaction without a financing contingency for the cash portion of the consideration and (b) for TSRE to have the ability to designate two new IRT board members.

On April 15, 2015, Mr. Ross and J.P. Morgan had a telephone conference with Messrs. Sebra and Ender and representatives of Deutsche Bank during which J.P. Morgan proposed that any agreement be terminable by TSRE in the event the 20-day VWAP of IRT common stock on the day before closing had declined by more than 15% from the 20-day VWAP of IRT common stock on the day before execution of the definitive agreement. J.P. Morgan also informed Messrs. Sebra and Ender that TSRE continued to desire a transaction without a financing contingency for the cash portion of the consideration, and for TSRE to have the ability to designate both new IRT board members.

On April 16, 2015, IRT submitted a new written proposal to TSRE proposing a price per share of TSRE s outstanding common stock of $7.60, payable 50% in cash and 50% in stock at a fixed exchange ratio per share determined by dividing $3.80 by the 20-day VWAP of IRT common stock on the day before execution of the definitive agreement. IRT proposed that any definitive agreement would be terminable by TSRE if any decline in the 20-day VWAP of IRT common stock, determined five days prior to closing the transaction, from the 20-day VWAP as of the time of execution of the definitive agreement was at least 15% greater than any decline over the same period in the MSCI US REIT Index (RMZ). IRT also proposed that if TSRE executed such termination right, TSRE would reimburse IRT for 100% of its transaction expenses up to $2.5 million and 50% of all transaction expenses in excess of $2.5 million, up to a cap of $5.0 million. IRT also proposed that it would execute a definitive agreement only if TSRE s largest stockholders, Senator and Monarch, executed definitive agreements to vote for the proposed transaction, and would open its data room for TSRE due diligence of IRT only after those stockholders signed a standstill agreement. The modified proposal eliminated the increase in the size of the IRT Board and TSRE s right to appoint new directors.

The TSRE Board held a special telephonic meeting on the afternoon of April 16, 2015 for the purpose of receiving an update from the ad hoc committee and representatives of J.P. Morgan regarding the status of the TSRE Board review

of strategic alternatives for maximizing stockholder value. Mr. Ross informed the TSRE

Board about the conversations and events occurring since the TSRE Board s last meeting and provided a detailed review of the proposals and counter-proposals shared with IRT. Mr. Ross discussed the written proposal received earlier that morning, which had been provided to members of the TSRE Board in advance of the telephonic meeting. The J.P. Morgan representatives informed the TSRE Board that shortly before the meeting, IRT, through Deutsche Bank, had requested a modification to the written proposal providing IRT with the option to increase the amount of cash consideration in the proposed transaction to as much as 60% of total consideration. The J.P. Morgan representatives then discussed with the TSRE Board the conformity of the IRT proposal with the terms of comparable transactions, noting that the termination right provided to TSRE upon a material decline in the price of IRT s common stock relative to the RMZ was beneficial to TSRE and its stockholders. The J.P. Morgan representatives also updated the TSRE Board on IRT s financing alternatives and plans with respect to funding the cash portion of the acquisition consideration and that Deutsche Bank had informed J.P. Morgan that IRT expected to have a commitment for a term loan and commitments to refinance certain of TSRE s first mortgage debt prior to executing a definitive agreement.

The TSRE Board then held a discussion regarding the IRT proposal, during which members of the TSRE Board asked numerous questions of Mr. Ross, the J.P. Morgan representatives and the Morrison & Foerster representative. The TSRE Board requested that J.P. Morgan request a further modification of the IRT proposal to reduce from 15% to 12.5% the percentage decline in the price of IRT common stock relative to the RMZ as a trigger for TSRE s termination right, to request a voting agreement from RAIT and to further discuss with IRT the potential nominees for the two new seats on the IRT Board.

Prior to taking any action, the TSRE Board discussed the fact that Nirmal Roy, one of the TSRE directors, was employed by a fund manager who had sizable positions in the common stock of both TSRE and IRT. The TSRE Board, in consultation with Morrison & Foerster and with the unqualified consent of Mr. Roy, determined that Mr. Roy would be recused from all votes by the TSRE Board and would generally not participate in deliberations regarding a potential transaction with IRT.

The TSRE Board, with Mr. Roy abstaining, authorized the ad hoc committee to continue negotiating terms with IRT, using the earlier proposal from IRT as a basis, and directed Morrison & Foerster to begin drafting a definitive merger agreement.

Immediately after the telephonic meeting of the TSRE Board, Mr. Ross and representatives of J.P. Morgan had a telephone conference with Mr. Sebra and Deutsche Bank to communicate the TSRE Board s proposed modifications to IRT s earlier proposal. A few hours later, IRT sent to TSRE a new written proposal identical to the one sent earlier in the day but proposing that IRT have the right to increase the amount of cash consideration to 60% of the total transaction consideration, with the election of the amount of cash occurring five days prior to closing. IRT rejected the request to lower from 15% to 12.5% the relative IRT stock price decline necessary to trigger TSRE s termination right. The ability of TSRE to designate two new members of the IRT Board was not addressed at that time.

On April 17, 2015, Mr. Ross met with Messrs. Sebra and Ender in IRT s office in Philadelphia, Pennsylvania to discuss diligence-related items in connection with the proposed merger.

Between April 17, 2015 and April 30, 2015, members of TSRE s management team and representatives of Morrison & Foerster conducted a due diligence review of IRT, and IRT s management team and representatives of Pepper Hamilton LLP (Pepper Hamilton), IRT s legal adviser, completed their due diligence review of TSRE, including a review of TSRE s debt obligations and the ability to prepay or refinance certain of those obligations.

On April 20, 2015, representatives of Morrison & Foerster provided to all parties an initial draft of an Agreement and Plan of Merger (the Proposed Merger Agreement). Under the Proposed Merger Agreement, IRT would acquire 100%

of TSRE s outstanding common stock and 100% of the outstanding TSR OP Units for a price of

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$7.60 per share, payable 50% to 60% in cash and 40% to 50% in either shares of IRT common stock (payable to holders of TSRE common stock) or IROP Units (payable to holders of TSR OP Units, other than TSRE and its subsidiaries). The Proposed Merger Agreement stated that the proposed Company Merger was intended to qualify as a reorganization under Section 368(a) of the Code for U.S. federal income tax purposes. In addition to the terms specified in the final IRT written proposal, including TSRE s termination right in the event of a disproportionate decline in the price of IRT s common stock between the execution of the merger agreement and closing, the Proposed Merger Agreement contained two terms that had not been discussed by the parties or covered in IRT s final written proposal: (i) a proposed termination fee of $12.0 million payable by TSRE if it terminated the merger agreement to pursue a superior transaction or the TSRE Board withdrew its recommendation and TSRE ultimately consummated a superior transaction; and (ii) a proposed reverse termination fee of $40.0 million if IRT failed to consummate the merger after all of the conditions to IRT s obligation to effect the merger had been satisfied. The Proposed Merger Agreement did not provide IRT with a financing contingency and permitted TSRE to seek specific performance as well as the reverse termination fee in the event IRT failed to close the transaction. The Proposed Merger Agreement also required the appointment of two new members of the IRT Board at the time of closing, whose names were not specified in the Proposed Merger Agreement. Finally, the Proposed Merger Agreement permitted TSRE to continue paying its regular quarterly dividend to stockholders.

The IRT Board held a telephonic meeting on April 24, 2015. At this meeting, a representative of Deutsche Bank provided the IRT Board with an update on the status of the proposed merger, including a discussion of the key terms of a non-binding term sheet for the proposed merger, and reviewed certain preliminary financial information relating to TSRE with the IRT Board. In addition, IRT s management provided the IRT Board with an overview of its duties under Maryland law, as well as an update on various backstop financing alternatives for the proposed merger.

On April 27, 2015, Pepper Hamilton, on behalf of IRT, distributed to TSRE, J.P. Morgan and Morrison & Foerster a markup of the Proposed Merger Agreement. In addition to proposed language changes involving the structure of the proposed Company Merger as a reorganization under Section 368(a) of the Code for U.S. federal income tax purposes, the IRT markup of the Proposed Merger Agreement proposed certain financing conditions to closing, sought IRT s ability to terminate the merger agreement if such financing conditions were not met without the payment of a reverse termination fee and proposed a reduction of both TSRE s termination fee and IRT s reverse termination fee to $9.0 million. IRT also requested that Senator and Monarch execute lockup agreements precluding their selling of shares of IRT common stock above certain volume limitations for 180 days after consummation of the merger.

On April 30, 2015, the TSRE Board held its quarterly meeting. During the meeting, representatives of J.P. Morgan provided the TSRE Board with a summary of the strategic alternative review process from June 2, 2014 through the receipt of the final IRT written proposal on April 16, 2015, including a summary of declines in indicated prices (or withdrawals from the process, in the case of Company 2) as interested parties continued to evaluate TSRE and its assets during the due diligence phase of the process, as well as information regarding reasons why certain parties declined to make definitive proposals to acquire TSRE. The J.P. Morgan representatives then summarized the IRT proposal, which had been assimilated into the Proposed Merger Agreement circulated by Morrison & Foerster, and presented an updated preliminary financial analysis that addressed financial ramifications of the proposed merger to TSRE s stockholders. The TSRE Board asked representatives of J.P. Morgan and Morrison & Foerster a number of questions regarding their analysis and IRT s ability to finance the cash portion of the merger consideration. The TSRE Board directed J.P. Morgan and the ad hoc committee to continue to request the ability to designate two new members of the IRT Board at the time of closing of the Merger.

On April 30, 2015, representatives of Morrison & Foerster delivered to Pepper Hamilton, IRT and Deutsche Bank an issues list with respect to the Proposed Merger Agreement (the Issues List). On the morning of May 1, 2015, representatives of Morrison & Foerster, Pepper Hamilton, J.P. Morgan and Deutsche Bank held a

conference call to discuss the Issues List, during which call the parties discussed changes to certain representations, warranties, covenants and conditions, and all parties discussed certain remaining business issues.

On May 4, 2015, the TSRE Board held a special meeting in New York City during which Messrs. Schaeffer, Ender and Sebra, comprising the entire senior management team of IRT, made a presentation to the TSRE Board about IRT, its apartment communities, its growth plans and strategy, its management structure, which included a discussion of a proposed change in the external management fee paid by IRT from an asset based fee to an equity based fee, its capital plans and its rationale behind pursuing a business combination with TSRE. Members of the TSRE Board asked the IRT management team a number of questions about the condition of their apartment communities, their financing plans and their capital expenditure needs. Following the departure of the IRT management team, the TSRE Board held a general discussion about the IRT management team and the information they had gathered during the meeting and agreed, with Mr. Roy abstaining, to continue pursuit of a merger transaction with IRT.

The IRT Board held a telephonic meeting on May 4, 2015. At this meeting, IRT s management provided the IRT Board with an update on the status of the proposed merger. A representative of Deutsche Bank then provided an update on the status of the negotiations of the terms of the proposed merger and a report on activity and pricing developments with respect to IRT common stock. After discussions with management and Deutsche Bank regarding the effect such pricing developments may have on the proposed merger, the IRT Board determined that IRT needed to renegotiate with TSRE the reference price per share for the purpose of calculating the exchange ratio for the stock portion of the consideration to be paid by IRT in the merger.

Early in the afternoon on May 5, 2015, after two trading days of significant declines in the price of IRT common stock on heavy trading volume, Mr. Schaeffer informed Mr. Ross that IRT would have difficulty proceeding with a merger transaction under the proposed structure given the material decline in IRT s common stock trading price. Mr. Schaeffer suggested that a reference price for fixing the exchange ratio for the IRT stock portion of the merger consideration be $9.40 per share, which was IRT s trading price at the time discussions commenced with TSRE in April. TSRE s ad hoc committee, joined by representatives of J.P. Morgan and Morrison & Foerster, held a telephone conference later that afternoon and authorized J.P. Morgan and Mr. Ross to propose to IRT that the exchange ratio on the portion of the merger consideration payable in stock be based on a fixed price of $9.00 per share of IRT common stock, rather than the 20-day VWAP upon which the parties had tentatively agreed to base the exchange ratio, provided that IRT would agree to (i) remove all financing conditions, (ii) pay a $25.0 million reverse termination fee in the event IRT terminated the merger agreement or failed to consummate the merger after all of the conditions to IRT s obligation to effect the merger had been satisfied, (iii) permit TSRE to terminate the merger agreement if the Company Merger failed to qualify as a reorganization under Section 368(a) of the Code for U.S. federal income tax purposes, (iv) add Messrs. Pridgen and Ross to the IRT Board at the time of closing of the merger, (v) reduce the lockup periods for Senator and Monarch to 90 days and facilitate block trades for Senator and Monarch during the period of their lockup agreements, (vi) change IRT s external management fee structure based on IRT s proposal to an equity based fee from an asset based fee, and (vii) request that RAIT participate at its current ownership level in any equity offering by IRT to raise funding for the merger. In addition, IRT was informed that TSRE would not execute a definitive merger agreement until IRT had procured commitments that, in the judgment of the TSRE Board and representatives of, J.P. Morgan and Morrison & Foerster, provided cash financing sufficient to consummate the merger. Mr. Ross and J.P. Morgan conveyed that proposal to Mr. Schaeffer and Deutsche Bank during the evening of May 5, 2015.

Between May 6, 2015 and the evening of May 7, 2015, Messrs. Ross and Schaeffer had several telephone conferences regarding the reference price per share of IRT common stock upon which the exchange ratio would be fixed. Mr. Ross continued to insist on a $9.00 per share reference price, while Mr. Schaeffer continued to advocate a $9.40 per share reference price. Representatives of Deutsche Bank informed representatives of J.P. Morgan that IRT agreed to remove all financing conditions, pay a $25.0 million reverse termination fee in the event IRT terminated the merger agreement

or failed to consummate the merger after all of the conditions to IRT s obligation to effect the merger had been satisfied, permit TSRE to terminate the merger agreement if the

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Company Merger failed to qualify as a reorganization under Section 368(a) of the Code for U.S. federal income tax purposes, add Messrs. Pridgen and Ross to the IRT Board, facilitate block trades by Senator and Monarch during any lockup period, use its best efforts to induce RAIT to participate in any equity offering by IRT to raise capital to fund the cash portion of the merger consideration and approach the Advisor to amend the advisory fees payable by IRT pursuant to the advisory agreement to 1.5% of IRT equity as opposed to 0.75% of total IRT assets.

The IRT Board held a telephonic meeting on May 7, 2015, at which IRT s management and representatives of Deutsche Bank provided the IRT Board with an update on the status of the proposed merger and various backstop financing alternatives for the merger. This status update included a review of the terms of the proposed merger that were being negotiated, including (i) the exchange ratio, (ii) TSRE s ability to make distributions to its stockholders prior to the closing of the Merger, (iii) board seats for TSRE designees, (iv) any reverse termination fee payable by IRT, (v) the consequences if the Company Merger failed to qualify as a reorganization under Section 368(a) of the Code and as a result the consideration to be received by TSRE s stockholders in the proposed merger were to be fully taxable, (vi) the terms of the lock-up agreements with Senator and Monarch, and (vii) whether RAIT would participate in any equity raise by IRT used to finance the proposed merger. Following the status update, the IRT Board authorized IRT s management to conduct negotiations to set the reference price per share for the purpose of calculating the exchange ratio.

On the morning of May 8, 2015, representatives of J.P. Morgan and Deutsche Bank held another call to discuss the reference price per share of IRT common stock to be used to fix the exchange ratio for the IRT stock portion of the merger consideration and discussed a compromise of $9.25 per share of IRT common stock. In the early afternoon on May 8, representatives of Deutsche Bank informed representatives of J.P. Morgan that IRT would agree to a reference price per share of $9.25 for the purpose of calculating the exchange ratio.

During the afternoon of May 8, 2015, the TSRE Board held a special telephonic meeting to hear a report from the ad hoc committee and representatives of J.P. Morgan and Morrison & Foerster regarding the discussions between the parties since May 4, 2015. Mr. Ross and the J.P. Morgan representatives described the decline in IRT s stock price on heavy trading volume on May 4, 2015 and May 5, 2015 and the subsequent communication by IRT to TSRE that it would not pursue a transaction where the exchange ratio for the stock consideration deliverable in the merger was based on a 20-day VWAP. Mr. Ross and J.P. Morgan described the negotiations that had occurred since IRT had delivered that message and the current IRT proposal. After a detailed discussion, the TSRE Board, with Mr. Roy abstaining, authorized Mr. Ross and Morrison & Foerster to finalize the merger agreement for consideration by the TSRE Board at a special meeting to be held the evening of May 10, 2015.

Late in the afternoon on May 8, 2015, representatives of Morrison & Foerster, on behalf of TSRE, delivered to IRT, Pepper Hamilton and Deutsche Bank a new draft of the Proposed Merger Agreement. Between the time such draft was distributed and late afternoon on May 10, 2015, representatives of Morrison & Foerster and Pepper Hamilton negotiated the language in the new draft of the Proposed Merger Agreement. In addition, Mr. Ross and representatives of J.P. Morgan and Morrison & Foerster had several discussions with IRT, Pepper Hamilton and Deutsche Bank regarding IRT s financing commitment, the status of certain TSRE indebtedness and the ability of IRT to consummate the merger under the existing financing commitment and in light of certain restrictive provisions in certain debt agreements with respect to certain of TSRE s apartment communities. In the afternoon of May 10, 2015, the ad hoc committee had a telephone conference, attended by representatives of Morrison & Foerster and representatives of J.P. Morgan, including representatives with substantial expertise in the commercial mortgage-backed securities market, during which the ad hoc committee discussed the likelihood that the IRT financing commitment would provide adequate funding to consummate the merger and that two of TSRE s mortgage loan providers would permit the assumption by IRT of certain indebtedness secured by certain of TSRE s apartment communities. The ad hoc committee was satisfied that the IRT financing commitment was sufficient to provide the funding required by IRT to

consummate the merger and that TSRE s lenders were likely to accommodate IRT s acquisition of TSRE.

A telephonic special meeting of the IRT Board was held on May 10, 2015 beginning at approximately 8:00 p.m. EDT. All members of IRT s Board were present at the meeting. Members of IRT s management were present,

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along with representatives of Deutsche Bank, Pepper Hamilton and Duane Morris LLP (Duane Morris), IRT s Maryland counsel. Prior to the meeting, the members of the IRT Board were provided with the latest draft of the Proposed Merger Agreement, a summary of the principal terms of the latest draft of the Proposed Merger Agreement, and a presentation prepared by representatives of Deutsche Bank regarding its financial analyses of the proposed merger. At the beginning of the meeting, Messrs. Ender and Sebra provided an overview of the business rationale for the proposed merger, the benefits and risks of the proposed merger and the financial model being used to evaluate the proposed merger. Next, representatives of Duane Morris advised members of the IRT Board of their duties under Maryland law. Then, representatives of Pepper Hamilton provided the IRT Board with a summary of the principal terms of the Proposed Merger Agreement and voting agreements and lock up agreements with Senator and Monarch that would be entered into in connection with the Proposed Merger Agreement and reviewed anticipated filings that would have to be made with the SEC in connection with the proposed merger. Members of the IRT Board asked certain questions regarding the terms of the Proposed Merger Agreement.

Representatives of Deutsche Bank then reviewed with the IRT Board the analyses Deutsche Bank had prepared relating to the proposed merger. Following its presentation, a representative of Deutsche Bank rendered to the IRT Board an oral opinion, which was confirmed by delivery of a written opinion dated May 11, 2015, to the effect that, as of the date of such opinion, and based upon and subject to the assumptions, limitations, qualifications and conditions described in such opinion, the Merger Consideration to be paid by IRT pursuant to the Merger Agreement was fair, from a financial point of view, to IRT. IRT s management and representatives of Deutsche Bank also described to the IRT Board the terms of the proposed financing with DBNY and the terms of the commitment letters. The IRT Board proceeded to discuss the terms of the commitment letters with Deutsche Bank, Pepper Hamilton and IRT s management.

Following further discussion regarding the proposed merger, the IRT Board determined that that the Proposed Merger Agreement and the transactions provided for therein or contemplated thereby, including the Merger, were on terms and conditions that are advisable and fair to, and in the best interests of, IRT and its stockholders, and approved the Proposed Merger Agreement and the transactions provided for therein or contemplated thereby, including the Merger. The IRT Board further resolved that the issuance of shares of IRT common stock in the Merger (including shares of IRT common stock issuable upon redemption of IROP Units issued in the Partnership Merger) be submitted to the holders of IRT common stock for their approval at a special meeting of the stockholders, the date, place and time of, and record date for which, would be determined at a later date by a special acquisition committee of the IRT Board. The IRT Board further resolved that it recommends that the holders of IRT common stock vote to approve the issuance of shares of IRT common stock in the Merger (including shares of IRT common stock issuable upon redemption of IROP Units issued in the Partnership Merger). Additionally, the IRT Board passed resolutions approving, among other things, (i) an increase in the size of the IRT Board from five members to seven members and the election of Messrs. Ross and Pridgen to fill the vacancies resulting from such increase upon the closing of the Merger, (ii) IRT s entry into debt financing commitments and related agreements and the assumption of, amendment to, and refinancing of any and all of the indebtedness of TSRE and its subsidiaries, each in connection with financing the Merger, and (iii) an underwritten registered public offering of up to 15 million shares of IRT common stock.

A telephonic special meeting of the TSRE Board was held on May 10, 2015 beginning at approximately 9:00 p.m. EDT. Mr. Ross and representatives of J.P. Morgan and Morrison & Foerster attended the meeting. Prior to the meeting, the members of the TSRE Board were provided with the latest draft of the Proposed Merger Agreement, a summary of the principal terms of the latest draft of the Proposed Merger Agreement, a presentation by representatives of J.P. Morgan regarding its analysis of IRT s debt financing commitment and a presentation by representatives of J.P. Morgan regarding its financial analysis of the proposed merger consideration. At the beginning of the meeting, representatives of Morrison & Foerster advised members of the TSRE Board of their duties under Maryland law. Then, representatives of Morrison & Foerster provided the TSRE Board with a summary of the

Proposed Merger Agreement and a legal analysis regarding IRT s debt financing commitment. Members of the TSRE Board asked certain questions regarding the terms of the Proposed Merger Agreement and were provided answers by the Morrison & Foerster representatives.

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Representatives of J.P. Morgan reviewed with the TSRE Board its presentation regarding IRT s debt financing commitment and the valuation of TSRE. Following its presentations, J.P. Morgan delivered to the TSRE Board its oral opinion, which was confirmed by delivery of a written opinion, dated May 11, 2015, to the effect that, as of such date and based upon and subject to the assumptions made, procedures followed, matters considered and limitations on the review undertaken by J.P. Morgan in preparing the opinion, the Company Merger Consideration to be paid to the holders of TSRE common stock in the proposed Company Merger was fair, from a financial point of view, to such holders.

The TSRE Board discussed the process followed by the TSRE Board since June 2, 2014 in reviewing TSRE s strategic alternatives to maximize stockholder value, noting that most interested parties had either elected not to make offers to engage in a strategic transaction with TSRE or had indicated a price that was below the value of the consideration to be delivered by IRT in the merger. Following the foregoing discussions, the TSRE Board, with Mr. Roy abstaining, determined that the merger of TSRE with a wholly-owned subsidiary of IRT and the Merger of TSR OP with a wholly-owned subsidiary of IROP as provided in the Proposed Merger Agreement was advisable and in the best interest of TSRE and its stockholders, and approved the Partnership Merger and the Merger Agreement. The TSRE Board further resolved that the Company Merger be submitted to the holders of TSRE common stock for their approval at a special meeting of the stockholders, the date, place and time of, and record date for which, would be determined at a later date by the TSRE Board. The TSRE Board resolved that it recommends that the holders of TSRE common stock vote to approve the Company Merger and, to the extent required, any other transaction contemplated by the Merger Agreement, and directed TSRE to include this recommendation in the proxy statement to be disseminated in connection with the special meeting of the holders of TSRE common stock to approve the Company Merger.

Early in the morning of May 11, 2015, TSRE and IRT executed the Merger Agreement, and the parties issued a joint press release announcing the execution of the Merger Agreement.

Recommendation of the IRT Board and Its Reasons for the Merger

In evaluating the Merger, the IRT Board consulted with its legal and financial advisors and IRT s management and, after consideration, the IRT Board has unanimously determined that the Merger Agreement, the Merger and the other transactions contemplated by the Merger Agreement, including the issuance of shares of IRT common stock in the Merger (including IRT common stock issuable upon redemption of IROP Units issued in the Partnership Merger), are fair to and in the best interests of IRT and its stockholders. The IRT Board has unanimously approved and adopted the Merger Agreement, the Merger and the other transactions contemplated by the Merger Agreement, including the issuance of IRT common stock in the Merger (including IRT common stock issuable upon redemption of IROP Units issued in the Partnership Merger).

THE IRT BOARD UNANIMOUSLY RECOMMENDS THAT IRT STOCKHOLDERS VOTE FOR THE ISSUANCE OF SHARES OF IRT COMMON STOCK IN THE MERGER (INCLUDING IRT COMMON STOCK ISSUABLE UPON REDEMPTION OF IROP UNITS ISSUED IN THE PARTNERSHIP MERGER).

In deciding to declare advisable and approve and adopt the Merger Agreement, the Merger and the other transactions contemplated by the Merger Agreement, including the issuance of IRT common stock in the Merger (including IRT common stock issuable upon redemption of IROP Units issued in the Partnership Merger), and to recommend that IRT stockholders vote to approve the issuance of shares of IRT common stock in the Merger (including IRT common stock issuable upon redemption of IROP Units issued in the Partnership Merger), the IRT Board considered various factors that it viewed as supporting its decision, including the following material factors described below:

Strategic Benefits. The IRT Board expects that the Merger will provide a number of significant potential strategic opportunities and benefits including the following:

- the combined scale of IRT and TSRE, with 50 properties and 14,044 units, is expected to provide an enhanced platform to pursue accretive acquisitions and transformational opportunities;

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the combination of IRT and TSRE is expected to result in improved operating statistics and portfolio quality, including increased portfolio occupancy, average base rents and operating margins; a reduced average property age from 25 years to 20 years; and enhanced geographic diversification;

as the market capitalization of the Combined Company will be almost double that of IRT, the stockholders of the Combined Company are expected to benefit from enhanced liquidity;

the addition of TSRE s highly-complementary portfolio will expand IRT s geographic diversity into targeted regions in eight new markets, and also enhance IRT s presence in three existing markets;

the Combined Company is expected to have meaningful revenue and cost synergy potential, including expected net operating income accretion and significant savings in general and administrative expenses;

the transaction is expected to be accretive to 2016 core funds from operations per share, with meaningful identified run-rate cost savings and net operating income upside;

as a result of its larger size, stronger balance sheet and greater access to multiple forms of capital, the Combined Company is expected to result in a lower cost of capital over the long term than IRT on a stand-alone basis;

the benefits of greater operating efficiencies and lower cost of capital, if realized, will allow the Combined Company to compete more effectively for acquisition and development opportunities, while improving the financial impact of those transactions; and

the expectation that the Combined Company will have enhanced dividend safety and growth potential.

Efficiency of a Portfolio Acquisition. The opportunity to acquire through a single transaction a portfolio of high-quality properties could not be easily replicated through acquisitions of individual assets.

Exchange Ratio Not Dependent on Market Conditions. The IRT Board also considered that the Exchange Ratio, which will not fluctuate as a result of changes in the market prices of shares of IRT common stock or TSRE common stock, and, in fact, can change only at IRT s discretion and cannot increase, provides certainty, and even some control on the part of IRT, as to the respective pro forma percentage ownership of the Combined Company.

Opinion of Financial Advisor. The IRT Board considered the financial analyses it reviewed and discussed with representatives of Deutsche Bank on May 10, 2015 and the oral opinion of Deutsche Bank rendered to

the IRT Board on May 10, 2015, subsequently confirmed by delivery of a written opinion dated May 11, 2015, to the effect that, as of the date of such opinion and based upon and subject to the assumptions, limitations, qualifications and conditions set forth in such opinion, the Merger Consideration to be paid by IRT pursuant to the Merger Agreement was fair, from a financial point of view, to IRT, as more fully described below in the section Opinion of IRT s Financial Advisor beginning on page 84.

Familiarity with Businesses. The IRT Board considered its knowledge of the business, operations, financial condition, earnings and prospects of IRT and TSRE, taking into account the results of IRT s due diligence review of TSRE, as well as its knowledge of the current and prospective environment in which IRT and TSRE operate, including economic and market conditions.

High Likelihood of Consummation. The IRT Board considered the commitment on the part of both parties to complete the Merger as reflected in their respective obligations under the terms of the Merger Agreement, and the likelihood that the stockholder approvals needed to complete the Merger would be obtained in a timely manner.

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The IRT Board also considered a variety of risks and other potentially negative factors concerning the Merger Agreement, the Merger and the other transactions contemplated by the Merger Agreement. These factors included:

- although IRT has entered into the Commitment Letter for the Term Loan Facility, the closing of the Merger is not conditioned on IRT s ability to obtain financing for the transaction and IRT is required to use its reasonable best efforts to obtain alternate funding if necessary to complete the Merger;

- risks related to the additional indebtedness that IRT will be required to incur to complete the Merger, including the risk of increasing IRT s vulnerability to general adverse economic and industry conditions, limiting IRT s ability to obtain additional financing as needed in the future, requiring the use of a substantial portion of IRT s cash flow from operations for the payment of principal and interest on such indebtedness (thereby reducing IRT s ability to use cash flow to fund normal expenses and other operating requirements), limiting IRT s flexibility in planning for (or reacting to) changes in IRT s business and industry and putting IRT at a disadvantage compared to competitors with less indebtedness;

- the risk of diverting management focus and resources from operational matters and other strategic opportunities while working to implement the Merger;

- the risk that, notwithstanding the likelihood of the Merger being completed, the Merger may not be completed, or that completion may be unduly delayed, including the effect of the pendency of the Merger and the effect such failure to be completed may have on the trading price of IRT common stock and IRT s operating results, particularly in light of the costs incurred in connection with the transaction;

- the risk that the anticipated strategic and financial benefits of the Merger may not be fully realized or not realized at all;

- the risk of other potential difficulties in integrating the two companies and their respective operations;

- the substantial costs to be incurred in connection with the transaction, including the transaction expenses arising from the Merger and the costs of integrating the businesses of IRT and TSRE;

- consummation of the Merger could trigger a mandatory prepayment of certain TSRE debt unless such debt can be assumed or appropriate lender consents or waivers are received. Moreover, certain TSRE debt cannot be prepaid and can only be assumed if conditions are met, thus requiring meeting such conditions for any assumption of such debt or receiving lender consents or waivers in order to avoid a default on this debt upon the consummation of the Merger. If those conditions cannot be met or such consents and waivers cannot be obtained prior to consummation of the Merger, the existing debt of TSRE might need to be repaid and/or refinanced. This may result in higher than-anticipated transaction expenses to IRT;

the fact that the ownership percentage of holders of IRT common stock in the Combined Company will be diluted by the Merger;

the restrictions on the conduct of IRT s business prior to the completion of the Merger, which could delay or prevent IRT from undertaking business opportunities that may arise or certain other specified actions it would otherwise take with respect to the operations of IRT absent the pending completion of the Merger

IRT may be required to pay a reverse termination fee of $25.0 million or reimburse up to $5.0 million of TSRE s expenses if the Merger Agreement is terminated under certain circumstances; and

other matters described under the section Risk Factors and Cautionary Statement Concerning Forward-Looking Statements.

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This discussion of the foregoing information and material factors considered by the IRT Board in reaching its conclusion and recommendations is not intended to be exhaustive and is not provided in any specific order or ranking. In view of the wide variety of factors considered by the IRT Board in evaluating the Merger Agreement and the transactions contemplated by it, including the issuance of IRT common stock in the Merger (including IRT common stock issuable upon redemption of IROP Units issued in the Partnership Merger), and the complexity of these matters, the IRT Board did not find it practicable to, and did not attempt to, quantify, rank or otherwise assign relative weight to those factors. In addition, different members of the IRT Board may have given different weight to different factors. The IRT Board did not reach any specific conclusion with respect to any of the factors considered and instead conducted an overall review of such factors and determined that, in the aggregate, the potential benefits considered outweighed the potential risks or possible negative consequences of approving the Merger Agreement, the Merger and the other transactions contemplated by the Merger Agreement, including the issuance of IRT common stock in the Merger (including IRT common stock issuable upon redemption of IROP Units issued in the Partnership Merger).

This explanation of the reasoning of the IRT Board and all other information presented in this section is forward-looking in nature and, therefore, should be read in light of the factors discussed in the section entitled Cautionary Statement Concerning Forward-Looking Statements.

Recommendation of the TSRE Board and Its Reasons for the Merger

The TSRE Board has approved the Merger Agreement and determined that the Merger and the other transactions contemplated by the Merger Agreement are advisable and in the best interests of TSRE and its stockholders. The decision of the TSRE Board to enter into the Merger Agreement was the result of careful consideration by the TSRE Board.

In reaching its decision to approve, and to recommend that TSRE s stockholders approve, the Merger and the other transactions contemplated by the Merger Agreement, the TSRE Board consulted with TSRE s executive management team as well as TSRE s outside legal and financial advisers. The TSRE Board considered a number of factors, including the following material factors that the TSRE Board viewed as supporting its decision to approve the Merger and the other transactions contemplated by the Merger Agreement and to recommend that TSRE stockholders approve the Company Merger and the other transactions contemplated by the Merger Agreement based upon numerous factors, including the following material factors:

Attractive Valuation: The effective Company Merger Consideration of $7.60 per share of TSRE common stock as of the date of the Merger Agreement represented an approximate 6.1% to 6.9% premium (the range depending on the Per Share Cash Amount determined by IRT) over the closing price of TSRE common stock on October 31, 2015, the date the TSRE Board announced that it was undertaking an exploration of strategic alternatives, and an approximate 3.4% to 4.2% premium (the range depending on the Per Share Cash Amount determined by IRT) over the closing price of TSRE common stock on May 8, 2015, the last trading day prior the announcement of the Merger Agreement.

Mix of Consideration: TSRE stockholders will receive between 40% and 50% of the Company Merger Consideration in IRT common stock and 50% to 60% of the Company Merger Consideration in cash. As a result, TSRE stockholders will receive both immediate cash value and an opportunity to continue to participate in the Combined Company as stockholders.

Strategic Benefits: Because TSRE stockholders will receive a portion of the Company Merger Consideration in the form of IRT common stock, TSRE stockholders will be able to participate in potential strategic opportunities and benefits including the following:

- the scale of the Combined Company, with 50 properties and 14,044 units, is expected to provide a stronger platform to pursue accretive acquisitions and transformational opportunities;

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the Combined Company is expected to have meaningful revenue and cost synergy potential, including expected net operating income accretion and significant savings in general and administrative expenses;

as a result of its larger size, greater public float, stronger balance sheet and greater access to multiple forms of capital, the Combined Company has the potential to improve its cost of capital over the long term compared to TSRE on a stand-alone basis;

the benefits of greater operating efficiencies and improved cost of capital, if realized, will allow the Combined Company to compete more effectively for acquisition and development opportunities, while improving the financial impact of those transactions;

Messrs. Ross and Pridgen will become members of the IRT Board upon closing of the Merger, allowing for stewardship over the Combined Company by board members familiar with TSRE s portfolio and the multi-family business more generally; and

the expectation that the Combined Company will have enhanced dividend safety and growth potential.

Fixed Exchange Ratio: Because the IRT common stock portion of the Company Merger Consideration is based on a fixed exchange ratio, TSRE stockholders will benefit from any increase in the trading price of IRT s common stock before the closing of the Merger.

Significant Downside Protection: Because between 50% and 60% of the Company Merger Consideration is payable to TSRE stockholders in cash, and because the TSRE Board negotiated the ability to terminate the Merger Agreement if a decline in the price of IRT s common stock exceeds a decline in the MSCI US REIT Index by 15% or more, TSRE stockholders are protected from the full effect of any decrease in the trading price of IRT common stock between the date of the Merger Agreement and the closing of the Merger.

Robust Process: Based upon a thorough review by the TSRE Board of strategic alternatives and other alternative transactions available to TSRE, the TSRE Board believed that the Merger was more favorable to TSRE stockholders than the other potential strategic alternatives that were available to TSRE.

Stock Consideration Not Currently Taxable: The Merger is currently intended to qualify as a reorganization within the meaning of Section 368(a) of the Code and is, therefore, not expected to be taxable to TSRE stockholders with respect to the IRT common stock portion of their Company Merger Consideration.

Opinion of Financial Advisor: The TSRE Board considered the oral opinion of J.P. Morgan delivered to the TSRE Board, which was confirmed by delivery of a written opinion dated May 11, 2015, to the effect that, as of such date and based upon and subject to the assumptions made, procedures followed, matters

considered and limitations on the review undertaken by J.P. Morgan in preparing the opinion, the Company Merger Consideration to be paid to the holders of TSRE common stock in the proposed Company Merger was fair, from a financial point of view, to such holders, as more fully described below under the caption Opinion of TSRE s Financial Advisor beginning on page 94. The full text of the written opinion of J.P. Morgan, dated May 11, 2015, which sets forth, among other things, the assumptions made, procedures followed, matters considered and limitations on the review undertaken in rendering the opinion, is attached as Annex G to this joint proxy statement/prospectus.

High Likelihood of Consummation. The TSRE Board considered the commitment on the part of both parties to complete the Merger as reflected in their respective obligations under the terms of the Merger Agreement, and the likelihood that the stockholder approvals needed to complete the Merger would be obtained in a timely manner in part as a result of the voting agreements.

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Terms and Conditions of the Merger Agreement: The TSRE Board considered the terms of the Merger Agreement, including that:

- TSRE has the right under certain circumstances to consider and respond to an unsolicited written acquisition proposal, and, if after consultation with legal and financial advisers, the TSRE Board determines in good faith that such acquisition proposal is a superior proposal and determines, after consultation with legal counsel, that failure to take such action would be inconsistent with the duties of members of the TSRE Board under applicable law, and IRT chooses not to negotiate improvements to the Merger Agreement to make it superior, TSRE may enter into an agreement with respect to such superior proposal and terminate the Merger Agreement upon the payment of a termination fee of $12.0 million;

- in the event that the TSRE Board undertakes an adverse recommendation change, TSRE may terminate the Merger Agreement upon the payment of up to $5.0 million of IRT s expenses or, under certain circumstances, a termination fee of $12.0 million;

- IRT does not have any financing condition with respect to its obligation to consummate the Merger; and

- IRT is required to pay TSRE a $25.0 million reverse termination fee if the Merger Agreement is terminated (i) by either IRT or TSRE because (A) the Merger has not been consummated on or before October 15, 2015 (subject to extension by IRT in certain limited circumstances) or (B) if all conditions of IRT to consummate the Merger are satisfied (other than those conditions that by their nature are to be satisfied at the closing, provided that such conditions are reasonably capable of being satisfied) and IRT is unable to satisfy its obligation to effect the closing at such time because it is unable to obtain the financing that is necessary to pay the cash portion of the Merger Consideration, or (ii) the closing of the Merger has not occurred within two business days after TSRE has delivered written notice to IRT that all conditions of IRT to consummate the Merger are satisfied (other than those conditions that by their terms are to be satisfied at the closing of the Merger, but subject to the satisfaction of such conditions at such time) and TSRE is ready, willing and able to effect the closing of the Merger.

The TSRE Board also considered a variety of risks and other potentially negative factors concerning the Merger Agreement, the Merger and the other transactions contemplated by the Merger Agreement. These factors included:

- the risk that, because the IRT common stock portion of the Company Merger Consideration is based upon a fixed exchange ratio, TSRE stockholders will be adversely affected by any decrease in the trading price of IRT common stock between the announcement of the Merger Agreement and the closing of the Merger, including as a result of the potential dilutive effect of any offering of common stock conducted by IRT in order to help finance the cash portion of the Merger Consideration;

- the risk that the market perception of IRT s external management structure could have a negative effect on the trading of IRT common stock following the Merger;

the risk that the Merger may not be completed or may be unduly delayed because conditions to closing may not be satisfied, including:

the approval by TSRE stockholders of the Merger and the other transactions contemplated by the Merger Agreement;

the approval by IRT stockholders of the issuance of the IRT common stock issuable in the Merger (including shares of IRT common stock issuable upon redemption of IROP Units issued in the Partnership Merger);

the condition that certain lender consents and loan amendments be obtained; and

other conditions outside of TSRE s control;

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the risk that the Combined Company may not realize all of the potential strategic benefits and/or revenue and cost synergies of the Merger described above or otherwise;

the risks posed by the additional indebtedness to be incurred by IRT in connection with its financing of cash portion of the Merger Consideration;

the risks posed by IRT s potential inability to obtain all financing necessary to consummate the Merger;

the significant costs involved in connection with entering into and completing the Merger and the substantial time and effort of TSRE s executive management team required to consummate the Merger and the related disruptions in the operation of the TSRE business;

the restrictions on the conduct of TSRE s business contained in the Merger Agreement, which could delay or prevent TSRE from undertaking certain activities and capitalizing on certain business opportunities that may arise prior to consummation of the Merger;

the pending Merger or failure to complete the Merger may cause substantial and irreparable harm to relationships with TSRE s employees, tenants, service providers and other business associates and could divert the attention of TSRE s executive management team and employees away from the day-to-day operation of the TSRE business;

the inability to solicit competing acquisition proposals and the possibility that a $12.0 million termination fee payable by TSRE upon termination of the Merger Agreement in certain circumstances could discourage potential bidders from making a competing offer to acquire TSRE; and

some of TSRE s directors and executive officers may have interests in the Merger that are different from, or in addition to, the interests of TSRE stockholders.

Although the foregoing discussion sets forth the material factors considered by the TSRE Board in reaching its recommendation, it may not include all of the factors considered by the TSRE Board, and each director may have considered different factors or given different weights to different factors. In view of the variety of factors and the amount of information considered, the TSRE Board did not find it practicable to, and did not, make specific assessments of, quantify or otherwise assign relative weights to the specific factors considered in reaching its recommendation. The TSRE Board realized that there can be no assurance about future results, including results expected or considered in the factors above. However, the TSRE Board concluded that the potential positive factors described above significantly outweighed the neutral and negative factors described above. The recommendation was made after consideration of all of the factors as a whole.

THE TSRE BOARD HAS APPROVED THE MERGER AGREEMENT AND DETERMINED THAT THE MERGER AND THE OTHER TRANSACTIONS CONTEMPLATED BY THE MERGER AGREEMENT ARE ADVISABLE AND IN THE BEST INTERESTS OF TSRE AND ITS STOCKHOLDERS. ACCORDINGLY, THE TSRE BOARD RECOMMENDS THAT TSRE STOCKHOLDERS VOTE FOR

APPROVAL OF THE COMPANY MERGER AND THE OTHER TRANSACTIONS CONTEMPLATED BY THE MERGER AGREEMENT.

In considering the recommendation of the TSRE Board to approve the Company Merger and the other transactions contemplated by the Merger Agreement, you should be aware that certain of TSRE s directors and officers have arrangements that cause them to have interests in the transaction that are different from, or are in addition to, the interests of TSRE stockholders generally. See Interests of TSRE s Directors and Executive Officers in the Merger beginning on page 104.

The explanation of the reasoning of the TSRE Board and all other information presented in this section are forward-looking in nature and, therefore, should be read in light of the factors discussed in the section entitled Cautionary Statement Concerning Forward-Looking Statements.

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Opinion of IRT s Financial Advisor

Deutsche Bank has acted as financial advisor to IRT in connection with the Merger. At the May 10, 2015 meeting of the IRT Board, Deutsche Bank rendered its oral opinion to the IRT Board, subsequently confirmed by delivery of a written opinion dated May 11, 2015, to the effect that, as of the date of such opinion, and based upon and subject to the assumptions, limitations, qualifications and conditions described in Deutsche Bank s opinion, the Merger Consideration to be paid by IRT in the Merger pursuant to the Merger Agreement was fair, from a financial point of view, to IRT.

The full text of Deutsche Bank s written opinion, dated May 11, 2015, which sets forth the assumptions made, procedures followed, matters considered and limitations, qualifications and conditions on the review undertaken by Deutsche Bank in connection with the opinion, is included in this document as Annex F and is incorporated herein by reference. The summary of Deutsche Bank s opinion set forth in this document is qualified in its entirety by reference to the full text of the opinion. Deutsche Bank s opinion was approved and authorized for issuance by a Deutsche Bank fairness opinion review committee and was addressed to, and was for the use and benefit of, the IRT Board in connection with and for the purpose of its evaluation of the Merger. Deutsche Bank s opinion was limited to the fairness of the Merger Consideration to be paid pursuant to the Merger Agreement, from a financial point of view, to IRT as of the date of the opinion. IRT did not ask Deutsche Bank to, and Deutsche Bank s opinion did not, address the fairness of the Merger or any consideration received in connection therewith, to the holders of any class of securities, creditors or other constituencies of IRT or its subsidiaries, nor did it address the fairness of the contemplated benefits of the Merger. Deutsche Bank expressed no opinion as to the merits of the underlying decision by IRT to engage in the Merger or the relative merits of the Merger as compared to any alternative transactions or business strategies. Nor did Deutsche Bank express any opinion, and Deutsche Bank s opinion does not constitute a recommendation, as to how any holder of IRT common stock should vote with respect to the Merger or any other matter. In addition, Deutsche Bank did not express any view or opinion as to the fairness, financial or otherwise, of the amount or nature of any compensation payable to or to be received by any the officers, directors, or employees of any parties to the Merger, or any class of such persons, in connection with the Merger whether relative to the Merger Consideration or otherwise. Deutsche Bank s opinion does not in any manner address the prices at which the IRT common stock or any other securities will trade at any time.

Deutsche Bank s opinion noted that, pursuant to the Merger Agreement, IRT may, subject to limitations provided therein, elect to increase the cash portion of the Merger Consideration to more than $3.80 per share of TSRE common stock or TSR OP Unit, which would result in a decrease in the number of shares of IRT common stock and IROP Units included in the Merger Consideration. Deutsche Bank s opinion also noted that, pursuant to the Merger Agreement, the cash portion of the Merger Consideration may be further adjusted if IRT has made such an election to increase the cash portion of the Merger Consideration and the stock portion of the Merger Consideration (calculated using the closing price of IRT common stock on the NYSE MKT on the trading day prior to the closing date of the Merger) would be less than 40% of the total Merger Consideration. Deutsche Bank noted that, for purposes of its opinion, the IRT Board instructed Deutsche Bank to assume, and Deutsche Bank assumed, that the cash portion of the Merger Consideration will be $3.80 per share of TSRE common stock or TSR OP Unit, as applicable.

In connection with its role as financial advisor to IRT, and in arriving at its opinion, Deutsche Bank reviewed certain publicly available financial and other information concerning TSRE and IRT. Deutsche Bank also reviewed certain internal analyses, financial forecasts and other information relating to TSRE and IRT prepared by management of IRT. Deutsche Bank also held discussions with certain senior officers and other representatives and advisors of TSRE regarding the businesses and prospects of TSRE and with certain senior officers of IRT regarding the businesses and prospects of TSRE, IRT and the Combined Company. In addition, Deutsche Bank:

reviewed the reported prices and trading activity for the TSRE common stock and IRT common stock;

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compared certain financial and stock market information for TSRE and IRT with, to the extent publicly available, similar information for certain other companies it considered relevant whose securities are publicly traded;

reviewed, to the extent publicly available, the financial terms of recent business combinations which Deutsche Bank deemed relevant;

reviewed the Merger Agreement; and

performed such other studies and analyses and considered such other factors as Deutsche Bank deemed appropriate.

Deutsche Bank did not assume responsibility for independent verification of, and did not independently verify, any information, whether publicly available or furnished to it, concerning TSRE or IRT, including any financial information considered in connection with the rendering of its opinion. Accordingly, for purposes of its opinion, Deutsche Bank, with the knowledge and permission of the IRT Board, assumed and relied upon the accuracy and completeness of all such information. Deutsche Bank did not conduct a physical inspection of any of the properties or assets, and did not prepare, obtain or review any independent evaluation or appraisal (other than certain third party appraisals of properties held by IRT and its subsidiaries) of any of the assets or liabilities (including any contingent, derivative or off-balance-sheet assets or liabilities), of TSRE, IRT or any of their respective subsidiaries, nor did Deutsche Bank evaluate the solvency or fair value of TSRE, IRT or any of their respective subsidiaries under any law relating to bankruptcy, insolvency or similar matters. With respect to the financial forecasts, including the analyses and forecasts of the amount and timing of certain cost savings, operating efficiencies, revenue effects, financial synergies and other strategic benefits projected by IRT to be achieved as a result of the Merger, which are collectively referred to in this document, including certain assumptions regarding IRT s management fee structure, as the synergies, made available to Deutsche Bank and used in its analyses, Deutsche Bank assumed, with the knowledge and permission of the IRT Board, that such forecasts, including the synergies, had been reasonably prepared on bases reflecting the best currently available estimates and judgments of the management of IRT as to the matters covered thereby. In rendering its opinion, Deutsche Bank expressed no view as to the reasonableness of such forecasts and projections, including the synergies, or the assumptions on which they were based. Deutsche Bank s opinion was necessarily based upon economic, market and other conditions as in effect on, and the information made available to it as of, the date of the opinion. Deutsche Bank expressly disclaimed any undertaking or obligation to advise any person of any change in any fact or matter affecting its opinion of which it becomes aware after the date of its opinion.

For purposes of rendering its opinion, Deutsche Bank assumed, with the knowledge and permission of the IRT Board, that in all respects material to its analysis, the Merger would be consummated in accordance with the terms of the Merger Agreement, without any waiver, modification or amendment of any term, condition or agreement that would be material to its analysis, including, among other things, that (a) the Company Merger will be treated as a reorganization under Section 368(a) of the Code and (b) the Partnership Merger will be treated as an asset over form of merger governed by Treasury Regulations Section 1.708-1(c)(3)(i). Deutsche Bank further assumed with the knowledge and permission of the IRT Board that (a) the IROP Units, which are exchangeable into IRT common stock on a one-for-one basis, are economically equivalent to IRT common stock, and (b) that the TSR OP Units, which are exchangeable into TSRE common stock on a one-for-one basis, are economically equivalent to TSRE common stock. Deutsche Bank was advised by IRT that each of IRT and TSRE have operated in conformity with the requirements for qualification as a REIT for U.S. federal income tax purposes since its formation as a REIT, and Deutsche Bank assumed, at the direction of the IRT Board, that the Merger will not adversely affect such status or operations of IRT

or TSRE. Deutsche Bank also assumed, with the knowledge and permission of the IRT Board, that all material governmental, regulatory or other approvals and consents required in connection with the consummation of the Merger will be obtained and that in connection with obtaining any necessary governmental, regulatory or other approvals and consents, no restrictions, terms or conditions will be imposed that would be material to its analysis. Deutsche Bank is not a legal, regulatory, tax or accounting expert and has relied on the assessments made by IRT and its other advisors with respect to such issues.

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IRT selected Deutsche Bank as its financial advisor in connection with the Merger based on Deutsche Bank s qualifications, expertise, reputation and experience in mergers and acquisitions. Pursuant to an engagement letter between IRT and Deutsche Bank, dated May 10, 2015, IRT has agreed to pay Deutsche Bank a transaction fee of $4.0 million for its services as financial advisor to IRT, of which $2.0 million became payable upon the delivery of Deutsche Bank s opinion (or would have become payable if Deutsche Bank had advised the IRT Board that it was unable to render an opinion) and the remainder of which is contingent upon consummation of the Merger. IRT has also agreed to reimburse Deutsche Bank for all reasonable fees, expenses and disbursements of Deutsche Bank s outside counsel and all of Deutsche Bank s reasonable travel and other out-of-pocket expenses incurred in connection with the Merger or otherwise arising out of the retention of Deutsche Bank, in each case on the terms set forth in its engagement letter. IRT has also agreed to indemnify Deutsche Bank and its affiliates to the full extent lawful against certain liabilities, including certain liabilities arising out of its engagement or the Merger.

Deutsche Bank is an internationally recognized investment banking firm experienced in providing advice in connection with mergers and acquisitions and related transactions. Deutsche Bank is an affiliate of Deutsche Bank AG, which, together with its affiliates, is referred to in this document as the DB Group. One or more members of the DB Group have, from time to time, provided, and are currently providing, investment banking, commercial banking (including extension of credit) and other financial services to IRT or its affiliates unrelated to the Merger for which the DB Group has received compensation of approximately 8,000,000 since January 1, 2013, and for which they may receive compensation in the future, including having acted as the sole bookrunning manager with respect to an offering of 8,050,000 shares of IRT common stock in January 2014, an offering of 8,050,000 shares of IRT common stock in July 2014, and an offering of 6,000,000 shares of IRT common stock in November 2014 and as joint bookrunner with respect to an offering of 4.00% Convertible Senior Notes due 2033 by RAIT, the owner of IRT s advisor, in December 2013 (aggregate principal amount $141,750,000), as joint book runner with respect to an offering of 10,000,000 common shares of beneficial interest of RAIT in January 2014, as joint bookrunning manager with respect to an offering of 7.625% Senior Notes due 2024 by RAIT in April 2014 (aggregate principal amount $60,000,000), and as joint bookrunning manager with respect to an offering of 7.125% Senior Notes due 2019 by RAIT in August 2014 (aggregate principal amount $71,905,000). One or more members of the DB Group have also agreed to provide financing to IRT in connection with the Merger, for which such members of the DB Group expect to receive compensation. The DB Group may also provide investment and commercial banking services IRT, TSRE and their respective affiliates in the future, for which we would expect the DB Group to receive compensation. In the ordinary course of business, members of the DB Group may actively trade in the securities and other instruments and obligations of TSRE, IRT and their respective affiliates for their own accounts and for the accounts of their customers. Accordingly, the DB Group may at any time hold a long or short position in such securities, instruments and obligations.

Summary of Material Financial Analyses of Deutsche Bank

The following is a summary of the material financial analyses presented by Deutsche Bank to the IRT Board at its meeting held on May 10, 2015, and that were used in connection with rendering its opinion described above.

The following summary, however, does not purport to be a complete description of the financial analyses performed by Deutsche Bank, nor does the order in which the analyses are described represent the relative importance or weight given to the analyses by Deutsche Bank. Some of the summaries of financial analyses below include information presented in tabular format. In order to fully understand the analyses, the tables must be read together with the text of each summary. The tables alone do not constitute a complete description of Deutsche Bank s analyses. Considering the data described below without considering the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of the analyses. Except as otherwise noted, the following quantitative information, to the extent that it is based on market

data, is based on market data as it existed on or before May 8, 2015, and is not necessarily indicative of current market conditions.

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Historical Trading Analysis TSRE

Deutsche Bank reviewed the historical closing prices for the TSRE common stock during the 52-week period ended May 8, 2015, the last trading day prior to the public announcement of the Merger, which ranged from a low of $6.39 per share on October 14, 2014 to a high of $8.15 per share on December 19, 2014.

Deutsche Bank noted that the closing price of the TSRE common stock on May 8, 2015, the last trading day prior to the public announcement of the Merger, was $7.08. Deutsche Bank also noted that the closing price of the TSRE common stock on October 31, 2014, the last trading day prior to TSRE s announcement that it intended to explore strategic alternatives, was $6.90 per share and that the one-month VWAP for the TSRE common stock was $7.30 per share as of May 8, 2015.

Deutsche Bank noted that the implied value of the Merger Consideration to be paid by IRT in the Merger is $7.32 per share of TSRE common stock or TSR OP unit, assuming the cash portion of the Merger Consideration is $3.80 per share and the exchange ratio is 0.4108 shares of IRT common stock or IROP Units per share of TSRE common stock or TSR OP Unit, as applicable, taking into account the closing price of IRT common stock of $8.57 per share on May 8, 2015. Deutsche Bank noted that this resulted in an implied enterprise value for TSRE of approximately $632.7 million and represented an implied premium of approximately 3.4% to the closing price per share of TSRE common stock on May 8, 2015. Deutsche Bank also noted that this resulted in an implied 2016 estimated capitalization rate (defined as 2016 estimated net operating income divided by enterprise value) of approximately 6.3% based upon IRT management projections for TSRE, including an additional $1.0 million of annual operating revenue resulting from planned capital expenditures.

Discounted Analyst Price Targets TSRE

Deutsche Bank reviewed the stock price targets for TSRE common stock in four recently published, publicly available research analysts reports, which indicated low and high stock price targets (for the three reports with price targets) ranging from $8.00 to $9.50 per share, resulting in an implied range of value of approximately $7.40 to $8.48 per share when discounted back nine months at an assumed cost of equity of 11%.

Selected Public Companies Analysis TSRE

Deutsche Bank reviewed and compared certain financial information and commonly used valuation measurements for TSRE with corresponding financial information and valuation measurements for the following six publicly traded multifamily REITs:

Apartment Investment and Management Company

Camden Property Trust

Home Properties, Inc.

Mid-America Apartment Communities Inc.

Post Properties, Inc.

UDR, Inc.

Although none of the above selected companies is directly comparable to TSRE, the companies included were chosen because they are publicly traded companies with financial and operating characteristics that, for purposes of analysis, may be considered similar to those of TSRE. Accordingly, the analysis of publicly traded companies was not simply mathematical. Rather, it involved complex considerations and qualitative judgments, reflected in the opinion of Deutsche Bank, concerning differences in financial and operating characteristics of the selected companies and other factors that could affect the public trading value of such companies.

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For each of the selected companies, Deutsche Bank reviewed the closing stock price on May 8, 2015 as multiples of estimated calendar year 2015 and estimated calendar year 2016 funds from operations, referred to as FFO per share. Deutsche Bank then compared these multiples for the selected REITs with corresponding data and multiples of TSRE, based on IRT management projections and research analysts consensus estimates. Deutsche Bank also compared these multiples with corresponding data and multiples for IRT based on IRT management projections, both including and excluding future acquisitions, and consensus estimates. The following table presents the high, mean, median and low multiples for the selected companies, as compared to the corresponding multiples for TSRE and IRT:

	Price/FFO Per Share	
	2015E	2016E
Selected Companies		
High	20.3x	19.3x
Mean	17.7x	16.6x
Median	17.4x	16.3x
Low	14.6x	13.5x
TSRE		
IRT Projections	15.1x	13.9x
Consensus Estimates	16.1x	13.6x
IRT		
Including Future Acquisitions	11.3x	10.5x
Excluding Future Acquisitions	11.3x	10.4x
Consensus Estimates	10.6x	9.5x

Based in part upon the FFO multiples of the selected companies described above and taking into account its professional judgment and experience, Deutsche Bank calculated a range of estimated implied values per share of TSRE common stock by applying multiples of price per share to 2016 estimated FFO of 12.5x to 14.5x to IRT management estimates of TSRE s 2016 Core FFO (FFO less transaction expenses), resulting in implied present values per share of TSRE common stock of approximately $6.37 to $7.39.

Selected Transactions Analysis TSRE

Deutsche Bank reviewed publicly available information relating to the transactions described in the table below involving publicly traded multifamily REITs announced since October 2004. Although none of the selected transactions is directly comparable to the proposed Merger, the companies that participated in the selected transactions are such that, for purposes of analysis, the selected transactions may be considered similar to the proposed Merger.

Date Announced	Target	Acquirer
4/22/15	Associated Estates Realty Corp.	Brookfield Asset Management Inc.
12/18/13	BRE Properties, Inc.	Essex Property Trust, Inc.
6/2/2013	Colonial Properties Trust Inc.	Mid-America Apartment Communities, Inc.
5/29/2007	Archstone-Smith Trust	Tishman Speyer Real Estate Venture VIII, L.P./Lehman Brothers Holdings Inc.
12/19/2005	The Town & Country Trust	

		Magazine Acquisition GP LLC (Morgan Stanley Real Estate/Onex Real Estate)
10/24/2005	AMLI Residential Property Trust	Prime Property Fund (Morgan Stanley Real Estate)
6/7/2005	Gables Residential Trust	ING Clarion Partners, LLC
10/22/2004	Cornerstone Realty Income Trust	Colonial Properties Trust Inc.
10/4/2004	Summit Properties Inc.	Camden Property Trust

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With respect to each selected transaction and based on publicly available information, Deutsche Bank reviewed, among other things, price per share, as a multiple of one-year forward estimated FFO per share and two year forward estimated FFO per share. Financial data for the selected transactions was obtained from public filings, research analysts estimates and other publicly available information. This analysis indicated the following high, mean, median and low multiples for the selected transactions:

	P/FFO	
	FY +1	FY +2
Selected Transactions		
High	26.5x	24.4x
Mean	20.2x	19.1x
Median	19.1x	19.6x
Low	13.8x	13.6x

Based in part upon the per share multiples of the selected transactions describe above and taking into account its professional judgment and experience, Deutsche Bank calculated a range of estimated implied values per share of TSRE common stock by applying multiples of equity price per share to 2016 estimated FFO of 16.5x to 19.5x to IRT management estimates of TSRE s 2016 Core FFO, resulting in implied present values per share of TSRE common stock of approximately $8.41 to $9.94.

Net Asset Value Analysis TSRE

Deutsche Bank prepared a net asset value analysis for TSRE using IRT management estimates of TSRE s cash net operating income for the 12-month period beginning July 1, 2015 and asset and liability balances as of June 30, 2015. Capitalization rate ranges varied by property based on the type of property, property age, location, property quality and other factors. This analysis resulted in a weighted average range of capitalization rates from 5.97% to 5.47% based on net operating income. Deutsche Bank selected the range of capitalization rates based on its professional judgment and expertise utilizing, among other things publicly available information and IRT management estimates for TSRE. This analysis indicated a range of implied values per share of TSRE Common Stock of approximately $7.77 to $9.30.

Discounted Cash Flow Analysis TSRE

Deutsche Bank performed a discounted cash flow analysis of TSRE using financial forecasts and other information and data provided by IRT s management to calculate a range of implied equity values per share of TSRE common stock as of June 30, 2015.

In performing the discounted cash flow analysis, Deutsche Bank applied a range of discount rates of 6.5% to 8.5% to (i) IRT s management estimates of TSRE s after-tax unlevered free cash flows for the period from June 30, 2015 through December 31, 2019, and (ii) terminal values derived by using exit capitalization rates of 6.1% to 5.7%.

This analysis resulted in a range of implied present values per share of TSRE common stock of approximately $6.95 to $9.15 per share.

Historical Trading Analysis IRT

Deutsche Bank reviewed the historical closing prices for the IRT common stock during the 52-week period ended May 8, 2015, the last trading day prior to the public announcement of the Merger, which ranged from a low of $8.30 per share on May 5, 2015 to a high of $10.84 per share on July 10, 2014.

Deutsche Bank noted that the closing price of IRT common stock on May 8, 2015, the last trading day prior to the public announcement of the Merger, was $8.57 as compared to the $9.25 share price used to calculate the exchange ratio with respect to the equity portion of the Merger Consideration.

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Discounted Analyst Price Targets IRT

Deutsche Bank reviewed the stock price targets for TSRE common stock in five recently published, publicly available research analysts reports, which indicated low and high stock price targets (for the four reports with price targets) ranging from $10.25 to $11.50 per share, resulting in an implied range of value of approximately $9.48 to $10.63 per share when discounted back nine months at an assumed cost of equity of 11%.

Selected Public Companies Analysis IRT

Deutsche Bank reviewed and compared certain financial information and commonly used valuation measurements for IRT with corresponding financial information and valuation measurements for the other selected REITs described under Selected Public Companies Analysis-TSRE above.

Although none of the selected companies is directly comparable to IRT, the companies included were chosen because they are publicly traded companies with financial and operating characteristics that, for purposes of analysis, may be considered similar to those of IRT. Accordingly, the analysis of publicly traded companies was not simply mathematical. Rather, it involved complex considerations and qualitative judgments, reflected in the opinion of Deutsche Bank, concerning differences in financial and operating characteristics of the selected companies and other factors that could affect the public trading value of such companies.

Based in part upon the FFO multiples of the selected companies described above and taking into account its professional judgment and experience, Deutsche Bank calculated a range of estimated implied values per share of IRT common stock by applying multiples of price per share to 2016 estimated FFO of 9.5x to 13.5x to IRT management estimates of IRT s 2016 Core FFO, resulting in implied present values per share of IRT common stock of approximately $7.75 to $11.02.

Discounted Cash Flow Analysis IRT

Deutsche Bank performed a discounted cash flow analysis of IRT using financial forecasts and other information and data provided by IRT s management to calculate a range of implied equity values per share of IRT common stock as of June 30, 2015.

In performing the discounted cash flow analysis, Deutsche Bank applied a range of discount rates of 6.5% to 8.5% to (i) IRT s management estimates of after-tax unlevered free cash flows for the period from June 30, 2015 through December 31, 2019, and (ii) terminal values derived by using exit capitalization rates of 6.625% to 6.375%.

This analysis resulted in a range of implied present values per share of IRT common stock of approximately $6.55 to $13.00 per share.

Net Asset Value Analysis IRT

Deutsche Bank prepared a net asset value analysis for IRT using IRT management estimates of IRT s cash net operating income for the 12-month period beginning July 1, 2015 and asset and liability balances as of June 30, 2015. Capitalization rate ranges varied by property based on the type of property, property age, location, property quality and other factors. This analysis resulted in a weighted average range of capitalization rates from 6.78% to 6.24% based on net operating income. Deutsche Bank selected the range of capitalization rates based on its professional judgment and expertise utilizing, among other things, recent third-party property appraisals and IRT management estimates. This analysis indicated a range of implied values per share of IRT Common Stock of approximately $9.15

to $11.02.

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Relative Value Analysis

Based upon a comparison of the range of implied equity values for each of TSRE and IRT calculated pursuant to the historical trading analysis, discounted analyst price targets analysis, selected companies analysis, net asset value analysis and discounted cash flow analysis described above, Deutsche Bank calculated ranges of implied exchange ratios for the Merger. With respect to any given range of exchange ratios, the higher ratio assumes the maximum implied value per share of TSRE common stock less $3.80 per share divided by the minimum implied value per share of IRT common stock and the lower ratio assumes the minimum implied value per share of TSRE common stock less $3.80 per share divided by the maximum implied value per share of IRT common stock. This analysis indicated the following implied ranges of exchange ratios:

	Range of Implied Exchange Ratios
Historical Trading Levels	0.2389x-0.5241x
Discounted Analyst Price Targets	0.3387x-0.5253x
Public Trading Comparables	0.2336x-0.4634x
Net Asset Value	0.3603x-0.6011x
Discounted Cash Flow	0.2420x-0.8169x

Deutsche Bank noted that, assuming the cash portion of the Merger Consideration is $3.80 per share, the exchange ratio for the equity portion of the Merger Consideration would be 0.4108 shares of IRT common stock or IROP Units per share of TSRE common stock or TSR OP Unit, as applicable.

Miscellaneous

This summary is not a complete description of Deutsche Bank s opinion or the underlying analyses and factors considered in connection with Deutsche Bank s opinion. The preparation of a fairness opinion is a complex process involving the application of subjective business and financial judgment in determining the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances and, therefore, is not readily susceptible to partial analysis or summary description. Deutsche Bank believes that its analyses described above must be considered as a whole and that considering any portion of such analyses and of the factors considered without considering all analyses and factors could create a misleading view of the process underlying its opinion. Selecting portions of the analyses or summary set forth above, without considering the analyses as a whole, could create an incomplete view of the processes underlying the Deutsche Bank opinion. In arriving at its fairness determination, Deutsche Bank considered the results of all of its analyses and did not attribute any particular weight to any factor or analysis. Rather, it made its fairness determination on the basis of its experience and professional judgment after considering the results of all of its analyses. No company or transaction in the analyses described above is identical to TSRE, IRT or the Merger.

In conducting its analyses and arriving at its opinion, Deutsche Bank utilized a variety of generally accepted valuation methods. The analyses were prepared solely for the purpose of enabling Deutsche Bank to provide its opinion to the IRT Board as to the fairness of the Merger Consideration, from a financial point of view, to IRT as of the date of the opinion and do not purport to be an appraisal or necessarily reflect the prices at which businesses or securities actually may be sold, which are inherently subject to uncertainty. As described above, in connection with its analyses, Deutsche Bank made, and was provided by the management of IRT with, numerous assumptions with respect to industry performance, general business and economic conditions and other matters, many of which are beyond the control of Deutsche Bank, TSRE or IRT. Analyses based on estimates or forecasts of future results are not necessarily

indicative of actual past or future values or results, which may be significantly more or less favorable than suggested by such analyses. Because such analyses are inherently subject to uncertainty, being based upon numerous factors or events beyond the control of TSRE or IRT or their respective advisors, Deutsche Bank does not assume responsibility if future results or actual values are materially different from these forecasts or assumptions.

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The terms of the Merger, including the Merger Consideration, were determined through arm s-length negotiations between TSRE and IRT and were approved by the IRT Board. Although Deutsche Bank provided advice to the IRT Board during the course of these negotiations, the decision to enter into the Merger Agreement was solely that of the IRT Board. Deutsche Bank did not recommend any specific consideration to IRT or the IRT Board, or that any specific amount or type of consideration constituted the only appropriate consideration for the Merger. As described above, the opinion of Deutsche Bank and its presentation to the IRT Board were among a number of factors taken into consideration by the IRT Board in making its determination to approve the Merger Agreement, the Merger and the other transactions contemplated by the Merger Agreement.

Certain IRT Unaudited Prospective Financial Information

IRT does not as a matter of course make public long-term projections as to future revenues, earnings or other results due to, among other reasons, the uncertainty of the underlying assumptions and estimates. However, IRT is including these projections that were made available to the IRT Board and management in connection with the evaluation of the Merger. This information also was provided to Deutsche Bank to the extent noted below. Certain portions of the information were also made available to the TSRE Board and management as well as to TSRE s financial advisor. The inclusion of this information should not be regarded as an indication that any of IRT, TSRE, their respective advisors or any other recipient of this information considered, or now considers, it to be necessarily predictive of actual future results.

The unaudited prospective financial information was, in general, prepared solely for internal use and is subjective in many respects. As a result, there can be no assurance that the prospective results will be realized or that the actual results will not be significantly higher or lower than estimated. Since the unaudited prospective financial results cover multiple years, such information by its nature becomes less predictive with each successive year. The unaudited prospective financial information included below are forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act and are subject to risks and uncertainties that could cause actual results to differ materially from those statements and should be read with caution. IRT stockholders and TSRE stockholders are urged to review the risks and uncertainties described under Risk Factors and Cautionary Statement Concerning Forward-Looking Statements beginning on pages 36 and 46, respectively, as well as the risks described in the periodic reports of IRT filed with the SEC. See Where You Can Find More Information; Incorporation by Reference beginning on page 170. The unaudited prospective financial results were not prepared with a view toward public disclosure, nor were they prepared with a view toward compliance with GAAP, published guidelines of the SEC or the guidelines established by the American Institute of Certified Public Accountants for preparation and presentation of prospective financial information.

Neither the independent registered public accounting firm of IRT, nor any other independent accountants, have compiled, examined or performed any audit or other procedures with respect to the unaudited prospective financial results contained herein, nor have they expressed any opinion or any other form of assurance on such information or its achievability. The report of the independent registered public accounting firm of IRT contained in IRT s Annual Report on Form 10-K for the year ended December 31, 2014, which is incorporated by reference into this joint proxy statement/prospectus, relates to the historical consolidated financial statements of IRT. It does not extend to the unaudited prospective financial results and should not be read to do so. Furthermore, the unaudited prospective financial results do not take into account any circumstances or events occurring after the respective dates on which they were prepared.

These unaudited prospective financial results were provided to Deutsche Bank in connection with the preparation of its financial analyses. IRT also evaluated certain unaudited prospective financial results of TSRE that were prepared by TSRE as described under Certain TSRE Unaudited Prospective Financial Information. IRT made certain

immaterial adjustments to the unaudited prospective financial results prepared by TSRE to decrease revenue and net operating income in connection with its due diligence of the Merger and provided the unaudited prospective financial results of TSRE, as revised by IRT, to Deutsche Bank in connection with the preparation of its financial analyses. For a description of Deutsche Bank s financial analyses, see The Merger Opinion of IRT s Financial Advisor.

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The following table presents selected unaudited prospective financial information for IRT that was prepared on a standalone basis. The prospective financial information for the fiscal years ending 2015 through 2019 under the heading Including Acquisitions was calculated using an assumption that IRT would acquire $400.0 million of assets in each fiscal year. The prospective financial information for the fiscal years ending 2015 and 2016 under the heading Excluding Acquisitions was calculated using an assumption that IRT would not acquire any additional assets in those fiscal years:

(in millions)	Including Acquisitions					Excluding Acquisitions	
	Year Ending December 31,						
	2015	2016	2017	2018	2019	2015	2016
Revenue	$ 100.6	$ 161.5	$ 214.5	$ 270.2	$ 328.6	$ 88.8	$ 92.1
Net Operating Income (NOI)	$ 54.1	$ 86.9	$ 115.8	$ 146.5	$ 179.0	$ 48.0	$ 50.8
Earnings Before Interest Taxes Depreciation and Amortization (EBITDA)	$ 47.2	$ 75.1	$ 100.0	$ 126.4	$ 154.4	$ 41.7	$ 43.8
Funds From Operations (FFO)	$ 24.1	$ 37.3	$ 47.9	$ 63.2	$ 78.6	$ 24.0	$ 25.8
Core FFO	$ 27.9	$ 41.7	$ 52.8	$ 68.6	$ 84.6	$ 25.1	$ 27.1

For purposes of the unaudited prospective financial information of IRT presented herein, NOI is a non-GAAP financial performance measure that represents property-related revenue less property-related expenses. For purposes of the unaudited prospective financial information of IRT presented herein, EBITDA is calculated as net income before interest expense, income taxes, depreciation and amortization. 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. Core FFO 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 expenses, expensed costs related to the issuance of shares of IRT s 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 Core FFO.

IRT and TSRE calculate certain non-GAAP financial metrics, including NOI, EBITDA, FFO and Core FFO, using different methodologies. Consequently, the financial metrics presented in each company s prospective financial information disclosures and in the sections of this joint proxy statement/prospectus with respect to the opinions of the financial advisors to IRT and TSRE may not be directly comparable to one another.

In preparing the foregoing unaudited prospective financial results, IRT made a number of assumptions and estimates regarding, among other things, future interest rates, IRT s future stock price, the level of future investments by IRT and the yield to be achieved on such investments, financing of future investments, including leverage ratios, future property sales by IRT, future mortgage and receivable loan payoffs to IRT, the ability to refinance certain of IRT s outstanding secured and unsecured debt and the terms of any such refinancing, and future capital expenditures and dividend rates. IRT management believes these assumptions and estimates were reasonably prepared, but these assumptions and estimates may not be realized and are inherently subject to significant business, economic, competitive and regulatory uncertainties and contingencies, including, among others, the risks and uncertainties described under Risk Factors and Cautionary Statement Concerning Forward-Looking Statements beginning on pages

36 and 46, respectively, as well as the risks described in the periodic reports of IRT filed with the SEC. All of these uncertainties and contingencies are difficult to predict and many are beyond the control of IRT and/or TSRE and will be beyond the control of the Combined Company.

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Readers of this joint proxy statement/prospectus are cautioned not to place undue reliance on the unaudited prospective financial results set forth above. While presented with numerical specificity, the inclusion of the above unaudited prospective financial results in this joint proxy statement/prospectus should not be regarded as an indication that the prospective financial will be necessarily predictive of actual future events, and such information should not be relied on as such. There can be no assurance that projected results or underlying assumptions will be realized, and actual results likely will differ, and may differ materially, from those reflected in the unaudited prospective financial results, whether or not the merger is completed. In addition, the above unaudited prospective financial results do not give effect to the Merger. None of IRT, TSRE, or their respective officers, directors, affiliates, advisors or other representatives has made any representations regarding the ultimate performance of IRT compared to the information included in the above unaudited prospective financial results.

IRT stockholders and TSRE stockholders are urged to review IRT s most recent SEC filings for a description of IRT s results of operations and financial condition and capital resources during 2014, including Management s Discussion and Analysis of Financial Condition and Results of Operations in IRT s Annual Report on Form 10-K for the year ended December 31, 2014 and Quarterly Report on Form 10-Q for the period ended March 31, 2015, which are incorporated by reference into this joint proxy statement/prospectus. See Where You Can Find More Information; Incorporation by Reference beginning on page 170.

IRT DOES NOT INTEND TO UPDATE OR OTHERWISE REVISE THE ABOVE UNAUDITED PROSPECTIVE FINANCIAL RESULTS TO REFLECT CIRCUMSTANCES EXISTING AFTER THE DATE WHEN MADE OR TO REFLECT THE OCCURRENCE OF FUTURE EVENTS, EVEN IN THE EVENT THAT ANY OR ALL OF THE ASSUMPTIONS UNDERLYING SUCH UNAUDITED PROSPECTIVE FINANCIAL RESULTS ARE NO LONGER APPROPRIATE, EXCEPT AS MAY BE REQUIRED BY APPLICABLE LAW.

Opinion of TSRE s Financial Advisor

Pursuant to an engagement letter dated June 19, 2014, TSRE retained J.P. Morgan as its financial advisor in connection with the proposed Merger.

At the meeting of the TSRE Board on May 10, 2015, J.P. Morgan rendered its oral opinion to the TSRE Board that, as of such date and based upon and subject to the factors, assumptions and limitations set forth in its opinion, the Company Merger Consideration to be paid to the holders of TSRE common stock in the proposed Company Merger was fair, from a financial point of view, to such holders. J.P. Morgan has confirmed its May 10, 2015 oral opinion by delivering its written opinion to the TSRE Board, dated May 11, 2015, that, as of such date, the Company Merger Consideration to be paid to the holders of TSRE common stock in the proposed Company Merger was fair, from a financial point of view, to such holders. No limitations were imposed by the TSRE Board upon J.P. Morgan with respect to the investigations made or procedures followed by it in rendering its opinions.

The full text of the written opinion of J.P. Morgan dated May 11, 2015, which sets forth the assumptions made, matters considered and limits on the review undertaken, is attached as Annex G to this joint proxy statement/prospectus and is incorporated herein by reference. TSRE s stockholders are urged to read the opinion in its entirety. J.P. Morgan s written opinion is addressed to the TSRE Board, is directed only to the Company Merger Consideration to be paid to the holders of TSRE common stock in the proposed Company Merger and does not constitute a recommendation to any stockholder of TSRE as to how such stockholder should vote with respect to the Company Merger or any other matter. The summary of the opinion of J.P. Morgan set forth in this joint proxy statement/prospectus is qualified in its entirety by reference to the full text of such opinion.

In arriving at its opinions, J.P. Morgan, among other things:

reviewed the Merger Agreement;

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reviewed certain publicly available business and financial information concerning TSRE and IRT and the industries in which they operate;

compared the financial and operating performance of TSRE and IRT with publicly available information concerning certain other companies J.P. Morgan deemed relevant and reviewed the current and historical market prices of TSRE s common stock and IRT s common stock and certain publicly traded securities of such other companies;

reviewed certain internal financial analyses and forecasts prepared by the managements of TSRE and IRT relating to their respective businesses, as well as the estimated amount and timing of the cost savings and related expenses and synergies expected to result from the Merger (the Synergies); and

performed such other financial studies and analyses and considered such other information as J.P. Morgan deemed appropriate for the purposes of its opinion.

J.P. Morgan also held discussions with certain members of the management of TSRE and IRT with respect to certain aspects of the Merger, and the past and current business operations of TSRE and IRT, the financial condition and future prospects and operations of TSRE and IRT, the effects of the Merger on the financial condition and future prospects of TSRE and IRT, and certain other matters J.P. Morgan believed necessary or appropriate to its inquiry.

J.P. Morgan relied upon and assumed the accuracy and completeness of all information that was publicly available or was furnished to or discussed with J.P. Morgan by TSRE and IRT or otherwise reviewed by or for J.P. Morgan, and J.P. Morgan did not independently verify (nor did J.P. Morgan assume responsibility or liability for independently verifying) any such information or its accuracy or completeness. J.P. Morgan did not conduct and was not provided with any valuation or appraisal of any assets or liabilities, nor did J.P. Morgan evaluate the solvency of TSRE or IRT under any state or federal laws relating to bankruptcy, insolvency or similar matters. In relying on financial analyses and forecasts provided to J.P. Morgan or derived therefrom, including the Synergies, J.P. Morgan assumed that they were reasonably prepared based on assumptions reflecting the best currently available estimates and judgments by management as to the expected future results of operations and financial condition of TSRE and IRT to which such analyses or forecasts relate. J.P. Morgan expressed no view as to such analyses or forecasts (including the Synergies) or the assumptions on which they were based. J.P. Morgan also assumed that the Merger and the other transactions contemplated by the Merger Agreement will have the tax consequences described in discussions with, and materials furnished to J.P. Morgan by, representatives of TSRE, and will be consummated as described in the Merger Agreement. The management of TSRE also instructed J.P. Morgan to assume that the cash portion of the Company Merger Consideration will equal either $3.80 per share (the Minimum Cash Consideration) or $4.56 per share (the Maximum Cash Consideration). J.P. Morgan has also assumed that the representations and warranties made by TSRE, TSR OP, IRT, IROP, IRT LP LLC and OP Merger Sub in the Merger Agreement and any related agreements were and will be true and correct in all respects material to J.P. Morgan s analysis. J.P. Morgan is not a legal, regulatory or tax expert and relied on the assessments made by advisors to TSRE with respect to such issues. J.P. Morgan further assumed that all material governmental, regulatory or other consents and approvals necessary for the consummation of the Merger will be obtained without any adverse effect on TSRE or IRT or on the contemplated benefits of the Merger.

The projections furnished to J.P. Morgan for TSRE and IRT were prepared by the respective managements of each company. Neither TSRE nor IRT publicly discloses internal management projections of the type provided to J.P. Morgan in connection with J.P. Morgan s analysis of the Merger, and such projections were not prepared with a view

toward public disclosure. These projections were based on numerous variables and assumptions that are inherently uncertain and may be beyond the control of management, including, without limitation, factors related to general economic and competitive conditions and prevailing interest rates. Accordingly, actual results could vary significantly from those set forth in such projections. For more information regarding the use of projections, please refer to the section entitled Certain TSRE Unaudited Prospective Financial Information beginning on page 100.

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J.P. Morgan s opinion is based on economic, market and other conditions as in effect on, and the information made available to J.P. Morgan as of, the date of the opinion. Subsequent developments may affect J.P. Morgan s opinion, and J.P. Morgan does not have any obligation to update, revise, or reaffirm such opinion. J.P. Morgan s opinion is limited to the fairness, from a financial point of view, of the Company Merger Consideration to be paid to the holders of TSRE common stock in the proposed Company Merger, and J.P. Morgan has expressed no opinion as to the fairness of any consideration paid in connection with the Merger to the holders of any other class of securities, creditors or other constituencies of TSRE or TSR OP or as to the underlying decision by TSRE to engage in the Merger. Furthermore, J.P. Morgan expressed no opinion with respect to the amount or nature of any compensation to any officers, directors, or employees of any party to the Merger, or any class of such persons relative to the consideration to be paid to the holders of TSRE common stock in the Merger or with respect to the fairness of any such compensation. J.P. Morgan has expressed no opinion as to the price at which TSRE common stock or IRT common stock will trade at any future time.

In accordance with customary investment banking practice, J.P. Morgan employed generally accepted valuation methods in reaching its opinion. The following is a summary of the material financial analyses utilized by J.P. Morgan in connection with providing its opinion. The financial analyses summarized below include information presented in tabular format. The tables are not intended to stand alone and, in order to more fully understand the financial analyses used by J.P. Morgan, the tables must be read together with the full text of each summary. Considering the data set forth herein without considering the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of J.P. Morgan s financial analyses.

Public Trading Multiples Analysis

Using publicly available information, J.P. Morgan compared certain trading multiples of TSRE and IRT with similar data for publicly traded companies engaged in businesses which J.P. Morgan judged to be sufficiently analogous to TSRE s and IRT s businesses or aspects thereof.

For TSRE, the companies selected by J.P. Morgan were as follows:

Camden Property Trust

Apartment Investment and Management Company (AIMCO)

Mid-America Apartment Communities, Inc.

Post Properties, Inc.

Associated Estates Realty Corporation

For IRT, the companies selected by J.P. Morgan were as follows:

Camden Property Trust

Apartment Investment and Management Company (AIMCO)

Mid-America Apartment Communities, Inc.

Post Properties, Inc.

Associated Estates Realty Corporation

Milestone Apartments REIT

Preferred Apartment Communities, Inc.

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These companies were selected for each of TSRE and IRT, among other reasons, because they are publicly traded companies with operations and businesses that, for purposes of J.P. Morgan s analysis, may be considered similar to those of TSRE and IRT based on the nature of their assets and operations and the form and geographic location of their operations. However, certain of these companies may have characteristics that are materially different from those of TSRE and IRT. The analyses necessarily involve complex considerations and judgments concerning differences in financial and operational characteristics of the companies involved and other factors that could affect the companies differently than they would affect TSRE or IRT.

For each company listed above, J.P. Morgan calculated and compared the multiple of equity market price per share to research analysts consensus estimates for adjusted funds from operations (AFFO) for the calendar year 2015 (P / 2015E AFFO) based on publicly available information and market data as of May 8, 2015.

Results of the analysis are as follows:

	TSRE P /2015E AFFO	IRT P /2015E AFFO
Peer high	22.7x	22.7x
Peer average	20.3x	18.1x
Peer median	21.1x	19.8x
Peer low	17.0x	12.0x

Based on the results of this analysis, J.P. Morgan selected multiple reference ranges for P / 2015E AFFO of 17.0x 20.0x for TSRE and of 12.0x 16.0x for IRT.

After applying such ranges to the respective estimated 2015 AFFO for each of TSRE and IRT based on projections by TSRE and IRT management, the analysis indicated the following implied equity value per share ranges for TSRE and IRT common stock, rounded to the nearest $0.05:

	Equity value per TSRE share		Equity value per IRT share	
Public Trading Multiples Analysis				
P / 2015E AFFO	$ 6.20	$7.30	$ 8.05	$10.75

The range of implied equity value per share for TSRE was compared to TSRE s closing share price of $7.08 on May 8, 2015, and the range of implied equity value per share for IRT was compared to IRT s closing share price of $8.57 on May 8, 2015.

Net Asset Value Analysis

J.P. Morgan prepared a per share net asset value analysis for each of TSRE and IRT using calendar year 2015 estimated nominal net operating income (post management fee) and asset and liability balances as of March 31, 2015. J.P. Morgan applied a range of blended capitalization rates of 5.7% to 6.0% for TSRE and 6.4% to 6.7% for IRT to the calendar year 2015 estimated nominal net operating income (post management fee) of each company in order to arrive at an aggregate value for each company s real estate as of March 31, 2015. The capitalization rate ranges represented estimated blended rates based on the quality of assets held by each company and based on estimated

private market capitalization rates by property type, market size and quality based on research analyst estimates. J.P. Morgan then deducted mortgage debt and revolver debt balances from these aggregate values, and added the value of other net tangible assets, in order to arrive at a range of implied net asset equity values for each company. The implied net asset equity values for TSRE and IRT were divided by the number of diluted shares outstanding at TSRE and IRT, respectively, to arrive at a range of implied net asset values per share of TSRE and IRT common stock. J.P. Morgan then deducted deferred maintenance liabilities to arrive at a range of implied adjusted net asset values per share of IRT common stock.

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The analysis indicated the following implied equity value per share ranges for TSRE and IRT common stock, rounded to the nearest $0.05:

	Equity value per TSRE share		Equity value per IRT share	
Net Asset Value Analysis	$ 6.70	$7.65	$ 8.50	$9.55

The range of implied equity value per share for TSRE was compared to TSRE s closing share price of $7.08 on May 8, 2015, and the range of implied equity value per share for IRT was compared to IRT s closing share price of $8.57 on May 8, 2015.

Discounted Cash Flow Analysis

J.P. Morgan conducted a discounted cash flow analysis for the purpose of determining an implied fully diluted equity value per share for each of TSRE s common stock and IRT s common stock. A discounted cash flow analysis is a method of evaluating an asset using estimates of the future unlevered cash flows generated by the asset and taking into consideration the time value of money with respect to those cash flows by calculating their present value. The unlevered free cash flows refers to a calculation of the future cash flows generated by an asset without including in such calculation any debt servicing costs. Specifically, unlevered free cash flow represents unlevered net operating profit after tax, adjusted for depreciation and amortization, capital expenditures and changes in net working capital. Present value refers to the current value of the cash flows generated by the asset and is obtained by discounting those cash flows back to the present using a discount rate that takes into account macro-economic assumptions and estimates of risk, the opportunity cost of capital and other appropriate factors. Terminal value refers to the present value of all future cash flows generated by the asset for periods beyond the projections period.

J.P. Morgan calculated the unlevered free cash flows that TSRE and IRT are expected to generate during calendar years 2015 through 2024 based upon financial projections prepared by the respective managements of each company. J.P. Morgan also calculated a range of terminal values of TSRE and IRT at the end of the ten-year period ending 2024 by applying a perpetual growth rate ranging from 1.75% to 2.25% of the unlevered free cash flow of each company during the terminal period of the projections. The unlevered free cash flows and the range of terminal values were then discounted to present values as of June 30, 2015 using a range of discount rates from 7.25% to 7.75%. The discount rate range was based upon J.P. Morgan s analysis of the weighted average cost of capital of each company.

Based on the foregoing, this analysis indicated the following implied equity value per share ranges for TSRE and IRT common stock, rounded to the nearest $0.05:

	Equity value per TSRE share		Equity value per IRT share	
Discounted Cash Flow Analysis	$ 5.80	$8.15	$ 9.35	$13.00

The range of implied equity value per share for TSRE was compared to TSRE s closing share price of $7.08 on May 8, 2015, and the range of implied equity value per share for IRT was compared to IRT s closing share price of $8.57 on May 8, 2015.

Relative Valuation Analysis

Based upon a comparison of the implied equity values for each of TSRE and IRT calculated in its public trading multiples analysis, net asset value analysis and discounted cash flow analysis described above, J.P. Morgan calculated a range of implied exchange ratios for the Company Merger.

For each comparison, J.P. Morgan compared the highest equity value for TSRE, less the cash portion of the Company Merger Consideration, to the lowest equity value for IRT to derive the highest implied exchange ratio implied by each set of reference ranges. J.P. Morgan also compared the lowest equity value for TSRE, less the

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cash portion of the Company Merger Consideration, to the highest equity value for IRT to derive the lowest implied exchange ratios implied by each set of reference ranges. Pursuant to instructions from TSRE s management, J.P. Morgan calculated each comparison assuming that the cash portion of the Company Merger Consideration would equal either the Minimum Cash Consideration or the Maximum Cash Consideration.

The analysis indicated the following implied exchange ratios for each of the Minimum Cash Consideration or the Maximum Cash Consideration scenarios:

	Range of implied exchange ratios			
	Minimum Cash Consideration		Maximum Cash Consideration	
Public Trading Multiples Analysis				
P / 2015E AFFO	0.223x	0.434x	0.152x	0.339x
Net Asset Value Analysis	0.306x	0.450x	0.226x	0.361x
Discounted Cash Flow Analysis	0.152x	0.463x	0.094x	0.382x

For each of the Minimum Cash Consideration and the Maximum Cash Consideration scenarios, J.P. Morgan then compared the respective ranges of implied exchange ratios above to the natural exchange ratio (calculated as the closing market price per share of TSRE common stock as of May 8, 2015, less the applicable cash portion of the Consideration, divided by IRT s closing market price per share of IRT common stock as of May 8, 2015) and the offer exchange ratio (calculated as the offer price of $7.60, less the Per Share Cash Amount, divided by a fixed price of $9.25 per share of IRT common stock, in accordance with the Merger Agreement). J.P. Morgan calculated a natural exchange ratio of 0.383x and an offer exchange ratio of 0.411x for the Minimum Cash Consideration scenario, and a natural exchange ratio of 0.294x and an offer exchange ratio of 0.329x for the Maximum Cash Consideration scenario.

The foregoing summary of certain material financial analyses does not purport to be a complete description of the analyses or data presented by J.P. Morgan. The preparation of a fairness opinion is a complex process and is not necessarily susceptible to partial analysis or summary description. J.P. Morgan believes that the foregoing summary and its analyses must be considered as a whole and that selecting portions of the foregoing summary and these analyses, without considering all of its analyses as a whole, could create an incomplete view of the processes underlying the analyses and its opinion. In arriving at its opinion, J.P. Morgan did not attribute any particular weight to any analyses or factors considered by it and did not form an opinion as to whether any individual analysis or factor (positive or negative), considered in isolation, supported or failed to support its opinion. Rather, J.P. Morgan considered the totality of the factors and analyses performed in determining its opinion. Analyses based upon forecasts of future results are inherently uncertain, as they are subject to numerous factors or events beyond the control of the parties and their advisors. Accordingly, forecasts and analyses used or made by J.P. Morgan are not necessarily indicative of actual future results, which may be significantly more or less favorable than suggested by those analyses. Moreover, J.P. Morgan s analyses are not and do not purport to be appraisals or otherwise reflective of the prices at which businesses actually could be bought or sold. None of the selected companies reviewed as described in the above summary is identical to TSRE or IRT. However, the companies selected were chosen because they are publicly traded companies with operations and businesses that, for purposes of J.P. Morgan s analysis, may be considered similar to those of TSRE or IRT. The analyses necessarily involve complex considerations and judgments concerning differences in financial and operational characteristics of the companies involved and other factors that could affect the companies compared to TSRE or IRT.

As a part of its investment banking business, J.P. Morgan and its affiliates are continually engaged in the valuation of businesses and their securities in connection with mergers and acquisitions, investments for passive and control

purposes, negotiated underwritings, secondary distributions of listed and unlisted securities, private placements, and valuations for estate, corporate and other purposes. J.P. Morgan was selected to advise TSRE with respect to the Merger on the basis of such experience and its familiarity with TSRE.

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For services rendered in connection with the Merger, TSRE has agreed to pay J.P. Morgan a fee of approximately $5.0 million, a substantial portion of which will become payable only if the proposed Merger is consummated. In addition, TSRE has agreed to reimburse J.P. Morgan for its expenses incurred in connection with its services, including the fees and disbursements of counsel, and will indemnify J.P. Morgan against certain liabilities, including liabilities arising under the Federal securities laws.

Other than with respect to its engagement by TSRE in connection with the Merger, neither J.P. Morgan nor its affiliates have had any material financial advisory or other material commercial or investment banking relationships with TSRE, TSR OP, IRT or IROP during the two years preceding the date of J.P. Morgan s written opinion. In the ordinary course of their businesses, J.P. Morgan and its affiliates may actively trade the debt and equity securities of TSRE or IRT for their own accounts or for the accounts of customers and, accordingly, they may at any time hold long or short positions in such securities.

Certain TSRE Unaudited Prospective Financial Information

Historically, TSRE has not provided periodic earnings guidance nor does TSRE, as a matter of course, make public its management s forecasts or projections of future performance or earnings. In connection with the Merger, TSRE has determined to make available to TSRE s stockholders projections of its anticipated future operating performance for the three fiscal years ending 2015 through 2017 (the TSRE Management Projections). The TSRE Management Projections were provided to J.P. Morgan in February 2015 in connection with the rendering of J.P. Morgan s fairness opinion and to IRT in connection with their due diligence in anticipation of the Merger. The TSRE Management Projections were not prepared with a view toward public disclosure or compliance with published guidelines of the SEC, the guidelines established by the American Institute of Certified Public Accountants for prospective financial information or GAAP. TSRE s independent registered public accounting firm has not compiled or examined the TSRE Management Projections or expressed any conclusion or provided any form of assurance with respect to the TSRE Management Projections and, accordingly, assumes no responsibility for them.

The TSRE Management Projections included below are forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act and are subject to risks and uncertainties that could cause actual results to differ materially from those statements and should be read with caution. See Cautionary Statement Concerning Forward-Looking Statements beginning on page 46. They are subjective in many respects and thus susceptible to interpretations and periodic revisions based on actual experience and recent developments. While presented with numerical specificity, the TSRE Management Projections were not prepared by TSRE in the ordinary course and are based upon a variety of estimates and hypothetical assumptions made by TSRE s management with respect to, among other things, general economic, market, interest rate and financial conditions, the availability and cost of capital for future investments, TSRE s ability to lease or re-lease space at current or anticipated rents, changes in the supply of and demand for its properties, risks and uncertainties associated with the development, acquisition or disposition of properties, competition within the industry, real estate and market conditions, and other matters. None of the assumptions underlying the projections may be realized, and they are inherently subject to significant business, economic and competitive uncertainties and contingencies, all of which are difficult to predict and many of which are beyond TSRE s control. Accordingly, there can be no assurance that the assumptions made in preparing the TSRE Management Projections will prove accurate, and actual results may materially differ. In addition, the TSRE Management Projections do not take into account any of the transactions contemplated by the Merger Agreement, including the Merger, which may also cause actual results to materially differ.

For these reasons, as well as the bases and assumptions on which the TSRE Management Projections were compiled, the inclusion of the information set forth below should not be regarded as an indication that the TSRE Management Projections will be an accurate prediction of future events, that any recipient of the TSRE Management Projections

considered, or now considers, them to be a reliable predictor of future events, and they should not be relied on as such. No one has made, or makes, any representation regarding the information contained in the projections and, except as required by applicable securities laws, neither TSRE nor IRT intends

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to update or otherwise revise the TSRE Management Projections to reflect circumstances existing after the date when made or to reflect the occurrences of future events even in the event that any or all of the assumptions are shown to be in error.

TSRE Management Projections

The TSRE Management Projections assumes no additional debt or equity issuances and no operating properties will be acquired or disposed, except for the additional 100 units at TSRE s Waterstone at Big Creek community that were acquired on March 26, 2015. Management of TSRE believed these projections to be its best estimates as to the future financial performance of TSRE on a stand-alone basis.

Trade Street Residential, Inc.

Management Projections Summary[1]

(in thousands)

Metric	Projected 2015	Projected 2016	Projected 2017
Net Operating Income (NOI[2])	$ 38,502.3	$ 40,044.1	$ 41,483.7
Net Loss Attributable to Common Stockholders	(692.4)	(2,760.3)	(3,786.0)
Funds From Operations (FFO[3])	15,267.7	16,721.9	17,764.7
Core FFO[4]	16,131.7	17,651.9	18,748.7
Adjusted FFO[5]	14,231.7	15,751.9	17,002.5
EBITDA[6]	31,489.9	32,502.7	33,417.5
Dividends	13,945.4	13,945.4	13,945.4

(1) TSRE s Management Projections do not assume any additional debt or equity issuances or the acquisition or disposition of any operating properties, except for the 100 additional units at TSRE s Waterstone at Big Creek community that were acquired on March 26, 2015.

(2) TSRE s management believes that NOI is a useful measure of TSRE s operating performance and defines NOI as total property revenues less total property operating expenses, excluding depreciation and amortization. Other REITs may use different methodologies for calculating NOI, and accordingly, TSRE s NOI may not be comparable to other REITs. TSRE s management believes that this measure provides an operating perspective not immediately apparent from GAAP operating income or net income. NOI allows management to evaluate the operating performance of TSRE s properties because it 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.

(3) As defined by the National Association of Real Estate Investment Trusts, FFO represents net income (loss) attributable to common stockholders (computed in accordance with GAAP), excluding gains (or losses) from sales of property, bargain purchase gains, and recognized impairment of real estate assets, plus real estate-related depreciation and amortization and after adjustments for unconsolidated partnerships and joint ventures. TSRE s management considers FFO to be an important supplemental measure of TSRE s operating performance, believes it assists in the comparison of TSRE s operating performance between periods to that of different REITs and believes it is frequently used by securities analysts, investors and other interested parties in the evaluation of REITs, many of which present FFO when reporting their operating results. FFO is intended to exclude GAAP

historical cost depreciation and amortization of real estate and related assets, which assumes that the value of real estate diminishes ratably over time. Historically, however, real estate values have risen or fallen with market conditions. Because FFO excludes depreciation and amortization unique to real estate, gains and losses from property dispositions and extraordinary items, it provides a performance measure that, when compared year over year, reflects the impact to operations from trends in occupancy rates, rental rates, operating costs, development activities and interest costs, providing perspective not immediately apparent from net income.

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(4) TSRE s management also uses Core FFO as an operating measure. Core FFO includes adjustments to exclude the impact of straight-line adjustments for ground leases, gains and losses from extinguishment of debt, transaction costs related to acquisitions and recapitalization, management transition costs and certain other non-cash or non-comparable items. TSRE s management believes that these adjustments are appropriate in determining Core FFO as they are not indicative of the operating performance of TSRE s assets. In addition, TSRE s management believes that Core FFO is a useful supplemental measure for the investing community to use in comparing TSRE to other REITs as most REITs provide some form of adjusted or modified FFO.

(5) TSRE s management also uses Adjusted FFO (AFFO) as an operating measure, which is defined as FFO or, alternatively, Core FFO, depending on the existence of any non-cash, non-comparable items as described above, less recurring and non-recurring capital expenditures. TSRE s management believes that AFFO is a relevant operating measure as it provides an indication as to whether a REIT can fund from its operating performance the capital expenditures necessary to maintain the condition of its operating real estate assets.

(6) EBITDA represents earnings before interest, taxes, depreciation and amortization. TSRE s management includes EBITDA in this table because this metric was used by J.P. Morgan in its review and analysis of TSRE in connection with rendering its opinion to the TSRE Board. See reconciliation of Net Loss Attributable to Common Stockholders to EBITDA in the table on page 103.

Below are reconciliations between net loss attributable to TSRE common stockholders pursuant to GAAP and the non-GAAP measures noted in TSRE s Management s Projection Summary above:

Reconciliation of NOI to Net Loss Attributable to Common Stockholders

(in thousands)	**Projected 2015**	**Projected 2016**	**Projected 2017**
NOI	$ 38,502.3	$ 40,044.1	$ 41,483.7
Depreciation expense	(15,730.7)	(19,477.0)	(21,690.3)
Interest expense	(13,902.8)	(13,727.3)	(13,655.3)
General and administrative expense	(7,965.0)	(8,622.8)	(9,020.2)
Amortization of deferred financing cost	(1,455.4)	(1,123.6)	(1,115.7)
Acquisition and recapitalization costs	(150.0)		
Development and pursuit costs	(35.0)	(30.0)	(30.0)
Net Loss	(736.6)	(2,936.6)	(4,027.8)
Net loss allocated to noncontrolling interest	44.2	176.3	241.8
Net Loss Attributable to Common Stockholders	**$ (692.4)**	**$ (2,760.3)**	**$ (3,786.0)**

Reconciliation of Net Loss Attributable to Common Stockholders to Adjusted FFO

(in thousands)	**Projected 2015**	**Projected 2016**	**Projected 2017**
Net loss attributable to common stockholders	$ (692.4)	$ (2,760.3)	$ (3,786.0)
Net loss allocated to noncontrolling interest	(44.2)	(176.3)	(241.8)
Real estate depreciation expense	15,730.7	19,477.0	21,690.3
Amortization of property tax abatement intangible asset	273.6	181.5	102.2

FFO	**$ 15,267.7**	**$ 16,721.9**	**$ 17,764.7**
Acquisition and recapitalization costs	150.0		
Non-cash stock compensation expense	714.0	930.0	984.0
Core FFO	**$ 16,131.7**	**$ 17,651.9**	**$ 18,748.7**
Capital expenditures	(1,900.0)	(1,900.0)	(1,746.2)
Adjusted FFO	**$ 14,231.7**	**$ 15,751.9**	**$ 17,002.5**

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Reconciliation of Net Loss Attributable to Common Stockholders to EBITDA

(in thousands)	Projected 2015	Projected 2016	Projected 2017
Net loss attributable to common stockholders	$ (692.4)	$ (2,760.3)	$ (3,786.0)
Net loss allocated to noncontrolling interest	(44.2)	(176.3)	(241.8)
Add: Depreciation expense	15,730.7	19,477.0	21,690.3
Add: Amortization of property tax abatement intangible asset	273.6	181.5	
Add: Interest Expense	13,902.8	13,727.3	13,655.3
Add: Amortization of deferred financing costs	1,455.4	1,123.5	1,115.7
Add: Non-cash stock compensation expense	714.0	930.0	984.0
Add: Acquisition and recapitalization costs	150.0		
EBITDA	**$ 31,489.9**	**$ 32,502.7**	**$ 33,417.5**

Interests of IRT s Directors, Executive Officers and Affiliates in the Merger

Holders of IRT common stock should be aware that certain of IRT s affiliates have interests in the Merger and the other transactions contemplated by the Merger Agreement that are different from, or in addition to, the interests of holders of IRT common stock generally, which may create potential conflicts of interest or the appearance thereof. The IRT Board was aware of these interests, among other matters, in approving the Merger Agreement, the Merger and the other transactions contemplated by the Merger Agreement, and in recommending that holders of IRT common stock vote for the proposal to approve the issuance of shares of IRT common stock in the Merger (including IRT common stock issuable upon redemption of IROP Units issued in the Partnership Merger). These interests include those discussed below.

Concurrently with the execution and delivery of the Merger Agreement, TSRE entered into a voting agreement with RAIT, which owned approximately 23% of the outstanding shares of IRT common stock as of May 8, 2015. Pursuant to the voting agreement, RAIT has agreed to vote in favor of the issuance of IRT common stock in the Merger (including IRT common stock issuable upon redemption of IROP Units issued in the Partnership Merger), subject to the terms and conditions of contained in the voting agreement. For more information about this voting agreement, see Voting Agreements beginning on page 152.

The Advisor is a wholly-owned subsidiary of RAIT, and RAIT owns a 75% controlling equity interest in IRT s property manager, RAIT Residential. The Advisor is responsible for managing IRT s day-to-day business operations and identifying properties for IRT to acquire, while RAIT Residential provides services to IRT in connection with the rental, leasing, operation and management of its properties. All of the executive officers of IRT are also employees of RAIT. Each of Scott F. Schaeffer, IRT s Chairman of the Board and Chief Executive Officer, and James J. Sebra, IRT s Chief Financial Officer and Treasurer, also hold the same positions at RAIT. IRT s executive officers have been granted restricted stock awards and stock appreciation rights under IRT s Long Term Incentive Plan. IRT has an advisory agreement with the Advisor described below and expects to amend the terms of this advisory agreement to extend the term and modify the method to calculate the Advisor s advisory fee as described below. While the changes to such methods would not necessarily increase the amount of advisory fees paid to the Advisor, due to the increased size of the Combined Company, the Advisor expects to receive increased advisory fees if the Merger is completed. IRT expects to have RAIT Residential serve as the property manager for each of the properties acquired from TSRE

as a result of the Merger. While the terms of each property management agreement are expected to be substantially similar to those IRT has used for its properties currently in IRT s portfolio, due to the increased size of the Combined Company, RAIT Residential expects to receive increased property management fees if the Merger is completed.

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IRT has the following management agreements with affiliates of RAIT for the provision of management and advisory services to IRT: (i) an advisory agreement with the Advisor and (ii) property management agreements with RAIT Residential with respect to each of IRT s properties. Pursuant to the terms of the advisory agreement, the Advisor is compensated as follows:

A quarterly base management fee of 0.1875% of average gross real estate assets as of the last day of such quarter. Average gross real estate assets means the average of the aggregate book value of IRT s real estate assets before reserves for depreciation or other similar noncash reserves and excluding the book values attributable to the eight properties that were acquired prior to August 16, 2013. IRT computes average gross real estate assets by taking the average of these book values at the end of each month during the quarter for which it is calculating the fee.

An incentive fee based on IRT s pre-incentive fee core funds from operations (Core FFO), a non-GAAP measure, as defined in the advisory agreement. The incentive fee is computed at the end of each fiscal quarter as follows:

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

20% of the amount of IRT s pre-incentive fee Core FFO that exceeds 1.75% (7% annualized) of the cumulative gross proceeds from the issuance of equity securities we have obtained.

At the closing of the Merger, IRT intends to amend the advisory agreement such that the Advisor will receive (i) a base management fee of 1.50% of cumulative equity raised and (ii) an incentive fee equal to a percentage of Core FFO in excess of a base year threshold amount per share to be determined. In no event will this threshold amount be less than $0.18 per quarter.

The completion of the Merger by IRT will increase IRT s average gross real estate assets because of the addition of new properties, and is expected to increase its Core FFO. Under the proposed amended terms of the advisory agreement, if IRT sells IRT common stock as a means of financing the cash portion of the Merger Consideration, the amount of equity raised may be included in the equity used to calculate the base management fee thereunder and result in increased base management fees paid to the Advisor. Therefore, the completion of the Merger is expected to increase the fees to be paid by IRT to the Advisor under the advisory agreement, either as it currently exists or as it is proposed to be amended.

Pursuant to the property management agreements, IRT pays RAIT Residential property management and leasing fees on a monthly basis of an amount up to 4.0% of the gross revenues from the property for each month. In addition to these base management fees, RAIT Residential may be entitled to receive customary due diligence fees, construction management fees, lease-up fees and other similar fees for additional services to be provided by RAIT Residential at the request of IRT. Each property management agreement has an initial one year term, subject to automatic one-year renewals unless either party gives prior notice of its desire to terminate the management agreement. Following the completion of the Merger, IRT anticipates entering into new property management agreements for each of the new properties being acquired in the Merger, which will increase the fees paid by IRT to RAIT Residential.

Interests of TSRE s Directors and Executive Officers in the Company Merger

In considering the recommendation of the TSRE Board to approve the Company Merger and the other transactions contemplated by the Merger Agreement, TSRE stockholders should be aware that the directors and executive officers of TSRE have certain interests in the Company Merger that may be different from, or in addition to, the interests of TSRE stockholders generally. These interests may create potential conflicts of interest. The TSRE Board was aware of those interests and considered them, among other matters, in reaching its decision to approve the Merger Agreement.

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Pursuant to the terms of their employment agreements with TSRE, Richard H. Ross, TSRE s Chief Executive Officer, and Randall C. Eberline, TSRE s Chief Accounting Officer, will be entitled to: (i) all accrued but unpaid wages through the termination date; (ii) all accrued but unused and unpaid vacation; (iii) any earned but unpaid bonuses relating to the prior year; (iv) all approved, but unreimbursed, business expenses; (v) if the executive is participating in TSRE s group medical, vision and dental plan immediately prior to the date of termination, a lump sum payment equal to 18 times (or such lesser period that the executive (and his eligible dependents) are entitled to under COBRA) the amount of monthly employer contribution that TSRE made to an issuer to provide medical, vision and dental insurance to the executive (and his eligible dependents) in the month immediately preceding the date of termination; and (vi) a separation payment equal to the sum of three times the executive s (a) then current base salary and (b) average annual bonus for the two annual bonus periods completed prior to the termination (if the change in control occurs prior to the date the executive was eligible to earn two bonuses, the average bonus for the two-year period will be deemed to be the executive s target bonus in the year of termination), with such separation payment being payable in a lump sum within 60 days from the date of termination, subject to the executive executing a release that becomes effective and certain other conditions. Additionally all of the executive s outstanding unvested equity-based awards (including restricted stock and restricted stock units) granted pursuant to TSRE s Amended and Restated 2013 Equity Incentive Plan will vest and become immediately exercisable and unrestricted, without any action by the TSRE Board or any committee thereof.

Concurrently with the execution and delivery of the Merger Agreement, IRT entered into separate voting agreements with funds affiliated with Senator and Monarch, which collectively owned approximately 48% of the outstanding shares of TSRE common stock as of May 8, 2015. Pursuant to the voting agreements, Senator and Monarch have each agreed to vote in favor of the Company Merger and the other transactions contemplated by the Merger Agreement, subject to the terms and conditions of the applicable voting agreements, as described under Voting Agreements beginning on page 152. In addition, Senator and Monarch each also entered into a lock-up agreement in favor of IRT. Pursuant to the terms of the lock-up agreements, and subject to certain exceptions, each of Senator and Monarch are subject to restrictions on the sale of its shares of IRT common stock for a period of 180 days following the closing of the Merger. Michael Simanovsky and Adam Sklar, each a member of the TSRE Board, are employees of Senator and Monarch, respectively.

Security Ownership of TSRE s Directors and Executive Officers and Current Beneficial Owners

The following table sets forth information regarding the beneficial ownership of TSRE common stock as of May 27, 2015 by:

- each person known by TSRE to be the beneficial owner of more than 5% of the outstanding shares of TSRE based solely upon the amounts and percentages contained in the public filings of such persons;
- each of TSRE s officers and directors; and
- all of TSRE s officers and directors as a group.

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Name of Beneficial Owner	Common Stock Beneficially Owned	Percent of Common Stock[(1)]
5% Stockholders		
Senator Investment Group LP	9,316,055	25.31%
Senator Global Opportunity Fund LP	8,299,002	22.55%
Senator Global Opportunity Intermediate Fund LP	1,017,053	2.76%
Monarch Alternative Capital LP	8,452,678	22.97%
Trade Street Property Fund I, LP Liquidating Trust	3,466,534	9.42%
Forward Management, LLC	2,777,693	7.55%
Michael Baumann	2,640,432	6.75%
Private Management Group, Inc.	1,964,777	5.34%
Westport Capital Partners, LLC	1,926,309	5.23%
BHR Capital, LLC	1,857,624	5.05%
NEOs:		
Richard H. Ross	99,091	*
Randall C. Eberline	19,102	*
Directors:		
Randolph C. Coley	24,281	*
Mack D. Pridgen III	86,994	*
Nirmal Roy		
Michael Simanovsky		
Adam Sklar		
All NEOs and directors as a group (seven persons)	229,468	*%

* Less than 1%

(1) Based on 36,799,570 shares of TSRE s common stock outstanding as of May 27, 2015. Beneficial ownership is determined in accordance with the rules of the SEC and includes voting or investment power with respect to shares of common stock. Shares of TSRE common stock that may be issued upon the redemption of TSR OP Units are deemed outstanding for computing the percentage ownership of the person, entity or group holding the securities but are not deemed outstanding for computing the percentage ownership of any other person.

Regulatory Approvals Required for the Merger

IRT and TSRE are not aware of any material federal or state regulatory requirements that must be complied with, or regulatory approvals that must be obtained, in connection with the Merger or the other transactions contemplated by the Merger Agreement.

Accounting Treatment

IRT prepares its financial statements in accordance with GAAP. The Merger will be accounted for by applying the acquisition method, which requires the identification of the acquirer, the determination of the acquisition date, the recognition and measurement, at fair value, of the identifiable assets acquired, liabilities assumed and any noncontrolling interest in the consolidated subsidiaries of the acquiree and recognition and measurement of goodwill or a gain from a bargain purchase. IRT will be considered the accounting acquirer and will therefore, recognize and measure, at fair value, the identifiable assets acquired, liabilities assumed and any noncontrolling interests in the consolidated subsidiaries of TSRE, and IRT will recognize and measure any goodwill and any gain from a bargain

purchase, in each case, upon completion of the Merger.

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Exchange of Shares in the Merger

IRT has appointed American Stock Transfer & Trust Company (the Exchange Agent) to act as the exchange agent and payment agent for the exchange of shares of TSRE common stock for shares of IRT common stock and the payment of the cash consideration and cash in lieu of any fractional shares of IRT common stock. As promptly as practicable after the effective time of the Company Merger, the Exchange Agent will send to each holder of record of shares of TSRE common stock at the effective time of the Company Merger who holds shares of TSRE common stock in certificated or book-entry form a letter of transmittal and instructions for effecting the exchange of TSRE common stock certificates or book-entry shares for the Merger Consideration the holder is entitled to receive under the Merger Agreement. Upon surrender of stock certificates or book-entry shares for cancellation along with the executed letter of transmittal and other documents described in the instructions, a TSRE stockholder will receive any whole shares of IRT common stock such holder is entitled to receive and the cash consideration and cash in lieu of any fractional shares of IRT common stock such holder is entitled to receive. After the effective time of the Company Merger, TSRE will not register any transfers of shares of TSRE common stock.

IRT stockholders need not take any action with respect to their stock certificates or book-entry shares.

Dividends

The Merger Agreement permits IRT to pay (i) monthly distributions of up to $0.06 per share of IRT common stock, including for any partial month ending on the Effective Date, (ii) monthly distributions of up to $0.06 per IROP Unit, and (iii) any distribution that is required to maintain its REIT qualification. The Merger Agreement permits TSRE to pay (i) quarterly distributions of up to $0.095 per share of TSRE common stock for the quarter ending June 30, 2015 and for each quarter or partial quarter thereafter ending on or prior to the effective time of the Company Merger, (ii) a distribution per TSR OP Unit in the same amount as any distribution per share made with respect to TSRE common stock, and (iii) any distribution that is required to maintain its REIT qualification. Following the closing of the Merger, IRT expects to continue its current dividend policy for common stockholders of the Combined Company, subject to the discretion of the Combined Company s board of directors, which reserves the right to change the Combined Company s dividend policy at any time and for any reason. See Risk Factors Risks Related to an Investment in the Combined Company s Common Stock The Combined Company cannot assure you that it will be able to continue paying dividends at or above the rate currently paid by IRT and TSRE on page 42.

Listing of IRT Common Stock

It is a condition to each party s obligation to complete the Merger that the shares of IRT common stock issuable in the Merger (including IRT common stock issuable upon redemption of IROP Units issued in the Partnership Merger) be approved for listing on the NYSE MKT, subject to official notice of issuance. IRT has agreed to use its reasonable best efforts to cause the shares of IRT common stock to be issued in the Merger (including IRT common stock issuable upon redemption of IROP Units issued in the Partnership Merger) to be approved for listing on the NYSE MKT, subject to official notice of issuance.

Delisting and Deregistration of TSRE Common Stock

After the Merger is completed, the shares of TSRE common stock currently listed on the NASDAQ Global Market will cease to be listed on the NASDAQ Global Market and will be deregistered under the Exchange Act.

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THE MERGER AGREEMENT

This section of this joint proxy statement/prospectus summarizes the material provisions of the Merger Agreement, which is attached as Annex A to this joint proxy statement/prospectus and is incorporated herein by reference. As a stockholder, you are not a third party beneficiary of the Merger Agreement and therefore you may not directly enforce any of its terms and conditions.

This summary may not contain all of the information about the Merger Agreement that is important to you. IRT and TSRE urge you to carefully read the full text of the Merger Agreement because it is the legal document that governs the Merger. The Merger Agreement is not intended to provide you with any factual information about IRT or TSRE. In particular, the assertions embodied in the representations and warranties contained in the Merger Agreement (and summarized below) are qualified by information each of IRT and TSRE filed with the SEC prior to the effective date of the Merger Agreement, as well as by certain disclosure letters each of the parties delivered to the other in connection with the signing of the Merger Agreement, which modify, qualify and create exceptions to the representations and warranties set forth in the Merger Agreement. Moreover, some of those representations and warranties may not be accurate or complete as of any specified date, may apply contractual standards of materiality in a way that is different from what may be viewed as material by investors or that is different from standards of materiality generally applicable under the U.S. federal securities laws or may not be intended as statements of fact, but rather as a way of allocating risk among the parties to the Merger Agreement. The representations and warranties and other provisions of the Merger Agreement and the description of such provisions in this joint proxy statement/prospectus should not be read alone but instead should be read in conjunction with the other information contained in the reports, statements and filings that each of IRT and TSRE file with the SEC and the other information in this joint proxy statement/prospectus. See Where You Can Find More Information; Incorporation by Reference beginning on page 170.

IRT and TSRE acknowledge that, notwithstanding the inclusion of the foregoing cautionary statements, each of them is responsible for considering whether additional specific disclosures of material information regarding material contractual provisions are required to make the statements in this joint proxy statement/prospectus not misleading.

Form, Effective Time and Closing of the Merger

The Merger Agreement provides for: (i) the merger of OP Merger Sub into TSR OP at the effective time of the Partnership Merger, with TSR OP continuing as the surviving entity (the Partnership Merger), and (ii) the merger of TSRE into IRT LP LLC at the effective time of the Company Merger, with IRT LP LLC continuing as the surviving entity and a wholly-owned subsidiary of IRT (the Company Merger and, together with the Partnership Merger, the Merger). The Partnership Merger will become effective upon the certificate of merger with respect to the Partnership Merger being duly filed with the Secretary of State of the State of Delaware. The Company Merger will become effective upon the filing of the articles of merger with respect to the Company Merger being duly filed with the State Department of Assessments and Taxation of the State of Maryland and the certificate of merger with respect to the Company Merger being duly filed with the Secretary of State of the State of Delaware. Upon the closing of the Partnership Merger, IROP will own all of the limited partnership interests in TSR OP and IRT LP LLC will own the general partnership interest in TSR OP. Immediately following the consummation of the Merger, IRT will cause TSR OP to become a wholly-owned subsidiary of IROP.

The Merger Agreement provides that the closing of the Company Merger will take place at 9:29 a.m. Eastern Time at the offices of Morrison & Foerster LLP in Washington, D.C. on the second business day after the satisfaction or waiver of the conditions to closing (described below under Conditions to Completion of the Merger) set forth in the Merger Agreement (other than those conditions that by their nature are to be satisfied at the closing), or at such other

place, date and time as IRT and TSRE may agree in writing.

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Board of Directors of the Combined Company

As of the effective time of the Company Merger, the board of directors of the Combined Company will be increased to seven members, with the five current IRT directors, Scott F. Schaeffer, William C. Dunkelberg, Robert F. McCadden, DeForest B. Soaries, Jr., and Sharon M. Tsao, continuing as directors of the Combined Company. Scott F. Schaeffer, Chairman of the IRT Board, will serve as Chairman of the Board for the Combined Company. The IRT Board will fill the two newly created vacancies by appointing to the IRT Board, as of the effective time of the Company Merger, Richard H. Ross and Mack D. Pridgen III, to serve until the next annual meeting of the Combined Company s stockholders (and until their successors have been duly elected and qualified).

Merger Consideration; Effects of the Merger

Merger Consideration

At the effective time of the Company Merger, by virtue of the Company Merger and without any action on the part of any party to the Merger Agreement, the holders of TSRE common stock, or any other person, each issued and outstanding share of TSRE common stock (other than shares held by IRT, any subsidiary of IRT, or any subsidiary of TSRE as of immediately prior to the effective time of the Company Merger) will be automatically converted into the right to receive the following consideration (the Company Merger Consideration):

(i) an amount in cash equal to the Per Share Cash Amount. The Per Share Cash Amount shall initially equal $3.80. IRT may, by delivering written notice to TSRE at least two business days prior to the date of the TSRE special meeting, elect to increase the Per Share Cash Amount from $3.80 to an amount that, at the time of such election, would not cause the stock portion of the Merger Consideration (with the value of the stock portion of the Merger Consideration calculated using the closing price of IRT common stock on the NYSE MKT on the trading day immediately prior to the date the election notice is given) to be less than 40% of the value of the total Merger Consideration; provided, however, that if (a) IRT makes such an election to increase the Per Share Cash Amount, (b) the stock portion of the Merger Consideration on the closing date of the Merger (with the value of the stock portion of the Merger Consideration calculated using the closing price of IRT common stock on the NYSE MKT on the trading day immediately prior to the closing date of the Merger) would be less than 40% of the value of the total Merger Consideration, and (c) TSRE does not exercise its right to terminate the Merger Agreement, then the Per Share Cash Amount will be reduced so that the cash portion of the Merger Consideration will equal 60% of the value of the total Merger Consideration on the closing date of the Merger (with the value of the stock portion of the Merger Consideration calculated using the closing price of IRT common stock on the NYSE MKT on the trading day immediately prior to the closing date of the Merger), rounded down to the nearest cent; and

(ii) a number of shares of IRT common stock equal to the quotient determined by dividing (a) $7.60 less the Per Share Cash Amount, by (b) $9.25, and rounding the result to the nearest 1/10,000 (the Exchange Ratio).

At the effective time of the Partnership Merger, by virtue of the Partnership Merger and without any action on the part of any party to the Merger Agreement, the holders of TSR OP Units, or any other person, each issued and outstanding TSR OP Unit (other than TSR OP Units held by TSRE or any wholly-owned subsidiary of TSRE as of immediately prior to the effective time of the Partnership Merger) will be automatically converted into the right to receive the following consideration (the Partnership Merger Consideration and, together with the Company Merger Consideration, the Merger Consideration):

(i) an amount in cash equal to the Per Share Cash Amount; and

(ii) a number of IROP Units equal to Exchange Ratio, together with exchange rights associated with such IROP Units substantially similar to the exchange rights previously granted to other limited partners of IROP.

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No fractional shares of IRT common stock or fractional IROP Units will be issued, but instead holders of TSRE common stock or TSR OP Units will receive cash, without interest, in an amount equal to the product of (i) such fractional part of a share of IRT common stock or fractional part of an IROP Unit multiplied by (ii) the per share closing price of IRT common stock on the NYSE MKT on the last trading day prior to the closing date of the Merger.

The following table depicts the total value of the Merger Consideration a holder of TSRE common stock will receive based on various elections that IRT can make regarding the Per Share Cash Amount at a number of assumed per share prices of IRT common stock at the time the Merger is consummated. The table that follows sets forth the Per Share Cash Amount, the resulting Exchange Ratio (rounded for illustration purposes), and the value of the total Merger Consideration holders of TSRE common stock will receive if the price per share of IRT common stock on the closing date of the Merger is $7.00, $7.50, $8.00, $8.50, $9.00, $9.50 and $10.00. The amounts depicted in the following table are intended to be illustrative only and do not purport to include the exact value of the Merger Consideration holders of TSRE common stock will receive in the Merger, which will depend on the exact Per Share Cash Amount that IRT elects and the exact price of IRT common stock on the closing date of the Merger.

r Share n Amount	**Exchange Ratio[(1)]**	**Value of Merger Consideration if IRT Stock Price is $7.00**	**Value of Merger Consideration if IRT Stock Price is $7.50**	**Value of Merger Consideration if IRT Stock Price is $8.00**	**Value of Merger Consideration if IRT Stock Price is $8.50**	**Value of Merger Consideration if IRT Stock Price is $9.00**	**Value of Merger Consideration if IRT Stock Price is $9.50**	**Value Merge Considera if IRT Stock Pr is $10.0**
$3.80	0.4108	$6.68	$6.88	$7.09	$7.29	$7.50	$7.70	$7.91
$3.95	0.3946	$6.71	$6.91	$7.11	$7.30	$7.50	$7.70	$7.90
$4.10	0.3784	$6.75	$6.94	$7.13	$7.32	$7.51	$7.69	$7.88
$4.25	0.3622	$6.79	$6.97	$7.15	$7.33	$7.51	$7.69	$7.87
$4.40	0.3459	$6.82	$6.99	$7.17	$7.34	$7.51	$7.69	$7.86
$4.56	0.3286	$6.86	$7.02	$7.19	$7.35	$7.52	$7.68	$7.85

(1) The Exchange Ratio represents the number of shares of IRT common stock that a holder of TSRE common stock will receive in exchange for each share of TSRE common stock they own and equals the quotient determined by dividing (a) $7.60 less the Per Share Cash Amount, by (b) $9.25, and rounding the result to the nearest 1/10,000. The Exchange Ratio is dependent solely on the Per Share Cash Amount elected by IRT and will not fluctuate as a result of changes in the market price of IRT common stock.

Procedures for Surrendering Certificates for TSRE Common Stock

The conversion of shares of TSRE common stock into the right to receive the Company Merger Consideration will occur automatically at the effective time of the Company Merger. In accordance with the Merger Agreement, IRT has appointed an exchange agent to handle the payment and delivery of the Company Merger Consideration (including cash in lieu of any fractional shares). Prior to the effective time of the Company Merger, IRT will deliver to the exchange agent evidence of the IRT common stock in book-entry form sufficient to pay the stock portion of the Company Merger Consideration and cash in an amount sufficient to pay for the cash portion of the Company Merger Consideration and any cash to be delivered in lieu of fractional shares. As soon as reasonably practicable after the effective time of the Company Merger, but in no event later than three business days thereafter, IRT will cause the exchange agent to mail to each record holder of shares of TSRE common stock, a letter of transmittal and instructions explaining how to surrender certificates for TSRE common stock to the exchange agent.

Each holder of shares of TSRE common stock that surrenders its stock certificate to the exchange agent together with a duly completed letter of transmittal and any other required documentation, and each person that holds shares of TSRE common stock in book-entry form, will receive the Company Merger Consideration due to such holder (including cash in lieu of any fractional shares). After the effective time of the Company Merger, each certificate that previously represented shares of TSRE common stock will only represent the right to receive the Company Merger Consideration into which those shares of TSRE common stock have been converted.

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Withholding

All payments under the Merger Agreement are subject to applicable withholding requirements.

Appraisal Rights

No dissenters or appraisal rights, or rights of objecting stockholders under Title 3 Subtitle 2 of the MGCL, will be available to holders of TSRE common stock with respect to the Company Merger or the other transactions contemplated by the Merger Agreement.

Representations and Warranties

The Merger Agreement contains a number of representations and warranties made by TSRE and TSR OP, on the one hand, and IRT, IROP, OP Merger Sub and IRT LP LLC, on the other hand. The representations and warranties were made by the parties as of the date of the Merger Agreement and do not survive the effective time of the Company Merger. Certain of these representations and warranties are subject to specified exceptions and qualifications contained in the Merger Agreement and qualified by information with respect to each of TSRE and IRT filed with the SEC prior to the date of the Merger Agreement and in the disclosure letters delivered in connection with the Merger Agreement.

Representations and Warranties of TSRE and TSR OP

The Merger Agreement includes representations and warranties by TSRE and TSR OP relating to, among other things:

organization, valid existence, organizational documents, good standing, qualification to conduct business and subsidiaries;

capital structure;

due authorization, execution, delivery and validity of the Merger Agreement and board approvals;

absence of any conflict with or violation of organizational documents or applicable laws, absence of any filings with or consent by a governmental entity, and the absence of any violation or breach of, or default or consent requirements under, certain agreements;

SEC filings, financial statements, absence of undisclosed liabilities, and internal controls;

accuracy of information supplied for inclusion in this joint proxy statement/prospectus and registration statement;

absence of certain changes since January 1, 2015;

tax matters, including qualification as a REIT;

labor and employment matters;

employee benefit plans and ERISA;

litigation;

compliance with laws and permits;

environmental matters;

real property and leases;

intellectual property;

material contracts;

insurance;

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interested party transactions;

required stockholder vote;

broker s, investment banker s, finder s and other fees;

opinion of financial advisor;

inapplicability of takeover statutes;

inapplicability of the Investment Company Act of 1940, as amended;

absence of dissenters , appraisal or similar rights in connection with the Merger;

inapplicability of the Hart-Scott-Rodino Antitrust Improvements Act; and

disclaimer of other representations and warranties.

Representations and Warranties of IRT, IROP, OP Merger Sub and IRT LP LLC

The Merger agreement includes representations and warranties by IRT, IROP, OP Merger Sub and IRT LP LLC relating to, among other things:

organization, valid existence, organizational documents, good standing, qualification to conduct business and subsidiaries;

capital structure;

due authorization, execution, delivery and validity of the Merger Agreement and board approvals;

absence of any conflict with or violation of organizational documents or applicable laws, absence of any filings with or consent by a governmental entity, and the absence of any violation or breach of, or default or consent requirements under, certain agreements;

SEC filings, financial statements, absence of undisclosed liabilities, and internal controls;

accuracy of information supplied for inclusion in this joint proxy statement/prospectus and registration statement;

absence of certain changes since January 1, 2015;

tax matters, including qualification as a REIT;

labor and employment matters;

employee benefit plans and ERISA;

litigation;

compliance with laws and permits;

environmental matters;

real property and leases;

intellectual property;

material contracts;

insurance;

interested party transactions;

required stockholder vote;

broker s, investment banker s, finder s and other fees;

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opinion of financial advisor;

inapplicability of takeover statutes;

financing;

inapplicability of the Investment Company Act of 1940, as amended;

inapplicability of the Hart-Scott-Rodino Antitrust Improvements Act; and

disclaimer of other representations and warranties.

Definition of Material Adverse Effect

Many of the representations of TSRE and TSR OP, on the one hand, and IRT, IROP, OP Merger Sub and IRT LP LLC, on the other hand, are qualified by a material adverse effect standard (that is, they will not be deemed to be untrue or incorrect unless their failure to be true or correct, individually or in the aggregate, would reasonably be expected to have a material adverse effect). For the purposes of the Merger Agreement, material adverse effect means any change, development, event, effect or occurrence that (i) has a material adverse effect on the business, assets, properties, financial condition or results of operations of IRT and its subsidiaries, taken as a whole, or TSRE and its subsidiaries, taken as a whole, as the case may be, or (ii) will or would reasonably be expected to prevent or materially impair or delay the ability of IRT, IROP, OP Merger Sub or IRT LP LLC, or TSRE or TSR OP, as the case may be, to consummate the Merger. However, any change, development, event, effect or occurrence will not be considered a material adverse effect to the extent arising out of or resulting from the following:

any event generally affecting the geographic regions or industry in which the respective parties operate;

any event generally affecting the economy, or financial, credit, foreign exchange, securities or capital markets (including changes in interest rates or exchange rates);

changes in applicable law or applicable accounting regulations or principles or interpretations thereof;

any event directly or indirectly attributable to the announcement or pendency of the Merger Agreement or the anticipated consummation of the Merger and the other transactions contemplated by the Merger Agreement (including compliance with the covenants set forth in the Merger Agreement and the identity of IRT as the acquirer of TSRE, or any action taken, delayed or omitted to be taken by one party at the request or with the prior consent of the other party or otherwise pursuant to the terms of the Merger Agreement), including the impact thereof on relationships, contractual or otherwise, with employees, customers, suppliers, tenants, or lenders;

national or international political conditions, any outbreak or escalation of hostilities, insurrection or war, whether or not pursuant to declaration of a national emergency or war, acts of terrorism, sabotage, strikes, freight embargoes or similar calamity or crisis;

fires, epidemics, quarantine restrictions, earthquakes, hurricanes, tornados or other natural disasters;

any decline in the market price, or change in trading volume, of the capital stock of IRT or TSRE or any failure to meet publicly announced revenue or earnings projections or predictions (whether such projections or predictions were made by IRT, TSRE or independent third parties) or internal projections;

any damage or destruction of any property of IRT or TSRE, as applicable, that is substantially covered by insurance;

which, in the case of first, second, third and fifth bullet points above, such changes do not disproportionately affect IRT or TSRE, as applicable, relative to other similarly situated participants in the industries in which they operate, and, in the case of the sixth bullet point above, such changes do not disproportionately affect IRT or TSRE, as applicable, relative to other participants in the industries in which they operate in the geographic regions in which they operate or own or lease properties.

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Covenants and Agreements

Conduct of Business of TSRE Pending the Merger

TSRE has agreed to certain restrictions on it and its subsidiaries until the earlier of the effective time of the Company Merger and the valid termination of the Merger Agreement. In general, except as contemplated by the Merger Agreement or required by law, TSRE has agreed that it will, and will cause each of its subsidiaries to, conduct its business in the ordinary course consistent with past practice, and use its commercially reasonable efforts to (i) maintain its material assets and properties in their current condition (normal wear and tear excepted), (ii) preserve intact its current business organization, keep available the services of its current officers and employees, keep and preserve its present relationship with tenants, joint venture partners or co-venturers, suppliers, licensors, licensees, distributors and other having material business dealings with it, and (iii) preserve the status of TSRE as a REIT. Without limiting the foregoing, TSRE has also agreed that it will not, and it will not cause or permit any of its subsidiaries to (subject to certain exceptions), without the prior written consent of IRT, which shall not be unreasonably withheld, conditioned or delayed, among other things:

except for quarterly distributions of up to $0.095 per share of TSRE common stock to the holders thereof for the quarter ending June 30, 2015 and for each quarter thereafter ending prior to the effective time of the Merger and for each partial quarter ending on such effective time and comparable distributions on TSRE OP units, declare, set aside or pay any dividends on, or make any other distributions in respect of, shares of capital stock or other equity securities or ownership interests in TSRE or its subsidiaries;

split, combine or reclassify any shares of capital stock or other equity securities or ownership interests in TSRE or its subsidiaries or issue or authorize the issuance of any other securities in respect of, in lieu of or in substitution for any shares of capital stock or other equity securities or ownership interests in TSRE or its subsidiaries;

purchase, redeem or otherwise acquire any shares of capital stock or other equity securities or ownership interests of TSRE or its subsidiaries or any other securities thereof or any rights, warrants or options to acquire any such shares or other securities;

issue, sell, pledge or grant (or enter into an agreement to issue, sell, pledge or grant): (i) any shares of capital stock or other equity securities or ownership interests of TSRE or its subsidiaries, (ii) any voting securities of TSRE, including voting debt securities, (iii) any securities convertible into or exchangeable for, or any options, warrants, calls or rights to acquire, any shares of capital stock or other equity securities or ownership interests of TSRE or its subsidiaries, voting securities, including voting debt securities, or convertible or exchangeable securities or (iv) any phantom stock, phantom stock rights, stock appreciation rights or stock-based performance units;

amend the charter, bylaws or other organizational documents of TSRE or its subsidiaries;

acquire or agree to acquire (including by merging or consolidating with, or by purchasing an equity interest in or portion of the assets of, or by any other manner), any business or any corporation, partnership, joint venture, association or other business organization or division thereof, real property, personal property or assets;

(i) grant to any executive officer, director or employee of TSRE or its subsidiaries an increase in compensation, (ii) grant to any current or former executive officer or director of TSRE or its subsidiaries any increase in severance or termination pay, (iii) enter into any severance or termination agreement with any executive officer or director or (iv) take any action to accelerate any rights or benefits under any employee benefit plan;

make any change in accounting methods, principles or practices materially affecting the reported consolidated assets, liabilities or results of operations of TSRE or its subsidiaries;

sell, lease (as lessor), license, sell and lease back, mortgage or otherwise dispose of or subject to any lien any properties or assets;

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(i) incur or modify any indebtedness for borrowed money or guarantee any such indebtedness of another person, (ii) issue or sell any debt securities or warrants or other rights to acquire any debt securities of TSRE or its subsidiaries, guarantee any debt securities of another person, enter into any keep well or other agreement to maintain any financial statement condition of another person or enter into any arrangement having the economic effect of any of the foregoing, or (iii) make any loans, advances or capital contributions to, or investments in, any other person;

pay, discharge, settle or satisfy any material action, litigation, claim or arbitration where the amount paid out-of-pocket net of insurance proceeds in settlement or compromise exceeds $500,000 individually or $1,000,000 in the aggregate;

enter into any consent decree, injunction or similar restraint or form of equitable relief that would materially restrict the operation of the business of TSRE and its subsidiaries taken as a whole;

cancel any material indebtedness or waive any claims or rights with a value in excess of $500,000;

enter into or amend, extend or terminate, or waive, release, compromise or assign any rights or claims under any material contract;

establish, adopt or enter into any collective bargaining agreement or other labor union contract applicable to the employees of TSRE or its subsidiaries;

authorize, or enter into any commitment for, any new material capital expenditure relating to the properties of TSRE or its subsidiaries;

make, change or revoke any material tax election or settle or compromise any material U.S. federal, state, local or foreign income tax liability;

enter into any contract that would limit or otherwise restrict TSRE or its subsidiaries from engaging or competing in any line of business or owning property in any geographic area;

adopt a plan of complete or partial liquidation, dissolution, restructuring, recapitalization or other reorganization of TSRE or its subsidiaries;

enter into any joint venture or partnership or other similar contract with any third party;

enter into any new line of business;

permit existing insurance policies of TSRE or its subsidiaries to be cancelled or terminated without replacing such insurance policies with comparable insurance policies, to the extent available on commercially reasonable terms; or

authorize any of, or commit, resolve or agree to take any of, the foregoing actions.

Conduct of Business of IRT Pending the Merger

IRT has agreed to certain restrictions on it and its subsidiaries until the earlier of the effective time of the Company Merger and the valid termination of the Merger Agreement. In general, except as contemplated by the Merger Agreement or required by law, IRT has agreed that it will, and will cause each of its subsidiaries to, conduct its business in the ordinary course consistent with past practice, and use its commercially reasonable efforts to (i) maintain its material assets and properties in their current condition (normal wear and tear excepted), (ii) preserve intact its current business organization, keep available the services of its current officers and external manager, keep and preserve its present relationship with tenants, joint venture partners or co-venturers, suppliers, licensors, licensees, distributors and other having material business dealings with it, and (iii) preserve the status of IRT as a REIT. Without limiting the foregoing, IRT has also agreed that it will not, and it will not cause or permit any of its subsidiaries to (subject to certain exceptions), without the prior written consent of TSRE, which shall not be unreasonably withheld, conditioned or delayed (provided that if IRT submits to TSRE a written request for TSRE s consent to take certain actions that are otherwise prohibited under

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the terms of the Merger Agreement and TSRE fails to respond to such request within such ten days following the receipt of such request, then TSRE shall be deemed to have given prior written consent with respect to the actions in such request), among other things:

except for monthly distributions of up to $0.06 per share of IRT common stock to the holders thereof and comparable distributions on IRT OP units, declare, set aside or pay any dividends on, or make any other distributions in respect of, shares of capital stock or other equity securities or ownership interests in IRT or its subsidiaries;

split, combine or reclassify any shares of capital stock or other equity securities or ownership interests in IRT or its subsidiaries or issue or authorize the issuance of any other securities in respect of, in lieu of or in substitution for any shares of capital stock or other equity securities or ownership interests in IRT or its subsidiaries;

purchase, redeem or otherwise acquire any shares of capital stock or other equity securities or ownership interests of IRT or its subsidiaries or any other securities thereof or any rights, warrants or options to acquire any such shares or other securities;

amend the charter, bylaws or other organizational documents of IRT or its subsidiaries;

acquire or agree to acquire (including by merging or consolidating with, or by purchasing an equity interest in or portion of the assets of, or by any other manner), any business or any corporation, partnership, joint venture, association or other business organization or division thereof, real property, personal property or assets;

(i) grant to the Advisor any increase in advisory fees or incentive fees, (ii) take any action that could result in a termination of IRT s advisory agreement with the Advisor, (iii) enter into any severance or termination agreement with any executive officer or director, (iv) establish, adopt, enter into or amend in any material respect any collective bargaining agreement or employee benefit plan or (v) take any action to accelerate any rights or benefits under any employee benefit plan;

sell, lease (as lessor), license, sell and lease back, mortgage or otherwise dispose of or subject to any lien any properties or assets;

(i) incur or modify any indebtedness for borrowed money or guarantee any such indebtedness of another person, (ii) issue or sell any debt securities or warrants or other rights to acquire any debt securities of IRT or its subsidiaries, guarantee any debt securities of another person, enter into any keep well or other agreement to maintain any financial statement condition of another person or enter into any arrangement having the economic effect of any of the foregoing, or (iii) make any loans, advances or capital contributions to, or

investments in, any other person;

make any change in accounting methods, principles or practices materially affecting the reported consolidated assets, liabilities or results of operations of IRT or its subsidiaries;

pay, discharge, settle or satisfy any material action, litigation, claim or arbitration where the amount paid out-of-pocket net of insurance proceeds in settlement or compromise exceeds $500,000 individually or $1,000,000 in the aggregate;

enter into any consent decree, injunction or similar restraint or form of equitable relief that would materially restrict the operation of the business of IRT and its subsidiaries taken as a whole;

make, change or revoke any material tax election or settle or compromise any material U.S. federal, state, local or foreign income tax liability;

enter into or amend, extend or terminate, or waive, release, compromise or assign any rights or claims under any material contract;

authorize, or enter into any commitment for, any new material capital expenditure relating to the properties of IRT or its subsidiaries;

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enter into any contract that would limit or otherwise restrict IRT or its subsidiaries from engaging or competing in any line of business or owning property in any geographic area;

adopt a plan of complete or partial liquidation, dissolution, restructuring, recapitalization or other reorganization of IRT or its subsidiaries;

enter into any joint venture or partnership or other similar contract with any third party;

enter into any new line of business;

permit existing insurance policies of IRT or its subsidiaries to be cancelled or terminated without replacing such insurance policies with comparable insurance policies, to the extent available on commercially reasonable terms; or

authorize any of, or commit, resolve or agree to take any of, the foregoing actions.

No Solicitation of Transactions

TSRE has agreed not to, and to cause its subsidiaries not to (and not authorize any of its officers, directors, managers and other representatives to), directly or indirectly, (i) solicit, initiate, knowingly encourage or take any other action to knowingly facilitate any inquiry, discussion, offer or request that constitutes, or could reasonably be expected to lead to, a Company Takeover Proposal, (ii) enter into any agreement, letter of intent, memorandum of understanding or other similar instrument with respect to any Company Takeover Proposal (other than certain confidentiality agreements), or (iii) enter into, continue, conduct, engage or otherwise participate in any discussions or negotiations regarding, or furnish to any third party any non-public information with respect to, or for the purpose of encouraging or facilitating, any Company Takeover Proposal.

For purposes of the Merger Agreement, Company Takeover Proposal means any inquiry, proposal or offer from any person (other than IRT or its subsidiaries) or group, within the meaning of Section 13(d) of the Exchange Act, relating to, in a single transaction or series of related transactions, any (A) acquisition of assets of TSRE and its subsidiaries equal to 20% or more of TSRE s consolidated assets (as determined on a book-value basis) or to which 20% or more of TSRE s revenues or earnings on a consolidated basis are attributable, (B) acquisition of 20% or more of the outstanding shares of TSRE s common stock, (C) tender offer or exchange offer that if consummated would result in any person beneficially owning 20% or more of the outstanding shares of TSRE s common stock, (D) merger, consolidation, share exchange, business combination, recapitalization, liquidation, dissolution or similar transaction involving TSRE or (E) combination of the foregoing types of transactions if the sum of the percentage of consolidated assets, consolidated revenues or earnings and shares of TSRE common stock involved is 20% or more.

Notwithstanding the restrictions set forth above, prior to the approval of the Company Merger and the other transactions contemplated by the Merger Agreement by TSRE stockholders, TSRE may, in response to any Company Takeover Proposal that does not result from a material breach by TSRE of the non-solicitation provisions in the Merger Agreement, (i) contact the person making such Company Takeover Proposal solely to clarify the terms and conditions thereof, and (ii) if the TSRE Board determines in good faith, after consultation with independent financial advisors and outside legal counsel, that such Company Takeover Proposal constitutes or is reasonably expected to lead

to a Superior Company Proposal, (a) provide access to or furnish information with respect to TSRE and its subsidiaries to the person making such Company Takeover Proposal and its representatives pursuant to an acceptable confidentiality agreement (provided that TSRE will prior to or concurrently with the time such information is provided to such person provide IRT with all non-public information regarding TSRE that has not previously been provided to IRT that is provided to any person making such Company Takeover Proposal), and (2) conduct, engage or participate in discussions or negotiations with the person making such Company Takeover Proposal and its representatives.

For purposes of this Agreement, Superior Company Proposal means any bona fide written Company Takeover Proposal (except that, for purposes of this definition, the references in the definition of Company Takeover

Proposal to 20% are replaced by 50%) that was not the result of a material breach by TSRE of the non-solicitation provisions in the Merger Agreement and that the TSRE Board has determined in good faith, after consulting with outside legal counsel and independent financial advisors, is reasonably likely to be consummated in accordance with its terms and that, if consummated, would result in a transaction more favorable to TSRE s stockholders (solely in their capacity as such) than the Merger and the other transactions contemplated by the Merger Agreement (including any revisions to the terms of the Merger Agreement proposed by IRT in response to such proposal or otherwise) taking into account all reasonably available legal, financial, regulatory and other aspects of such Company Takeover Proposal (including the likelihood of consummation of such Company Takeover Proposal) that the TSRE Board deems relevant.

Except as described below, neither the TSRE Board nor any committee thereof shall (i) (A) fail to recommend to its stockholders that they approve the Merger and the other transactions contemplated by the Merger Agreement or fail to include the TSRE Board s recommendation of the Merger Agreement, the Company Merger and the other transactions contemplated by the Merger Agreement in this joint proxy statement, (B) change, modify, withhold, or withdraw, or publicly propose to change, qualify, withhold, withdraw of modify, in a manner adverse to IRT or IROP, the approval of the Merger Agreement, the Merger or any of the other transactions contemplated by the Merger Agreement, (C) take any formal action or make any recommendation or public statement or other disclosure in connection with a tender offer or exchange offer other than a recommendation against such offer or a temporary stop, look and listen communication by the TSRE Board pursuant to Rule 14d-9(f) under the Exchange Act, (D) adopt, approve or recommend, or publicly propose to approve or recommend to the stockholders of TSRE any Company Takeover Proposal or agree to take any such action, or (E) fail to publicly recommend against any Company Takeover Proposal within five business days of the request of IRT and/or fail to reaffirm the TSRE Board s recommendation of the Merger Agreement, the Company Merger and the other transactions contemplated by the Merger Agreement within five business days of the request of IRT, or such fewer number of days as remains prior to the TSRE special meeting (any action described in this clause (i) being referred to herein as an Adverse Recommendation Change) or (ii) cause or permit TSRE or its subsidiaries to enter into any letter of intent, memorandum of understanding, agreement in principle, acquisition agreement, merger agreement, joint venture agreement, partnership agreement or other similar agreement relating to a Company Takeover Proposal (other than certain confidentiality agreements) (an Alternative Acquisition Agreement), or resolve or agree to take any such action.

Notwithstanding the foregoing, prior to the approval of the Company Merger and the other transactions contemplated by the Merger Agreement by TSRE stockholders, but not after, the TSRE Board may (I) effect an Adverse Recommendation Change if (a)(1) a material development or change in circumstances occurs or arises after the date of the Merger Agreement that was not known by the TSRE Board as of the date of the Merger Agreement (such material development or change in circumstances being referred to herein as an Intervening Event), and (2) the TSRE Board shall have determined, after consultation with independent financial advisors and outside legal counsel, that, in light of such Intervening Event, failure to take such action would be inconsistent with the directors duties under applicable law, or (b) TSRE receives a Company Takeover Proposal that was not the result of a breach by TSRE of the non-solicitation provisions in the Merger Agreement in any material respect and that the TSRE Board determines, after consultation with independent financial advisors and outside legal counsel, constitutes a Superior Company Proposal, and (II) enter into an Alternative Acquisition Agreement with respect to a Company Takeover Proposal and terminate the Merger Agreement, if and only if, TSRE receives a Company Takeover Proposal that was not the result of a breach by TSRE of the non-solicitation provisions in the Merger Agreement in any material respect and that the TSRE Board determines, after consultation with independent financial advisors and outside legal counsel, constitutes a Superior Company Proposal.

The TSRE Board shall not be entitled to (i) effect and Adverse Recommendation Change or (ii) terminate the Merger Agreement to enter into an Alternative Acquisition Agreement with respect to a Superior Company Proposal unless:

(A) the TSRE Board shall have determined, after consultation with independent financial advisors and outside legal counsel, that failure to take such action would be inconsistent with the directors duties

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under applicable law; (B) the TSRE Board shall have provided at least four business days prior written notice to IRT that it is prepared to effect an Adverse Recommendation Change or terminate this Agreement, which notice shall contain a reasonably detailed description of the basis for the Adverse Recommendation Change or termination, the identity of the person making the Superior Company Proposal, if applicable, and the material terms and conditions of such Superior Company Proposal, if applicable; (C) TSRE shall have negotiated, and shall have caused its representatives to negotiate, in good faith with IRT during such notice period, to the extent IRT wishes to negotiate; and (D) following the end of such notice period, the TSRE Board shall have considered any proposed revisions to the Merger Agreement proposed by IRT in writing, and shall have determined, after consultation with its independent financial advisors and outside legal counsel, that such Superior Company Proposal would continue to constitute a Superior Company Proposal if such revisions were to be given effect (provided that in the event of any material change to the material terms of such Superior Company Proposal, TSRE shall, in each case, have delivered to IRT an additional notice consistent with that described in subclause (B) above and the notice period shall have recommenced, except that the notice period shall be at least two business days).

Under the Merger Agreement, TSRE is required to notify IRT promptly, and within 24 hours, if it receives any Company Takeover Proposal or any request for information or inquiry that expressly contemplates or that could reasonably be expected to lead to a Company Acquisition Proposal. Such notice to IRT will indicate the identity of the person making such Company Takeover Proposal, request or inquiry and include the material terms and conditions of such Company Takeover Proposal, request or inquiry. TSRE will keep IRT promptly advised of all material developments (including all changes to the material terms of any Company Takeover Proposal), discussions or negotiations regarding any Company Takeover Proposal and the status of such Company Takeover Proposal. TSRE agrees that it and its subsidiaries will not enter into any confidentiality agreement with any person subsequent to the date of the Merger Agreement which prohibits TSRE or its subsidiaries from providing any information to IRT.

The Merger Agreement does not prohibit TSRE from taking and disclosing to its stockholders a position contemplated by Rule 14d-9, Rule 14e-2(a) or Item 102(a) of Regulation M-A promulgated under the Exchange Act or making any disclosure to its stockholders if the TSRE Board has determined, after consultation with outside legal counsel, that the failure to do so would be inconsistent with the duties of its members under applicable law (provided that any disclosure other than a stop, look and listen or similar communication of the type contemplated by Rule 14d-9(f) promulgated under the Exchange Act, an accurate disclosure of factual information to TSRE s stockholders under applicable law or in satisfaction of the TSRE Board s duties of applicable law, an express rejection of any applicable Company Takeover Proposal or an express reaffirmation of the TSRE Board s recommendation to TSRE stockholders to vote in favor of the approval of the Company Merger and the other transactions contemplated by the Merger Agreement will be deemed to be an Adverse Recommendation Change).

The Merger Agreement required TSRE to immediately cease any existing discussions and negotiations conducted with any person before the execution of the Merger Agreement with respect to any Company Takeover Proposal and request that any such person promptly return and/or destroy all confidential information concerning TSRE and its subsidiaries.

Form S-4, Joint Proxy Statement/Prospectus; Stockholder Meetings

The Merger Agreement provides that IRT and TSRE will prepare and cause to be filed with the SEC the joint proxy statement included in this joint proxy statement/prospectus and IRT agreed to prepare and file a registration statement on Form S-4 with respect to the Merger, which includes this joint proxy statement/prospectus, in each case as promptly as reasonably practicable following the date of the Merger Agreement. IRT and TSRE also will use their reasonable best efforts to (i) have the Form S-4 declared effective under the Securities Act as promptly as practicable after filing, (ii) ensure that the Form S-4 complies in all material respects with the applicable provisions of the

Exchange Act and the Securities Act, and (iii) to keep the Form S-4 effective for so long as necessary to complete the Merger.

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Each of IRT and TSRE will use its reasonable best efforts to cause this joint proxy statement/prospectus to be mailed to their stockholders entitled to notice of, and to vote at, their respective stockholder meetings and to hold their respective stockholder meetings as soon as practicable after the Form S-4 is declared effective. TSRE also will include in the joint proxy statement/prospectus its recommendation to its stockholders that they approve the Merger and the other transactions contemplated by the Merger Agreement, and IRT will include in the joint proxy statement/prospectus its recommendation to its stockholders that they approve the issuance of shares of IRT common stock in the Merger (including IRT common stock issuable upon redemption of IROP Units issued in the Partnership Merger), and each of IRT and TSRE will use its reasonable best efforts to obtain its stockholder approval.

Access to Information; Confidentiality

The Merger Agreement requires both IRT and TSRE to provide to the other, subject to applicable law and upon reasonable prior written notice, reasonable access during normal business hours to its properties, offices, personnel and books and records, and each of IRT and TSRE are required to furnish promptly to the other all financial, operating and other data and information concerning its business, properties and personnel as the other party may reasonably request (provided that any such access shall not interfere unreasonably with the business or operations of the party granting access or otherwise result in any unreasonable interference with the prompt and timely discharge by such party s employees of their normal duties).

Each of IRT and TSRE will hold, and cause its representatives and affiliates to hold, any non-public information in confidence to the extent required by the terms of its existing confidentiality agreements.

Efforts to Complete Transactions; Notification

Both IRT and TSRE will use their reasonable best efforts to take, or cause to be taken, all actions and do, or cause to be done, and to assist and cooperate with the other parties in doing, all things necessary to fulfill all conditions applicable to such party pursuant to the Merger Agreement and to consummate and make effective, in the most expeditious manner practicable, the Merger and the other transactions contemplated by the Merger Agreement, including obtaining all necessary actions or non-actions, waivers, consents and qualifications from governmental entities or non-governmental third parties and making all necessary registrations, filings and notifications and taking all reasonable steps as may be necessary to obtain an approval, clearance, non-action letter, waiver or exemption from any governmental entity or non-governmental third party, defending any lawsuits or other legal proceedings challenging the Merger Agreement or the Merger or other transactions contemplated by the Merger Agreement, and executing and delivering all additional documents or instruments necessary to consummate the Merger and the other transactions contemplated by the Merger Agreement and to carry out the purposes of the Merger Agreement.

Each of IRT and TSRE will respond to and seek to resolve as promptly as reasonably practicable any objection asserted by any governmental entity with respect to the Merger and the other transactions contemplated by the Merger Agreement, and will use its reasonable best efforts to defend any action, suit, dispute, litigation, proceeding, hearing, arbitration or claim by or before any governmental entity challenging the Merger Agreement or the consummation of the Merger and the other transactions contemplated by the Merger Agreement.

Each of IRT and TSRE will take all action necessary to ensure that no state takeover statute or similar statute or regulation is or becomes applicable to the Agreement, the Merger or any of the other transactions contemplated by the Merger Agreement and, if any such statute or regulation becomes applicable, to take all action necessary to ensure that the Merger and the other transactions contemplated by the Merger Agreement may be consummated as promptly as practicable and otherwise minimize the effect of such statute or regulation on the Merger and the other transactions contemplated by the Merger Agreement.

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Each of IRT and TSRE will promptly, and within two business days, notify the other party in writing of:

- any notice or other communication from any person alleging that the consent of such person is or may be required in connection with the Merger or the other transactions contemplated by the Merger Agreement;
- any action, suit, claim, investigation or proceeding commenced or threatened against, relating to, involving or otherwise affecting any party to the Merger Agreement, that relates to the consummation of the Merger and the other transactions contemplated by the Merger Agreement;
- any inaccuracy of any representation or warranty contained in the Merger Agreement that would reasonably be likely to cause the closing conditions set forth in the Merger Agreement not to be satisfied;
- any notice or other communication from any governmental entity in connection with the Merger;
- any event which, either individually or in the aggregate, has had or would reasonably be likely to have a material adverse effect or would reasonably be likely to materially impair or delay the ability of any party to consummate the Merger; and
- any failure of such party to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by it hereunder.

Indemnification of Directors and Officers; Insurance

IRT will assume in the Merger all rights to indemnification, exculpation and advancement of expenses from liabilities for acts or omissions occurring at or prior to the effective time of the Company Merger (including any matters arising in connection with the Merger and the other transactions contemplated by the Merger Agreement) in favor of the current or former directors or officers of TSRE and its subsidiaries as provided in their respective charters, bylaws or other organizational documents, and any indemnification or other agreements of TSRE (in each case, as in effect on the date of the Merger Agreement), and the provisions of such charters, bylaws and other organizational documents of TSRE and its subsidiaries will continue in full force and effect in accordance with their terms until the expiration of the applicable statute of limitations with respect to any claims against such directors or officers arising out of such acts or omissions.

IRT will cause to be maintained for a period of not less than six years from the effective time of the Company Merger the directors and officers insurance and indemnification policies of TSRE and TSR OP in effect on the date of the Merger Agreement (provided that IRT may substitute therefor policies with reputable and financially sound carriers of at least the same coverage and amounts containing terms and conditions that are no less favorable than the coverage provided under TSRE s existing policies) with respect to events occurring at or prior to the effective time of the Company Merger for all persons who are currently covered by such policies, so long as the annual premium therefor would not be in excess of 250% of the last annual premium paid prior to the date of this Agreement. If IRT in its sole discretion elects then, in lieu of the foregoing insurance, IRT is permitted to cause TSRE and TSR OP, as applicable, to obtain, on or prior to the closing date of the Merger, a prepaid (or tail) directors and officers liability insurance

policy at IRT s expense, the material terms of which, including coverage and amount, are no less favorable than the coverage provided under TSRE s existing policies.

From and after the effective time of the Company Merger, to the fullest extent permitted by law, IRT will indemnify, defend and hold harmless, and provide advancement of expenses to, the present and former officers and directors of TSRE and its subsidiaries against all losses, claims, damages, liabilities, fees and expenses (including reasonable attorneys fees and disbursements), judgments, fines and amounts paid in settlement (in the case of settlements, with the approval of the indemnifying party (which approval shall not be unreasonably withheld)), as incurred to the extent arising from, relating to, or otherwise in respect of, any actual or threatened action, suit, proceeding or investigation, in respect of actions or omissions occurring at or prior to the effective time of the Company Merger in connection with such indemnified party s duties as an officer or director of TSRE or its subsidiaries, including in respect of the Merger Agreement, the Merger and the other transactions contemplated by the Merger Agreement.

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Public Announcements

Each of IRT and TSRE will, subject to certain exceptions, consult with each other before issuing, and provide each other the opportunity to review and comment upon, any press release or other public statements with respect to the Merger and the other transactions contemplated by the Merger Agreement, and shall not issue any such press release or make any such public statement prior to such consultation.

Stockholder Litigation

Each of IRT and TSRE will give prompt notice to the other party of and keep the other party reasonably informed on a current basis with respect to, any claim, action, suit, charge, demand, inquiry, subpoena, proceeding, arbitration, mediation or other investigation commenced or threatened against, relating to or involving such party which relate to the Merger Agreement, the Merger or the other transactions contemplated by the Merger Agreement. Each of IRT and TSRE will give the other party the opportunity to reasonably participate in (but not control), subject to a customary joint defense agreement, the defense and settlement of any stockholder litigation (including arbitration proceedings) against such party, any of its respective subsidiaries and/or any of their respective directors relating to the Merger Agreement, the Merger and the transactions contemplated by the Merger Agreement, and no such settlement shall be agreed to without the other party s prior written consent (which consent shall not be unreasonably withheld, conditioned or delayed).

Financing

IRT will use its reasonable best efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary, proper or advisable to (i) maintain in effect, until the earlier of the closing of the Merger and the termination of the Merger Agreement, the availability to IRT of the financing contemplated by, and the effectiveness of, the financing commitment (the Commitment Letter) from DBNY and Deutsche Bank pursuant to which DBNY has committed to provide the Term Loan Facility in an aggregate principal amount of up to $500.0 million, (ii) obtain and consummate the financing necessary to pay for the cash portion of the Merger Consideration on terms and conditions substantially similar to the Commitment Letter, and (iii) obtain and consummate any alternative financing as may be necessary in order to pay the cash portion of the Merger Consideration.

Financing Cooperation

Prior to the closing of the Merger, TSRE will provide, and will cause its subsidiaries and its and their officers, directors, employees, accountants, consultants, legal counsel, agents and other representatives to provide, all cooperation in connection with the arrangement of the financing contemplated by the Commitment Letter or any alternative financing as may be reasonably requested by IRT (provided that such requested cooperation does not unreasonably interfere with the ongoing operations of TSRE or its subsidiaries), which shall include, among other things:

- timely furnishing IRT and its financing sources with all required business and financial information;
- participating in, and assisting with, the marketing efforts related to the financing;

facilitating the pledging of collateral in connection with the financing;

obtaining from its lenders amendments to such lenders loan documents that will, among other things, allow IRT to assume these loans;

requesting customary payoff letters, lien terminations and instruments of discharge to be delivered at Closing to allow for the payoff, discharge and termination in full on the closing date of the Merger of certain of its indebtedness;

using commercially reasonable efforts to cause its auditors to cooperate in connection with obtaining the financing; and

taking such actions as are reasonably requested by IRT or its financing sources to facilitate the satisfaction on a timely basis of all conditions precedent to obtaining the financing.

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Other Covenants and Agreements

The Merger Agreement contains certain other covenants and agreements, including covenants and agreements related to:

each of IRT and TSRE using its respective reasonable best efforts to cause the Company Merger to qualify as a reorganization within the meaning of Section 368(a) of the Code;

each of IRT and TSRE using its respective reasonable best efforts to cause the Partnership Merger to be treated as an asset-over form of merger governed by Treasury Regulations Section 1.708-1(c)(3)(i);

TSRE terminating all of its employees immediately prior to the closing of the Merger, which will cause certain employees of TSRE to become entitled to severance payments in accordance with the terms of their applicable employment agreements;

except for regular quarterly dividends payable by TSRE and regular monthly dividends payable by IRT (including for each partial quarter or month ending on the effective time of the Company Merger), neither TSRE nor IRT declaring or setting aside any dividend or other distribution to their respective stockholders from the date of the Merger Agreement to the earlier of the effective time of the Company Merger or the termination of the Merger Agreement, subject to certain exceptions; and

TSRE taking any and all actions necessary to terminate TSRE s 401(k) plan effective immediately before the closing of the Merger.

Conditions to Completion of the Merger

Mutual Closing Conditions

The obligation of each party to the Merger Agreement to effect the Merger and consummate the other transactions contemplated by the Merger Agreement is subject to the satisfaction or waiver on or prior to the closing date, of the following conditions:

approval of the Company Merger and the other transactions contemplated by the Merger Agreement by TSRE stockholders;

approval of the of the issuance of IRT common stock in the Company Merger (including IRT common stock issuable upon redemption of IROP Units issued in the Partnership Merger) by IRT stockholders;

the absence of any judgment, order or injunction issued by any governmental entity or other legal restraint or prohibition preventing the consummation of the Merger or the other transactions contemplated by the Merger Agreement;

the Form S-4 registration statement, of which this joint proxy statement/prospectus is a part, having been declared effective by the SEC and no stop order suspending the effectiveness of such Form S-4 having been issued by the SEC and no proceeding for that purpose having been initiated by the SEC and not withdrawn; and

the shares of IRT common stock to be issued in the Merger having been approved for listing on the NYSE MKT, subject to official notice of issuance.

Additional Closing Conditions for the Benefit of IRT and IROP

The obligations of IRT and IROP to effect the Merger and to consummate the other transactions contemplated by the Merger Agreement are subject to the satisfaction or waiver on or prior to the closing date of the Merger of the following additional conditions:

the accuracy in all but *de minimis* respects as of the date of the Merger Agreement and as of the closing date of the Merger (or, in the case of representations and warranties that expressly relate to a specific date, as of that date) of certain representations and warranties made in the Merger Agreement by TSRE and TSR OP regarding certain aspects of TSRE s capital structure;

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the accuracy in all respects as of the date of the Merger Agreement and as of the closing date of the Merger of certain representations and warranties made in the Merger Agreement by TSRE and TSR OP regarding the absence of a material adverse effect and the applicability of takeover statutes;

the accuracy in all material respects (disregarding all exceptions and qualifications with regard to materiality or material adverse effect contained therein) as of the date of the Merger Agreement and as of the closing date of the Merger of certain representations and warranties made in the Merger Agreement by TSRE and TSR OP regarding TSRE s organization and subsidiaries, authority relative to the Merger Agreement, the required stockholder vote to approve the Company Merger, broker s fees and similar expenses, and the applicability of the Investment Company Act of 1940;

the accuracy of all other representations and warranties made in the Merger Agreement by TSRE and TSR OP as of the date of the Merger Agreement and as of the closing date of the Merger (or, in the case of representations and warranties that expressly relate to a specific date, as of that date), except where the failure of such representations or warranties to be true and correct in all respects (disregarding all exceptions and qualifications with regard to materiality or material adverse effect contained therein) does not have, and would not reasonably be expected to have, a material adverse effect on TSRE;

TSRE and TSR OP having performed or complied with in all material respects all obligations required to be performed or complied with by it under the Merger Agreement at or prior to the closing date of the Merger (except for those obligation that by their nature may not be performed until the closing of the Merger), and receipt by IRT of a certificate executed by an officer of TSRE to the effect that this condition and the conditions described in the preceding four bullet points have been satisfied;

receipt by IRT of an opinion from Morrison & Foerster LLP, counsel to TSRE, dated as of the closing date of the Merger, that TSRE, commencing with its taxable year ended December 31, 2012, was organized and has operated in conformity with the requirements for qualification and taxation as a REIT under Sections 856 through 860 of the Code;

receipt by IRT of an opinion from Pepper Hamilton LLP, counsel to IRT, dated as of the closing date of the Merger, to the effect that the Merger will qualify as a reorganization within the meaning of Section 368(a) of the Code;

there has not been any event that, individually or together with any other event, has had or would reasonably be expected to have a material adverse effect with respect to TSRE;

certain of TSRE s lenders have entered into amendments to their loan documents that permit (i) IRT and its affiliates to assume such loan, (ii) unrestricted offers, sales, issuances, transfers, conversions, redemptions and repurchases of common equity or preferred equity of IRT and IROP, and (iii) mergers, consolidations, reorganizations, liquidations and dissolutions of subsidiaries of IRT and/or IROP into, or with, one or more of their subsidiaries and (iv) prepayment of such loan at any time on or before the End Date (as defined

below in The Merger Agreement Termination of the Merger Agreement Termination by Either IRT or TSRE) with no increase in the prepayment fee or penalty;

receipt by IRT of an instrument evidencing the termination of the Stockholders Agreement, dated as of January 16, 2014, by and among TSR and Senator;

receipt by IRT of a lock-up agreement signed by each of Senator and Monarch; and

receipt by IRT of evidence that TSRE has adopted resolutions terminating TSRE s 401(k) plan.

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Additional Closing Conditions for the Benefit of TSRE and TSR OP

The obligations of TSRE and TSR OP to effect the Merger and consummate the other transactions that are contemplated by the Merger Agreement are subject to the satisfaction or waiver on or prior to the closing date of the Merger of the following additional conditions:

the accuracy in all but *de minimis* respects as of the date of the Merger Agreement and as of the closing date of the Merger (or, in the case of representations and warranties that expressly relate to a specific date, as of that date) of certain representations and warranties made in the Merger Agreement by IRT, IROP, OP Merger Sub and IRT LP LLC regarding certain aspects of IRT s capital structure;

the accuracy in all respects as of the date of the Merger Agreement and as of the closing date of the Merger of certain representations and warranties made in the Merger Agreement by IRT, IROP, OP Merger Sub and IRT LP LLC regarding the absence of a material adverse effect and the applicability of takeover statutes;

the accuracy in all material respects (disregarding all exceptions and qualifications with regard to materiality or material adverse effect contained therein) as of the date of the Merger Agreement and as of the closing date of the Merger of certain representations and warranties made in the Merger Agreement by IRT, IROP, OP Merger Sub and IRT LP LLC regarding IRT s organization and subsidiaries, authority relative to the Merger Agreement, the required stockholder vote to approve the issuance of IRT common stock in the Merger (including IRT common stock issuable upon redemption of IROP Units issued in the Partnership Merger), broker s fees and similar expenses, and the applicability of the Investment Company Act of 1940;

the accuracy of all other representations and warranties made in the Merger Agreement by IRT, IROP, OP Merger Sub and IRT LP LLC as of the date of the Merger Agreement and as of the closing date of the Merger (or, in the case of representations and warranties that expressly relate to a specific date, as of that date), except where the failure of such representations or warranties to be true and correct in all respects (disregarding all exceptions and qualifications with regard to materiality or material adverse effect contained therein) does not have, and would not reasonably be expected to have, a material adverse effect on IRT;

IRT and IROP having performed or complied with in all material respects all obligations required to be performed or complied with by it under the Merger Agreement at or prior to the closing date of the Merger (except for those obligation that by their nature may not be performed until the closing of the Merger), and receipt by TSRE of a certificate executed by an officer of IRT to the effect that this condition and the conditions described in the preceding four bullet points have been satisfied;

receipt by TSRE of an opinion from Pepper Hamilton LLP, counsel to IRT, dated as of the closing date of the Merger, that IRT, commencing with its taxable year ended December 31, 2011, was organized and has operated in conformity with the requirements for qualification and taxation as a REIT under Sections 856 through 860 of the Code and its current and proposed method of operation will enable it to continue to qualify for taxation as a REIT for its taxable year ending on or before December 31, 2015;

receipt by TSRE of an opinion from Morrison & Foerster LLP, counsel to TSRE, dated as of the closing date of the Merger, to the effect that the Merger will qualify as a reorganization within the meaning of Section 368(a) of the Code; and

there has not been any event that, individually or together with any other event, has had or would reasonably be expected to have a material adverse effect with respect to IRT.

Termination of the Merger Agreement

Termination by Mutual Agreement

The Merger Agreement may be terminated at any time prior to the effective time of the Partnership Merger by the mutual written consent of IRT and TSRE, even after approval of TSRE stockholders or approval of IRT stockholders.

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Termination by Either IRT or TSRE

The Merger Agreement may also be terminated prior to the effective time of the Partnership Merger by either IRT or TSRE if:

the Merger shall not have been consummated on or before 5:00 p.m. (Eastern time) New York City time on October 15, 2015 (the End Date); provided, that this termination right will not be available to any party whose failure to comply with any provision of this Agreement has been the cause of, or resulted in, the failure of the Merger to occur on or before such date; provided, further, that (A) if ten business days prior to the End Date, all conditions of IRT to consummate the Merger are satisfied, other than the condition whereby certain of TSRE s lenders must enter into amendments to their loan documents that will, among other things, allow IRT to assume these loans, and (B) IRT provides TSRE with evidence that the effectiveness of the Commitment Letter has been extended until at least December 31, 2015 or that IRT has otherwise entered into a commitment letter with respect to alternative financing that is effective until at least December 31, 2015, then, upon the election of IRT, in its reasonable discretion, the End Date may be extended to December 31, 2015;

if all conditions of IRT to consummate the Merger are satisfied (other than those conditions that by their nature are to be satisfied at the closing, provided that such conditions are reasonably capable of being satisfied) and IRT is unable to satisfy its obligation to effect the closing at such time because it is unable to obtain the financing that is necessary to pay the cash portion of the Merger Consideration (provided that this termination right will not be available to IRT if it has materially and willfully, intentionally or knowingly breached its obligations under the financing covenant);

any governmental entity of competent jurisdiction has issued or enacted any law or taken any other action, which has become final and non-appealable, that has the effect of restraining, enjoining or otherwise prohibiting consummation of the Merger (provided that this termination right will not be available to any party whose failure to comply with any provision of this Agreement has been the cause of, or resulted in, such action);

the stockholders of TSRE failed to approve the Merger and the other transactions contemplated by the Merger Agreement at the TSRE special meeting (provided that this termination right will not be available to TSRE if the failure to obtain the approval of TSRE s stockholders was primarily due to TSRE s failure to perform any of its obligations under the Merger Agreement);

the stockholders of IRT failed to approve the issuance of IRT common stock in the Merger (including IRT common stock issuable upon redemption of IROP Units issued in the Partnership Merger) at the IRT special meeting (provided that this termination right will not be available to IRT if the failure to obtain the approval of IRT s stockholders was primarily due to IRT s failure to perform any of its obligations under the Merger Agreement);

TSRE effects an Adverse Recommendation Change; or

the other party has breached any representation or warranty or failed to perform any covenant or agreement set forth in the Merger Agreement such that any of the conditions to the terminating party s obligation to consummate the Merger would not be satisfied, which breach or failure to perform cannot be cured or, if capable of cure, has not been cured by the earlier of 20 days following written notice thereof from the terminating party to the breaching party and two business days before the End Date (provided that this termination right will not be available if either IRT or TSRE is then in breach of the Merger Agreement so as to cause any of the conditions to the breaching party s obligation to consummate the Merger not to be satisfied);

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Termination by TSRE

The Merger Agreement may also be terminated prior to the effective time of the Partnership Merger by TSRE if:

- prior to the approval of the Company Merger and the other transactions contemplated by the Merger Agreement by TSRE s stockholders, TSRE enters into an Alternative Acquisition Agreement; provided that TSRE must concurrently pay the termination fee described below under Termination Fee and Expenses Payable by TSRE to IRT ;
- the closing of the Merger has not occurred within two business days after TSRE has delivered written notice to IRT that all conditions of IRT to consummate the Merger are satisfied (other than those conditions that by their terms are to be satisfied at the closing of the Merger, but subject to the satisfaction of such conditions at such time) and TSRE is ready, willing and able to effect the closing of the Merger;
- the aggregate amount of cash consideration to be paid in the Merger would exceed 60% of the value of the total Merger Consideration; or
- the percentage decline, if any, from the 20-day volume weighted average price per share of IRT common stock as of the trading day prior to the date of the Merger Agreement to the 20-day volume weighted average price per share of IRT common stock as of the date five days prior to closing date of the Merger exceeds by 15% or more the percentage decline, if any, from the average closing value of the MSCI US REIT Index for the period of 20 consecutive trading days ending on the trading day prior to the date of the Merger Agreement to the average closing value of the MSCI US REIT Index for the period of 20 consecutive trading days ending on the date five days prior to the closing date of the Merger.

Termination by IRT

The Merger Agreement may also be terminated by IRT if TSRE enters into an Alternative Acquisition Agreement.

Termination Fee and Expenses Payable by TSRE to IRT

TSRE has agreed to pay IRT a termination fee of $12.0 million (the TSRE Termination Fee) if:

- TSRE terminates the Merger Agreement to enter into an Alternative Acquisition Agreement, in which case TSRE must pay the TSRE Termination Fee concurrently with such termination;
- IRT terminates the Merger Agreement because TSRE has entered into an Alternative Acquisition Agreement, in which case TSRE must pay the TSRE Termination Fee within three business days of such termination;

All of the following occur (in which case, the TSRE Termination Fee will be less, if applicable, any reimbursable expenses previously paid by TSRE to IRT):

- either IRT or TSRE terminates the Merger Agreement because (i) the Merger has not been consummated on or before the End Date (and the approval of TSRE stockholders of the Merger and the other transactions contemplated by the Merger Agreement has not been obtained prior to such termination), (ii) the stockholders of TSRE failed to approve the Company Merger and the other transactions contemplated by the Merger Agreement at the TSRE special meeting, or (iii) TSRE has effected an Adverse Recommendation Change;

- a Company Takeover Proposal has been publicly announced after the date hereof and not publicly withdrawn without qualification before such termination; and

- within twelve months after termination of the Merger Agreement, TSRE consummates a transaction regarding, or executes a definitive agreement with respect to, a Company Takeover Proposal; provided that, for purposes of this provision, references to 20% in the definition of Company Takeover Proposal shall be deemed to be references to 50% .

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TSRE has agreed to pay any reasonable out-of-pocket documented expenses (including all fees and expenses of counsel, accountants, investment bankers, financing sources, hedging counterparties, experts and consultants to a party hereto and its Affiliates) incurred by IRT up to a maximum of $5.0 million if the Merger Agreement is terminated (i) by either IRT or TSRE because the stockholders of TSRE failed to approve the Company Merger and the other transactions contemplated by the Merger Agreement at the TSRE special meeting, (ii) by IRT or TSRE because TSRE has effected an Adverse Recommendation Change, or (iii) by TSRE because the percentage decline, if any, from the 20-day volume weighted average price per share of IRT common stock as of the trading day prior to the date of the Merger Agreement to the 20-day volume weighted average price per share of IRT common stock as of the date five days prior to closing date of the Merger exceeds by 15% or more the percentage decline, if any, from the average closing value of the MSCI US REIT Index for the period of 20 consecutive trading days ending on the trading day prior to the date of the Merger Agreement to the average closing value of the MSCI US REIT Index for the period of 20 consecutive trading days ending on the date five days prior to the closing date of the Merger.

Termination Fee and Expenses Payable by IRT to TSRE

IRT has agreed to pay TSRE a reverse termination fee of $25.0 million (the IRT Termination Fee) if the Merger Agreement is terminated (i) by either IRT or TSRE because (A) the Merger has not been consummated on or before the End Date or (B) if all conditions of IRT to consummate the Merger are satisfied (other than those conditions that by their nature are to be satisfied at the closing, provided that such conditions are reasonably capable of being satisfied) and IRT is unable to satisfy its obligation to effect the closing at such time because it is unable to obtain the financing that is necessary to pay the cash portion of the Merger Consideration, or (ii) by TSRE because the closing of the Merger has not occurred within two business days after TSRE has delivered written notice to IRT that all conditions of IRT to consummate the Merger are satisfied (other than those conditions that by their terms are to be satisfied at the closing of the Merger, but subject to the satisfaction of such conditions at such time) and TSRE is ready, willing and able to effect the closing of the Merger, and at the time of any such termination conditions of IRT to consummate the Merger are satisfied (other than those conditions that by their nature are to be satisfied at the Closing, provided that such conditions are reasonably capable of being satisfied, and the condition whereby certain of TSRE s lenders must enter into amendments to their loan documents that will, among other things, allow IRT to assume these loans).

IRT has agreed to pay any reasonable out-of-pocket documented expenses (including all fees and expenses of counsel, accountants, investment bankers, financing sources, hedging counterparties, experts and consultants to a party hereto and its affiliates) incurred by IRT up to a maximum of $5.0 million if the Merger Agreement is terminated by either IRT or TSRE because the stockholders of IRT failed to approve the issuance of IRT common stock in the Merger (including IRT common stock issuable upon redemption of IROP Units issued in the Partnership Merger) at the IRT special meeting.

Financing Related to the Merger

IRT intends to finance the cash portion of the Merger Consideration and the fees, expenses and costs incurred in connection with the Merger and other transactions related to the Merger, and to repay or refinance certain of TSRE s borrowings, using a combination of some or all of the following resources:

IRT s available cash on hand;

the assumption and/or refinancing of certain of TSRE s existing mortgage debt;

if market conditions allow, proceeds from the sale of IRT common stock;

borrowings under IRT s existing revolving credit facility, which IRT anticipates amending as of or before the closing of the Merger; and

to the extent IRT deems it advisable after considering the use of some or all of the above resources, borrowings under the Term Loan Facility for up to $500.0 million, for which IRT has received a commitment from DBNY.

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IRT has entered into the Commitment Letter pursuant to which, on and subject to the terms and conditions therein, DBNY has committed to provide the Term Loan Facility in an aggregate principal amount of up to $500.0 million, subject to customary conditions as set forth in the Commitment Letter. The Term Loan Facility will be secured by certain of the properties of TSRE (the Mortgaged Properties) and pledges of the equity of the subsidiaries which own the Mortgaged Properties. Amounts under the Term Loan Facility will be available based on an advance rate. The proceeds of the Term Loan Facility may be used to (i) repay certain indebtedness of IRT and TSRE, (ii) pay a portion of the Merger Consideration and/or (iii) pay various fees and expenses incurred in connection with the Merger. The Term Loan Facility is structured as a nine-month secured term loan facility (with a maturity extension option for an additional three months under certain circumstances) available in a single draw on the closing date of the Merger.

The obligation of DBNY to provide the financing under the Commitment Letter is subject to a number of conditions (including conditions that do not relate directly to the Merger Agreement), including (i) the consummation of the Merger substantially contemporaneously with the funding of the Term Loan Facility, (ii) that since December 31, 2014, there has not been any Company Material Adverse Effect (as such term is defined in the Merger Agreement), (iii) delivery of certain customary financial information with respect to IRT and TSRE, (iv) payment of all fees, expenses and other costs contemplated by the Commitment Letter, (v) delivery of certain customary closing documents, (vi) the accuracy of certain customary representations and warranties, and (vii) the delivery of customary mortgage and related documentation in respect of the Mortgaged Properties.

The Commitment Letter expires on the earliest of (i) October 15, 2015 (or such later date as may be agreed by the parties to the Commitment Letter if the outside termination date of the Merger Agreement is extended), (ii) the date on which the Merger Agreement is terminated or expires in accordance with its terms, and (iii) the date of the closing of the Merger without the use of the Term Loan Facility.

The Term Loan Facility does not amortize and is secured. The borrowing may be made at interest rates equal to the LIBOR rate, plus a margin of 250 to 900 basis points, or a base rate, plus a margin of 150 to 800 basis points. The applicable margin will be determined based on the Mortgaged Property advance rate, the debt yield and amount of time the Term Loan Facility remains outstanding. Where the Mortgaged Property advance rate is less than or equal to 70% and the debt yield after giving effect to the borrowing under the Term Loan Facility and the consummation of the Merger is greater than or equal to 8.0%, the applicable margin for LIBOR loans shall be 250 basis points and the applicable margin for base rate loans shall be 150 basis points. In all other instances, the applicable margin for LIBOR loans shall be 450 basis points and the applicable margin for base rate loans shall be 350 basis points at closing, with interest rates increasing (i) by 150 basis points from and after the six-month anniversary of the closing date and (ii) by an additional 300 basis points from and after the nine-month anniversary of the closing date through and including the day that is the one-year anniversary of the closing date (for an aggregate increase of 450 basis points), in the event a maturity extension option is exercised.

In addition, the terms of the financing commitment include the following: (i) certain voluntary and mandatory prepayment and commitment reduction provisions including with respect to dispositions as set forth in the Commitment Letter, (ii) certain financial covenants, including maximum leverage, minimum fixed charge coverage, minimum net worth and maximum dividend payout, and (iii) customary representations and warranties, affirmative and negative covenants and events of default.

Pursuant to such financing commitment and in accordance with the terms of the fee letter entered into among DBNY, Deutsche Bank and IRT, DBNY and Deutsche Bank expect to receive certain customary fees from IRT, including certain fees payable depending on various circumstances and contingencies. In addition, the fee letter includes certain customary market-flex provisions.

IRT has the right to use alternative financing in connection with the consummation of the Merger and is under no obligation to enter into definitive documentation for the Term Loan Facility or to draw upon the financing commitment from DBNY.

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Borrowings under IRT s existing revolving credit facility are subject to customary conditions, and IRT s existing revolving credit facility contains various customary covenants, including customary financial covenants. Any failure to comply with these financial covenants would constitute a default under IRT s existing revolving credit facility and would prevent further borrowings thereunder. In the event IRT were to enter into the Term Loan Facility, IRT expects it would have to amend its existing revolving credit facility to coordinate its terms with those of the Term Loan Facility or otherwise refinance its existing revolving credit facility. IRT expects to evaluate entering into or assuming other revolving credit facilities prior to the closing of the Merger, which may be used to fund part of the cash portion of the Merger Consideration.

IRT s ability to finance the Merger is not a condition to its obligation to complete the Merger.

Miscellaneous Provisions

Specific Performance

Prior to a valid termination of the Merger Agreement, the parties to the Merger Agreement are entitled to seek and obtain an injunction, specific performance and other equitable relief to prevent any breaches or threatened breaches of the Merger Agreement and to enforce specifically the terms and provisions of the Merger Agreement, including any party s obligations to consummate the Merger and the other transactions contemplated by the Merger Agreement, in addition to any and all other remedies at law or in equity. In the event that the Merger Agreement is terminated under circumstances in which IRT pays TSRE the IRT Termination Fee, TSRE will not be entitled to seek or obtain a decree or order of specific performance to enforce the observance or performance of, and will not be entitled to seek or obtain an injunction restraining the breach of, or to seek or obtain damages or any other remedy at law or in equity relating to any breach of, any covenant or obligation of IRT, IROP, OP Merger Sub or IRT LP LLC other than with respect to the payment of the IRT Termination Fee. Nothing in the Merger Agreement obligates IRT or any of its affiliates to enforce specifically the terms and provisions of the Commitment Letter.

Amendment

The parties to the Merger Agreement may amend the Merger Agreement by an instrument in writing signed by each of the parties, provided that, after either (i) approval of the Company Merger and the other transactions contemplated by the Merger Agreement by TSRE s stockholders or (ii) approval of the issuance of IRT common stock in the Merger (including IRT common stock issuable upon redemption of IROP Units issued in the Partnership Merger) by IRT s stockholders, no amendment may be made which by law requires further approval by such stockholders without such further approval. Certain provisions of the Merger Agreement relating to the financing related to the Merger may not be amended or modified in any way that adversely affects the rights of any of IRT s potential financing sources without the prior written consent of such financing sources.

Waiver

Prior to the effective time of the Partnership Merger, any of the parties to the Merger Agreement may extend the time for performance of any obligations of the other parties to the Merger Agreement or waive any inaccuracies in the representations and warranties contained in the Merger Agreement or the other parties compliance with any agreements or conditions contained in the Merger Agreement.

Governing Law

The Merger Agreement is governed by the laws of the State of Maryland, without giving effect to any choice or conflicts of laws principles; provided that (i) the Partnership Merger and the Company Merger are governed by the laws of the State of Delaware and (ii) all disputes relating to the Commitment Letter or any of IRT s potential financing sources are governed by the laws of the State of New York.

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Jurisdiction; Venue

All proceedings arising out of or relating to the Merger Agreement shall be heard and determined exclusively in the Circuit Court for Baltimore City (Maryland), or, if under applicable law exclusive jurisdiction over the matter is vested in the federal courts, any federal court located in the State of Maryland. Each of the parties to the Merger Agreement has irrevocably and unconditionally agreed to request and/or consent to the assignment of any such proceeding to the Maryland Business and Technology Case Management Program.

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MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES

Material U.S. Federal Income Tax Consequences of the Merger

The following is a discussion of the material U.S. federal income tax consequences of the Company Merger to U.S. holders and non-U.S. holders (each as defined below) of shares of TSRE common stock and of the ownership and disposition of Combined Company common stock received in the Company Merger.

This discussion assumes that holders of TSRE common stock and holders of Combined Company common stock hold such common stock as a capital asset within the meaning of Section 1221 of the Code. This discussion is based upon the Code, Treasury regulations promulgated under the Code, referred to herein as the Treasury Regulations, judicial decisions and published administrative rulings, all as currently in effect and all of which are subject to change, possibly with retroactive effect. This discussion does not address (i) U.S. federal taxes other than income taxes, (ii) state, local or non-U.S. taxes or (iii) tax reporting requirements, in each case, as applicable to the Company Merger. In addition, this discussion does not address U.S. federal income tax considerations applicable to holders of shares of TSRE common stock that are subject to special treatment under U.S. federal income tax law, including, for example:

- financial institutions;
- pass-through entities (such as entities treated as partnerships for U.S. federal income tax purposes);
- insurance companies;
- broker-dealers;
- tax-exempt organizations;
- dealers in securities or currencies;
- traders in securities that elect to use a mark to market method of accounting;
- persons that hold shares of TSRE common stock (or, following the effective time of the Company Merger, Combined Company common stock) as part of a straddle, hedge, constructive sale, conversion transaction, or other integrated transaction for U.S. federal income tax purposes;
- regulated investment companies;

real estate investment trusts;

certain U.S. expatriates;

U.S. holders whose functional currency is not the U.S. dollar; and

persons who acquired their shares of TSRE common stock (or, following the effective time of the Company Merger, Combined Company common stock) through the exercise of an employee stock option or otherwise as compensation.

For purposes of this discussion, a holder means a beneficial owner of shares of TSRE common stock (or, following the effective time of the Company Merger, of the Combined Company common stock), and a U.S. holder means a holder that is:

an individual who is a citizen or resident of the United States for U.S. federal income tax purposes;

a corporation (or other entity taxable as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States or any political subdivision thereof;

an estate the income of which is subject to U.S. federal income taxation regardless of its source; or

a trust that (A) is subject to the supervision of a court within the United States and the control of one or more U.S. persons or (B) has a valid election in place under the Treasury Regulations to be treated as a U.S. person.

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For purposes of this discussion, a non-U.S. holder means a beneficial owner of shares of TSRE common stock (or, following the effective time of the Company Merger, Combined Company common stock) other than a U.S. holder or partnership.

If a partnership (or other entity or arrangement treated as a partnership for U.S. federal income tax purposes) holds shares of TSRE common stock (or, following the Company Merger, Combined Company common stock), the tax treatment of a partner in the partnership generally will depend on the status of the partner and the activities of the partnership. Any partnership or other entity or arrangement treated as a partnership for U.S. federal income tax purposes that holds shares of TSRE common stock (or, following the Company Merger, the Combined Company common stock), and the partners in such partnership (as determined for U.S. federal income tax purposes), should consult their tax advisors.

This discussion of material U.S. federal income tax consequences of the Company Merger is not binding on the IRS. No assurance can be given that the IRS would not assert, or that a court would not sustain, a position contrary to any described herein.

THE U.S. FEDERAL INCOME TAX RULES APPLICABLE TO THE MERGER AND TO REITS GENERALLY ARE HIGHLY TECHNICAL AND COMPLEX. HOLDERS OF SHARES OF TSRE COMMON STOCK ARE URGED TO CONSULT THEIR TAX ADVISORS REGARDING THE SPECIFIC TAX CONSEQUENCES TO THEM OF THE MERGER, THE OWNERSHIP OF COMMON STOCK OF THE COMBINED COMPANY, AND THE COMBINED COMPANY S QUALIFICATION AS A REIT, INCLUDING THE APPLICABILITY AND EFFECT OF U.S. FEDERAL, STATE, LOCAL AND NON-U.S. INCOME AND OTHER TAX LAWS, AND POTENTIAL CHANGES IN APPLICABLE TAX LAWS, IN LIGHT OF THEIR PARTICULAR CIRCUMSTANCES.

Tax Opinions from Counsel Regarding the Merger

It is a condition to the completion of the Merger that Morrison & Foerster LLP and Pepper Hamilton LLP each renders a tax opinion to its client, dated as of the closing date of the Company Merger, to the effect that the Company Merger will constitute a reorganization within the meaning of Section 368(a) of the Code. Morrison & Foerster LLP and Pepper Hamilton LLP counsel are providing opinions to TSRE and IRT, respectively, to similar effect in connection with the filing of this Registration Statement. Such opinions will be subject to customary exceptions, assumptions and qualifications, and will be based on representations made by TSRE and IRT regarding factual matters (including those contained in tax representation letters provided by TSRE and IRT), and covenants undertaken by TSRE and IRT, each as of the closing date of the Company Merger, and they assume that the Per Share Cash Amount will not be more than 60% of the total Merger Consideration to be received by a holder of TSRE common stock in the Company Merger. If any assumption or representation is inaccurate in any way, or any covenant is not complied with, the tax consequences of the Company Merger could differ from those described in the tax opinions and in this discussion. These tax opinions represent the legal judgment of counsel rendering the opinion and are not binding on the IRS or the courts. No ruling from the IRS has been or will be requested in connection with the Company Merger, and there can be no assurance that the IRS would not assert, or that a court would not sustain, a position contrary to the conclusions set forth in the tax opinions. If the condition relating to either tax opinion to be delivered at closing is waived, this joint proxy statement/prospectus will be amended and recirculated.

As noted and subject to the qualifications above, in the opinion of Morrison & Foerster LLP and Pepper Hamilton LLP, the Company Merger of TSRE into IRT LP LLC will qualify as a reorganization within the meaning of Section 368(a) of the Code. As a reorganization within the meaning of Section 368(a) of the Code, the material U.S. federal income tax consequences of the Company Merger will be as follows:

TSRE will not recognize any gain or loss as a result of the Company Merger.

A holder of TSRE common stock will recognize gain, to the extent of the lesser of (1) the total amount of cash received by such holder in the Company Merger (other than cash received in lieu of a fractional

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share of Combined Company common stock); and (2) the difference between (a) the sum of the fair market value of the Combined Company common stock received in the Company Merger plus the amount of cash received in the Company Merger (other than cash received in lieu of a fractional share of Combined Company common stock), and (b) the stockholder s tax basis in the shares of TSRE common stock surrendered in exchange therefor.

No loss will be recognized, except for loss resulting from the receipt of cash in lieu of a fractional share of Combined Company common stock.

If a holder acquired different blocks of shares of TSRE common stock at different times or different prices, Treasury Regulations provide guidance on how such holder may allocate its tax basis to shares of the Combined Company common stock received in the Company Merger. Holders that hold multiple blocks of shares of TSRE common stock should consult their tax advisors regarding the proper allocation of their basis among shares of Combined Company common stock received in the Company Merger under these Treasury Regulations.

Any gain recognized generally will be capital gain, provided that the cash consideration received does not have the effect of the distribution of a dividend within the meaning of Section 356(a)(2) of the Code (including through the application of Section 302 of the Code). Such capital gain will be long-term capital gain if the shares of TSRE common stock exchanged were held for more than one year. Whether or not the cash consideration received by any stockholder could be considered essentially equivalent to, or having the effect of, a dividend will depend on the holder s particular situation. Each holder of shares of TSRE common stock should consult its own tax advisor as to the applicability of these rules to them.

The aggregate tax basis of the Combined Company common stock received (including any fractional share interests deemed received and redeemed for cash as described below) by a holder will be the same as the aggregate tax basis of the shares of TSRE common stock surrendered in exchange therefor, reduced by the amount of cash received in the Company Merger (excluding cash received in lieu of a fractional share of Combined Company common stock) and increased by the amount of any gain or dividend income recognized in the Company Merger (excluding any gain recognized as a result of any cash received in lieu of a fractional share of Combined Company common stock). Holders of shares of TSRE common stock who hold multiple blocks of shares of TSRE common stock should consult their tax advisors regarding the proper allocation of their basis among Combined Company common stock received.

The holding period of the Combined Company common stock received by a holder in connection with the Company Merger will include the holding period of the shares of TSRE common stock surrendered in the Company Merger.

Cash received by a holder of TSRE common stock in lieu of a fractional share of Combined Company common stock in the Company Merger will be treated as if such fractional share had been issued in the Company Merger and then redeemed by the Combined Company, and such holder generally will recognize capital gain or loss with respect to such cash payment, measured by the difference, if any, between the

amount of cash received and the holder s tax basis in such fractional share. Such capital gain or loss will be long-term capital gain or loss if the holder s holding period in respect of such fractional share is greater than one year. Certain non-corporate holders generally are subject to tax on long-term capital gains at reduced rates under current law. The deductibility of capital losses is subject to certain limitations.

Non-U.S. holders of shares of TSRE common stock generally will not be subject to U.S. federal income tax on amounts described above (other than dividends) if (1) such non-U.S. holder has owned, actually or constructively, 5% or less of TSRE s outstanding common stock during the five-year period ending on the date of the Company Merger the stock) or (2) TSRE is a domestically controlled REIT. A domestically controlled qualified investment entity includes a REIT in which, at all times during a specified testing period, less than 50% in value of its outstanding shares are held directly or indirectly

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by non-U.S. holders. Because TSRE is publicly traded, it cannot be certain that it is domestically controlled. If TSRE is not domestically controlled, a non-U.S. holder that owns more than 5% in value of TSRE s common stock will be subject to U.S. federal income tax on that holder s gain in their TSRE common stock unless (A) the Combined Company is not domestically-controlled, (B) either the Combined Company common stock is not regularly traded on an established securities market or the non-U.S. holder receives more than 5% in value of the Combined Company common stock if such common stock is regularly traded on an established securities market, and (C) the non-U.S. holder complies with certain U.S. return filing requirements, in which case only the gain attributable to fractional shares exchanged for cash shall be subject to U.S. federal income tax. If a non-U.S. holder is subject to tax on its exchange of TSRE common stock in the Company Merger, its gain will be measured by the excess of (i) the sum of the fair market value of the Combined Company stock received in the exchange plus any cash received over (ii) the non-U.S. holder s adjusted tax basis in its TSRE common stock.

If the cash consideration received by a non-U.S. holder could be considered to be essentially equivalent to, or having the effect of, a dividend, as discussed above, such dividend generally will be treated as ordinary income and will be subject to withholding tax at the rate of 30%, unless reduced or eliminated by an applicable income tax treaty.

Backup Withholding

Certain holders of shares of TSRE common stock may be subject to backup withholding with respect to any cash received in the Company Merger. Backup withholding generally will not apply, however, to a holder of shares of TSRE common stock that furnishes a correct taxpayer identification number and certifies that it is not subject to backup withholding on IRS Form W-9, provides a properly completed IRS Form W-8BEN or W-8BEN-E (as applicable), or is otherwise exempt from backup withholding and provides appropriate proof of the applicable exemption. Backup withholding is not an additional tax and any amounts withheld will be allowed as a refund or credit against the holder s U.S. federal income tax liability, if any, provided that the holder timely furnishes the required information to the IRS.

Tax Opinions from Counsel Regarding REIT Qualification of TSRE and IRT

It is a condition to the obligation of IRT to complete the Company Merger that IRT receive an opinion from Morrison & Foerster LLP, dated as of the closing date of the Company Merger, to the effect that, TSRE, commencing with its taxable year ended December 31, 2012 through its taxable year ending with the Company Merger, was organized and operated in conformity with the requirements for qualification and taxation as a REIT under Sections 856 through 860 of the Code. The opinion of Morrison & Foerster LLP will be subject to customary exceptions, assumptions and qualifications, and be based on representations made by TSRE regarding factual matters (including those contained in tax representation letters provided by TSRE and IRT) relating to the organization and operation of TSRE and its subsidiaries as of the closing date of the Company Merger.

It is a condition to the obligation of TSRE to complete the Company Merger that TSRE receive an opinion from Pepper Hamilton LLP, dated as of the closing date of the Company Merger, to the effect that, for all taxable years commencing with IRT s taxable year ended December 31, 2011, IRT was organized and operated in conformity with the requirements for qualification and taxation as a REIT under Sections 856 through 860 of the Code, and its past, current, and intended future organization and operations will permit IRT (as the Combined Company) to continue to qualify for taxation as a REIT under Sections 856 through 860 of the Code for its taxable year ending on or before December 31, 2015 that includes the Company Merger. The opinion of Pepper Hamilton LLP will be subject to customary exceptions, assumptions and qualifications, and be based on representations made by TSRE and IRT

regarding factual matters (including those contained in tax representation letters provided by TSRE and IRT), and covenants undertaken by IRT, relating to the organization and operation of the Combined Company and its subsidiaries.

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Neither of the opinions described above will be binding on the IRS or the courts. The Combined Company intends to continue to operate in a manner to qualify as a REIT following the Company Merger, but there is no guarantee that it will qualify or remain qualified as a REIT. Qualification and taxation as a REIT depends upon the ability of the Combined Company to meet, through actual annual (or, in some cases, quarterly) operating results, requirements relating to income, asset ownership, distribution levels and diversity of share ownership, and the various REIT qualification requirements imposed under the Code. Given the complex nature of the REIT qualification requirements, the ongoing importance of factual determinations and the possibility of future changes in the circumstances of the Combined Company, there can be no assurance that the actual operating results of the Combined Company will satisfy the requirements for taxation as a REIT under the Code for any particular tax year.

Tax Liabilities and Attributes Inherited from TSRE

If TSRE failed to qualify as a REIT for any of its taxable years for which the applicable period for assessment had not expired, TSRE would be liable for (and the Combined Company would be obligated to pay) U.S. federal income tax on its taxable income for such years at regular corporate rates, and, assuming the Company Merger qualified as a reorganization within the meaning of Section 368(a) of the Code, the Combined Company would be subject to tax on the built-in gain on each TSRE asset existing at the time of the Company Merger if the Combined Company were to dispose of the TSRE asset within a statutory period, which could extend for up to ten years following the Company Merger. Such tax would be imposed at the highest regular corporate rate in effect at the date of the sale. Furthermore, after the Company Merger, the asset and income tests will apply to all of the assets of the Combined Company, including the assets the Combined Company acquires from TSRE, and to all of the income of the Combined Company, including the income derived from the assets the Combined Company acquires from TSRE. As a result, the nature of the assets that the Combined Company acquires from TSRE and the income the Combined Company derives from those assets may have an effect on the tax status of the Combined Company as a REIT.

Qualification as a REIT requires TSRE to satisfy numerous requirements, some on an annual and others on a quarterly basis, as described below with respect to TSRE. There are only limited judicial and administrative interpretations of these requirements, and qualification as a REIT involves the determination of various factual matters and circumstances which were not entirely within the control of TSRE.

Tax Liabilities and Attributes of IRT

If IRT failed to qualify as a REIT for any of its taxable years for which the applicable period for assessment had not expired, IRT would be liable for (and the Combined Company would be obligated to pay) U.S. federal income tax on its taxable income at regular corporate rates. Furthermore, IRT (and the Combined Company) would not be able to re-elect REIT status until the fifth taxable year after the first taxable year in which such failure occurred.

Material U.S. Federal Income Tax Considerations Applicable to Holders of the Combined Company Common Stock

This section summarizes the material U.S. federal income tax consequences generally resulting from the election of IRT to be taxed as a REIT and the ownership of common stock of the Combined Company. The sections of the Code and the corresponding Treasury Regulations that relate to qualification and operation as a REIT are highly technical and complex. The following sets forth the material aspects of the sections of the Code that govern the U.S. federal income tax treatment of a REIT and the holders of certain of its common stock under current law. This summary is qualified in its entirety by the applicable Code provisions, relevant rules and regulations promulgated under the Code, and administrative and judicial interpretations of the Code and these rules and regulations.

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Taxation of REITs in General

TSRE and IRT have each elected to be taxed as a REIT. IRT elected to be taxed as a REIT under Sections 856 through 860 of the Code commencing with its taxable year ended December 31, 2011.

IRT currently intends to continue to be organized and operate in this manner as the Combined Company. However, qualification and taxation as a REIT depend upon the ability of the Combined Company to meet the various qualification tests imposed under the Code, including through actual annual operating results, asset composition, distribution levels and diversity of stock ownership. Accordingly, no assurance can be given that IRT has been organized and has operated, or that the Combined Company will continue to be organized and operate, in a manner so as to qualify or remain qualified as a REIT.

In brief, a corporation that invests primarily in real estate can, if it complies with the provisions in Sections 856 through 860 of the Code, qualify as a REIT and claim U.S. federal income tax deductions for the dividends it pays to its stockholders. Such a corporation generally is not taxed on its REIT taxable income to the extent such income is currently distributed to stockholders, thereby completely or substantially eliminating the double taxation that a corporation and its stockholders generally bear together. However, as discussed in greater detail below, a corporation could be subject to U.S. federal income tax in some circumstances even if it qualifies as a REIT and would likely suffer adverse consequences, including reduced cash available for distribution to its stockholders, if it failed to qualify as a REIT.

General

In any year in which the Combined Company qualifies as a REIT and has a valid REIT election in place, it will claim deductions for the dividends that it pays to the stockholders, and therefore will not be subject to U.S. federal income tax on that portion of its REIT taxable income or capital gain which is currently distributed to its stockholders. The Combined Company will, however, be subject to U.S. federal income tax at normal corporate rates on any REIT taxable income or capital gain not distributed.

Even though the Combined Company qualifies as a REIT, it nonetheless is subject to U.S. federal tax in the following circumstances:

The Combined Company is taxed at regular corporate rates on any REIT taxable income, including undistributed net capital gains that it do not distribute to stockholders during, or within a specified period after, the calendar year in which it recognized such income. The Combined Company may elect to retain and pay income tax on its net long-term capital gain. In that case, a stockholder would include its proportionate share of the Combined Company s undistributed long-term capital gain (to the extent the Combined Company makes a timely designation of such gain to the stockholder) in its income, would be deemed to have paid the tax that the Combined Company has paid on such gain, and would be allowed a credit for its proportionate share of the tax deemed to have been paid, and an adjustment would be made to increase the stockholder s basis in the Combined Company s common stock.

The Combined Company may be subject to the alternative minimum tax.

If the Combined Company has net income from prohibited transactions, such income will be subject to a 100% tax. Prohibited transactions are, in general, sales or other dispositions of property held primarily for sale to customers in the ordinary course of business, rather than for investment, other than foreclosure property.

If the Combined Company has net income from the sale or disposition of foreclosure property, as described below, that is held primarily for sale in the ordinary course of business or other non-qualifying income from foreclosure property, the Combined Company will be subject to corporate tax on such income at the highest applicable rate (currently 35%).

If the Combined Company fails to satisfy the 75% Gross Income Test or the 95% Gross Income Test, as discussed below, but nonetheless maintain its qualification as a REIT because other requirements are

met, the Combined Company will be subject to a 100% tax on an amount equal to (1) the greater of (a) the amount by which it fails the 75% Gross Income Test or (b) the amount by which it fails the 95% Gross Income Test, as the case may be, multiplied by (2) a fraction intended to reflect the Combined Company s profitability.

If the Combined Company fails to satisfy any of the REIT Asset Tests, as described below, other than certain de minimis failures, but its failure is due to reasonable cause and not due to willful neglect and it nonetheless maintains its REIT qualification because of specified cure provisions, the Combined Company will be required to pay a tax equal to the greater of $50,000 or 35% of the net income generated by the nonqualifying assets during the period in which it failed to satisfy the Asset Tests.

If the Combined Company fails to satisfy any other REIT qualification requirements (other than a Gross Income or Asset Tests) and that violation is due to reasonable cause and not due to willful neglect, it may retain its REIT qualification, but it will be required to pay a penalty of $50,000 for each such failure.

If the Combined Company fails to distribute during each calendar year at least the sum of (1) 85% of its REIT ordinary income for such year, (2) 95% of its REIT capital gain net income for such year and (3) any undistributed taxable income from prior periods, the Combined Company will be subject to a 4% excise tax on the excess of such required distribution over the sum of (a) the amounts actually distributed (taking into account excess distributions from prior years), plus (b) retained amounts on which federal income tax is paid at the corporate level.

The Combined Company may be required to pay monetary penalties to the IRS in certain circumstances, including if it fails to meet record-keeping requirements intended to monitor its compliance with rules relating to the composition of its stockholders.

A 100% tax may be imposed on some items of income and expense that are directly or constructively paid between the Combined Company, its lessor or a TRS (as described below) if and to the extent that the IRS successfully adjusts the reported amounts of these items.

If the Combined Company acquires appreciated assets from a C corporation (i.e., a corporation generally subject to corporate income tax) in a transaction in which the adjusted tax basis of the assets in the Combined Company s hands is determined by reference to the adjusted tax basis of the assets in the hands of the C corporation, the Combined Company may be subject to tax on such appreciation at the highest corporate income tax rate then applicable if it subsequently recognizes gain on a disposition of such assets during a specified period following their acquisition from the C corporation. The results described in this paragraph would not apply if the non-REIT corporation elects, in lieu of this treatment, to be subject to an immediate tax when the asset is acquired by the Combined Company.

The Combined Company may have subsidiaries or own interests in other lower-tier entities that are C corporations, such as TRSs, the earnings of which would be subject to federal corporate income tax.

In addition, the Combined Company and its subsidiaries may be subject to a variety of taxes other than U.S. federal income tax, including payroll taxes and state, local, and non-U.S. income, franchise property and other taxes on assets and operation. The Combined Company could also be subject to tax in situations and on transactions not presently contemplated.

REIT Qualification Tests

The Code defines a REIT as a corporation, trust or association:

that elects to be taxed as a REIT;

that is managed by one or more trustees or directors;

the beneficial ownership of which is evidenced by transferable shares or by transferable certificates of beneficial interest;

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that would be taxable as a domestic corporation but for its status as a REIT;

that is neither a financial institution nor an insurance company;

that meets the gross income, asset and annual distribution requirements;

the beneficial ownership of which is held by 100 or more persons on at least 335 days in each full taxable year, proportionately adjusted for a partial taxable year; and

generally in which, at any time during the last half of each taxable year, no more than 50% in value of the outstanding stock is owned, directly or indirectly, by five or fewer individuals or entities treated as individuals for this purpose.

The first six conditions must be met during each taxable year for which REIT status is sought, while the last two conditions do not have to be met until after the first taxable year for which a REIT election is made.

Share Ownership Tests. The Combined Company s common stock and any other stock it issues must be held by a minimum of 100 persons (determined without attribution to the owners of any entity owning the Combined Company s stock) for at least 335 days in each full taxable year, proportionately adjusted for partial taxable years. In addition, at all times during the second half of each taxable year, no more than 50% in value of the Combined Company s stock may be owned, directly or indirectly, by five or fewer individuals (determined with attribution to the owners of any entity owning the Combined Company s stock). These two requirements do not apply until after the first taxable year for which the Combined Company elected REIT status.

The Combined Company s charter contains certain provisions intended to enable it to meet these requirements. First, it contains provisions restricting the transfer of the Combined Company s stock that would result in any person beneficially owning or constructively owning more than 9.8% in value or in number of shares, whichever is more restrictive, of any class or series of the Combined Company s outstanding capital stock, including its common stock, subject to certain exceptions. The Combined Company s board of directors has granted such an exception for RAIT and its subsidiaries to own, in the aggregate, up to 100% of the Combined Company s outstanding common stock. Additionally, the terms of the options that may be granted to the independent directors will contain provisions that prevent them from causing a violation of these tests. The Combined Company s charter also contains provisions requiring each holder of the Combined Company s shares to disclose, upon demand, constructive or beneficial ownership of shares as deemed necessary to comply with the requirements of the Code. Furthermore, stockholders failing or refusing to comply with the Combined Company s disclosure request will be required, under regulations of the Code, to submit a statement of such information to the IRS at the time of filing their annual income tax return for the year in which the request was made.

Subsidiary Entities. A qualified REIT subsidiary is a corporation that is wholly owned by a REIT and is not a TRS. For purposes of the Asset and Gross Income Tests described below, all assets, liabilities and tax attributes of a qualified REIT subsidiary are treated as belonging to the REIT. A qualified REIT subsidiary is not subject to U.S. federal income tax, but may be subject to state or local tax. Although the Combined Company expects to hold all of its investments through IROP, it may hold investments through qualified REIT subsidiaries. A TRS is described under Asset Tests below. A partnership is not subject to U.S. federal income tax and instead allocates its tax attributes to its partners. The partners are subject to U.S. federal income tax on their allocable share of the income and gain, without

regard to whether they receive distributions from the partnership. Each partner s share of a partnership s tax attributes is determined in accordance with the partnership agreement. For purposes of the Asset and Gross Income Tests, the Combined Company will be deemed to own a proportionate share of the assets of IROP, and the Combined Company will be allocated a proportionate share of each item of gross income of IROP.

Asset Tests. At the close of each calendar quarter of each taxable year, the Combined Company must satisfy a series of tests based on the composition of its assets. After initially meeting the Asset Tests at the close of any quarter, the Combined Company will not lose its status as a REIT for failure to satisfy the Asset Tests at the end

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of a later quarter solely due to changes in value of its assets. In addition, if the failure to satisfy the Asset Tests results from an acquisition during a quarter, the failure can be cured by disposing of non-qualifying assets within 30 days after the close of that quarter. The Combined Company intends to maintain adequate records of the value of its assets to ensure compliance with these tests and will act within 30 days after the close of any quarter as may be required to cure any noncompliance.

At least 75% of the value of the Combined Company s assets must be represented by real estate assets, cash, cash items (including receivables) and government securities. Real estate assets include (i) real property (including interests in real property and interests in mortgages on real property), (ii) shares in other qualifying REITs and (iii) any stock or debt instrument (not otherwise a real estate asset) attributable to the temporary investment of new capital, but only for the one-year period beginning on the date the Combined Company received the new capital. Property will qualify as being attributable to the temporary investment of new capital if the money used to purchase the stock or debt instrument is received by the Combined Company in exchange for its stock or in a public offering of debt obligations that have a maturity of at least five years.

If the Combined Company invests in any securities that do not qualify under the 75% test, such securities may not exceed either: (i) 5% of the value of the Combined Company s assets as to any one issuer; or (ii) 10% of the outstanding securities by vote or value of any one issuer. A partnership interest held by a REIT is not considered a security for purposes of these tests; instead, the REIT is treated as owning directly its proportionate share of the partnership s assets. For purposes of the 10% value test, a REIT s proportionate share is based on its proportionate interest in the equity interests and certain debt securities issued by a partnership. For all of the other Asset Tests, a REIT s proportionate share is based on its proportionate interest in the capital of the partnership. In addition, as discussed above, the stock of a qualified REIT subsidiary is not counted for purposes of the Asset Tests.

Certain securities will not cause a violation of the 10% value test described above. Such securities include instruments that constitute straight debt. A security does not qualify as straight debt where a REIT (or a controlled TRS of the REIT) owns other securities of the issuer of that security which do not qualify as straight debt, unless the value of those other securities constitute, in the aggregate, 1% or less of the total value of that issuer s outstanding securities. In addition to straight debt, the following securities will not violate the 10% value test:

(i) any loan made to an individual or an estate;

(ii) certain rental agreements in which one or more payments are to be made in subsequent years (other than agreements between a REIT and certain persons related to the REIT);

(iii) any obligation to pay rents from real property;

(iv) securities issued by governmental entities that are not dependent in whole or in part on the profits of (or payments made by) a non-governmental entity;

(v) any security issued by another REIT; and

(vi) any debt instrument issued by a partnership if the partnership s income is such that the partnership would satisfy the 75% Gross Income Test described below. In applying the 10% value test, a debt security issued by a partnership is not taken into account to the extent, if any, of the REIT s proportionate interest in that partnership. Any debt instrument issued by a partnership (other than straight debt or another excluded security) will not be considered a security issued by the partnership if at least 75% of the partnership s gross income is derived from sources that would qualify for the 75% Gross Income Test, and any debt instrument issued by a partnership (other than straight debt or another excluded security) will not be considered a security issued by the partnership to the extent of the REIT s interest as a partner in the partnership.

A REIT may own the stock of a TRS. A TRS is a corporation (other than another REIT) that is owned in whole or in part by a REIT, and joins in an election with the REIT to be classified as a TRS. A corporation that is 35%

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owned by a TRS will also be treated as a TRS. Securities of a TRS are excepted from the 5% and 10% vote and value limitations on a REIT s ownership of securities of a single issuer. However, no more than 25% of the value of a REIT s assets may be represented by securities of one or more TRSs.

A REIT is able to cure certain asset test violations. As noted above, a REIT cannot own securities of any one issuer representing more than 5% of the total value of the REIT s assets or more than 10% of the outstanding securities, by vote or value, of any one issuer. However, a REIT would not lose its REIT status for failing to satisfy these 5% or 10% Asset Tests in a quarter if the failure is due to the ownership of assets the total value of which does not exceed the lesser of (i) 1% of the total value of the REIT s assets at the end of the quarter for which the measurement is done, or (ii) $10.0 million; provided in either case that the REIT either disposes of the assets within six months after the last day of the quarter in which the REIT identifies the failure (or such other time period prescribed by the Treasury), or otherwise meets the requirements of those rules by the end of that period.

If a REIT fails to meet any of the Asset Tests for a quarter and the failure exceeds the de minimis threshold described above, then the REIT still would be deemed to have satisfied the requirements if (i) following the REIT s identification of the failure, the REIT files a schedule with a description of each asset that caused the failure, in accordance with regulations prescribed by the Treasury; (ii) the failure was due to reasonable cause and not to willful neglect; (iii) the REIT disposes of the assets within six months after the last day of the quarter in which the identification occurred or such other time period as is prescribed by the Treasury (or the requirements of the rules are otherwise met within that period); and (iv) the REIT pays a tax on the failure equal to the greater of (1) $50,000 or (2) an amount determined (under regulations) by multiplying (x) the highest rate of tax for corporations under Section 11 of the Code, by (y) the net income generated by the assets for the period beginning on the first date of the failure and ending on the date the REIT has disposed of the assets (or otherwise satisfies the requirements).

The Combined Company believes that its holdings of securities and other assets comply with the foregoing Asset Tests, and it intends to monitor compliance with such tests on an ongoing basis. The values of some of the Combined Company s assets, however, may not be precisely valued, and values are subject to change in the future. Furthermore, the proper classification of an instrument as debt or equity for U.S. federal income tax purposes may be uncertain in some circumstances, which could affect the application of the REIT Asset Tests. Accordingly, there can be no assurance that the IRS will not contend that the Combined Company s assets do not meet the requirements of the Asset Tests.

Gross Income Tests. For each calendar year, the Combined Company must satisfy two separate tests based on the composition of its gross income, as defined under its method of accounting.

The 75% Gross Income Test. At least 75% of the Combined Company s gross income for the taxable year (excluding gross income from prohibited transactions and certain hedging transactions as discussed below under Hedging Transactions and cancellation of indebtedness income) must result from (i) rents from real property, (ii) interest on obligations secured by mortgages on real property or on interests in real property, (iii) gains from the sale or other disposition of real property (including interests in real property and interests in mortgages on real property) other than property held primarily for sale to customers in the ordinary course of the Combined Company s trade or business, (iv) dividends from other qualifying REITs and gain (other than gain from prohibited transactions) from the sale of shares of other qualifying REITs, (v) other specified investments relating to real property or mortgages thereon, and (vi) income attributable to stock or a debt investment that is attributable to a temporary investment of new capital (as described under the 75% Asset Test above) received or earned during the one-year period beginning on the date the Combined Company received such new capital. The Combined Company intends to invest funds not otherwise invested in real properties in cash sources or other liquid investments which will allow it to qualify under the 75% Gross Income Test.

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Income attributable to a lease of real property will generally qualify as rents from real property under the 75% Gross Income Test (and the 95% Gross Income Test described below), subject to the rules discussed below:

Rent from a particular tenant will not qualify if the Combined Company, or an owner of 10% or more of its stock, directly or indirectly, owns 10% or more of the voting stock or the total number of shares of all classes of stock in, or 10% or more of the assets or net profits of, the tenant (subject to certain exceptions). The portion of rent attributable to personal property rented in connection with real property will not qualify, unless the portion attributable to personal property is 15% or less of the total rent received under, or in connection with, the lease.

Generally, rent will not qualify if it is based in whole, or in part, on the income or profits of any person from the underlying property. However, rent will not fail to qualify if it is based on a fixed percentage (or designated varying percentages) of receipts or sales, including amounts above a base amount so long as the base amount is fixed at the time the lease is entered into, the provisions are in accordance with normal business practice and the arrangement is not an indirect method for basing rent on income or profits.

Rental income will not qualify if the Combined Company furnishes or renders services to tenants or manages or operates the underlying property, other than through a permissible independent contractor from whom it derives no revenue, or through a TRS. This requirement, however, does not apply to the extent that the services, management or operations the Combined Company provides are usually or customarily rendered in connection with the rental of space, and are not otherwise considered rendered to the occupant. With respect to this rule, tenants will receive some services in connection with their leases of the real properties. The Combined Company s intention is that the services to be provided are those usually or customarily rendered in connection with the rental of space, and therefore, providing these services will not cause the rents received with respect to the properties to fail to qualify as rents from real property for purposes of the 75% Gross Income Test (and the 95% Gross Income Test described below). The Combined Company s board of directors intends to hire qualifying independent contractors or to utilize TRSs to render services which it believes, after consultation with the Combined Company s tax advisor, are not usually or customarily rendered in connection with the rental of space.

In addition, the Combined Company has represented that, with respect to its leasing activities, it will not (i) charge rent for any property that is based in whole or in part on the income or profits of any person (except by reason of being based on a percentage of receipts or sales, as described above) (ii) charge rent that will be attributable to personal property in an amount greater than 15% of the total rent received under the applicable lease, or (iii) enter into any lease with a related party tenant.

Amounts received as rent from a TRS are not excluded from rents from real property by reason of the related party rules described above, if the activities of the TRS and the nature of the properties it leases meet certain requirements. In addition, the TRS rules limit the deductibility of interest paid or accrued by a TRS to its parent REIT to assure that the TRS is subject to an appropriate level of corporate taxation. Further, a 100% excise tax is imposed on transactions between a TRS and its parent REIT or the REIT s tenants whose terms are not on an arms length basis.

It is possible that the Combined Company will be paid interest on loans secured by real property. All interest income qualifies under the 95% Gross Income Test, and interest on loans secured by real property qualifies under the 75% Gross Income Test, provided in both cases, that the interest does not depend, in whole or in part, on the income or profits of any person (other than amounts based on a fixed percentage of receipts or sales). If a loan is secured by both real property and other property, all the interest on it will nevertheless qualify under the 75% Gross Income Test if the amount of the loan does not exceed the fair market value of the real property at the time the Combined Company commits to make or acquire the loan. The Combined Company expects that all of its loans secured by real property will be structured this way. Therefore, income generated through any investments in loans secured by real property

should be treated as qualifying income under the 75% Gross Income Test.

The 95% Gross Income Test. In addition to deriving 75% of its gross income from the sources listed above, at least 95% of the Combined Company s gross income (excluding gross income from prohibited transactions and

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certain hedging transactions as discussed below under Hedging Transactions and cancellation of indebtedness income) for the taxable year must be derived from (i) sources which satisfy the 75% Gross Income Test, (ii) dividends, (iii) interest, or (iv) gain from the sale or disposition of stock or other securities that are not assets held primarily for sale to customers in the ordinary course of the Combined Company s trade or business. The Combined Company intends to invest funds not otherwise invested in properties in cash sources or other liquid investments which will allow it to satisfy the 95% Gross Income Test.

The Combined Company s share of income from the properties will primarily give rise to rental income and gains on sales of the properties, substantially The Combined Company s anticipated operations indicate that it is likely that it will have little or no non-qualifying income.

As described above, the Combined Company may establish one or more TRSs. The gross income generated by these TRSs would not be included in the Combined Company s gross income. Any dividends from TRSs to the Combined Company would be included in its gross income and qualify for the 95% Gross Income Test.

If the Combined Company fails to satisfy either the 75% Gross Income or 95% Gross Income Tests for any taxable year, it may retain its status as a REIT for such year if: (i) the failure was due to reasonable cause and not due to willful neglect, (ii) it attaches to its return a schedule describing the nature and amount of each item of its gross income, and (iii) any incorrect information on such schedule was not due to fraud with intent to evade U.S. federal income tax. If this relief provision is available, the Combined Company would remain subject to tax equal to the greater of the amount by which it failed the 75% Gross Income Test or the 95% Gross Income Test, as applicable, multiplied by a fraction meant to reflect the Combined Company s profitability.

Annual Distribution Requirements. The Combined Company is required to distribute dividends (other than capital gain dividends) to its stockholders each year in an amount at least equal to the excess of: (i) the sum of: (a) 90% of its REIT taxable income (determined without regard to the deduction for dividends paid and by excluding any net capital gain); and (b) 90% of the net income (after tax) from foreclosure property; less (ii) the sum of some types of items of non-cash income. Whether sufficient amounts have been distributed is based on amounts paid in the taxable year to which they relate, or in the following taxable year if the Combined Company: (1) declared a dividend before the due date of its tax return (including extensions); (2) distributed the dividend within the 12-month period following the close of the taxable year (and not later than the date of the first regular dividend payment made after such declaration); and (3) filed an election with its tax return. Additionally, dividends that the Combined Company declares in October, November or December in a given year payable to stockholders of record in any such month will be treated as having been paid on December 31 of that year so long as the dividends are actually paid during January of the following year. In order for distributions to be counted as satisfying the annual distribution requirements for REITs, and to provide the Combined Company with a REIT-level tax deduction, the distributions must not be preferential dividends. A dividend is not a preferential dividend if the distribution is (A) pro rata among all outstanding shares of stock within a particular class and (B) in accordance with the preferences among different classes of stock as set forth in the Combined Company s organizational documents. If the Combined Company fails to meet the annual distribution requirements as a result of an adjustment to its U.S. federal income tax return by the IRS, or under certain other circumstances, the Combined Company may cure the failure by paying a deficiency dividend (plus penalties and interest to the IRS) within a specified period.

The Combined Company intends to pay sufficient dividends each year to satisfy the annual distribution requirements and avoid U.S. federal income and excise taxes on its earnings; however, it may not always be possible to do so. It is possible that the Combined Company may not have sufficient cash or other liquid assets to meet the annual distribution requirements due to tax accounting rules and other timing differences. The Combined Company will closely monitor the relationship between its REIT taxable income and cash flow and, if necessary to comply with the

annual distribution requirements, will borrow funds to provide fully the necessary cash flow.

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Failure to Qualify. If the Combined Company fails to qualify, for U.S. federal income tax purposes, as a REIT in any taxable year, it may be eligible for relief provisions if the failures are due to reasonable cause and not willful neglect and if a penalty tax is paid with respect to each failure to satisfy the applicable requirements. If the applicable relief provisions are not available or cannot be met, the Combined Company will not be able to deduct its dividends and will be subject to U.S. federal income tax (including any applicable alternative minimum tax) on its taxable income at regular corporate rates, thereby reducing cash available for distributions. In such event, all distributions to stockholders (to the extent of the Combined Company s current and accumulated earnings and profits) will be taxable as dividends. This double taxation results from the Combined Company s failure to qualify as a REIT. Unless entitled to relief under specific statutory provisions, the Combined Company will not be eligible to elect REIT status for the four taxable years following the year during which qualification was lost.

Prohibited Transactions. As discussed above, the Combined Company will be subject to a 100% U.S. federal income tax on any net income derived from prohibited transactions. Net income derived from prohibited transactions arises from the sale or exchange of property held for sale to customers in the ordinary course of the Combined Company s business which is not foreclosure property. There is an exception to this rule for the sale of real property that:

- has been held for at least two years;
- has aggregate expenditures which are includable in the basis of the property not in excess of 30% of the net selling price;
- in some cases, was held for production of rental income for at least two years;
- in some cases, substantially all of the marketing and development expenditures were made through an independent contractor; and
- when combined with other sales in the year, either does not cause the REIT to have made more than seven sales of property during the taxable year, or occurs in a year when the REIT disposes of less than 10% of its assets (measured by U.S. federal income tax basis or fair market value, and ignoring involuntary dispositions and sales of foreclosure property).

The Combined Company s intention in acquiring and operating the properties is the production of rental income and it does not expect to hold any property for sale to customers in the ordinary course of its business.

Foreclosure Property. Foreclosure property is real property (including interests in real property) and any personal property incident to such real property (1) that is acquired by a REIT as a result of the REIT having bid in the property at foreclosure, or having otherwise reduced the property to ownership or possession by agreement or process of law, after there was a default (or default was imminent) on a lease of the property or a mortgage loan held by the REIT and secured by the property; (2) for which the related loan or lease was made, entered into or acquired by the REIT at a time when default was not imminent or anticipated; and (3) for which such REIT makes an election to treat the property as foreclosure property. REITs generally are subject to tax at the maximum corporate rate (currently 35%) on any net income from foreclosure property, including any gain from the disposition of the foreclosure property, other than income that would otherwise be qualifying income for purposes of the 75% Gross Income Test. Any gain from

the sale of property for which a foreclosure property election has been made will not be subject to the 100% tax on gains from prohibited transactions, even if the property is held primarily for sale to customers in the ordinary course of a trade or business.

Hedging Transactions. The Combined Company may enter into hedging transactions with respect to one or more of its assets or liabilities. Hedging transactions could take a variety of forms, including interest rate swaps or cap agreements, options, futures, contracts, forward rate agreements or similar financial instruments. Any income from a hedging transaction, including gain from a disposition of such a transaction, to manage risk of interest rate or price changes or currency fluctuations with respect to borrowings made or to be made, or ordinary obligations incurred or to be incurred, by the Combined Company to acquire or own real estate assets which is clearly identified as such before the close of the day on which it was acquired, originated or entered into and with

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respect to which the Combined Company satisfies other identification requirements, will be disregarded for purposes of the 75% and 95% Gross Income Tests. There are also rules for disregarding income for purposes of the 75% and 95% Gross Income Tests with respect to hedges of certain foreign currency risks. To the extent the Combined Company enters into other types of hedging transactions, the income from those transactions is likely to be treated as non-qualifying income for purposes of both the 75% and 95% Gross Income Tests. The Combined Company intends to structure any hedging transactions in a manner that does not jeopardize its ability to qualify as a REIT.

Characterization of Property Leases. The Combined Company may purchase either new or existing properties and lease them to tenants. The Combined Company s ability to claim certain tax benefits associated with ownership of these properties, such as depreciation, would depend on a determination that the lease transactions are true leases, under which the Combined Company would be the owner of the leased property for U.S. federal income tax purposes, rather than a conditional sale of the property or a financing transaction. A determination by the IRS that the Combined Company is not the owner of any properties for U.S. federal income tax purposes may have adverse consequences to the Combined Company, such as the denial of depreciation deductions (which could affect the determination of its REIT taxable income subject to the distribution requirements) or its satisfaction of the Asset Tests or the Gross Income Tests.

Tax Aspects of Investments in Partnerships

General. The Combined Company operate as an UPREIT, which is a structure whereby it owns a direct interest in its operating partnership, IROP, both directly and through IRT LP LLC, and the operating partnership, in turn, owns interests in other non-corporate entities that own properties. Such non-corporate entities generally are organized as limited liability companies, partnerships or trusts and are either disregarded for U.S. federal income tax purposes (if IROP was the sole owner) or treated as partnerships for U.S. federal income tax purposes. The following is a summary of the U.S. federal income tax consequences of the Combined Company s investment in IROP. This discussion should also generally apply to any investment by the Combined Company in a property partnership or other non-corporate entity.

A partnership (that is not a publicly traded partnership taxed as a corporation) is not subject to tax as an entity for U.S. federal income tax purposes. Rather, partners are allocated their proportionate share of the items of income, gain, loss, deduction and credit of the partnership, and are potentially subject to tax thereon, without regard to whether the partners receive any distributions from the partnership. The Combined Company will be required to take into account its allocable share of the foregoing items for purposes of the various Gross Income and Asset Tests, and in the computation of its REIT taxable income and U.S. federal income tax liability. Further, there can be no assurance that distributions from IROP will be sufficient to pay the tax liabilities resulting from the Combined Company s investment in IROP.

The Combined Company intend that interests in IROP (and any partnership invested in by IROP with one or more partners) will fall within one of the safe harbors for the partnership to avoid being classified as a publicly traded partnership. However, the Combined Company s ability to satisfy the requirements of some of these safe harbors depends on the results of its actual operations and accordingly no assurance can be given that any such partnership would not be treated as a publicly traded partnership. Even if a partnership qualifies as a publicly traded partnership, it generally will not be treated as a corporation if at least 90% of its gross income each taxable year is from certain passive sources.

If for any reason IROP (or any partnership invested in by IROP) is taxable as a corporation for U.S. federal income tax purposes, the character of the Combined Company s assets and items of gross income would change, and as a result, the Combined Company would most likely be unable to satisfy the Asset Tests and Gross Income Tests

described above. In addition, any change in the status of any partnership may be treated as a taxable event, in which case the Combined Company could incur a tax liability without a related cash distribution. Further, if any partnership was treated as a corporation, items of income, gain, loss, deduction and credit of such partnership

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would be subject to corporate income tax, and the partners of any such partnership would be treated as stockholders, with distributions to such partners being treated as dividends.

Anti-abuse Treasury regulations have been issued under the partnership provisions of the Code that authorize the IRS, in some abusive transactions involving partnerships, to disregard the form of a transaction and recast it as it deems appropriate. The anti-abuse regulations apply where a partnership is utilized in connection with a transaction (or series of related transactions) with a principal purpose of substantially reducing the present value of the partners aggregate U.S. federal tax liability in a manner inconsistent with the intent of the partnership provisions. The anti-abuse regulations contain an example in which a REIT contributes the proceeds of a public offering to a partnership in exchange for a general partnership interest. The limited partners contribute real property assets to the partnership, subject to liabilities that exceed their respective aggregate bases in such property. The example concludes that the use of the partnership is not inconsistent with the intent of the partnership provisions, and thus, cannot be recast by the IRS. However, the anti-abuse regulations are extraordinarily broad in scope and are applied based on an analysis of all the facts and circumstances. As a result, the Combined Company cannot assure holders of its shares of common stock that the IRS will not attempt to apply the anti-abuse regulations to us. Any such action could potentially jeopardize the Combined Company s REIT status and materially affect the tax consequences and economic return resulting from an investment in the Combined Company.

Income Taxation of the Partnerships and their Partners. Although a partnership agreement will generally determine the allocation of a partnership s income and losses among the partners, such allocations may be disregarded for U.S. federal income tax purposes under Section 704(b) of the Code and the Treasury regulations. If any allocation is not recognized for U.S. federal income tax purposes as having substantial economic effect, the item subject to the allocation will be reallocated in accordance with the partners economic interests in the partnership. The Combined Company believes that the allocations of taxable income and loss in IROP s partnership agreement comply with the requirements of Section 704(b) of the Code and the Treasury regulations.

Pursuant to Section 704(c) of the Code, income, gain, loss and deduction attributable to property contributed to IROP in exchange for units must be allocated in a manner so that the contributing partner is charged with, or benefits from, the unrealized gain or loss attributable to the property at the time of contribution. The amount of such unrealized gain or loss is generally equal to the difference between the fair market value and the adjusted basis of the property at the time of contribution. These allocations are designed to eliminate book-tax differences by allocating to contributing partners lower amounts of depreciation deductions and increased taxable income and gain attributable to the contributed property than would ordinarily be the case for economic or book purposes. With respect to any property purchased by IROP, such property will generally have an initial tax basis equal to its fair market value, and accordingly, Section 704(c) will not apply, except as described further below in this paragraph. The application of the principles of Section 704(c) in tiered partnership arrangements is not entirely clear. Accordingly, the IRS may assert a different allocation method than the one selected by IROP to cure any book-tax differences. In certain circumstances, the Combined Company may create book-tax differences by adjusting the values of properties for economic or book purposes and generally the rules of Section 704(c) of the Code would apply to such differences as well.

Some expenses incurred in the conduct of IROP s activities may not be deducted in the year they were paid. To the extent this occurs, the taxable income of IROP may exceed its cash receipts for the year in which the expense is paid. As discussed above, the costs of acquiring properties must generally be recovered through depreciation deductions over a number of years. Prepaid interest and loan fees, and prepaid management fees are other examples of expenses that may not be deducted in the year they were paid.

U.S. Federal Income Taxation for Holders of Combined Company s Stock

Taxation of Taxable Domestic Stockholders. This section summarizes the taxation of domestic stockholders that are not tax-exempt organizations. For these purposes, a domestic stockholder is a beneficial owner of the Combined Company s common stock that for U.S. federal income tax purposes is:

a citizen or resident of the United States;

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a corporation (including an entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States or of a political subdivision thereof (including the District of Columbia);

an estate, the income of which is subject to U.S. federal income taxation regardless of its source; or

any trust if (1) a U.S. court is able to exercise primary supervision over the administration of such trust and one or more U.S. persons have the authority to control all substantial decisions of the trust or (2) it has a valid election in place to be treated as a U.S. person.

If an entity or arrangement treated as a partnership for U.S. federal income tax purposes holds the Combined Company s shares, the U.S. federal income tax treatment of a partner generally will depend upon the status of the partner and the activities of the partnership. A partner of a partnership holding the Combined Company s common stock should consult its tax advisor regarding the U.S. federal income tax consequences to the partner of the purchase, ownership and disposition of the Combined Company s shares by the partnership.

Certain high-income U.S. individuals, estates, and trusts are subject to an additional 3.8% tax on net investment income. For these purposes, net investment income includes dividends and gains from sales of stock. In the case of an individual, the tax is 3.8% of the lesser of the individual s net investment income, or the excess of the individual s modified adjusted gross income over an amount equal to (1) $250,000 in the case of a married individual filing a joint return or a surviving spouse, (2) $125,000 in the case of a married individual filing a separate return, or (3) $200,000 in the case of a single individual. As long as the Combined Company qualifies as a REIT, distributions paid to its domestic stockholders out of current or accumulated earnings and profits (and not designated as capital gain dividends) will generally be ordinary income and generally will not be qualified dividends in the case of non-corporate domestic stockholders and will not be eligible for the dividends received deduction in the case of corporate domestic stockholders. For non-corporate domestic stockholders, qualified dividends are taxed at a maximum rate of 20%, whereas ordinary income may be taxed at rates as high as 39.6%. Distributions in excess of current and accumulated earnings and profits are treated first as a tax-deferred return of capital to the stockholder, reducing the stockholder s tax basis in his or her common stock by the amount of such distribution, and then as capital gain. Because the Combined Company s earnings and profits are reduced for depreciation and other non-cash items, it is possible that a portion of each distribution will constitute a tax-deferred return of capital. Additionally, because distributions in excess of earnings and profits reduce the stockholder s basis in the Combined Company s stock, this will increase the stockholder s gain on any subsequent sale of the stock.

Distributions that are designated as capital gain dividends will be taxed as long-term capital gains (generally taxable at a maximum rate of 20% in the case of non-corporate domestic stockholders, subject to a maximum rate of 25% for certain recapture of real estate depreciation) to the extent they do not exceed the Combined Company s actual net capital gain for the taxable year, without regard to the period for which the stockholder that receives such distribution has held its stock. However, corporate stockholders may be required to treat up to 20% of some types of capital gain dividends as ordinary income. The Combined Company may also decide to retain, rather than distribute, its net long-term capital gains and pay any tax thereon. In such instances, stockholders would include their proportionate shares of such gains in income, receive a credit on their returns for their proportionate share of the Combined Company s tax payments, and increase the tax basis of their shares of stock by the after-tax amount of such gain.

Dividend income is characterized as portfolio income under the passive loss rules and cannot be offset by a stockholder s current or suspended passive losses. Although stockholders generally recognize taxable income in the year that a distribution is received, any distribution the Combined Company declares in October, November or

December of any year that is payable to a stockholder of record on a specific date in any such month will be treated as both paid by the Combined Company and received by the stockholder on December 31 of the year it was declared if paid by the Combined Company during January of the following calendar year. Because the Combined Company is not a pass-through entity for U.S. federal income tax purposes, stockholders may not use any of its operating or capital losses to reduce their tax liabilities.

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In certain circumstances, the Combined Company may have the ability to declare a large portion of a dividend in shares of its stock. In such a case, a stockholder would be taxed on 100% of the dividend in the same manner as a cash dividend, even though most of the dividend was paid in shares of the Combined Company s stock.

In general, the sale of the Combined Company s common stock held for more than 12 months will produce long-term capital gain or loss. All other sales will produce short-term gain or loss. In each case, the gain or loss is equal to the difference between the amount of cash and fair market value of any property received from the sale and the stockholder s basis in the common stock sold. However, any loss from a sale or exchange of common stock by a stockholder who has held such stock for six months or less generally will be treated as a long-term capital loss, to the extent that the stockholder treated the Combined Company s distributions as long-term capital gains.

The Combined Company will report to its domestic stockholders and to the IRS the amount of dividends it pays during each calendar year, and the amount (if any) of U.S. federal income tax it withholds. A stockholder may be subject to backup withholding with respect to dividends paid unless such stockholder: (i) is a corporation or comes within other exempt categories or (ii) provides the Combined Company with a taxpayer identification number, certifies as to no loss of exemption, and otherwise complies with applicable requirements. A stockholder that does not provide the Combined Company with its correct taxpayer identification number may also be subject to penalties imposed by the IRS. Any amount paid as backup withholding can be credited against the stockholder s U.S. federal income tax liability. In addition, the Combined Company may be required to withhold a portion of distributions made to any stockholders who fail to certify their non-foreign status to us. See the Taxation of Non-U.S. Stockholders portion of this section.

Domestic stockholders that hold the Combined Company s common stock through certain foreign financial institutions (including investment funds) may be subject to withholding on dividends in respect of, and the gain from the sale of, such common stock, as discussed in Taxation of Non-U.S. Stockholders U.S. Federal Income Tax Withholding FATCA below.

Taxation of Tax-Exempt Stockholders. The Combined Company s distributions to a stockholder that is a domestic tax-exempt entity should not constitute UBTI unless the stockholder borrows funds (or otherwise incurs acquisition indebtedness within the meaning of the Code) to acquire its common stock, or the common stock is otherwise used in an unrelated trade or business of the tax-exempt entity. Furthermore, part or all of the income or gain recognized with respect to the Combined Company s stock held by certain domestic tax-exempt entities including social clubs, voluntary employee benefit associations, supplemental unemployment benefit trusts and qualified group legal service plans (all of which are exempt from U.S. federal income taxation under Sections 501(c)(7), (9), (17) or (20) of the Code), may be treated as UBTI.

Special rules apply to the ownership of REIT shares by Section 401(a) tax-exempt pension trusts. If the Combined Company would fail to satisfy the five or fewer share ownership test (discussed above with respect to the share ownership tests), and if Section 401(a) tax-exempt pension trusts were treated as individuals, tax-exempt pension trusts owning more than 10% by value of the Combined Company s stock may be required to treat a percentage of the Combined Company s dividends as UBTI. This rule applies if: (i) at least one tax-exempt pension trust owns more than 25% by value of the Combined Company s shares, or (ii) one or more tax-exempt pension trusts (each owning more than 10% by value of the Combined Company s shares) hold in the aggregate more than 50% by value of the Combined Company s shares. The percentage treated as UBTI is the Combined Company s gross income (less direct expenses) derived from an unrelated trade or business (determined as if the Combined Company were a tax-exempt pension trust) divided by the Combined Company s gross income from all sources (less direct expenses). If this percentage is less than 5%, however, none of the dividends will be treated as UBTI. Prospective tax-exempt purchasers should consult their own tax advisors as to the applicability of these rules and consequences to their

particular circumstances.

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Taxation of Non-U.S. Stockholders

General. The rules governing the U.S. federal income taxation of beneficial owners of the Combined Company s common stock that are nonresident alien individuals, foreign corporations and other foreign investors (collectively, Non-U.S. Stockholders) are complex, and as such, only a summary of such rules is provided in this exhibit. Non-U.S. investors should consult with their own tax advisors to determine the impact that U.S. federal, state and local income tax or similar laws will have on such investors as a result of an investment in the Combined Company s common stock.

U.S. Federal Income Tax Withholding FATCA. Pursuant to legislation commonly referred to as FATCA, withholding at a rate of 30% generally will be required on dividends in respect of, and after December 31, 2016, withholding at a rate of 30% will be required on gross proceeds from the sale of, shares of the Combined Company s common stock held by or through certain foreign financial institutions (including investment funds), unless such institution enters into an agreement with the Secretary of the Treasury (unless alternative procedures apply pursuant to an applicable intergovernmental agreement between the United States and the relevant foreign government) to report, on an annual basis, information with respect to shares in, and accounts maintained by, the institution to the extent such shares or accounts are held by certain U.S. persons or by certain Non-U.S. entities that are wholly or partially owned by U.S. persons. Accordingly, the entity through which the Combined Company s shares are held will affect the determination of whether such withholding is required. Similarly, currently dividends in respect of, and after December 31, 2016, gross proceeds from the sale of, the Combined Company s shares held by an investor that is a non-financial non-U.S. entity will be subject to withholding at a rate of 30%, unless such entity either (i) certifies to the Combined Company that such entity does not have any substantial U.S. owners or (ii) provides certain information regarding the entity s substantial U.S. owners, which the Combined Company will in turn provide to the Secretary of the Treasury. Non-U.S. stockholders are encouraged to consult with their tax advisors regarding the possible implications of these rules on their investment in the Combined Company s common stock.

Distributions-In General. Distributions paid by the Combined Company that are not attributable to gain from its sales or exchanges of U.S. real property interests and not designated by it as capital gain dividends will be treated as dividends of ordinary income to the extent that they are made out of its current or accumulated earnings and profits. Such dividends to Non-U.S. Stockholders ordinarily will be subject to a withholding tax equal to 30% of the gross amount of the dividend unless an applicable tax treaty reduces or eliminates that tax. However, if income from the investment in the Combined Company s shares of common stock is treated as effectively connected with the Non-U.S. Stockholder s conduct of a U.S. trade or business, the Non-U.S. Stockholder generally will be subject to a tax at the graduated rates applicable to ordinary income, in the same manner as domestic stockholders are taxed with respect to such dividends (and may also be subject to the 30% branch profits tax in the case of a non-U.S. stockholder that is a foreign corporation that is not entitled to any treaty exemption). Dividends in excess of the Combined Company s current and accumulated earnings and profits will not be taxable to a stockholder to the extent they do not exceed the adjusted basis of the stockholder s shares. Instead, they will reduce the adjusted basis of such shares. To the extent that such dividends exceed the adjusted basis of a Non-U.S. Stockholder s shares, they will give rise to tax liability if the Non-U.S. Stockholder would otherwise be subject to tax on any gain from the sale or disposition of his shares, as described in the Sale of Shares portion of this Section below.

Distributions Attributable to Sale or Exchange of Real Property. Distributions that are attributable to gain from the Combined Company s sales or exchanges of U.S. real property interests will be taxed to a Non-U.S. Stockholder as if such gain were effectively connected with a U.S. trade or business. Non-U.S. Stockholders would thus be required to file U.S. federal income tax returns and would be taxed at the normal capital gain rates applicable to domestic stockholders, and would be subject to applicable alternative minimum tax and a special alternative minimum tax in the case of nonresident alien individuals. Also, such dividends may be subject to a 30% branch profits tax in the hands of a corporate Non-U.S. Stockholder not entitled to any treaty exemption. However, generally a capital gain dividend

from a REIT is not treated as effectively connected income for a foreign investor if (i) the distribution is received with regard to a class of stock that is regularly traded on an

established securities market located in the United States and (ii) the foreign investor does not own more than 5% of the class of stock at any time during the tax year within which the distribution is received. The Combined Company expects that its common stock will continue to be regularly traded on an established securities market in the United States.

U.S. Federal Income Tax Withholding on Distributions. For U.S. federal income tax withholding purposes and subject to the discussion above under U.S. Federal Income Tax Withholding FATCA , the Combined Company will generally withhold tax at the rate of 30% on the amount of any distribution (other than distributions designated as capital gain dividends) made to a Non-U.S. Stockholder, unless the Non-U.S. Stockholder provides the Combined Company with a properly completed IRS (i) Form W-8BEN or Form W-8BEN-E (as applicable) evidencing that such Non-U.S. Stockholder is eligible for an exemption or reduced rate under an applicable income tax treaty (in which case the Combined Company will withhold at the lower treaty rate) or (ii) Form W-8ECI claiming that the dividend is effectively connected with the Non-U.S. Stockholder s conduct of a trade or business within the U.S. (in which case the Combined Company will not withhold tax). The Combined Company is also generally required to withhold tax at the rate of 35% on the portion of any dividend to a Non-U.S. Stockholder that is or could be designated by the Combined Company as a capital gain dividend, to the extent attributable to gain on a sale or exchange of an interest in U.S. real property. Such withheld amounts of tax do not represent actual tax liabilities, but rather, represent payments in respect of those tax liabilities described in the preceding two paragraphs. Therefore, such withheld amounts are creditable by the Non-U.S. Stockholder against its actual U.S. federal income tax liabilities, including those described in the preceding two paragraphs. The Non-U.S. Stockholder would be entitled to a refund of any amounts withheld in excess of such Non-U.S. Stockholder s actual U.S. federal income tax liabilities, provided that the Non-U.S. Stockholder files applicable returns or refund claims with the IRS. Sales of Shares. Gain recognized by a Non-U.S. Stockholder upon a sale of shares of the Combined Company s common stock generally will not be subject to U.S. federal income taxation, provided that: (i) such gain is not effectively connected with the conduct by such Non-U.S. Stockholder of a trade or business within the United States; (ii) the Non-U.S. Stockholder is not present in the United States for 183 days or more during the taxable year and certain other conditions apply; and (iii) the Combined Company is domestically controlled, which generally means that less than 50% in value of its shares was held directly or indirectly by foreign persons during the five year period ending on the date of disposition or, if shorter, during the entire period of the Combined Company s existence.

The Combined Company cannot assure holders of its shares of common stock that it will qualify as domestically controlled. If the Combined Company is not domestically controlled, a Non-U.S. Stockholder s sale of common shares would be subject to tax, unless the Combined Company s common shares were regularly traded on an established securities market and the selling Non-U.S. Stockholder has not directly, or indirectly, owned during a specified testing period more than 5% in value of the Combined Company s shares of common stock. The Combined Company believes that its common stock will continue to be regularly traded on an established securities market in the United States. If the gain on the sale of shares is subject to taxation, the Non-U.S. Stockholder would be subject to the same treatment as domestic stockholders with respect to such gain, and the purchaser of such common stock may be required to withhold 10% of the gross purchase price.

If the proceeds of a disposition of the Combined Company s common stock are paid by or through a U.S. office of a broker-dealer, the payment is generally subject to information reporting and to backup withholding unless the disposing Non-U.S. Stockholder certifies as to its name, address and non-U.S. status or otherwise establishes an exemption. Generally, U.S. information reporting and backup withholding will not apply to a payment of disposition proceeds if the payment is made outside the United States through a foreign office of a foreign broker-dealer. Under Treasury regulations, if the proceeds from a disposition of common stock paid to or through a foreign office of a U.S. broker-dealer or a non-U.S. office of a foreign broker-dealer that is (i) a controlled foreign corporation for U.S. federal income tax purposes, (ii) a person 50% or more of whose gross income from all sources for a three-year period was

effectively connected with a U.S. trade or business, (iii) a foreign partnership with one or more partners who are U.S. persons and who, in the aggregate, hold more than 50% of the income or capital interest in the partnership, or (iv) a foreign partnership engaged in the conduct of a trade or

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business in the United States, then (A) backup withholding will not apply unless the broker-dealer has actual knowledge that the owner is not a Non-U.S. Stockholder, and (B) information reporting will not apply if the Non-U.S. Stockholder certifies its non-U.S. status and further certifies that it has not been, and at the time the certificate is furnished reasonably expects not to be, present in the U.S. for a period aggregating 183 days or more during each calendar year to which the certification pertains. Prospective foreign purchasers should consult their tax advisors concerning these rules.

Other Tax Considerations

State and Local Taxes. The Combined Company and holders of its common stock may be subject to state or local taxation in various jurisdictions, including those in which the Combined Company transacts business or resides. The Combined Company s and it stockholder s state and local tax treatment may not conform to the U.S. federal income tax consequences discussed above. Consequently, holders of the Combined Company s common stock should consult their own tax advisors regarding the effect of state and local tax laws on an investment in the Combined Company s shares of common stock.

Legislative Proposals. Holders of the Combined Company s common stock recognize that the Combined Company s and their present U.S. federal income tax treatment may be modified by legislative, judicial or administrative actions at any time, which may be retroactive in effect.

The rules dealing with U.S. federal income taxation are constantly under review by Congress, the IRS and the Treasury Department, and statutory changes as well as promulgation of new regulations, revisions to existing statutes, and revised interpretations of established concepts occur frequently. The Combined Company is not currently aware of any pending legislation that would materially affect its taxation of the taxation of holders of its common stock as described in this exhibit. Holders of the Combined Company s common stock should, however, consult their own tax advisors concerning the status of legislative proposals that may pertain to the purchase, ownership and disposition of the Combined Company s shares of common stock.

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VOTING AGREEMENTS

The following is a summary of selected material provisions of the voting agreements entered into in connection with the Merger and is qualified in its entirety by reference to the full text of the voting agreements. This summary does not purport to be complete and may not contain all of the information about the voting agreements that may be important to you. You are encouraged to read each of the voting agreement carefully and their entirety. A copy of the voting agreement by and between IRT and Senator Global Opportunity Intermediate Fund LP is attached as Annex B to this joint proxy statement/prospectus and incorporated herein by reference. A copy of the voting agreement by and between IRT and Senator Global Opportunity Fund LP is attached as Annex C to this joint proxy statement/prospectus and incorporated herein by reference. A copy of the voting agreement by and between IRT and Monarch Debt Recovery Master Fund Ltd, Monarch Opportunities Master Fund Ltd, MCP Holdings Master LP, Monarch Capital Master Partners II LP, P Monarch Recovery Ltd and Monarch Alternative Solutions Master Fund Ltd. is attached as Annex D to this joint proxy statement/prospectus and incorporated herein by reference. A copy of the voting agreement by and between TSRE and RAIT Financial Trust is attached as Annex E to this joint proxy statement/prospectus and incorporated herein by reference.

Concurrently with the execution of the Merger Agreement, (i) IRT entered into voting agreements with Senator and Monarch, and (ii) TSRE entered into a voting agreement with RAIT. As of May 8, 2015, Senator and Monarch owned approximately 25% and 23%, respectively, of the outstanding shares of TSRE common stock and RAIT owned approximately 23% of the outstanding shares of IRT common stock.

Voting Provisions

TSRE

Pursuant to the terms of the voting agreements entered into by Senator and Monarch, subject to the terms and conditions contained in each voting agreement, each of Senator and Monarch has separately agreed to vote all of its shares of TSRE common stock, whether currently owned or acquired at any time prior to the termination of the applicable voting agreement, in the following manner:

- in favor of the adoption and approval of the Merger Agreement, the Company Merger, and the other transactions contemplated by the Merger Agreement (including any amendments or modifications of the terms thereof adopted in accordance with the terms thereof);

- in favor of any other matter that is reasonably required to facilitate the consummation of the Merger and the other transactions contemplated by the Merger Agreement;

- in favor of any proposal to adjourn the TSRE special meeting to solicit additional proxies in favor of the approval of the Merger Agreement, the Company Merger and the other transactions contemplated by the Merger Agreement;

- against any action or agreement that would reasonably be expected to result in a breach of any covenant, representation or warranty or any other obligation or agreement of TSRE contained in the Merger Agreement

or of the applicable stockholder contained in the voting agreement;

against any action or agreement that would reasonably be expected to result in any condition to the consummation of the Merger set forth in the Merger Agreement not being fulfilled; and

against any Company Takeover Proposal or any other action, agreement or transaction that is intended or would reasonably be expected to, materially impede, interfere with, be inconsistent with, delay, postpone, discourage or adversely affect the consummation of the Merger and the other transactions contemplated by the Merger Agreement.

The voting agreements further provide that Senator and Monarch are not required to vote as set forth above in the event that (i) in accordance with the terms of the Merger Agreement, the TSRE Board makes an Adverse Recommendation Change or recommends that TSRE enter into an Alternative Acquisition Agreement prior to

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obtaining the approval of the stockholders of TSRE of the Company Merger and the other transactions contemplated by the Merger Agreement or (ii) the Merger Agreement or any of the transactions contemplated thereby has been amended or is proposed to be amended in a manner that is materially adverse to the stockholders.

In addition, each of Senator and Monarch has appointed IRT (and certain designated representatives of IRT), with full power of substitution and resubsititution, as its true and lawful attorneys-in-fact and irrevocable proxies, to vote its shares of TSRE common stock in accordance with the terms of the applicable voting agreement, which proxy is effective only if the applicable stockholder fails to be counted as present, or to vote its shares of TSRE common stock in accordance with the terms of the applicable voting agreement.

IRT

Pursuant to the terms of the voting agreement entered into by RAIT, subject to the terms and conditions contained in the voting agreement, RAIT agreed to vote all of its shares of IRT common stock, whether currently owned or acquired at any time prior to the termination of the voting agreement, in the following manner:

- in favor of the issuance of shares of IRT common stock in the Merger (including IRT common stock issuable upon redemption of IROP Units issued in the Partnership Merger);
- in favor of any other matter that is reasonably required to facilitate the consummation of the Merger and the other transactions contemplated by the Merger Agreement;
- in favor of any proposal to adjourn the IRT special meeting of the stockholders of IRT to solicit additional proxies in favor of the approval of the issuance of shares of IRT common stock in the Merger (including IRT common stock issuable upon redemption of IROP Units issued in the Partnership Merger);
- against any action or agreement that would reasonably be expected to result in any condition to the consummation of the Merger set forth in the Merger Agreement not being fulfilled; and
- against any action which would reasonably be expected to materially impede, interfere with, materially delay, materially postpone or adversely affect consummation of the Merger and the other transactions contemplated by the Merger Agreement.

In addition, RAIT has appointed TSRE (and certain designated representatives of TSRE), with full power of substitution and resubsititution, as its true and lawful attorneys-in-fact and irrevocable proxies, to vote its shares of IRT common stock in accordance with the terms of the applicable voting agreement, which proxy is effective only if RAIT fails to be counted as present, or to vote its shares of IRT common stock in accordance with the terms of the applicable voting agreement.

Except as described above, nothing in the voting agreements limits the rights of the parties thereto to vote in favor of or against, or abstain with respect to, any matter presented to the stockholders of TSRE or IRT, as applicable. The separate voting agreements are entered into only in each stockholder s capacity as a stockholder and nothing in the voting agreements limits, prohibits, prevents or affects any actions taken by any director of TSRE or IRT appointed by

such stockholder in his or her capacity as a director.

Restrictions on Transfer

Under the terms of the voting agreements, each of the parties thereto has agreed that prior to the termination of the applicable voting agreement, the stockholder shall not, subject to certain limited exceptions:

directly or indirectly transfer (by operation of law or otherwise), either voluntarily or involuntarily, any (or any interests convertible or exchangeable into) shares of TSRE common stock or IRT common stock, as applicable;

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enter into any contract, option or other arrangement or understanding with respect to any transfer (by operation of law or otherwise) of any (or any interests convertible or exchangeable into) shares of TSRE common stock or IRT common stock, as applicable;

enter into any swap or other agreement, transaction or series of transactions that hedges or transfers, in whole or in part, directly or indirectly, the economic consequences of ownership of TSRE common stock or IRT common stock, as applicable; and

deposit any shares of TSRE common stock or IRT common stock, as applicable, into a voting trust of enter into a voting agreement or arrangement with respect to any such shares, or grant any proxy or power of attorney with respect to such shares.

Termination of Voting Agreements

Each of the voting agreements will terminate upon the earlier to occur of:

the effective time of the Company Merger;

the termination of the Merger Agreement pursuant to its terms;

any modification, waiver, change or amendment to the Merger Agreement that is materially adverse to the stockholder or that results in a material decrease in the amount or change in the form of the Merger Consideration; and

the end date, as defined in the Merger Agreement.

Lock-Up Agreements

On May 11, 2015, Senator and Monarch each entered into a lock-up agreement in favor of IRT. Pursuant to the terms of the lock-up agreements, and subject to certain exceptions, each of Senator and Monarch has agreed, for a period of 180 days following the closing of the Merger, not to offer, sell or otherwise transfer or dispose of any shares of IRT common stock, or any securities convertible into or exercisable or exchangeable for shares of IRT common stock, in excess of a daily limit of 25% of the average daily trading volume of IRT common stock for the four preceding weeks. The lock-up agreements further provide that if IRT closes an underwritten public offering of IRT common stock at any time on or prior to the 90th day following the closing date of the Merger, the restrictions on Senator and Monarch under the lock-up agreements will end on the date that is 90 days after the closing date of such public offering.

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UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Introduction

The following unaudited pro forma condensed consolidated financial statements are based on IRT s historical consolidated financial statements and TSRE s historical consolidated financial statements incorporated by reference to this joint proxy statement/prospectus, and have been adjusted in the statements below to give effect to the Merger. The unaudited pro forma condensed consolidated statements of income for the three months ended March 31, 2015 and the year ended December 31, 2014 give effect to the Merger as if it had occurred on January 1, 2014, the beginning of the earliest period presented. The unaudited pro forma condensed consolidated balance sheet as of March 31, 2015 gives effect to the Merger as if it had occurred on March 31, 2015. The historical consolidated financial statements of TSRE have been adjusted to reflect certain reclassifications in order to conform to IRT s financial statement presentation.

The unaudited pro forma condensed consolidated financial statements were prepared using the acquisition method of accounting with IRT considered the accounting acquirer of TSRE. Under the acquisition method of accounting, the purchase price is allocated to the underlying TSRE tangible and intangible assets acquired and liabilities assumed based on their respective fair values, with the excess purchase price, if any, allocated to goodwill.

The pro forma adjustments and the purchase price allocation as presented are based on estimates and information that is currently available. The total consideration for the Merger and the assignment of fair values to TSRE s assets acquired and liabilities assumed has not been finalized, is subject to change, could vary materially from the actual amounts at the time the Merger is completed, and may not reflect all adjustments necessary to conform TSRE s accounting policies to IRT s accounting policies. A final determination of the fair value of TSRE s assets and liabilities, including intangible assets, will be based on the actual net tangible and intangible assets and liabilities of TSRE that exist as of the closing date of the Merger and, therefore, cannot be made prior to the completion of the Merger. In addition, the value of the Merger Consideration to be paid by IRT upon the consummation of the Merger will be determined based on the closing price of IRT s common stock on the day immediately preceding the closing date of the Merger. As a result of the foregoing, the pro forma adjustments are preliminary and are subject to change as additional information becomes available and additional analyses are performed. The preliminary pro forma adjustments have been made solely for the purpose of providing the unaudited pro forma condensed consolidated financial statements presented below. IRT estimated the fair value of TSRE s assets and liabilities based on discussions with TSRE s management, preliminary valuation models, due diligence and information presented in TSRE s public filings. Upon completion of the Merger, final valuations will be performed. Any increases or decreases in the fair value of relevant balance sheet amounts upon completion of the final valuations will result in adjustments to the pro forma balance sheet and/or statements of income. The final purchase price allocation may be different than that reflected in the pro forma purchase price allocation presented herein, and this difference may be material.

The aggregate purchase price for financial statement purposes will be based on the actual closing price per share of IRT common stock on the day immediately preceding the closing date of the Merger, which could differ materially from the assumed value disclosed in the notes to the unaudited pro forma condensed consolidated financial statements, and $3.80 in cash for each share of TSRE common stock. If the actual closing price per share of IRT common stock on the day immediately preceding the closing date is higher than the assumed amount, the final purchase price will be higher; conversely, if the actual closing price is lower, the final purchase price will be lower.

Assumptions and estimates underlying the unaudited adjustments to the unaudited pro forma condensed consolidated financial statements are described in the accompanying notes. The historical consolidated financial statements have been adjusted in the unaudited pro forma condensed consolidated financial statements to give effect to pro forma events that: (i) reflect acquisitions and financing transactions completed by IRT before the

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Merger (ii) are directly attributable to the Merger, (iii) are factually supportable, and (iv) are expected to have a continuing impact on the results of operations of the Combined Company following the Merger. This information is presented for illustrative purposes only and is not indicative of the consolidated operating results or financial position of the Combined Company that would have occurred if such transactions had occurred on the dates described above and in accordance with the assumptions described below, nor is it indicative of future operating results or financial position.

The unaudited pro forma condensed consolidated financial statements, although helpful in illustrating the financial characteristics of the Combined Company following the Merger under one set of assumptions, do not reflect opportunities to earn additional revenue, or other factors that may result as a consequence of the Merger and do not attempt to predict or suggest future results. Specifically, the unaudited pro forma condensed consolidated statements of income exclude projected operating efficiencies and synergies expected to be achieved as a result of the Merger. Further, the unaudited pro forma condensed consolidated financial statements do not reflect the effect of any regulatory actions that may impact the results of the Combined Company following the Merger.

The unaudited pro forma condensed consolidated financial statements have been developed from and should be read in conjunction with:

the accompanying notes to the unaudited pro forma condensed consolidated financial statements;

the historical audited consolidated financial statements of IRT as of and for the year ended December 31, 2014 incorporated by reference into this joint proxy statement/prospectus from the IRT Annual Report on Form 10-K for the fiscal year ended December 31, 2014, and the historical unaudited condensed consolidated financial statements as of and for the three months ended March 31, 2015 incorporated by reference into this joint proxy statement/prospectus from the IRT Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2015;

the historical audited consolidated financial statements of TSRE as of and for the year ended December 31, 2014 incorporated by reference into this joint proxy statement/prospectus from the TSRE Annual Report on Form 10-K for the fiscal year ended December 31, 2014, and the historical unaudited condensed consolidated financial statements as of and for the three months ended March 31, 2015 incorporated by reference into this joint proxy statement/prospectus from the TSRE Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2015;

the historical audited statements of revenues and certain expenses of IRT s 2014 significant acquisitions, as filed in Current Reports on Form 8-K or Form 8-K/A filed on June 12, 2014 (Carrington Park Apartments and Arbors at the Reservoir) and December 22, 2014 (Walnut Hill, Lenoxplace, Stonebridge Crossing, Bennington Pond and The Southeast Portfolio), each of which is incorporated by reference into this joint proxy statement/prospectus; and

See Where You Can Find More Information; Incorporation by Reference for other information relating to IRT and TSRE.

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INDEPENDENCE REALTY TRUST, INC.

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET

MARCH 31, 2015

(Dollars in thousands)

	IRT Historical (A)	Bayview (B)	Adjustments (C)	IRT Historical, As Adjusted	TSRE Historical (D)	Pro Forma Adjustments		Consolidated Pro Forma
ASSETS:								
Investment in real estate at cost	$ 689,867	$ 25,031	$	$ 714,898	$ 587,509	$ 45,824	**(E)**	$ 1,348,231
Accumulated depreciation	(27,261)			(27,261)	(31,197)	31,197	**(F)**	(27,261)
Investments in real estate, net	662,606	25,031		687,637	556,312	77,021		1,320,970
Cash and cash equivalents	19,084	(25,311)	35,211	28,984	10,468	(7,566)	**(G)**	31,886
Restricted cash	6,228			6,228	2,763			8,991
Accounts receivable and other assets	1,818			1,818	1,664			3,482
Intangible assets, net of accumulated amortization	1,342	219		1,561	514	6,422	**(H)**	8,497
Deferred costs, net of accumulated amortization	2,954		164	3,118	4,369	(4,369)	**(I)**	3,118
Total Assets	$ 694,032	$ (61)	$ 35,375	$ 729,346	$ 576,090	$ 71,508		$ 1,376,944
LIABILITIES AND EQUITY:								
Indebtedness	$ 422,613	$	$ 35,375	$ 457,988	$ 359,589	$ (359,589)	**(J)**	$ 457,988
Bridge loan						500,000	**(J)**	500,000
Accounts payable and accrued expenses	10,691			10,691	4,255			14,946
Accrued interest payable	31			31	876	(876)	**(J)**	31
Dividends payable	1,982			1,982	3,709			5,691
Other liabilities	1,860			1,860	1,829	35,900	**(K)**	39,589

Total Liabilities	437,177		35,375	472,552	370,258	175,435		1,018,245
Equity:								
Stockholders Equity:								
Preferred stock, $0.01 par value								
Common stock, $0.01 par value	318			318	367	(206)	**(L)**	479
Additional paid-in capital	267,695			267,695	271,261	(133,617)	**(L)**	405,339
Retained earnings (accumulated deficit)	(22,680)	(61)		(22,741)	(80,863)	44,963	**(L)**	(58,641)
Total stockholders equity	245,333	(61)		245,272	190,765	(88,860)		347,177
Non-controlling interests	11,522			11,522	15,067	(15,067)	**(L)**	11,522
Total Equity	256,855	(61)		256,794	205,832	(103,927)		358,699
Total Liabilities and equity	$ 694,032	(61)	$ 35,375	$ 729,346	$ 576,090	$ 71,508		$ 1,376,944

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INDEPENDENCE REALTY TRUST, INC.

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE THREE MONTHS ENDED MARCH 31, 2015

(Dollars in thousands, except per share data)

	IRT Historical (M)	Bayview (N)	Adjustments (O)	IRT Historical, As Adjusted	TSRE Historical (P)	Pro Forma Adjustments		Consolidated Pro Forma
REVENUE:								
Rental Income	$ 19,443	$ 564	$	$ 20,007	$ 14,113	$		$ 34,120
Tenant reimbursement & other income	2,257	98		2,355	1,516			3,871
Total revenue	21,700	662		22,362	15,629			37,991
EXPENSES:								
Property operating expenses	10,138	284		10,422	6,353			16,775
General & administrative expenses	499			499	2,088	(2,088)	**(Q)**	499
Asset management fees	1,212		47	1,259		1,187	**(R)**	2,446
Acquisition expenses	33		(33)		156	(156)	**(S)**	
Depreciation and amortization	6,038		(1,784)	$ 4,254	3,884	(519)	**(T)**	7,619