
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2023

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Transition Period from _____ to _____
Commission file number 001-36041

INDEPENDENCE REALTY TRUST, INC.

(Exact name of registrant as specified in its charter)

Maryland

26-4567130

(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification No.)

1835 Market Street, Suite 2601,
Philadelphia, PA

19103

(Address of principal executive offices)

(Zip Code)

(Registrant's telephone number, including area code) (267) 270-4800

Securities registered pursuant to Section 12(b) of the Securities Exchange Act of 1934:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.01 per share	IRT	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Securities Exchange Act of 1934:

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes No

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

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

Large accelerated filer	<input checked="" type="checkbox"/> Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/> Smaller reporting company	<input type="checkbox"/>
Emerging growth company	<input type="checkbox"/>	

If an emerging growth company, indicate by checkmark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements Yes No

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to § 240.10D-1(b). Yes No

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

The aggregate market value of the shares of common stock of the registrant held by non-affiliates of the registrant, based upon the closing price of such shares on June 30, 2023 of \$18.22, was approximately \$ 4,178,432,430 .

As of February 23, 2024 there were 224,773,702 shares of the registrant's common stock issued and outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the proxy statement for registrant's 2024 Annual Meeting of Stockholders are incorporated by reference in Part III of this Form 10-K.

INDEPENDENCE REALTY TRUST, INC.

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EXPLANATORY NOTE

As used herein, the terms "we," "our," "us" and "IRT" refer to Independence Realty Trust, Inc., a Maryland corporation, and, as required by context, Independence Realty Operating Partnership, LP, a Delaware limited partnership, which we refer to as IROP, and their subsidiaries. Our multifamily apartment communities are referred to as "communities," "properties," "apartment properties," and "multifamily properties."

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

The Securities and Exchange Commission (the "SEC"), encourages companies to disclose forward-looking information so that investors can better understand a company's future prospects and make informed investment decisions. This annual report on Form 10-K contains or incorporates by reference such "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 (the "Securities Act"), as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act").

Words such as "anticipates," "estimates," "expects," "projects," "intends," "plans," "believes" and words and terms of similar substance used in connection with any discussion of future operating or financial performance identify forward-looking statements.

We claim the protection of the safe harbor for forward-looking statements provided in the Private Securities Litigation Reform Act of 1995. These statements may be made directly in this annual report on Form 10-K and they may also be incorporated by reference in this annual report on Form 10-K to other documents filed with the SEC, and include, without limitation, statements about future financial and operating results and performance, statements about our plans, objectives, expectations and intentions with respect to future operations, products and services, and other statements that are not historical facts. These forward-looking statements are based upon the current beliefs and expectations of our management and are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are difficult to predict and generally beyond our control. In addition, these forward-looking statements are subject to assumptions with respect to future business strategies and decisions that are subject to change. Actual results may differ materially from the anticipated results discussed in these forward-looking statements.

The risk factors discussed and identified in Item 1A of this annual report on Form 10-K and in other of our public filings with the SEC could cause actual results to differ materially from the anticipated results or other expectations expressed in the forward-looking statements. We caution you not to place undue reliance on these forward-looking statements, which speak only as of the date of this annual report on Form 10-K. All subsequent written and oral forward-looking statements attributable to us or any person acting on our behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. Except to the extent required by applicable law or regulation, we undertake no obligation to update these forward-looking statements to reflect events or circumstances after the date of this filing or to reflect the occurrence of unanticipated events.

PART I

ITEM 1. Business

Our Company

IRT, a Maryland corporation, is a self-administered and self-managed real estate investment trust ("REIT") that acquires, owns, operates, improves and manages multifamily apartment communities across non-gateway U.S. markets. As of December 31, 2023, we owned and operated 116 multifamily apartment properties (including one owned through a consolidated joint venture) that contain an aggregate of 34,431 units. These properties are located in Alabama, Colorado, Florida, Georgia, Indiana, Kentucky, North Carolina, Ohio, Oklahoma, South Carolina, Tennessee, and Texas. In addition, as of December 31, 2023, we owned two investments in real estate under development in Denver, Colorado that will, upon completion, contain an aggregate of 621 units. As of December 31, 2023, we also owned interests in four unconsolidated joint ventures, two of which own and operate multifamily apartment properties that contain an aggregate of 810 units and two that are developing multifamily apartment properties that will, upon completion, contain an aggregate of 653 units. We do not have any foreign operations and our business is not seasonal. Our principal executive offices are located at 1835 Market Street, Suite 2601, Philadelphia, PA 19103 and our telephone number is (267) 270-4800.

Our Business Objective and Investment Strategies

Our primary business objective is to maximize stockholder value through diligent portfolio management, strong operational performance, and a consistent return of capital through distributions and capital appreciation. Our investment strategy is focused on the following:

- gaining scale near major employment centers within key amenity rich submarkets of non-gateway cities that offer good school districts and high-quality retail and are unlikely to experience substantial new apartment construction in the foreseeable future;
- increasing cash flows at our existing apartment properties through prudent property management and strategic renovation projects; and
- acquiring and developing additional properties that have strong and stable occupancies and support a rise in rental rates or that have the potential for repositioning through capital expenditures or tailored management strategies.

We seek to achieve these objectives by executing the following strategies:

- **Focus on properties in markets that have strong apartment demand, reduced competition from national apartment buyers and no substantial new apartment construction.** In evaluating potential acquisitions, we analyze apartment occupancy and trends in rental rates, employment and new construction, among many other factors, and seek to identify properties located primarily in non-gateway markets where there is strong demand for apartment units, less apartment development relative to demand, stable resident bases and occupancy rates, positive net migration trends and strong employment drivers. We generally seek to avoid markets where we believe potential yields have decreased as a result of the acquisition and development efforts of large institutional buyers.
- **Acquire properties that have operating upside through professional property management strategies.** We have expertise in acquiring and managing properties to maximize the net operating income of such properties through effective marketing and leasing, disciplined management of rental rates and efficient expense management. We seek to acquire properties that we believe possess significant prospects for increased occupancy and rental revenue growth. Our target profile for acquisitions currently is midrise/garden-style apartments containing 150-500 units with high quality amenities that we can acquire at less than replacement cost in the \$35 million to \$125 million price range with a three to fifteen-year operating track record. We do not intend to limit ourselves to properties in this target profile, however, and we may make acquisitions outside of this profile or change our target profile whenever market conditions warrant. We may also deploy capital through joint ventures with unaffiliated third parties to facilitate future acquisitions or development of multifamily communities.
- **Selectively use our capital to improve apartment properties where we believe the return on our investment will be accretive to stockholders.** We have significant experience allocating capital to value-added improvements of apartment properties to produce increased occupancy and rental rates. We intend to continue to deploy capital into revenue-enhancing capital projects that we believe will improve the physical

plant or market positioning of particular apartment properties and generate increased income over time. This value add initiative is a core component of our growth strategy.

- **Selectively dispose of properties that no longer meet our long-term strategy or when market conditions are favorable.** Dispositions also allow us to realize a portion of the value created through our investments and provide additional liquidity. In evaluating potential dispositions, we evaluate the opportunity to strategically exit markets where we lack scale and redeploy sales proceeds to fund acquisitions and renovations and to reduce our leverage in lieu of raising additional capital.

2023 Developments

2023 Property Sales and Properties Held for Sale

During the three months ended March 31, 2023, we sold one multifamily apartment community for a gross sales price of \$37.3 million and recognized a gain on sale of \$1.2 million. Proceeds from the sale were used to reduce our indebtedness.

Our Portfolio Optimization and Deleveraging Strategy

On October 26, 2023, our Board of Directors approved a plan, which we refer to as our Portfolio Optimization and Deleveraging Strategy, which targeted the sale of 10 properties located in seven markets in order to exit or reduce our presence in these markets while also deleveraging our balance sheet.

During the three months ended December 31, 2023, we sold four of these targeted properties, totaling 996 units, for an aggregate gross sale price of \$200.7 million and recognized an aggregate impairment loss on sale of \$34.8 million. These sales represent a reduction in our exposure to the Denver, Colorado market and our exit from the Chicago, Illinois, Norfolk, Virginia, and Fort Wayne, Indiana markets.

As discussed further below, as of December 31, 2023, the six remaining properties targeted for sale under our Portfolio Optimization and Deleveraging Strategy were classified as held for sale. We sold two of these properties, totaling 648 units, subsequent to December 31, 2023 for an aggregate gross sale price of \$128 million. In addition, as of the date of this Annual Report, we have executed contracts of sale for the four remaining properties and expect to consummate these sales in the first quarter of 2024. Once the sale of all 10 properties has been completed, we expect to have generated \$525 million in gross sales proceeds, used net proceeds to reduce our debt by approximately \$519 million and to have exited five single asset markets.

While the four remaining properties that are part of the Portfolio Optimization and Deleveraging Strategy are under contracts of sale, there can be no assurance that the sales will be consummated at expected pricing levels, within expected time frames, or at all.

Value Add Initiative

Our Value Add Initiative, comprised of renovations and upgrades at selected communities to drive increased rental rates, commenced in 2018 and currently has a pipeline of 13,281 units across 41 properties identified for renovation and upgrade. Through December 31, 2023, we renovated 7,771 of the 13,281 units currently owned at an average cost per unit of \$15,716 and achieved a return on our total renovation costs for these units of 17.7% (and approximately 19.5% on the interior portion of such renovation costs). We compute return on cost by using the rent premium per unit per month, multiplied by 12, divided by the applicable renovation costs per unit and we compute the rent premium as the difference between the rental rate on the renovated unit (excluding the impact of concessions) and the market rent for a comparable unrenovated unit as of the date presented, as determined by management consistent with its customary rent-setting and evaluation procedures, including its views of third party rental rates. We expect to begin renovations at the remaining value add projects contemplated in connection with our Value Add Initiative at the selected communities throughout 2024.

Investment in Unconsolidated Real Estate Entities

To create another avenue for accretive capital allocation and to increase our options for capital investment, we have partnered with, and may in the future partner with, developers through preferred equity investments and joint venture relationships focused on new multifamily development.

We did not make new investments in unconsolidated real estate entities during the year ended December 31, 2023. However, we continued to fund commitments to our existing investments in unconsolidated real estate entities. As of December 31, 2023 and December 31, 2022, we had investments in unconsolidated real estate of \$89.0 million and \$80.2 million, respectively.

During 2023, we entered into an amendment to the Virtuoso joint venture agreement which provided us with control over the major decisions that most significantly impact the joint venture and removed our joint venture partner's rights to a promote interest. As a result of the amendment, we reassessed the accounting for Virtuoso, a former unconsolidated real estate entity, that consists of 178 units in Huntsville, Alabama, during the quarter ended September 30, 2023. Because we concluded that Virtuoso is a voting interest entity and that we now control the major decisions that most significantly impact the joint venture through our 90% voting interest, we began consolidating the assets and liabilities and operating results of Virtuoso, effective August 1, 2023. In accordance with FASB Topic ASC 805, upon consolidation, we recognized the assets and liabilities of Virtuoso at carryover basis, allocating the individual assets and liabilities based upon their relative fair values on our consolidated balance sheets.

Capital Markets

Shelf Registration Statement

On June 14, 2023, we replaced our previous shelf registration statement with our new shelf registration statement. On July 28, 2023, we entered into an equity distribution agreement pursuant to which we may from time to time offer and sell shares of our common stock under our shelf registration statement having an aggregate offering price of up to \$450 million (the "2023 ATM Program") in negotiated transactions or transactions that are deemed to be "at the market" offerings as defined in Rule 415 under the Securities Act. Under the 2023 ATM Program, we may also enter into one or more forward sale transactions for the sale of shares of our common stock on a forward basis. There were no forward sale transactions as of December 31, 2023, and no shares of our common stock were sold under the 2023 ATM Program during the year ended December 31, 2023.

Swap Agreement

On March 16, 2023, we entered into an interest rate swap contract with a notional value of \$200 million, a strike rate of 3.39% and a maturity date of March 17, 2030. We designated this interest rate swap as a cash flow hedge at inception and determined that the hedge is highly effective in offsetting interest rate fluctuations associated with the identified indebtedness.

Financing Strategy

We use a combination of debt and equity sources to fund our business objectives. We seek to maintain a capital structure that provides us with the flexibility to manage our business and pursue our growth strategies, while allowing us to service our debt requirements and generate appropriate risk-adjusted returns for our stockholders. We believe these objectives are best achieved by a capital structure that consists of common equity and prudent amounts of debt financing. However, we may raise capital in any form and under terms that we deem acceptable and in our best interests. Our longer-term goal is to reduce our leverage ratio by growing the net operating income at our communities through rental increases, including those driven by value add initiatives, and prudent expense management. If our Board of Directors changes our policies regarding our use of leverage, we expect that it will consider many factors, including, our long-term strategic plan, the leverage ratios of publicly traded REITs with similar investment strategies, the cost of leverage as compared to expected net operating income and general market conditions. For further description of our indebtedness at December 31, 2023, see "Part II-Item 8 Financial Statements and Supplementary Data-Note 6: Indebtedness" below. See also "Part I-Item 1A. Risk Factors – Risks Associated with Debt Financing" below for more information about risks associated with indebtedness and operating on a leveraged basis.

Development and Structure of Our Company; Segment

IRT was formed as a Maryland corporation on March 26, 2009 and conducts its business through a traditional umbrella partnership REIT ("UPREIT") structure in which all of its assets are held by, and substantially all of its operations are conducted through, IRT's operating partnership, IROP and subsidiaries of IROP. IROP was formed as a Delaware limited partnership on March 27, 2009. IRT is the sole general partner of IROP and manages and controls its business. As of December 31, 2023, IRT owned a 97.4% interest in IROP. The remaining 2.6% consists of IROP units issued to third parties in exchange for direct or indirect contributions of interests in properties to IROP. As limited partners in IROP, holders of IROP units have limited approval rights. As discussed above, holders of IROP units have the right to tender their IROP units to us from time to time for cash in an amount equal to the market price (based on a trailing average computation) of an equivalent number of shares of IRT common stock at the time we receive notice of the exchange. We have the option, in lieu of paying cash, to settle the exchange for a number of shares of IRT common stock equal to the number of IROP units tendered for exchange.

Our wholly owned subsidiary, IRT Management, LLC ("IRT Management"), which was formed on October 26, 2016, is a full-service apartment property management company that, as of December 31, 2023 managed 34,431 apartment units, all of which are owned by us. IRT Management provides services to us in connection with the rental, leasing, operation and management of our properties. Substantially all of our assets are comprised of multifamily real estate assets generally leased to residents for a term of one-year or less. Therefore, we aggregate our real estate assets for reporting purposes and operate in one reportable segment, see "Part II-Item 8, Financial Statements and Supplementary Data-Note 12: Segment Reporting" below.

Competition

In attracting and retaining residents to occupy our properties, we compete with numerous other housing alternatives. Our properties compete directly with other rental apartments as well as condominiums and single-family homes that are available for rent or purchase in the sub-markets in which our properties are located. Principal factors of competition include rent or price charged, attractiveness of the location and property, and quality and breadth of services and amenities. If our competitors offer leases at rental rates below current market rates, or below the rental rates we currently charge our residents, we may lose potential residents.

The number of competitive properties relative to demand in a particular area has a material effect on our ability to lease apartment units at our properties and on the rents we charge. In certain sub-markets there exists an oversupply of single family homes and condominiums and a reduction of households, both of which affect the pricing and occupancy of our rental apartments. Additionally, we compete with other real estate investors, including other apartment REITs, pension and investment funds, partnerships and investment companies in acquiring, redeveloping and managing apartment properties. This competition affects our ability to acquire properties and the price that we pay for such acquisitions.

Sustainability

In 2022, we published our inaugural Sustainability Report, which disclosed our sustainability progress and vision for the future as we continue to integrate Environmental, Social and Governance (ESG) initiatives into our business strategy. The data and disclosures within the report were aligned with the Sustainability Accounting Standards Board (SASB) Standards for the real estate industry. We also identified the United Nations Sustainable Development Goals (SDGs) that we believe best aligned with our business activities and key priorities.

We strive to advance sustainability initiatives across our organization and communities and to strengthen our resilience to climate risks through thoughtful portfolio management and the diligent handling of external risks. As part of our Value Add Initiative, we make capital investments which improve our residents' living experience and lessen our combined impact on the environment through the installation of energy efficient appliances and lighting and plumbing fixtures, and longer-lasting vinyl plank flooring and hard-surface counter tops. As a steward of our assets, and a provider of homes to thousands of individuals, we seek to bolster our resilience to climate hazards and severe weather through the implementation of proactive facilities management practices and the preparation of and adherence to emergency operating plans if weather-related events impact our communities.

We are especially proud of our efforts in advancing reforestation by sponsoring the planting of one tree for every new move-in at one of our residential communities. The reforestation projects we have supported are located in Florida, Montana, Texas and Appalachia. Through these projects, our goal of offsetting our carbon emissions is implemented by

directly restoring our natural environment. Since the inception of the IRTree Project in April 2020, we have successfully planted over 37,000 trees, one for each new move-in, across multiple regions of the United States including Apalachicola and Myakka State Forests in Florida and Texas, respectively.

We are also keenly focused on the "Social" and "Governance" aspects of ESG. As detailed below, we believe our people are our greatest asset and so we strive to support and engage with our associates. We also recognize that a successful company must incorporate the best corporate governance practices in order to better serve its stakeholders.

Human Capital

Our Purpose is to provide exceptional living experiences. We believe our employees drive our success and fostering a workplace built on our core values of excellence, opportunity, integrity, and service is vital to our long-term success.

Our People. As of December 31, 2023, we had 952 employees, all of whom were employed in the United States, and none of whom are covered by collective bargaining agreements. We have experienced no material interruptions of our operations due to disputes with our employees.

Diversity, Equity and Inclusion. We consider diversity, equity and inclusion to be an essential part of our foundation, culture, and identity. We believe that our commitment to diversity, equity and inclusion is not only objectively moral but also unites us as co-workers and connects us with the residents we serve. 64% of the individuals in our workforce self-identify as Male and 36% as Female, while 37% self-identify as Caucasian, 27% as Hispanic/Latinx, 23% as African American, 2% as Asian and 11% as other races or ethnicities.

In order to cultivate a culture that supports our diversity, equity and inclusion efforts, we provide training on the importance of diversity, equity and inclusion and celebrate the diversity of our employees and residents. Throughout the year, we recognize and celebrate appreciation days and heritage months such as Black History Month, International Women's Day, Pride Month and Hispanic Heritage Month. Additionally, we support our employees through mentor programs and affinity groups such as our Diversity, Equity and Inclusion Committee, whose mission is to formulate and propose diversity, equity and inclusion initiatives consistent with our purpose, strategies, and business objectives and IRT WOMEN, whose mission is to provide a network for advancing the individual and professional needs of women within IRT. In addition, we promote pay equity with clear and consistent performance criteria, performance reviews, and non-discriminatory pay practices.

Training and Development and Program. We are committed to providing the resources to engage our employees and enhance their educational and professional growth. We provide technical and leadership training to employees through more than 300 on-demand e-learning courses. Many of our employees completed leadership training courses and our Service teams receive training through a combination of online courses, simulation training, and on-site, hands-on training. In addition to company-specific training, we have established professional education benefits and guidelines under which our team members may receive financial assistance for professional certifications and continued education.

Compensation, Benefits, Safety and Wellness. In addition to offering competitive salaries and wages, we offer our employees incentive compensation linked to the achievement of individual and corporate goals, and all of our employees receive stock-based compensation that vests over a number of years. We believe that tying compensation to specific goals and providing our employees' an ownership interest in the company through stock awards aligns their interests more closely with those of our shareholders. We also offer comprehensive health and retirement benefits to eligible employees. Our current employee benefits include, but are not limited to, Medical, Prescription Drug, Dental and Vision Plans, Health Savings Accounts (HSA), Short-Term and Long-Term Disability Income, Life and Accidental Death and Dismemberment Insurance, Paid Time Off, Adoption Benefits, telemed services and a company-matched 401(K) Retirement Savings Plan. Our core health and welfare benefits are supplemented with a variety of specific programs designed to promote our employees' well-being. These benefits help further stimulate an environment where we support and reward the efforts of our employees and their families to maintain and improve their overall well-being, their future plans, and their performance excellence.

Regulation

Governmental Regulations

Our properties are subject to various federal, state and local regulatory laws and requirements, including, but not limited to, the Americans with Disabilities Act of 1990, the Fair Housing Amendments Act of 1988, rent control, rent stabilization and other landlord/tenant laws, environmental regulations, zoning regulations, building codes and land use laws, and building, operation, occupancy and other permit and licensure requirements. Noncompliance with these or other laws could result in the imposition of governmental fines or the award of damages to private litigants. While we believe that we are currently in material compliance with these laws and regulatory requirements, the requirements may change or new requirements may be imposed that could require significant unanticipated expenditures by us. Additionally, local zoning and land use laws, environmental statutes and other governmental requirements may restrict, or negatively impact, our property operations, or renovation and reconstruction activities and such regulations may prevent us from taking advantage of economic opportunities. Future changes in federal, state or local tax regulations applicable to REITs, real property or income derived from our real estate could impact the financial performance, operations, and value of our properties and the Company.

Environmental Matters

Under various federal, state and local environmental laws, statutes, ordinances, rules and regulations, an owner, lessee or operator of real property may be liable for the costs of removal or remediation of certain hazardous or toxic substances at, on, in or under such property as well as certain other potential costs relating to hazardous or toxic substances. These liabilities may include government fines and penalties and damages for injuries to persons and adjacent property. Such laws often impose liability without regard to whether the owner, lessee or operator knew of, or was responsible for, the presence or disposal of such substances. As a part of our standard due diligence process for acquisitions, we generally obtain environmental studies of the sites from outside environmental engineering firms. The purpose of these studies is to identify potential sources of contamination at the site and to assess the status of environmental regulatory compliance. These studies generally include historical reviews of the site, reviews of certain public records, preliminary investigations of the site and surrounding properties, inspection for the presence of asbestos, poly-chlorinated biphenyls ("PCBs"), and underground storage tanks and the preparation and issuance of written reports. Depending on the results of these studies, more invasive procedures, such as soil sampling or ground water analysis, may be performed to investigate potential sources of contamination. The environmental studies we received on properties that we have acquired have not revealed any material environmental liabilities. Should any potential environmental risks or conditions be discovered during our due diligence process, the potential costs of remediation will be assessed carefully and factored into the cost of acquisition, assuming the identified risks and factors are deemed to be manageable and within reason. We are not aware of any existing conditions that we believe would be considered a material environmental liability. Nevertheless, it is possible that the studies do not reveal all environmental risks or that there are material environmental liabilities of which we are not aware. Moreover, no assurance can be given concerning future laws, ordinances or regulations, or the potential introduction of hazardous or toxic substances by neighboring properties or residents.

Qualification as a Real Estate Investment Trust

We elected to be taxed as a REIT under the Internal Revenue Code of 1986, as amended, (the "Code"), commencing with our taxable year ended December 31, 2011. We recorded no income tax expense for the years ended December 31, 2023, 2022, and 2021.

To continue to qualify as a REIT, we must continue to meet certain tests which, among other things, generally require that our assets consist primarily of real estate assets, our income be derived primarily from real estate assets, and that we distribute at least 90% of our REIT taxable income (other than our net capital gains) to our stockholders annually. If we maintain our qualification as a REIT, we generally will not be subject to U.S. federal corporate income taxes on our net income to the extent we distribute such net income to our stockholders annually. Even if we continue to qualify as a REIT, we will continue to be subject to certain federal, state and local taxes on our income and our property. We believe that we are organized and operate in such a manner as to continue to qualify and maintain treatment as a REIT and we intend to operate in such a manner so that we will remain qualified as a REIT for federal income tax purposes. For a discussion of the tax implications of our REIT status to us and our stockholders, see "Material U.S. Federal Income Tax Considerations" contained in Exhibit 99.1 to this Annual Report on Form 10-K.

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The table below reconciles the differences between reported net income, total taxable income and estimated REIT taxable income for the three years ended December 31, 2023 (dollars in thousands):

	For the Years Ended December 31,		
	2023	2022	2021
Net (loss) income	\$ (17,807)	\$ 120,659	\$ 45,529
Add (deduct):			
Depreciation and amortization differences	48,013	76,021	9,280
Gain/loss differences	173,337	10,457	(1,344)
Other book to tax differences:			
Share-based compensation expense	(5,744)	(8,099)	(392)
Non Deductible Merger and integration costs	—	—	28,381
Other	8,036	414	12,974
Total taxable income	\$ 205,835	\$ 199,452	\$ 94,428
Deductible capital gain distribution	(102,877)	(119,120)	(78,181)
Taxable income allocable to noncontrolling interest	(4,854)	(5,078)	(660)
Estimated REIT taxable income before dividends paid deduction	\$ 98,104	\$ 75,254	\$ 15,587

For the year ended December 31, 2023, the tax classification of our dividends on common shares was as follows:

Record Date	Payment Date	Dividend Paid	Ordinary Income	Total Capital Gain Distribution	Unrecaptured Section 1250 Gain	Return of Capital	Section 199A
3/31/2023	4/21/2023	\$ 0.1400	\$ 0.0364	\$ 0.1036	\$ 0.0560	\$ —	\$ 0.0364
6/30/2023	7/21/2023	0.1600	0.0417	0.1183	0.0640	—	0.0417
9/29/2023	10/20/2023	0.1600	0.0417	0.1183	0.0640	—	0.0417
12/29/2023	1/19/2024	0.1600	0.0417	0.1183	0.0640	—	0.0417
		\$ 0.6200	\$ 0.1615	\$ 0.4585	\$ 0.2480	\$ —	\$ 0.1615

For the year ended December 31, 2022, the tax classification of our dividends on common shares was as follows:

Record Date	Payment Date	Dividend Paid	Ordinary Income	Total Capital Gain Distribution	Unrecaptured Section 1250 Gain	Return of Capital	Section 199A
4/1/2022	4/22/2022	\$ 0.1200	\$ 0.0011	\$ 0.1189	\$ 0.0185	\$ —	\$ 0.0011
7/1/2022	7/22/2022	0.1400	0.0013	0.1387	0.0216	—	0.0013
9/30/2022	10/21/2022	0.1400	0.0013	0.1387	0.0216	—	0.0013
12/30/2022	1/20/2023	0.1400	0.0013	0.1387	0.0216	—	0.0013
		\$ 0.5400	\$ 0.0050	\$ 0.5350	\$ 0.0833	\$ —	\$ 0.0050

Insurance

Our multifamily properties are covered by all risk property insurance covering the replacement cost for each building and business interruption and rental loss insurance. On a case-by-case basis, based on an assessment of the likelihood of the risk, availability and cost of insurance, and in accordance with standard market practice, we obtain property and casualty insurance. We carry comprehensive liability insurance and umbrella policies for each of our properties at levels which we believe are prudent in light of our business activities and are in accordance with standard market practice. We seek certain extensions of coverage, valuation clauses, and deductibles in accordance with standard market practice and availability. Although we may carry insurance for potential losses associated with our multifamily properties, we may still incur losses due to uninsured risks, deductibles, co-payments or losses in excess of applicable insurance coverage and those losses may be material. In addition, we generally obtain title insurance policies when we

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acquire a property, with each policy covering an amount equal to the initial purchase price of each property. Accordingly, any of our title insurance policies may be in an amount less than the current value of the related property.

Clawback Policy

On October 18, 2023, we adopted our Clawback Policy to provide for the recoupment of certain incentive compensation pursuant to Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, in the manner required by Section 10D of the Exchange Act, Rule 10D-1 promulgated thereunder, and NYSE listing standards. Our Clawback Policy is filed with this Annual Report as Exhibit 97. In addition, our Clawback policy is available on our website, www.irliving.com, and copies of our Clawback Policy can be obtained, free of charge, upon written request to Investor Relations, 1835 Market Street, Philadelphia, PA 19103.

Insider Trading Policy

We maintain an Insider Trader Policy governing the purchase, sale and other dispositions of our securities by directors, officers and employees that is designed to promote compliance with insider trading laws, rules and regulations and NYSE listing standards. A copy of our Insider Trading Policy is available on our website, www.irliving.com. In addition to being accessible through our website, copies of our Insider Trading Policy can be obtained, free of charge, upon written request to Investor Relations, 1835 Market Street, Philadelphia, PA 19103.

Available Information

We file annual, quarterly and current reports, proxy statements and other information with the SEC. The SEC maintains an internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC. The internet address of the SEC site is <http://www.sec.gov>. Our internet address is <http://www.irliving.com>. We make our SEC filings available free of charge on or through our internet website as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. In addition, the charters of our Board's Compensation Committee, Audit Committee, and Nominating and Governance Committee, as well as, our Corporate Governance Guidelines, Insider Trading Policy, Whistle Blower Policy, Code of Ethics, Stock Ownership Guidelines, Clawback Policy, and Section 16 Reporting Compliance Procedures are available on our website free of charge. We are not incorporating by reference into this report any material from our website. The reference to our website is an inactive textual reference to the uniform resource locator (URL) and is for your reference only.

Code of Ethics

We maintain a Code of Ethics applicable to our Board of Directors and all of our officers and employees, including our principal executive officer, principal financial officer, principal accounting officer, controller and persons performing similar functions. A copy of our Code of Ethics is available on our website, www.irliving.com. In addition to being accessible through our website, copies of our Code of Ethics can be obtained, free of charge, upon written request to Investor Relations, 1835 Market Street, Philadelphia, PA 19103. Any amendments to or waivers of our Code of Ethics that apply to our principal executive officer, principal financial officer, principal accounting officer, controller and persons performing similar functions and that relate to any matter enumerated in Item 406(b) of Regulation S-K promulgated by the SEC will be disclosed on our website.

ITEM 1A. Risk Factors

You should carefully consider these risk factors, together with all of the other information included in this Annual Report on Form 10-K, including our consolidated financial statements and the related notes thereto, before you decide whether to make an investment in our securities. The Risk Factor Summary that follows should be read in conjunction with the detailed description of risk factors below. The risks set forth below are not the only risks we face. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially and adversely affect our business, prospects, financial condition, cash flows, liquidity, funds from operations, results of operations, stock price, ability to service our indebtedness, and/or ability to make cash distributions to our security holders (including those necessary to maintain our REIT qualification). In such case, the value of our common stock and the trading price of our securities could decline, and you may lose all or a significant part of your investment. Some statements in the following risk factors constitute forward-looking statements. Please refer to the explanation of the qualifications and limitations on forward-looking statements under "Forward-Looking Statements" of this Form 10-K.

RISK FACTOR SUMMARY

Risks Related to Our Business and Operations

- We depend on residents for revenue and if residents fail to pay rent it may cause a material decline in our operating results.
- Future unfavorable changes in economic conditions could adversely impact us.
- Our concentration of investments in a single asset class makes our results of operations more vulnerable to a downturn in the multifamily sector.
- Competition could limit our ability to lease apartments or increase or maintain rental income, and short-term leases make us more susceptible to these risks.
- Redevelopment risks may cause our revenues and expenses to fluctuate significantly from one period to another which may result in losses.
- Labor and materials required for maintenance, repair, renovation or capital expenditure may be more expensive than anticipated or significantly delayed.
- We face the risk of fluctuations in the cost, availability and quality of our materials and products, which could adversely affect our results of operations.
- Capital expenditure costs, and other costs of operating real estate assets, may be greater than anticipated which may adversely affect our results of operations.
- Increasing real estate taxes, utilities and insurance costs may negatively impact operating results.
- Substantial inflationary pressures could adversely affect our financial condition or results of operations.
- The loss of services of any of our senior officers or key employees and increased competition for personnel could adversely affect us and/or increase our labor costs.
- We may fail to grow our portfolio through acquisitions or such acquisitions may not yield the cash flows expected.
- A cybersecurity incident and other technology disruptions could negatively impact our business.
- Damage from catastrophic weather and other natural events could result in losses.
- International military conflicts or war could negatively impact our business, increase costs, and increase the likelihood of a cybersecurity incident.
- We may be subject to contingent or unknown uninsurable liabilities related to properties or businesses that we have acquired.
- We may be adversely affected by changes in state and local tax laws and may become subject to tax audits from time to time.
- We may fail to produce accurate and timely financial statements.
- We may acquire or develop properties through joint ventures, which may be riskier than our typical acquisitions.
- Bankruptcy or defaults of our counterparties could adversely affect our performance.
- If we sell properties by providing financing to purchasers, we will bear the risk of default by the purchaser.
- New strains of the COVID-19 virus or other infectious diseases could adversely affect our business operations.
- We are subject to ESG risks that could adversely affect our reputation and the market price of our securities.

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Risks Associated with Debt Financing

- We plan to incur mortgage indebtedness and other borrowings and are not limited in the amount or percentage of indebtedness that we may incur, which may increase our business risk.
- Debt financing and other required capital may not be available to us or may only be available on unfavorable terms.
- Rising interest rates could both increase our borrowing costs, thereby adversely affecting our cash flows and the amounts available for distribution to our stockholders, and decrease our share price, if investors seek higher yields through other investments.
- Failure to hedge effectively against interest rates may adversely affect our results of operations.
- Lender-imposed restrictions may affect our ability to make distributions to our stockholders and otherwise affect our operating policies.
- We may guaranty certain debt made to the entities that own our properties. In certain circumstances, we may be responsible for the satisfaction of the debt which could negatively impact our business.
- We may be adversely affected by our use of SOFR as the base rate for our unsecured debt due to SOFR's limited history and its potential to be volatile.

Risks Related to Regulation and Compliance with Laws

- We are subject to significant regulations, which could adversely affect our results of operations.
- The costs of compliance with laws and regulations may adversely affect our net income and the cash available for any distributions.
- A change in the United States government policy with regard to Fannie Mae and Freddie Mac could impact our financial condition.

United States Federal Income Tax Risks

- Legislative or regulatory action could adversely affect the returns to our investors.
- Dividends paid by REITs generally do not qualify for the reduced tax rates applicable to qualified dividend income provided under current law.
- The ability of our Board of Directors to revoke our REIT election without stockholder approval may cause adverse consequences to our stockholders.
- Failure to qualify as a REIT could have adverse consequences.
- We may take action to maintain our REIT status which could adversely affect our overall financial performance.
- Certain of our business activities are potentially subject to the prohibited transaction tax, which could reduce the return on any investment in our securities.
- The income of TRSs will be subject to federal and possibly state corporate income tax.
- If our operating partnership, IROP, is not treated as a partnership or disregarded entity for U.S. federal income tax purposes, its income may be subject to taxation.
- Distributions to tax-exempt investors may be classified as unrelated business taxable income, or UBTI, and tax-exempt investors would be required to pay tax on such income and to file income tax returns.
- Distributions to foreign investors may be treated as an ordinary income distribution to the extent that it is made out of current or accumulated earnings and profits.
- Foreign investors may be subject to FIRPTA tax upon the sale of their shares of our stock or upon a capital gain dividend.
- We may make distributions consisting of both stock and cash, in which case stockholders may be required to pay income taxes in excess of the cash distributions they receive.

Risks Related to Our Organization and Structure

- Our structure as a Maryland real estate investment trust may make it more difficult for us to be acquired.
- Stockholders have limited control over changes in our policies and operations.
- Our holding company structure may limit our ability to get cash from our operating company and its subsidiaries.
- Our authorized but unissued shares of common and preferred stock may prevent a change in our control.
- Rights to recover on claims against our directors are limited.
- Our bylaws could limit stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers or employees and could discourage lawsuits against us and our directors, officers and employees.

DETAILED DISCUSSION OF RISK FACTORS

Risks Related to Our Business and Operations

We are dependent on a concentration of our investments in a single asset class, making our results of operations more vulnerable to a downturn in the sector.

As of December 31, 2023, substantially all of our investments are concentrated in the multifamily apartment sector. As a result, we are subject to risks inherent in investments in a single type of property. A downturn or slowdown in the demand for multifamily housing may have more pronounced effects on our results of operations or on the value of our assets than if we had diversified our investments into more than one asset class.

Our operations are concentrated in the Southeast region of the United States; we are subject to general economic conditions in the regions in which we operate.

Our portfolio of properties consists primarily of multifamily communities geographically concentrated in the Southeastern United States, including Atlanta, GA, Dallas, TX, Denver, CO, Columbus, OH, Indianapolis, IN, Raleigh-Durham, NC, Oklahoma City, OK, Nashville, TN, Houston, TX, and Tampa, FL. Our performance could be adversely affected by economic conditions in, and other factors relating to, these geographic areas, including supply and demand for multifamily communities in these areas, zoning and other regulatory conditions and competition from other communities and alternative forms of housing. In particular our performance is disproportionately influenced by job growth and unemployment. To the extent the economic conditions, job growth and unemployment in any of these markets deteriorate or any of these areas experiences natural disasters, the value of our portfolio, our results of operations and our ability to make payments on our debt and to make distributions could be adversely affected.

Adverse economic conditions may reduce or eliminate our returns and profitability and, as a result, our ability to make distributions to our stockholders.

Our operating results may be materially and adversely affected by market and economic challenges, which may reduce or eliminate our returns and profitability and, as a result, our ability to make distributions to our stockholders. These market and economic challenges include, principally, the following:

- adverse conditions in the real estate industry could harm our business and financial condition by reducing the value of our existing assets, limiting our access to debt and equity capital and otherwise negatively impacting our operations;
- any future downturn in the U.S. economy and the related reduction in spending, reduced home prices and high unemployment may result in resident defaults under leases, vacancies at our multifamily communities and concessions or reduced rental rates under new leases due to reduced demand;
- the rate of household formation or population growth in our markets or a continued or exacerbated economic slow-down experienced by the local economies where our properties are located or by the real estate industry generally may result in changes in supply of, or demand for, multifamily units in our markets; and
- the failure of the real estate market to attract the same level of capital investment in the future that it attracts at the time of our purchases, or a reduction in the number of companies seeking to acquire properties, may result in the value of our investments not appreciating or decreasing significantly below the amount we pay for these investments.

The length and severity of any economic slow-down or downturn cannot be predicted. Our results of operations, financial condition and ability to make distributions to our stockholders could be negatively affected to the extent that an economic slow-down or downturn is prolonged or severe.

We depend on residents for revenue, and vacancies, resident defaults or lease terminations may cause a material decline in our operating results.

The success of our investments depends upon the occupancy levels, rental revenue and operating expenses of our multifamily communities. Our revenues may be adversely affected by the general or local economic climate, local real estate considerations (such as oversupply or reduced demand for multifamily units), the perception by prospective residents of the safety, convenience and attractiveness of the areas in which our multifamily communities are located

(including the quality of local schools and other amenities) and increased operating costs (including real estate taxes and utilities).

Occupancy rates and rents at a community, including multifamily communities that are newly constructed or renovated and in the lease-up phase, may fail to meet our original expectations for a number of reasons, including changes in market and economic conditions beyond our control and the development by competitors of competing communities, and we may be unable to complete lease-up of a community on schedule, resulting in increased construction and financing costs and a decrease or delay in expected rental revenues.

Vacancy rates may increase in the future and we may be unable to lease vacant units or renew expiring leases on attractive terms, or at all, and we may be required to offer reduced rental rates or other concessions to residents. Our revenues may be lower as a result of lower occupancy rates, increased turnover, reduced rental rates, increased economic concessions and potential increases in uncollectible rent. In addition, we will continue to incur expenses, including maintenance costs, insurance costs and property taxes, even though a property maintains a high vacancy rate, and our financial performance will suffer if our revenues decrease or our costs increase.

The underlying value of our properties and our ability to make distributions to our stockholders will depend upon our ability to lease our available multifamily units and the ability of our residents to generate enough income to pay their rents in a timely manner. Our residents' inability to pay rents may be impacted by employment and other constraints on their personal finances, including debts, purchases and other factors. Upon a resident default, we will attempt to remove the resident from the premises and re-lease the unit as promptly as possible. Our ability and the time required to evict a resident, however, will depend on applicable law. Substantially all of the leases for our properties are short-term leases (generally, one year or less in duration). As a result, our rental income and our cash flow are impacted by declines in market conditions more quickly than if our leases were for longer terms.

We recently experienced impairment charges and may in the future experience a decline in the fair value of our assets and be forced to recognize additional impairment charges, which could materially and adversely impact our financial condition, liquidity and results of operations and the market price of our common stock.

During the year ended December 31, 2023, we recognized an aggregate of \$66.5 million in impairment charges. A further decline in the fair value of our assets may require us to recognize an impairment against such assets under generally accepted accounting principles as in effect in the United States ("GAAP"), if we were to determine that, with respect to any assets in unrealized loss positions, we do not have the ability and intent to hold such assets to maturity or for a period of time sufficient to allow for recovery to the amortized cost of such assets. If such a determination were to be made, we would recognize unrealized losses through earnings and write down the amortized cost of such assets to a new cost basis, based on the fair value of such assets on the date they are considered to be impaired. Such impairment charges reflect non-cash losses at the time of recognition; and subsequent disposition or sale of such assets could further affect our future losses or gains, as they are based on the difference between the sale price received and adjusted amortized cost of such assets at the time of sale. If we are required to recognize asset impairment charges in the future, these charges could materially and adversely affect our financial condition, liquidity, results of operations and the per share trading price of our common stock.

The international military conflicts between Russia and Ukraine and in the Middle East could negatively impact our business, increase costs, and increase the likelihood of a cyber-attack.

The military conflicts between Russia and Ukraine and in the Middle East may increase the likelihood of material disruptions to our business and may negatively impact our financial condition and results of operations. Potential impacts of these military conflicts include the following:

- an increase in oil and gas prices are likely to contribute to inflation, which may make it more challenging for residents to meet their ongoing rental payment obligations and which may result in higher construction costs;
- an increase in the likelihood of supply chain disruptions, making it harder for us to find favorable pricing and reliable sources for the materials we need for our value add initiative and putting upward pressure on our costs; and
- an increase in cybersecurity risks generally as Russia and Iran and Russia- or Iran-aligned cyber threat groups and cyber-crime groups react to the U.S.'s response to and involvement in these conflicts.

Short-term resident leases expose us to the effects of declining market rent, which could adversely impact our ability to make cash distributions to our stockholders.

We expect that most of our resident leases will be for a term of one year or less. Because these leases generally permit the residents to leave at the end of the lease term without any penalty, our rental revenues may be impacted by declines in market rents more quickly than if our leases were for longer terms.

Substantial inflationary pressures could have a negative effect on our rental rates and have had and could continue to have a negative effect on our property operating expenses.

The general risk of inflation is that interest on our debt, general and administrative expenses and other expenses, including our costs of personnel, capital improvements and expenditures, increase at a rate faster than increases in our residential rental rates, which would adversely affect our financial condition or results of operations.

For the year ended December 31, 2023, our property operating expenses increased \$12.1 million, which was primarily due to a \$11.5 million increase in same-store property operating expenses, primarily due to inflationary pressures resulting in higher contract services, insurance expenses, and repairs and maintenance during the year ended December 31, 2023.

Monetary policy actions by the U.S. Federal Reserve could adversely impact our financial condition and our ability to make distributions to our stockholders.

During 2023, the U.S. Federal Reserve increased the target range for the federal funds rate by a total of 100 basis points in response to sticky inflation. As of December 31, 2023, the federal funds rate was set at a range from 5.25% to 5.50% and this range was subsequently maintained at the U.S. Federal Reserve's January 2024 meeting. In considering any adjustments to the target range for the federal funds rate, the U.S. Federal Reserve has indicated that it will carefully assess incoming economic data, the evolving outlook for inflation, and the balance of risks. The U.S. Federal Reserve has indicated that it does not expect it will be appropriate to reduce the target range until it has gained greater confidence that inflation is moving sustainably toward 2% and is committed to returning inflation to its 2% objective. Should the U.S. Federal Reserve raise the federal funds rate in the future, it will likely result in an increase in market interest rates, which will increase our interest expense under our variable-rate borrowings and the costs of refinancing existing indebtedness or obtaining new debt. In addition, increases in market interest rates may result in a decrease in the value of our real estate and a decrease in the market price of our common stock. Increases in market interest rates may also adversely affect the securities markets generally, which could reduce the market price of our common stock without regard to our operating performance. Any such unfavorable changes to our borrowing costs and stock price could significantly impact our ability to raise new debt and equity capital going forward.

We face competition from third parties, including other multifamily properties, which may limit our profitability and the return on any investment in our securities.

The multifamily industry is highly competitive. This competition may limit our ability to increase revenue and could reduce occupancy levels and revenues at our multifamily properties. We compete with many other entities engaged in real estate investment activities, including individuals, corporations, bank and insurance company investment accounts, other REITs, real estate limited partnerships, and other entities engaged in real estate investment activities. Many of these entities have significant financial and other resources, including operating experience, allowing them to compete effectively with us. Competitors with substantially greater financial resources than us may be able to accept more risk than we can effectively manage. In addition, those competitors that are not REITs may be at an advantage to the extent they can use working capital to finance projects, while we (and our competitors that are REITs) will be required by the annual distribution provisions under the Code to distribute significant amounts of cash from operations to our stockholders. Competition may also result in overbuilding of multifamily properties, causing an increase in the number of multifamily units available which could potentially decrease our occupancy and multifamily rental rates. We may also be required to expend substantial sums to attract new residents. The resale value of the property could be diminished because the market value of a particular property will depend principally upon the net revenues generated by the property. In addition, increases in operating costs due to inflation may not be offset by increased multifamily rental rates. Further, costs associated with real estate investment, such as real estate taxes and maintenance costs, generally are not reduced when circumstances cause a reduction in income from the investment. These events would cause a significant decrease in revenues and the trading price of our common stock, and could cause us to reduce the amount of distributions to our stockholders.

Our investment strategy may limit an increase in the diversification of our investments.

Our ability to diversify our portfolio may be limited both as to the number of investments owned and the geographic regions in which our investments are located. While we will seek to diversify our portfolio by geographic location, we expect to continue to focus on markets with high potential for attractive returns located in the United States and, accordingly, our actual investments may continue to result in concentrations in a limited number of geographic regions. As a result, there is an increased likelihood that the performance of any single property, or the economic performance of a particular region in which our properties are located, could materially affect our operating results.

We may fail to consummate one or more property acquisitions or dispositions that we anticipate, whether as part of our capital recycling strategy or otherwise, and this failure could have a material adverse impact on our financial results.

We may disclose anticipated property acquisitions or dispositions, including prior to our entry into a letter of intent or definitive agreement for such acquisition or disposition and prior to our completion of due diligence or satisfaction of closing conditions. Acquisitions and dispositions are inherently subject to a number of factors and conditions, some of which are outside of our control, and there can be no assurance that we will be able to consummate acquisitions or dispositions that we anticipate. If we fail to consummate a disposition that we anticipated, we will not have the use of the proceeds from the disposition and may not be able to carry out our intended plans for use of such proceeds and may be required to obtain alternative sources of funds on less favorable terms. If we fail to consummate a targeted acquisition and have issued additional securities to fund such acquisition, then we will have issued securities without realizing a corresponding increase in earnings and cash flow from the targeted acquisition. In addition, we may have broad authority to use the net proceeds of an offering of securities for other purposes, including the repayment of indebtedness, the acquisition of other properties or for other investments, which may not be initially accretive to our results of operations. As a result, failure to consummate one or more anticipated acquisitions or dispositions could have a material adverse impact on our financial condition, results of operations and the market price of our common stock.

We may suffer from delays in locating suitable investments or, because of our public company status, may be unable to acquire otherwise suitable investments, which could adversely affect our growth prospects and results of operations.

Our ability to achieve our investment objectives and to make distributions to our stockholders depends upon our ability to locate, obtain financing for and consummate the acquisition of multifamily properties that meet our investment criteria. The current market for multifamily properties that meet our investment criteria is highly competitive. We cannot be sure that we will be successful in obtaining suitable investments on financially attractive terms or at all.

Additionally, as a public company, we are subject to the ongoing reporting requirements under the Securities Exchange Act of 1934, as amended, (the "Exchange Act"). Pursuant to the Exchange Act, we may be required to file with the SEC financial statements for the properties we acquire. To the extent any required financial statements are not available or cannot be obtained, we may not be able to acquire the property. As a result, we may be unable to acquire certain properties that otherwise would be suitable investments.

If we are unable to invest the proceeds of any offering of our securities in real properties in a timely manner, we may invest the proceeds in short-term, investment-grade investments which typically will yield significantly less than what we expect our investments will yield. As a result, delays we encounter in identifying and consummating potential acquisitions may adversely affect our growth prospects, results of operations and our ability to make distributions to our stockholders.

If we fail to maintain an effective system of integrated internal controls, we may not be able to accurately report our financial results and may be required to incur additional costs and divert management resources.

We depend on our ability to produce accurate and timely financial statements in order to run our business. If we fail to do so, our business could be negatively affected and our independent registered public accounting firm may be unable to attest to the accuracy of our financial statements. A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A significant deficiency is defined as a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those responsible for oversight of a registrant's financial reporting. A

material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected, on a timely basis by the company's internal controls.

Although we continuously monitor the design, implementation and operating effectiveness of our internal controls over financial reporting and disclosure controls and procedures, there can be no assurance that significant deficiencies or material weaknesses will not occur in the future. If we fail to maintain effective internal controls and disclosure controls in the future, it could result in a material misstatement of our financial statements that may not be prevented or detected on a timely basis, which could cause investors, analysts and others to lose confidence in our reported financial information. Our inability to remedy any additional deficiencies or material weaknesses that may be identified in the future could, among other things, cause us to fail to file timely our periodic reports with the SEC (which may have a material adverse effect on our ability to access the capital markets); prevent us from providing reliable and accurate financial information and forecasts or from avoiding or detecting fraud; or require us to incur additional costs or divert management resources to achieve compliance.

We may be adversely affected by changes in state and local tax laws and may become subject to tax audits from time to time.

Because we are organized and qualified as a REIT, we are generally not subject to federal income taxes on taxable income that we distribute to our stockholders, but we are subject to certain state and local taxes. From time to time, changes in state and local tax laws or regulations are enacted, which may result in an increase in our tax liability. A shortfall in tax revenues for states and local jurisdictions in which we own multifamily communities may lead to an increase in the frequency and size of such changes. If such changes occur, we may be required to pay additional state and local taxes. These increased tax costs could adversely affect our financial condition and the amount of cash available for distribution to our stockholders. In the normal course of business, we or our affiliates (including entities through which we own real estate) may also become subject to federal, state or local tax audits. If we (or such entities) become subject to federal, state or local tax audits, the ultimate result of such audits could have an adverse effect on our financial condition.

If we are not able to cost-effectively maximize the life of our properties, we may incur greater than anticipated capital expenditure costs, which may adversely affect our ability to make distributions to our stockholders.

As of December 31, 2023, the average age of our multifamily communities was approximately 18 years. While the majority of our properties are newly-constructed or have undergone substantial renovations since they were constructed, older properties may carry certain risks including unanticipated repair costs, increased maintenance costs as older properties continue to age, and cost overruns due to the need for special materials and/or fixtures specific to older properties. Although we take a proactive approach to property preservation, utilizing a preventative maintenance plan, and selective improvements that mitigate the cost impact of maintaining exterior building features and aging building components, if we are not able to cost-effectively maximize the life of our properties, we may incur greater than anticipated capital expenditure costs which may adversely affect our ability to make distributions to our stockholders.

We face the risk of fluctuations in the cost, availability and quality of our materials and products, which could adversely affect our results of operations.

The potential disruptions in the supply of materials or products or the inability of contractors to perform on a timely basis, or at all, could cause delays in completing ongoing or future value add and other capital improvements at our multifamily communities and development projects.

Our growth will depend upon future acquisitions of multifamily communities, and we may be unable to complete acquisitions on advantageous terms or acquisitions may not perform as we expect.

Our growth will depend upon future acquisitions of multifamily communities, which entails various risks, including risks that our investments may not perform as we expect. Further, we will face competition for attractive investment opportunities from other real estate investors, including local real estate investors and developers, as well as other multifamily REITs, income-oriented non-traded REITs, and private real estate fund managers, and these competitors may have greater financial resources than us and a greater ability to borrow funds to acquire properties. This competition may increase as investments in real estate become increasingly attractive relative to other forms of investment. As a result

of competition, we may be unable to acquire additional properties as we desire or the purchase price may be significantly elevated. In addition, our acquisition activities pose the following risks to our ongoing operations:

- we may not achieve the increased occupancy, cost savings and operational efficiencies projected at the time of acquiring a property;
- management may incur significant costs and expend significant resources evaluating and negotiating potential acquisitions, including those that we subsequently are unable to complete;
- we may acquire properties that are not initially accretive to our results upon acquisition, and we may not successfully manage and operate those properties to meet our expectations;
- we may acquire properties outside of our existing markets where we are less familiar with local economic and market conditions;
- some properties may be worth less or may generate less revenue than, or simply not perform as well as, we believed at the time of the acquisition;
- we may be unable to assume mortgage indebtedness with respect to properties we seek to acquire or obtain financing for acquisitions on favorable terms or at all;
- we may forfeit earnest money deposits with respect to acquisitions we are unable to complete due to lack of financing, failure to satisfy closing conditions or certain other reasons;
- we may spend more than budgeted to make necessary improvements or renovations to acquired properties; and
- we may acquire properties without any recourse, or with only limited recourse, for liabilities, whether known or unknown, such as clean-up of environmental contamination, claims by residents, vendors or other persons against the former owners of the properties, and claims for indemnification by general partners, trustees, officers, and others indemnified by the former owners of the properties.

Our investment in property development or redevelopment may be more costly or difficult to complete than we anticipate, and development and construction risks could adversely affect our profitability.

We may develop or redevelop properties where market conditions warrant such investment. Development and redevelopment activities may be more costly or difficult to complete than we anticipate, and once made, investments in these activities may not produce results in accordance with our expectations. Risks associated with development, redevelopment and associated construction activities include:

- unavailability of favorable financing sources in the debt and equity markets;
- construction cost overruns, including on account of rising interest rates, diminished availability of materials and labor, and increases in the costs of materials and labor;
- construction and lease-up delays, including on account of delays in obtaining materials, and failure to achieve target occupancy levels and rental rates, resulting in increased debt service and lower than projected returns on our investment;
- complications in obtaining, or inability to obtain, necessary zoning, land-use, building occupancy and other governmental or quasi-governmental permits and authorizations, which could result in increased costs or the delay or abandonment of opportunities and impairment charges;
- unexpected environmental remediation costs;
- potential disputes with, and negligent performance by, construction contractors, architects, engineers and other service providers with which we may contract as part of a development or redevelopment project, which would expose us to unexpected costs, delays and potential liabilities; and
- occupancy rates, rents and concessions at a newly developed community may fluctuate depending on a number of factors, including market and economic conditions, preventing us from meeting our expected return on our investment and our overall profitability goals.

Our growth depends on securing external sources of capital that are outside of our control, which may affect our ability to take advantage of strategic opportunities, satisfy debt obligations and make distributions to our stockholders.

In order to maintain our qualification as a REIT, we are generally required under the Code to distribute annually at least 90% of our REIT taxable income, determined without regard to the dividends paid deduction and excluding any net capital gain. In addition, we will be subject to income tax at regular corporate rates to the extent that we distribute less than 100% of our net taxable income, including any net capital gains. Because of these distribution requirements, we may not be able to fund future capital needs, including any necessary acquisition financing, from operating cash flow. Consequently, we may rely on third-party sources to fund our capital needs. We may not be able to obtain financing on favorable terms or

at all. Any additional debt we incur may increase our leverage or impose additional and more stringent restrictions on our operations than we currently have. If we issue additional equity securities to finance developments and acquisitions instead of incurring debt, the interests of our existing stockholders could be diluted. Our access to third-party sources of capital depends, in part, on:

- general market conditions;
- the market's perception of our growth potential;
- our current debt levels;
- our current and expected future earnings;
- our cash flow and cash distributions; and
- the market price per share of our common stock

If we cannot obtain capital from third-party sources, we may not be able to acquire properties when strategic opportunities exist, meet the capital and operating needs of our existing properties or satisfy our debt service obligations. Further, in order to meet the REIT distribution requirements and maintain our REIT status and to avoid the payment of income and excise taxes, we may need to borrow funds on a short-term basis even if the then-prevailing market conditions are not favorable for these borrowings. These short-term borrowing needs could result from differences in timing between the actual receipt of cash and inclusion of income for U.S. federal income tax purposes or the effect of non-deductible capital expenditures, the creation of reserves, certain restrictions on distributions under loan documents or required debt or amortization payments.

To the extent that capital is not available to acquire properties, profits may not be realized or their realization may be delayed, which could result in an earnings stream that is less predictable than some of our competitors and result in us not meeting our projected earnings and distributable cash flow levels in a particular reporting period. Failure to meet our projected earnings and distributable cash flow levels in a particular reporting period could have an adverse effect on our financial condition and on the market price of our common stock.

We may be subject to contingent or unknown uninsurable liabilities related to properties or businesses that we have acquired or may acquire for which we may have limited or no recourse against the sellers.

The properties or businesses that we have acquired, including through the acquisition of Steadfast Apartment REIT, Inc. and Steadfast Apartment REIT Operating Partnership, L.P. on December 16, 2021 (the "STAR Merger"), or may acquire, may be subject to unknown or contingent liabilities for which we have limited or no recourse against the sellers. Unknown or contingent liabilities might include liabilities related to, among other things, the cleanup or remediation of undisclosed environmental conditions, liens or clouds on title, hidden defects in the physical condition of the property, non-compliance with zoning laws, building codes, or other legal requirements, many of which may not be known to us at the time of acquisition, liabilities under the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), claims of residents, vendors or other persons dealing with the entities prior to the acquisition of such property, tax liabilities, and accrued but unpaid liabilities whether incurred in the ordinary course of business or otherwise. If any claim was asserted against us relating to those properties or entities, or if any adverse condition existed with respect to the properties or entities, we might have to pay substantial sums to settle or cure it, which could adversely affect our cash flow and operating results. While we will attempt to obtain appropriate representations and undertakings from the sellers of the properties or entities we acquire, many liabilities, including tax liabilities, may not be identified within the applicable contractual indemnification period, in which case we may have no recourse against any of the owners from whom we acquired such properties for these liabilities, or the sellers may not have the resources to satisfy their indemnification obligations if a liability arises. The existence of such liabilities could significantly adversely affect the value of the property subject to such liability.

Representations and warranties made by us in connection with sales of our properties may subject us to liability that could result in losses and could harm our operating results and, therefore distributions we make to our stockholders.

When we sell a property, we may be required to make representations and warranties regarding the property and other customary items. In the event of a breach of such representations or warranties, the purchaser of the property may have claims for damages against us, rights to indemnification from us or otherwise have remedies against us. In any such case, we may incur liabilities that could result in losses and could harm our operating results and, therefore distributions we make to our stockholders.

We rely on information technology systems in our operations, and any breach or security failure of those systems could materially adversely affect our business, results of operations, financial condition and reputation.

Our information technology networks and related systems are essential to our ability to conduct our day to day operations. In addition, our business requires us to collect and hold personally identifiable information of our residents and prospective residents, and our employees and their dependents, in connection with our leasing and property management activities. As a result, we face risks associated with security breaches, whether through cyber-attacks or cyber intrusions over the internet, malware, computer viruses, attachments to emails, persons who access our systems from inside or outside our organization and other significant disruptions of our information technology networks and related systems. We undertake various actions to maintain the security and integrity of our information technology networks and related systems and have implemented various measures to manage the risk of a security breach or disruption. We also maintain cyber liability insurance to provide some coverage for certain risks arising out data and network breaches. However, we cannot be sure that our security efforts and measures will be effective or that our cyber liability insurance coverage will be sufficient in the event of a cyber incident.

Furthermore, certain components of our information technology network are dependent upon third-party service providers and we share personally identifiable information with many of these service providers so they can assist us with certain aspects of our business. Our third-party service providers are primarily responsible for the security of their own information technology environments and in certain instances, we rely significantly on third-party service providers to supply and store our sensitive data in a secure manner. All of these third-parties face risks relating to cybersecurity similar to ours which could disrupt their businesses or result in the disclosure of personally identifiable information that has been shared with them, and therefore adversely impact us. While we provide guidance and specific requirements in some cases, we do not directly control any of such parties' information technology security operations, or the amount of investment they place in guarding against cybersecurity threats. Accordingly, we are subject to any flaws in or breaches to their information technology systems or those which they operate for us.

A security breach or other significant disruption involving our information technology networks and related systems or those of our vendors could: disrupt our operations; result in the unauthorized access to, and the destruction, loss, theft, misappropriation or release of, proprietary, personally identifiable, confidential, sensitive or otherwise valuable information including resident information and lease data, which others could use to compete against us or which could expose us to damage claims by third parties for disruptive, destructive or otherwise harmful outcomes; require significant management attention and resources to remedy any damages that result; subject us to claims for breach of contract, damages, credits, penalties or termination of leases or other agreements; or damage our business relationships or reputation generally. Any or all of the foregoing could materially and adversely affect our business and the value of our stock.

In addition, the collection and use of personally identifiable information is governed by federal and state laws and regulations. Privacy and information security laws continue to evolve and may be inconsistent from one jurisdiction to another. Compliance with all such laws and regulations may be difficult due to the uncertainty surrounding the interpretation of such laws. Such laws may also increase our operating costs and adversely impact our ability to market our properties and services. Noncompliance with such laws could result in the imposition of fines, awards of damages to private litigants, payment of attorneys' fees and other costs to plaintiffs, and substantial litigation costs.

A change in the United States government policy with regard to Fannie Mae and Freddie Mac could impact our financial condition.

Fannie Mae and Freddie Mac are a major source of financing for the multifamily residential real estate sector. Many multifamily companies depend heavily on Fannie Mae and Freddie Mac to finance growth by purchasing or guarantying multifamily loans and to refinance outstanding indebtedness as it matures.

If new U.S. government regulations (i) heighten Fannie Mae's and Freddie Mac's underwriting standards, (ii) adversely affect interest rates and (iii) continue to reduce the amount of capital they can make available to the multifamily sector, it could reduce or remove entirely a vital resource for multifamily financing. Any potential reduction in loans, guarantees and credit-enhancement arrangements from Fannie Mae and Freddie Mac could jeopardize the effectiveness of the multifamily sector's available financing and decrease the amount of available liquidity and credit that could be used to acquire and diversify our portfolio of multifamily assets, as well as dispose of our multifamily assets upon our liquidation, and our ability to refinance our existing mortgage obligations as they come due and obtain additional long-term financing for the acquisition of additional multifamily communities on favorable terms or at all. In addition, the members of the current presidential administration have announced that restructuring and privatizing Fannie Mae and Freddie Mac is a

priority of the current administration, and there is uncertainty regarding the impact of this action on us and buyers of our properties.

Bankruptcy or defaults of our counterparties could adversely affect our performance.

We have relationships with and, from time to time, we execute transactions with or receive services from many counterparties, such as general contractors engaged in connection with our redevelopment activities. As a result, bankruptcies or defaults by these counterparties could result in services not being provided, projects not being completed on time, or on budget, or at all, or volatility in the financial markets and economic weakness could affect the counterparties' ability to complete transactions with us as intended, both of which could result in disruptions to our operations that may materially adversely affect our business and results of operations.

Severe or inclement weather and climate change could result in losses to us.

Certain of our properties are located in areas that may experience catastrophic weather and other natural events from time to time, including fires, snow or ice storms, windstorms or hurricanes, earthquakes, flooding, prolonged periods of extreme temperatures or other severe weather. To the extent that extreme weather or natural events become more common or severe in areas where our communities are located, as a result of changes in the climate or otherwise, we could experience a significant increase in insurance premiums and deductibles, or a decrease in the availability of coverage, which may adversely affect our financial condition or results of operations. These adverse weather and natural events could cause damage or losses that may be greater than insured levels. In the event of a loss in excess of insured limits, we could lose our capital invested in the affected property, as well as anticipated future revenue related to the property. We could also continue to be obligated to repay any mortgage indebtedness related to the property.

In the event extreme weather conditions such as prolonged changes in precipitation and temperature become more common or severe in areas where our communities are located, we may experience a decrease in demand for our communities located in these areas or affected by these conditions, which may lead to a decline in the value of these communities. We may also see an increase in costs resulting from increased maintenance related to water damage, wind and hail, or the removal of snow and ice, or we may be required to increase capital expenditures on resiliency measures designed to lessen the impact of severe weather. In addition, changes in federal, state, and local legislation and regulation based on concerns about climate change and increasing climate-related disclosures, including the rules proposed by the SEC, could result in increased capital expenditures to improve the energy efficiency of our existing properties without a corresponding increase in revenues or may increase compliance and data collection costs if, and when, such laws and regulations become effective.

We are subject to ESG risks that could adversely affect our reputation and the market price of our securities.

We are subject to a variety of risks arising from ESG matters. ESG matters include climate risk, hiring practices, the diversity of our work force, and racial and social justice issues involving our personnel, customers and third parties with whom we otherwise do business and our internal governance practices. Risks arising from ESG matters may adversely affect, among other things, our reputation and the market price of our securities.

Investors may consider the steps taken and resources allocated by multifamily owners and operators and other commercial organizations to address ESG matters when making investment and operational decisions. Certain investors are beginning to incorporate the business risks of climate change and the adequacy of companies' responses to the risks posed by climate change and other ESG matters into their investment theses. These shifts in investing priorities may result in adverse effects on the market price of our securities to the extent that investors determine that we have not made sufficient progress on ESG matters.

In 2022 we published our inaugural Sustainability Report. A risk exists that we fail to meet announced goals and targets stated in such report or in future reports. In addition, there is a risk that such reports contain inaccurate or incomplete data, and/or that we have inadequate internal controls related to the disclosure of ESG data. If we disclose inaccurate or incomplete data, or we fail to maintain effective internal controls over our ESG data, it could result in a material misstatement of our financial statements that may not be prevented or detected on a timely basis, which could cause investors, analysts and others to lose confidence in our reported financial information. Our inability to remedy any additional deficiencies or material weaknesses that may be identified in the future could, among other things, cause us to fail to file timely our periodic reports with the SEC (which may have a material adverse effect on our ability to access the

capital markets); prevent us from providing reliable and accurate financial information and forecasts or from avoiding or detecting fraud; or require us to incur additional costs or divert management resources to achieve compliance.

COVID-19, or a future, similar global pandemic, could have a material adverse effect on our business, results of operations, cash flows and financial condition.

COVID-19 or other infectious disease outbreaks could negatively impact our businesses in a number of ways. Various federal, state and local authorities have issued measures imposing restrictions on our ability to enforce tenants' contractual rental obligations or more burdensome eviction processes to combat rising evictions resulting from financial hardships caused by the COVID-19 pandemic. These measures make more onerous our ability to enforce tenants' contractual rental obligations through evictions.

The potential negative impact of COVID-19 and any future outbreaks or pandemics of infectious diseases on the health of our personnel, particularly if a significant number of them are impacted, could result in a deterioration in our ability to ensure business continuity during a disruption.

The COVID-19 pandemic caused, and could continue to cause, severe economic, market and other disruptions worldwide. In addition, the deterioration of global economic conditions as a result of COVID-19 or other infectious disease outbreaks may ultimately decrease the demand for multifamily communities within the markets in which we operate and may adversely impact occupancy levels and rental rates across our portfolio.

The extent of the effect of a future outbreak of COVID-19 or other infectious disease on our operational and financial performance will depend on future developments of the infectious disease and the spread and intensity of any such infectious disease, all of which are uncertain and difficult to predict.

We face numerous risks associated with the real estate industry that could adversely affect our results of operations through decreased revenues or increased costs.

As a real estate company, we are subject to various changes in real estate conditions and any negative trends in such real estate conditions may adversely affect our results of operations through decreased revenues or increased costs. These conditions include:

- changes in national, regional and local economic conditions, which may be negatively impacted by concerns about inflation, deflation, government deficits, high unemployment rates, decreased consumer confidence and liquidity concerns, particularly in markets in which we have a high concentration of properties;
- fluctuations in interest rates, which could adversely affect our ability to obtain financing on favorable terms or at all, or could reduce our ability to deploy capital in investments that are accretive to our stockholders;
- the inability of our residents to pay rent timely, or at all;
- the existence and quality of the competition, such as the attractiveness of our properties as compared to our competitors' properties based on considerations such as convenience of location, rental rates, amenities and safety record;
- increased operating costs, including increased real property taxes, maintenance, insurance, utilities and labor costs;
- weather conditions that may increase or decrease energy costs and other weather-related expenses;
- civil unrest, acts of God, including earthquakes, floods, hurricanes and other natural disasters, which may result in uninsured losses, acts of war or terrorism, or other natural or human causes beyond our control, which may disrupt or interrupt our operations;
- oversupply of multifamily housing or a reduction in demand for real estate in the markets in which our properties are located;
- a favorable interest rate environment that may result in a significant number of potential residents of our multifamily communities deciding to purchase homes instead of renting;
- changes in, or increased costs of compliance with, laws and/or governmental regulations, including those governing usage, zoning, the environment and taxes; and
- rent control or stabilization laws, or other laws regulating rental housing, which could prevent us from raising rents to offset increases in operating costs.

Economic conditions may adversely affect the residential real estate market and our income.

A residential property's income and value may be adversely affected by international, national and regional economic conditions. The military conflicts between Russia and Ukraine and in the Middle East have disrupted financial markets and significantly impacted worldwide economic activity resulting in a global economic recession. If such conditions continue to have a negative impact or if new economic or capital markets problems arise, the value of our portfolio may decline significantly. A deterioration in economic conditions may also have an adverse effect on our operations if they result in our residents or prospective residents being unable to afford the rents we need to charge to be profitable.

In addition, local real estate conditions such as an oversupply of properties or a reduction in demand for properties, availability of "for sale" properties and competition from other similar properties, our ability to provide adequate maintenance, insurance and management services, increased operating costs (including real estate taxes), the attractiveness and location of the property and changes in market rental rates, may adversely affect a property's income and value. A rise in energy costs could result in higher operating costs, which may affect our results from operations. In addition, local conditions in the markets in which we own or intend to own properties may significantly affect occupancy or rental rates at such properties. Layoffs, plant closings, relocations of significant local employers and other events reducing local employment rates and the local economy; an oversupply of, or a lack of demand for, apartments; a decline in household formation; the inability or unwillingness of residents to pay rent increases; and rent control, rent stabilization and other housing laws, all could prevent us from raising or maintaining rents, and could cause us to reduce rents.

The illiquidity of real estate investments could make it difficult for us to respond to changing economic, financial, and investment conditions or changes in the operating performance of our properties, which could reduce our cash flows and adversely affect results of operations.

Real estate investments are relatively illiquid and may become even more illiquid during periods of economic downturn. As a result, we will have a limited ability to vary our portfolio in response to changes in economic, financial and investment conditions or changes in the operating performance of our properties. We may not be able to sell a property or properties quickly or on favorable terms in response to changes in the economy or other conditions when it otherwise may be prudent to do so. This inability to respond quickly to changes in the performance of our properties as a result of an economic or market downturn could adversely affect our results of operations if we cannot sell an unprofitable property.

We will also have a limited ability to sell assets in order to fund working capital, repay debt and similar capital needs. Our financial condition could be adversely affected if we were, for example, unable to sell one or more of our properties in order to meet our debt obligations upon maturity. We cannot predict whether we will be able to sell any property for the price or on the terms set by us, or whether any price or other terms offered by a prospective purchaser would be acceptable to us. We also cannot predict the length of time needed to find a willing purchaser and to close the sale of a property. We also may be required to expend funds to correct defects or to make improvements before a property can be sold, and we cannot assure you that we will have funds available to correct those defects or to make those improvements. Our inability to dispose of assets at opportune times or on favorable terms could adversely affect our cash flows and results of operations.

Moreover, the Code imposes restrictions on a REIT's ability to dispose of properties that are not applicable to other types of real estate companies. In particular, the tax laws applicable to REITs require that we hold our properties for investment, rather than primarily for sale in the ordinary course of business, which may cause us to forego or defer sales of properties that otherwise would be in our best interests.

Therefore, we may not be able to vary our portfolio promptly in response to economic or other conditions or on favorable terms, which may adversely affect our cash flows, our ability to make distributions to our stockholders and the market price of our common stock.

Properties we purchase may not appreciate or may decrease in value.

The residential real estate market may experience substantial influxes of capital from investors. A substantial flow of capital, combined with significant competition for real estate, may result in inflated purchase prices for such assets. To the extent we purchase real estate in such an environment, we are subject to the risk that, if the real estate market subsequently ceases to attract the same level of capital investment, or if the number of investors seeking to acquire such assets decreases, our returns will be lower and the value of our assets may not appreciate or may decrease significantly.

below the amount we paid for such assets. In addition, if interest rates applicable to financing apartment properties rise, that may negatively affect the values of our properties in any period when capitalization rates for our properties, an important valuation metric, do not make corresponding adjustments.

Increasing real estate taxes, utilities and insurance costs may negatively impact operating results.

Our properties may be subject to increases in tax rates, utility costs, operating expenses, insurance costs, repairs and maintenance, administrative and other expenses. Real estate taxes, utilities costs and insurance premiums, in particular, are subject to significant increases and fluctuations, which can be widely outside of our control. A number of our markets had tax reassessments in 2023 and we expect this to continue in future years. If our costs continue to rise, without being offset by a corresponding increase in rental rates, our results of operations could be negatively impacted, and our ability to pay our dividends and distributions and senior debt could be affected.

We may be unable to secure funds for property improvements, which could reduce cash distributions to our stockholders.

When residents do not renew their leases or otherwise vacate, we may be required to expend funds for capital improvements to the vacated apartment units in order to attract replacement residents. In addition, we may require substantial funds to renovate an apartment property in order to sell, upgrade or reposition it in the market. If our reserves are insufficient to fund these improvements, we may have to obtain financing. We cannot assure you that sufficient financing will be available or, if available, will be available on economically feasible terms or on terms acceptable to us. Moreover, some reserves required by lenders may be designated for specific uses and may not be available for capital improvements to other properties.

The profitability of our acquisitions is uncertain.

We intend to acquire properties selectively. Acquisition of properties entails risks that investments will fail to perform in accordance with expectations. In undertaking acquisitions, we will incur certain risks, including the expenditure of funds on, and the devotion of management's time to, transactions that may not come to fruition. Additional risks inherent in acquisitions include risks that the properties will not achieve anticipated occupancy levels and that estimates of the costs of improvements to bring an acquired property up to standards established for the market position intended for that property may prove inaccurate.

Acquiring or attempting to acquire multiple properties in a single transaction may adversely affect our operations.

We have and may in the future acquire multiple properties in a single transaction. Such portfolio acquisitions are more complex and expensive than single-property acquisitions, and the risk that a multiple-property acquisition does not close may be greater than in a single-property acquisition. Portfolio acquisitions may also result in us owning investments in geographically dispersed markets and placing additional demands on our ability to manage the properties in the portfolio. In addition, a seller may require that a group of properties be purchased as a package even though we may not want to purchase one or more properties in the portfolio. In these situations, if we are unable to identify another person or entity to acquire the unwanted properties, we may be required to operate, or attempt to dispose of, these properties. To acquire multiple properties in a single transaction, we may be required to accumulate a large amount of cash. We expect the returns that we can earn on such cash to be less than the ultimate returns on real property, and therefore, accumulating such cash could reduce the funds available for distributions. Any of the foregoing events may have an adverse effect on our operations.

If we sell properties by providing financing to purchasers, we will bear the risk of default by the purchaser.

If we decide to sell any of our properties, we intend to use commercially reasonable efforts to sell them for cash. However, in some instances, we may sell our properties by providing financing to purchasers. If we provide financing to purchasers, we will bear the risk of default by the purchaser which would reduce the value of our assets, impair our ability to make distributions to our stockholders and reduce the price of our common stock.

Our revenue and net income may vary significantly from one period to another due to investments in value-add properties and portfolio acquisitions, which could increase the variability of our cash distributions.

We may make investments in properties that have existing cash flow which are in various phases of development, redevelopment or repositioning and where we believe that, through capital expenditures, we can achieve enhanced returns (which we refer to as value-add properties), which may cause our revenues and net income to fluctuate significantly from one period to another. Projects do not produce revenue while in development or redevelopment. We have identified a number of properties in our portfolio as value-add properties and intend to make capital expenditures on such properties. During any period when the number of our projects in development or redevelopment or those with significant capital requirements increases without a corresponding increase in stable revenue-producing properties, our revenues and net income will likely decrease, and we could have losses.

Moreover, value-add properties subject us to the risks of higher than expected construction costs, failure to complete projects on a timely basis, failure of the properties to perform at expected levels upon completion of development or redevelopment, and increased borrowings necessary to fund higher than expected construction or other costs related to the project. There can be no assurance that our value-add properties will be developed or repositioned in accordance with the anticipated timing or at the anticipated cost, or that we will achieve the results we expect from these value-add properties. Failure to achieve anticipated results could materially and adversely affect our financial condition and results of operations and ability to make distributions to stockholders.

We have acquired and are developing, and may continue to acquire or develop, properties through joint ventures, and any investment that we may make in joint ventures could be adversely affected by our lack of sole decision-making authority regarding major decisions, our reliance on our joint venture partners' financial condition and ability to perform their obligations, any disputes that may arise between us and our joint venture partners and our exposure to potential losses from the actions of our joint ventures.

We have entered into, and may continue to enter into, joint ventures with third parties to acquire or develop properties. We may also purchase properties in partnerships, co-tenancies or other co-ownership arrangements. Such investments may involve risks not otherwise present when we acquire or develop properties without third parties, including the following:

- a co-venturer or partner may have certain approval rights over major decisions, including as to forms, amounts and timing of equity and debt financing, operating and capital budgets, and timing of sales and liquidations, which may prevent us from taking actions that we believe are in the best interest of our stockholders but are opposed by our co-venturers or partners;
- a co-venturer or partner may at any time have economic or business interests or goals which are or become inconsistent with our business interests or goals, including inconsistent goals relating to the sale of properties held in the joint venture or the timing of termination or liquidation of the joint venture;
- a co-venturer or partner might experience financial distress, become insolvent or bankrupt or fail to fund its share of required capital contributions, which may delay construction or development of a property or increase our financial commitment to the joint venture;
- we may incur liabilities as a result of an action taken by our co-venturer or partner;
- a co-venturer or partner may be in a position to take actions contrary to our instructions, requests, objectives or policies, including our policy with respect to qualifying and maintaining our qualification as a REIT;
- agreements governing joint ventures, limited liability companies and partnerships often contain restrictions on the transfer of a member's or partner's interest or "buy-sell" or other provisions that may result in a purchase or sale of the interest at a disadvantageous time or on disadvantageous terms;
- disputes between us and our co-venturer or partner may result in litigation or arbitration that would increase our expenses and prevent our officers and directors from focusing their time and effort on our business and result in subjecting the properties owned by the joint venture to additional risk; and
- under certain joint venture arrangements, neither venture partner may have the power to control the venture, and an impasse could be reached which may result in a delay of key decisions and such delay may have a negative effect on the joint venture.

Any of these risks could materially and adversely affect our ability to generate and recognize attractive returns on joint venture investments, which could have a material adverse effect on our results of operations, financial condition and distributions to our stockholders.

Risks Associated with Debt Financing

We have and plan to incur mortgage indebtedness and other borrowings and are not limited in the amount or percentage of indebtedness that we may incur, which may increase our business risks.

We have and intend to acquire properties subject to existing financing or by borrowing new funds. In addition, we have and intend to incur additional mortgage debt by obtaining loans secured by some, or all, of our real properties in order to obtain funds to acquire additional real properties and/or make capital improvements to properties. We may also borrow funds, if necessary, to satisfy the requirement that we generally distribute to stockholders as dividends at least 90% of our annual REIT taxable income (computed without regard to dividends paid and excluding net capital gain), or otherwise as is necessary or advisable to assure that we maintain our qualification as a REIT for U.S. federal income tax purposes.

Our Articles of Restatement, which we refer to as our Charter, and our bylaws do not limit the amount or percentage of indebtedness that we may incur. We are subject to risks normally associated with debt financing, including the risk that our cash flows will be insufficient to meet required payments of principal and interest. There can be no assurance that we will be able to refinance any maturing indebtedness, that such refinancing would be on terms as favorable as the terms of the maturing indebtedness or that we will be able to otherwise obtain funds by selling assets or raising equity to make required payments on maturing indebtedness.

In particular, loans obtained to fund property acquisitions may be secured by mortgages or deeds in trust on such properties. If we are unable to make our debt service payments as required, a lender could foreclose on the property or properties securing its debt.

In addition, for U.S. federal income tax purposes, a foreclosure of any of our properties would be treated as a sale of the property for a purchase price equal to the outstanding balance of the debt secured by the mortgage. If the outstanding balance of the debt secured by the mortgage exceeds our tax basis in the property, we would recognize taxable income on foreclosure, but would not receive any cash proceeds. We may, in some circumstances, give a guaranty on behalf of an entity that owns one or more of our properties. In these cases, we will be responsible to the lender for satisfaction of the debt if it is not paid by such entity. If any mortgages contain cross-collateralization or cross-default provisions, there is a risk that we could lose part or all of our investment in multiple properties. Each of these events could in turn cause the value of our common stock and distributions payable to stockholders to be reduced.

Any mortgage debt which we place on properties may prohibit prepayment and/or impose a prepayment penalty upon the sale of a mortgaged property. If a lender invokes these prohibitions or penalties upon the sale of a property or prepayment of a mortgage on a property, the cost to us to sell the property could increase substantially. This could decrease the proceeds from a sale or refinancing or make the sale or refinancing impractical, which may lead to a reduction in our income, reduce our cash flows and adversely impact our ability to make distributions to stockholders.

We may also finance our property acquisitions using interest-only mortgage indebtedness. During the interest-only period, the amount of each scheduled payment will be less than that of a traditional amortizing mortgage loan. The principal balance of the mortgage loan will not be reduced (except in the case of prepayments) because there are no scheduled monthly payments of principal during this period. After the interest-only period, we will be required either to make scheduled payments of amortized principal and interest or to make a lump-sum or "balloon" payment at maturity. These required principal or balloon payments will increase the amount of our scheduled payments and may increase our risk of default under the related mortgage loan. If the mortgage loan has an adjustable interest rate, the amount of our scheduled payments also may increase at a time of rising interest rates. Increased payments and substantial principal or balloon maturity payments will reduce the funds available for distribution to our stockholders because cash otherwise available for distribution will be required to pay principal and interest associated with these mortgage loans.

Lenders may require us to enter into restrictive covenants relating to our operations, which could limit our ability to make distributions to our stockholders.

In providing financing to us, a lender may impose restrictions on us that would affect our ability to incur additional debt, make certain investments, reduce liquidity below certain levels, make distributions to our stockholders and otherwise affect our distribution and operating policies. Our unsecured credit facility and unsecured term loans include restrictions and requirements relating to the incurrence of debt, permitted investments, maximum level of distributions, maintenance of insurance, mergers and sales of assets and transactions with affiliates. We expect that any other loan agreements we enter into will contain similar covenants and may also impose other restrictions and limitations. Any such

covenants, restrictions or limitations may limit our ability to make distributions to you and could make it difficult for us to satisfy the requirements necessary to maintain our qualification as a REIT for U.S. federal income tax purposes.

Lenders may be able to recover against our other properties under our mortgage loans.

In financing our property acquisitions, we may seek to obtain secured nonrecourse loans. However, only recourse financing may be available, in which event, in addition to the property securing the loan, the lender would have the ability to look to our other assets for satisfaction of the debt if the proceeds from the sale or other disposition of the property securing the loan are insufficient to fully repay it. Also, in order to facilitate the sale of a property, we may allow the buyer to purchase the property subject to an existing loan whereby we remain responsible for certain liabilities associated with the debt.

If we are required to make payments under any “bad boy” carve-out guaranties that we may provide in connection with certain mortgages and related loans, our business and financial results could be materially adversely affected.

In obtaining certain nonrecourse loans, we may provide standard carve-out guaranties. These guaranties are only applicable if and when the borrower directly, or indirectly through agreement with an affiliate, joint venture partner or other third party, voluntarily files a bankruptcy or similar liquidation or reorganization action or takes other actions that are fraudulent or improper (commonly referred to as “bad boy” guaranties). Although we believe that “bad boy” carve-out guaranties are not guaranties of payment in the event of foreclosure or other actions of the foreclosing lender that are beyond the borrower’s control, some lenders in the real estate industry have recently sought to make claims for payment under such guaranties. In the event such a claim were made against us under a “bad boy” carve-out guaranty following foreclosure on mortgages or related loan, and such claim were successful, our business and financial results could be materially adversely affected.

Our variable rate indebtedness subjects us to interest rate risk, and interest rate hedges that we may obtain may be costly and ineffective.

As of December 31, 2023, \$835.1 million of our \$2,515.7 million of total outstanding consolidated indebtedness bore interest at variable rates. If interest rates were to increase, our debt service obligations on the variable rate consolidated indebtedness would increase even though the amount borrowed would remain the same, and our net income and cash flows would correspondingly decrease. In order to partially mitigate our exposure to increases in interest rates, we have entered into interest rate swaps and collars on \$750.0 million of our variable rate debt, which involve the exchange of variable for fixed rate interest payments. Taking into account our current interest rate swap and collar agreements, a 100-basis point increase in interest rates would result in a \$0.9 million increase in annual interest expense. See Item 7. “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Liquidity and Capital Resources – Interest Rate Risk and Sensitivity.” To the extent that we use derivative financial instruments to hedge our exposure to variable rate consolidated indebtedness, we may be exposed to credit, basis and legal enforceability risks. Derivative financial instruments may include interest rate swap contracts, interest rate cap or floor contracts, futures or forward contracts, options or repurchase agreements. In this context, credit risk is the failure of the counterparty to perform under the terms of the derivative contract. If the fair value of a derivative contract is positive, the counterparty owes us, which creates credit risk for us. Basis risk occurs when the index upon which the contract is based is more or less variable than the index upon which the hedged asset or liability is based, thereby making the hedge less effective. Finally, legal enforceability risks encompass general contractual risks, including the risk that the counterparty will breach the terms of, or fail to perform its obligations under, the derivative contract. Moreover, hedging strategies involve transaction and other costs. If we are unable to manage these risks and costs effectively, our results of operations, financial condition and ability to make distributions may be adversely affected.

Some of our outstanding mortgage indebtedness contains, and we may in the future acquire or finance properties with, lock-out provisions, which may prohibit us from selling a property, or may require us to maintain specified debt levels for a period of years on some properties.

A lock-out provision is a provision that prohibits the prepayment of a loan during a specified period of time. Lock-out provisions may include terms that provide strong financial disincentives for borrowers to prepay their outstanding loan balance and exist in order to protect the yield expectations of lenders. Some of our outstanding mortgage indebtedness is, and we expect that many of our properties will be, subject to lock-out provisions. Lock-out provisions could materially restrict us from selling or otherwise disposing of or refinancing properties when we may desire to do so. Lock-out

provisions may prohibit us from reducing the outstanding indebtedness with respect to any properties, refinancing such indebtedness on a non-recourse basis at maturity, or increasing the amount of indebtedness with respect to such properties. Lock-out provisions could impair our ability to take other actions during the lock-out period that could be in the best interests of our stockholders and, therefore, may have an adverse impact on the value of our shares relative to the value that would result if the lock-out provisions did not exist. In particular, lock-out provisions could preclude us from participating in major transactions that could result in a disposition of our assets or a change in control even though that disposition or change in control might be in the best interests of our stockholders.

Complying with REIT requirements may limit our ability to hedge risk effectively.

The REIT provisions of the Code may limit our ability to hedge the risks inherent to our operations. Any income or gain derived by us from transactions that hedge certain risks, such as the risk of changes in interest rates, will not be treated as gross income for purposes of either the 75% or the 95% Gross Income Test, as defined in Exhibit 99.1 "Material U.S. Federal Income Tax Considerations" of this report, provided specific requirements are met. Such requirements include that the hedging transaction be properly identified within prescribed time periods and that the transaction either (i) hedges risks associated with indebtedness issued by us that is incurred to acquire or carry real estate assets or (ii) manages the risks of currency fluctuations with respect to income or gain that qualifies under the 75% or 95% Gross Income Test (or assets that generate such income). To the extent that we do not properly identify such transactions as hedges, hedge with other types of financial instruments, or hedge other types of indebtedness, the income from those transactions will not be treated as qualifying income for purposes of the 75% and 95% Gross Income Tests. As a result of these rules, we may have to limit the use of hedging techniques that might otherwise be advantageous, which could result in greater risks associated with interest rate or other changes than we would otherwise incur.

There is refinancing risk associated with our debt.

We expect that we will incur additional indebtedness in the future. Certain of our outstanding debt contains, and we may in the future acquire or finance properties with debt containing, limited or no principal amortization, which would require that the principal be repaid at the maturity of the loan in a so-called "balloon payment." As of December 31, 2023, the financing arrangements of our outstanding indebtedness could require us to make lump-sum or "balloon" payments of approximately \$2,401.6 million at maturity dates that range from 2024 to 2030. At the maturity of these loans, assuming we do not have sufficient funds to repay the debt, we will need to refinance the debt. If the credit environment is constrained at the time of our debt maturities, we would have a very difficult time refinancing debt. In addition, for certain loans, we locked in our fixed-rate debt at a point in time when we were able to obtain favorable interest rate, principal payments and other terms. When we refinance our debt, prevailing interest rates and other factors may result in us paying a greater amount of debt service, which will adversely affect our cash flow and our ability to make distributions to our stockholders. If we are unable to refinance our debt on acceptable terms, we may be forced to choose from a number of unfavorable options, including agreeing to otherwise unfavorable financing terms on one or more of our unencumbered assets, selling one or more properties at disadvantageous terms, including unattractive prices, or defaulting on the mortgage and permitting the lender to foreclose. Any one of these options could have a material adverse effect on our business, financial condition, results of operations and our ability to make distributions to our stockholders.

High mortgage rates and/or unavailability of mortgage debt may make it difficult for us to finance or refinance properties, which could reduce the number of properties we can acquire, our net income and the amount of cash distributions we can make.

If mortgage debt is unavailable at reasonable rates, we may not be able to finance the purchase of properties. If we place mortgage debt on properties, we may be unable to refinance the properties when the loans become due, or to refinance on favorable terms. If interest rates are higher when we refinance our properties, our income could be reduced. If any of these events occur, our cash flow could be reduced. This, in turn, could reduce cash available for distribution to our security holders and may hinder our ability to raise more capital by issuing more stock or by borrowing more money.

Some of our mortgage loans may have "due on sale" provisions, which may impact the manner in which we acquire, sell and/or finance our properties.

In purchasing properties subject to financing, we may obtain financing with "due-on-sale" and/or "due-on-encumbrance" clauses. Due-on-sale clauses in mortgages allow a mortgage lender to demand full repayment of the mortgage loan if the borrower sells the mortgaged property. Similarly, due-on-encumbrance clauses allow a mortgage lender to demand full repayment if the borrower uses the real estate securing the mortgage loan as security for another loan.

In such event, we may be required to sell our properties on an all-cash basis, to acquire new financing in connection with the sale, or to provide seller financing which may make it more difficult to sell the property or reduce the selling price.

We may be adversely affected by our use of SOFR as the base rate for our unsecured debt due to SOFR's limited history and its potential to be volatile.

The credit agreement governing our unsecured revolving credit facility and unsecured term loans (the "Unsecured Credit Agreement") provided that on July 1, 2023 or earlier, the benchmark for our London Interbank Offer Rate ("LIBOR") based debt would be determined using the Secured Overnight Financing Rate ("SOFR"), unless SOFR was unavailable.

On July 25, 2022, we restructured our Revolving Credit Facility to provide for interest to be based on SOFR rather than LIBOR. As of December 31, 2023, we had \$834.5 million of such unsecured debt and interest rate swaps and collars with an aggregate notional value of \$750.0 million outstanding that were indexed to SOFR. In addition, we had \$265.5 million of available liquidity under our Revolving Credit Facility that would be indexed to SOFR upon borrowing.

The publication of SOFR began in April 2018, and, therefore, it has a limited history. In addition, the future performance of SOFR cannot be predicted based on the limited historical performance. Future levels of SOFR may bear little or no relation to the historical actual or historical indicative SOFR data. Prior observed patterns, if any, in the behavior of market variables and their relation to SOFR, such as correlations, may change in the future. While some pre-publication historical data has been released by the Federal Reserve Bank of New York ("FRBNY"), production of such historical indicative SOFR data inherently involves assumptions, estimates and approximations. No future performance of SOFR may be inferred from any of the historical actual or historical indicative SOFR data. Hypothetical or historical performance data are not indicative of, and have no bearing on, the potential performance of SOFR.

Since the initial publication of SOFR, daily changes in the rate have, on occasion, been more volatile than daily changes in other benchmark or market rates, such as USD LIBOR, during corresponding periods. In addition, although changes in term SOFR and compounded SOFR generally are not expected to be as volatile as changes in SOFR on a daily basis, the return on, value of and market for the SOFR notes may fluctuate more than floating rate debt securities with interest rates based on less volatile rates.

Compliance with Laws

We are subject to significant regulations, which could adversely affect our results of operations through increased costs and/or an inability to pursue business opportunities.

Local zoning and land use laws, environmental statutes and other governmental requirements may restrict or increase the costs of our development, expansion, renovation and reconstruction activities and thus may prevent or delay us from taking advantage of business opportunities. Failure to comply with these requirements could result in the imposition of fines, awards to private litigants of damages against us, substantial litigation costs and substantial costs of remediation or compliance. In addition, we cannot predict what requirements may be enacted in the future or that such requirements will not increase our costs of regulatory compliance or prohibit us from pursuing business opportunities that could be profitable to us, which could adversely affect our results of operations.

The costs of compliance with environmental laws and regulations may adversely affect our net income and the cash available for any distributions.

All real property and the operations conducted on real property are subject to federal, state and local laws and regulations relating to environmental protection and human health and safety. Examples of federal laws include: the National Environmental Policy Act, the Comprehensive Environmental Response, Compensation, and Liability Act, the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act, the Federal Water Pollution Control Act, the Federal Clean Air Act, the Toxic Substances Control Act, the Emergency Planning and Community Right to Know Act and the Hazard Communication Act. These laws and regulations generally govern wastewater discharges, air emissions, the operation and removal of underground and above ground storage tanks, the use, storage, treatment, transportation and disposal of solid and hazardous materials, and the remediation of contamination associated with disposals. Some of these laws and regulations may impose joint and several liability on residents, owners or operators for the costs of investigation or remediation of contaminated properties, regardless of fault or the legality of the original disposal.

Under various federal, state and local environmental laws, ordinances and regulations, a current or previous owner or operator of real property may be liable for the cost of removal or remediation of hazardous or toxic substances on, under or in such property. The costs of removal or remediation could be substantial. These laws often impose liability whether or not the owner or operator knew of, or was responsible for, the presence of the hazardous or toxic substances. In addition, the presence of these substances, or the failure to properly remediate these substances, may adversely affect our ability to sell or rent the property or to use the property as collateral for future borrowing.

Environmental laws also may impose restrictions on the manner in which property may be used or businesses may be operated, and these restrictions may require substantial expenditures. Environmental laws provide for sanctions in the event of noncompliance and may be enforced by governmental agencies or, in certain circumstances, by private parties. Certain environmental laws and common law principles govern the presence, maintenance, removal and disposal of certain building materials, including asbestos and lead-based paint. Such hazardous substances could be released into the air and third parties may seek recovery from owners or operators of real properties for personal injury or property damage associated with exposure to released hazardous substances.

In addition, if any property in our portfolio is not properly connected to a water or sewer system, or if the integrity of such systems is breached, microbial matter or other contamination can develop. If this were to occur, we could incur significant remedial costs and we may also be subject to private damage claims and awards, which could be material. If we become subject to claims in this regard, it could materially and adversely affect us.

Property values may also be affected by the proximity of such properties to electric transmission lines. Electric transmission lines are one of many sources of electro-magnetic fields ("EMFs"), to which people may be exposed. Research completed regarding potential health concerns associated with exposure to EMFs has produced inconclusive results. Notwithstanding the lack of conclusive scientific evidence, some states now regulate the strength of electric and magnetic fields emanating from electric transmission lines and other states have required transmission facilities to measure for levels of EMFs. On occasion, lawsuits have been filed (primarily against electric utilities) that allege personal injuries from exposure to transmission lines and EMFs, as well as from fear of adverse health effects due to such exposure. This fear of adverse health effects from transmission lines may be considered both when property values are determined to obtain financing and in condemnation proceedings. We may not, in certain circumstances, search for electric transmission lines near our properties, but are aware of the potential exposure to damage claims by persons exposed to EMFs.

The cost of defending against such claims of liability, of compliance with environmental regulatory requirements, of remediating any contaminated property, or of paying personal injury claims could materially adversely affect our business, assets or results of operations and, consequently, amounts available for distribution to our stockholders.

We cannot provide any assurance properties which we acquire will not have any material environmental conditions, liabilities or compliance concerns. Accordingly, we have no way of determining at this time the magnitude of any potential liability to which we may be subject arising out of environmental conditions or violations with respect to the properties we own.

Costs associated with addressing indoor air quality issues, moisture infiltration and resulting mold remediation may be costly.

As a general matter, concern about indoor exposure to mold or other air contaminants has been increasing as such exposure has been alleged to have a variety of adverse effects on health. As a result, there have been a number of lawsuits in our industry against owners and managers of multifamily communities relating to indoor air quality, moisture infiltration and resulting mold. Some of our properties may contain microbial matter such as mold and mildew. The terms of our property and general liability policies generally exclude certain mold-related claims. Should an uninsured loss arise against us, we would be required to use our funds to resolve the issue, including litigation costs. We can offer no assurance that liabilities resulting from indoor air quality, moisture infiltration and the presence of or exposure to mold will not have a future impact on our business, results of operations and financial condition.

Our costs associated with and the risk of failing to comply with the Americans with Disabilities Act may affect our net income.

We generally expect that our properties will be subject to the Americans with Disabilities Act of 1990, as amended (the "Disabilities Act"). Under the Disabilities Act, all places of public accommodation are required to comply with federal requirements related to access and use by disabled persons. The Disabilities Act has separate compliance

requirements for "public accommodations" and "commercial facilities" that generally require that buildings and services be made accessible and available to people with disabilities. The Disabilities Act does not, however, consider residential properties, such as multifamily properties, to be public accommodations or commercial facilities, except to the extent portions of such facilities, such as a leasing office, are open to the public. The Disabilities Act's requirements could require removal of access barriers and could result in the imposition of injunctive relief, monetary penalties or, in some cases, an award of damages. We will attempt to acquire properties that comply with the Disabilities Act or place the burden on the seller or a third party to ensure compliance with such laws. However, we cannot assure you that we will be able to acquire properties or allocate responsibilities in this manner. If we cannot, costs in complying with these laws may adversely affect our results of operations, financial condition and ability to make distributions to our stockholders.

We must comply with the Fair Housing Amendments Act of 1988 (the "FHAA"), and failure to comply could result in substantial costs.

We must comply with the FHAA, which requires that apartment properties first occupied after March 13, 1991 be accessible to handicapped residents and visitors. As with the Disabilities Act, compliance with the FHAA could require removal of structural barriers to handicapped access in a community, including the interiors of apartment units covered under the FHAA. There has been heightened scrutiny of apartment housing properties for compliance with the requirements of the FHAA and the Disabilities Act and an increasing number of substantial enforcement actions and private lawsuits have been brought against apartment communities to ensure compliance with these requirements. Noncompliance with the FHAA could result in the imposition of fines, awards of damages to private litigants, payment of attorneys' fees and other costs to plaintiffs, substantial litigation costs and substantial costs of remediation.

The adoption of, or changes to, rent control, rent stabilization, eviction, tenants' rights and similar laws and regulations in our markets could have an adverse effect on our results of operations and property values.

Various state and local governments have enacted and may continue to enact rent control, rent stabilization, or limitations, and similar laws and regulations that could limit our ability to raise rents or charge certain fees, including laws or court orders, either of which could have a retroactive effect. We have seen a recent increase in governments enacting or considering, or being urged to consider, such laws and regulations. Federal, state and local governments or courts also have made, and may make in the future, changes to laws related to allowable fees and rents, eviction, resident screening and other tenants' rights laws and regulations (including changes in response to the COVID-19 pandemic and other changes that apply retroactively) that could adversely impact our results of operations and the value of our properties. Laws and regulations regarding rent control, rent stabilization, eviction, resident screening, tenants' rights, and similar matters, as well as any lawsuits against us arising from such laws and regulations, may limit our ability to charge market rents, limit our ability to increase rents, evict delinquent tenants or charge fees, or recover increases in our operating expenses, which could have an adverse effect on our results of operations and the value of our properties.

United States Federal Income Tax Risks

Legislative or regulatory action could adversely affect the returns to our investors.

Legislative, regulatory or administrative changes could be enacted or promulgated at any time, either prospectively or with retroactive effect, and may adversely affect us and/or our stockholders. We cannot predict if or when any new federal income tax law, regulation or administrative interpretation, or any amendment to any existing federal income tax law, regulation or administrative interpretation, will be adopted, promulgated or become effective or whether any such law, regulation or interpretation may take effect retroactively. We and our shareholders could be adversely affected by any such change in, or any new, federal income tax law, regulation or administrative interpretation.

We urge you to consult with your own tax advisor with respect to the status of legislative, regulatory or administrative developments and proposals and their potential effect on an investment in shares of our common stock.

Dividends paid by REITs do not qualify for the reduced tax rates provided under current law.

Dividends paid by REITs are generally not eligible for the 20% maximum tax rate that applies to qualified dividend income of individuals. The more favorable rates applicable to qualified dividend income could cause stockholders who are individuals to perceive investments in REITs to be relatively less attractive than investments in the stock of non-REIT corporations that pay dividends to which more favorable rates apply, which could reduce the value of the stocks of REITs. However, under the Tax Cuts and Jobs Act (the "TCJA"), for taxable years beginning prior to January 1, 2026, ordinary income dividends from REITs are treated as income from a pass-through entity and are eligible for a 20%

deduction. As a result, until the end of 2025, our ordinary income dividends will be taxed at 80% of an individual's marginal tax rate. The current maximum rate for individuals is 37%, resulting in a maximum tax rate of 29.6% on our dividends after application of the 20% deduction. Dividends from REITs as well as regular corporate dividends will also be subject to a 3.8% Medicare surtax for taxpayers with modified adjusted gross income above \$200,000 (if single) or \$250,000 (if married and filing jointly).

We may decide to borrow funds to satisfy our REIT minimum distribution requirements, which could adversely affect our overall financial performance.

We may decide to borrow funds in order to meet the REIT minimum distribution requirements even if our management believes that the then prevailing market conditions generally are not favorable for such borrowings or that such borrowings would not be advisable in the absence of such tax considerations. If we borrow money to meet the REIT minimum distribution requirements or for other working capital needs, our expenses will increase, our net income will be reduced by the amount of interest we pay on the money we borrow and we will be obligated to repay the money we borrow from future earnings or by selling assets, any or all of which may decrease future distributions to stockholders.

If we fail to maintain our qualification as a REIT, we will be subject to tax on our income, and the amount of distributions we make to our stockholders will be less.

We intend to maintain our qualification as a REIT under the Code. A REIT generally is not taxed at the corporate level on income and gains that it distributes to its stockholders on a timely basis. We do not intend to request a ruling from the Internal Revenue Service (the "IRS"), as to our REIT status. Qualification as a REIT involves the application of highly technical and complex rules for which there are only limited judicial or administrative interpretations. The determination of various factual matters and circumstances not entirely within our control may affect our ability to continue to qualify as a REIT. In addition, new legislation, regulations, administrative interpretations or court decisions could significantly change the tax laws with respect to qualification as a REIT or the U.S. federal income tax consequences of such qualification, including changes with retroactive effect.

If we fail to qualify as a REIT in any taxable year:

- we would not be allowed to deduct our distributions to our stockholders when computing our taxable income;
- we would be subject to U.S. federal income tax (including any applicable alternative minimum tax in tax years beginning before January 1, 2018) on our taxable income at regular corporate rates;
- for tax years beginning after December 31, 2022, we would possibly also be subject to certain taxes enacted by the Inflation Reduction Act of 2022 that are applicable to non-REIT corporations such as the nondeductible one percent excise tax on certain stock repurchases;
- we generally would be disqualified from being taxed as a REIT for the four taxable years following the year during which qualification was lost, unless entitled to relief under certain statutory provisions;
- we would have less cash to make distributions to our stockholders; and
- we might be required to borrow additional funds or sell some of our assets in order to pay corporate tax obligations we may incur as a result of our disqualification.

Although our organization and current and proposed method of operation is intended to enable us to maintain our qualification to be taxed as a REIT, it is possible that future economic, market, legal, tax or other considerations may cause our board of directors to revoke our REIT election. Even if we maintain our qualification to be taxed as a REIT, we expect to incur some taxes, such as state and local taxes, taxes imposed on certain subsidiaries and potential U.S. federal excise taxes.

We encourage you to read Exhibit 99.1- "Material U.S. Federal Income Tax Considerations" to this report for further discussion of the tax issues related to an investment in us.

The ability of our Board of Directors to revoke our REIT election without stockholder approval may cause adverse consequences to our stockholders.

Our Charter provides that our Board of Directors may revoke or otherwise terminate our REIT election, without the approval of our stockholders, if it determines that it is no longer in our best interest to continue to maintain our qualification as a REIT. If we cease to maintain our qualification as a REIT, we would become subject to U.S. federal

income tax on our taxable income without the benefit of the dividends paid deduction and would no longer be required to distribute most of our taxable income to our stockholders, which may have adverse consequences on the total return to our stockholders.

To maintain our qualification as a REIT, we must meet annual distribution requirements, which may result in our distributing amounts that may otherwise be used for our operations.

To obtain the favorable tax treatment accorded to REITs, we generally are required each year to distribute to our stockholders at least 90% of our REIT taxable income (excluding net capital gain), determined without regard to the deduction for distributions paid. We are subject to U.S. federal income tax on our undistributed taxable income and net capital gain and to a 4% nondeductible excise tax on any amount by which distributions we pay with respect to any calendar year are less than the sum of (i) 85% of our ordinary income, (ii) 95% of our capital gain net income and (iii) 100% of our undistributed income from prior years. These requirements could cause us to distribute amounts that otherwise would be spent on investments in real estate assets, and it is possible that we might be required to borrow funds, possibly at unfavorable rates, or sell assets to fund these distributions. Although we intend to make distributions sufficient to meet the annual distribution requirements and to avoid U.S. federal income and excise taxes on our earnings, it is possible that we might not always be able to do so.

Complying with REIT requirements may cause us to forgo otherwise attractive opportunities.

To maintain our qualification as a REIT, we must continually satisfy various tests regarding sources of income, nature and diversification of assets, amounts distributed to stockholders and the ownership of shares of our capital stock. In order to satisfy these tests, we may be required to forgo investments that might otherwise be made. We may be required to make distributions to stockholders at times when it would be more advantageous to reinvest cash in our business or when we do not have funds readily available for distribution. Accordingly, compliance with the REIT requirements may hinder our ability to operate solely on the basis of maximizing profits and adversely affect the trading price of our common stock.

In particular, at least 75% of our total assets at the end of each calendar quarter must consist of real estate assets, government securities, and cash or cash items. For this purpose, "real estate assets" generally include interests in real property, such as land, buildings, leasehold interests in real property, stock of other entities that qualify as REITs, interests in mortgage loans secured by real property, investments in stock or debt instruments during the one-year period following the receipt of new capital and regular or residual interests in a real estate mortgage investment conduit. In addition, the amount of securities of a single issuer that we hold, other than securities qualifying under the 75% asset test and certain other securities, must generally not exceed either 5% of the value of our gross assets or 10% of the vote or value of such issuer's outstanding securities.

A REIT's net income from prohibited transactions is subject to a 100% penalty tax. In general, prohibited transactions are sales or other dispositions of property, other than foreclosure property, held in inventory or primarily for sale to customers in the ordinary course of business. It may be possible to reduce the impact of the prohibited transaction tax and the holding of assets not qualifying as real estate assets for purposes of the REIT asset tests by conducting certain activities, or holding non-qualifying REIT assets through a taxable REIT subsidiary (a "TRS"), subject to certain limitations as described below. To the extent that we engage in such activities through a TRS, the income associated with such activities will be subject to full U.S. federal corporate income tax.

Certain of our business activities are potentially subject to the prohibited transaction tax, which could reduce the return on any investment in our securities.

Our ability to dispose of property is restricted to a substantial extent as a result of our REIT status. Under applicable provisions of the Code regarding prohibited transactions by REITs, we will be subject to a 100% tax on any gain recognized on the sale or other disposition of any property (other than foreclosure property) that we own, directly or through any subsidiary entity, including IROP, but excluding a TRS, that is deemed to be inventory or property held primarily for sale to customers in the ordinary course of trade or business. Whether property is inventory or otherwise held primarily for sale to customers in the ordinary course of a trade or business depends on the particular facts and circumstances surrounding each property. No assurance can be given that any particular property we own, directly or through any subsidiary entity, including IROP, but excluding a "TRS", will not be treated as inventory or property held primarily for sale to customers in the ordinary course of a trade or business.

The use of TRSs would increase our overall tax liability.

Some of our assets may need to be owned or sold, or some of our operations may need to be conducted by TRSs. We do not currently have significant operations through a TRS but may in the future. A TRS will be subject to U.S. federal and state income tax on its taxable income. The after-tax net income of a TRS would be available for distribution to us. Further, we will incur a 100% excise tax on transactions with a TRS that are not conducted on an arm's-length basis. For example, to the extent that the rent paid by a TRS exceeds an arm's-length rental amount, such amount is potentially subject to the excise tax. We intend that all transactions between us and any TRS we form will be conducted on an arm's-length basis, and, therefore, any amounts paid to us by any TRS we form to us will not be subject to the excise tax. However, no assurance can be given that no excise tax would arise from such transactions.

If our operating partnership, IROP, is not treated as a partnership or disregarded entity for U.S. federal income tax purposes, its income may be subject to taxation.

We intend to maintain the status of IROP as a partnership or disregarded entity for U.S. federal income tax purposes. However, if the IRS were to successfully challenge the status of IROP as a partnership or disregarded entity for such purposes, it would be taxable as a corporation. In such event, this would reduce the amount of distributions that IROP could make to us. This would also result in our losing REIT status, and becoming subject to a corporate level tax on our own income. This would substantially reduce our cash available to pay distributions and the yield on any investment in our securities. In addition, if any of the partnerships or limited liability companies through which IROP owns its properties, in whole or in part, loses its characterization as a partnership for U.S. federal income tax purposes, it would be subject to taxation as a corporation, thereby reducing distributions to IROP. Such a recharacterization of an underlying property owner could also threaten our ability to maintain REIT status.

Distributions to tax-exempt investors may be classified as unrelated business taxable income, or UBTI, and tax-exempt investors would be required to pay tax on such income and to file income tax returns.

Neither ordinary nor capital gain distributions with respect to our common stock nor gain from the sale of stock should generally constitute UBTI to a tax-exempt investor. However, there are certain exceptions to this rule, including:

- under certain circumstances, part of the income and gain recognized by certain qualified employee pension trusts with respect to our stock may be treated as UBTI if our stock is predominately held by qualified employee pension trusts, such that we are a "pension-held" REIT (which we do not expect to be the case);
- part of the income and gain recognized by a tax-exempt investor with respect to our stock would constitute UBTI if such investor incurs debt in order to acquire our common stock; and
- part or all of the income or gain recognized with respect to our stock held by social clubs, voluntary employee benefit associations, supplemental unemployment benefit trusts and qualified group legal services plans 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.

We encourage you to consult your own tax advisor to determine the tax consequences applicable to you if you are a tax-exempt investor.

Distributions to foreign investors may be treated as an ordinary income distribution to the extent that it is made out of current or accumulated earnings and profits.

In general, foreign investors will be subject to regular U.S. federal income tax with respect to their investment in our stock if the income derived therefrom is "effectively connected" with the foreign investor's conduct of a trade or business in the United States. A distribution to a foreign investor that is not attributable to gain realized by us from the sale or exchange of a "U.S. real property interest" within the meaning of the Foreign Investment in Real Property Tax Act of 1980, as amended, "FIRPTA" will be treated as an ordinary income distribution to the extent that it is made out of current or accumulated earnings and profits (as determined for U.S. federal income tax purposes). Generally, any ordinary income distribution will be subject to a U.S. withholding tax equal to 30% of the gross amount of the distribution, unless this tax is reduced by the provisions of an applicable treaty.

Foreign investors may be subject to FIRPTA tax upon the sale of their shares of our stock.

A foreign investor disposing of a U.S. real property interest, including shares of stock of a U.S. corporation whose assets consist principally of U.S. real property interests, is generally subject to FIRPTA tax on the gain recognized on the

disposition. Such FIRPTA tax does not apply, however, to the disposition of stock in a REIT if the REIT is "domestically controlled." A REIT is "domestically controlled" if less than 50% of the REIT's stock, by value, has been owned directly or indirectly by persons who are not U.S. persons during a continuous five-year period ending on the date of disposition or, if shorter, during the entire period of the REIT's existence. While we intend to qualify as "domestically controlled," we cannot assure you that we will. If we were to fail to so qualify, gain realized by foreign investors on a sale of shares of our stock would be subject to FIRPTA tax, unless the shares of our stock were traded on an established securities market and the foreign investor did not at any time during a specified testing period directly or indirectly own more than 10% of the value of our outstanding common stock.

Foreign investors may be subject to FIRPTA tax upon a capital gain dividend.

A foreign investor may be subject to FIRPTA tax upon the payment of any capital gain dividend by us if such dividend is attributable to gain from sales or exchanges of U.S. real property interests, unless the shares of our stock were traded on an established securities market and the foreign investor did not at any time during a specified testing period directly or indirectly own more than 10% of the value of our outstanding common stock.

We encourage you to consult your own tax advisor to determine the tax consequences applicable to you if you are a foreign investor.

We may make distributions consisting of both stock and cash, in which case stockholders may be required to pay income taxes in excess of the cash distributions they receive.

We may make distributions that are paid in cash and stock at the election of each stockholder and may distribute other forms of taxable stock dividends. Taxable stockholders receiving such distributions will be required to include the full amount of the distributions as ordinary income to the extent of our current and accumulated earnings and profits for U.S. federal income tax purposes. As a result, stockholders may be required to pay income taxes with respect to such distributions in excess of the cash received. If a stockholder sells the stock that it receives in order to pay this tax, the sales proceeds may be less than the amount included in income with respect to the distribution, depending on the market price of our stock at the time of the sale. Furthermore, in the case of certain non-U.S. stockholders, we may be required to withhold federal income tax with respect to taxable dividends, including taxable dividends that are paid in stock. In addition, if a significant number of our stockholders decide to sell their shares in order to pay taxes owed with respect to taxable stock dividends, it may put downward pressure on the trading price of our stock.

Our stockholders may be restricted from acquiring or transferring certain amounts of our common stock.

Certain provisions of the Code and the stock ownership limits in our Charter may inhibit market activity in our capital stock and restrict our business combination opportunities. In order to maintain our qualification as a REIT, five or fewer individuals, as defined in the Code, may not own, beneficially or constructively, more than 50% in value of our issued and outstanding stock at any time during the last half of a taxable year. Attribution rules in the Code determine if any individual or entity beneficially or constructively owns our capital stock under this requirement. Additionally, at least 100 persons must beneficially own our capital stock during at least 335 days of a taxable year. To help ensure that we meet these tests, our Charter restricts the acquisition and ownership of shares of our stock.

Our Charter, with certain exceptions, authorizes our Board of Directors to take such actions as are necessary and desirable to preserve our qualification as a REIT. Unless exempted by our Board of Directors, our Charter prohibits any person from beneficially or constructively owning more than 9.8% in value or number of shares, whichever is more restrictive, of the outstanding shares of our common stock or capital stock. Our Board of Directors may not grant an exemption from these restrictions to any proposed transferee whose ownership in excess of ownership limits would result in our failing to maintain our qualification as a REIT. These restrictions on transferability and ownership will not apply, however, if our Board of Directors determines that it is no longer in our best interest to continue to maintain our qualification as a REIT.

Risks Related to Our Organization and Structure

The Maryland General Corporation Law prohibits certain business combinations, which may make it more difficult for us to be acquired.

Under the Maryland General Corporation Law, "business combinations" between a Maryland corporation and an "interested stockholder" or an affiliate of an interested stockholder are prohibited for five years after the most recent date

on which the interested stockholder became an interested stockholder. These business combinations include a merger, consolidation, share exchange, or in circumstances specified in the statute, an asset transfer or issuance or reclassification of equity securities. An interested stockholder is defined as (i) any person who beneficially owns 10% or more of the voting power of the then outstanding voting stock of the corporation; or (ii) an affiliate or associate of the corporation who, at any time within the two-year period prior to the date in question, was the beneficial owner of 10% or more of the voting power of the then outstanding stock of the corporation.

A person is not an interested stockholder under the statute if the board of directors approved in advance the transaction by which the person otherwise would have become an interested stockholder. However, in approving a transaction, the board of directors may provide that its approval is subject to compliance, at or after the time of approval, with any terms and conditions determined by the board.

After the expiration of the five-year period described above, any business combination between the Maryland corporation and an interested stockholder must generally be recommended by the board of directors of the corporation and approved by the affirmative vote of at least:

- 80% of the votes entitled to be cast by holders of the then outstanding shares of voting stock of the corporation; and
- two-thirds of the votes entitled to be cast by holders of voting stock of the corporation, other than shares held by the interested stockholder with whom or with whose affiliate the business combination is to be effected, or held by an affiliate or associate of the interested stockholder.

These super-majority vote requirements do not apply if the corporation's common stockholders receive a minimum price, as defined under the Maryland General Corporation Law, for their shares in the form of cash or other consideration in the same form as previously paid by the interested stockholder for its shares. The Maryland General Corporation Law also permits various exemptions from these provisions, including business combinations that are exempted by the board of directors before the time that the interested stockholder becomes an interested stockholder. Pursuant to the statute, our board of directors has by resolution exempted business combinations between us and any other person from these provisions of the Maryland General Corporation Law, provided that the business combination is first approved by our board of directors and, consequently, the five year prohibition and the supermajority vote requirements will not apply to such business combinations. As a result, any person approved by our board of directors will be able to enter into business combinations with us that may not be in the best interests of our stockholders without compliance by us with the supermajority vote requirements and other provisions of the statute. This resolution, however, may be altered or repealed in whole or in part at any time. If this resolution is repealed, or our board of directors does not otherwise approve a business combination, the statute may discourage others from trying to acquire control of us and increase the difficulty of consummating any offer.

Stockholders have limited control over changes in our policies and operations.

Our board of directors determines our major policies, including those regarding our investment objectives and strategies, financing, growth, debt capitalization, REIT qualification and distributions. Our board of directors may amend or revise these and other policies without a vote of the stockholders. Under our Charter, and bylaws and the Maryland General Corporation Law, our stockholders generally have a right to vote only on the following matters:

- the election or removal of directors;
- certain mergers, consolidations, statutory share exchanges and transfers of assets;
- our dissolution;
- adoption, amendment, alteration or repeal of provisions in our bylaws;
- the amendment of our charter, except that our board of directors may amend our charter without stockholder approval to:
 - change our name;
 - change the name or other designation or the par value of any class or series of stock and the aggregate par value of our stock;
 - increase or decrease the aggregate number of our authorized shares;
 - increase or decrease the number of our shares of any class or series of stock that we have the authority to issue; and
 - effect certain reverse stock splits.

All other matters are subject to the discretion of our board of directors.

Our authorized but unissued shares of common and preferred stock may prevent a change in our control.

Our Charter authorizes us to issue additional authorized but unissued shares of common or preferred stock. In addition, our board of directors may, without stockholder approval, amend our Charter from time to time to increase or decrease the aggregate number of shares of our stock or the number of shares of stock of any class or series that we have authority to issue and classify or reclassify any unissued shares of common or preferred stock into other classes or series of stock and set the preferences, rights and other terms of the classified or reclassified shares. As a result, our board of directors may establish a series of common or preferred stock that could delay or prevent a transaction or a change in control that might involve a premium price for our common stock or otherwise be in the best interest of our stockholders.

Because of our holding company structure, we depend on our operating partnership, IROP, and its subsidiaries for cash flow; however, we will be structurally subordinated in right of payment to the obligations of IROP and its subsidiaries.

We are a holding company with no business operations of our own. Our only significant asset is and will be the partnership interests in IROP. We conduct, and intend to continue to conduct, all of our business operations through IROP. Accordingly, our only source of cash to pay our obligations is distributions from IROP and its subsidiaries of their net earnings and cash flows. We cannot assure you that IROP or its subsidiaries will be able to, or be permitted to, make distributions to us that will enable us to make distributions to our stockholders from cash flows from operations. Each of IROP's subsidiaries is a distinct legal entity and, under certain circumstances, legal and contractual restrictions may limit our ability to obtain cash from such entities. In addition, because we are a holding company, your claims as stockholders will be structurally subordinated to all existing and future liabilities and obligations of IROP and its subsidiaries. Therefore, in the event of our bankruptcy, liquidation or reorganization, our assets and those of IROP and its subsidiaries will be able to satisfy your claims as stockholders only after all of our and IROP's and its subsidiaries' liabilities and obligations have been paid in full.

Our rights and the rights of our stockholders to recover on claims against our directors are limited, which could reduce your and our recovery against them if they negligently cause us to incur losses.

The Maryland General Corporation Law provides that a director has no liability in such capacity if he or she performs his or her duties in good faith, in a manner he or she reasonably believes to be in our best interests and with the care that an ordinarily prudent person in a like position would use under similar circumstances. In addition, our directors and officers will not be liable to us or our stockholders for monetary damages unless the director or officer actually received an improper benefit or profit in money, property or services, or is adjudged to be liable to us or our stockholders based on a finding that his or her action, or failure to act, was the result of active and deliberate dishonesty and was material to the cause of action adjudicated in the proceeding. We will indemnify and advance expenses to our directors and officers to the maximum extent permitted by the Maryland General Corporation Law and we are permitted to purchase and maintain insurance or provide similar protection on behalf of any directors, officers, employees and agents, against any liability asserted which was incurred in any such capacity with us or arising out of such status.

Our bylaws designate the Circuit Court for Baltimore City, Maryland as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by our stockholders and provide that claims relating to causes of action under the Securities Act may only be brought in federal district courts, which could limit stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers or employees and could discourage lawsuits against us and our directors, officers and employees.

Our bylaws provide that, unless we consent in writing to the selection of an alternative forum, the Circuit Court for Baltimore City, Maryland, or, if that court does not have jurisdiction, the United States District Court for the District of Maryland, Baltimore Division, will be the sole and exclusive forum for (a) any Internal Corporate Claim, as such term is defined in Section 1-101(p) of the Maryland General Corporation Law, or any successor provision thereof, (b) any derivative action or proceeding brought on our behalf, (c) any action asserting a claim of breach of any duty owed by any of our directors or officers or other employees to us or to our stockholders, (d) any action asserting a claim against us or any of our directors or officers or other employees arising pursuant to any provision of the Maryland General Corporation Law or our charter or bylaws, or (e) any other action asserting a claim against us or any of our directors or officers or other employees that is governed by the internal affairs doctrine.

General Risk Factors

If we are unable to retain or obtain key personnel, our ability to implement our investment strategies could be hindered, which could reduce our ability to make distributions and adversely affect the trading price of our common stock.

Our success depends to a significant degree upon the contributions of certain of our officers and our other personnel. If any of our key personnel were to terminate their employment with us, our operating results could suffer. Further, we do not have and do not intend to maintain key person life insurance that would provide us with proceeds in the event of death or disability of any of our key personnel. Moreover, we believe our future success depends upon our ability to hire and retain experienced managerial, operational and marketing personnel. Competition for such personnel is intense, and we cannot assure you that we will be successful in attracting and retaining such personnel or that we will not need to incur additional expense to attract and retain such personnel. If we lose or are unable to obtain the services of key personnel, our ability to implement our investment strategies could be delayed or hindered, and the trading price of our common stock may be adversely affected.

We may suffer losses that are not covered by insurance.

If we suffer losses that are not covered by insurance or that are in excess of our insurance coverage, we could lose invested capital and anticipated profits. We maintain comprehensive insurance for our properties, including casualty, liability, accidental death or injury to persons, fire, extended coverage, terrorism, earthquakes, hurricanes and rental loss customarily obtained for similar properties in amounts which our advisors determine are sufficient to cover reasonably foreseeable losses, and with policy specifications and insured limits that we believe are adequate and appropriate under the circumstances. Material losses may occur in excess of insurance proceeds with respect to any property, and there are types of losses, generally of a catastrophic nature, such as losses due to wars, pollution, environmental matters (such as snow or ice storms, windstorms, tornadoes, hurricanes, earthquakes, flooding or other severe weather) and mold, which are either uninsurable or not economically insurable, or may be insured subject to limitations, such as large deductibles or co-payments. Moreover, we cannot predict whether all of the coverage that we currently maintain will be available to us in the future, or what the future costs or limitations on any coverage that is available to us will be. We rely on third party insurance providers for our property, general liability and worker's compensation insurance. While there has yet to be any non-performance by these major insurance providers, should any of them experience liquidity issues or other financial distress, it could negatively impact us. In addition, we annually assess our insurance needs based on the cost of coverage and other factors. We may choose to self-insure a greater portion of these risks in the future or may choose to have higher deductibles or lesser policy terms.

Changes in U.S. accounting standards may materially and adversely affect our reported results of operations.

Accounting for public companies in the United States is in accordance with GAAP, which is established by the Financial Accounting Standards Board (the "FASB"), an independent body whose standards are recognized by the SEC as authoritative for publicly held companies. Uncertainties posed by various initiatives of accounting standard-setting by the FASB and the SEC, which create and interpret applicable accounting standards for U.S. companies, may change the financial accounting and reporting standards or their interpretation and application of these standards that govern the preparation of our financial statements. These changes could have a material impact on our reported financial condition and results of operations. In some cases, we could be required to apply a new or revised standard retroactively, resulting in potentially material restatements of prior period financial statements.

Our use of social media presents risks.

Our use of social media could cause us to suffer brand damage or unintended information disclosure. Negative posts or communications about us on a social networking website could damage our reputation. Further, employees or others may disclose non-public information regarding us or our business or otherwise make negative comments regarding us on social networking or other websites, which could adversely affect our business and results of operations. As social media evolves we will be presented with new risks and challenges.

Lawsuits or other legal proceedings could result in substantial costs.

We are subject to various lawsuits and other legal proceedings and claims that arise in the ordinary course of our business operations. The defense or settlement of any lawsuit or claim may adversely affect our business, financial condition, or results of operations or result in increased insurance premiums.

The percentage of ownership of any of our common stockholders may be diluted if we issue new shares of common stock.

Stockholders have no rights to buy additional shares of stock if we issue new shares of stock. We may issue common stock, convertible debt or preferred stock pursuant to a public offering or a private placement, to sellers of properties we directly or indirectly acquire instead of, or in addition to, cash consideration. Because our decision to issue securities in any future offering will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing or nature of our future offerings. Any of our common stockholders who do not participate in any future stock issuances will experience dilution in the percentage of the issued and outstanding stock they own.

Sales of our common stock, or the perception that such sales will occur, may have adverse effects on our share price.

We cannot predict the effect, if any, of future sales of common stock, or the availability of shares for future sales, on the market price of our common stock. Sales of substantial amounts of common stock, including shares of common stock issuable upon the exchange of units of our operating partnership, IROP, that we may issue from time to time, the sale of shares of common stock held by our current stockholders and the sale of any shares we may issue under our long-term incentive plan, or the perception that these sales could occur, may adversely affect prevailing market prices for our common stock.

An increase in market interest rates may have an adverse effect on the market price of our common stock.

One of the factors that investors may consider in deciding whether to buy or sell our common stock is our distribution yield, which is our distribution rate as a percentage of our share price, relative to market interest rates. If market interest rates increase, prospective investors may desire a higher distribution yield on our common stock or may seek securities paying higher dividends or interest. The market price of our common stock likely will be based primarily on the earnings that we derive from rental income with respect to our properties and our related distributions to stockholders, and not from the underlying appraised value of the properties themselves. As a result, interest rate fluctuations and capital market conditions are likely to affect the market price of our common stock, and such effects could be significant. For example, if interest rates rise without an increase in our distribution rate, the market price of our common stock could decrease because potential investors may require a higher distribution yield on our common stock as market rates on interest-bearing securities, such as bonds, rise.

Some of our distributions may include a return of capital for U.S. federal income tax purposes.

Some of our distributions may include a return of capital. To the extent that we decide to make distributions in excess of our current and accumulated earnings and profits, such distributions would generally be considered a return of capital for U.S. federal income tax purposes to the extent of the holder's adjusted tax basis in its shares, and thereafter as gain on a sale or exchange of such shares.

Future issuances of debt securities, which would rank senior to our common stock upon liquidation, or future issuances of preferred equity securities, may adversely affect the trading price of our common stock.

In the future, we may issue debt or equity securities or incur other borrowings. Upon our liquidation, holders of our debt securities, other loans and preferred stock will receive a distribution of our available assets before common stockholders. Any preferred stock, if issued, likely will also have a preference on periodic distribution payments, which could eliminate or otherwise limit our ability to make distributions to common stockholders. Common stockholders bear the risk that our future issuances of debt or equity securities or our incurrence of other borrowings may negatively affect the trading price of our common stock.

The market prices for our common stock may be volatile.

The prices at which our common stock may sell in the public market may be volatile. Fluctuations in the market prices of our common stock may not be correlated in a predictable way to our performance or operating results. The prices at which our common stock trade may fluctuate as a result of factors that are beyond our control or unrelated to our performance or operating results.

We have not established a minimum dividend payment level and we cannot assure you of our ability to pay dividends in the future or the amount of any dividends.

Our board of directors will determine the amount and timing of distributions. In making this determination, our directors will consider all relevant factors, including REIT minimum distribution requirements, the amount of core funds from operation, restrictions under Maryland law, capital expenditures and reserve requirements and general operational requirements. We cannot assure you that we will be able to make distributions in the future or in amounts similar to our past distributions. We may need to fund distributions through borrowings, returning capital or selling assets, which may be available only at commercially unattractive terms, if at all. Any of the foregoing could adversely affect the market price of our common stock.

ITEM 1B. *Unresolved Staff Comments*

None.

ITEM 1C. *Cybersecurity*

Risk Management and Strategy

Our corporate information technology, communication networks, enterprise applications, accounting and financial reporting platforms, and related systems, and those that we offer to our residents are necessary for the operation of our business. We use these systems, among others, to manage our resident and vendor relationships, for internal communications, for accounting to operate record-keeping function, and for many other key aspects of our business. Our business operations rely on the secure collection, storage, transmission, and other processing of proprietary, confidential, and sensitive data.

In recent years, cybersecurity attacks have increased on businesses as cyber criminals seek to gain access to sensitive information and use it for their personal or financial gain. We continuously seek to implement advanced technologies to strengthen our infrastructure, monitor for threats, and evaluate our capability to respond to incidents in order to minimize the potential impact to our systems, data, and operations.

We rely on a multidisciplinary team, including our information security function, legal department, management, and third-party service providers, as described further below, to identify, assess, and manage cybersecurity threats and risks. We identify and assess risks from cybersecurity threats by monitoring and evaluating our threat environment and our risk profile using various methods including, for example, using manual and automated tools, subscribing to reports and services that identify cybersecurity threats, analyzing reports of threats and threat actors, conducting scans of the threat environment, evaluating our industry's risk profile, utilizing internal and external audits, and conducting threat and vulnerability assessments. We perform simulations and drills for responding to cybersecurity threats at both a technical and management level. We incorporate external expertise and reviews in all aspects of our cybersecurity program. All of our employees receive annual cybersecurity awareness training.

Management, in coordination with our information technology department, is responsible for hiring appropriate personnel, helping to integrate cybersecurity risk considerations into the Company's overall risk management strategy, and communicating key priorities to relevant personnel. Management is also responsible for approving budgets, approving cybersecurity processes, and reviewing cybersecurity assessments and other cybersecurity-related matters.

We also work with third parties that assist us in identifying, assessing, and managing cybersecurity risks, including professional services firms, consulting firms, threat intelligence service providers, and penetration testing firms. We seek to engage reliable, reputable service providers that maintain cybersecurity programs. Depending on the nature of the services provided, the sensitivity and quantity of information processed, and the identity of the service provider, our vendor management process may include reviewing the cybersecurity practices of such provider, contractually imposing certain obligations on the provider, conducting security assessments, and conducting periodic reassessments during their engagement.

We have experienced various types of cyber-attack incidents which, to date, have been contained and did not have a material impact on our business strategy, results of operations or financial condition. As a result of such incidents, we continue to implement new controls, governance, technical protections, and other procedures to mitigate and prevent future incidents. We have a cybersecurity committee that is composed of our Executive Vice President of Technology, our Director of Information Technology and our General Counsel. The committee meets quarterly to review any incidents and

incident responses and reports its findings to the Chief Financial Officer. We may incur substantial costs and suffer other negative consequences such as liability, reputational harm and significant remediation costs and experience material harm to our business and financial results if we, or our vendors or suppliers fall victim to other successful cyber-attacks.

Governance

Our Board of Directors holds oversight responsibility over the Company's strategy and risk management, including material risks related to cybersecurity threats. This oversight is executed directly by the Board of Directors and through its committees. Our Audit Committee oversees risks and exposures associated with financial matters, particularly financial reporting, tax (including compliance with REIT rules), accounting, disclosure, internal control over financial reporting, cybersecurity, financial policies, investment guidelines, development and leasing, and credit and liquidity matters. In addition, the Risk Committee oversees our enterprise risk management practices to ensure that we are equipped to anticipate, identify, prioritize, and manage material risks to the Company. Our Risk Committee assists our Board of Directors in its oversight of our enterprise risk management framework, including cybersecurity, our overall risk-taking tolerance and our management of financial, reputational and operational risk.

Within the principal functions of the Risk Committee are its responsibilities in overseeing cybersecurity risk, information security, and technology risk, as well as management's actions to identify, assess, mitigate, and remediate material issues. On a quarterly basis, our Executive Vice President of Technology provides information to our Chief Financial Officer, who reports to our Chief Executive Officer and the Risk Committee on our cybersecurity risk capabilities and threats.

Our Executive Vice President of Technology has extensive cybersecurity knowledge and skills gained from over five years of work experience on the security team at IRT and an extensive career in the technology and cybersecurity industries as a President and Chief Information Officer at Results Theory, Inc.. Our Executive Vice President of Technology heads the team responsible for implementing and maintaining cybersecurity and data protection practices at IRT and reports directly to the Chief Financial Officer.

ITEM 2. Properties

We hold fee title to all of the multifamily properties in our portfolio (other than four properties owned by unconsolidated joint ventures in which we hold interests). The following table presents an overview of our consolidated portfolio as of December 31, 2023 (including one development property).

Market	Property Count	Units (a)	Gross Cost	Accumulated Depreciation		Net Book Value	Period End Occupancy (b)	Average Occupancy (c)	Average Effective Rent per Occupied Unit (d)	
Asheville, NC	1	252	\$ 29,377	\$ (5,815)	\$ 23,562	96.8%	96.6%	\$ 1,552		
Atlanta, GA	13	5,180	1,090,677	(90,537)	1,000,140	93.6%	92.2%		1,648	
Austin, TX	1	256	58,946	(3,893)	55,053	94.1%	92.1%		1,808	
Birmingham, AL	2	1,074	233,911	(13,897)	220,014	93.2%	91.8%		1,482	
Charleston, SC	2	518	81,866	(15,589)	66,277	94.6%	94.6%		1,692	
Charlotte, NC	3	714	189,558	(14,754)	174,804	94.4%	95.5%		1,762	
Chattanooga, TN	1	192	30,179	(1,935)	28,244	89.1%	91.5%		1,377	
Cincinnati, OH	2	542	123,465	(6,990)	116,475	92.3%	94.5%		1,598	
Columbus, OH	10	2,510	374,054	(43,394)	330,660	94.8%	94.7%		1,425	
Dallas, TX	14	4,007	866,009	(65,789)	800,220	94.6%	94.2%		1,814	
Denver, CO	9	2,400	614,501	(33,686)	580,815	94.7%	94.9%		1,734	
Greenville, SC	1	702	124,546	(7,330)	117,216	96.0%	94.2%		1,293	
Houston, TX	7	1,932	316,463	(17,722)	298,741	95.2%	95.3%		1,459	
Huntsville, AL	4	1,051	241,112	(14,487)	226,625	94.8%	95.4%		1,527	
Indianapolis, IN	7	1,979	293,760	(28,197)	265,563	94.6%	95.4%		1,369	
Lexington, KY	3	886	161,068	(9,316)	151,752	96.7%	96.7%		1,323	
Louisville, KY	4	1,150	147,034	(35,701)	111,333	96.3%	94.2%		1,284	
Memphis, TN	4	1,383	162,113	(39,830)	122,283	93.0%	93.5%		1,519	
Myrtle Beach, SC - Wilmington, NC	3	628	68,185	(11,901)	56,284	93.3%	94.8%		1,420	
Nashville, TN	5	1,508	371,562	(21,450)	350,112	95.0%	93.6%		1,634	
Oklahoma City, OK	8	2,147	328,355	(29,900)	298,455	95.1%	93.9%		1,184	
Orlando, FL	1	297	50,331	(10,029)	40,302	94.9%	93.8%		1,815	
Raleigh - Durham, NC	6	1,690	254,971	(45,528)	209,443	95.5%	94.4%		1,562	
San Antonio, TX	1	306	57,300	(3,380)	53,920	95.4%	96.2%		1,475	
Tampa-St. Petersburg, FL	5	1,452	309,847	(35,354)	274,493	96.3%	94.7%		1,822	
TOTAL	117	34,756	\$ 6,579,190	\$ (606,404)	\$ 5,972,786	94.6%	94.2%	\$ 1,558		

- (a) Units represent the total number of units available for rent at December 31, 2023, including 325 units at the Destination at Arista development property.
- (b) Period end occupancy for each of our properties is calculated as (i) total units rented as of December 31, 2023 divided by (ii) total units available for rent as of December 31, 2023, expressed as a percentage. Excludes the Destination at Arista, which, as of December 31, 2023, is in the lease-up phase and has not reached 90% occupancy.
- (c) Average occupancy represents the daily average occupancy of available units for the three-month period ended December 31, 2023. Excludes the Destination at Arista, which, as of December 31, 2023, is in the lease-up phase and has not reached 90% occupancy.
- (d) Average effective monthly rent, per unit, represents the average monthly rent for all occupied units for the three-month period ended December 31, 2023. Excludes the Destination at Arista, which, as of December 31, 2023, is in the lease-up phase and has not reached 90% occupancy.

Additional information on our consolidated properties is contained in "Schedule III - Real Estate and Accumulated Depreciation" in this Annual Report on Form 10-K, which is incorporated herein by reference.

ITEM 3. *Legal Proceedings*

We are subject to various legal proceedings and claims that arise in the ordinary course of our business operations. Matters which arise out of allegations of bodily injury, property damage, and employment practices are generally covered by insurance. While the resolution of these matters cannot be predicted with certainty, we currently believe the final outcome of such matters will not have a material adverse effect on our financial position, results of operations or cash flows.

Starting around November 2022, putative class action representatives began filing complaints in various United States District Courts across the country naming as defendants RealPage, Inc. ("RealPage") and approximately 50 defendants who own and/or manage multifamily residential rental housing, alleging that the defendants conspired to fix, raise, maintain, and stabilize rent prices in violation of Section 1 of the Sherman Act. Some of the complaints, including one filed on November 14, 2022 in the U.S. District Court for the Northern District of Illinois, named us as one of the defendants, and others did not. On April 10, 2023, the United States Judicial Panel on Multidistrict Litigation issued an order transferring the cases to the United States District Court for the Middle District of Tennessee for coordinated and consolidated pretrial proceedings, where plaintiffs filed a consolidated complaint. We filed an answer to the consolidated complaint and asserted affirmative defenses. We deny all allegations of wrongdoing and intend to defend against these claims vigorously.

ITEM 4. *Mine Safety Disclosures*

Not applicable.

PART II

ITEM 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Information; Holders

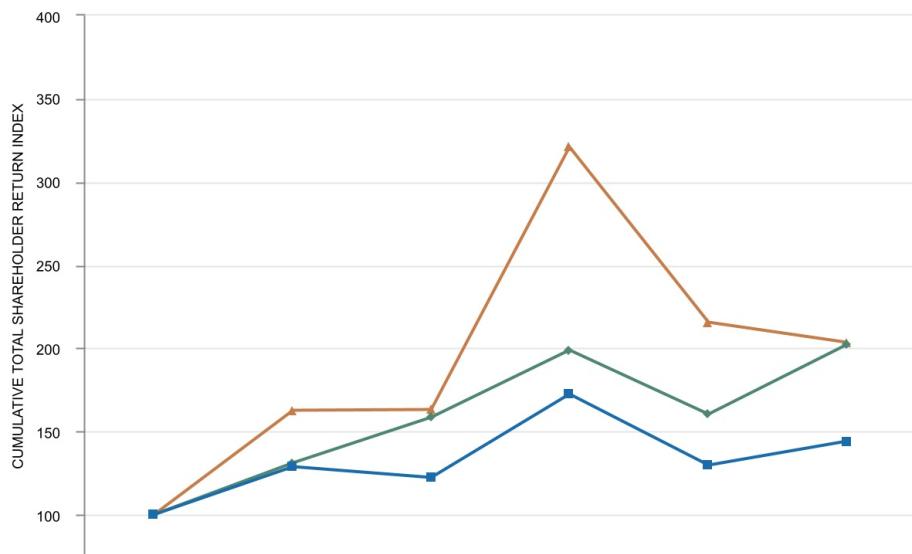
Our common stock is listed and traded on the New York Stock Exchange ("NYSE") under the symbol "IRT". At the close of business on February 23, 2024, the closing price for our common stock on the NYSE was \$14.94 per share and there were 5,638 holders of record, one of which is the holder for all beneficial owners who hold in street name.

Dividends

Our quarterly dividend rate is currently \$0.16 per common share. Our Board of Directors reviews and declares the dividend rate quarterly. Actual dividends paid by us will be affected by a number of factors, including, but not limited to, the revenues received from our multifamily communities, our operating expenses, the interest expense incurred on borrowings and anticipated capital expenditures. We expect to make future quarterly distributions to stockholders; however, future distributions will be at the discretion of our Board of Directors and will depend on our actual funds from operations, our financial condition, capital requirements, the annual distribution requirements under the REIT provisions of the Code (see "Business - Qualification as a Real Estate Investment Trust" above) and such other factors as our Board of Directors deems relevant.

PERFORMANCE GRAPH

The following graph compares the index of the cumulative total stockholder return on our common stock for the measurement period beginning December 31, 2018 and ending December 31, 2023 with the cumulative total returns of the National Association of Real Estate Investment Trusts (NAREIT) Equity REIT index and the Russell 3000 Index. The following graph assumes that each index was 100 on the initial day of the relevant measurement period and that all dividends were reinvested.



Unregistered Sales of Equity Securities

As of January 1, 2023, an aggregate of 6,091,171 IROP units were outstanding and held by unaffiliated third parties. As discussed above, holders of IROP units may tender their units to us for cash in an amount equal to the market price (based on a trailing average computation) of an equivalent number of shares of IRT common stock at the time we receive notice of the exchange. We have the option, in lieu of paying cash, to settle the exchange for a number of shares of IRT common stock equal to the number of IROP units tendered for exchange. On January 9, 2023, we issued 144,600 shares of common stock in exchange for an equal number of IROP units. Our issuances of shares of common stock were exempt from registration pursuant to Section 4(a)(2) of the Securities Act of 1933, as amended. As a result of the foregoing exchange of IROP units, an aggregate of 5,946,571 IROP units held by unaffiliated third parties were outstanding at December 31, 2023 and as of February 14, 2024 reduced by 4,928 IROP units exchanged on February 6, 2024.

Issuer Purchases of Equity Securities

None.

ITEM 6. Reserved

ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is intended to help provide an understanding of our business, financial condition and results of operations. This MD&A should be read in conjunction with our Consolidated Financial Statements and the accompanying Notes to Consolidated Financial Statements included elsewhere in this report. This report, including the following MD&A, contains forward-looking statements regarding future events or trends that are intended to be made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995.

These forward-looking statements are based upon the current beliefs and expectations of our management and are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are difficult to predict and generally beyond our control. In addition, these forward-looking statements are subject to assumptions with respect to future business strategies and decisions that are subject to change. We assume no obligation to update or supplement forward-looking statements because of subsequent events. Actual results may differ materially from the anticipated results discussed in these forward-looking statements. Factors which may cause our actual results or performance to differ materially from those contemplated by forward-looking statements include, but are not limited to, the following:

- Unfavorable changes in economic conditions, either nationally or regionally in one or more of the markets in which we operate, could adversely impact us;
- Short-term leases expose us to the effects of declining rents;
- Competition could limit our ability to lease our units or increase or maintain rental income;
- Redevelopment risks could impact our profitability;
- Impairment charges;
- Labor and materials required for maintenance, repair, renovation or capital expenditure may be more expensive than anticipated or significantly delayed;
- Competition could adversely affect our ability to acquire properties;
- Our acquisition strategy may not produce the cash flows expected;
- Failure to qualify as a REIT could have adverse consequences;
- Litigation risks could affect our business;
- A cybersecurity incident and other technology disruptions could negatively impact our business;
- Damage from catastrophic weather and other natural events could result in losses;
- Volatility in capital markets may result in fluctuations in our share price;
- Debt financing and other required capital may not be available to us or may only be available on adverse terms;
- Substantial inflationary or deflationary pressures could adversely affect our financial condition or results of operations;
- Rising interest rates could both increase our borrowing costs, thereby adversely affecting our cash flows and the amounts available for distribution to our stockholders, and decrease our share price, if investors seek higher yields through other investments;
- Failure to hedge effectively against interest rates may adversely affect results of operations; and
- Additional factors as discussed in Item 1A. "Risk Factors".

Forward-looking statements and related uncertainties are also included in the Notes to Consolidated Financial Statements in this report.

Overview

See Item 1. *Business* for an overview of our company.

Business Objective and Investment Strategies

See Item 1. *Business* for discussion regarding our business objective and investment strategies and for an additional discussion regarding developments in our business during 2023.

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Results of Operations

The following discussion is based on our Consolidated Financial Statements for the years ended December 31, 2023 and 2022. Refer to Item 7, "Results of Operations" in our Annual Report on Form 10-K for the year ended December 31, 2022 for a comparison of the year ended December 31, 2022 to the year ended December 31, 2021.

Year Ended December 31, 2023 Compared to the Year Ended December 31, 2022

(Dollars in thousands except per unit data)	SAME-STORE PROPERTIES				NON SAME-STORE PROPERTIES				CONSOLIDATED			
	2023	2022	Increase (Decrease)	% Change	2023	2022	Increase (Decrease)	% Change	2023	2022	Increase (Decrease)	% Change
Statistical Property Data:												
Number of properties												
(1)	106	106	—	—	10	14	(4)	(28.6)%	116	120	(4)	(3.3)%
Number of units (1)	31,829	31,829	—	—	2,602	3,697	(1,095)	(29.6)%	34,431	35,526	(1,095)	(3.1)%
Average occupancy												
(1)	94.0%	94.7%	(0.7)%	(0.7)%	93.6%	94.3%	(0.7)%	(0.7)%	94.0%	94.6%	(0.6)%	(0.6)%
Average effective monthly rent, per unit												
(1)	\$1,537	\$1,445	\$92	6.4%	\$1,627	\$1,496	\$131	8.7%	\$1,543	\$1,431	\$112	7.9%
Revenue:												
Rental and other property revenue	\$589,749	\$558,203	\$31,546	5.7%	\$70,092	\$69,211	\$881	1.3%	\$659,841	\$627,414	\$32,427	5.2%
Expenses:												
Property operating expenses	218,209	206,687	11,522	5.6%	26,121	25,588	533	2.1%	244,330	232,275	12,055	5.2%
Net Operating Income	\$371,540	\$351,516	\$20,024	5.7%	\$43,971	\$43,623	\$348	0.8%	\$415,511	\$395,139	\$20,372	5.2%
Other Revenue:												
Other revenue									\$1,142	\$1,111	\$31	2.8%
Corporate and other expenses:												
Property management expenses									27,081	24,033	3,048	12.7%
General and administrative expenses									22,766	26,260	(3,494)	(13.3)%
Depreciation and amortization expense									218,968	252,849	(33,881)	(13.4)%
Casualty losses (gains), net									925	(8,866)	9,791	(110.4)%
Interest expense									(89,921)	(86,955)	(2,966)	3.4%
(Loss on impairment) gain on sale of real estate assets, net									(66,547)	111,756	(178,303)	(159.5)%
Loss on extinguishment of debt									(124)	—	(124)	100.0%
Merger and integration costs									—	(5,505)	5,505	(100.0)%
Other (loss) income, net									(427)	1,558	(1,985)	(127.4)%
Loss from investments in unconsolidated real estate entities									(4,488)	(2,169)	(2,319)	106.9%
Restructuring costs									(3,213)	—	(3,213)	100.0%
Net (loss) income									(17,807)	120,659	(138,466)	(114.8)%
Loss (income) allocated to noncontrolling interests									580	(3,410)	3,990	(117.0)%
Net (loss) income available to common shares									\$(17,227)	\$117,249	\$(134,476)	(114.7)%

(1) Excludes our development projects. See Non-GAAP Financial Measures for our definition of a development property and our methodology for determining same-store properties.

Revenue

Rental and other property revenue. Rental and other property revenue increased \$32.4 million to \$659.8 million for the year ended December 31, 2023 from \$627.4 million for the year ended December 31, 2022. The increase was primarily attributable to a \$31.5 million increase in same-store rental and other property revenue driven by a 6.4% increase in average effective monthly rents and partially offset by a 0.7% decrease in average occupancy compared to the prior year period.

Expenses

Property operating expenses. Property operating expenses increased \$12.1 million to \$244.3 million for the year ended December 31, 2023 from \$232.3 million for the year ended December 31, 2022. The increase was primarily due to the \$11.5 million increase in same-store property operating expenses, primarily due to inflationary pressures resulting in higher contract services, insurance expense, and repairs and maintenance during the year ended December 31, 2023. In addition, advertising expenses increased 31% during the year ended December 31, 2023 compared to the prior year period, as we increased investment in our brand.

Property management expenses. Property management expenses increased \$3.1 million to \$27.1 million for the year ended December 31, 2023 from \$24.0 million for the year ended December 31, 2022. The increase was primarily due to higher personnel costs, stock compensation, and subscription costs related to the rollout of community call centers, compared to the prior year.

General and administrative expenses. General and administrative expenses decreased \$3.5 million to \$22.8 million for the year ended December 31, 2023 from \$26.3 million for the year ended December 31, 2022. The decrease was primarily due to lower personnel costs from the departure of executives in 2023, including from the forfeiture of their bonus and stock awards.

Depreciation and amortization expense. Depreciation and amortization expense decreased \$33.9 million to \$219.0 million for the year ended December 31, 2023 from \$252.8 million for the year ended December 31, 2022. The decrease was primarily due to lower intangible asset amortization expenses during the year ended December 31, 2023 compared to the prior year period as a result of the full amortization in 2022 of the intangible assets acquired in the STAR merger on December 16, 2021.

Casualty losses (gains), net. During the year ended December 31, 2023, we incurred \$0.9 million in net casualty losses due to fires at three properties and winter storm damage at various properties where the carrying value of the damage exceeded insurance proceeds due to policy deductible levels. During the year ended December 31, 2022, we recognized net casualty gains of \$8.9 million as a result of receiving insurance proceeds in excess of the carrying value of the associated damage.

Interest expense. Interest expense increased \$3.0 million to \$89.9 million for the year ended December 31, 2023 from \$86.9 million for the year ended December 31, 2022. The increase was primarily driven by a 0.3% increase in our weighted average effective interest rate from 3.9% for the full year 2022 to 4.2% for the full year 2023.

(Loss on impairment) gain on sale of real estate assets, net. During the year ended December 31, 2023, we sold five multifamily properties resulting in a loss on impairment of \$33.5 million. In addition, as of December 31, 2023, we identified six multifamily properties as held for sale and recorded a loss on impairment of \$33.0 million as a result of the carrying value of the real estate exceeding the expected sales price, less transaction costs. During the year ended December 31, 2022, six multifamily properties were sold resulting in a gain on sale of real estate, net of \$111.8 million.

Merger and integration costs. We incurred no STAR Merger-related integration costs during the year ended December 31, 2023 compared to \$5.5 million during the year ended December 31, 2022. These costs in the prior year period primarily consisted of technology migration and implementation costs, consulting and professional fees and employee severance costs.

Loss from investments in unconsolidated joint ventures. Loss from investments in unconsolidated joint ventures increased \$2.3 million to \$4.5 million for the year ended December 31, 2023, from \$2.2 million for the year ended December 31, 2022, primarily due to an increase in our proportionate share of net losses of unconsolidated real estate entities, which primarily included increases in interest expense and depreciation and amortization recognized by the unconsolidated real estate entities.

Restructuring costs. During the year ended December 31, 2023, we incurred approximately \$3.2 million of severance costs related to the reorganization of certain departments that impacted a limited number of employees.

Non-GAAP Financial Measures

Funds from Operations (FFO) and Core Funds from Operations (CFFO)

We believe that FFO and CFFO, each of which is a non-GAAP financial measure, are additional appropriate measures of the operating performance of a REIT and us in particular. We compute FFO in accordance with the standards established by the National Association of Real Estate Investment Trusts ("NAREIT"), as net income or loss allocated to common shares (computed in accordance with GAAP), excluding real estate-related depreciation and amortization expense, loss on impairment (gain on sale) of real estate and the cumulative effect of changes in accounting principles. While our calculation of FFO is in accordance with NAREIT's definition, it may differ from the methodology for calculating FFO utilized by other REITs and, accordingly, may not be comparable to FFO computations of such other REITs.

CFFO is a computation made by analysts and investors to measure a real estate company's operating performance by removing the effect of items that do not reflect ongoing property operations, including depreciation and amortization of other items not included in FFO, and other non-cash or non-operating gains or losses related to items such as casualty (gains) losses, loan premium accretion and discount amortization, debt extinguishment costs, merger and integration costs, and restructuring costs from the determination of FFO.

Our calculation of CFFO may differ from the methodology used for calculating CFFO by other REITs and, accordingly, our CFFO may not be comparable to CFFO reported by other REITs. Our management utilizes FFO and CFFO as measures of our operating performance, and believe they are also useful to investors, because they facilitate an understanding of our operating performance after adjustment for certain non-cash or non-recurring items that are required by GAAP to be expensed but may not necessarily be indicative of current operating performance and our operating performance between periods. Furthermore, although FFO, CFFO and other supplemental performance measures are defined in various ways throughout the REIT industry, we believe that FFO and CFFO may provide us and our investors with an additional useful measure to compare our financial performance to certain other REITs. Neither FFO nor CFFO is equivalent to net income or cash generated from operating activities determined in accordance with GAAP. Furthermore, FFO and CFFO do not represent amounts available for management's discretionary use because of needed capital replacement or expansion, debt service obligations or other commitments or uncertainties. Accordingly, FFO and CFFO do not measure whether cash flow is sufficient to fund all of our cash needs, including principal amortization and capital improvements. Neither FFO nor CFFO should be considered as an alternative to net income or any other GAAP measurement as an indicator of our operating performance or as an alternative to cash flow from operating, investing, and financing activities as a measure of our liquidity.

Set forth below is a reconciliation of net (loss) income to FFO and CFFO for the years ended December 31, 2023, 2022 and 2021 (in thousands, except share and per share information):

	For the Year Ended December 31, 2023		For the Year Ended December 31, 2022		For the Year Ended December 31, 2021	
	Amount	Per Share (1)	Amount	Per Share (1)	Amount	Per Share (1)
Net (loss) income	\$ (17,807)	\$ (0.08)	\$ 120,659	\$ 0.53	\$ 45,529	\$ 0.41
Adjustments:						
Real estate depreciation and amortization	217,716	0.94	251,545	1.10	76,487	0.70
Our share of real estate depreciation and amortization from investments in unconsolidated real estate entities	2,115	0.01	2,320	0.01	—	—
Loss on impairment (gain on sale) of real estate assets, net, excluding prepayment gains	68,447	0.30	(111,347)	(0.49)	(90,277)	(0.82)
FFO	\$ 270,471	\$ 1.17	\$ 263,177	\$ 1.15	\$ 31,739	\$ 0.29
FFO	\$ 270,471	\$ 1.17	\$ 263,177	\$ 1.15	\$ 31,739	\$ 0.29
Adjustments:						
Other depreciation and amortization	1,252	0.01	1,304	0.01	423	—
Casualty losses (gains), net	925	0.01	(8,866)	(0.04)	359	—
Loan (premium accretion) discount amortization, net	(10,899)	(0.04)	(11,005)	(0.05)	(501)	—
Prepayment (gains) losses on asset dispositions	(1,900)	(0.01)	(409)	—	2,607	0.02
Loss on extinguishment of debt	124	—	—	—	10,261	0.09
Other expense (income)	743	—	(2,298)	(0.01)	—	—
Merger and integration costs	—	—	5,505	0.02	47,063	0.44
Restructuring costs	3,213	0.01	—	—	—	—
CFFO	\$ 263,929	\$ 1.15	\$ 247,408	\$ 1.08	\$ 91,951	\$ 0.84

(1) Based on 230,364,184, 228,452,958, and 109,418,810 weighted average shares and units outstanding for the years ended December 31, 2023, 2022, and 2021, respectively.

Same-Store Portfolio Net Operating Income

We believe that Net Operating Income ("NOI"), a non-GAAP financial measure, is a useful supplemental measure of our operating performance. We define NOI as total property revenues less total property operating expenses, excluding interest expenses, depreciation and amortization, casualty related costs and gains, property management expenses, general and administrative expense, net gains on sale of assets, merger and integration costs, and restructuring costs. Other REITs may use different methodologies for calculating NOI, and accordingly, our NOI may not be comparable to other REITs. We believe that this measure provides an operating perspective not immediately apparent from GAAP operating income or net income insofar as the measure reflects only operating income and expense at the property level. We use NOI to evaluate our performance on a same-store and non same-store basis because NOI measures the core operations of property performance by excluding corporate level expenses, financing expenses, and other items not related to property operating performance and captures trends in rental housing and property operating expenses. However, NOI should only be used as an alternative measure of our financial performance.

Same-Store Properties and Same-Store Portfolio

We review our same-store portfolio at the beginning of each calendar year. Properties are added into the same-store portfolio if they were owned and not a development property at the beginning of the previous year. Properties that are held for sale or have been sold are excluded from the same-store portfolio.

Non Same-Store Properties and Non Same-Store Portfolio

Properties that did not meet the definition of a same-store property as of the beginning of the previous year are added into the non same-store portfolio.

Development Property

A development property is a property that is either currently under development or is in lease-up prior to reaching overall occupancy of 90%.

Set forth below is a reconciliation of GAAP net (loss) income to Same-Store Portfolio ^(a) NOI for the years ended December 31, 2023 and 2022 (in thousands):

	Year Ended December 31,		
	2023	2022	% change
Net (loss) income	\$ (17,807)	\$ 120,659	(114.8)%
Other revenue	(1,142)	(1,111)	2.8 %
Property management expenses	27,081	24,033	12.7 %
General and administrative expenses	22,766	26,260	(13.3)%
Depreciation and amortization expense	218,968	252,849	(13.4)%
Casualty losses (gains), net	925	(8,866)	(110.4)%
Interest expense	89,921	86,955	3.4 %
Loss on impairment (gain on sale) of real estate assets, net	66,547	(111,756)	(159.5)%
Loss on extinguishment of debt	124	—	100.0 %
Other loss (income), net	427	(1,558)	(127.4)%
Loss from investments in unconsolidated real estate entities	4,488	2,169	106.9 %
Merger and integration costs	—	5,505	(100.0)%
Restructuring costs	3,213	—	100.0 %
NOI	415,511	395,139	5.2 %
Less: Non same-store portfolio NOI	43,971	43,623	0.8 %
Same-store portfolio^(a) NOI	\$ 371,540	\$ 351,516	5.7 %

(a) Same-Store Portfolio for the years ended December 31, 2023 and 2022 included 106 properties containing 31,829 units.

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Set forth below is Same-Store Portfolio ^(a) NOI for the years ended December 31, 2023 and 2022 (in thousands, except per unit data):

	Year Ended December 31,		
	2023	2022	% change
Revenue:			
Rental and other property revenue	\$ 589,749	\$ 558,203	5.7 %
Property Operating Expenses			
Real estate taxes	72,947	72,406	0.7 %
Property insurance	14,647	11,683	25.4 %
Personnel expenses	46,179	45,347	1.8 %
Utilities	29,277	28,026	4.5 %
Repairs and maintenance	20,545	18,484	11.2 %
Contract services	21,612	18,998	13.8 %
Advertising expenses	6,350	4,852	30.9 %
Other expenses	6,652	6,891	(3.5) %
Total property operating expenses	218,209	206,687	5.6 %
Same-store portfolio^(a) NOI	\$ 371,540	\$ 351,516	5.7 %
Same-store portfolio NOI Margin	63.0 %	63.0 %	0.0 %
Average Occupancy	94.0 %	94.7 %	(0.7) %
Average effective monthly rent, per unit	\$ 1,537	\$ 1,445	6.4 %

(a) Same-Store Portfolio for the years ended December 31, 2023 and 2022 included 106 properties containing 31,829 units.

Liquidity and Capital Resources

Overview

Liquidity is a measure of our ability to meet potential cash requirements, including ongoing commitments to repay borrowings, fund and maintain investments, pay distributions and other general business needs. We believe our available cash balances, financing arrangements and cash flows from operations will be sufficient to fund our liquidity requirements with respect to our existing portfolio for the next 12 months and the foreseeable future.

Our primary cash requirements are to:

- make investments to continue our value add initiatives to improve the quality and performance of our properties;
- repay our indebtedness;
- fund costs necessary to maintain our properties;
- continue funding our current real estate developments until completion;
- pay our operating expenses; and
- distribute a minimum of 90% of our REIT taxable income (determined without regard to the deduction for dividends paid and excluding net capital gain) and to make investments in a manner that enables us to maintain our qualification as a REIT.

We intend to meet our liquidity requirements primarily through a combination of one or more of the following:

- the use of our cash and cash equivalents of \$22.9 million as of December 31, 2023;
- existing and future unsecured financing, including advances under our unsecured credit facility, and financing secured directly or indirectly by the apartment properties in our portfolio;

- cash generated from operating activities;
- net cash proceeds from property sales, including sales undertaken as part of our capital recycling strategy, Portfolio Optimization and Deleveraging Strategy, and other sales; and
- proceeds from the sales of our common stock and other equity securities, including common stock that may be sold under our 2023 ATM Program (as defined below).

We continue to seek to reduce our leverage ratio over time through the execution of various strategies. These strategies include using the proceeds from sales of properties which are outside our core geographic footprint in the Southeastern United States or which we believe have limited potential for further improvements to their operating results to repay a portion of our indebtedness or to acquire new properties at a lower leverage and selectively raising capital through the sale of common stock under our 2023 ATM Program and re-investing the proceeds into our value add initiatives in order to increase our portfolio's gross asset value. We have successfully continued to implement these strategies to reduce our leverage and reduce our exposure to short term indebtedness.

Stock Repurchase Program

On May 18, 2022, our Board of Directors authorized a common stock repurchase program (the "Stock Repurchase Program") covering up to \$250 million in shares of our common stock. Under the Stock Repurchase Program, we, in our discretion, may purchase our shares from time to time in the open market or in privately negotiated transactions. The amount and timing of the purchases will depend on a number of factors, including the price and availability of our shares, trading volumes and general market conditions. The Stock Repurchase Program has no time limit and may be suspended or discontinued at any time. During the year ended December 31, 2023, we had no repurchases of shares under the Stock Repurchase Program.

Cash Flows

As of December 31, 2023 and 2022, we maintained cash, cash equivalents, and restricted cash of approximately \$50.7 million and \$44.0 million, respectively. Our cash and cash equivalents were generated from the following activities (dollars in thousands):

	For the Years Ended December 31,		
	2023	2022	2021
Cash flows provided by operating activities	\$ 262,170	\$ 249,537	\$ 52,257
Cash flows used in investing activities	(1,712)	(135,766)	(216,124)
Cash flows (used in) provided by financing activities	(253,743)	(135,425)	215,923
Net change in cash and cash equivalents, and restricted cash	6,715	(21,654)	52,056
Cash and cash equivalents, and restricted cash, beginning of period	44,017	65,671	13,615
Cash and cash equivalents, and restricted cash, end of the period	\$ 50,732	\$ 44,017	\$ 65,671

Our cash flows provided by operating activities during the year ended December 31, 2023 were primarily driven by the ongoing operations of our properties. Our cash flows provided by operating activities during the years ended December 31, 2022 and 2021 were primarily driven by an increase in the size of our operating portfolio by the STAR Merger and ongoing operations of our properties, respectively.

Our cash flows used in investing activities during the year ended December 31, 2023 were primarily driven by \$146.6 million of capital expenditures, \$66.2 million in additions to real estate under development, and \$26.0 million of outflows related to our investments in four unconsolidated real estate entities, partially offset by \$230.8 million of inflows from property dispositions and \$4.2 million in proceeds from insurance claims.

Our cash flows used in investing activities during the year ended December 31, 2022 were primarily driven by \$201.8 million of outflows related to the acquisitions of three multifamily apartment communities, \$84.0 million of capital expenditures, \$61.8 million in additions to real estate under development, and \$60.8 million of outflows related to our investment in five unconsolidated real estate entities, partially offset by \$253.6 million of inflows from property dispositions and \$15.6 million in proceeds from insurance claims.

Our cash flows used in investing activities during the year ended December 31, 2021 were primarily driven by \$186.1 million of outflows related to the STAR Merger, \$139.5 million of outflows related to two property acquisitions, \$25.0 million of outflows related to our investment in two unconsolidated real estate entities, and capital expenditures of \$43.0 million, partially offset by \$177.5 million of inflows from property dispositions.

Our cash flows used in financing activities during the year ended December 31, 2023 were primarily driven by distributions of \$138.5 million and mortgage principal repayments of \$129.6 million partially offset by new borrowings on the unsecured credit facility, net of repayments of \$19.7 million.

Our cash flows used in financing activities during the year ended December 31, 2022 were primarily driven by distributions on our common stock of \$105.8 million, and mortgage principal repayments of \$53.4 million partially offset by proceeds from the issuance of common stock of \$48.7 million.

Our cash flows provided by financing activities during the year ended December 31, 2021 were primarily driven by \$594.5 million of term loan and credit facility proceeds and \$317.0 million of proceeds from sales of common stock partially offset by \$312.9 million of mortgage repayments, \$302.3 million of credit facility repayments, and \$49.8 million of distributions on our common stock.

Capitalization

Shelf Registration Statement

On June 14, 2023, we replaced our previous shelf registration statement with our new shelf registration statement. On July 28, 2023, we entered into an equity distribution agreement pursuant to which we may from time to time offer and sell shares of our common stock under our shelf registration statement having an aggregate offering price of up to \$450,000 (the "2023 ATM Program") in negotiated transactions or transactions that are deemed to be "at the market" offerings as defined in Rule 415 under the Securities Act. Under the 2023 ATM Program, we may also enter into one or more forward sale transactions for the sale of shares of our common stock on a forward basis. There were no forward sale transactions as of December 31, 2023, and no shares of our common stock were sold under the 2023 ATM Program during the year ended December 31, 2023.

Swap Agreement

On March 16, 2023, we entered into an interest rate swap contract with a notional value of \$200,000, a strike rate of 3.39% and a maturity date of March 17, 2030. We designated this interest rate swap as a cash flow hedge at inception and determined that the hedge is highly effective in offsetting interest rate fluctuations associated with the identified indebtedness.

Dividend Distribution

On December 11, 2023, our board of directors declared a quarterly dividend of \$0.16 per share of common stock. The fourth quarter dividend was paid on January 19, 2024 to stockholders of record at the close of business on December 29, 2023.

On May 10, 2023, our board of directors approved a quarterly dividend of \$0.16 per share on our common stock, which represented a 14% increase in the dividend over the prior quarterly rate of \$0.14 per share.

Consolidated Debt

The following tables contain summary information concerning our consolidated indebtedness as of December 31, 2023 (dollars in thousands):

Debt:	Outstanding Principal	Unamortized			Carrying Amount	Type	Weighted Average Contractual Rate ⁽³⁾	Weighted Average Effective Rate ⁽⁴⁾	Weighted Average Maturity (in years)
		Debt Issuance Costs	Unamortized Loan (Discount)/Premiums						
Unsecured revolver ⁽¹⁾	\$ 234,479	\$ (1,117)	\$ —	\$ 233,362	Floating	6.6%	5.4%	2.1	
Unsecured term loans	600,000	(2,456)	—	597,544	Floating	6.5%	3.9%	3.5	
Secured credit facilities	586,286	(1,949)	21,762	606,099	Floating/Fixed	4.2%	4.6%	4.9	
Mortgages ⁽²⁾	1,094,933	(5,250)	22,721	1,112,404	Fixed	3.8%	4.0%	4.3	
Total Debt	\$ 2,515,698	\$ (10,772)	\$ 44,483	\$ 2,549,409		4.8%	4.2%	4.0	

(1) The unsecured credit facility total capacity is \$500,000, of which \$234,479 was outstanding as of December 31, 2023.

(2) Includes indebtedness secured by real estate held for sale of \$122,621.

(3) Represents the weighted average of the contractual interest rates in effect as of year-end without regard to any interest rate swaps or collars.

(4) Represents the total weighted average effective interest rate for the full year ended December 31, 2023, after giving effect to all components of interest expense including the impact of interest rate swaps and collars, but excluding the impact of loan premium amortization, discount accretion, and interest capitalization.

Debt:	Original maturities on or before December 31,						
	2024	2025	2026	2027	2028	Thereafter	
Unsecured revolver	\$ —	\$ —	\$ 234,479	\$ —	\$ —	\$ —	
Unsecured term loans	—	—	200,000	—	400,000	—	
Secured credit facilities	—	3,065	9,111	10,081	454,589	109,440	
Mortgages ⁽¹⁾	66,827	135,924	144,235	15,198	200,659	532,090	
Total	\$ 66,827	\$ 138,989	\$ 587,825	\$ 25,279	\$ 1,055,248	\$ 641,530	

(1) Includes indebtedness secured by real estate held for sale of \$122,621.

As of December 31, 2023 we were in compliance with all financial covenants contained in our consolidated indebtedness.

PNC Secured Credit Facility

On December 16, 2021, in connection with the STAR Merger, we assumed the PNC multifamily credit facility agreement ("PNC MCFA"), a fixed rate multifamily note and other loan documents for the benefit of PNC Bank. The PNC MCFA provided for a fixed rate loan in the aggregate principal amount of \$79,170 that accrues interest at 2.82% per annum. The PNC MCFA has a maturity date of July 1, 2030, unless the maturity date is accelerated in accordance with the terms of the loan documents. Interest only payments are payable monthly through the maturity date. As of December 31, 2023, and 2022 the outstanding principal balance was \$76,248 and \$76,248, respectively.

Newmark Secured Credit Facility

On December 16, 2021, in connection with the STAR Merger, we assumed the Newmark secured credit facility ("Newmark MCFA"), which includes four tranches: (1) a fixed rate loan in the aggregate principal amount of \$331,001 that accrues interest at 4.43% per annum; (2) a fixed rate loan in the aggregate principal amount of \$137,917 that accrues interest at 4.57% per annum; (3) a variable rate loan in the aggregate principal amount of \$49,493 that accrues interest at the one-month LIBOR plus 1.70% per annum; and (4) a fixed rate loan in the aggregate principal amount of \$40,468 that

accrues interest at 3.34% per annum. The first three tranches have a maturity date of August 1, 2028, and the fourth tranche has a maturity date of March 1, 2030, unless in each case the maturity date is accelerated in accordance with the terms of the loan documents. Interest only payments are payable monthly through August 1, 2025 and April 1, 2027 on the first three tranches and fourth tranche, respectively, with interest and principal payments due monthly thereafter. As of December 31, 2023, and 2022, the outstanding principal balance under the Newmark MCFA was \$510,038 and \$558,880, respectively. As of December 31, 2023, the outstanding balance on tranche 3 was \$652. In January 2024, tranche 3 was repaid and retired with proceeds from the 2023 property sales.

Unsecured Revolving Credit Facility and Term Loans

On July 25, 2022, we entered into the Fourth Amended, Restated and Consolidated Credit Agreement (the "Fourth Restated Credit Agreement") which amended and restated in its entirety the Third Amended and Restated Credit Agreement dated as of December 14, 2021 (the "Third Restated Credit Agreement"). The Fourth Restated Credit Agreement provides for an aggregate amount available for borrowing of \$1,100,000, which consists of (i) a \$500,000 unsecured revolving credit facility with a January 31, 2026 scheduled maturity date (the "Revolving Credit Facility"), (ii) a \$400,000 term loan with a January 28, 2028 maturity date (the "2028 Term Loan"); and (iii) a \$200,000 term loan with a May 18, 2026 maturity date (the "2026 Term Loan"). The Fourth Restated Credit Agreement represents an increase of \$100,000 over the Third Restated Credit Agreement which provided for (i) the Revolving Credit Facility, (ii) the 2026 Term Loan, and (iii) two additional term loans of \$200,000 and \$100,000, which had maturity dates of January 17, 2024 and November 20, 2024, respectively (collectively, the "2024 Term Loans"). Proceeds of the new 2028 Term Loan were used to (i) repay and retire the 2024 Term Loans, and (ii) reduce \$100,000 of outstanding borrowings under the Revolving Credit Facility. In addition, the Fourth Restated Credit Agreement changed the LIBOR interest rate option to SOFR. The Fourth Restated Credit Agreement otherwise continues, without material change, the 2026 Term Loan and the Revolving Credit Facility. We recognized the restructuring of the Fourth Restated Credit Agreement as a modification of debt for all lenders except for one and incurred deferred financing costs of \$1,477 associated with the transaction. We recognized the portion of debt associated with the lender no longer participating in the Fourth Restated Credit Agreement as an extinguishment of debt and wrote off their de minimis deferred financing costs.

In addition to certain negative covenants, the Fourth Restated Credit Agreement has financial covenants that require us to (i) maintain a consolidated leverage ratio below specified thresholds, (ii) maintain a minimum consolidated fixed charge coverage ratio, and (iii) maintain a minimum consolidated tangible net worth, (iv) and maintain secured and unsecured leverage ratios below specified thresholds. Additionally, the covenants (i) limit (a) the amount of distributions that we could make to a percentage of Funds from Operations (as such term was described in the debt agreement), (b) and the ratio of unencumbered asset adjusted net operating income to unsecured interest expense.

Contractual Obligations

The table below summarizes our material cash requirement related to contractual obligations, which primarily consist of principal and interest payments on our outstanding consolidated debt obligations and operating lease obligations as of December 31, 2023 (dollars in thousands):

	2024	2025	2026	2027	2028	Thereafter	Total
Principal payments on outstanding debt obligations	\$ 66,827	\$ 138,989	\$ 587,825	\$ 25,279	\$ 1,055,248	\$ 641,530	\$ 2,515,698
Interest payments on outstanding debt obligations (1)	120,521	114,718	90,260	80,475	45,968	20,735	472,677
Operating lease obligations	692	482	480	486	492	383	3,015
Total	\$ 188,040	\$ 254,189	\$ 678,565	\$ 106,240	\$ 1,101,708	\$ 662,648	\$ 2,991,390

(1) Our unsecured credit facility and term loans assumed a SOFR rate of 5.32% as of December 31, 2023.

Terms of Leases and Resident Characteristics

The leases for our portfolio typically follow standard forms customarily used between landlords and residents in the geographic area in which the relevant property is located. Under such leases, the resident typically agrees to pay an initial deposit (generally one month's rent) and/or associated application and move in-fees, and then pays rent on a monthly basis during the term of the lease. As landlord, we are directly responsible for all real estate taxes, sales and use taxes, special assessments, property-level utilities, insurance, building repairs, and other building operation and management

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costs. Individual residents are generally responsible for the utility costs of their unit. Our lease terms are generally for one year or less and average twelve months.

Our apartment resident composition varies across the regions in which we operate, includes singles, roommates and family renters and is generally reflective of the principal employers in the relevant region. Our apartment properties predominantly consist of one-bedroom and two-bedroom units, although some of our apartment properties also have studio and three-bedroom units.

Insurance

Our multifamily properties are covered by all risk property insurance covering the replacement cost for each building and business interruption and rental loss insurance. On a case-by-case basis, based on an assessment of the likelihood of the risk, availability and cost of insurance, and in accordance with standard market practice, we obtain earthquake, windstorm, flood, terrorism and boiler and machinery insurance. We carry comprehensive liability insurance and umbrella policies for each of our properties at levels which we believe are prudent in light of our business activities and are in accordance with standard market practice. We seek certain extensions of coverage, valuation clauses, and deductibles in accordance with standard market practice and availability. Although we may carry insurance for potential losses associated with our multifamily properties, we may still incur losses due to uninsured risks, deductibles, co-payments or losses in excess of applicable insurance coverage and those losses may be material. In addition, we generally obtain title insurance policies when we acquire a property, with each policy covering an amount equal to the initial purchase price of each property. Accordingly, any of our title insurance policies may be in an amount less than the current value of the related property.

Inflation

Our resident leases at our apartment communities allow, at the time of renewal, for adjustments in the rent payable thereunder, and thus may enable us to seek rent increases. Almost all leases are for one year or less. The short-term nature of these leases has generally served to reduce our risk to adverse effects of inflation. However, substantial inflationary pressures have had and could continue to have a negative effect on rental rates and property operating expenses. The general risk of inflation is that interest on our debt, general and administrative expenses and other expenses, including our costs of capital improvements and expenditures, increase at a rate faster than increases in our residential rental rates, which would adversely affect our financial condition or results of operations. Additionally, substantial inflationary pressures may dampen consumer spending, which may negatively impact the demand for resident leases at our apartment communities. While there is debate among economists as to whether inflationary pressures, coupled with recent periods of economic contractions in the U.S., indicate that the U.S. has entered, or in the near term will enter, a recession, it remains difficult to predict the full impact of any future changes in inflation.

Critical Accounting Estimates and Policies

We consider the accounting policies discussed below to be critical to an understanding of how we report our financial condition and results of operations because their application places the most significant demands on the judgment and estimates of our management.

Our financial statements are prepared on the accrual basis of accounting in accordance with GAAP. The preparation of financial statements in conformity with GAAP requires management to make use of estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting periods. Actual results could differ from those estimates.

Investments in Real Estate

Allocation of Purchase Price of Acquired Assets

In accordance with FASB ASC Topic 805, we evaluate our real estate acquisitions to determine if they should be accounted for as a business or a group of assets. The evaluation includes an initial screen to determine if substantially all of the fair value of the gross assets acquired is concentrated in a single asset or group of similar assets. If the screen is met, the acquisition is not a business. The properties we have acquired met the screen test and are accounted for as asset acquisitions. Under asset acquisition accounting, the costs to acquire real estate, including transaction costs related to the acquisition, are accumulated and then allocated to the individual assets and liabilities acquired based upon their relative fair

value. Transaction costs and fees incurred related to the financing of an acquisition are capitalized and amortized over the life of the related financing.

We estimate the fair value of acquired tangible assets (consisting of land, building and improvements), identified intangible assets (consisting of in-place leases), and assumed debt at the date of acquisition, based on the evaluation of information and estimates available at that date.

Business Combinations

On December 16, 2021, we acquired Steadfast Apartment REIT, Inc. and Steadfast Apartment REIT Operating Partnership, L.P., as discussed in Note 3 to the consolidated financial statements. The transaction was accounted for as a business combination whereby we measured the identifiable assets acquired and liabilities assumed at fair value. The identifiable assets acquired in the business combination included investments in real estate properties measured using a combination of income, market and cost approaches.

Impairment of Long-Lived Assets

Management evaluates the recoverability of its investment in real estate assets, including related identifiable intangible assets, in accordance with FASB ASC Topic 360, "Property, Plant and Equipment". This accounting standard requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that recoverability of the assets is not assured.

We review our long-lived assets on an ongoing basis and evaluate the recoverability of the carrying value when there is an indicator of impairment. An impairment charge is recognized when it is determined that the carrying value of the asset exceeds the fair value. The estimated cash flows and estimated fair value used in the impairment analysis are determined based on our plans for the respective assets, including the expected hold period, and our assessment of market and economic conditions. The estimates consider matters such as current and historical rental rates, occupancies for the respective and/or comparable properties, and recent sales data for comparable properties. Changes in our plans or views of market and economic conditions may result in adjustments to estimated future cash flows, which could lead to recognition of impairment losses. These losses, as guided by the applicable accounting standards, could be significant.

ITEM 7A. Quantitative and Qualitative Disclosures About Market Risk

Market risk is the adverse effect on the value of a financial instrument that results from a change in interest rates. We may be exposed to interest rate changes primarily as a result of long-term debt used to maintain liquidity, fund capital expenditures and expand our real estate investment portfolio and operations. Market fluctuations in real estate financing may affect the availability and cost of funds needed to expand our investment portfolio. In addition, restrictions upon the availability of real estate financing or high interest rates for real estate loans could adversely affect our ability to dispose of real estate in the future. We seek to limit the impact of interest rate changes on earnings and cash flows and to lower our overall borrowing costs. We currently and may in the future use derivative financial instruments to hedge exposures to changes in interest rates on loans secured by our assets. The market risk associated with interest-rate contracts is managed by establishing and monitoring parameters that limit the types and degree of market risk that may be undertaken. With regard to variable rate financing, we assess our interest rate cash flow risk by continually identifying and monitoring changes in interest rate exposures that may adversely impact expected future cash flows and by evaluating hedging opportunities. We maintain risk management control systems to monitor interest rate cash flow risk attributable to both our outstanding and forecasted debt obligations as well as our potential offsetting hedge positions. While this hedging strategy is designed to minimize the impact on our net income and funds from operations of changes in interest rates, the overall returns on any investment in our securities may be reduced. We currently have limited exposure to financial market risks.

We may also be exposed to credit risk in derivative contracts we may use. Credit risk is the failure of the counterparty to perform under the terms of the derivative contract. If the fair value of a derivative contract is positive, the counterparty will owe us, which creates credit risk for us. If the fair value of a derivative contract is negative, we will owe the counterparty and, therefore, do not have credit risk. We seek to minimize the credit risk in derivative instruments by entering into transactions with high-quality counterparties.

Interest Rate Risk and Sensitivity

Interest rates may be affected by economic, geo-political, monetary and fiscal policy, market supply and demand and other factors generally outside our control, and such factors may be highly volatile. A change in market interest rates

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applicable to the fixed-rate portion of our indebtedness affects the fair value, but it has no effect on interest incurred or cash flows. A change in market interest rates applicable to the variable portion of our indebtedness affects the interest incurred and cash flows, but does not affect the fair value.

As of December 31, 2023, our only interest rate sensitive assets or liabilities related to our principal amount of \$2.52 billion of outstanding indebtedness, of which \$1.68 billion was fixed rate and \$0.84 billion was floating rate, three float-to-fixed interest rate swaps with a total notional amount of \$500 million, two interest rate collars with a total notional amount of \$250 million and two forward interest rate collars with a total notional amount of \$200 million.

As of December 31, 2022, our only interest rate sensitive assets or liabilities related to our principal amount of \$2.59 billion of outstanding indebtedness, of which \$1.77 billion was fixed rate and \$0.82 billion was floating rate, two float-to-fixed interest rate swaps with a total notional amount of \$300 million, and two interest rate collars with a total notional amount of \$250 million, and two forward interest rate collars with a total notional amount of \$200 million.

We monitor interest rate risk routinely and seek to minimize the possibility that a change in interest rates would impact the interest incurred and our cash flows. To mitigate such risk, we may use interest rate derivative contracts.

As of December 31, 2023 and 2022, the fair value of our fixed-rate indebtedness was \$1.58 billion and \$1.63 billion, respectively. The fair value of our fixed rate indebtedness was estimated using a discounted cash flow analysis utilizing rates that we believe a market participant would expect to pay for debt of a similar type and remaining maturity as if the debt was originated at December 31, 2023 and 2022, respectively. As we expect to remain obligated on our fixed rate instruments to maturity and the amounts due under such instruments would be limited to the outstanding principal balance and any accrued and unpaid interest, we do not expect that fluctuations in interest rates, and the resulting change in fair value of our fixed rate instruments, would have a significant impact on our operations.

As of December 31, 2023, our interest rate swaps and interest rate collars had a combined asset fair value of \$29.9 million. The fair values of our interest rate swaps and interest rate collars were estimated using a discounted cash flow analysis based on forward interest rate curves.

The following table summarizes our indebtedness, and the impact to interest expense for a 12-month period, and the change in the net fair value of our indebtedness assuming an instantaneous increase or decrease of 100 basis points in the SOFR interest rate curve (dollars in thousands). The impact of the interest rate swaps and interest rate collars have been included in the table below:

	\$	85,131	\$	100 Basis Point	100 Basis Point
				Interest	Increase
Rate Sensitivity (a)					Decrease
Interest expense from variable-rate indebtedness	\$	85,131	\$	865	\$ (865)
Fair value of fixed-rate indebtedness		1,582,574		(61,492)	64,564

(a) Unpaid and unhedged balance of variable-rate indebtedness as of December 31, 2023 is shown. Fair value of fixed-rate indebtedness as of December 31, 2023 is shown.

ITEM 8. *Financial Statements and Supplementary Data*

**INDEX TO FINANCIAL STATEMENTS
OF INDEPENDENCE REALTY TRUST, INC.
(A Maryland Corporation)**

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All other schedules have been omitted because they are inapplicable, not required or the information is included elsewhere in the consolidated financial statements or notes thereto.

Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors
Independence Realty Trust, Inc.:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Independence Realty Trust, Inc. and subsidiaries (the Company) as of December 31, 2023 and 2022, the related consolidated statements of operations, comprehensive income (loss), changes in equity, and cash flows for each of the years in the three-year period ended December 31, 2023, and the related notes and financial statement schedule III (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2023, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2023, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated February 28, 2024 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of a critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Evaluation of the estimated hold period for real estate assets

As discussed in Note 4 to the consolidated financial statements, the Company had \$5,676,452 thousand of investments in real estate, net as of December 31, 2023. The Company evaluates the recoverability of real estate assets whenever events or changes in circumstances indicate that the carrying amount of a real estate asset may not be recoverable. Such events or changes in circumstances include the Company's plans for the respective assets (hold period), market and economic conditions, current and historical rental rates, occupancies for the respective and/or comparable properties, and recent sales data for comparable properties.

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We identified the evaluation of the estimated hold period for real estate assets as a critical audit matter. There is a high degree of subjective and complex auditor judgement in evaluating the relevant events or changes in circumstances that impact the hold period that may indicate the carrying value of the asset may not be recoverable. In particular, changes in the judgments regarding the Company's plans as it relates to the hold period for the assets could have a significant impact on the determination of the recoverability of the real estate assets.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls related to the Company's impairment process. This included controls related to evaluation of changes to the period the Company expects to hold its real estate assets. We inquired of Company officials and inspected documents including Board of Directors minutes, purchase and sale agreements, and plans for the real estate assets to evaluate the likelihood that a real estate asset would be sold prior to the estimated hold period.

/s/ KPMG LLP

We have served as the Company's auditor since 2014.

Philadelphia, Pennsylvania

February 28, 2024

Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors
Independence Realty Trust, Inc.:

Opinion on Internal Control Over Financial Reporting

We have audited Independence Realty Trust, Inc. and subsidiaries' (the Company) internal control over financial reporting as of December 31, 2023, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2023, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2023 and 2022, the related consolidated statements of operations, comprehensive income (loss), changes in equity, and cash flows for each of the years in the three-year period ended December 31, 2023, and the related notes and financial statement schedule III (collectively, the consolidated financial statements), and our report dated February 28, 2024 expressed an unqualified opinion on those consolidated financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ KPMG LLP

Philadelphia, Pennsylvania
February 28, 2024

Independence Realty Trust, Inc. and Subsidiaries
Consolidated Balance Sheets
(Dollars in thousands, except share and per share data)

	As of December 31, 2023	As of December 31, 2022
ASSETS:		
Investments in real estate:		
Investments in real estate, at cost	\$ 6,259,212	\$ 6,615,243
Accumulated depreciation	(582,760)	(425,034)
Investments in real estate, net	5,676,452	6,190,209
Real estate held for sale	296,334	35,777
Investments in real estate under development	98,365	105,518
Cash and cash equivalents	22,852	16,084
Restricted cash	27,880	27,933
Investments in unconsolidated real estate entities	89,044	80,220
Other assets	39,245	34,846
Derivative assets	29,937	41,109
Intangible assets, net of accumulated amortization of \$ 332 and \$ 700 , respectively	66	399
Total Assets	\$ 6,280,175	\$ 6,532,095
LIABILITIES AND EQUITY:		
Indebtedness, net	\$ 2,426,788	\$ 2,631,645
Indebtedness associated with real estate held for sale	122,621	—
Accounts payable and accrued expenses	109,074	109,677
Accrued interest payable	7,917	7,713
Dividends payable	36,858	32,189
Other liabilities	9,723	13,004
Total Liabilities	2,712,981	2,794,228
Equity:		
Stockholders' equity:		
Preferred stock, \$ 0.01 par value; 50,000,000 shares authorized, 0 and 0 shares issued and outstanding, respectively	—	—
Common stock, \$ 0.01 par value; 500,000,000 shares authorized, 224,706,731 and 224,064,940 shares issued and outstanding, including 288,250 and 232,134 unvested restricted common share awards, respectively	2,247	2,241
Additional paid-in capital	3,751,942	3,751,056
Accumulated other comprehensive income	25,513	35,102
Accumulated deficit	(348,405)	(191,735)
Total stockholders' equity	3,431,297	3,596,664
Noncontrolling interests	135,897	141,203
Total Equity	3,567,194	3,737,867
Total Liabilities and Equity	\$ 6,280,175	\$ 6,532,095

The accompanying notes are an integral part of these consolidated financial statements

Independence Realty Trust, Inc. and Subsidiaries

Consolidated Statements of Operations
(Dollars in thousands, except share and per share information)

	For the Years Ended December 31,		
	2023	2022	2021
REVENUE:			
Rental and other property revenue	\$ 659,841	\$ 627,414	\$ 249,492
Other revenue	1,142	1,111	760
Total revenue	660,983	628,525	250,252
EXPENSES:			
Property operating expenses	244,330	232,275	93,252
Property management expenses	27,081	24,033	9,539
General and administrative expenses	22,766	26,260	18,610
Depreciation and amortization expense	218,968	252,849	76,909
Casualty losses (gains), net	925	(8,866)	359
Total expenses	514,070	526,551	198,669
Interest expense	(89,921)	(86,955)	(36,401)
(Loss on impairment) gain on sale of real estate assets, net	(66,547)	111,756	87,671
Loss on extinguishment of debt	(124)	—	(10,261)
Merger and integration costs	—	(5,505)	(47,063)
Other (loss) income, net	(427)	1,558	—
Loss from investments in unconsolidated real estate entities	(4,488)	(2,169)	—
Restructuring costs	(3,213)	—	—
Net (loss) income:	(17,807)	120,659	45,529
Loss (income) allocated to noncontrolling interest	580	(3,410)	(940)
Net (loss) income allocable to common shares	\$ (17,227)	\$ 117,249	\$ 44,589
(Loss) earnings per share:			
Basic	\$ (0.08)	\$ 0.53	\$ 0.41
Diluted	\$ (0.08)	\$ 0.53	\$ 0.41
Weighted-average shares:			
Basic	224,414,443	221,965,460	108,552,185
Diluted	224,414,443	223,119,937	109,831,520

The accompanying notes are an integral part of these consolidated financial statements.

Independence Realty Trust, Inc. and Subsidiaries
Consolidated Statements of Comprehensive Income (Loss)
(Dollars in thousands)

	For the Years Ended December 31,		
	2023	2022	2021
Net (loss) income	\$ (17,807)	\$ 120,659	\$ 45,529
Other comprehensive (loss) income:			
Change in fair value of interest rate hedges	9,321	49,671	13,481
Realized (gains) losses on interest rate hedges reclassified to earnings	(19,189)	(1,296)	8,136
Total other comprehensive (loss) income	(9,868)	48,375	21,617
Comprehensive (loss) income before allocation to noncontrolling interests	(27,675)	169,034	67,146
Allocation to noncontrolling interests	722	(4,743)	(675)
Comprehensive (loss) income	<u>\$ (26,953)</u>	<u>\$ 164,291</u>	<u>\$ 66,471</u>

The accompanying notes are an integral part of these consolidated financial statements.

Independence Realty Trust, Inc. and Subsidiaries
Consolidated Statements of Changes in Equity
(Dollars in thousands, except share and per share data)

	Par Value	Accumulated Other Comprehensive Income (Loss)	Retained Earnings (Accumulated Deficit)	Total Stockholders' Equity	Noncontrolling Interests	Total Equity
	Preferred Shares	Preferred Shares	Common Shares	Common Shares	Paid In Capital	
Balance, December 31, 2020	—	\$ —	101,803,762	\$ 1,018	\$ 919,615	\$ (33,822) \$ (178,751)
Net income	—	—	—	—	—	44,589
Common dividends declared (\$0.48 per share)	—	—	—	—	—	(54,248) (54,248) — (54,248)
Other comprehensive income	—	—	—	—	—	21,882 21,882 (265) 21,617
Stock compensation	—	—	327,375	3	7,343	— 7,346 — 7,346
Issuance of IROP Units related to acquisitions	—	—	—	—	—	— — 157,200 157,200
Repurchase of shares related to equity award tax withholding	—	—	(159,191)	(2)	(2,925)	— — (2,927) — (2,927)
Conversion of noncontrolling interest to common shares	—	—	122,154	1	857	— 858 (858) —
Issuance of common shares, net	—	—	118,659,635	1,188	2,754,013	— — 2,755,201 — 2,755,201
Distribution to noncontrolling interest declared (\$0.48 per unit)	—	—	—	—	—	— — (413) (413)
					3,678,903	
Balance, December 31, 2021	—	\$ —	220,753,735	\$ 2,208	\$ (11,940)	\$ (188,410) \$ 3,480,761 \$ 161,315 \$
Net income	—	—	—	—	—	117,249 117,249 3,410 120,659
Common dividends declared (\$0.54 per share)	—	—	—	—	—	(120,574) (120,574) — (120,574)
Other comprehensive income	—	—	—	—	47,042	— 47,042 1,333 48,375
Stock compensation	—	—	421,564	3	8,041	— 8,044 — 8,044
Repurchase of shares related to equity award tax withholding	—	—	(52,526)	—	(5,969)	— — (5,969) — (5,969)
Conversion of noncontrolling interest to common shares	—	—	890,669	9	21,451	— 21,460 (21,460) —
Issuance of common shares, net	—	—	2,051,498	21	48,630	— — 48,651 — 48,651
Distribution to noncontrolling interest declared (\$0.54 per unit)	—	—	—	—	—	— — (3,395) (3,395)
					3,751,056	
Balance, December 31, 2022	—	\$ —	224,064,940	\$ 2,241	\$ 35,102	\$ (191,735) \$ 3,596,664 \$ 141,203 \$
Net loss	—	—	—	—	—	(17,227) (17,227) (580) (17,807)
Common dividends declared (\$0.62 per share)	—	—	—	—	—	(139,443) (139,443) — (139,443)
Other comprehensive loss	—	—	—	—	(9,589)	— (9,589) (279) (9,868)
Stock compensation	—	—	538,350	5	7,878	— 7,883 — 7,883
Repurchase of shares related to equity award tax withholding	—	—	(41,159)	—	(7,585)	— — (7,585) — (7,585)
Conversion of noncontrolling interest to common shares	—	—	144,600	1	1,014	— — 1,015 (1,015) —
Issuance of common shares, net	—	—	—	—	(421)	— — (421) — (421)
Distribution to noncontrolling interest declared (\$0.62 per unit)	—	—	—	—	—	— — (3,688) (3,688)
Recognition of noncontrolling interest upon consolidation of former unconsolidated real estate entity	—	—	—	—	—	— — 256 256
					3,751,942	
Balance, December 31, 2023	—	\$ —	224,706,731	\$ 2,247	\$ 25,513	\$ (348,405) \$ 3,431,297 \$ 135,897 \$

The accompanying notes are an integral part of these consolidated financial statements.

Independence Realty Trust, Inc. and Subsidiaries
Consolidated Statements of Cash Flows
(Dollars in thousands)

	For the Years Ended December 31,		
	2023	2022	2021
Cash flows from operating activities:			
Net (loss) income	\$ (17,807)	\$ 120,659	\$ 45,529
Adjustments to reconcile net (loss) income to cash flow from operating activities:			
Depreciation and amortization	218,968	252,849	76,909
Accretion of loan discounts and premiums, net	(10,899)	(11,005)	(501)
Amortization of deferred financing costs, net	3,290	3,729	1,640
Stock compensation expense	7,658	7,893	7,227
Loss on impairment (gain on sale) of real estate assets, net	66,547	(111,756)	(87,671)
Loss on extinguishment of debt	124	—	10,261
Amortization related to derivative instruments	1,304	1,281	1,274
Casualty losses (gains), net	925	(8,866)	359
Equity in loss from investments in unconsolidated real estate entities	4,488	2,169	—
Other expense (income)	1,340	(1,059)	—
Changes in assets and liabilities:			
Other assets	(8,062)	(33)	(523)
Accounts payable and accrued expenses	(3,228)	(2,495)	(3,633)
Accrued interest payable	(79)	538	2,085
Other liabilities	(2,399)	(4,367)	(699)
Net cash provided by operating activities	262,170	249,537	52,257
Cash flows from investing activities:			
Acquisition of real estate properties	—	(201,777)	(139,516)
Acquisition of STAR, net of cash acquired	—	—	(186,122)
Cash acquired from consolidation of previously unconsolidated real estate entity	2,145	—	—
Investments in unconsolidated real estate entities	(26,003)	(60,796)	(24,999)
Distributions received from investments in unconsolidated real estate entities	—	3,406	—
Disposition of real estate properties, net	230,789	253,560	177,486
Capital expenditures	(146,629)	(83,979)	(42,973)
Additions to real estate under development	(66,223)	(61,760)	—
Proceeds from insurance claims	4,209	15,580	—
Net cash used in investing activities	(1,712)	(135,766)	(216,124)
Cash flows from financing activities:			
Proceeds (costs) from issuance of common stock	(421)	48,651	317,024
Proceeds from unsecured credit facility and term loan	270,000	707,500	594,500
Unsecured and secured credit facility and term loan repayments	(250,341)	(718,525)	(302,301)
Mortgage principal repayments	(129,596)	(53,365)	(312,877)
Payments for deferred financing costs	(60)	(1,670)	(14,889)
Distributions on common stock	(134,872)	(105,829)	(49,832)
Distributions to noncontrolling interests	(3,590)	(2,743)	(294)
Payments for debt extinguishment	(124)	—	(12,481)
Repurchase of shares related to equity award tax withholding	(4,739)	(5,969)	(2,927)
Payments for forward interest rate collars	—	(3,475)	—
Net cash (used in) provided by financing activities	(253,743)	(135,425)	215,923
Net change in cash, cash equivalents and restricted cash	6,715	(21,654)	52,056
Cash, cash equivalents and restricted cash, beginning of period	44,017	65,671	13,615
Cash, cash equivalents and restricted cash, end of period	\$ 50,732	\$ 44,017	\$ 65,671

Independence Realty Trust, Inc. and Subsidiaries
Consolidated Statements of Cash Flows
(Dollars in thousands)

	For the Years Ended December 31,		
	2023	2022	2021
Reconciliation of cash, cash equivalents, and restricted cash to the Consolidated Balance Sheet			
Cash and cash equivalents	\$ 22,852	\$ 16,084	\$ 35,972
Restricted cash	27,880	27,933	29,699
Total cash, cash equivalents, and restricted cash, end of period	<u><u>\$ 50,732</u></u>	<u><u>\$ 44,017</u></u>	<u><u>\$ 65,671</u></u>
Supplemental cash flow information:			
Cash paid for interest	\$ 96,022	\$ 96,383	\$ 29,227
Supplemental disclosure of noncash investing and financing activities:			
Decrease in noncontrolling interest from conversion of common limited partnership units to shares of common stock	\$ 1,015	\$ 21,460	\$ 858
Distributions declared but not paid	\$ 36,858	\$ 32,189	\$ 16,792
Real estate under development placed in service	\$ 77,520	\$ —	\$ —
Assets acquired in STAR Merger	\$ —	\$ —	\$ 4,770,698
Liabilities assumed in STAR Merger	\$ —	\$ —	\$ 1,886,791
Value of common stock issued in STAR Merger	\$ —	\$ —	\$ 2,438,177
Value of limited partnership units issued in STAR Merger	\$ —	\$ —	\$ 157,200
Initial measurement of operating lease right of use assets	\$ —	\$ 753	\$ 672
Initial measurement of operating lease liabilities	\$ —	\$ 753	\$ 672
Accrued capital expenditures and real estate under development	\$ 20,122	\$ 18,889	\$ 4,603
Assets recognized upon consolidation of previously unconsolidated real estate entity	\$ 52,878	\$ —	\$ —
Liabilities recognized upon consolidation of previously unconsolidated real estate entity	\$ 39,931	\$ —	\$ —
Derecognition of equity method investment upon consolidation of previously unconsolidated real estate entity	\$ 12,691	\$ —	\$ —
Value of noncontrolling interest upon consolidation of previously unconsolidated real estate entity	\$ 256	\$ —	\$ —

The accompanying notes are an integral part of these consolidated financial statements.

Independence Realty Trust, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

As of December 31, 2023

(Dollars in thousands, except share and per share data)

NOTE 1: Organization

Independence Realty Trust, Inc. ("IRT"), is a self-administered and self-managed Maryland real estate investment trust ("REIT") which was formed on March 26, 2009. We are primarily engaged in the ownership, operation, management, improvement, and acquisition of multifamily apartment communities in non-gateway markets. As of December 31, 2023, we owned and operated 116 multifamily apartment properties (including one owned through a consolidated joint venture) that contain an aggregate 34,431 units (unaudited) across non-gateway U.S. markets, including Atlanta, Columbus, Dallas, Denver, Houston, Indianapolis, Nashville, Oklahoma City, Raleigh-Durham, and Tampa. In addition, as of December 31, 2023, we owned two investments in real estate under development in Denver, Colorado that will, upon completion, contain an aggregate of 621 (unaudited) units. As of December 31, 2023, we also owned interests in four unconsolidated joint ventures, two of which own and operate multifamily apartment communities that contain an aggregate of 810 units and two of which are developing multifamily apartment properties that will, upon completion, contain an aggregate 653 units. We own all of our assets and conduct substantially all of our operations through Independence Realty Operating Partnership, LP ("IROP"), of which we are the sole general partner.

As used herein, the terms "we," "our," and "us" refer to IRT and, as required by context, IROP and its subsidiaries.

On July 26, 2021, IRT together with IROP, and IRSTAR Sub, LLC, a wholly-owned subsidiary of IRT ("IRT Merger Sub"), entered into an agreement and plan of merger (the "Merger Agreement") with Steadfast Apartment REIT, Inc. ("STAR") and its operating partnership, Steadfast Apartment REIT Operating Partnership, L.P. ("STAR OP"). Consummation of the mergers provided for in the Merger Agreement (which we refer to collectively as the "STAR Merger") was subject to customary closing conditions, including, among others, receipt of IRT stockholder approval and STAR stockholder approval, which occurred on December 13, 2021. The STAR Merger closed on December 16, 2021. For further discussion, see Note 3: IRT and STAR Merger.

NOTE 2: Summary of Significant Accounting Policies

a. Basis of Presentation

The consolidated financial statements have been prepared by management in accordance with generally accepted accounting principles in the United States ("GAAP"). In the opinion of management, all adjustments, consisting only of normal recurring adjustments, necessary to present fairly our consolidated financial position and consolidated results of operations and cash flows are included. The Company evaluated subsequent events through the date its financial statements were issued. No significant recognized or non-recognized subsequent events were noted other than those described in the footnotes.

b. Principles of Consolidation

The consolidated financial statements reflect our accounts and the accounts of IROP and its subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation. Pursuant to FASB Accounting Standards Codification Topic 810, "Consolidation", IROP is considered a variable interest entity of which we are the primary beneficiary. As our significant asset is our investment in IROP, substantially all of our assets and liabilities represent the assets and liabilities of IROP.

c. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting periods. Actual results could differ from those estimates.

Independence Realty Trust, Inc. and Subsidiaries**Notes to Consolidated Financial Statements****As of December 31, 2023****(Dollars in thousands, except share and per share data)*****d. Cash and Cash Equivalents***

Cash and cash equivalents include cash held in banks and highly liquid investments with original maturities of three months or less when purchased. Cash, including amounts restricted, may at times exceed the Federal Deposit Insurance Corporation deposit insurance limit of \$250 per institution. We mitigate credit risk by placing cash and cash equivalents with major financial institutions. To date, we have not experienced any losses on cash and cash equivalents.

e. Restricted Cash

Restricted cash includes escrows of our funds held by lenders to fund certain expenditures, such as real estate taxes and insurance, or to be released at our discretion upon the occurrence of certain pre-specified events. As of December 31, 2023 and 2022, we had \$ 27,880 and \$ 27,933 , respectively, of restricted cash.

f. Investments in Real Estate

Investments in real estate are recorded at cost less accumulated depreciation. Costs, including internal costs, that both add value and appreciably extend the useful life of an asset are capitalized. Expenditures for repairs and maintenance are expensed as incurred.

Investments in real estate are classified as held for sale in the period in which certain criteria are met including when the sale of the asset is probable, and actions required to complete the plan of sale indicate that it is unlikely that significant changes to the plan of sale will be made or the plan of sale will be withdrawn.

Allocation of Purchase Price of Acquired Assets

In accordance with FASB ASC Topic 805 ("ASC 805"), we evaluate our real estate acquisitions to determine if they should be accounted for as a business or a group of assets. The evaluation includes an initial screen to determine if substantially all of the fair value of the gross assets acquired is concentrated in a single asset or group of similar assets. If the screen is met, the acquisition is not a business. The properties we have acquired met the screen test and are accounted for as asset acquisitions. Under asset acquisition accounting, the costs to acquire real estate, including transaction costs related to the acquisition, are accumulated and then allocated to the individual assets and liabilities acquired based upon their relative fair value. Transaction costs and fees incurred related to the financing of an acquisition are capitalized and amortized over the life of the related financing.

We estimate the fair value of acquired tangible assets (consisting of land, building and improvements), identified intangible assets (consisting of in-place leases), and assumed debt at the date of acquisition, based on the evaluation of information and estimates available at that date.

The aggregate value of in-place leases is determined by evaluating various factors, including the terms of the leases that are in place and assumed lease-up periods. The value assigned to these intangible assets is amortized over the assumed lease up period, typically six months . During the year ended December 31, 2023 we consolidated a former unconsolidated real estate entity and recognized in-place leases with a value of \$ 398 (see Note 5: Investments in Unconsolidated Real Estate for details). During the year ended December 31, 2022, we acquired in-place leases with a value of \$ 1,136 , related to our acquisitions that are discussed further in Note 4: Investments in Real Estate. For the years ended December 31, 2023, 2022 and 2021, we recorded \$ 731 , \$ 54,006 , and \$ 5,125 of amortization expense for intangible assets, respectively. For the years ended December 31, 2023, 2022, and 2021, we wrote-off fully amortized intangible assets of \$ 1,099 , \$ 58,085 , and \$ 1,549 , respectively.

Business Combinations

For properties we acquire or transactions we enter into that are accounted for as business combinations, we apply the acquisition method of accounting under ASC 805, which requires the identification of the acquiror, the determination of the acquisition date, and the recognition and measurement, at fair value, of the assets acquired and liabilities assumed. To

Independence Realty Trust, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

As of December 31, 2023

(Dollars in thousands, except share and per share data)

the extent that the fair value of net assets acquired differs from the fair value of consideration paid, ASC 805 requires the recognition of goodwill or a gain from a bargain purchase, if any.

Impairment of Long-Lived Assets

Management evaluates the recoverability of our investment in real estate assets, including related identifiable intangible assets, in accordance with FASB ASC Topic 360, "Property, Plant and Equipment". This accounting standard requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that recoverability of the assets is not assured.

We review our long-lived assets on an ongoing basis and evaluate the recoverability of the carrying value when there is an indicator of impairment. An impairment charge is recognized when it is determined that the carrying value of the asset exceeds the fair value. The estimated cash flows and estimated fair value used in the impairment analysis are determined based on our plans for the respective assets, including the expected hold period, and our assessment of market and economic conditions. The estimates consider matters such as current and historical rental rates, occupancies for the respective and/or comparable properties, and recent sales data for comparable properties. Changes in our plans or views of market and economic conditions may result in adjustments to estimated future cash flows, which could lead to recognition of impairment losses. These losses, as guided by the applicable accounting standards, could be significant. For the years ended December 31, 2023, 2022, and 2021, we recorded impairment losses of \$ 69,702 , \$ 3,529 , and \$ 0 , respectively.

Depreciation Expense

Depreciation expense for real estate assets is computed using a straight-line method based on a life of 40 years for buildings and improvements and five to ten years for furniture, fixtures, and equipment. For the years ended December 31, 2023, 2022 and 2021, we recorded \$ 216,980 , \$ 197,539 and \$ 70,578 of depreciation expense, respectively. For the years ended December 31, 2023, 2022, and 2021, we wrote-off fully depreciated fixed assets of \$ 23,120 , \$ 7,482 , and \$ 4,607 , respectively.

Casualty Related Costs

Occasionally, we incur losses at our communities from wind storms, floods, fires and similar hazards. Sometimes, a portion of these losses are not fully covered by our insurance policies due to deductibles. In these cases, we estimate the carrying value of the damaged property and record a casualty loss for the difference between the estimated carrying value and the insurance proceeds. Any amount of insurance recovery in excess of the amount of the losses incurred is considered a gain contingency and is recorded in casualty (gains) losses, net when the proceeds are received. During the years ended December 31, 2023, 2022 and 2021, we recognized/incurred \$ 925 , \$(8,866), and \$ 359 of casualty losses (gains), net, respectively.

g. Investments in Real Estate Under Development

We capitalize direct and indirect project costs incurred during the development period such as construction, insurance, architectural, legal, interest costs, and real estate taxes. At such time as the development is considered substantially complete, the capitalization of certain indirect costs such as real estate taxes, interest costs, and all project-related costs in real estate under development are reclassified to investments in real estate. For the years ended December 31, 2023, 2022, and 2021, we recorded \$ 6,548 , \$ 2,291 , and \$ 1,336 , respectively, of capitalized interest expense, on our investments in real estate under development.

As of December 31, 2023 and 2022, the carrying value of our investments in real estate under development in Denver, Colorado totaled \$ 98,365 and \$ 105,518 , respectively, and was recorded as a separate line item in our consolidated balance sheet. As of December 31, 2023, we had reclassified development costs of \$ 77,520 from investments in real estate under development.

Independence Realty Trust, Inc. and Subsidiaries**Notes to Consolidated Financial Statements****As of December 31, 2023**

(Dollars in thousands, except share and per share data)

h. Investments in Unconsolidated Real Estate Entities

We have entered into joint ventures with unrelated third parties to acquire, develop, own, operate, and manage real estate assets. Our joint ventures are funded with a combination of debt and equity. We will consolidate entities that we control as well as any variable interest entity where we are the primary beneficiary. Under the VIE model, we consolidate an entity when we have the ability to direct the activities of the VIE and the obligations to absorb losses or the right to receive benefits that could potentially be significant to the VIE. Under the voting model, we consolidate an entity when we control the entity through ownership of a majority voting interest. We separately analyzed the initial accounting for each of our four investments in unconsolidated real estate entities and concluded that each are a voting interest entity. Our equity interest varies for each joint venture between 50 % to 90 % but, in each case, we share control of the major decisions that most significantly impact the joint ventures with our partners. Since we do not control the joint venture through our ownership interest, they are accounted for under the equity method of accounting, and are included in investments in unconsolidated real estate entities on the consolidated balance sheets. Under the equity method of accounting, the investments are carried at cost plus our share of net earnings or losses. For the years ended December 31, 2023, 2022, and 2021, we recorded \$ 4,272 , \$ 1,601 , and \$ 339 , respectively, of capitalized interest expense, on our investments in unconsolidated real estate entities in our consolidated balance sheet.

i. Revenue and Expenses***Rental and Other Property Revenue***

We apply FASB ASC Topic 842, "Leases" ("ASC 842") with respect to our accounting for rental income. We primarily lease apartment units under operating leases generally with terms of one year or less. Rental payments are generally due monthly and rental revenues are recognized on an accrual basis when earned. We have elected to account for lease (i.e. fixed payments including base rent) and non-lease components (i.e. tenant reimbursements and certain other service fees) as a single combined operating lease component since (1) the timing and pattern of transfer of the lease and non-lease components is the same, (2) the lease component is the predominant element, and (3) the combined single lease component would be classified as an operating lease.

The table below presents our revenues disaggregated by revenue source.

	For the year ended December 31,		
	2023	2022	2021
Rental revenue (1)	\$ 630,260	\$ 601,201	\$ 240,829
Other property revenue (2)	29,581	26,213	8,663
Other revenue	1,142	1,111	760
Total revenue	\$ 660,983	\$ 628,525	\$ 250,252

(1) Amounts include all revenue streams derived from lease and non-lease components accounted for under ASC 842.

(2) Amounts include revenue related to activities that are not considered components of a lease, including application fees and administrative fees, as well as revenue not related to leasing activities, including vendor revenue sharing. All amounts are accounted for under FASB ASC Topic 606 "Revenue from Contracts with Customers" ("ASC 606").

Geographic Concentration (Unaudited)

Our portfolio of properties consists primarily of apartment communities geographically concentrated in the Southeastern and Midwest United States. Texas, Georgia, North Carolina, Tennessee, Ohio, Colorado, Florida, Alabama, Kentucky, and Indiana comprised 20.82 %, 15.52 %, 9.95 %, 9.06 %, 7.70 %, 6.77 %, 6.03 %, 5.57 %, 5.50 %, and 5.05 %, respectively, of our rental revenue for the year ended December 31, 2023.

Independence Realty Trust, Inc. and Subsidiaries**Notes to Consolidated Financial Statements****As of December 31, 2023****(Dollars in thousands, except share and per share data)**

We make ongoing estimates of the collectability of our base rents, tenant reimbursements, and other service fees included within rental and other property revenue. If collectability is not probable for revenue streams accounted for under FASB ASC Topic 842, we adjust rental and other property income for the amount of uncollectible revenue. For revenue streams accounted for under ASC 606, we apply FASB ASC Topic 326 "Financial Instruments – Credit Losses" to establish an allowance for estimated expected credit losses.

Advertising Expenses

For the years ended December 31, 2023, 2022 and 2021, we incurred \$ 7,110 , \$ 5,414 , and \$ 2,511 of advertising expenses, respectively.

j. Fair Value of Financial Instruments

In accordance with FASB ASC Topic 820, "Fair Value Measurements and Disclosures", fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Where available, fair value is based on observable market prices or parameters or derived from such prices or parameters. Where observable prices or inputs are not available, valuation models are applied. These valuation techniques involve management estimation and judgment, the degree of which is dependent on the price transparency for the instruments or market and the instruments' complexity for disclosure purposes. Assets and liabilities recorded at fair value in our consolidated balance sheets are categorized based upon the level of judgment associated with the inputs used to measure their value. Hierarchical levels, as defined in FASB ASC Topic 820, "Fair Value Measurements and Disclosures" and directly related to the amount of subjectivity associated with the inputs to fair valuations of these assets and liabilities, are as follows:

- **Level 1:** Valuations are based on unadjusted, quoted prices in active markets for identical assets or liabilities at the measurement date. The types of assets carried at Level 1 fair value generally are equity securities listed in active markets. As such, valuations of these investments do not entail a significant degree of judgment.
- **Level 2:** Valuations are based on quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in markets that are not active or for which all significant inputs are observable, either directly or indirectly.
- **Level 3:** Inputs are unobservable for the asset or liability, and include situations where there is little, if any, market activity for the asset or liability. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level in the fair value hierarchy within which the fair value measurement in its entirety falls has been determined based on the lowest level input that is significant to the fair value measurement in its entirety. Our assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the asset or liability.

The availability of observable inputs can vary depending on the financial asset or liability and is affected by a wide variety of factors, including, for example, the type of investment, whether the investment is new, whether the investment is traded on an active exchange or in the secondary market, and the current market condition. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised by us in determining fair value is greatest for instruments categorized in Level 3.

Fair value is a market-based measure considered from the perspective of a market participant who holds the asset or owes the liability rather than an entity-specific measure. Therefore, even when market assumptions are not readily available, our own assumptions are set to reflect those that management believes market participants would use in pricing the asset or liability at the measurement date. We use prices and inputs that management believes are current as of the measurement date, including during periods of market dislocation. In periods of market dislocation, the observability of prices and inputs may be reduced for many instruments. This condition could cause an instrument to be transferred from Level 1 to Level 2 or Level 2 to Level 3.

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Independence Realty Trust, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

As of December 31, 2023

(Dollars in thousands, except share and per share data)

Fair value for certain of our Level 3 financial instruments is derived using internal valuation models. These internal valuation models include discounted cash flow analyses developed by management using current interest rates, estimates of the term of the particular instrument, specific issuer information and other market data for securities without an active market. In accordance with FASB ASC Topic 820, "Fair Value Measurements and Disclosures", the impact of our own credit spreads is also considered when measuring the fair value of financial assets or liabilities. Where appropriate, valuation adjustments are made to account for various factors, including bid-ask spreads, credit quality and market liquidity. These adjustments are applied on a consistent basis and are based on observable inputs where available. Management's estimate of fair value requires significant management judgment and is subject to a high degree of variability based upon market conditions, the availability of specific issuer information and management's assumptions.

FASB ASC Topic 825, "Financial Instruments" requires disclosure of the fair value of financial instruments for which it is practicable to estimate that value. Given that cash and cash equivalents and restricted cash are short term in nature with limited fair value volatility, the carrying amount is deemed to be a reasonable approximation of fair value and the fair value input is classified as a Level 1 fair value measurement. The fair value input for derivatives is classified as a Level 2 fair value measurement within the fair value hierarchy. The fair value of our unsecured credit facility, term loans, and mortgage indebtedness is based on a discounted cash flows valuation technique. As this technique utilizes current credit spreads, which are generally unobservable, this is classified as a Level 3 fair value measurement within the fair value hierarchy. We determine appropriate credit spreads based on the type of debt and its maturity. There were no transfers between levels in the fair value hierarchy for the years ended December 31, 2023, and 2022. The following table summarizes the carrying amount and the fair value of our financial instruments as of the periods indicated:

Financial Instrument	As of December 31, 2023		As of December 31, 2022	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
Assets				
Cash and cash equivalents	\$ 22,852	\$ 22,852	\$ 16,084	\$ 16,084
Restricted cash	27,880	27,880	27,933	27,933
Derivative assets	29,937	29,937	41,109	41,109
Liabilities				
Debt:				
Unsecured Revolver	233,362	235,607	164,283	169,842
Unsecured Term loans	597,544	602,589	596,612	611,265
Secured credit facilities	606,099	554,198	660,542	580,332
Mortgages	1,112,404	1,029,028	1,210,208	1,088,579

k. Deferred Financing Costs

Costs incurred in connection with debt financing are deferred and classified within indebtedness and charged to interest expense over the terms of the related debt agreements, under the effective interest method.

I. Office Leases

In accordance with FASB ASC Topic 842, "Leases", lessees are required to recognize a right-of-use asset and a lease liability on the balance sheet at the lease commencement date for all leases, except those leases with terms of less than a year. We lease corporate office space under leases with terms of up to 10 years and that may include extension options, but that do not include any residual value guarantees or restrictive covenants. As of December 31, 2023 and 2022, we have \$ 2,408 and \$ 3,079 , respectively, of operating lease right-of-use assets and \$ 2,701 and \$ 3,401 , respectively, of operating lease liabilities related to our corporate office leases. The operating lease right-of-use assets are presented within other assets and the operating lease liabilities are presented within other liabilities in our consolidated balance sheet. We recorded \$ 849 , \$ 1,320 , and \$ 706 of total operating lease expense during the years ended December 31, 2023, 2022, and

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2021, respectively, which is recorded within property management expense and general and administrative expenses in our consolidated statements of operations.

m. Income Taxes

We have elected to be taxed as a REIT. We recorded no income tax expense for the years ended December 31, 2023, 2022, and 2021.

To qualify as a REIT, we must meet certain organizational and operational requirements, including a requirement to distribute at least 90% of our ordinary taxable income to stockholders. As a REIT, we generally are not subject to federal income tax on taxable income that we distribute to our stockholders. If we fail to qualify as a REIT in any taxable year, we will be subject to federal income taxes on our taxable income at regular corporate rates and will not be permitted to qualify for treatment as a REIT for federal income tax purposes for four years following the year during which qualification is lost unless the Internal Revenue Service grants us relief under certain statutory provisions. Such an event could materially adversely affect our net income and net cash available for distribution to stockholders; however, we believe that we are organized and operate in such a manner as to qualify and maintain treatment as a REIT and intend to operate in such a manner so that we will remain qualified as a REIT for federal income tax purposes.

For the year ended December 31, 2023, 74 % of dividends were characterized as capital gain distributions and 26 % were characterized as ordinary income. For the year ended December 31, 2022, 99 % of dividends were characterized as capital gain distributions and 1 % were characterized as ordinary income. For the year ended December 31, 2021, 100 % of dividends were characterized as capital gain distributions, 0 % were characterized as ordinary income.

n. Share-Based Compensation

We account for stock-based compensation in accordance with FASB ASC Topic 718, "Compensation - Stock Compensation". Any stock-based compensation awards granted are measured based on the grant-date fair value of the award and compensation expense for the entire award is recognized on a straight-line basis over the requisite service period, which is the vesting period, for the entire award. Certain of our stock-based compensation awards provide for accelerated vesting upon retirement. In these cases, we recognize compensation expense on a straight-line basis over the period from grant date to the date the employee will become retirement eligible. If the grantee is retirement eligible at the time they receive an award, the full amount of compensation expense is recognized immediately on the grant date.

o. Noncontrolling Interest

Our noncontrolling interest represents limited partnership units of our operating partnership that were issued in connection with certain property acquisitions. We record limited partnership units issued in an acquisition at their fair value on the closing date of the acquisition. The holders of the limited partnership units have the right to redeem their limited partnership units for either shares of our common stock or for cash at our discretion. As the settlement of a redemption is in our sole discretion, we present noncontrolling interest in our consolidated balance sheet within equity but separate from stockholders' equity. Any noncontrolling interests that fail to qualify as permanent equity will be presented as temporary equity and be carried at the greater of historical cost or their redemption value.

p. Derivative Instruments

We may use derivative financial instruments to hedge all or a portion of the interest rate risk associated with our borrowings. The principal objective of such arrangements is to minimize the risks and/or costs associated with our operating and financial structure, as well as, to hedge specific anticipated transactions. While these instruments may impact our periodic cash flows, they benefit us by minimizing the risks and/or costs previously described. The counterparties to these contractual arrangements are major financial institutions with which we and our affiliates may also have other financial relationships. In the event of nonperformance by the counterparties, we are potentially exposed to credit loss. However, because of the high credit ratings of the counterparties, we do not anticipate that any of the counterparties will fail to meet their obligations.

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In accordance with FASB ASC Topic 815, "Derivatives and Hedging", we measure each derivative instrument (including any derivative instruments embedded in other contracts) at fair value and record such amounts in our consolidated balance sheet as either an asset or liability. For derivatives designated as cash flow hedges, the changes in the fair value of the effective portions of the derivative are reported in other comprehensive income (loss) and changes in the ineffective portions of cash flow hedges, if any, are recognized in earnings. For derivatives not designated as hedges, the changes in fair value of the derivative instrument are recognized in earnings. Any derivatives that we designate in hedge relationships are done so at inception. At inception, we determine whether or not the derivative is highly effective in offsetting changes in the designated interest rate risk associated with the identified indebtedness using regression analysis. At each reporting period, we update our regression analysis and use the hypothetical derivative method to measure any ineffectiveness.

q. Employee Retention Credit

Under the terms of the March 27, 2020 Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"), we were eligible and applied for assistance in the form of a refundable employee retention credit. Since applicable GAAP guidance is limited, we adopted an accounting policy by analogizing to International Accounting Standard 20 "Accounting for Government Grants" to recognize employee retention credits as a reimbursement of payroll related expenses within property operating expenses, property management expenses, and general and administrative expenses in our consolidated statements of operations. During the six months ended December 31, 2022, we received employee retention credit refunds totaling \$ 6,238 and recognized \$ 3,006 in reimbursements of previously paid employer payroll taxes and retention costs in our consolidated statements of operations. During the year ended December 31, 2023, we recognized reimbursements of payroll related expenses of \$ 3,232 in our consolidated statements of operations.

r. Restructuring Costs

During the three months ended March 31, 2023, we reorganized certain departments in our organization impacting a limited number of employees. The impacted employees were provided severance packages that included cash severance payments and the accelerated vesting of performance share units and restricted stock awards, as applicable. In accordance with ASC 712 "Compensation – Nonretirement Postemployment Benefits", we recognized the full amount of restructuring costs of \$ 3,213 during the three months ended March 31, 2023, which is presented in the restructuring costs line on the consolidated statement of operations. No restructuring costs were recognized during the years ended December 31, 2022 and 2021.

s. Recent Accounting Pronouncements

Below is a brief description of recent accounting pronouncements that could have a material effect on our financial statements.

In March 2020, the FASB issued an accounting standard classified under FASB ASC Topic 848, "Reference Rate Reform." The amendments in this update contain practical expedients for reference rate reform related activities that impact debt, leases, derivatives and other contracts. The guidance in ASC 848 is optional and may be elected over time as reference rate reform activities occur. Beginning in the first quarter of 2020, we elected to apply the hedge accounting expedients related to probability and the assessments of effectiveness for future LIBOR-indexed cash flows to assume that the index upon which future hedged transactions will be based matches the index on the corresponding derivatives. Application of these expedients preserves the presentation of derivatives consistent with past presentation. We will continue to evaluate the impact of the guidance and may apply other elections as applicable as additional changes in the market occur.

In December 2022, the FASB issued ASU 2022-06, Deferral of the Sunset Date of Topic 848 ("ASU 2022-06") which was issued to defer the sunset date of Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform to December 31, 2024. ASU 2022-06 has no impact on the Company's consolidated financial statements for the year ended December 31, 2023.

In November 2023, the FASB issued ASU 2023-07, Segment Reporting, Topic 280, "Improvements to Reportable Segment Disclosures" ("ASU 2023-07") which was issued to improve the disclosures about a public entity's reportable

Independence Realty Trust, Inc. and Subsidiaries**Notes to Consolidated Financial Statements****As of December 31, 2023****(Dollars in thousands, except share and per share data)**

segments and address requests from investors for additional, more detailed information about a reportable segment's expenses. Early adoption of ASU 2023-07 is permitted and the Company is still evaluating the impact of adopting this ASU.

NOTE 3: IRT and STAR Merger

On December 16, 2021, the STAR Merger closed. In the STAR Merger, each share of common stock, par value \$ 0.01 per share, of STAR issued and outstanding immediately prior to the STAR Merger was converted into 0.905 newly issued shares of IRT common stock, par value \$ 0.01 per share, with cash paid in lieu of fractional shares. In addition, each then outstanding unit of limited partnership of STAR OP (other than units owned by STAR) was automatically converted into 0.905 common units of limited partnership of IROP (each such unit, an "IROP unit"). Following the STAR Merger, continuing IRT common stockholders and IROP unitholders, as a group, held approximately 53 % of the issued and outstanding shares of common stock of the combined company and former STAR common stockholders and STAR OP unitholders, as a group, held approximately 47 % (assuming, in each case, an exchange of each IROP unit for a share of IRT common stock). The STAR Merger was consummated in order to increase the scale and scope of our business, provide enhanced portfolio diversification and exposure to high growth markets, and to unlock synergies.

Through the STAR Merger, we acquired 68 apartment communities that contained 21,394 units and two apartment communities under development and that will contain upon completion an aggregate of 621 units (unaudited). The consolidated net assets and results of operations of STAR are included in our consolidated financial statements from the closing date of December 16, 2021, going forward.

The following table summarizes the purchase price of STAR as of the date of the STAR Merger:

	Common Stock	OP Units	Amount
Shares of STAR common stock and STAR OP common units exchanged	110,188,893	7,104,399	117,293,292
Exchange ratio	0.905	0.905	0.905
Shares of IRT common stock and IRT OP common units issued	99,720,948	6,429,481	106,150,429
Closing stock price of IRT on December 15, 2021	\$ 24.45	\$ 24.45	\$ 24.45
Fair value of IRT common stock and IRT OP common units issued to former holders of STAR common stock and STAR OP common units	\$ 2,438,177	\$ 157,200	\$ 2,595,378
STAR indebtedness paid off in connection with the Mergers			288,530
Consideration transferred			\$ 2,883,908
Fair value of STAR debt assumed by IRT			1,793,614
Total purchase price			\$ 4,677,522

We accounted for the STAR Merger as a business combination under the acquisition method of accounting under ASC 805, which requires, among other things, the assets and liabilities assumed to be recognized at their fair values as of the acquisition date. Management engaged a third-party valuation specialist to assist with the fair value assessment of the investments in real estate, which included an allocation of the purchase price. Similar to management's methods, the third party generally used income, market, and cost approaches to determine the fair value of the assets acquired. The third party used stabilized NOI and market specific capitalization and discount rates. Management reviewed the inputs used by the third party specialist as well as the allocation of the purchase price provided by the third party to ensure reasonableness and that the procedures were performed in accordance with management's policy.

For the period from December 16, 2021 through December 31, 2021, STAR contributed \$ 15,589 of revenues and \$ 18,388 of net loss to our results of operations, inclusive of certain merger and integration costs.

We incurred total merger and integration related expenses of \$ 0 , \$ 5,505 and \$ 47,063 for the years ended December 31, 2023, 2022, and 2021, respectively. These amounts were expensed as incurred, and are included in the

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consolidated statements of operations in the item titled "Merger and integration costs", and primarily consist of technology migration and implementation costs, consulting and professional fees and employee severance costs.

The following unaudited pro forma operating information is presented as if the STAR Merger occurred in 2021 and had been included in operations as of January 1, 2020. This pro forma information does not purport to represent what the actual results of the Company would have been had the STAR Merger occurred on this date, nor does it purport to predict the results of operations for future periods.

	(Unaudited)	Year Ended December 31, 2021
Revenue	\$	591,292
Net income (loss) (a)	\$	103,932
Net (income) loss attributable to noncontrolling interests	\$	(3,426)
Net income (loss) attributable to common stockholders	\$	100,506
Net income (loss) attributable to common stockholders per share - basic and diluted	\$	0.45

(a) Contemporaneously with the closing of the STAR Merger, we hired 485 employees, previously employed by STAR, to operate the properties acquired in the STAR Merger in addition to serving in corporate positions.

NOTE 4: Investments in Real Estate

As of December 31, 2023, our investments in real estate consisted of 116 (unaudited) operating apartment properties that contain 34,431 (unaudited) units and one (unaudited) development property that contains 325 (unaudited) units. The following table summarizes our investments in real estate:

	2023	2022	Depreciable Lives (In years)
Land	\$ 540,950	\$ 579,094	—
Building	5,288,956	5,695,711	40
Furniture, fixtures and equipment	429,306	340,438	5 - 10
Total investments in real estate	\$ 6,259,212	\$ 6,615,243	
Accumulated depreciation	(582,760)	(425,034)	
Investments in real estate, net	<u>\$ 5,676,452</u>	<u>\$ 6,190,209</u>	

Portfolio Optimization and Deleveraging Strategy

On October 26, 2023, our Board of Directors approved a plan, which we refer to as our Portfolio Optimization and Deleveraging Strategy, which targeted the sale of 10 properties located in seven markets in order to exit or reduce our presence in these markets while also deleveraging our balance sheet. As of December 31, 2023, four of these targeted properties in four markets were sold.

As of December 31, 2023, the six remaining properties targeted for sale under our Portfolio Optimization and Deleveraging Strategy were classified as held for sale. We sold two of these six assets subsequent to December 31, 2023, and as of the date of this Annual Report, the remaining four assets are under executed contracts of sale and are expected to close in the first quarter of 2024. We expect to use the net proceeds from the sale of these properties to reduce our indebtedness and recognized a loss on impairment on five of the six properties that had carrying values that exceeded the expected sales proceeds less transactions costs. While the four remaining properties that are part of the Portfolio Optimization and Deleveraging Strategy are under contracts of sale, there can be no assurance that the sales will be consummated at expected pricing levels, within expected time frames, or at all.

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For the year ended December 31, 2023, we recorded impairment charges that are included in (loss on impairment) gain on sale of real estate assets, net on the consolidated statements of operations as detailed in the following table.

Property Name	Market	Units (Unaudited)	Sale Date	Sale Price	(Loss on Impairment) Gain on Sale(1)
Eagle Lake Landing	Indianapolis, IN	277	2/28/2023	\$ 37,300	\$ 1,179
The Meadows at River Run (2)	Chicago, IL	374	12/20/2023	72,700	(14,612)
Fielders Creek (2)	Denver, CO	217	12/21/2023	44,100	(11,019)
Cottage Trails at Culpepper Landing (2)	Norfolk, VA	183	12/28/2023	40,750	(10,168)
Oak Crossing (2)	Fort Wayne, IN	222	12/28/2023	43,100	1,029
Belmar Villas (2)(3)	Denver, CO	318	2/13/2024	74,300	(7,195)
Villas at Kingwood (2)(3)	Houston, TX	330	2/13/2024	53,700	(4,634)
Villas at Huffmeister (2)(3)	Houston, TX	294	(5)	44,250	(4,097)
Hearthstone at City Center (2)(3)	Denver, CO	360	(5)	74,000	(9,895)
Reserve at Creekside (2)(3)	Chattanooga, TN	192	(5)	28,500	(7,135)
Westmont Commons (2)(3)(4)	Asheville, NC	252	(5)	49,875	—
Totals		3,019		\$ 562,575	\$ (66,547)

(1) (Loss on impairment) gain on sale of real estate sold in 2023 is net of \$ 1,900 of defeasance and debt prepayment gains.

(2) Included in the Portfolio Optimization and Deleveraging Strategy.

(3) Held for sale as of December 31, 2023.

(4) A gain on sale of real estate is expected as a result of the sales proceeds less transactions costs exceeding the carrying value.

(5) We expect the sale of these properties to close in the first quarter of 2024.

Acquisitions

There were no property acquisitions during the year ended December 31, 2023.

The below table summarizes asset acquisitions for the year ended December 31, 2022:

Property Name	Date of Purchase	Market	Units (unaudited)	Purchase Price
Views of Music City (phase I)	04/06/2022	Nashville, TN	96	\$ 25,440
Cyan Mallard Creek	08/16/2022	Charlotte, NC	234	80,000
The Enclave at Tranquility Lake	09/13/2022	Tampa, FL	348	98,000
Total			678	\$ 203,440

On April 6, 2022, we acquired Views of Music City (phase I), a 96 -unit property (unaudited) located in Nashville, TN for \$ 25,440 . Views of Music City (phase I) was acquired from one of our unconsolidated joint ventures. On account of our equity interest in this joint venture, we received \$ 4,428 of the sales proceeds, comprised of \$ 3,406 as a return of capital and \$ 1,022 as a preferred return on capital. In accordance with ASC 970-323-30-7, we recorded the preferred return on capital as a reduction to the carrying value of the purchased real estate, deferring the gain which will be recognized as income on a pro rata basis as the real estate is depreciated or when it is sold to a third party.

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The below table summarizes asset acquisitions for the year ended December 31, 2021:

Property Name	Date of Purchase	Market	Units (unaudited)	Purchase Price
Vesta City Park	05/18/2021	Charlotte, NC	272	\$ 66,544
Cyan Craig Ranch	06/08/2021	Dallas, TX	322	73,372
Total			594	\$ 139,916

As discussed in Note 3: IRT And STAR Merger, we acquired 68 properties (unaudited) comprised of 21,394 units (unaudited) that were accounted for as a business combination.

Dispositions

The table above under Portfolio Optimization and Deleveraging Strategy, summarizes the dispositions and properties held for sale for the year ended December 31, 2023 and the properties sold subsequent to the year ended December 31, 2023.

The below table summarizes the dispositions for the year ended December 31, 2022:

Property Name	Date of Sale	Sale Price	Gain on sale (loss on impairment) (1)
Riverchase	01/18/2022	\$ 31,000	\$ 12,901
Heritage Park	02/02/2022	48,500	31,366
Raindance	02/02/2022	47,500	33,748
Haverford	02/02/2022	31,050	16,697
Meadows Apartments	10/26/2022	57,000	20,573
Sycamore Terrace (2)	12/06/2022	42,000	(3,529)
Total		\$ 257,050	\$ 111,756

(1) The gain on sale (loss on impairment) for these properties is net of \$ 409 of defeasance and debt prepayment gains.
 (2) Impairment charge recognized following a fourth quarter amendment to the purchase and sale agreement which resulted in the carrying value of the property exceeding its fair value.

The below table summarizes the dispositions for the year ended December 31, 2021:

Property Name	Date of Sale	Sale Price	Gain on sale (1)
King's Landing	07/28/2021	\$ 40,100	\$ 11,566
Crestmont	12/13/2021	48,500	33,067
Creekside	12/16/2021	91,000	43,104
Total		\$ 179,600	\$ 87,737

(1) The gain on sale for these properties is net of \$ 2,312 of defeasance costs and debt prepayment costs.

NOTE 5: Investments in Unconsolidated Real Estate Entities

As of December 31, 2023, our investments in unconsolidated real estate entities had aggregate land, building, and construction in progress costs capitalized of \$ 240,940 and aggregate construction debt of \$ 125,065 . We do not guarantee any debt, capital payout or other obligations associated with these entities. We recognize earnings or losses from our investments in unconsolidated real estate entities consisting of our proportionate share of the net earnings or losses of the

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joint ventures. We recognized losses of \$ 4,488 , \$ 2,169 , and \$ 0 from equity method investments during the years ended December 31, 2023, 2022, and 2021, respectively, and these losses were recorded in loss from investments in unconsolidated real estate entities in our consolidated statements of operations.

The following table summarizes our investments in unconsolidated real estate entities as of December 31, 2023 and 2022:

Investments in Unconsolidated Real Estate Entities	Location	Units ⁽¹⁾ (Unaudited)	IRT Ownership Interest	Carrying Value As Of		December 31, 2022
				December 31, 2023		
Metropolis at Innsbrook (2)	Richmond, VA	402	84.8 %	\$ 18,028		\$ 17,331
Views of Music City II / The Crockett (3)	Nashville, TN	408	50.0 %	11,632		11,363
Lakeline Station	Austin, TX	378	90.0 %	32,126		25,292
The Mustang	Dallas, TX	275	85.0 %	27,258		11,812
Virtuoso (4)	Huntsville, AL	—	90.0 %	—		14,422
Total		1,463		\$ 89,044	\$ 89,044	\$ 80,220

(1) Represents the total number of units after development is complete and each property is placed in service.

(2) Operations commenced during the three months ended June 30, 2023 with 172 units (unaudited) placed in service. The remaining 230 units (unaudited) were placed in service during the three months ended September 30, 2023. We have a call option, which takes effect on June 1, 2024, to exercise our purchase option on Metropolis at Innsbrook when the property achieves 90 % occupancy.

(3) Views of Music City II is an operating property consisting of 209 total units (unaudited) delivered as of October 2, 2023. The Crockett is an operating property consisting of 199 units (unaudited) delivered during the three months ended March 31, 2023. We have until April 4, 2024 and October 1, 2024 to exercise our purchase options on The Crockett and Views of Music City II, respectively.

(4) An amendment to the Virtuoso joint venture agreement on August 1, 2023 provided us with control over the major decisions that most significantly impact the joint venture and removed our joint venture partner's rights to a promote interest. As a result of the amendment, we reassessed the accounting for Virtuoso, a former unconsolidated real estate entity that consists of 178 units (unaudited) in Huntsville, Alabama. Because we concluded that Virtuoso is a voting interest entity and that we now control the major decisions that most significantly impact the joint venture through our 90 % voting interest, we began consolidating the assets and liabilities and operating results of Virtuoso effective August 1, 2023. In accordance with FASB Topic ASC 805, upon consolidation, we recognized the assets and liabilities of Virtuoso at carryover basis, allocating the individual assets and liabilities based upon their relative fair values on our consolidated balance sheets.

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The following table summarizes the assets and liabilities recognized upon the consolidation of Virtuoso, our former unconsolidated real estate entity, during the year ended December 31, 2023, on the date of consolidation.

			Assets and Liabilities Consolidated During the Year Ended December 31, 2023
Assets:			
Investments in real estate			\$ 49,939
Cash and cash equivalents			816
Restricted cash			1,329
Other assets			396
Intangible assets			398
Total assets			\$ 52,878
Liabilities:			
Indebtedness			\$ 39,281
Accounts payable and accrued expenses			255
Accrued interest payable			283
Other liabilities			112
Total liabilities			39,931
Noncontrolling interest			256
Derecognition of investments in unconsolidated real estate entities			12,691
Total Liabilities and equity			\$ 52,878

NOTE 6: Indebtedness

The following tables contain summary information concerning our consolidated indebtedness, including indebtedness secured by real estate held for sale as of December 31, 2023:

Debt:	Outstanding Principal	Unamortized			Carrying Amount	Type	Contractual Rate (3)	Weighted Average Contractual Rate (3)	Weighted Average Effective Rate (4)	Weighted Average Maturity (in years)
		Debt Issuance Costs	Unamortized Loan (Discount)/Premiums							
Unsecured revolver (1)	\$ 234,479	\$ (1,117)	\$ —	\$ 233,362	Floating	6.6 %	5.4 %	2.1		
Unsecured term loans	600,000	(2,456)	—	597,544	Floating	6.5 %	3.9 %	3.5		
Secured credit facilities	586,286	(1,949)	21,762	606,099	Floating/Fixed	4.2 %	4.6 %	4.9		
Mortgages (2)	1,094,933	(5,250)	22,721	1,112,404	Fixed	3.8 %	4.0 %	4.3		
Total Debt	\$ 2,515,698	\$ (10,772)	\$ 44,483	\$ 2,549,409		4.8 %	4.2 %	4.0		

(1) The unsecured revolver total capacity is \$ 500,000 , of which \$ 234,479 was outstanding as of December 31, 2023.

(2) Includes indebtedness secured by real estate held for sale of \$ 122,621 .

(3) Represents the weighted average of the contractual interest rates in effect as of year-end without regard to any interest rate swaps or collars.

(4) Represents the total weighted average effective interest rate for the full year ended December 31, 2023, after giving effect to all components of interest expense including the impact of interest rate swaps and collars, but excluding the impact of loan premium amortization, discount accretion, and interest capitalization.

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Debt:	Original maturities on or before December 31,						
	2024	2025	2026	2027	2028	Thereafter	
Unsecured revolver	\$ —	\$ —	\$ 234,479	\$ —	\$ —	\$ —	\$ —
Unsecured term loans	—	—	200,000	—	400,000	—	—
Secured credit facilities	—	3,065	9,111	10,081	454,589	109,440	
Mortgages (1)	66,827	135,924	144,235	15,198	200,659	532,090	
Total	\$ 66,827	\$ 138,989	\$ 587,825	\$ 25,279	\$ 1,055,248	\$ 641,530	

(1) Includes indebtedness secured by real estate held for sale.

The following table contains summary information concerning our consolidated indebtedness as of December 31, 2022:

Debt:	Outstanding Principal	Unamortized Debt Issuance Costs	Unamortized Loan (Discount)/Premiums	Carrying Amount	Type	Weighted	Weighted
						Average Rate (2)	Maturity (in years)
Unsecured revolver (1)	\$ 165,978	\$ (1,695)	\$ —	\$ 164,283	Floating	4.9 %	3.1
Unsecured term loans	600,000	(3,388)	—	596,612	Floating	5.1 %	4.5
Secured credit facilities	635,128	(2,256)	27,670	660,542	Floating/Fixed	4.3 %	5.9
Mortgages	1,185,246	(7,305)	32,267	1,210,208	Fixed	3.9 %	5.2
Total Debt	\$ 2,586,352	\$ (14,644)	\$ 59,937	\$ 2,631,645		4.5 %	5.1

(1) The unsecured credit facility total capacity was \$ 500,000 , of which \$ 165,978 was outstanding as of December 31, 2022.

(2) Represents the weighted average of the contractual interest rates in effect as of quarter-end without regard to any interest rate swaps or collars. Our total weighted average effective interest rate as of the year ended December 31, 2022, after giving effect to the impact of interest rate swaps and collars, and excluding the impact of loan premium amortization and discount accretion was 4.1 %.

As of December 31, 2023 we were in compliance with all financial covenants contained in our consolidated indebtedness.

Unsecured Revolving Credit Facility and Term Loans

On July 25, 2022, we entered into the Fourth Amended, Restated and Consolidated Credit Agreement (the "Fourth Restated Credit Agreement") which amended and restated in its entirety the Third Amended and Restated Credit Agreement dated as of December 14, 2021 (the "Third Restated Credit Agreement"). The Fourth Restated Credit Agreement provides for an aggregate amount available for borrowing of \$ 1,100,000 , which consists of (i) a \$ 500,000 unsecured revolving credit facility with a January 31, 2026 scheduled maturity date (the "Revolving Credit Facility"), (ii) a \$ 400,000 term loan with a January 28, 2028 maturity date (the "2028 Term Loan"); and (iii) a \$ 200,000 term loan with a May 18, 2026 maturity date (the "2026 Term Loan"). The Fourth Restated Credit Agreement represents an increase of \$ 100,000 over the Third Restated Credit Agreement which provided for (i) the Revolving Credit Facility, (ii) the 2026 Term Loan, and (iii) two additional term loans of \$ 200,000 and \$ 100,000 , which had maturity dates of January 17, 2024 and November 20, 2024, respectively (collectively, the "2024 Term Loans"). Proceeds of the 2028 Term Loan were used to (i) repay and retire the 2024 Term Loans, and (ii) reduce \$ 100,000 of outstanding borrowings under the Revolving Credit Facility. In addition, the Fourth Restated Credit Agreement changed the LIBOR interest rate option to SOFR. The Fourth Restated Credit Agreement otherwise continues, without material change, the 2026 Term Loan and the Revolving Credit Facility. We recognized the restructuring of the Fourth Restated Credit Agreement as a modification of debt for all lenders except for one and incurred deferred financing costs of \$ 1,477 associated with the transaction. We recognized the portion

Independence Realty Trust, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

As of December 31, 2023

(Dollars in thousands, except share and per share data)

of debt associated with the lender no longer participating in the Fourth Restated Credit Agreement as an extinguishment of debt and wrote off their de minimis deferred financing costs.

Borrowings under the 2028 Term Loan bear interest at a rate equal to either (i) the SOFR rate plus a margin of 115 to 180 basis points, or (ii) a base rate plus a margin of 15 to 80 basis points. These margins represent a 5-basis point decrease from those applicable to the term loans that were repaid and retired. The margin for borrowings under the Revolving Credit Facility and the 2026 Term Loan remained unchanged, with (1) Revolving Credit Facility borrowings bearing interest at a rate equal to either (i) the SOFR rate plus a margin of 125 to 200 basis points, or (ii) a base rate plus a margin of 25 to 100 basis points; and (2) 2026 Term Loan borrowings bearing interest at a rate equal to either (i) the SOFR rate plus a margin of 120 to 190 basis points, or (ii) a base rate plus a margin of 20 to 90 basis points. The applicable margin will be determined based upon IROP's consolidated leverage ratio. At the time of closing, based on IROP's consolidated leverage ratio, the applicable margin was 125 basis points for the Revolving Credit Facility, 120 basis points for the 2026 Term Loan and 115 basis points for the 2028 Term Loan.

IROP has the right to request an increase in the aggregate amount of the Fourth Restated Credit Agreement from \$ 1,100,000 to up to \$ 1,500,000 , subject to certain terms and conditions, including receipt of commitments from one or more lenders, whether or not currently parties to the Fourth Restated Credit Agreement, to provide such increased amounts, which increase may be allocated, at IROP's option, to the Revolving Credit Facility and/or to one or more of the Term Loans, in accordance with the Fourth Restated Credit Agreement.

In addition to certain negative covenants, the Fourth Restated Credit Agreement has financial covenants that require us to (i) maintain a consolidated leverage ratio below specified thresholds, (ii) maintain a minimum consolidated fixed charge coverage ratio, and (iii) maintain a minimum consolidated tangible net worth, (iv) and maintain secured and unsecured leverage ratios below specified thresholds. Additionally, the covenants limit (a) the amount of distributions that IRT can make to a percentage of Funds from Operations (as such term is described in the debt agreement), (b) and the ratio of unencumbered asset adjusted net operating income to unsecured interest expense.

Secured Credit Facilities

PNC Secured Credit Facility

On December 16, 2021, in connection with the STAR Merger, we assumed the PNC MCFA, a fixed rate multifamily note and other loan documents for the benefit of PNC Bank. The PNC MCFA provides for a fixed rate loan in the aggregate principal amount of \$ 79,170 that accrues interest at 2.82 % per annum and has a maturity date of July 1, 2030 . As of December 31, 2023, the outstanding principal balance was \$ 76,248 .

Newmark Secured Credit Facility

On December 16, 2021, in connection with the STAR Merger, we assumed the Newmark MCFA, which consists of four tranches: (1) a fixed rate loan in the aggregate principal amount of \$ 331,001 that accrues interest at 4.43 % per annum; (2) a fixed rate loan in the aggregate principal amount of \$ 137,917 that accrues interest at 4.57 % per annum; (3) a variable rate loan in the aggregate principal amount of \$ 49,493 that accrues interest at the one-month LIBOR plus 1.70 % per annum; and (4) a fixed rate loan in the aggregate principal amount of \$ 40,468 that accrues interest at 3.34 % per annum. The first three tranches have a maturity date of August 1, 2028 , and the fourth tranche has a maturity date of March 1, 2030 , unless in each case the maturity date is accelerated in accordance with the terms of the loan documents. Interest only payments are payable monthly through August 1, 2025 and April 1, 2027 on the first three tranches and four th tranche, respectively, with interest and principal payments due monthly thereafter. As of December 31, 2023, the outstanding balance on tranche 3 was \$ 652 . In January 2024, tranche 3 was repaid and retired with proceeds from the 2023 property sales.

Independence Realty Trust, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

As of December 31, 2023

(Dollars in thousands, except share and per share data)

Mortgages

The following table summarizes the mortgage payoffs during the years ended December 31, 2023 and 2022.

	Amount	Weighted Average Interest Rate
Mortgage payoffs in 2022	\$ 46,046	3.60 %
Mortgage payoffs in 2023	121,018	5.87 %
	\$ 167,064	5.24 %

In connection with mortgage debt prepaid during the year ended December 31, 2023, we incurred losses on extinguishment of debt totaling \$ 124 .

Subsequent to the year ended December 31, 2023, we reduced the balance on our unsecured revolving credit facility in the amount of \$ 47,000 and paid off the balance of the third tranche of the Newmark Secured Credit Facility in the amount of \$ 652 using proceeds from properties targeted for sale in our Portfolio Optimization and Deleveraging Strategy.

Subsequent to the year ended December 31, 2023, we paid off mortgages in the aggregate amount of \$ 79,064 as a result of the sale of Villas at Kingwood and Belmar Villas, which were two properties targeted for sale in our Portfolio Optimization and Deleveraging Strategy. In connection with the sale of these properties we incurred aggregate gains on extinguishment of debt totaling \$ 677 .

NOTE 7: Derivative Financial Instruments

The following table summarizes the aggregate notional amount and estimated net fair value of our derivative instruments as of December 31, 2023 and 2022:

	As of December 31, 2023			As of December 31, 2022		
	Notional	Fair Value of Assets	Fair Value of Liabilities	Notional	Fair Value of Assets	Fair Value of Liabilities
		Assets	Liabilities		Assets	Liabilities
Cash flow hedges:						
Interest rate swaps	\$ 500,000	\$ 20,090	—	\$ 300,000	\$ 26,099	\$ —
Interest rate collars	250,000	2,700	—	250,000	8,317	—
Forward interest rate collars	200,000	7,147	—	200,000	6,693	—
Total	\$ 950,000	\$ 29,937	—	\$ 750,000	\$ 41,109	\$ —

Interest rate swaps

On March 16, 2023, we entered into an interest rate swap contract with a notional value of \$ 200,000 , a strike rate of 3.39 % and a maturity date of March 17, 2030. We designated this interest rate swap as a cash flow hedge at inception and determined that the hedge is highly effective in offsetting interest rate fluctuations associated with the identified indebtedness.

On March 2, 2020, we entered into a forward starting interest rate swap contract with a notional value of \$ 150,000 and a strike rate of 0.985 %. The interest rate swap became effective on May 17, 2022 and has a maturity date of May 17, 2027. We designated this interest rate swap as a cash flow hedge at inception and determined that the hedge is highly effective in offsetting interest rate fluctuations associated with the identified indebtedness.

On May 9, 2019, we entered into a forward starting interest rate swap contract with a notional value of \$ 150,000 and a strike rate of 2.176 %. The interest rate swap became effective on June 17, 2021 and has a maturity date of June 17, 2026. We designated this interest rate swap as a cash flow hedge at inception and determined that the hedge is highly effective in offsetting interest rate fluctuations associated with the identified indebtedness.

Independence Realty Trust, Inc. and Subsidiaries**Notes to Consolidated Financial Statements****As of December 31, 2023****(Dollars in thousands, except share and per share data)***Interest rate collar*

On October 17, 2018, we purchased an interest rate collar with an initial notional value of \$ 100,000 , a 2.50 % cap and 2.25 % floor, and a maturity date of January 17, 2024. The notional value was adjusted to \$ 150,000 in November 2018. We designated this interest rate collar as a cash flow hedge at inception and determined that the hedge is highly effective in offsetting interest rate fluctuations associated with the identified indebtedness. We concluded that this hedging relationship was and will continue to be highly effective using the hypothetical derivative method.

On November 17, 2017, we purchased an interest rate collar with a notional value of \$ 100,000 , a 2.00 % cap, 1.25 % floor, and a maturity date of November 17, 2024. We designated this interest rate collar as a cash flow hedge and determined that the hedge is highly effective in offsetting interest rate fluctuations associated with the identified indebtedness. We concluded that this hedging relationship was and will continue to be highly effective using the hypothetical derivative method.

Forward interest rate collars

On July 12, 2022, we entered into forward starting interest rate collars with a total notional value of \$ 200,000 , a cap rate of 2.50 %, a floor rate of 1.50 % and a maturity date of January 17, 2028. The effective date for \$ 100,000 of the forward interest rate collars is January 17, 2024 and November 17, 2024, for the other \$ 100,000 . We designated these forward interest rate collars as cash flow hedges at inception and determined that the hedges are highly effective in offsetting interest rate fluctuations associated with the identified indebtedness.

For interest rate swaps and collars that are considered effective hedges, we reclassified realized gains (losses) of \$ 19,189 , \$(1,296), and \$ 8,136 to earnings within interest expense for the years ended December 31, 2023, 2022 and 2021, respectively. For interest rate swaps that are considered effective hedges, gains of \$ 15,718 are expected to be reclassified out of accumulated other comprehensive income (loss) to earnings over the next 12 months.

Effective interest rate swaps and collars are reported in accumulated other comprehensive income (loss) and the fair value of these hedge agreements is included in other assets or other liabilities.

NOTE 8: Stockholder Equity and Noncontrolling Interest*Stockholder Equity*

On November 13, 2020, we entered into an equity distribution agreement pursuant to which we may have from time to time offered and sold shares of our common stock under our previous shelf registration statement having an aggregate offering price of up to \$ 150,000 (the "Previous ATM Program") in negotiated transactions or transactions that are deemed to be "at the market" offerings as defined in Rule 415 under the Securities Act of 1933, as amended (the "Securities Act"). Under the Previous ATM Program, we may also have entered into one or more forward sale transactions for the sale of shares of our common stock on a forward basis.

On June 14, 2023, we replaced our previous shelf registration statement with our new shelf registration statement. On July 28, 2023, we entered into an equity distribution agreement pursuant to which we may from time to time offer and sell shares of our common stock under our shelf registration statement having an aggregate offering price of up to \$ 450,000 (the "2023 ATM Program") in negotiated transactions or transactions that are deemed to be "at the market" offerings as defined in Rule 415 under the Securities Act. Under the 2023 ATM Program, we may also enter into one or more forward sale transactions for the sale of shares of our common stock on a forward basis. There were no forward sale transactions as

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Independence Realty Trust, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

As of December 31, 2023

(Dollars in thousands, except share and per share data)

of December 31, 2023, and no shares of our common stock were sold under the 2023 ATM Program or the Previous ATM Program during the year ended December 31, 2023.

The following table summarizes our sales transactions under the Previous ATM Program settled during the year ended December 31, 2022.

Forward Sale Transaction Date	Number of Shares Sold	Expiration Date of Forward Contract	Number of Shares Settled	Settlement Date	Net of Commissions	Proceeds, Net of Commissions
November 1, 2021	676,500	12/15/22	676,500	9/28/22	\$ 23.32	\$ 15,775
November 1, 2021	323,500	12/15/22	323,500	9/28/22	24.17	7,818
March 7, 2022	1,000,000	3/31/23	1,000,000	9/28/22	26.34	26,342
	2,000,000		2,000,000			\$ 49,935

We evaluated the accounting for the forward sale transactions under FASB ASC Topic 480 "Distinguishing Liabilities from Equity" and FASB ASC Topic 815 "Derivatives and Hedging". As the forward sale transactions are considered indexed to our own equity and since they meet the equity classification conditions in ASC 815-40-25, the forward sale transactions have been classified as equity.

On May 18, 2022, our Board of Directors authorized a common stock repurchase program (the "Stock Repurchase Program") covering up to \$ 250,000 in shares of our common stock. Under the Stock Repurchase Program, we, in our discretion, may purchase our shares from time to time in the open market or in privately negotiated transactions. The amount and timing of the purchases will depend on a number of factors, including the price and availability of our shares, trading volumes and general market conditions. The Stock Repurchase Program has no time limit and may be suspended or discontinued at any time. During the years ended December 31, 2023, and 2022 we had no repurchases of shares under the Stock Repurchase Program. As of December 31, 2023, we had \$ 250,000 in shares of our common stock remaining authorized for purchase under the Stock Repurchase Program.

Our board of directors declared the following dividends in 2023:

Quarter	Declaration Date	Record Date	Payment Date	Dividend Declared Per Share
First quarter 2023	March 13, 2023	March 31, 2023	April 21, 2023	\$ 0.14
Second quarter 2023	May 10, 2023	June 30, 2023	July 21, 2023	\$ 0.16
Third quarter 2023	September 12, 2023	September 29, 2023	October 20, 2023	\$ 0.16
Fourth quarter 2023	December 11, 2023	December 29, 2023	January 19, 2024	\$ 0.16

Our board of directors declared the following dividends in 2022:

Quarter	Declaration Date	Record Date	Payment Date	Dividend Declared Per Share
First quarter 2022	March 14, 2022	April 1, 2022	April 22, 2022	\$ 0.12
Second quarter 2022	May 18, 2022	July 1, 2022	July 22, 2022	\$ 0.14
Third quarter 2022	September 12, 2022	September 30, 2022	October 21, 2022	\$ 0.14
Fourth quarter 2022	December 12, 2022	December 30, 2022	January 20, 2023	\$ 0.14

Noncontrolling Interest

During 2023, holders of IROP units exchanged 144,600 units for 144,600 shares of our common stock. As of December 31, 2023, 5,946,571 IROP units held by unaffiliated third parties were outstanding.

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During 2022, holders of IROP units exchanged 890,669 units for 890,669 shares of our common stock. As of December 31, 2022, 6,091,171 IROP units held by unaffiliated third parties were outstanding.

Our board of directors declared the following distributions on our operating partnership's LP units during 2023:

Quarter	Declaration Date	Record Date	Payment Date	Dividend Declared	
				Per Unit	
First quarter 2023	March 13, 2023	March 31, 2023	April 21, 2023	\$	0.14
Second quarter 2023	May 10, 2023	June 30, 2023	July 21, 2023	\$	0.16
Third quarter 2023	September 12, 2023	September 29, 2023	October 20, 2023	\$	0.16
Fourth quarter 2023	December 11, 2023	December 29, 2023	January 19, 2024	\$	0.16

Our board of directors declared the following distributions on our operating partnership's LP units during 2022:

Quarter	Declaration Date	Record Date	Payment Date	Dividend Declared	
				Per Share	
First quarter 2022	March 14, 2022	April 1, 2022	April 22, 2022	\$	0.12
Second quarter 2022	May 18, 2022	July 1, 2022	July 22, 2022	\$	0.14
Third quarter 2022	September 12, 2022	September 30, 2022	October 21, 2022	\$	0.14
Fourth quarter 2022	December 12, 2022	December 30, 2022	January 20, 2023	\$	0.14

NOTE 9: Equity Compensation Plans

On May 18, 2022, our stockholders approved our 2022 Long Term Incentive Plan (the "2022 Incentive Plan") which replaced the 2016 Long Term Incentive Plan (the "Prior Plan", collectively known as the "Incentive Plan"). No new awards may be made under the Prior Plan, although awards outstanding under the Prior Plan will remain subject to the terms of the Prior Plan. The 2022 Incentive Plan provides for grants of equity and equity-based awards to our employees, officers, directors, consultants and other service providers, and such awards may take the form of restricted or unrestricted shares of common stock, non-qualified stock options, incentive stock options, restricted stock units ("RSUs"), stock appreciation rights ("SARs"), dividend equivalents and other equity and cash-based awards. A maximum of 8,000,000 shares of our common stock (plus up to an additional 1,280,610 shares of our common stock, to the extent that shares subject to outstanding awards under the Prior Plan are recycled into the 2022 Incentive Plan) may be awarded under the 2022 Incentive Plan, subject to customary adjustment for stock splits, reverse stock splits and similar corporate events or transactions affecting shares of our common stock.

Under the Incentive Plan, we have granted restricted shares, RSUs, and PSUs. For the years ended December 31, 2023, 2022 and 2021 we recognized \$ 7,883 , \$ 8,044 and \$ 7,346 of stock compensation expense, respectively.

Independence Realty Trust, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

As of December 31, 2023

(Dollars in thousands, except share and per share data)

The restricted shares and RSUs granted under the Incentive Plan generally vest over a two, three, or four-year period. In addition, we have granted unrestricted shares to our directors. These awards generally vested immediately. A summary of restricted common share award and RSU activity is presented below.

	2023		2022		2021	
	Number of Shares	Weighted Average Grant Date Fair Value Per Share	Number of Shares	Weighted Average Grant Date Fair Value Per Share	Number of Shares	Weighted Average Grant Date Fair Value Per Share
Balance, January 1,	395,482	\$ 18.67	404,988	\$ 13.75	406,849	\$ 11.68
Granted	356,886	18.06	269,150	23.07	514,177	20.08
Vested	(260,128)	17.80	(223,785)	14.40	(475,426)	18.82
Forfeited	(75,505)	18.59	(54,871)	21.38	(40,612)	13.78
Balance, December 31, (1)	<u>416,735</u>	<u>\$ 18.70</u>	<u>395,482</u>	<u>\$ 18.67</u>	<u>404,988</u>	<u>\$ 13.75</u>

(1) The outstanding award balance above included 127,989 , 163,348 , and 135,336 RSUs as of December 31, 2023, 2022, and 2021, respectively.

Subsequent to December 31, 2023, 315,592 restricted stock awards and RSUs valued at a weighted-average price of \$ 14.53 , or \$ 4,585 in the aggregate were awarded to employees. These awards vest over a two to four-year period.

As of December 31, 2023, the unearned compensation cost relating to unvested restricted common share awards and RSUs was \$ 3,595 , which will be recognized over a weighted-average period of 1.9 years. The estimated fair value of restricted common share awards, and RSUs, vested during 2023, 2022, and 2021 was \$ 4,494 , \$ 5,452 , and \$ 7,208 , respectively.

The PSUs granted under the Incentive Plan have a three-year performance period and are generally based on (1) market performance as measured by total stockholder return for 70 % of the award and (2) a subjective element tied to individual performance for 30 % of the award. The PSUs vest 50 % upon the Compensation Committee's determination as to the satisfaction of the performance criteria (which shall be within two months of the last day of the performance period) and 50 % on the first anniversary of the last day of the performance period, subject to continued service through such dates. A summary of PSU activity is presented below.

	2023		2022		2021	
	Number of Shares	Weighted Average Grant Date Fair Value Per Share	Number of Shares	Weighted Average Grant Date Fair Value Per Share	Number of Shares	Weighted Average Grant Date Fair Value Per Share
Balance, January 1,	841,519	\$ 13.74	944,907	\$ 9.32	882,076	\$ 8.21
Granted (1)	216,794	17.43	198,099	20.67	257,230	12.45
Change in awards based on performance (2)	104,060	14.22	150,147	8.89	145,911	7.04
Vested	(452,380)	11.55	(425,022)	6.47	(340,310)	7.04
Forfeited	(120,471)	16.68	(26,612)	20.35	—	—
Balance, December 31,	<u>589,522</u>	<u>\$ 16.26</u>	<u>841,519</u>	<u>\$ 13.74</u>	<u>944,907</u>	<u>\$ 9.32</u>

(1) PSUs granted reflects the number of awards assuming target performance. The actual number of awards earned is based on actual performance during the three-year performance period and ranges from 0 %- 150 % of target.

(2) Represents the change in the numbers of PSUs earned based on above target performance achievement for the performance period.

Independence Realty Trust, Inc. and Subsidiaries**Notes to Consolidated Financial Statements****As of December 31, 2023****(Dollars in thousands, except share and per share data)**

Our assumptions used in computing the fair value of the PSUs at the dates of their respective grants, using the Monte Carlo method, were as follows:

	For the year ended December 31,		
	2023	2022	2021
Dividend yield	4.7 %	5.4 %	6.4 %
Volatility (a)	33.0 %	32.0 %	33.0 %
Expected term	2.9 years	2.9 years	2.8 years

(a) This represents the volatility assumption used for IRT. The volatility assumptions used for our peer group and the NAREIT Mortgage Index ranged from 25 % to 45 %.

The Company estimates future expenses associated with PSUs outstanding at December 31, 2023 to be \$ 1,110 , which will be recognized over a weighted-average period of 2.5 years. The estimated fair value of PSUs vested during 2023, 2022, and 2021 was \$ 7,990 , \$ 10,458 , and \$ 4,750 , respectively.

NOTE 10: Earnings (Loss) Per Share

The following table presents a reconciliation of basic and diluted earnings (loss) per share for the years ended December 31, 2023, 2022 and 2021:

	For the Years Ended December 31,		
	2023	2022	2021
Net (loss) income	\$ (17,807)	\$ 120,659	\$ 45,529
Loss (income) allocated to noncontrolling interest	580	(3,410)	(940)
Net (loss) income allocable to common shares	(17,227)	117,249	44,589
Weighted-average shares outstanding—Basic	224,414,443	221,965,460	108,552,185
Dilutive securities	—	1,154,477	1,279,336
Weighted-average shares outstanding—Diluted	224,414,443	223,119,937	109,831,520
(Loss) earnings per share—Basic	\$ (0.08)	\$ 0.53	\$ 0.41
(Loss) earnings per share—Diluted	\$ (0.08)	\$ 0.53	\$ 0.41

Certain IROP units, PSUs, RSUs, restricted stock awards and shares deliverable under the forward sale agreement totaling 6,669,403 , 6,091,171 , and 8,005,013 for the years ended December 31, 2023, 2022 and 2021, respectively, were excluded from the earnings per share computation because their effect would have been anti-dilutive.

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(Dollars in thousands, except share and per share data)

NOTE 11: Quarterly Financial Data (Unaudited)

The following table summarizes our quarterly financial data which, in the opinion of management, reflects all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of our results of operations:

	For the Three-Month Periods Ended			
	March 31	June 30	September 30	December 31
2023				
Total revenue	\$ 161,374	\$ 163,955	\$ 168,607	\$ 167,046
Net income (loss)	8,872	10,988	3,986	(41,654)
Net income (loss) allocable to common shares	8,648	10,709	3,930	(40,515)
Total earnings (loss) per share—Basic (1)	\$ 0.04	\$ 0.05	\$ 0.02	\$ (0.18)
Total earnings (loss) per share—Diluted (1)	\$ 0.04	\$ 0.05	\$ 0.02	\$ (0.18)
2022				
Total revenue	\$ 150,362	\$ 154,763	\$ 160,600	\$ 162,799
Net income (loss)	76,880	(7,399)	16,653	34,524
Net income (loss) allocable to common shares	74,600	(7,205)	16,223	33,631
Total earnings (loss) per share—Basic (1)	\$ 0.34	\$ (0.03)	\$ 0.07	\$ 0.15
Total earnings (loss) per share—Diluted (1)	\$ 0.34	\$ (0.03)	\$ 0.07	\$ 0.15

(1) The summation of quarterly per share amounts may not equal the full year amounts due to rounding.

NOTE 12: Segment Reporting

We have identified one operating segment and have determined that we have one reportable segment. As a group, our executive officers act as the Chief Operating Decision Maker ("CODM"). The CODM reviews operating results to make decisions about all investments and resources and to assess performance for the entire company. Our portfolio consists of one reportable segment, investments in real estate through the mechanism of ownership. The CODM manages and reviews our operations as one unit. Resources are allocated without regard to the underlying structure of any investment, but rather after evaluating such economic characteristics as returns on investment, leverage ratios, current portfolio mix, degrees of risk, income tax consequences and opportunities for growth.

NOTE 13: Commitments and Contingencies*Litigation*

We are subject to various legal proceedings and claims that arise in the ordinary course of our business operations. Matters which arise out of allegations of bodily injury, property damage, and employment practices are generally covered by insurance. While the resolution of these matters cannot be predicted with certainty, we currently believe the final outcome of such matters will not have a material adverse effect on our financial position, results of operations or cash flows. See "Part I. Item 3. Legal Proceedings."

Other Matters

To the extent that a natural disaster or similar event occurs with more than a remote risk of having a material impact on the consolidated financial statements, we will disclose the estimated range of possible outcomes, and, if an outcome is probable, accrue an appropriate liability.

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(Dollars in thousands, except share and per share data)

Lease Obligations

We lease office space in Philadelphia, PA, Chicago, IL, and Irvine, CA. As of December 31, 2023, the weighted average term of our lease obligations was 5.4 years. The following table, sets forth as of December 31, 2023, the annual minimum rent due pursuant to these leases for each of the next five years and thereafter:

Year	Amount
2024	\$ 692
2025	482
2026	480
2027	486
2028	492
Thereafter	383
Total	\$ 3,015

Independence Realty Trust
Schedule III - Real Estate and Accumulated Depreciation
As of December 31, 2023
(Dollars in thousands)

Market	Number of Properties	Initial Cost		Cost of Improvements		Gross Carrying Amount		Accumulated Depreciation	Encumbrances (a)	Year(s) of Acquisition
		Land	Building	Land	Building	Land	Building			
Asheville, NC (c)	1	\$ 2,750	\$ 25,225	\$ —	\$ 1,402	\$ 2,750	\$ 26,627	\$ (5,815)		2015
Atlanta, GA	13	102,866	903,813	—	84,000	102,864	987,813	(90,537)	(b)	2015 - 2021
Austin, TX	1	3,857	48,719	—	6,370	3,857	55,089	(3,893)		2021
Birmingham, AL	2	10,682	213,996	—	9,233	10,682	223,229	(13,897)	(b)	2021
Charleston, SC	2	9,260	69,104	—	3,502	9,260	72,606	(15,589)		2015
Charlotte, NC	3	17,352	170,531	—	1,675	17,352	172,206	(14,754)		2015 - 2022
Chattanooga, TN (c)	1	3,683	32,370	—	(5,874)	3,683	26,496	(1,935)	(b)	2021
Cincinnati, OH	2	6,939	111,937	—	4,588	6,940	116,525	(6,990)		2021
Columbus, OH	10	28,870	308,917	—	36,268	28,869	345,185	(43,394)	(b)	2014 - 2021
Dallas, TX	14	68,829	749,578	—	47,600	68,831	797,178	(65,789)	(b)	2015 - 2021
Denver, CO (c) (d)	9	48,898	556,237	—	9,366	48,898	565,603	(33,686)	(b)	2021 - 2023
Greenville, SC	1	7,330	111,833	—	5,383	7,330	117,216	(7,330)		2021
Houston, TX (c)	7	29,049	284,339	—	3,076	29,048	287,415	(17,722)	(b)	2021
Huntsville, AL	4	24,000	212,753	—	4,359	24,000	217,112	(14,487)		2015 - 2023
Indianapolis, IN	7	22,284	251,814	—	19,663	22,283	271,477	(28,197)	(b)	2012 - 2021
Lexington, KY	3	9,467	145,715	—	5,887	9,466	151,602	(9,316)		2021
Louisville, KY	4	21,228	102,521	—	23,284	21,229	125,805	(35,701)	(b)	2014
Memphis, TN	4	10,730	124,023	—	27,360	10,730	151,383	(39,830)		2014 - 2015
Myrtle Beach, SC -										
Wilmington, NC	3	4,580	55,797	—	7,808	4,580	63,605	(11,901)	(b)	2017
Nashville, TN	5	33,939	318,936	—	18,688	33,938	337,624	(21,450)	(b)	2021 - 2022
Oklahoma City, OK	8	17,099	280,770	—	30,485	17,100	311,255	(29,900)	(b)	2014 - 2021
Orlando, FL	1	5,500	41,752	—	3,078	5,500	44,831	(10,029)		2015
Raleigh - Durham, NC	6	34,409	199,323	—	21,239	34,409	220,562	(45,528)		2014 - 2019
San Antonio, TX	1	4,604	50,501	—	2,195	4,604	52,696	(3,380)		2021
Tampa-St. Petersburg, FL	5	45,554	218,130	1,083	45,080	46,637	263,210	(35,354)		2017 - 2022
	117	\$ 573,759	\$ 5,588,634	\$ 1,083	\$ 415,715	\$ 574,840	\$ 6,004,350	\$ (606,404)		

(a) Encumbrances exclude the principal balance of \$ 586,286 and associated deferred financing costs related to the secured credit facilities.

(b) Represents properties with gross assets of \$ 3,429,818 and mortgage note indebtedness of \$ 1,094,933 .

(c) Includes properties classified as held for sale as of December 31, 2023.

(d) Includes development placed in service of \$ 77,520 at one development property.

[Table of Contents](#)

Independence Realty Trust
Schedule III - Real Estate and Accumulated Depreciation
As of December 31, 2023
(Dollars in thousands)

Investments in Real Estate	December 31, 2023 ⁽¹⁾	December 31, 2022 ⁽²⁾	December 31, 2021
Balance, beginning of period	\$ 6,652,083	\$ 6,534,563	\$ 1,916,770
Additions during period:			
Acquisitions and consolidations	49,939	201,611	4,686,943
Improvements to land and building	217,235	85,227	43,035
Deductions during period:			
Dispositions of real estate	(283,991)	(161,836)	(106,916)
Impairment of real estate assets held for sale	(32,956)	—	—
Asset write-offs	(23,120)	(7,482)	(5,269)
Balance, end of period:	<u>\$ 6,579,190</u>	<u>\$ 6,652,083</u>	<u>\$ 6,534,563</u>
Accumulated Depreciation	December 31, 2023 ⁽¹⁾	December 31, 2022 ⁽²⁾	December 31, 2021
Balance, beginning of period	\$ 426,097	\$ 254,123	\$ 208,618
Depreciation expense	216,838	197,539	70,156
Dispositions of real estate	(13,411)	(18,083)	(19,382)
Asset write-off	(23,120)	(7,482)	(5,269)
Balance, end of period:	<u>\$ 606,404</u>	<u>\$ 426,097</u>	<u>\$ 254,123</u>

(1) Includes six properties classified as held for sale as of December 31, 2023.

(2) Includes one property classified as held for sale as of December 31, 2022.

ITEM 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

ITEM 9A. Controls and Procedures

Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our reports under the Securities Exchange Act of 1934, as amended, (the "Exchange Act"), is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our chief executive officer and our chief financial officer, as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, our management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and our management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Under the supervision of our chief executive officer and chief financial officer and with the participation of our disclosure committee, we have carried out an evaluation of the effectiveness of our disclosure controls and procedures as of the end of the period covered by this report. Based upon that evaluation, our chief executive officer and chief financial officer determined that our disclosure controls and procedures are effective at the reasonable assurance level.

Management's Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risks that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of our internal control over financial reporting as of December 31, 2023. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control – Integrated Framework* (2013 Framework). Based on this assessment, management believes that, as of December 31, 2023, our internal control over financial reporting is effective.

Our independent registered public accounting firm has issued an attestation report on our internal control over financial reporting. This report is included as part of Item 8 in this annual report on Form 10-K.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting or in other factors during our last fiscal quarter that have materially affected, or were reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. Other Information

During the three months ended December 31, 2023, none of the Company's directors or officers (as defined in Rule 16a-1(f) of the Securities Exchange Act of 1934) adopted, terminated or modified a Rule 10b5-1 trading arrangement or non-Rule 10b5-1 trading arrangement (as such terms are defined in Item 408 of Regulation S-K of the Securities Act of 1933). During the three months ended December 31, 2023, the Company did not adopt, terminate or modify a Rule 10b5-1 trading arrangement.

ITEM 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not Applicable.

PART III

ITEM 10. Directors, Executive Officers and Corporate Governance

The information required by this item will be set forth in our definitive proxy statement with respect to our 2024 annual meeting of stockholders, and is incorporated herein by reference.

ITEM 11. Executive Compensation

The information required by this item will be set forth in our definitive proxy statement with respect to our 2024 annual meeting of stockholders, and is incorporated herein by reference.

ITEM 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by this item will be set forth in our definitive proxy statement with respect to our 2024 annual meeting of stockholders, and is incorporated herein by reference.

ITEM 13. Certain Relationships and Related Transactions and Director Independence

The information required by this item will be set forth in our definitive proxy statement with respect to our 2024 annual meeting of stockholders, and is incorporated herein by reference.

ITEM 14. Principal Accountant Fees and Services

The information required by this item will be set forth in our definitive proxy statement with respect to our 2024 annual meeting of stockholders, and is incorporated herein by reference.

PART IV

ITEM 15. Exhibits and Financial Statement Schedules

The following documents are filed as part of this report:

1. Consolidated Financial Statements

Index to Consolidated Financial Statements

Independence Realty Trust, Inc.

Report of Independent Registered Public Accounting Firm (PCAOB ID 185).

Consolidated Balance Sheets as of December 31, 2023 and 2022.

Consolidated Statements of Operations for the years ended December 31, 2023, 2022 and 2021.

Consolidated Statements of Changes in Equity for the years ended December 31, 2023, 2022 and 2021.

Consolidated Statements of Cash Flows for the years ended December 31, 2023, 2022 and 2021.

Notes to Consolidated Financial Statements.

2. Financial Statement Schedules

Schedule III: Real Estate and Accumulated Depreciation

All other schedules are not applicable.

3. Exhibits

The following exhibits are filed as part of, or incorporated by reference into, this Annual Report on Form 10-K.

EXHIBIT INDEX

Exhibit	Description
2.1	Agreement and Plan of Merger, dated as of July 26, 2021, by and among Independence Realty Trust, Inc. ("IRT"), Independence Realty Operating Partnership, LP ("IROP"), IRSTAR Sub, LLC, Steadfast Apartment REIT, Inc. and Steadfast Apartment REIT Operating Partnership, L.P., incorporated by reference to Exhibit 2.1 to IRT's Current Report on Form 8-K filed on July 26, 2021.*
3.1.1	Articles of Restatement of IRT, dated as of August 20, 2013, incorporated by reference to Exhibit 3.1 to IRT's Current Report on Form 8-K filed on August 20, 2013.
3.1.2	Articles of Amendment of IRT, dated as of July 26, 2021, incorporated by reference to Exhibit 3.1 to IRT's Current Report on Form 8-K filed on July 30, 2021.
3.2	Amended and Restated Bylaws of IRT, dated as of February 22, 2023, incorporated by reference to Exhibit 3.2 to IRT's Annual Report on Form 10-K for the fiscal year ended December 31, 2022.
4.1.1	Fifth Amended and Restated Agreement of Limited Partnership of IROP, dated as of March 3, 2017, incorporated by reference to Exhibit 4.1.12 to IRT's Annual Report on Form 10-K for the fiscal year ended December 31, 2016.
4.1.2	Amendment No. 1 to the Fifth Amended and Restated Agreement of Limited Partnership of IROP, dated as of December 16, 2021, incorporated by reference to Exhibit 10.1 to IRT's Current Report on Form 8-K filed on December 16, 2021.
4.2	Exchange Rights Agreement, dated as of August 28, 2014, by and among IRT, IROP, USA Walnut Hill 1, LLC, USA Walnut Hill 4, LLC, USA Walnut Hill 8, LLC, USA Walnut Hill 9, LLC and USA Walnut Hill 19, LLC, incorporated by reference to Exhibit 4.6 to IRT's Quarterly Report on Form 10-Q for the quarter ended September 30, 2014.
4.3	Exchange Rights Agreement, dated as of December 30, 2014, by and among IRT, IROP and USA IRR2, LLC, incorporated by reference to Exhibit 4.1.9 to IRT's Annual Report on Form 10-K for the fiscal year ended December 31, 2014.
4.4	Exchange Rights Agreement, dated as of June 30, 2017, by and among IRT, IROP, Adam Kauffman, Brad Begelman, Mark Berman and Marc Esworthy, incorporated by reference to Exhibit 4.1.13 to IRT's Annual Report on Form 10-K for the fiscal year ended December 31, 2017.
4.5	Exchange Rights Agreement, dated as of December 16, 2021, by and among IRT, IROP and STEADFAST REIT INVESTMENTS, LLC, incorporated by reference to Exhibit 4.6 to IRT's Annual Report on Form 10-K for the fiscal year ended December 31, 2021.
4.6	Description of IRT's Securities, incorporated by reference to Exhibit 4.7 to IRT's Annual Report on Form 10-K for the fiscal year ended December 31, 2021.
10.1	Equity Distribution Agreement, dated July 28, 2023, by and among Independence Realty Trust, Inc., Independence Realty Operating Partnership, L.P. the Managers and the Forward Purchasers (including the form of Confirmation), incorporated by reference to Exhibit 1.1 to IRT's Current Report on Form 8-K filed on July 28, 2023.
10.2	IRT 2016 Long Term Incentive Plan, as amended and restated as of May 12, 2016, incorporated by reference to Exhibit 10.1 to IRT's Current Report on Form 8-K filed on May 17, 2016.**

EXHIBIT INDEX

10.3	Amendment No. 1 dated as of May 2, 2017, to the IRT Long Term Incentive Plan, incorporated by reference to Exhibit 10.9 to IRT's Quarterly Report on Form 10-Q for the quarter ended March 31, 2017 (the "2017 Q1 10-Q").**
10.4	Summary of Non-Employee Director Compensation, filed herewith.**
10.5	IRT 2022 Long Term Incentive Plan, incorporated by reference to Appendix C to IRT's Definitive Proxy Statement on Schedule 14A filed on March 18, 2022.
10.6	Form of Indemnification Agreement for IRT directors and executive officers, together with the schedule required by Instruction 2 of Item 601 of Regulation S-K, listing the parties to substantially identical agreements, incorporated by reference to Exhibit 10.7 to IRT's Quarterly Report on Form 10-Q for the quarter ended June 30, 2019.
10.7	Amendment No. 2 dated as of October 23, 2019, to the Independence Realty Trust, Inc. Long Term Incentive Plan (Amended and Restated as of May 12, 2016), incorporated by reference to Exhibit 10.1 to IRT's Quarterly Report on Form 10-Q for the quarter ended September 30, 2019.**
10.8	Form of Independence Realty Trust, Inc. 2016 Long Term Incentive Plan Restricted Share Unit Grant Agreement (for 2020 and later awards), incorporated by reference to Exhibit 10.26 to IRT's Annual Report on Form 10-K for the year ended December 31, 2019.**
10.9	Form of Independence Realty Trust, Inc. 2016 Long Term Incentive Plan Performance Share Unit Award Grant Agreement (for 2020 and later awards), incorporated by reference to Exhibit 10.27 to IRT's Annual Report on Form 10-K for the year ended December 31, 2019.**
10.10	Employment Agreement, dated December 20, 2016, by and between IRT and Scott F. Schaeffer, incorporated by reference to Exhibit 10.4 to the 12/22/16 Form 8-K.**
10.11	Employment Agreement, dated December 20, 2016, by and between IRT and James J. Sebra, incorporated by reference to Exhibit 10.5 to the 12/22/16 Form 8-K.**
10.12	Employment Offer Letter, dated November 3, 2023, from IRT to Michele Weisbaum, filed herewith.**
10.13	Employment Agreement, dated March 1, 2020, by and between IRT and Jason R. Delozier, incorporated by reference to Exhibit 10.4 to IRT's Quarterly Report on Form 10-Q for the quarter ended March 31, 2020.**
10.14	Form of Executive Acknowledgement, incorporated by reference to Exhibit 10.1 to IRT's Current Report on Form 8-K filed on July 26, 2021.**

EXHIBIT INDEX

10.15	Fourth Amended, Restated and Consolidated Credit Agreement (the "Credit Agreement"), dated as of July 25, 2022, by and among the Independence Realty Operating Partnership, LP as borrower, Independence Realty Trust, Inc., and the other guarantors party thereto, collectively, as guarantors, Citibank, N.A. (together with any successor in interest, "Citibank") and KeyBank National Association (together with any successor in interest, "KeyBank"), as initial Lenders, Issuing Lenders and Swing Loan Lenders, the other lending institutions which are parties to the Credit Agreement as "Lenders", the other lending institutions that may become parties to the Credit Agreement and KeyBank, as administrative agent for Lenders, with Citibank, and The Huntington National Bank, as Revolving Facility Co-Syndication Agents, Regions Bank, and Capital One, National Association, as 2021 Term Loan Co-Syndication Agents, Capital One, National Association and PNC Bank, National Association, as 2022 Term Loan Co-Syndication Agents, Bank Of America, N.A., Capital One, National Association, Citizens Bank, PNC Bank, National Association, Regions Bank, BMO Harris Bank, N.A., The Huntington National Bank and Truist Bank (successor by merger to SunTrust Bank), as Co-Documentation Agents, Citibank, and KeyBanc Capital Markets, as Revolving Facility and 2021 Term Loan Joint Bookrunners, KeyBanc Capital Markets, Capital One, National Association, and The Huntington National Bank, as 2022 Term Loan Joint Bookrunners, and KeyBanc Capital Markets, Citibank, and The Huntington National Bank, as Revolving Facility Joint Lead Arrangers, and KeyBanc Capital Markets, Capital One, National Association, and Regions Capital Markets, as 2021 Term Loan Joint Lead Arrangers, KeyBanc Capital Markets, Capital One, National Association, and The Huntington National Bank, as 2022 Term Loan Joint Lead Arrangers, incorporated by reference to Exhibit 10.1 to IRT's Current Report on Form 8-K filed on July 27, 2022.
10.16	Consulting Agreement dated November 8, 2022 between Independence Realty Trust, Inc. and Ella S. Neyland, incorporated by reference to Exhibit 10.1 to IRT's Current Report on Form 8-K filed on November 8, 2022.
10.17	Form of Cash Bonus Award Grant Agreement under the Independence Realty Trust, Inc. 2022 Long Term Incentive Plan , incorporated by reference to Exhibit 10.25 to IRT's Annual Report on Form 10-K for the year ended December 31, 2022.**
10.18	Form of Performance Share Unit Award Grant Agreement under the Independence Realty Trust, Inc. 2022 Long Term Incentive Plan , incorporated by reference to Exhibit 10.26 to IRT's Annual Report on Form 10-K for the year ended December 31, 2022.**
10.19	Form of Restricted Stock Unit Award Agreement for Eligible Officers under the Independence Realty Trust, Inc. 2022 Long Term Incentive Plan, incorporate by reference to Exhibit 10.27 to IRT's Annual Report on Form 10-K for the y ear ended December 31, 2022.**
21.1	Subsidiaries of IRT, filed herewith.
23.1	Consent of KPMG LLP, filed herewith.
31.1	Certification of the Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 filed herewith.
31.2	Certification of the Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 filed herewith.
32.1	Certification of the Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 filed herewith.
32.2	Certification of the Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 filed herewith.
97.1	IRT Dodd-Frank Clawback Policy, filed herewith.

EXHIBIT INDEX

99.1 [Material U.S. Federal Income Tax Considerations filed herewith.](#)

101 The following materials, formatted in iXBRL (Inline eXtensible Business Reporting Language): (i) Consolidated Balance Sheets as of December 31, 2023 and December 31, 2022, (ii) Consolidated Statements of Operations for the years ended December 31, 2023, 2022 and 2021. (iii) Consolidated Statements of Equity for the years ended December 31, 2023, 2022 and 2021, (iv) Consolidated Statements of Cash Flows for the years ended December 31, 2023, 2022, and 2021, and (v) notes to the consolidated financial statements as of December 31, 2023, filed herewith.

104 Cover Page Interactive Data File (embedded within the Inline XBRL document).

* Schedules have been omitted pursuant to Item 601(b)(2) of Regulation S-K. IRT agrees to furnish supplementary to the SEC a copy of any omitted schedule upon request by the SEC.

** Management contract or compensatory plan or arrangement required to be filed as an exhibit pursuant to Item 15(b) of Form 10-K.

ITEM 16. *Form 10-K Summary*

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

INDEPENDENCE REALTY TRUST, INC.

Date: February 28, 2024

By: /S/ SCOTT F. SCHAEFFER

Scott F. Schaeffer

Chairman of the Board and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Name	Title	Date
<u>/S/ SCOTT F. SCHAEFFER</u> Scott F. Schaeffer	Chairman of the Board and Chief Executive Officer (Principal Executive Officer)	February 28, 2024
<u>/S/ JAMES J. SEBRA</u> James J. Sebra	Chief Financial Officer and Treasurer (Principal Financial Officer)	February 28, 2024
<u>/S/ JASON R. DELOZIER</u> Jason R. Delozier	Chief Accounting Officer (Principal Accounting Officer)	February 28, 2024
<u>/S/ STEPHEN BOWIE</u> Stephen Bowie	Director	February 28, 2024
<u>/S/ NED W. BRINES</u> Ned W. Brines	Director	February 28, 2024
<u>/S/ ANA MARIE dEL RIO</u> Ana Marie del Rio	Director	February 28, 2024
<u>/S/ RICHARD D. GEBERT</u> Richard D. Gebert	Director	February 28, 2024
<u>/S/ MELINDA H. McClure</u> Melinda H. McClure	Director	February 28, 2024
<u>/S/ THOMAS H. PURCELL</u> Thomas H. Purcell	Director	February 28, 2024
<u>/S/ DEFOREST B. SOARIES, JR.</u> DeForest B. Soaries, Jr.	Director	February 28, 2024
<u>/S/ LISA WASHINGTON</u> Lisa Washington	Director	February 28, 2024

Director Compensation

Our director compensation is designed with the goals of attracting and retaining highly qualified individuals to serve as independent directors and to fairly compensate them for their time and efforts. For 2023, our non-management directors received the following compensation for their service as directors:

- A standard non-management Board member retainer per year of:
 - \$80,000 cash; and
 - \$90,000 worth of IRT stock, based on the volume weighted average of our closing stock price on the NYSE for the 20 trading days prior to the grant date;
- Lead Independent Director retainer per year of \$25,000 cash
- Chair retainers per year of:
 - \$20,000 cash for the Audit Committee Chair;
 - \$15,000 cash for the Compensation Committee Chair;
 - \$10,000 cash for the Nominating Committee Chair;
 - \$5,000 cash for the Finance & Investment Committee; and
 - \$5,000 cash for the Risk Committee.
- Committee member (other than the Chair) retainers per year of:
 - \$7,500 cash for the Audit Committee members;
 - \$5,000 cash for the Compensation Committee members;
 - \$5,000 cash for the Nominating Committee members;
 - \$5,000 cash for the Finance & Investment Committee; and
 - \$5,000 cash for the Risk Committee.

Our directors are also reimbursed for their out-of-pocket expenses in attending Board and committee meetings and up to \$3,500 annually for education activities.

Exhibit 10.12

November 3, 2023

Shelle Weisbaum
Sweisbaum@irtliving.com

Dear Shelle,

Independence Realty Trust, Inc. ("IRT"), is very pleased to offer you employment on the following terms:

POSITION

You will serve in a full-time capacity as General Counsel. You will report directly to Scott Shaeffer, CEO & President of IRT, and have frequent contact with other Company associates. Your first day of full-time employment will be on or near November 1, 2023.

CASH COMPENSATION

You will be paid a base salary of \$360,000 annually, payable in semi-monthly installments in accordance with the Company's standard payroll practices for salaried employees. At present, Company employees are paid on the 15th day and the last day of each month.

In addition, based on a combination of company & individual performance, you will be eligible to receive an annual bonus with a target amount equal to 100% of your annual base salary. The actual bonus payable to you, if any, may be more or less than the target amount and will be determined by the Compensation Committee of the Board of Directors of IRT (the "Committee") in its sole discretion, based on the achievement of corporate and/or personal objectives established by the Committee. Payment of any otherwise earned bonus will be conditioned on your continued service through the date that annual bonuses are paid to the Company's executives generally with respect to the applicable year. Your 2023 bonus will be prorated to reflect your mid-year start date as well as the period of time during which you were providing outside general counsel services to IRT.

You will also be eligible to receive stock awards annually, in the discretion of the Compensation Committee of the Board of Directors of IRT.

As part of your offer, you will receive a one-time restricted stock unit award with respect to a number of shares of IRT common stock determined by dividing \$133,000 by the volume weighted average closing price of IRT common stock for the 20 trading days immediately preceding your start date. This stock award will vest in three equal annual installments, subject to your continued service, and will also be subject to the prior approval of the Compensation Committee of the Board of Directors of IRT.

BENEFITS

You will be eligible to enroll in the Company's group medical, dental and vision insurance programs during your first twenty-one days of employment. Benefits will be in effect upon the first day of the new month following your completion of thirty (30) days of employment.

All employee insurance deductions related to their participation in such programs are deducted via payroll deductions. All insurance rates and any portion of the premium(s) paid by the Company are subject to revision as a result of premium increases which may be issued by the insurer.

LIFE AND DISABILITY INSURANCE

Upon the first day of the month following thirty (30) days of employment, full-time staff will be enrolled in a company-sponsored Life Insurance and AD&D program. Premium costs for this insurance are paid 100% by the Company. Employee / spouse / dependent supplemental life and AD&D insurance coverage options will also be made available. Company funded Short-Term and Long-Term coverage will be offered to those who qualify.

401(K) PLAN

IRT offers a 401(k) plan which employees can participate in on the first of the month following 30 days of employment. Our current 401(k) plan company match is 100% up to 4% of salary.

PAID TIME OFF

You will begin accruing PTO hours the first of the month after your start date, in the amount of 12 hours per month. The Human Resources Department can provide specific PTO Plan details.

HOLIDAYS

The Company observes ten (10) holidays per calendar year.

PERIOD OF EMPLOYMENT

Your employment with the Company is "at will", meaning that either you or the Company will be entitled to terminate your employment at any time and for any reason, with or without cause; provided that, unless otherwise agreed with the Company, you will not resign from employment with less than 30 days advance written notice. Any contrary representations which may have been made are superseded by this offer letter. This is the full and complete agreement between you and the Company on this term. Although your job duties, title, compensation, benefits, as well as the Company's personnel policies and procedures change from time to time, the "at will" nature of your employment may change only in an express written agreement signed by you and a duly authorized officer of the Company.

Upon cessation of your employment for any reason: (1) the Company's sole liability to you will be payment of any then earned but unpaid base salary and reimbursement of any then incurred but unreimbursed business expenses (provided that such expenses were incurred in accordance with Company policies), and (2) unless otherwise requested by the Company, you agree to resign from all officer and director positions you then hold with the Company and its affiliates.

NON-DISPARAGEMENT

At all times during your employment and after termination of employment with the Company, you shall not make any oral or written comment or statement disparaging the personal, financial or business reputation of the Company and/or any of its affiliates, subsidiaries, employees, owners, directors and/or advisors. However, the foregoing will not prohibit you from reporting possible violations of law or a regulation to any governmental agency or entity or self-regulatory organization or making disclosures that are protected under law, including the whistleblower provisions of U.S. federal law or regulation.

COMPANY POLICIES

You acknowledge and agree that you will be subject to all policies of the Company and IRT in effect from time to time, including (without limitation) policies regarding ethics, personal conduct, stock ownership, securities trading, clawback and hedging and pledging of securities.

COOPERATION

You agree that, following any cessation of your employment, you will cooperate with the Company and its affiliates in connection with matters arising out of your service to the Company and its affiliates; provided that, the Company shall make reasonable efforts to minimize disruption of your other activities. The Company shall pay Executive a reasonable per diem and reimburse you for reasonable expenses incurred in connection with such cooperation.

CONFIDENTIALITY AGREEMENT

As a condition of your employment, you will be required to enter into the Company's standard form of confidentiality, intellectual property assignment and restrictive covenant agreement, not later than your start date.

PROOF OF RIGHT TO WORK

For purposes of federal immigration law, you are required to provide to the Company documentary evidence of your identity and eligibility for employment in the United States. Such documentation must be provided within three (3) business days of your date of hire, or the employment relationship with you may be terminated.

WITHHOLDING TAXES

All forms of compensation referred to in this offer letter are subject to reduction to reflect appropriate withholding and payroll requirements.

PRIOR EMPLOYMENT

By signing below, you represent and warrant to us that you are under no contractual obligation to refrain from working for a competitor of any prior employer. Nonetheless, during your prior employment, you may have had access to trade secrets or proprietary information of your prior employer that may continue to be of value to your prior employer. You are hereby instructed and you hereby acknowledge that said trade secrets and proprietary information remains the property of your prior employer. Consequently, you must be particularly careful not to disclose your prior employer's trade secrets or proprietary information to anyone within the Company, or to use those trade secrets and proprietary information in the course of your duties with the

Company, and you hereby agree not to disclose or use said trade secrets or proprietary information.

ENTIRE AGREEMENT

This letter contains all the terms of your employment with the Company and supersedes any prior understandings or agreements, whether oral or written, between you and the Company or its affiliates.

I hope that you find the foregoing terms acceptable. As required by law, this offer is contingent upon your providing legal proof of your identification and legal right to work in the United States. This offer is also contingent upon successful results of the Company's pre-employment background searches and drug screening.

This offer will expire on November 6, 2023, at 3:00 p.m. (PST). Please respond with your acceptance or declination as soon as possible. We believe you will make a substantial impact on the future direction and success of our company.

Sincerely,

Fred Kapel

Vice President of Human Resources
IRT Management, LLC / Independence Realty Operating Partnership, LP
Office: (312) 924-1549 - Email: fkapel@irtliving.com

EMPLOYMENT ACKNOWLEDGMENT

I accept the offer of employment with Independence Realty Trust, Inc. (the "Company"), under the terms set forth in this letter.

Electronically Signed By:

Michele Weisbaum

Signed on 11/03/2023

Independence Realty Trust, Inc.
Subsidiaries

Entity Name	Domestic Jurisdiction	DBA Names
Adley Craig Ranch Apartments Owner, LLC	Texas	
Bayview Club Apartments Indiana, LLC	Delaware	
Bennington Pond Managing Member, LLC	Delaware	
Bennington Pond, LLC	Ohio	
Bridgeview Apartments, LLC	Florida	Vantage on Hillsborough
Brookside CRA-B1, LLC	Delaware	
Brunswick Point North Carolina, LLC	Delaware	
BSF-Arbors River Oaks	Florida	
Chelsea Square Apartments Holding Company, LLC	Ohio	
Cherry Grove South Carolina, LLC	Delaware	
Creekside Corners Georgia, LLC	Delaware	
Cyan Mallard Creek Owner, LLC	Delaware	
DD CR III, LLC	Georgia	
Enclave Apartments Owner, LLC	Florida	
STAR III Special Member Ltd., Inc.	Delaware	
STAR RS Holdings, LLC	Delaware	
Feldman Holdings Business Trust I	Massachusetts	
Feldman Holdings Business Trust II	Massachusetts	
Fox Partners, LLC	Texas	
HPI Collier Park LLC	Delaware	
HPI Hartshire LLC	Delaware	
HPI Kensington Commons LLC	Delaware	The Commons at Canal Winchester
HPI Schirm Farms LLC	Delaware	
IR TS Op Co, LLC	Delaware	
IRT Global, LLC	Florida	
IRT Lenoxplace Apartments Owner, LLC	Delaware	
IRT Management, LLC	Delaware	
IRT OKC Portfolio Owner, LLC	Delaware	
IRT OKC Portfolio Member, LLC	Delaware	
IRT Renovations, LLC	Delaware	
IRT Runaway Bay Apartments, LLC	Delaware	
IRT Stonebridge Crossing Apartments Owner, LLC	Delaware	
IRT UPREIT Lender, LP	Delaware	
IRT UPREIT Lender Limited Partner, LLC	Delaware	
IRT Virtuoso Investor, LLC	Delaware	
IRT Walnut Hill Apartments Owner, LLC	Delaware	
Jamestown CRA-B1, LLC	Delaware	
JLC/BUSF Associates, LLC	Delaware	
Kings Landing LLC	Delaware	
Lakes of Northdale Apartments LLC	Delaware	
Legacy Apartments Owner, LLC	Alabama	
Lucerne Apartments Tampa, LLC	Florida	
Meadows CRA-B1, LLC	Delaware	

Entity Name	Domestic Jurisdiction	DBA Names
Merce Partners, LLC	Texas	
Millenia 700, LLC	Delaware	
North Park Apartments Owner, LLC	Georgia	
Oxmoor CRA-B1, LLC	Delaware	
Pointe at Canyon Ridge, LLC	Georgia	
Prospect Park CRA-B1, LLC	Delaware	
Rocky Creek Apartments Owner, LLC	Florida	
South Terrace Apartments North Carolina, LLC	Delaware	
SPG Avalon Apts LLC	Ohio	
Thornhill Apartments Owner, LLC	North Carolina	
Tides at Calabash North Carolina, LLC	Delaware	
TS Big Creek, LLC	Delaware	
TS Brier Creek, LLC	Delaware	
TS Craig Ranch, LLC	Delaware	
TS Creekstone, LLC	Delaware	
TS GooseCreek, LLC	Delaware	
TS Manager, LLC	Florida	
TS Miller Creek, LLC	Delaware	
TS New Bern, LLC	Delaware	
TS Talison Row, LLC	Delaware	
TS Vintage, LLC	Delaware	
TS Westmont, LLC	Delaware	
Vantage II Owner, LLC	Florida	
Views of MC1 LLC	Tennessee	
Wake Forest Apartments, LLC	Delaware	
Waterford Landing Apartments, LLC	Delaware	
Brice Grove Apartments, LLC	Delaware	BriceGrove Park Apartments
Hilliard Grand Apartments, LLC	Ohio	Hilliard Grand Apartments
Hilliard Meadows Apartment, LLC	Ohio	Hilliard Summit Apartments
Hilliard Park Partners, LLC	Ohio	Hilliard Park Partners
SIR Brice Grove, LLC	Delaware	
SIR Spring Creek, LLC	Delaware	
SIR Carrington Champion, LLC	Delaware	Carrington at Champion Forest
SIR Carrington Park, LLC	Delaware	Carrington Park at Huffmeister
SIR Carrington Place, LLC	Delaware	
SIR Creekside, LLC	Delaware	
SIR Deep Deuce, LLC	Delaware	
SIR Double Creek, LLC	Delaware	
SIR Forty 57, LLC	Delaware	Forty 57 Apartments
SIR Hamburg, LLC	Delaware	
SIR Hilliard Grand, LLC	Delaware	
SIR Hilliard Park, LLC	Delaware	
SIR Hilliard Summit, LLC	Delaware	
SIR Huffmeister Villas, LLC	Delaware	Villas at Huffmeister
SIR Jefferson, LLC	Delaware	
SIR Kingwood Villas, LLC	Delaware	Villas of Kingwood
SIR Montclair Parc, LLC	Delaware	

Entity Name	Domestic Jurisdiction	DBA Names
SIR Mallard Crossing, LLC	Delaware	Mallard Crossing Apartments
SIR Oak Crossing, LLC	Delaware	
SIR Quail North, LLC	Delaware	Retreat at Quail North
SIR Riverford, LLC	Delaware	
SIR Sienna Grand, LLC	Delaware	
SIR Spring Creek, LLC	Delaware	
SIR Sycamore Terrace, LLC	Delaware	Sycamore Terrace Apartments
SIR Tapestry Park, LLC	Delaware	
SIR Waterford Riata, LLC	Delaware	Waterford Place at Riata Ranch
STAR 1250 West, LLC	Delaware	
STAR at Spring Hill, LLC	Delaware	
STAR Barrett Lakes, LLC	Delaware	The 1800 at Barrett Lakes
STAR Bella Terra, LLC	Delaware	Bella Terra at City Center
STAR Brentwood, LLC	Delaware	Landings of Brentwood
STAR Brookfield, LLC	Delaware	
STAR Broomfield, LLC	Delaware	
STAR Cumberland, LLC	Delaware	
STAR Delano, LLC	Delaware	Delano at North Richland Hills
STAR Eagle Lake, LLC	Delaware	
STAR East Cobb, LLC	Delaware	
STAR Farmers Market, LLC	Delaware	
STAR Fielders Creek, LLC	Delaware	
STAR Flatirons, LLC	Delaware	
STAR Garrison Station, LLC	Delaware	
STAR Hearthstone, LLC	Delaware	
STAR Horseshoe, LLC	Delaware	
STAR Hubbard, LLC	Delaware	
STAR Kensington, LLC	Delaware	
STAR Lakeside, LLC	Delaware	
STAR Los Robles, LLC	Delaware	
STAR McGinnis Ferry, LLC	Delaware	
STAR Meadows, LLC	Delaware	
STAR Monticello, LLC	Delaware	Monticello by the Vineyard
STAR Oasis, LLC	Delaware	
STAR Park Valley, LLC	Delaware	
STAR Patina Flats, LLC	Delaware	Patina Flats at the Foundry
STAR Preston Hills, LLC	Delaware	
STAR Ridge Crossing, LLC	Delaware	
STAR River Run, LLC	Delaware	
STAR Shores, LLC	Delaware	
STAR Stoneridge, LLC	Delaware	Stoneridge Farms
STAR T-Bone, LLC	Delaware	
STAR Town Madison, LLC	Delaware	
STAR Wetherington, LLC	Delaware	Columns on Wetherington
STAR III Avery Point, LLC	Delaware	
STAR III Belmar, LLC	Delaware	
STAR III Bristol Village, LLC	Delaware	

Entity Name	Domestic Jurisdiction	DBA Names
STAR III Canyon Resort, LLC	Delaware	
STAR III Cottage Trails, LLC	Delaware	
STAR III Sugar Mill, LLC	Delaware	
STAR III Sweetwater, LLC	Delaware	
STAR III Vista Ridge, LLC	Delaware	The Pointe at Vista Ridge Apartments
STAR III VV&M, LLC	Delaware	VV&M Apartments
STAR TRS, Inc.	Delaware	
STAR REIT Services, LLC	Delaware	
STAR Special Member Ltd., Inc	Delaware	
SIR Special Member Ltd., Inc.	Delaware	
Cyan Apartments Owner, LLC	Delaware	
Independence Realty Operating Partnership, L.P.	Delaware	
IRT Limited Partner, LLC	Delaware	
STAR Carrington KC, LLC	Delaware	
IRT Ramston Investor, LLC	Delaware	
DD CR V, LLC	Georgia	
IRT Innsbrook Investor, LLC	Delaware	
DD Mallard Creek, LLC	Georgia	
IRT Lakeline Investor, LLC	Delaware	
Arbor Loop Apartments Owner, LLC	North Carolina	
SIR Clarion Park, LLC	Delaware	
STAR Harrison Place, LLC	Delaware	
IRSTAR Sub, LLC		
Kentucky TRS, LLC		
North Park Property Owner, LLC		
IRT Mustang Investor, LLC	Delaware	
Tides Land North Carolina, LLC		
Ramston Development Holdings I, LLC		

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the registration statement (No. 333-272640) on Form S-3 and in the registration statements (Nos. 333-265033, 333-211566, and 333-191612) on Form S-8 of our reports dated February 28, 2024, with respect to the consolidated financial statements of Independence Realty Trust, Inc. and the effectiveness of internal control over financial reporting.

/s/ KPMG LLP

Philadelphia, Pennsylvania
February 28, 2024

**Certification of Chief Executive Officer Pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002**

I, Scott F. Schaeffer, certify that:

1. I have reviewed this annual report on Form 10-K of Independence Realty Trust, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 28, 2024

By: /s/ SCOTT F. SCHAEFFER

Scott F. Schaeffer

Chairman of the Board and Chief Executive Officer
(Principal Executive Officer)

**Certification of Chief Financial Officer Pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002**

I, James J. Sebra, certify that:

1. I have reviewed this annual report on Form 10-K of Independence Realty Trust, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 28, 2024

By: /s/ JAMES J. SEBRA

James J. Sebra

Chief Financial Officer and Treasurer
(Principal Financial Officer)

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE
SARBANES-OXLEY ACT OF 2002**

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and in connection with the Annual Report on Form 10-K of Independence Realty Trust, Inc. (the "Company") for the fiscal year ended December 31, 2023, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, the Chairman of the Board, and Chief Executive Officer of the Company, certifies, to his knowledge, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 28, 2024

By: /s/ SCOTT F. SCHAEFFER

Scott F. Schaeffer

Chairman of the Board and Chief Executive Officer
(Principal Executive Officer)

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE
SARBANES-OXLEY ACT OF 2002**

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and in connection with the Annual Report on Form 10-K of Independence Realty Trust, Inc. (the "Company") for the fiscal year ended December 31, 2023, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, the Chief Financial Officer and Treasurer of the Company, certifies, to his knowledge, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 28, 2024

By: /s/ JAMES J. SEBRA

James J. Sebra

Chief Financial Officer and Treasurer
(Principal Financial Officer)

INDEPENDENCE REALTY TRUST, INC.

DODD-FRANK CLAWBACK POLICY

The Compensation Committee (the "Compensation Committee") of the Board of Directors (the "Board") of Independence Realty Trust, Inc., a Maryland corporation (the "Company") has adopted the following Dodd-Frank Clawback Policy (this "Policy") on October 18, 2023, effective as of October 2, 2023 (the "Effective Date").

1. Purpose. The purpose of this Policy is to provide for the recoupment of certain incentive compensation pursuant to Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, in the manner required by Section 10D of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), Rule 10D-1 promulgated thereunder, and the Applicable Listing Standards (as defined below) (collectively, the "Dodd-Frank Rules").

2. Administration. This Policy shall be administered by the Compensation Committee. Any determinations made by the Compensation Committee shall be final and binding on all affected individuals.

3. Definitions. For purposes of this Policy, the following capitalized terms shall have the meanings set forth below.

(a) "**Accounting Restatement**" shall mean an accounting restatement of the Company's financial statements due to the material noncompliance of the Company with any financial reporting requirement under the securities laws, including any required accounting restatement (i) to correct an error in previously issued financial statements that is material to the previously issued financial statements (i.e., a "Big R" restatement), or (ii) that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period (i.e., a "little r" restatement).

(b) "**Affiliate**" shall mean each entity that directly or indirectly controls, is controlled by, or is under common control with the Company.

(c) "**Applicable Exchange**" shall mean (i) The Nasdaq Stock Market, if the Company's securities are listed on such national stock exchange, or (ii) the New York Stock Exchange, if the Company's securities are listed on such national stock exchange.

(d) "**Applicable Listing Standards**" shall mean (i) Nasdaq Listing Rule 5608, if the Company's securities are listed on The Nasdaq Stock Market, or (ii) Section 303A.14 of the New York Stock Exchange Listed Company Manual, if the Company's securities are listed on the New York Stock Exchange.

(e) "**Clawback Eligible Incentive Compensation**" shall mean Incentive-Based Compensation Received by a Covered Executive (i) on or after the Effective Date, (ii) after beginning service as a Covered Executive, (iii) if such individual served as a Covered Executive at any time during the performance period for such Incentive-Based Compensation (irrespective of whether such individual continued to serve as a Covered Executive upon or following the Restatement Trigger Date), (iv) while the Company has a class of securities listed on a national securities exchange or a national securities association, and (v) during the applicable Clawback Period. For the avoidance of doubt, Incentive-Based Compensation Received by a Covered Executive on or after the Effective Date could, by the terms of this Policy, include amounts approved, awarded, or granted prior to such date.

(f) "**Clawback Period**" shall mean, with respect to any Accounting Restatement, the three completed fiscal years of the Company immediately preceding the Restatement Trigger Date and any transition period (that results from a change in the Company's fiscal year) within or immediately following those three completed fiscal years (except that a transition period between the last day of the Company's previous fiscal year end and the first day of its new fiscal year that comprises a period of at least nine months shall count as a completed fiscal year).

(g) “**Company Group**” shall mean the Company and its Affiliates.

(h) “**Covered Executive**” shall mean any “executive officer” of the Company as defined under the Dodd-Frank Rules, and, for the avoidance of doubt, includes each individual identified as an executive officer of the Company in accordance with Item 401(b) of Regulation S-K under the Exchange Act.

(i) “**Erroneously Awarded Compensation**” shall mean the amount of Clawback Eligible Incentive Compensation that exceeds the amount of Incentive-Based Compensation that otherwise would have been Received had it been determined based on the restated amounts, computed without regard to any taxes paid. With respect to any compensation plan or program that takes into account Incentive-Based Compensation, the amount contributed to a notional account that exceeds the amount that otherwise would have been contributed had it been determined based on the restated amount, computed without regard to any taxes paid, shall be considered Erroneously Awarded Compensation, along with earnings accrued on that notional amount.

(j) “**Financial Reporting Measures**” shall mean measures that are determined and presented in accordance with the accounting principles used in preparing the Company’s financial statements, and all other measures that are derived wholly or in part from such measures. Stock price and total shareholder return (and any measures that are derived wholly or in part from stock price or total shareholder return) shall for purposes of this Policy be considered Financial Reporting Measures. For the avoidance of doubt, a measure need not be presented in the Company’s financial statements or included in a filing with the U.S. Securities and Exchange Commission (the “SEC”) in order to be considered a Financial Reporting Measure.

(k) “**Incentive-Based Compensation**” shall mean any compensation that is granted, earned or vested based wholly or in part upon the attainment of a Financial Reporting Measure.

(l) “**Received**” shall mean the deemed receipt of Incentive-Based Compensation. Incentive-Based Compensation shall be deemed received for this purpose in the Company’s fiscal period during which the Financial Reporting Measure specified in the applicable Incentive-Based Compensation award is attained, even if payment or grant of the Incentive-Based Compensation occurs after the end of that period.

(m) “**Restatement Trigger Date**” shall mean the earlier to occur of (i) the date the Board, a committee of the Board, or the officer(s) of the Company authorized to take such action if Board action is not required, concludes, or reasonably should have concluded, that the Company is required to prepare an Accounting Restatement, or (ii) the date a court, regulator or other legally authorized body directs the Company to prepare an Accounting Restatement.

4. Recoupment of Erroneously Awarded Compensation. Upon the occurrence of a Restatement Trigger Date, the Company shall recoup Erroneously Awarded Compensation reasonably promptly, in the manner described below. For the avoidance of doubt, the Company’s obligation to recover Erroneously Awarded Compensation under this Policy is not dependent on if or when restated financial statements are filed following the Restatement Trigger Date.

(a) **Process.** The Compensation Committee shall use the following process for recoupment:

(i) First, the Compensation Committee will determine the amount of any Erroneously Awarded Compensation for each Covered Executive in connection with such Accounting Restatement. For Incentive-Based Compensation based on (or derived from) stock price or total shareholder return where the amount of Erroneously Awarded Compensation is not subject to mathematical recalculation directly from the information in the applicable Accounting Restatement, the amount shall be determined by the Compensation Committee based on a reasonable estimate of the effect of the Accounting Restatement on the stock price or total shareholder return upon which the Incentive-Based Compensation was Received (in which case, the Company shall maintain documentation of such determination of that reasonable estimate and provide such documentation to the Applicable Exchange).

(ii) Second, the Compensation Committee will provide each affected Covered Executive with a written notice stating the amount of the Erroneously Awarded Compensation, a demand for recoupment, and the means of recoupment that the Company will accept.

(b) **Means of Recoupment.** The Compensation Committee shall have discretion to determine the appropriate means of recoupment of Erroneously Awarded Compensation, which may include without limitation: (i) recoupment of cash or shares of Company stock, (ii) forfeiture of unvested cash or equity awards (including those subject to service-based and/or performance-based vesting conditions), (iii) cancellation of outstanding vested cash or equity awards (including those for which service-based and/or performance-based vesting conditions have been satisfied), (iv) to the extent consistent with Section 409A of the Internal Revenue Code of 1986, as amended ("Section 409A"), offset of other amounts owed to the Covered Executive or forfeiture of deferred compensation, (v) reduction of future compensation, and (vi) any other remedial or recovery action permitted by law. Notwithstanding the foregoing, the Company Group makes no guarantee as to the treatment of such amounts under Section 409A, and shall have no liability with respect thereto. For the avoidance of doubt, appropriate means of recoupment pursuant to this Section 4(b) may include amounts approved, awarded, or granted prior to the Effective Date. Except as set forth in Section 4(d) below, in no event may the Company Group accept an amount that is less than the amount of Erroneously Awarded Compensation in satisfaction of a Covered Executive's obligations hereunder.

(c) **Failure to Repay.** To the extent that a Covered Executive fails to repay all Erroneously Awarded Compensation to the Company Group when due (as determined in accordance with Section 4(a) above), the Company shall, or shall cause one or more other members of the Company Group to, take all actions reasonable and appropriate to recoup such Erroneously Awarded Compensation from the applicable Covered Executive. The applicable Covered Executive shall be required to reimburse the Company Group for any and all expenses reasonably incurred (including legal fees) by the Company Group in recouping such Erroneously Awarded Compensation.

(d) **Exceptions.** Notwithstanding anything herein to the contrary, the Company shall not be required to recoup Erroneously Awarded Compensation if one of the following conditions is met and the Compensation Committee determines that recoupment would be impracticable:

(i) The direct expense paid to a third party to assist in enforcing this Policy against a Covered Executive would exceed the amount to be recouped, after the Company has made a reasonable attempt to recoup the applicable Erroneously Awarded Compensation,

(ii) Recoupment would violate home country law where that law was adopted prior to November 28, 2022, provided that, before determining that it would be impracticable to recoup any amount of Erroneously Awarded Compensation based on violation of home country law, the Company has obtained an opinion of home country counsel, acceptable to the Applicable Exchange, that recoupment would result in such a violation and a copy of the opinion is provided to the Applicable Exchange; or

(iii) Recoupment would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees, to fail to meet the requirements of 26 U.S.C. 401(a)(13) or 26 U.S.C. 411(a) and regulations thereunder.

5. Reporting and Disclosure. The Company shall file all disclosures with respect to this Policy in accordance with the requirements of the Dodd-Frank Rules.

6. Indemnification Prohibition. No member of the Company Group shall be permitted to indemnify any current or former Covered Executive against (i) the loss of any Erroneously Awarded Compensation that is recouped pursuant to the terms of this Policy, or (ii) any claims relating to the Company Group's enforcement of its rights under this Policy. The Company may not pay or reimburse any Covered Executive for the cost of third-party insurance purchased by a Covered Executive to fund potential recoupment obligations under this Policy.

7. Acknowledgment. If required by the Compensation Committee, each Covered Executive shall be required to sign and return to the Company the acknowledgement form attached hereto as Exhibit A (or such other acknowledgement form authorized by the Compensation Committee) pursuant to which such Covered Executive will agree to be bound by the terms of, and comply with, this Policy. However, for the avoidance of doubt, each Covered Executive will be fully bound by, and must comply with, the Policy, whether or not such Covered Executive has executed and returned an acknowledgment form to the Company.

8. Interpretation. The Compensation Committee is authorized to interpret and construe this Policy and to make all determinations necessary, appropriate, or advisable for the administration of this Policy. The Compensation Committee intends that this Policy be interpreted consistent with the Dodd-Frank Rules.

9. Amendment; Termination. The Compensation Committee may amend or terminate this Policy from time to time in its discretion, including as and when it determines that it is legally required to do so by any federal securities laws, SEC rule or the rules of any national securities exchange or national securities association on which the Company's securities are listed.

10. Other Recoupment Rights. The Compensation Committee intends that this Policy be applied to the fullest extent of the law. The Compensation Committee may require that any employment agreement, equity award, cash incentive award, or any other agreement with a Covered Executive be conditioned on the Covered Executive's agreement to abide by the terms of this Policy. Any right of recoupment under this Policy is in addition to, and not in lieu of, any other remedies or rights of recoupment that may be available to the Company Group, whether arising under applicable law, regulation or rule, pursuant to the terms of any other policy of the Company Group, pursuant to any employment agreement, equity award, cash incentive award, or other plan or agreement applicable to a Covered Executive, or otherwise (the "Separate Clawback Rights"). Notwithstanding the foregoing, this Policy replaces and supersedes the Company's existing clawback policy dated September 12, 2019, but only with respect to Incentive-Based Compensation Received on or after the Effective Date. There shall be no duplication of recovery of the same Erroneously Awarded Compensation under this Policy and the Separate Clawback Rights, unless required by applicable law.

11. Successors. This Policy shall be binding and enforceable against all Covered Executives and their beneficiaries, heirs, executors, administrators or other legal representatives.

Exhibit A

INDEPENDENCE REALTY TRUST, INC.

DODD-FRANK CLAWBACK POLICY

ACKNOWLEDGEMENT FORM

By signing below, the undersigned acknowledges and confirms that the undersigned has received and reviewed a copy of the Independence realty Trust, Inc. Dodd-Frank Clawback Policy (the "**Policy**"). Capitalized terms used but not otherwise defined in this Acknowledgement Form (this "**Acknowledgement Form**") shall have the meanings ascribed to such terms in the Policy.

By signing this Acknowledgement Form, the undersigned acknowledges and agrees that the undersigned is and will continue to be subject to the Policy and that the Policy will apply both during and after the undersigned's employment with the Company Group. Further, by signing below, the undersigned agrees to abide by the terms of the Policy.

Sign: _____

Name: _____

Date: _____

MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS

The following discussion summarizes the material U.S. federal income tax considerations associated with the purchase, ownership and disposition of our shares of common stock, as well as the applicable requirements under U.S. federal income tax laws to maintain REIT status, and the material U.S. federal income tax consequences of maintaining REIT status. This discussion is based upon the laws, regulations, and reported judicial and administrative rulings and decisions in effect as of the date of the filing of this exhibit with the Securities and Exchange Commission, all of which are subject to change, retroactively or prospectively, and to possibly differing interpretations.

This discussion does not purport to deal with all U.S. federal income or other tax consequences applicable to investors in light of their particular investment or other circumstances, or to all categories of investors, some of whom may be subject to special rules (for example, insurance companies, tax-exempt organizations, partnerships, trusts, financial institutions and broker-dealers). No ruling on the U.S. federal, state, or local tax considerations relevant to our operation or to the purchase, ownership or disposition of our shares, has been requested from the United States Internal Revenue Service (the "IRS"), or other tax authority. Prospective investors are urged to consult their tax advisors in order to determine the U.S. federal, state, local, foreign and other tax consequences to them of the purchase, ownership and disposition of our shares of common stock, the tax treatment of a REIT and the effect of potential changes in the applicable tax laws.

Beginning with our taxable year ended December 31, 2011, we elected to be taxed as a REIT under the applicable provisions of the Code and the regulations promulgated thereunder and receive the beneficial U.S. federal income tax treatment described below, and we intend to continue operating as a REIT so long as REIT status remains advantageous. We cannot assure you that we will continue to meet the applicable requirements to qualify as a REIT under U.S. federal income tax laws, which are highly technical and complex.

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 we qualify as a REIT, we will claim deductions for the dividends we pay to the stockholders, and therefore will not be subject to U.S. federal income tax on that portion of our REIT taxable income or capital gain which is currently distributed to our stockholders. We will, however, be subject to U.S. federal income tax at the corporate rate (currently 21%) on any REIT taxable income or capital gain not distributed.

Even though we qualify as a REIT, we nonetheless are subject to U.S. federal tax in the following circumstances:

- We are taxed at the corporate rate on any REIT taxable income, including undistributed net capital gains that we do not distribute to stockholders during, or within a specified period after, the calendar year in which we recognize such income. We may elect to retain and pay income tax on our net long-term capital gain. In that case, a stockholder would include its proportionate share of our undistributed long-term capital gain (to the extent we make a timely designation of such gain to the stockholder) in its income, would be deemed to have paid the tax that we paid on such gain, 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 our common stock.

- We may be subject to the alternative minimum tax for tax years beginning before January 1, 2018.
- If we have 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 we have 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, we will be subject to corporate tax on such income at the highest applicable rate (currently 21%).
- If we fail to satisfy the 75% Gross Income Test or the 95% Gross Income Test, as discussed below, but nonetheless maintain our qualification as a REIT because other requirements are met, we will be subject to a 100% tax on an amount equal to (1) the greater of (a) the amount by which we fail the 75% Gross Income Test or (b) the amount by which we fail the 95% Gross Income Test, as the case may be, multiplied by (2) a fraction intended to reflect our profitability.
- If we fail to satisfy any of the Asset Tests, as described below, other than certain de minimis failures, but our failure is due to reasonable cause and not due to willful neglect and we nonetheless maintain our REIT qualification because of specified cure provisions, we will be required to pay a tax equal to the greater of \$50,000 or 21% of the net income generated by the nonqualifying assets during the period in which we failed to satisfy the Asset Tests.
- If we fail to satisfy any other REIT qualification requirements (other than a Gross Income or Asset Test) and that violation is due to reasonable cause and not due to willful neglect, we may retain our REIT qualification, but we will be required to pay a penalty of \$50,000 for each such failure.
- If we fail to distribute during each calendar year at least the sum of (1) 85% of our REIT ordinary income for such year, (2) 95% of our REIT capital gain net income for such year and (3) any undistributed taxable income from prior periods, we 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.
- We may be required to pay monetary penalties to the IRS in certain circumstances, including if we fail to meet record-keeping requirements intended to monitor our compliance with rules relating to the composition of our stockholders.
- A 100% tax may be imposed on some items of income and expense that are directly or constructively paid between us, our lessee or a taxable REIT subsidiary (a "TRS") (as described in more detail below) if and to the extent that the IRS successfully adjusts the reported amounts of these items.
- If we acquire 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 our hands is determined by reference to the adjusted tax basis of the assets in the hands of the C corporation, we may be subject to tax on such appreciation at the highest corporate income tax rate then applicable if we subsequently recognize gain on a disposition of such assets during the five-year 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 us.
- We 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, we and our 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. We 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;
- 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. Our common stock and any other stock we issue must be held by a minimum of 100 persons (determined without attribution to the owners of any entity owning our 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 our stock may be owned, directly or indirectly, by five or fewer individuals (determined with attribution to the owners of any entity owning our stock). This is the "five or fewer" test referenced below in "Taxation of Tax-Exempt Stockholders." However, these two requirements do not apply until after the first taxable year for which we elect REIT status.

Our charter contains certain provisions intended to enable us to meet these requirements. First, it contains provisions restricting the transfer of our stock which 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 our outstanding capital stock, including our common stock, subject to certain exceptions. Our charter also contains provisions requiring each holder of our 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 our disclosure request will be required, under Treasury regulations, 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 we expect to hold all of our investments through our operating partnership, we 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 (see, however, the discussion below about the partnership audit rules). 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, we will be deemed to own a proportionate share of the assets of our operating partnership, and we will be allocated a proportionate share of each item of gross income of our operating partnership.

Asset Tests. At the close of each calendar quarter of each taxable year, we must satisfy a series of tests based on the composition of our assets (the "Asset Tests"). After initially meeting the Asset Tests at the close of any quarter, we will not lose our status as a REIT for failure to satisfy the Asset Tests at the end of a later quarter solely due to changes in value of our 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. We intend to maintain adequate records of the value of our 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 our 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 (including mortgages secured by both real and personal property if the value of such property does not exceed 15% of the total property securing the loan)), (ii) shares in other qualifying REITs and debt instruments issued by publicly-traded REITs (not to exceed 25% of our assets unless secured by interests in real property) and (iii) personal property leased in connection with real property to the extent that rents attributable to such personal property are treated as "rents from real property"; and (iv) 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 we 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 us in exchange for our stock or in a public offering of debt obligations that have a maturity of at least five years.

If we invest in any securities that do not qualify under the 75% test, such securities may not exceed either: (i) 5% of the value of our 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 constitutes, 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:

- (1) any loan made to an individual or an estate,
- (2) 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),
- (3) any obligation to pay rents from real property,
- (4) 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,
- (5) any security issued by another REIT, and
- (6) 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%-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 20% (25% for years beginning before January 1, 2018) of the value of a REIT's assets may be represented by securities of one or more TRSs. We have six TRSs, each of which had minimal or no business activity during 2023. If we do have an active TRS or form other TRSs in the future, we will be subject to a 100% excise tax on income from certain transactions with a TRS that are not on an arm's-length basis. Under the Tax Cuts and Jobs Act (the "TCJA"), for taxable years beginning after December 31, 2017, taxpayers are subject to a limitation on their ability to deduct business interest expense in excess of the sum of a taxpayer's business interest income and 30% of the adjusted taxable income of the business, which is its taxable income computed without regard to business interest income or expense, and net operating losses. These provisions may limit the ability of our TRSs to deduct interest, which could increase their taxable income.

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 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).

We believe that our holdings of securities and other assets comply with the foregoing Asset Tests, and we intend to monitor compliance with such tests on an ongoing basis. The values of some of our 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 Asset Tests. Accordingly, there can be no assurance that the IRS will not contend that our assets do not meet the requirements of the Asset Tests.

Gross Income Tests. For each calendar year, we must satisfy two separate tests based on the composition of our gross income, as defined under our method of accounting.

The 75% Gross Income Test.

At least 75% of our 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 our 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 (if the new capital is received by us in exchange for our stock or in a public offering of debt obligations that have a maturity of at least five years and the income is received or accrued within 1 year of our receipt of the new capital) received or earned during the one-year period beginning on the date we receive such new capital. In the case of real estate mortgage loans secured by both real and personal property, if the fair market value of such personal property does not exceed 15% of the total fair market value of all property securing the loan, then the personal property securing the loan will be treated as real property for purposes of determining whether the mortgage is qualifying under the 75% asset test and interest income that qualifies for purposes of the 75% gross income test. We intend to invest funds not otherwise invested in real properties in cash sources or other liquid investments which will allow us to qualify under the 75% Gross Income Test.

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 we, or an owner of 10% or more of our 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 we furnish or render services to tenants or manage or operate the underlying property, other than through a permissible “independent contractor” from whom we derive no revenue, or through a TRS. This requirement, however, does not apply to the extent that the services, management or operations we provide 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. Our 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 board of directors intends to hire qualifying independent contractors or to utilize TRSs to render services which it believes, after consultation with our tax advisors, are not usually or customarily rendered in connection with the rental of space.

In addition, we have represented that, with respect to our leasing activities, we 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, under the TCJA, for taxable years beginning after December 31, 2017, taxpayers, including TRSs, are subject to a limitation on their ability to deduct net business interest expense generally equal to 30% of the adjusted taxable income of the business, which is its taxable income computed without regard to business interest income or expense, or net operating losses. See “—Annual Distribution Requirements.” These provisions may limit the ability of our TRSs to deduct interest, which could increase their taxable income. 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 arm’s-length basis.

It is possible that we 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 we commit to make or acquire the loan. We expect that all of our 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 our gross income from the sources listed above, at least 95% of our gross income (excluding gross income from prohibited transactions and 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 our trade or business. We intend to invest funds not otherwise invested in properties in cash sources or other liquid investments which will allow us to satisfy the 95% Gross Income Test.

Our share of income from the properties primarily gives rise to rental income and gains on sales of the properties, substantially all of which generally qualifies under the 75% Gross Income and 95% Gross Income Tests. Our anticipated operations indicate that it is likely that we will continue to have little or no non-qualifying income.

As described above, we may establish one or more TRSs. The gross income generated by these TRSs would not be included in our gross income. Any dividends from TRSs to us would be included in our gross income and qualify for the 95% Gross Income Test.

If we fail to satisfy either the 75% Gross Income or 95% Gross Income Tests for any taxable year, we may retain our status as a REIT for such year if: (i) the failure was due to reasonable cause and not due to willful neglect, (ii) we attach to our return a schedule describing the nature and amount of each item of our 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, we would remain subject to tax equal to the greater of the amount by which we failed the 75% Gross Income Test or the 95% Gross Income Test, as applicable, multiplied by a fraction meant to reflect our profitability.

Annual Distribution Requirements. We are required to distribute dividends (other than capital gain dividends) to our stockholders each year in an amount at least equal to the excess of: (i) the sum of: (a) 90% of our 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 we: (1) declared a dividend before the due date of our tax return (including extensions); (2) distribute 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) file an election with our tax return. Additionally, dividends that we declare 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. If we fail to meet the annual

distribution requirements as a result of an adjustment to our U.S. federal income tax return by the IRS, or under certain other circumstances, we may cure the failure by paying a "deficiency dividend" (plus penalties and interest to the IRS) within a specified period.

For tax years beginning after December 31, 2017, the TCJA restricts the deductibility of net business interest expense by businesses (generally, to 30% of the adjusted taxable income of the business, which is its taxable income computed without regard to business interest income or expense, or net operating losses) except, among others, real property businesses electing out of such restrictions; generally we expect our business to qualify as such a real property business, but businesses conducted by our taxable REIT subsidiaries may not qualify. We have not made this election, but our Operating Partnership, starting with its 2021 taxable year, elected to not have this interest expense limitation apply to it. If an election out of these restrictions on interest deductions is made, the TCJA requires the use of the less favorable alternative depreciation system to depreciate certain property. As our Operating Partnership has made this election, it is required to use an alternative depreciation system to depreciate certain property. In addition, U.S. Treasury Regulations could limit the deduction we may claim for our proportionate share of the compensation expense attributable to the remuneration paid by our Operating Partnership for services performed by certain of our highly ranked and highly compensated employees.

We intend to pay sufficient dividends each year to satisfy the annual distribution requirements and avoid U.S. federal income and excise taxes on our earnings; however, it may not always be possible to do so. It is possible that we may not have sufficient cash or other liquid assets to meet the annual distribution requirements due to tax accounting rules and other timing differences. We will closely monitor the relationship between our REIT taxable income and cash flow and, if necessary to comply with the annual distribution requirements, will borrow funds to fully provide the necessary cash flow.

Failure to Qualify. If we fail to qualify, for U.S. federal income tax purposes, as a REIT in any taxable year, we 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, we will not be able to deduct our dividends and will be subject to U.S. federal income tax on our taxable income at the corporate rate, thereby reducing cash available for distributions. In such event, all distributions to stockholders (to the extent of our current and accumulated earnings and profits) will be taxable as dividends. This "double taxation" results from our failure to qualify as a REIT. In addition, if we fail to qualify as a REIT, we will not be required to distribute any amounts to our stockholders and all distributions to stockholders will be taxable as regular corporate dividends to the extent of our current and accumulated earnings and profits. In such event, corporate distributees may be eligible for the dividends-received deduction. In addition, noncorporate stockholders, including individuals, may be eligible for the preferential tax rates on qualified dividend income. Non-corporate stockholders, including individuals, generally may deduct up to 20% of dividends from a REIT, other than capital gain dividends and dividends treated as qualified dividend income, for taxable years beginning after December 31, 2017 and before January 1, 2026 for purposes of determining their U.S. federal income tax (but not for purposes of the 3.8% Medicare tax), subject to certain limitations. If we fail to qualify as a REIT, such stockholders may not claim this deduction with respect to dividends paid by us. Unless entitled to relief under specific statutory provisions, we 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, we 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 our business which is not foreclosure property. There is an exception to this rule for the sale of real property that:

- is a real estate asset under the 75% Asset Test;
- 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 a TRS or an independent contractor from whom we do not derive or receive any income; 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 (excluding sales of foreclosure property or in connection with an involuntary conversion), 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) or occurs in a year when the REIT disposes of less than 20% of its assets as well as 10% or less of its assets based on a three-year average (measured by U.S. federal income tax basis or fair market value, and ignoring involuntary dispositions and sales of foreclosure property).

Our intention in acquiring and operating the properties is the production of rental income and we do not expect to hold any property for sale to customers in the ordinary course of our 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 on 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 21%) 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. We may enter into hedging transactions with respect to one or more of our 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 us 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 respect to which we satisfy 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. In addition, if we entered into a hedging transaction (i) to manage the risk of interest rate, price changes, or currency fluctuations with respect to borrowings made or to be made or (ii) to manage the risk of currency fluctuations, and a portion of the hedged indebtedness or property is disposed of and in connection with such extinguishment or disposition we enter into a new clearly identified hedging transaction (a "Counteracting Hedge"), income from the applicable hedge and income from the Counteracting Hedge (including gain from the disposition of such Counteracting Hedge) will not be treated as gross income for purposes of the 95% and 75% gross income tests. To the extent we enter 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. We intend to structure any hedging transactions in a manner that does not jeopardize our ability to qualify as a REIT.

Characterization of Property Leases. We may purchase either new or existing properties and lease them to tenants. Our 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 we 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 we are not the owner of any properties for U.S. federal income tax purposes may have adverse consequences to us, such as the denial of depreciation deductions (which could affect the

determination of our REIT taxable income subject to the distribution requirements) or our satisfaction of the Asset Tests or the Gross Income Tests.

Tax Aspects of Investments in Partnerships

General. We operate as an UPREIT, which is a structure whereby we own a direct interest in our Operating Partnership, and our 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 our Operating Partnership 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 our investment in our operating partnership. This discussion should also generally apply to any investment by us in a property partnership or other non-corporate entity taxed as a partnership.

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 (see, however, the discussion below about the partnership audit rules). 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. We will be required to take into account our allocable share of the foregoing items for purposes of the various Gross Income and Asset Tests, and in the computation of our REIT taxable income and U.S. federal income tax liability. Further, there can be no assurance that distributions from our operating partnership will be sufficient to pay the tax liabilities resulting from an investment in our operating partnership.

We intend that interests in our Operating Partnership (and any partnership or other entity taxed as a partnership invested in by our operating partnership with one or more owners) will fall within one of the "safe harbors" for the partnership to avoid being classified as a publicly traded partnership. However, our ability to satisfy the requirements of some of these safe harbors depends on the results of our 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 for U.S. federal income tax purposes if at least 90% of its gross income each taxable year is from certain passive sources.

If for any reason our Operating Partnership (or any partnership invested in by our operating partnership) is taxable as a corporation for U.S. federal income tax purposes, the character of our assets and items of gross income would change, and as a result, we 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 we could incur a tax liability without a related cash distribution. Further, if any partnership is treated as a corporation, items of income, gain, loss, deduction, expense and credit of such partnership would be subject to corporate income tax, and the partners of any such partnership would be treated as stockholders, with distributions to such partners subject to the rules applicable to distributions by corporations.

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, we cannot assure you that the IRS will not attempt to apply the anti-abuse regulations to us. Any such action could potentially jeopardize our status as a REIT and materially affect the tax consequences and economic return resulting from an investment in us.

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. We believe that the allocations of taxable income and loss in our Operating Partnership agreement comply with the requirements of Section 704(b) of the Code and the applicable Treasury regulations.

Among the losses and deductions of the Operating Partnership that would flow to us are the interest deductions of the Operating Partnership and its subsidiary partnerships. As noted above, the TCJA limits a taxpayer's business interest expense deduction to the sum of business interest income, 30% of adjusted taxable income and certain other amounts. Adjusted taxable income does not include items of income or expense not allocable to a trade or business, business interest or expense, the deduction for qualified business income, NOLs, and for years prior to 2022, deductions for depreciation, amortization, or depletion. For partnerships, the interest deduction limitation is applied at the partnership level, subject to certain adjustments to the partners for unused deduction limitation at the partnership level. The TCJA allows a real property trade or business to elect out of this interest limitation. Currently, no such election has been made for us, but our Operating Partnership made this election starting with its 2021 taxable year. As a result of making the election, our Operating Partnership must use the less favorable alternative depreciation system to depreciate certain property and, as a result, its depreciation deductions may be reduced.

Pursuant to Section 704(c) of the Code, income, gain, loss and deduction attributable to property contributed to our Operating Partnership 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 such of 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 our Operating Partnership, 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 our operating partnership to cure any book-tax differences. In certain circumstances, we 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 our Operating Partnership's activities may not be deducted in the year they were paid. To the extent this occurs, the taxable income of our Operating Partnership 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.

Partnership Audit Rules. A partnership may be liable for a tax computed by reference to the hypothetical increase in partner-level taxes (including interest and penalties) resulting from an adjustment of partnership tax items on audit, regardless of changes in the composition of the partners (or their relative ownership) between the year under audit and the year of the adjustment. The relevant rules also include an elective alternative method under which the additional taxes resulting from the adjustment are assessed against the affected partners, subject to a higher rate of interest than otherwise would apply. It is possible that partnerships in which we directly or indirectly invest may be required to pay additional taxes, interest and penalties as a result of an audit adjustment, and we, as a direct or indirect partner of those partnerships could be required to bear the economic burden of those taxes, interest and penalties even though we, as a REIT, may not otherwise have been required to pay additional corporate-level taxes as a result of the related audit adjustment. Investors are urged to consult with their tax advisors with respect to those changes and their potential impact on their investment in our shares.

U.S. Federal Income Taxation of Stockholders

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 our common stock that for U.S. federal income tax purposes is:

- an individual that is a citizen or resident of the United States;
- 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 our 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 our 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 our 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. 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. The temporary 20% deduction allowed by Section 199A of the Code, as added by the TCJA, with respect to ordinary REIT dividends received by non-corporate taxpayers is allowed only for purposes of Chapter 1 of the Code and thus is not allowed as a deduction allocable to such dividends for purposes of determining the amount of net investment income subject to the 3.8% Medicare tax, which is imposed under Chapter 2A of the Code. Prospective investors should consult with their own tax advisors regarding the possible implications of this legislation on their investment in our common stock.

As long as we qualify as a REIT, a taxable "U.S. stockholder" must generally take into account as ordinary income distributions made out of our current or accumulated earnings and profits that we do not designate as capital gain dividends or retained long-term capital gain. An individual U.S. stockholder will not qualify for the dividends received deduction generally available to corporations. In addition, dividends paid to a U.S. stockholder generally will not qualify as "qualified dividend income" that are taxed at the maximum tax rate accorded to capital gains. Qualified dividend income generally includes dividends paid to individuals, trusts and estates by domestic C corporations and certain qualified foreign corporations. Because we are not generally subject to U.S. federal income tax on the portion of our REIT taxable income distributed to our stockholders, our dividends generally will not be eligible for the 20% rate (in the case of taxpayers whose taxable income exceeds certain thresholds depending on filing status) on qualified dividend income.

However, under the TCJA, for taxable years beginning before January 1, 2026, regular dividends from REITs that are "qualified REIT dividends" are treated as income from a pass-through entity and are eligible for a 20% deduction. As a result, our regular dividends may be taxed at 80% of an individual's marginal tax rate. The current maximum rate is 37%, resulting in a maximum rate of 29.6%. However, the maximum 20% tax rate for qualified dividend income will apply to our ordinary REIT dividends attributable to dividends received by us from non-REIT corporations. Pursuant to the Treasury regulations, in order for a dividend paid by a REIT to be eligible to be treated as a "qualified REIT dividend," the stockholder must meet two holding period-related requirements. First, the stockholder must hold the REIT shares for a minimum of 46 days during the 91-day period that begins 45 days before the date on which the REIT share becomes ex-dividend with respect to the dividend. Second, the qualifying portion of the REIT dividend is reduced to the extent that the stockholder is under an obligation (whether pursuant to

a short sale or otherwise) to make related payments with respect to positions in substantially similar or related property. The 20% deduction does not apply to REIT capital gain dividends or to REIT dividends that we designate as "qualified dividend income." Like most of the other changes made by the TCJA applicable to non-corporate taxpayers, the 20% deduction will expire on December 31, 2025 unless Congress acts to extend it. Prospective investors should consult their tax advisors concerning these limitations on the ability to deduct all or a portion of dividends received on shares of our common stock.

Distributions that are designated as capital gain dividends will be taxed as long-term capital gains (generally currently 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 our 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. We may also decide to retain, rather than distribute, our 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 our tax payments that may offset the stockholders' tax liability on proportionate income inclusion, and increase the tax basis of their shares of stock by the difference between the amount included in their long-term capital gains and the tax deemed paid with respect to their shares.

The aggregate amount of dividends that we may designate as "capital gain dividends" or "qualified dividend income" with respect to any taxable year may not exceed the dividends paid by us with respect to such year, including dividends that are paid in the following year (if they are declared before we timely file our tax return for the year and if made with or before the first regular dividend payment after such declaration) are treated as paid with respect to such year. A portion of a distribution that is properly designated as qualified dividend income is taxable to non-corporate U.S. shareholders at the rates applicable to capital gain, provided that the shareholder has met certain holding period requirements.

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 dividend is received, any dividend we declare 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 us and received by the stockholder on December 31 of the year it was declared if paid by us during January of the following calendar year. Because we are not a pass-through entity for U.S. federal income tax purposes, stockholders may not use any of our operating or capital losses to reduce their tax liabilities.

In certain circumstances, we may have the ability to declare a large portion of a dividend in shares of our stock. In such a case, you 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 our stock.

In general, the sale of our 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 our distributions as long-term capital gains.

We will report to our domestic stockholders and to the IRS the amount of dividends paid during each calendar year, and the amount (if any) of U.S. federal income tax we withhold. 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 us with a taxpayer identification number, certifies as to no loss of exemption, and otherwise complies with applicable requirements. A stockholder that does not provide us 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, we may be required to

withhold a portion of distributions made to any stockholders who fail to certify their non-foreign status to us. See "Taxation of Non-U.S. Stockholders" below.

Domestic stockholders that hold our common stock through certain foreign financial institutions (including investment funds) may be subject to withholding on dividends in respect of such common stock, as discussed in "Taxation of Non-U.S. Stockholders-FATCA Withholding" below.

Taxation of Tax-Exempt Stockholders. Our 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 our 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 we 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 our stock may be required to treat a percentage of our dividends as UBTI. This rule applies if: (i) at least one tax-exempt pension trust owns more than 25% by value of our shares, or (ii) one or more tax-exempt pension trusts (each owning more than 10% by value of our shares) hold in the aggregate more than 50% by value of our shares. The percentage treated as UBTI is our gross income (less direct expenses) derived from an unrelated trade or business (determined as if we were a tax-exempt pension trust) divided by our 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.

Taxation of Non-U.S. Stockholders.

General. The rules governing the U.S. federal income taxation of beneficial owners of our 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 our common stock.

FATCA Withholding. Sections 1471 through 1474 of the Code and subsequent guidance ("FATCA") provide that certain payments to nonresident alien individuals, foreign corporations and other foreign investors (collectively, "Non-U.S. Stockholders") will be subject to a 30% withholding tax if the Non-U.S. Stockholder fails to provide the withholding agent with documentation sufficient to show that it is compliant with FATCA or otherwise exempt from withholding under FATCA. Generally, such documentation is provided on an executed IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable. If a payment is subject to the 30% tax under FATCA, it will not be subject to the 30% tax described under "Taxation of Non-U.S. Stockholders—Distributions—In General" and "—U.S. Federal Income Tax Withholding on Distributions." Based upon proposed Treasury regulations, which may be relied upon by taxpayers until the final Treasury regulations are issued, FATCA withholding does not apply with respect to payments of gross proceeds from the sale or other disposition of our common stock. Prospective investors should consult their tax advisors regarding the possible implications of this legislation on their investment in our shares.

Distributions - In General. Distributions paid by us that are not attributable to gain from our sales or exchanges of U.S. real property interests and not designated by us as capital gain dividends will be treated as dividends of ordinary income to the extent that they are made out of our 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 our 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 that 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 our 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, but not below zero. 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 "Sale of Shares" below.

Distributions Attributable to Sale or Exchange of Real Property. Distributions that are attributable to gain from our 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 10% of the class of stock at any time during the tax year within which the distribution is received. We expect that our 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 "FATCA Withholding," we 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 us with a properly completed IRS (i) Form W-8BEN or IRS Form W-8BEN-E evidencing that such Non-U.S. Stockholder is eligible for an exemption or reduced rate under an applicable income tax treaty (in which case we 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 we will not withhold tax). We are also generally required to withhold tax at the rate of 21% on the portion of any dividend to a Non-U.S. Stockholder that is or could be designated by us 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 our 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) our REIT is "domestically controlled," which generally means that less than 50% in value of our 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 our existence.

We cannot assure you that we will qualify as "domestically controlled." If we were not domestically controlled, a Non-U.S. Stockholder's sale of common shares would be subject to tax, unless our 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 10% in value of our shares of common stock. We believe that our 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 were 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 15% of the gross purchase price.

If the proceeds of a disposition of 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 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.

Additional exemptions from provisions relating to ownership of interests in U.S. real estate by non-U.S. persons are applicable to "qualified shareholders" and "qualified foreign pension plans," as further described below.

Qualified Shareholders. Subject to the exception discussed below, any distribution to a "qualified shareholder" who holds REIT stock directly or indirectly (through one or more partnerships) will not be subject to U.S. tax as income effectively connected with a U.S. trade or business and thus will not be subject to special withholding rules under the Foreign Investment in Real Property Act of 1980 ("FIRPTA"). While a "qualified shareholder" will not be subject to FIRPTA withholding on REIT distributions, certain investors of a "qualified shareholder" (i.e., non-U.S. persons who hold interests in the "qualified shareholder" (other than interests solely as a creditor) and hold more than 10% of the stock of such REIT (whether or not by reason of the investor's ownership in the "qualified shareholder")) may be subject to FIRPTA withholding.

In addition, a sale of our stock by a "qualified shareholder" who holds such stock directly or indirectly (through one or more partnerships) will not be subject to U.S. federal income taxation under FIRPTA. As with distributions, certain investors of a "qualified shareholder" (i.e., non-U.S. persons who hold interests in the "qualified shareholder" (other than interests solely as a creditor) and hold more than 10% of the stock of such REIT (whether or not by reason of the investor's ownership in the "qualified shareholder")) may be subject to FIRPTA withholding on a sale of our stock.

A "qualified shareholder" is a foreign person that (i) either is (a) eligible for the benefits of a comprehensive income tax treaty which includes an exchange of information program and whose principal class of interests is listed and regularly traded on one or more recognized stock exchanges (as defined in such comprehensive income tax treaty), or (b) a foreign partnership that is created or organized under foreign law as a limited partnership in a jurisdiction that has an agreement for the exchange of information with respect to taxes with the United States and has a class of limited partnership units representing greater than 50% of the value of all the partnership units that is regularly traded on the NYSE or NASDAQ markets, (ii) is a qualified collective investment vehicle (defined below), and (iii) maintains records on the identity of each person who, at any time during the foreign person's taxable year, is the direct owner of 5% or more of the class of interests or units (as applicable) of the entities described in (i)(a) or (b), above.

A qualified collective investment vehicle is a foreign person that (i) would be eligible for a reduced rate of withholding under the comprehensive income tax treaty described above, even if such entity holds more than 10% of the stock of such REIT, (ii) is publicly traded, is treated as a partnership under the Code, is a withholding foreign partnership, and would be treated as a "United States real property holding corporation" if it were a domestic

corporation, or (iii) is designated as such by the Secretary of the Treasury and is either (a) fiscally transparent within the meaning of Section 894 of the Code, or (b) required to include dividends in its gross income, but is entitled to a deduction for distributions to its investors.

Qualified Foreign Pension Funds. Any distribution to a "qualified foreign pension fund" (or an entity all of the interests of which are held by a "qualified foreign pension fund") who holds REIT stock directly or indirectly (through one or more partnerships) will not be subject to U.S. tax as income effectively connected with a U.S. trade or business and thus will not be subject to special withholding rules under FIRPTA. In addition, a sale of our stock by a "qualified foreign pension fund" that holds such stock directly or indirectly (through one or more partnerships) will not be subject to U.S. federal income taxation under FIRPTA.

A qualified foreign pension fund is any trust, corporation or other organization or arrangement (i) which is created or organized under the law of a country other than the United States, (ii) which is established to provide retirement or pension benefits to participants or beneficiaries that are current or former employees (or persons designated by such employees) of one or more employers in consideration for services rendered (iii) which does not have a single participant or beneficiary with a right to more than 5% of its assets or income, (iv) which is subject to government regulation and provides annual information reporting about its beneficiaries to the relevant tax authorities in the country in which it is established or operates, and (v) with respect to which, under the laws of the country in which it is established or operates, (a) contributions to such organization or arrangement that would otherwise be subject to tax under such laws are deductible or excluded from the gross income of such entity or taxed at a reduced rate, or (b) taxation of any investment income of such organization or arrangement is deferred or such income is taxed at a reduced rate.

The tax provisions relating to qualified shareholders and qualified foreign pension funds are complex. Stockholders should consult their tax advisors with respect to the impact of those provisions on them.

Other Tax Considerations

State and Local Taxes. We and you may be subject to state or local taxation in various jurisdictions, including those in which we transact business or reside. Our and your state and local tax treatment may not conform to the U.S. federal income tax consequences discussed above. Consequently, you should consult your own tax advisors regarding the effect of state and local tax laws on an investment in our shares of common stock.

Legislative Proposals. You should recognize that our and your 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. You should consult your advisors concerning the status of legislative proposals that may pertain to the purchase, ownership and disposition of our shares of common stock.