PREFERRED APARTMENT COMMUNITIES INC
Form 424B5
December 02, 2016

Maximum of 500,000 Shares of Series M Redeemable Preferred Stock
(Liquidation Preference $1,000 per share of Series M Redeemable Preferred Stock (subject to adjustment))
We are offering a maximum of 500,000 shares of our Series M Redeemable Preferred Stock, par value $0.01 per share, referred to as our mShares in this offering. This prospectus also covers the shares of common stock that may be issuable upon redemption of our mShares. Each mShare will be sold at a public offering price of $1,000 per mShare. mShares shall, with respect to payment of dividends and distribution of amounts upon liquidation, dissolution or winding up, rank senior to our common stock, and on parity with our Series A Redeemable Preferred Stock, par value $0.01 per share, referred to as our Series A Redeemable Preferred Stock. Holders of our mShares will have no voting rights.
Our common stock trades on the NYSE under the symbol "APTS." On November 30, 2016, the last reported sale price of our common stock on the NYSE was $13.62 per share. There is no established trading market for our mShares and we do not expect a market to develop. We do not intend to apply for a listing of our mShares on any national securities exchange.
Investing in our securities involves significant risks. You should carefully read and consider "Risk Factors" included in our most recent Annual Report on Form 10-K and any subsequent periodic securities reports, on page 14 of this prospectus and in any additional prospectus or any prospectus supplement before investing in our securities.

We impose certain restrictions on the ownership and transfer of our capital stock. You should read the information under the section entitled "Description of Capital Stock and Securities Offered — Restrictions on Ownership and Transfer" in this prospectus for a description of these restrictions.
Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

	Per mShare	Maximum Offering
Public offering price	$1,000.00	$500,000,000[1]
Dealer manager fee[2][3]	$30.00	$15,000,000
Proceeds, before expenses, to us	$970.00	$485,000,000

(1) Initial gross proceeds.

(2) The dealer manager fee will equal up to and including 3% of aggregate gross proceeds and is payable to our dealer manager. We or our affiliates also may provide permissible forms of non-cash compensation to registered representatives of our dealer manager and the participating broker-dealers. The value of such items will be considered underwriting compensation in connection with this offering, and the corresponding payments of our dealer manager fee will be reduced by the aggregate value of such items. The combined dealer manager fee and such non-cash compensation for this offering will not exceed 10% of the aggregate gross proceeds of this offering, which is referred to as FINRA's 10% cap. Our dealer manager will repay to us any excess payments made to our dealer manager over FINRA's 10% cap if this offering is abruptly terminated before reaching the maximum amount of offering proceeds.

(3) We expect our dealer manager to authorize other broker-dealers that are members of FINRA, which we refer to as participating broker-dealers, to sell our mShares. Our dealer manager may reallow a portion of its dealer manager fee earned on the proceeds raised by a participating broker-dealer, to such participating broker-dealer as a non-accountable marketing or due diligence allowance. The amount of the reallowance to any participating broker-dealer will be determined by the dealer manager in its sole discretion.

The dealer manager of this offering is Preferred Capital Securities, LLC, or PCS, our affiliate. The dealer manager is not required to sell any specific number or dollar amount of mShares, but will use its "reasonable best efforts" to sell mShares offered. The minimum permitted purchase is generally $5,000, but purchases of less than $5,000 may be made in the discretion of the dealer manager. We expect to sell up to 500,000 mShares in this offering by December 2, 2018, which may be extended through December 2, 2019, in our sole discretion. If we extend the offering period beyond December 2, 2018, we will supplement this prospectus accordingly, if required. We may terminate this offering at any time or may offer mShares pursuant to a new registration statement.

We will sell mShares through Depository Trust Company, or DTC, DTC settlement, or DTC Settlement; or, under special circumstances, through Direct Registration System settlement, or DRS Settlement. See the section entitled "Plan of Distribution" in this prospectus for a description of these settlement methods.

PREFERRED CAPITAL SECURITIES, LLC,
as Dealer Manager

The date of this prospectus is December 2, 2016

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We have not authorized any dealer, salesperson or other person to give any information or to make any representation other than those contained or incorporated by reference in this prospectus. You must not rely upon any information or representation not contained or incorporated by reference in this prospectus. This prospectus does not constitute an offer to sell or the solicitation of an offer to buy any securities other than the registered securities to which it relates, nor does this prospectus constitute an offer to sell or the solicitation of an offer to buy securities in any jurisdiction to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction. You should not assume that the information contained in this prospectus is accurate on any date subsequent to the date set forth on its front cover or that any information we have incorporated by reference is correct on any date subsequent to the date of the document incorporated by reference, even though this prospectus is delivered or securities are sold on a later date.

ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement on Form S-3 that we have filed with the Securities and Exchange Commission, or the SEC. The exhibits to our registration statement and documents incorporated by reference contain the full text of certain contracts and other important documents that we have summarized in this prospectus or that we may summarize in any amendment or prospectus supplement. Since these summaries may not contain all the information that you may find important in deciding whether to purchase the securities we offer, you should review the full text of these documents.

The registration statement and the exhibits and other documents can be obtained from the SEC as indicated under the sections entitled "Where You Can Find More Information about Preferred Apartment Communities" and "Incorporation of Certain Documents By Reference."

Unless otherwise indicated or the context requires otherwise, including with respect to the securities offered by this prospectus as described in "Description of Capital Stock and Securities Offered," in this prospectus or any prospectus supplement hereto, references to the "Company," "we," "us" and "our" mean Preferred Apartment Communities, Inc. and its consolidated subsidiaries, including, without limitation, Preferred Apartment Communities Operating Partnership, L.P., a Delaware limited partnership of which we are the sole general partner, or our Operating Partnership, and "our Manager" refers to Preferred Apartment Advisors, LLC, a Delaware limited liability company, which is our external manager and advisor and a related party.

MARKET AND INDUSTRY DATA AND FORECASTS

In this prospectus, we present certain economic and industry data and forecasts derived from cited third party sources, which data and forecasts are publicly available for free or upon payment as part of a subscription service. None of such data and forecasts was prepared specifically for us. No third party source that has prepared such information has reviewed or passed upon our use of the information in this prospectus, and no third party source is quoted or summarized in this prospectus as an expert. All statements contained in this prospectus in connection with or related to such data and forecasts are attributed to us, and not to any such third party source or any other person.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Statements made in this prospectus and the information incorporated by reference into this prospectus that are not historical factual statements are "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act; Section 27A of the Securities Act of 1933, as amended, or the Securities Act; and pursuant to the Private Securities Litigation Reform Act of 1995. These forward-looking statements include information about possible or assumed future results of our business, financial condition, liquidity, results of operations, plans and objectives. When we use the words "believe," "expect," "anticipate," "estimate," "plan," "continue," "goals," "guidance," "trends," "intend," "should," "could," "may" or similar expressions, we intend to identify forward-looking statements. Statements regarding the following subjects, among others, may be forward-looking:

- our business and investment strategy;
- our projected operating results;
- actions and initiatives of the U.S. Government and changes to U.S. Government policies and the execution and impact of these actions, initiatives and policies;
- the state of the U.S. economy generally or in specific geographic areas;
- economic trends and economic recoveries;
- our ability to obtain and maintain financing arrangements, including through the Federal National Mortgage Association, or Fannie Mae, and the Federal Home Loan Mortgage Corporation, or Freddie Mac;
- financing and advance rates for our target assets;
- our expected leverage;
- changes in the values of our assets;
- our expected portfolio of assets;
- our expected investments;
- interest rate mismatches between our target assets and our borrowings used to fund such investments;
- changes in interest rates and the market value of our target assets;
- changes in prepayment rates on our target assets;
- effects of hedging instruments on our target assets;
- rates of default or decreased recovery rates on our target assets;
- the degree to which our hedging strategies may or may not protect us from interest rate volatility;
- impact of and changes in governmental regulations, tax law and rates, accounting guidance and similar matters;
- our ability to maintain our qualification as a real estate investment trust for U.S. federal income tax purposes, or REIT;
- our ability to maintain our exemption from registration under the Investment Company Act of 1940, as amended;
- availability of investment opportunities in mortgage-related and real estate-related investments and securities;
- availability of qualified personnel;
- estimates relating to our ability to make distributions to our stockholders in the future;
- competition in the markets we compete in;
- market trends in our industry, interest rates, real estate values, the debt securities markets or the general economy;
- weakness in the national, regional and local economies, which could adversely impact consumer spending and retail sales and in turn tenant demand for space and could lead to increased store closings;
- changes in market rental rates;

- changes in demographics (including the number of households and average household income) surrounding our shopping centers;
- adverse financial conditions for grocery anchors and other retail, service, medical or restaurant tenants;

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- continued consolidation in the retail and grocery sector;
- excess amount of retail space in our markets;
- reduction in the demand by tenants to occupy our shopping centers as a result of reduced consumer demand for certain retail formats;
- the growth of online retailers and super-centers and warehouse club retailers, such as those operated by Wal-Mart and Costco, and their adverse effect on traditional grocery chains;
- our ability to aggregate a critical mass of grocery-anchored shopping centers or to spin-off, sell or distribute them;
- the impact of an increase in energy costs on consumers and its consequential effect on the number of shopping visits to our centers; and
- consequences of any armed conflict involving, or terrorist attack against, the United States.

The forward-looking statements are based on our beliefs, assumptions and expectations of our future performance, taking into account all information currently available to us. You should not place undue reliance on these forward-looking statements. These beliefs, assumptions and expectations can change as a result of many possible events or factors, not all of which are known to us. For more information regarding risks that may cause our actual results to differ materially from any forward-looking statements, see "Risk Factors." If a change occurs, our business, financial condition, liquidity and results of operations may vary materially from those expressed in our forward-looking statements. Any forward-looking statement speaks only as of the date on which it is made. New risks and uncertainties arise over time, and it is not possible for us to predict those events or how they may affect us. Except as required by law, we are not obligated to, and do not intend to, update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

PROSPECTUS SUMMARY

This summary highlights selected information about us, but does not contain all the information that may be important to you. This prospectus includes specific terms of the offering and information about our business and financial data. You should read carefully this entire prospectus, including the matters set forth under the caption "Risk Factors," and the information incorporated by reference in this prospectus before making an investment decision.

Our Company

We were formed primarily to acquire and operate multifamily properties in select targeted markets throughout the United States. As part of our business strategy, we may enter into forward purchase contracts or purchase options for to-be-built multifamily communities, and we may make real estate loans, provide deposit arrangements or provide performance assurances, as may be necessary or appropriate, in connection with the development of multifamily communities and other properties. As a secondary strategy, we may acquire or originate senior mortgage loans, subordinate loans or real estate loans secured by interests in multifamily properties, membership or partnership interests in multifamily properties and other multifamily related assets and invest not more than 20% of our assets, subject to any temporary increase unanimously approved by our Board of Directors, which we refer to as the 20% non-multifamily related asset cap, in other real estate related investments, including other income producing property types, senior mortgage loans, subordinate loans or real estate loans secured by interests in other property types, membership or partnership interests in other property types as determined by Preferred Apartment Advisors, LLC, a Delaware limited liability company, or our Manager, as appropriate for us. We have no employees of our own; our Manager provides all managerial and administrative personnel to us pursuant to the Sixth Amended and Restated Management Agreement, effective as of June 3, 2016, among the Company, Preferred Apartment Communities Operating Partnership, L.P., a Delaware limited partnership, or our Operating Partnership, and our Manager. As referred to herein, the Sixth Amended and Restated Management Agreement, as it has been or may be amended, is referred to as the Management Agreement. We have elected to be taxed as a real estate investment trust under the Internal Revenue Code of 1986, as amended, commencing with the tax year ended December 31, 2011. Our Manager has not offered prior programs or REITs which disclosed in the offering materials a date or time period at which the program or REIT might be liquidated.

Our consolidated financial statements include the accounts of the Company and our Operating Partnership. We control our Operating Partnership through our sole general partnership interest in the Operating Partnership, and we conduct substantially all of our business through our Operating Partnership.

Competitive Strengths

We believe that we distinguish ourselves from many of our competitors through the following competitive advantages:

- experienced management team with significant expertise in real estate and real estate-related debt investments and capital markets;
- access to a pipeline of investment opportunities;
- benefits from our relationship with our Manager and its affiliates; and
- dedicated asset management team.

Investment Strategy

We seek to maximize returns for our stockholders by taking advantage of the current environment in the real estate market and the United States economy. We intend to employ efficient management techniques to grow income and create asset value. Our investment strategies may include, without limitation, the following:

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Acquiring Class "A" multifamily assets in performing and stable markets throughout the United States; these multifamily assets, we believe, will generate sustainable and growing cash flow from operations sufficient to allow us to cover the dividends that we expect to declare and pay, and, we believe, will have the potential for capital appreciation. These multifamily assets will generally be located in metropolitan statistical areas, or MSAs, with at least one million people, which we expect will generate job growth and where we believe new multifamily development of comparable properties is able to be absorbed at attractive rental rates.

- Acquiring Class “A” multifamily assets dedicated to student housing at universities around the United States. These assets will be located near the applicable campus. We will endeavor to acquire assets with demonstrated track records of occupancy and rental rates. The universities served by these assets should generally be larger schools typically demonstrating increasing enrollment and market trends that indicate new development is being or should be absorbed at attractive rental rates.

- Acquiring Class “A” multifamily assets that are intended to be financed with longer-term, assumable, fixed-rate debt typically provided by the Federal Housing Administration or FHA and Department of Housing and Urban Development or HUD programs.

- Acquiring Class “A” multifamily assets that present an opportunity to implement a value-add program whereby the properties can be upgraded or improved physically to better take advantage of the increased rental rates that we believe the relevant markets will command.

- Acquiring grocery-anchored shopping centers, subject to a limitation that non-multifamily real estate related investments may not exceed the 20% non-multifamily related asset cap. These assets are typically anchored by one of the market dominant or specialty grocers in the trade area. We will endeavor to acquire shopping centers with a track record of strong, increasing sales per square foot at the anchor store. We will also target on a select basis a specialty grocer, such as Whole Foods, Sprouts, Fresh Market, or Trader Joes, in a market where they have a high sales per square foot store.

- Acquiring Class "A" office assets, subject to a limitation that non-multifamily real estate related investments may not exceed the 20% non-multifamily related asset cap. We will endeavor to acquire well leased, high credit, low risk, Class "A" office buildings.

- Originating real estate loans secured by interests in multifamily properties, membership or partnership interests in multifamily properties, other multifamily related assets and, subject to the 20% non-multifamily related asset cap, non-multifamily related assets.

- It is our policy to acquire any of our target assets primarily for income, and only secondarily for possible capital gain. As part of our business strategy, we may enter into forward purchase contracts or purchase options for to-be-built multifamily properties and, subject to the 20% non-multifamily related asset cap, non-multifamily related assets, and we may make real estate loans, provide deposit arrangements, or provide performance assurances, as may be necessary or appropriate, in connection with the construction of multifamily communities and other properties.

- We also may invest in real estate related debt, including, but not limited to, newly or previously originated first mortgage loans on multifamily properties and, subject to the 20% non-multifamily related asset cap, non-multifamily related assets that meet our investment criteria, which are performing or non-performing, newly or previously originated second position loans on multifamily properties and, subject to the 20% non-multifamily related asset cap, non-multifamily assets that meet our investment criteria (second or subsequent mortgages), which are performing or non-performing, and tranches of securitized loans (pools of collateralized mortgaged-backed securities) on multifamily properties and, subject to the 20% non-multifamily related asset cap, non-multifamily related assets that meet our investment criteria, which are performing or non-performing. In connection with our investments in second position loans, we may negotiate the inclusion of exclusive purchase options on the to-be-developed properties. These purchase options may include a fixed purchase price set at the time we enter into the loan, or a purchase price which is calculated as a certain discount from market capitalization rates determined at the date of exercise of such purchase option.

Any asset acquisitions from affiliated third parties have been, and will continue to be, subject to approval by our conflicts committee comprised solely of independent directors. Our Manager's investment committee will periodically review our investment portfolio and its compliance with our investment guidelines and policies. Our Manager will provide our Board of Directors an investment report at the end of each quarter in conjunction with its review of our quarterly results. Our investment guidelines, the assets in our portfolio, the decision to utilize leverage, and the appropriate levels of leverage are periodically reviewed by our Board of Directors as part of their oversight of our Manager. Our Board of Directors may amend or revise our investment guidelines without a vote of the stockholders.

Marketing and Branding Strategy

Our Manager has branded, and intends to brand, all apartment communities owned by us as “A Preferred Apartment Community”, which we believe signifies outstanding brand and management standards, and has obtained rights to the trademark, including federal registration of the trademark with the United States Patent and Trademark Office, to help secure our brand. We believe our brand will enhance each individual property's presence in relation to other properties within that marketplace.

On September 17, 2010, we entered into a trademark license and assignment agreement pursuant to which we granted an exclusive, worldwide, fully-paid, royalty-free license of all our trademarks to our Manager and agreed to assign all of our trademarks to our Manager upon the applications related to our trademarks being successfully converted to use-based applications with the United States Patent and Trademark Office. Pursuant to this agreement, in March 2012, we assigned these trademarks to our Manager and concurrently entered into a royalty-free license agreement for these trademarks with us as licensee. Similarly, in March 2012, our Manager entered into a royalty-free license agreement with us as licensee with respect to all other intellectual property of the Manager. In the event of termination of the Management Agreement, all rights to our name will be transferred to us.

We have implemented what we believe to be an innovative and unique marketing and branding strategy at each multifamily community that we own by implementing the PAC Concierge, PAC Rewards and PAC Partners programs. We intend to implement this same marketing and branding strategy at each multifamily community we acquire.

Our PAC Concierge Program is a complimentary service for residents designed to offer them the type of personal concierge services that one might expect at a high end resort. The concierge services are provided by a professionally trained third party team and is available to our residents 24/7 by telephone, email or web access through our unique resident web portal. Our PAC Rewards program, once communities are enrolled in the program, allows residents to accumulate and redeem reward points for services and upgrades. Residents may accumulate Preferred Rewards, for example, when they sign their lease, pay their rent online, renew their leases, or when a resident's referral signs a new lease. Our PAC Partners program establishes reciprocal relationships between a Preferred Apartment Community and neighborhood businesses to provide our residents with benefits such as discounts, perks and other incentives as an enticement to frequent those businesses and to support the local community.

Risk Management

Risk management is a fundamental principle in the development of our portfolio of assets and in the management of each investment. Diversification of our portfolio by investment size and location is critical in our attempt to manage portfolio-level risk. It is our policy that no single asset will exceed 15% of our total assets and that we will not have more than 25% of our total assets invested in any single MSA, unless otherwise approved by our Board of Directors. Other than the 20% non-multifamily related asset cap, there is no limitation on (i) the percentage of assets of any one type of investment which we may invest in, and (ii) in the case of securities, the percentage of securities of any one issuer which we may acquire.

Investment Committee

Our Manager has an investment committee that meets periodically, at least every quarter, to discuss investment opportunities. The investment committee periodically reviews our investment portfolio and its compliance with our investment guidelines described above, and our Manager provides our Board of Directors an investment report at the end of each quarter in conjunction with its review of our quarterly results. From time to time, as it deems appropriate or necessary, our Board of Directors also will review our investment portfolio and its compliance with our investment guidelines and the appropriateness of our investment guidelines and strategies.

Management Agreement

We are externally managed and advised by our Manager. Our Manager is subject to the supervision and oversight of our Board of Directors at all times and has only such functions and authority as we delegate to it. We do not have any employees.

Pursuant to the Management Agreement, our Manager provides us with a management team and appropriate support personnel to implement our business strategy and perform certain services for us, subject to oversight by our Board of Directors. Our Manager is responsible for, among other duties, (1) performing and administering all our day-to-day operations, (2) determining investment criteria in conjunction with our Board of Directors, (3) sourcing, analyzing and executing asset acquisitions, sales and financings, (4) performing asset management duties, (5) performing property management duties, and (6) performing financial and accounting management.

The following table summarizes the fees and expense reimbursements that we will pay to our Manager (or persons affiliated with or related to our Manager, including our officers):

Type of Compensation	Determination of Amount
	Offering, Acquisition and Operation Stage
Loan Origination Fees	Fees payable to our Manager in the amount of 1.0% of the amount that may be advanced for a real estate related loan or other investment that is a loan, along with reimbursement of acquisition expenses actually incurred by the Manager or any of its affiliates in connection with such loan originations (other than those paid by the borrower). The amount originated shall equal the maximum amount that may be advanced for a real estate related loan or other investment that is a loan, inclusive of expenses related thereto (other than those paid by the borrower), but exclusive of loan origination fees.
Acquisition Expenses (1)	We will reimburse our Manager for expenses actually incurred (including personnel costs) related to selecting, evaluating and making investments on our behalf, regardless of whether we actually make the related investment. Personnel costs associated with providing such services will be determined based on the amount of time incurred by the applicable employee of our Manager and the corresponding payroll and payroll related costs incurred by our Manager. In addition, we also will pay third parties, or reimburse our Manager or its affiliates, for any investment-related expenses due to third parties, including, but not limited to, legal fees and expenses, travel and communications expenses, costs of appraisals, accounting fees and expenses, third-party brokerage or finder's fees, title insurance expenses, survey expenses, property inspection expenses and other closing costs, regardless of whether we make the related investment.
Asset Management Fee(2)	We will pay our Manager a monthly fee equal to one-twelfth of 0.50% of the total value of our assets (including cash or cash equivalents) based on the adjusted cost of our assets before reduction for depreciation, amortization, impairment charges and cumulative acquisition costs charged to expense in accordance with generally accepted accounting principles, or GAAP (adjusted cost will include the purchase price, acquisition expenses, capital expenditures and other customarily capitalized costs) and as adjusted for appropriate closing dates for individual asset acquisitions. This fee will be payable monthly in cash or shares of our common stock, at the option of the Manager. This fee will be appropriately pro rated for any partial month.

Multifamily Property Management and Leasing Fee(2)	We will pay our Manager a monthly fee equal to 4% of the monthly gross revenues of our multifamily properties managed, for services in connection with the rental, leasing, operation and management of our multifamily properties and the supervision of any third parties that are engaged by our Manager to provide such services. Our Manager may subcontract the performance of its multifamily property management and leasing services duties to third parties or affiliates and pay all or a portion of its multifamily property management fee to such persons with whom it contracts for these services. Our Manager will be responsible for all fees payable to third parties or affiliates in connection with subcontracted property management and leasing duties. The property management and leasing fee will be payable monthly in arrears, based on the actual gross revenues for the prior month.
Retail Management Fee(2)	We will pay our Manager a monthly fee equal to 4% of the gross revenues managed per month, for services in connection with the operation and management of our retail real estate assets and the supervision of any third parties that are engaged by our Manager to provide such services. Our Manager may subcontract the performance of its retail property management duties to third parties or affiliates and pay all or a portion of its retail management fee to such persons with whom it contracts for these services. Our Manager will be responsible for all fees payable to third parties or affiliates in connection with subcontracted retail property management duties. The retail management fee will be payable monthly in arrears, based on the actual gross revenues for the prior month.
Retail Leasing Fees	We will pay our Manager a commission with respect to a new lease for a retail real estate asset equal to the greater of (A) four dollars per square foot and (B) 4% of the aggregate base rental payments to be paid by tenant for the first ten years of the original lease term. In the event of co-broker participation in a new lease for a retail real estate asset, the leasing commission determined for a new lease, with respect to such lease, will be increased by 50% which increased commission amount will be shared between our Manager and such co-broker on a split basis mutually acceptable to our Manager and such co-broker, provided that our Manager's share shall not exceed 100% o the amount our Manager would have received without outside broker involvement, nor be less than 50% of the increased amount. We will pay a commission to our Manager with respect to a negotiated renewal of an existing lease for a retail real estate asset equal to the greater of (A) two dollars per square foot and (B) 2% of the aggregate base rental payments to be paid by tenant for the first ten years of the newly renewed term. In no event shall the retail leasing fees paid to our Manager exceed customary market rates. Our Manager may subcontract the performance of its retail leasing duties to third parties or affiliates and pay all or a portion of its retail leasing fee to such persons with whom it contracts for these services. Our Manager will be responsible for all fees payable to third parties or affiliates in connection with subcontracted retail leasing duties. The retail leasing fee will be payable upon the earlier to occur of rent commencement or tenant's opening for business.
Office Management Fee(2)	We will pay our Manager a monthly fee equal to 4% of the gross revenues managed per month, for services in connection with the operation and management of our office real estate assets and the supervision of any third parties that are engaged by our Manager to provide such services. Our Manager may subcontract the performance of its office property management duties to third parties or affiliates and pay all or a portion of its office management fee to such persons with whom it contracts for these services. Our Manager will be responsible for all fees payable to third parties or affiliates in connection with subcontracted office property management duties. The office management fee will be payable monthly in arrears, based on the actual gross revenues for the prior month.

Office Leasing Fees	We will pay our Manager a commission with respect to a new lease for an office real estate asset equal to 50% of the first month's gross rent plus 2% of the remaining fixed gross rent of the guaranteed lease term. In the event of co-broker participation in a new lease for an office real estate asset, the leasing commission determined for a new lease, with respect to such lease, will be 150% of the first month's gross rent plus 6% of the remaining fixed gross rent of the guaranteed lease term. We will pay a commission to our Manager with respect to a negotiated renewal of an existing lease for an office real estate asset equal to 2% of the fixed gross rent of the guaranteed lease term or, in the event of a co-broker, 6% of the fixed gross rent of the guaranteed lease term. In no event shall the office leasing fees paid to our Manager exceed customary market rates. Our Manager may subcontract the performance of its office leasing duties to third parties or affiliates and pay all or a portion of its office leasing fee to such persons with whom it contracts for these services. Our Manager will be responsible for all fees payable to third parties or affiliates in connection with subcontracted office leasing duties. The office leasing fee will be payable upon the earlier to occur of rent commencement or tenant's opening for business.
General and Administrative Expenses Fee(1)(2)(3)	We will pay our Manager a monthly fee equal to 2% of our monthly gross revenues in connection with the administration of our day-to-day operations and the performance and supervision of the performance of such other administrative functions necessary for our management.
Disposition Fee on Sale of Assets	We will pay our Manager a commission upon the sale of one or more of our properties or other assets in an amount equal to 1% of the sale price of the asset.
Construction Fee, Development Fee and Landscaping Fee	We will pay our Manager a construction fee, development fee and landscaping fee at market rates customary and competitive in light of the size, type and location of the asset in connection with the construction, development or landscaping of a property.
Loan Coordination Fee	We will pay to our Manager a loan coordination fee equal to 1.6% of any assumed, new or supplemental debt incurred in connection with an acquired property, or of 1.6% of 63% of the purchase price if the asset is not leveraged. In connection with the payment of any loan coordination fee, the amount of that loan coordination fee will be reduced by the aggregate amount of all loan coordination fees and loan origination fees previously paid on the same real estate or real estate-related asset. We will pay to our Manager or its permitted assignees the loan coordination fee promptly upon the closing of the financing or refinancing.
Accrued Fees Upon Termination	In the event we terminate the Management Agreement without cause or the Manager terminates the Management Agreement for cause, or upon our liquidation, we are required to pay to our Manager a termination payment, or the Termination Payment, equal to the recurring fees paid or owing relating to the prior 12-month period multiplied by (a) 3.0, if the effective date of termination is on or prior to December 31, 2017, or (b) 2.5, if the effective date of termination is on or after January 1, 2018. If our Manager is sold to an unaffiliated third party without the consent of our independent directors, or if our Manager assigns the Management Agreement, in whole or in part, without the consent of a majority of our independent directors and the Operating Partnership, our Manager will not be entitled to the Termination Payment.

(1) Amounts paid in respect of acquisition expenses and the general and administrative expenses fee include our portion of any expenses incurred by our Manager on behalf of joint ventures in which we are a participant.

(2) The total amount of the asset management, multifamily property management and leasing, retail management, office management and general and administrative fees and expenses paid or reimbursed to our Manager will be capped at 1.5% of total value of our assets (including cash and cash equivalents) based on the adjusted cost of our assets before reduction for depreciation, amortization, impairment charges and cumulative acquisition costs charged to expense in accordance with GAAP (adjusted cost will include the purchase price, acquisition expenses, capital expenditures

and other customarily capitalized costs).

(3) In addition to the general and administrative expenses fee, we may reimburse our Manager for certain costs and expenses it incurs in connection with the services it provides to us, including, but not limited to, personnel costs. See the note to our financial statements entitled "Related Party Transactions" included in our most recent Annual Report on Form 10-K, any subsequent Quarterly Reports on Form 10-Q and SEC reports on Form 8-K, which are incorporated, or deemed to be incorporated, by reference into this prospectus for details relating to these

additional costs and expenses.

The Offering

Issuer	Preferred Apartment Communities, Inc.
mShares offered by us	A maximum of 500,000 mShares will be offered through our dealer manager in this offering on a reasonable best efforts basis.

Ranking. Our mShares shall, with respect to the payment of dividends and rights upon liquidation, dissolution or winding up rank (a) senior to our common stock and (b) on a parity with our Series A Redeemable Preferred Stock. Investors in mShares should note that holders of common stock will receive additional distributions from the sale of a property (in excess of their capital attributable to the asset sold) before the holders of mShares receive a return of their capital.

Stated Value. Each mShare will have an initial "Stated Value" of $1,000, subject to appropriate adjustment in relation to certain events, such as recapitalizations, stock dividends, stock splits, stock combinations, reclassifications or similar events affecting our mShares, as set forth in the articles supplementary setting forth the rights, preferences and limitations of our mShares, or the Articles Supplementary.

Dividends. Holders of mShares are entitled to receive, when and as authorized by our Board of Directors and declared by us out of legally available funds, cumulative cash dividends on each mShare at an initial annual rate of five and three fourths percent (5.75%) of the Stated Value, which we refer to as the Dividend Rate. Beginning one year from the date of original issuance of each mShare, and on each one year anniversary thereafter for such mShare, the Dividend Rate shall increase by 0.25% per annum for such share; provided, however, that the Dividend Rate for any mShare shall not exceed seven and one half percent (7.5%) per annum. Dividends on each mShare will begin accruing on, and will be cumulative from, the date of issuance. We expect to continue to pay dividends on the mShares monthly, unless our results of operations, our general financial condition, general economic conditions, applicable provisions of Maryland law or other factors make it imprudent to do so. We also expect to continue to authorize and declare dividends on the mShares on a monthly basis payable on the 20th day of the month following the month for which the dividend was declared (or the next business day if the 20th day is not a business day). The timing and amount of such dividends will be determined by our Board of Directors, in its sole discretion, and may vary from time to time.

Redemption at the Option of a Holder. During the period beginning on the date of original issuance of the mShares to be redeemed and ending on the day immediately preceding the first anniversary of such original issuance, the holder will have the right to require the Company to redeem such mShares at a redemption price equal to the Stated Value, initially $1,000 per share, less a 2% redemption fee, plus any accrued but unpaid dividends.

During the period beginning one year from the date of original issuance of the mShares to be redeemed and ending on the day immediately preceding the second anniversary of such original issuance, the holder will have the right to require the Company to redeem such mShares at a redemption price equal to the Stated Value, initially $1,000 per share, less a 1% redemption fee, plus any accrued but unpaid dividends.

Beginning two years from the date of original issuance of the mShares to be redeemed, the holder will have the right to require the Company to redeem such mShares at a redemption price equal to 100% of the Stated Value, initially $1,000 per mShare, plus any accrued but unpaid dividends.

If a holder of mShares, or a holder's estate upon death of a holder, causes the Company to redeem such mShares, we have the right, in our sole discretion, to pay the redemption price in cash or in equal value of our common stock, based on the volume weighted average price per share of our common stock for the 20 trading days prior to the redemption, in exchange for the mShares.

Optional Redemption by the Company. After ten years from the date of original issuance of the mShares to be redeemed, we will have the right (but not the obligation) to redeem such mShares at 100% of the Stated Value, initially $1,000 per share, plus any accrued but unpaid dividends. If we choose to redeem any mShares, we have the right, in our sole discretion, to pay the redemption price in cash or in equal value of our common stock, based on the volume weighted average price per share of our common stock for the 20 trading days prior to the redemption, in exchange for the mShares.

Our obligation to redeem any of the mShares is limited to the extent that we do not have sufficient funds available to fund any such redemption or we are restricted by applicable law from making such redemption.

Liquidation. Upon any voluntary or involuntary liquidation, dissolution or winding-up of our affairs, before any distribution or payment shall be made to holders of our common stock or any other class or series of capital stock ranking junior to our mShares, the holders of mShares will be entitled to be paid out of our assets legally available for distribution to our stockholders, after payment or provision for our debts and other liabilities, a liquidation preference equal to the Stated Value per mShare, plus an amount equal to any accrued but unpaid dividends.

Capital stock to be outstanding after this offering	500,000 mShares, assuming the maximum offering of 500,000 mShares in this offering. 24,681,281 shares of common stock[(1)] 2,489,408 shares of Series A Redeemable Preferred Stock, assuming the maximum offering of 1,500,000 Units in the $1.5 Billion Series A Offering (defined below), 900,000 Units in the First Follow-On Series A Offering (defined below) and the 89,408 Units issued in the Primary Series A Offering (defined below).

Estimated use of proceeds	Assuming the maximum offering, we estimate that we will receive net proceeds from the sale of Units in this offering of approximately $477.5 million after deducting estimated offering expenses, including the dealer manager fee, payable by us of approximately $22.5 million. We intend to invest the net proceeds of this offering in connection with the acquisition of multifamily properties and other real estate-related investments, including grocery-anchored shopping centers, and for general working capital purposes. If all the net proceeds of this offering are used to directly acquire real property, we estimate that these investments would have an aggregate gross value (inclusive of mortgage indebtedness) of approximately $1.3 billion assuming the maximum offering. We intend to acquire such investments through the incurrence of indebtedness (secured and unsecured) of approximately 63% of the value of our tangible assets on a portfolio basis, with the balance of the acquisition cost thereof funded through the use of the net proceeds of this offering. Until appropriate assets can be identified, our Manager may invest the net proceeds of this offering in interest-bearing short-term investments that are consistent with our intention to qualify as a REIT. Any interest-bearing short-term investment we make likely will provide a lower net return than we will seek to achieve from our target assets. See the section entitled "Use of Proceeds" included elsewhere in this prospectus.
NYSE	Our common stock is listed on the NYSE under the trading symbol "APTS." There is no established public trading market for the offered mShares and we do not expect a market to develop. We do not intend to apply for a listing of the mShares on any national securities exchange.

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(1) The number of shares of common stock to be outstanding immediately after this offering as shown above reflects the 24,681,281 shares of common stock outstanding as of September 30, 2016. This number includes the 23,247 shares of unvested restricted common stock issued to our independent directors in lieu of paying cash as compensation for annual service on our Board of Directors. This number excludes (a) shares of common stock that may be issued upon redemption of our Series A Redeemable Preferred Stock, offered pursuant to our Registration Statement on Form S-3 (Reg. No. 333-183355), as the same may be amended from time to time, or our First Follow-On Series A Registration Statement, and our Registration Statement on Form S-3 (Reg. No. 333-176604), as the same may be amended from time to time, or the Primary Series A Registration Statement, or our Registration Statement on Form S-3 (Reg. No. 333-211924), as the same may be amended from time to time, or the $1.5 Billion Series A Registration Statement (the offerings under the First Follow On Series A Registration Statement, the Primary Series A Registration Statement and the $1.5 Billion Series A Registration Statement is referred to herein as the First Follow-On Series A Offering, the Primary Series A Offering and the $1.5 Billion Series A Offering, respectively), (b) up to 47,623,720 shares of common stock issuable upon the exercise of warrants that have been issued in our First Follow-On Series A Offering or our Primary Series A Offering or that may be issued in our First Follow-On Series A Offering or the $1.5 Billion Series A Offering, assuming the maximum offering offered pursuant to the First Follow-On Series A Offering and the $1.5 Billion Series A Offering and (c) shares of common stock that may be issued upon redemption of the mShares, offered hereby. This number also excludes approximately 2,617,500 shares of common stock reserved for future issuance under our equity incentive plan.

Capital Structure

The mShares, with respect to both payment of dividends and distribution of amounts upon liquidation, rank senior to our common stock and to the Class A Units and Class B Units issued by our Operating Partnership and on parity with our Series A Redeemable Preferred Stock, Series A Redeemable Preferred Limited Partnership Units and mShare Limited Partnership Units issued by our Operating Partnership. Our Board of Directors has the authority to issue shares of additional series of preferred stock that could be senior in priority to the mShares.

Determination of Offering Price

The selling price of the mShares has been determined pursuant to discussions between us and our affiliated dealer manager, based upon the following primary factors: the economic conditions in and future prospects for the industry in which we compete; our prospects for future earnings; an assessment of our management; the present state of our development; the prevailing conditions of the equity securities markets at the time of this offering; the present state of the market for non-traded REIT securities; and current market valuations of public companies considered comparable to our Company. Because the offering price is not based upon any independent valuation, the offering price is not indicative of the proceeds that you would receive upon liquidation. However, for the purpose of allowing the dealer manager and the participating broker-dealers to comply with FINRA Rule 2310(b)(5) and to participate in the distribution of this offering of mShares, we have agreed that annually we will provide a per share estimate of the value of our mShares in the annual report to shareholders filed pursuant to Section 13(a) of the Securities Exchange Act of 1934.

Covered Security The term "covered security" applies to securities exempt from state registration because of their oversight by federal authorities and national-level regulatory bodies pursuant to Section 18 of the Securities Act of 1933, as amended, or the Securities Act. Generally, securities listed on national exchanges are the most common type of covered security exempt from state registration. A non-traded security also can be a covered security if it has a seniority greater than or equal to other securities from the same issuer that are listed on a national exchange, such as the NYSE.

Our mShare is a covered security because it is senior to our common stock and therefore is exempt from state registration.

There are several advantages to both issuers and investors of a security being deemed a covered security. These include:

• More Investors — Covered securities can be purchased by a broader range of investors than can non-covered securities. Non-covered securities are subject to suitability requirements that vary from state to state. These so-called "Blue Sky" regulations often prohibit the sale of securities to certain investors and may prohibit the sale of securities altogether until a specific volume of sales have been achieved in other states.

- Issuance Costs — Covered securities may have lower issuance costs since they avoid the expense of dealing with the various regulations of each of the 50 states and Washington, D.C. This could save time and money and allows issuers of covered securities the flexibility to enter the real estate markets at a time of their choosing. All investors of the issuer would benefit from any lower issuance costs that may be achieved.

There are several disadvantages to investors of a security being deemed a covered security. These include:

- Lack of State Suitability Standards —

Since there are no state investor eligibility requirements, there is no prohibition on the sale of the securities to certain investors, including investors that may not be suitable to purchase the securities.

- No State Review — Investors will not receive an additional level of review and possible protection afforded by the various state regulators.

Risk Factors

Before making an investment decision, you should carefully consider all the information set forth in this prospectus and, in particular, under "Risk Factors."

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RISK FACTORS

An investment in our securities involves significant risks. Prior to making a decision about investing in our securities, and in consultation with your own financial, tax and legal advisors, you should carefully consider, among other matters, the following risk factors related to this offering, as well as the other risk factors incorporated by reference in this prospectus, from our Annual Report on Form 10-K, subsequent Quarterly Reports on Form 10-Q and Current Reports on Form 8-K under the headings "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations," as applicable, and other filings we may make from time to time with the SEC.

Risks Related to This Offering

There is no public market for our mShares and we do not expect one to develop.

There is no public market for our mShares offered in this offering, and we currently have no plan to list these securities on a securities exchange or to include these shares for quotation on any national securities market. Additionally, our charter contains restrictions on the ownership and transfer of our securities, and these restrictions may inhibit your ability to sell the mShares promptly or at all. If you are able to sell the mShares, you may only be able to sell them at a substantial discount from the price you paid. Therefore, you should purchase the mShares only as a long-term investment. Beginning on the date of original issuance, the holder of mShares may require us to redeem such mShares, with the redemption price payable, in our sole discretion, in cash or in equal value of common stock, based on the volume weighted average price per share of our common stock for the 20 trading days prior to the redemption. If we opt to pay the redemption price in shares of common stock, you may receive publicly traded shares as we currently expect to continue listing our common stock on the NYSE.

We will be required to terminate this offering if our common stock is no longer listed on the NYSE or another national securities exchange.

The mShare is a "covered security" and therefore is not subject to registration under the state securities, or "Blue Sky," regulations in the various states in which it may be sold due to its seniority to our common stock, which is listed on the NYSE. If our common stock is no longer listed on the NYSE or another appropriate exchange, we will be required to register this offering in any state in which we subsequently offer the mShares. This would require the termination of this offering and could result in our raising an amount of gross proceeds that is substantially less than the amount of the gross proceeds we expect to raise if the maximum offering is sold. This would reduce our ability to make additional investments and limit the diversification of our portfolio.

mShares may be redeemed for shares of common stock, which rank junior to the mShares with respect to dividends and upon liquidation.

Beginning on the date of original issuance, the holder of mShares may require us to redeem such shares, with the redemption price payable, in our sole discretion, in cash or in equal value of common stock, based on the volume weighted average price per share of our common stock for the 20 trading days prior to the redemption. We may opt to pay the redemption price in shares of our common stock. The rights of the holders of mShares rank senior to the rights of the holders of shares of our common stock as to dividends and payments upon liquidation. Unless full cumulative dividends on our mShares for all past dividend periods have been declared and paid (or set apart for payment), we will not declare or pay dividends with respect to any shares of our common stock for any period. Upon liquidation, dissolution or winding up of our Company, the holders of mShares are entitled to receive a liquidation preference of Stated Value, $1,000 per share, plus all accrued but unpaid dividends at the Dividend Rate, prior and in preference to any distribution to the holders of shares of our common stock or any other class of our equity securities junior to our mShares.

We will be able to call your mShares for redemption under certain circumstances without your consent.

We will have the ability to call the outstanding mShares after ten years from the date of original issuance of such mShares. At that time, we will have the right to redeem, at our option, the outstanding mShares, in whole or in part, at 100% of the Stated Value per share, plus any accrued and unpaid dividends. The redemption price is payable in cash or in equal value of common stock, in our sole discretion, based on the volume weighted average price per share of our common stock for the 20 trading days prior to the redemption.

The cash distributions you receive may be less frequent or lower in amount than you expect.
Our Board of Directors will determine the amount and timing of distributions on our mShares. In making this determination, our directors will consider all relevant factors, including the amount of cash available for distribution, capital expenditure and reserve requirements and general operational requirements. We cannot assure you that we will consistently be able to generate sufficient available cash flow to fund distributions on our mShares nor can we assure you that sufficient cash will be available to make distributions to you. With limited prior operations, we cannot predict the amount of distributions you may receive and we may be unable to pay, maintain or increase distributions over time. Our inability to acquire additional properties or make real estate-related investments or operate profitably may have a negative effect on our ability to generate sufficient cash flow from operations to pay distributions on our mShares.
The credit agreement for our credit facility limits our ability to make cash dividend payments and we may incur additional indebtedness, which may harm our financial position and cash flow and potentially impact our ability to pay dividends on the mShares, Series A Redeemable Preferred Stock and our common stock.
Our governing documents do not have limitations on the amount of leverage we may use. As of September 30, 2016, we and our subsidiaries had outstanding approximately $1.3 billion of secured indebtedness and no unsecured indebtedness. The credit agreement for our credit facility specifically limits our ability to make cash dividends to the greater of (i) the amount required for us to maintain our status as a REIT or (ii) 95.0% of our adjusted funds from operations for the trailing four quarters on a consolidated basis. We may incur additional indebtedness and become more highly leveraged, which could harm our financial position and potentially limit our cash available to pay dividends. As a result, we may not have sufficient funds remaining to satisfy our dividend obligations relating to our mShares, Series A Redeemable Preferred Stock and our common stock if we incur additional indebtedness.
Upon the sale of any individual property, holders of mShares do not have a priority over holders of our common stock regarding return of capital.
Holders of our mShares do not have a right to receive a return of capital prior to holders of our common stock upon the individual sale of a property. Depending on the price at which such property is sold, it is possible that holders of our common stock will receive a return of capital prior to the holders of our mShares provided that any accrued but unpaid dividends have been paid in full to holders of mShares. It is also possible that holders of common stock will receive additional distributions from the sale of a property (in excess of their capital attributable to the asset sold) before the holders of mShares receive a return of their capital.
Distributions paid from sources other than our net cash provided by operating activities, particularly from proceeds of any offerings of our securities, will result in us having fewer funds available for the acquisition of properties and other real estate-related investments, which may adversely affect our ability to fund future distributions with net cash provided by operating activities and may adversely affect your overall return.
Holders of mShares are entitled to receive, when, and as authorized by our Board of Directors and declared by us out of legally available funds, cumulative cash dividends on each mShare at an initial annual rate of five and three fourths percent (5.75%) of the Stated Value, which we refer to as the Dividend Rate. Beginning one year from the date of original issuance of each mShare, and on each one year anniversary thereafter for such mShare, the Dividend Rate shall increase by 0.25% per annum for such share; provided, however, that the Dividend Rate for any mShares shall not exceed seven and one half percent (7.5%) per annum. Dividends on each mShare will begin accruing on, and will be cumulative from, the date of issuance. We expect to pay dividends on the mShares monthly, unless our results of operations, our general financing conditions, general economic conditions, applicable provisions of Maryland law or other factors make it imprudent to do so. We also expect to continue to authorize and declare dividends on the mShares on a monthly basis payable on the 20th day of the month following the month for which the dividend was declared (or the next business day if the 20th day is not a business day). The timing and amount of such dividends will be determined by our Board of Directors, in its sole discretion, and may vary from time to time.
Pursuant to GAAP, regardless of the source of funds to pay acquisition costs, acquisition costs are accounted for as deductions from total cash provided by operating activities to determine net cash provided by operating activities. As we acquire multifamily properties and other real estate assets, we will incur substantial costs to perform due diligence tasks and other costs connected with acquiring these assets. The funding source of these acquisition costs may be from financing

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or operating activities. Regardless of the source of funding these acquisition costs, the net effect could cause our dividend distributions to exceed our net cash provided by operating activities and could have a detrimental effect on our stock price and the value of your investment.
If we have not generated sufficient net cash provided by operating activities and other sources, such as from borrowings, the sale of additional securities, advances from our Manager, our Manager's deferral, suspension and/or waiver of its fees and expense reimbursements, to fund distributions, we may use the proceeds from any offering of our securities. Moreover, our Board of Directors may change our distribution policy, in its sole discretion, at any time. Distributions made from offering proceeds may be a return of capital to stockholders, from which we will have already paid offering expenses in connection with the related offering. We have not established any limit on the amount of proceeds from our securities offerings that may be used to fund distributions, except that, in accordance with our organizational documents and Maryland law, we may not make distributions that would: (1) cause us to be unable to pay our debts as they become due in the usual course of business; or (2) cause our total assets to be less than the sum of our total liabilities plus senior liquidation preferences, if any.
If we fund distributions from the proceeds of an offering of our securities, we will have less funds available for acquiring properties or real estate-related investments. As a result, the return you realize on your investment may be reduced. Funding distributions from borrowings could restrict the amount we can borrow for investments, which may affect our profitability. Funding distributions with the sale of assets or the proceeds of an offering of our securities may affect our ability to generate net cash provided by operating activities. Funding distributions from the sale of our securities could dilute the interest of our common stockholders if we sell shares of our common stock or securities convertible or exercisable into shares of our common stock to third party investors. Payment of distributions from the mentioned sources could restrict our ability to generate sufficient net cash provided by operating activities, affect our profitability and/or affect the distributions payable to our stockholders upon a liquidity event, any or all of which may have an adverse effect on our stockholders.
We established the offering price for the mShares pursuant to discussions between us and our affiliated dealer manager; as a result, the actual value of your investment may be substantially less than what you pay.
The selling price of the mShares has been determined pursuant to discussions between us and our affiliated dealer manager, based upon the following primary factors: the economic conditions in and future prospects for the industry in which we compete; our prospects for future earnings; an assessment of our management; the present state of our development; the prevailing conditions of the equity securities markets at the time of this offering; the present state of the market for non-traded REIT securities; and current market valuations of public companies considered comparable to our Company. Because the offering price is not based upon any independent valuation, the offering price is not indicative of the proceeds that you would receive upon liquidation.
Your percentage of ownership may become diluted if we issue new shares of stock or other securities, and issuances of additional preferred stock or other securities by us may further subordinate the rights of the holders of our common stock (which you may become upon receipt of redemption payments in shares of common stock or conversion of any of your mShares.
We may make redemption payments under the terms of the mShares in shares of our common stock. Although the dollar amounts of such payments are unknown, the number of shares to be issued in connection with such payments may fluctuate based on the price of our common stock. Any sales or perceived sales in the public market of shares of our common stock issuable upon such redemption payments could adversely affect prevailing market prices of shares of our common stock. The issuance of common stock upon such redemption payments also may have the effect of reducing our net income per share (or increasing our net loss per share). In addition, the existence of mShares may encourage short selling by market participants because the existence of redemption payments could depress the market price of shares of our common stock.
Our Board of Directors is authorized, without stockholder approval, to cause us to issue additional shares of our common stock or to raise capital through the issuance of additional preferred stock (including equity or debt securities convertible into preferred stock), options, warrants and other rights, on such terms and for such consideration as our Board of Directors in its sole discretion may determine. Any such issuance could result in dilution of the equity of our stockholders. Our Board of Directors may, in its sole discretion, authorize us to issue common stock or other equity or debt

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securities (a) to persons from whom we purchase apartment communities, as part or all of the purchase price of the community, or (b) to our Manager in lieu of cash payments required under the management agreement or other contract or obligation. Our Board of Directors, in its sole discretion, may determine the value of any common stock or other equity or debt securities issued in consideration of apartment communities or services provided, or to be provided, to us.

Our charter also authorizes our Board of Directors, without stockholder approval, to designate and issue one or more classes or series of preferred stock in addition to the mShares offered in this offering (including equity or debt securities convertible into preferred stock) and to set or change the voting, conversion or other rights, preferences, restrictions, limitations as to dividends or other distributions and qualifications or terms or conditions of redemption of each class or series of shares so issued. If any additional preferred stock is publicly offered, the terms and conditions of such preferred stock (including any equity or debt securities convertible into preferred stock) will be set forth in a registration statement registering the issuance of such preferred stock or equity or debt securities convertible into preferred stock. Because our Board of Directors has the power to establish the preferences and rights of each class or series of preferred stock, it may afford the holders of any series or class of preferred stock preferences, powers, and rights senior to the rights of holders of common stock or the mShares. If we ever create and issue additional preferred stock or equity or debt securities convertible into preferred stock with a distribution preference over common stock or the mShares, payment of any distribution preferences of such new outstanding preferred stock would reduce the amount of funds available for the payment of distributions on our common stock and our mShares. Further, holders of preferred stock are normally entitled to receive a preference payment if we liquidate, dissolve, or wind up before any payment is made to the common stockholders, likely reducing the amount common stockholders would otherwise receive upon such an occurrence. In addition, under certain circumstances, the issuance of additional preferred stock may delay, prevent, render more difficult or tend to discourage a merger, tender offer, or proxy contest, the assumption of control by a holder of a large block of our securities, or the removal of incumbent management.

Stockholders have no rights to buy additional shares of stock or other securities if we issue new shares of stock or other securities. We may issue common stock, convertible debt or preferred stock pursuant to a subsequent public offering or a private placement, or to sellers of properties we directly or indirectly acquire instead of, or in addition to, cash consideration. Investors purchasing mShares in this offering who do not participate in any future stock issuances will experience dilution in the percentage of the issued and outstanding stock they own. In addition, depending on the terms and pricing of any additional offerings and the value of our investments, you also may experience dilution in the book value and fair mark value of, and the amount of distributions paid on, your mShares and common stock, if any.

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

Our Board of Directors determines our major policies, including with regard to investment objectives, 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. Holders of our mShares have no voting rights. Our common stock is the only class of our securities that carries voting rights. Under our charter and the Maryland General Corporation Law, or MGCL, holders of our common stock generally have a right to vote only on the following matters:

- the election or removal of directors;
- 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 shares of stock that we have the authority to issue;
  - increase or decrease the number of shares of any class or series of stock that we have the authority to issue; and
  - effect certain reverse stock splits;
- our liquidation and dissolution; and
- our being a party to a merger, consolidation, conversion, sale or other disposition of all or substantially all our assets or statutory share exchange.

All other matters are subject to the discretion of our Board of Directors.

The mShares will be subordinate in right of payment to any corporate level debt that we incur, and your interests could be diluted by the issuance of additional preferred stock, including additional mShares, and by other transactions.

The mShares will be subordinate in right of payment to any corporate level debt that we incur. The credit agreement for our credit facility includes, and future debt we incur may include, restrictions on our ability to pay dividends on our preferred stock, including mShares. The issuance of additional preferred stock on a parity with or senior to mShares would dilute the interests of the holders of mShares, and any issuance of preferred stock senior to the mShares or of additional indebtedness could affect our ability to pay dividends on, redeem or pay the liquidation preference on the mShares. The terms of the mShares do not restrict our ability to authorize or issue shares of a class or series of preferred stock with rights to distributions or upon liquidation that are on parity with or senior to the mShares or to incur additional indebtedness. The mShares do not contain any provision affording the holders of mShares protection in the event of a highly leveraged or other transaction, including a merger or the sale, lease or conveyance of all or substantially all of our assets or business, that might adversely affect the holders of mShares.

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

We may make investments in opportunity-oriented properties in various phases of development, redevelopment or repositioning and portfolio acquisitions, 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. During any period when our projects in development or redevelopment or those with significant capital requirements increase without a corresponding increase in stable revenue-producing properties, our revenues and net income likely will decrease. Many factors may have a negative impact on the level of revenues or net income produced by our portfolio of investments, including 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. Further, our net income and stockholders' equity could be negatively affected during periods with large portfolio acquisitions, which generally require large cash outlays and may require the incurrence of additional financing. Any such reduction in our revenues and net income during such periods could cause a resulting decrease in our cash available for distributions during the same periods.

Our ability to redeem mShares may be limited by Maryland law.

Under Maryland law, a corporation may redeem stock as long as, after giving effect to the redemption, the corporation is able to pay its debts as they become due in the usual course (the equity solvency test) and its total assets exceed the sum of its total liabilities plus, unless its charter permits otherwise, the amount that would be needed, if the corporation were to be dissolved at the time of the redemption, to satisfy the preferential rights upon dissolution of stockholders when preferential rights on dissolution are superior to those whose stock is being redeemed (the balance sheet solvency test). If the Company is insolvent at any time when a redemption of mShares is required to be made, the Company may not be able to effect such redemption.

You will not have the benefit of an independent due diligence review in connection with this offering, and our ability to successfully conduct this offering is dependent, in part, on the ability of our dealer manager to hire and retain key employees and to successfully establish, operate and maintain a network of broker-dealers.

Because our dealer manager, PCS, is an affiliate, you will not have the benefit of an independent due diligence review and investigation of the type normally performed by an unaffiliated, independent underwriter in connection with a securities offering. The lack of an independent due diligence review and investigation increases the risk of your investment because it may not have uncovered facts that would be important to a potential investor.

Also, PCS became a FINRA member in January 2015 and has not previously served as dealer manager of an offering. The lack of the experience may affect our dealer manager's ability to hire and retain key employees and to establish, operate and maintain a network of licensed securities broker-dealers and other agents. If our dealer manager is unable to hire qualified employees and build a sufficient network of broker-dealers, we may not be able to raise adequate proceeds through this offering to implement our investment strategy.

If we fail to continue to qualify as a REIT, we will be subject to tax on our income and the amount of distributions we make to our stockholders will be reduced.

We have elected to be taxed as a REIT commencing with our tax year ended December 31, 2011 and intend to operate in a manner that would allow us to continue to qualify as a REIT. However, we may terminate our REIT qualification if our Board of Directors determines that not qualifying as a REIT is in our best interest, or inadvertently. Our qualification as a REIT depends upon our satisfaction of certain asset, income, organizational, distribution, stockholder ownership and other requirements on a continuing basis. We currently intend to structure our activities in a manner designed to satisfy all requirements for qualification as a REIT. However, the REIT qualification requirements are extremely complex and interpretation of the U.S. federal income tax laws governing qualification as a REIT is limited. Furthermore, any opinion of our counsel, including tax counsel, as to our eligibility to remain qualified as a REIT is not binding on the Internal Revenue Service, or IRS, and is not a guarantee that we will continue to qualify, as a REIT. Accordingly, we cannot be certain that we will be successful in operating so we can remain qualified as a REIT. Our ability to satisfy the asset tests depends on our analysis of the characterization and fair market values of our assets, some of which are not susceptible to a precise determination, and for which we will not obtain independent appraisals. Our compliance with the REIT income or quarterly asset requirements also depends on our ability to successfully manage the composition of our income and assets on an ongoing basis. Accordingly, if certain of our operations were to be recharacterized by the IRS such recharacterization would jeopardize our ability to satisfy all requirements for qualification as a REIT. Furthermore, future legislative, judicial or administrative changes to the U.S. federal income tax laws could be applied retroactively, which could result in our disqualification as a REIT.

If we fail to continue to qualify as a REIT for any taxable year and we do not qualify for certain statutory relief provisions, we will be subject to U.S. federal income tax on our taxable income at corporate rates. In addition, we would generally be disqualified from treatment as a REIT for the four taxable years following the year of losing our REIT qualification. Losing our REIT qualification would reduce our net earnings available for investment or distribution to stockholders because of the additional tax liability. In addition, distributions to stockholders would no longer qualify for the dividends paid deduction, and we would no longer be required to make distributions. If this occurs, we might be required to borrow funds or liquidate some investments in order to pay the applicable tax.

Although we intend to operate in a manner intended to continue to qualify as a REIT, it is possible that future economic, market, legal, tax or other considerations may cause our Board of Directors to determine to revoke our REIT election. Even if we continue to qualify 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.

PREFERRED APARTMENT COMMMUNITIES, INC.
Our Company

We were formed primarily to acquire and operate multifamily properties in select targeted markets throughout the United States. As part of our business strategy, we may enter into forward purchase contracts or purchase options for to-be-built multifamily communities, and we may make real estate loans, provide deposit arrangements or provide performance assurances, as may be necessary or appropriate, in connection with the construction of multifamily communities and other properties. As a secondary strategy, we may acquire or originate senior mortgage loans, subordinated loans or real estate loans secured by interests in multifamily properties, membership or partnership interests in multifamily properties and other multifamily related assets and invest, subject to the 20% non-multifamily related asset cap, in other real estate related investments, including other income producing property types, senior mortgage loans, subordinate loans or real estate loans secured by interests in other property types, membership or partnership interests in other property types as determined by our Manager, as appropriate for us.

We have no employees of our own; our Manager provides all managerial and administrative personnel to us pursuant to the Management Agreement. We have elected to be taxed as a real estate investment trust under the Internal Revenue Code of 1986, as amended, commencing with the tax year ended December 31, 2011. Our Manager has not offered prior programs or REITs which disclosed in the offering materials a date or time period at which the program or REIT might be liquidated.

Our consolidated financial statements include the accounts of the company and our operating partnership. The company controls our Operating Partnership through its sole general partnership interest and conducts substantially all its business through our Operating Partnership.

Our executive offices are located at 3284 Northside Parkway NW, Suite 150, Atlanta, Georgia 30327. Our telephone number is (770) 818-4100.

Competitive Strengths

We believe that we distinguish ourselves from many of our competitors through the following competitive advantages:

- experienced management team with significant expertise in real estate and real estate-related debt investments and capital markets;
- access to a pipeline of investment opportunities;
- benefits from our relationship with our Manager and its affiliates; and
- dedicated asset management team.

Risk Management

Risk management is a fundamental principle in the development of our portfolio of assets and in the management of each investment. Diversification of our portfolio by investment size and location is critical in our attempt to manage portfolio-level risk. It is our policy that no single asset will exceed 15% of our total assets and that we will not have more than 25% of our total assets invested in any single MSA, unless otherwise approved by our Board of Directors. Other than the 20% non-multifamily related asset cap, there is no limitation on (i) the percentage of assets of any one type of investment which we may invest in, and (ii) in the case of securities, the percentage of securities of any one issuer which we may acquire.

Investment Committee

Our Manager has an investment committee that meets periodically, at least every quarter, to discuss investment opportunities. The investment committee periodically reviews our investment portfolio and its compliance with our investment guidelines described above, and our Manager provides our Board of Directors an investment report at the end of each quarter in conjunction with its review of our quarterly results. From time to time, as it deems appropriate or necessary, our Board of Directors also will review our investment portfolio and its compliance with our investment guidelines and the appropriateness of our investment guidelines and strategies.

We anticipate that future acquisitions of assets by us generally will be from unaffiliated third parties, but we would still consider an acquisition from an affiliated third party if such acquisition made financial sense to us and was approved by our conflicts committee, which is comprised entirely of independent directors.

Multifamily Investing

Set forth below is a discussion of our multifamily business strategy, excluding student housing investing, which is a sub-strategy within the multifamily sector. For a further discussion on student housing investing, please see Student Housing Investing beginning on page 31 hereof.

Our Multifamily Market Opportunities

In the wake of the financial system troubles and downturn in the United States economy after 2007 - 2008, multifamily assets saw a dramatic drop in value as the combination of higher capitalization rates and dwindling rental incomes created formidable headwinds for operators across the country. As the economy recovered and the market stabilized several factors materialized that created a strong market for the multifamily business. First, homeownership declined dramatically and has stayed low. Second, employment improved in most markets across the country, providing a further lift to demand for multifamily. Third, the millennial generation, the sons and daughters of the baby-boom generation, became a larger part of the market and as they graduated from college and moved into the workforce, there was a much higher propensity to rent in that demographic group. As the economy improved, the multifamily sector has experienced significant growth in both occupancy and rental rates. Even with the recent increases in new supply to the market we believe the continued introduction of the millennial generation into the market, the difficulty in obtaining mortgage financing and the dwindling rate of homeownership will continue to present opportunities for acquisitions in the near term.

Supply Constraints: With economic conditions moderating financing for new construction, we believe the new supply pipeline will remain at or slightly above historical averages for the next few years. We believe that annually the U.S. apartment stock loses an average of 118,000 units per year to obsolescence or conversion to other uses. We believe that this combination should result in a few years of net completions of new units being around historical averages. As the economy continues to rebound and demand for apartment inventory increases, we believe that there will be adequate demand to keep up with the new supply. We believe this market opportunity will allow owners with desirable product to continue to experience rent growth and maintain occupancy levels as the market expands and absorbs the supply being introduced to the market. As can be seen from the chart below, as more millennials were coming of age, U.S. multifamily construction fell to a 50 plus year low in 2009-2010. Multifamily permits have rebounded since 2010 but remain below the peaks of the 1970s and 1980s.
Historical MultiFamily Permits*

*Based on U.S. Census Bureau data as presented by Witten Advisors

Economic Improvement: As the overall economy continues to show improvement, we believe the multifamily sector will continue to benefit. As demonstrated in the charts below, since the third quarter of 2009, apartment absorption on a year-over-year basis has been very strong and has outperformed the corresponding relatively weak improvements in employment. We believe that a continued downward trend in homeownership and a higher propensity to rent among the millennial generation as they move into the workforce would strengthen demand in the multifamily sector. Apartments are operating at a higher occupancy than historical averages. We believe that this has been facilitated by current rent affordability and recently improving income growth as the unemployment rate falls.

*Source: U.S. Bureau of Labor Statistics, Witten Advisors

*Source: Witten Advisors

Rate of Homeownership: We believe that one of the most significant contributors to the projection for new demand for rental units is the level of homeownership in the United States. As of the second quarter of 2016, the home ownership rate was approximately 62.9%, down from a high of approximately 69.4% in 2004 (figures based on U.S. Census Bureau data). Based on industry sources, we believe that, while the current economic improvement bodes well for most sectors, an increase in homeownership rates is unlikely for a much longer period of time and the current downward trend shown in the chart below could continue for the near term.

Given the more stringent underwriting standards from lenders and scrutiny from regulators that has been occurring since the beginning of the last recession, the erosion of wealth in the housing sector during the most recent recession, the decline in overall household income and the demographic trend towards mobility and financial independence, we expect the propensity to rent likely will continue to increase in the near term. Based on current U.S. Census Bureau data, from a demographic standpoint, there is a large population bubble of Americans under the age of 30, whom we expect to be candidates for home ownership now or in the near future; however, we believe it is likely that the current climate and the experience of the last 8-10 years will cause them to delay the decision to purchase a home until the economy and their personal finances have substantial improvement. In addition, we believe the requirements for a mortgage may continue to be more stringent than pre-recession standards and that this group may find it more attractive to rent for a longer period of time until they can qualify for a desirable home. All these factors lead us to believe that an improvement in demand for the apartment market will continue in the near term as the rental pool grows.

Millennial Generation: In 2016, the Pew Research Center, by analyzing 2015 U.S. Census data, determined that there are approximately 75.4 million millennials in the population currently, more than their "Baby Boomers" parents who number approximately 74.9 million. Millennials were born between 1977 and 1996 and the bulk of them currently are entering the job market (age range in 2016 was 20 - 39). U.S. Census Bureau projections indicate that the young adult cohort should grow each year well into the 2020s, providing more prospective apartment renters. We do not expect this trend to abate any time in the near future. As millennials continue to graduate and enter the job market, we believe the pool of educated, employed and qualified renters will continue to increase in the near term.

Our Multifamily Investment Strategy

We seek to maximize returns for our stockholders by taking advantage of the current environment in the real estate market and the United States economy. To the extent the real estate market and economy continue to stabilize, we intend to continue to employ efficient management techniques to grow income and create asset value. Our investment strategies may include, without limitation, the following:

- acquiring Class "A" multifamily assets in performing and stable markets throughout the United States; these properties, we believe, will generate sustainable and growing cash flow from operations sufficient to allow us to cover the dividends that we expect to declare and pay and which we believe will have the potential for capital appreciation. These multifamily assets will generally be located in metropolitan statistical areas, or MSAs, with at least one million people, which we expect will generate job growth and where we believe new multifamily development of comparable properties is able to be absorbed at attractive rental rates;

- acquiring Class “A” multifamily assets that are intended to be financed with longer-term, assumable, fixed-rate debt typically provided by FHA or HUD programs;

- acquiring Class “A” multifamily assets that present an opportunity to implement a value-add program whereby the properties can be upgraded or improved physically to better take advantage of the increased rental rates that we believe the relevant markets will command;

- originating real estate loans secured by interests in multifamily properties, membership or partnership interests in multifamily properties and other multifamily related assets;

- it is our policy to acquire any of our target assets primarily for income, and only secondarily for possible capital gain. As part of our business strategy, we may enter into forward purchase contracts or purchase options for to-be-built multifamily communities and we may make real estate loans, provide deposit arrangements, or provide performance assurances, as may be necessary or appropriate, in connection with the construction of multifamily communities and other properties;

- we also may invest in real estate related debt, including, but not limited to, newly or previously originated first mortgage loans on multifamily properties that meet our investment criteria, which are performing or non-performing, newly or previously originated real estate loans on multifamily properties that meet our investment criteria (second or subsequent mortgages), which are performing or non-performing, and tranches of securitized loans (pools of collateralized mortgaged-backed securities) on multifamily properties that meet our investment criteria, which are performing or non-performing. In connection with our investments in real estate debt, we may negotiate the inclusion of exclusive purchase options on the to-be-developed properties. These purchase options may include a fixed purchase price set at the time we enter into the loan, or a purchase price which is calculated as a certain discount from market capitalization rates at the date of exercise of such purchase option; and

- taking advantage of the anticipated availability of financing from Freddie Mac, Fannie Mae and HUD that fits within our financing strategy as set forth in our most recent Annual Report on Form 10-K, any subsequent Quarterly Reports on Form 10-Q and SEC reports on Form 8-K.

We believe that financing will be available at rates that meet our existing financing strategy, including financing from Fannie Mae, Freddie Mac and HUD. While market conditions may change and affect this availability, we believe all three of Fannie Mae, Freddie Mac and HUD will continue to operate and provide debt for the multifamily sector. All three lenders are providing financing in a period in which their current interest rate quotes are at or near historical lows, providing favorable economics for acquisitions where we anticipate that property operations will improve.

In implementing our investment strategy, we will use our manager’s and its affiliates’ expertise in identifying attractive investment opportunities with the target classes described below, as well as their transaction sourcing, underwriting, execution and asset management and disposition capabilities. We expect that our Manager will make decisions based on a variety of other factors, including expected risk-adjusted returns, credit fundamentals, liquidity, availability of adequate financing, borrowing costs and macroeconomic conditions. In addition, all investment decisions will be made with a view to obtaining and maintaining our qualification as a REIT.

We believe there are numerous opportunities within the multifamily sector to acquire assets that fit our investment strategy.

While cap rates have declined recently, interest rates generally have remained below cap rates, providing an opportunity for buyers to achieve positive leverage (borrow at a cost of capital below the cap rate on the asset). Witten Advisors has estimated net operating income, or NOI, growth for multifamily assets of between 3% and 5% for 2017 and 2018.

Source: Witten Advisors

We believe that the opportunity to purchase multifamily assets today generally at or around replacement cost, combined with our expectation of continued rent growth, supports our investment strategy. However, our investment strategy is dynamic and flexible, which we anticipate will enable us to adapt to shifts in economic, real estate and capital market conditions and to exploit inefficiencies. Consistent with this strategy, our investment decisions will depend on prevailing market conditions that may change over time in response to opportunities available in different economic and capital market conditions. We believe this approach allows us to identify undervalued opportunities in all market cycles.

In particular, we will look to acquire:

- assets of varying age depending on the return profile and the specific strategy for each asset;
- assets in the top submarkets of each metropolitan statistical area (MSA) defined by highest rent per square foot, highest resident income level, highest property values for single family housing, etc.;
- properties that are modern in architecture and appearance with no functional obsolescence or design flaws;
- assets comprised of 200 - 600 units per property to allow increased operating efficiency, with target properties outside this profile evaluated and priced appropriately;
- multifamily properties which we believe will generate sustainable cash available for distribution sufficient to allow us to cover the dividends that we expect to declare and pay and which we believe will have the potential for capital appreciation;
- assets with target capitalization rates varying by market and asset type - in light of today’s interest rate environment, we believe core assets in the more stable markets could range between 5.0% and 6.0% and more opportunistic assets could have significantly higher stabilized capitalization rates;
- assets with exit capitalization rates forecasted based on market performance, interest rate assumptions, and asset strategy but that generally mirror entry capitalization rates (except on more opportunistic targets); and
- assets in urban infill areas and suburban markets.

It is our policy to acquire our target assets primarily for income, and only secondarily for possible capital gain. We currently do not anticipate acquiring unimproved property, developing new construction properties or acquiring new construction, except that we may enter into forward purchase or option to purchase contracts on to-be-built multifamily assets with the appropriate provisions for minimum occupancy and income thresholds in order for us to expect the asset to be priced appropriately. In connection with entering into a forward purchase or option to purchase contract, we may be required to provide a deposit, a real estate loan or other assurances of our ability to perform our obligations under the forward purchase or option to purchase contract.

Our target multifamily asset acquisitions would fit into three categories consisting of:

- Core: Core assets can best be described as being relatively new properties (less than ten years old) in major markets and top submarkets. These properties typically are in infill and close-in suburban locations with significant barriers to entry and little-to-no deferred maintenance issues or significant capital expenditures necessary to maintain market presence. The properties are typically well managed and maintained by the seller. Based on the current interest rate environment, we would expect capitalization rates to range from 5.0% to 6.0%;

- Value Add: Value Add assets can best be described as slightly older assets (up to 25 years old) in major markets, but submarkets can be infill or suburban. Value Add assets typically have some deferred maintenance issues, capital expenditure needs and/or modest operational or occupancy deficiencies that may require more management intensive efforts than core assets. These operational deficiencies could include, but are not limited to, below market occupancy rates, unqualified or inexperienced management teams on site or at the corporate level, deferred maintenance and capital expenditure needs. Capital expenditure needs in value add assets should be no more than $10,000 to $20,000 per unit, depending on market conditions and material costs. The stabilized capitalization rates for Value Add assets are expected to be higher (6.0% to 8.0% currently) than core assets with higher expected returns; and

- Opportunistic: Opportunistic assets can be older assets, but we would seek to avoid functional obsolescence in an asset due to defective construction and inherent flaws. Examples of functional obsolescence could include, but are not limited to, flat roofs in garden style apartments, floor plans that are significantly smaller than the market average and a high percentage of two bedroom/one bath units relative to the market. Defective construction or inherent flaws could include, but is not limited to, aluminum wiring in apartments for electricity, blu-poly piping and poor installation of mechanical systems or appliances. It is possible that we would acquire an asset with some of these flaws with the intention of correcting the issues or "updating" the asset. We would expect this type of asset to have serious physical or operational deficiencies that will require intensive efforts to correct either through management changes or renovation or a combination of both. Capital expenditure needs in Opportunistic assets will probably exceed $20,000 per unit, depending on market conditions and material costs. Capitalization rates for these assets could be 7.0% or higher due to the potentially serious operational deficiencies with an opportunistic asset. Current cap rates for Opportunistic assets may be difficult to determine and may vary widely.

Owing to our strategy of purchasing assets with stable, in-place income, our acquisition efforts will be primarily focused on the Core asset class described above. However, our acquisition efforts may grow and expand to include more of the Value Add and Opportunistic assets if we expect that such investments could be accretive to our stockholders.

As a secondary strategy, we also may acquire or originate senior mortgage loans, subordinate loans or real estate loans secured by interests in multifamily properties, membership or partnership interests in multifamily properties and other multifamily related assets and invest, subject to the 20% non-multifamily related asset cap, in other real estate related investments, including other income producing property types, senior mortgage loans, subordinate loans or real estate loans secured by interests in other property types, membership or partnership interests in other property types, all as determined by our Manager as appropriate for us.

Under our secondary strategy, we may invest in real estate debt, including, but not limited to, previously originated first mortgage loans and loans insured by the Federal Housing Administration or guaranteed by the Veterans

Administration or otherwise guaranteed or insured on multifamily properties that meet our investment criteria, which are performing or

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non-performing, previously originated second position loans on multifamily properties that meet our investment criteria (second or subsequent mortgages), which are performing or non-performing, and tranches of securitized loans (pools of collateralized mortgaged-backed securities) on multifamily properties that meet our investment criteria, which are performing or non-performing. We do not have a formal policy with respect to the proportion of assets which may be invested in each type of mortgage or any single mortgage. We will seek to invest in debt when there is a reasonable expectation that either the satisfaction of the debt under its current terms or the foreclosure of the asset securing the debt would result in a favorable return to us. We will analyze the current operations of any asset securing the debt that we seek to purchase in order to determine the likelihood of a default or foreclosure (in the case where there is not one currently) and price our bid for such debt based on the expectations of either a successful payoff by the current borrower or a need to foreclose on the asset. We do not have a formal portfolio turnover policy, and currently do not intend to adopt one.

Our Multifamily Target Markets

We intend to use a variety of metrics and measures to assist us in determining the appropriateness of the markets we will target for acquisitions, the sub-markets within those markets and the individual assets we will acquire. Generally, we intend to target MSAs of one million people or more with favorable economic conditions. The conditions we may monitor in determining the economic conditions of a market include, but are not limited to, job growth, household income, the pipeline of new supply for multifamily units, the pipeline of new supply for single family units, current and forecasted occupancy for multifamily units, current and forecasted rental rate growth for multifamily units, and other statistics that may be relevant to individual markets.

In addition, we intend to analyze data from our affiliate operations to corroborate any assumptions. In addition to the analysis of current economic conditions and forecasts and the data provided by our affiliates' operations, we will utilize a network of industry contacts and relationships to generate significant information about current and future market conditions. The map below provides our most current analysis of the markets where we believe opportunities exist for us to acquire properties. These markets have different favorable and unfavorable traits which might cause us to make different acquisition decisions in each market, depending on the type of asset available in the market, the submarket it is located in within that market, the pricing we anticipate for that asset and our view on how the asset, the submarket and the broader market will perform. The areas in blue on the map below indicate additional markets we are currently targeting for properties to acquire; however, no assurance can be given that suitable properties will be acquired in such areas. These markets have been selected because our affiliated operations currently have a significant presence in these markets or we have determined that the market presents a good opportunity for property acquisitions. We anticipate this presence will provide us more accurate and timely market data when evaluating potential acquisitions and speed and efficiency in putting in place a property management team post- acquisition.

The map below is a guide and will change as additional information becomes available to us regarding national, market or local trends. As of the date of this prospectus, we own and operate multifamily communities in the MSA's in the markets identified on the map below. We may however, purchase properties in markets other than those shown on the map below.

Our Multifamily Branding and Marketing Strategy

Our Manager has registered "A Preferred Apartment Community" as a trademarked logo with the United States Patent and Trademark Office. Our Manager has branded, and in the future will continue to brand, all apartment communities owned by the company as "A Preferred Apartment Community" and has made it the ultimate tagline for each of our communities that we believe signifies our brand and management standards. This strategy allows each individual community to be part of a centralized marketing and advertising campaign, in addition to property level marketing and advertising campaigns. We expect that these campaigns will further enhance each individual property’s presence in the marketplace, and we believe that this will allow our communities to be perceived as premier over other properties within the marketplace. Our Manager has entered into a non-exclusive license agreement with the company, as licensee, with respect to all intellectual property of the Manager other than trademarks. In the event of termination of the Management Agreement, all rights to our name will be transferred to us.

Upon the acquisition of each of our communities, we plan to implement what we believe to be an innovative and unique marketing and branding strategy by rolling out the PAC Concierge, PAC Rewards and PAC Partners programs (as described below). We anticipate implementing these programs at any newly acquired community shortly following acquisition.

The PAC Concierge program is a complimentary service for our residents designed to offer them the type of personal concierge services that you would expect at a high end resort. The concierge services are provided by a professionally trained team ready to coordinate services such as running errands and making dinner reservations, golf tee times and travel arrangements, as well as many other services. Our concierge service is available to our residents 24/7 by telephone, email or web access through our unique resident web portal.

The PAC Rewards program allows residents to accumulate and redeem rewards points for services and upgrades to their home, such as painting an accent wall, carpet cleaning or installing a ceiling fan or kitchen backsplash. Residents may accumulate Preferred Rewards, for example, when they sign their lease, pay their rent online, enroll in our direct debit/automatic payment program, renew their leases, or when a resident's referral signs a new lease.

The PAC Partners program establishes reciprocal relationships between a Preferred Apartment Community and neighborhood businesses to provide our residents with benefits such as discounts, perks and other incentives as an enticement to frequent those businesses and to support the local community.

Student Housing Investing

We believe that student housing investing is an attractive sub-strategy within the multifamily sector as the performance of student housing can be counter cyclical to market rate multifamily apartments in down markets. As universities allocate resources away from on campus housing, we believe this sector creates an excellent investment opportunity for our portfolio.

Our Student Housing Market Opportunities

The National Center for Education Statistics projects college enrollment to increase to 22.1 million students by 2021. As can be seen from the chart below, enrollment continues to trend upward, despite increases in student debt and tuition rates and during times of economic downturns. The US Census Bureau projects that the population under 18 will continue to grow, a sign that the national enrollment should continue to climb. We believe increased enrollment tends to result in greater demand for quality purpose-built student housing communities.

Source: Axiometrics, National Center for Education Statistics.

We believe that growth in the student housing market is and will be attributable to both the millennial population and the "Generation Z" demographic, comprised of individuals born between 1996 and 2010.

Additionally, we believe that increased enrollment of international students will increase the demand for student housing. The chart below highlights that for the school year 2014-2015, a record high of 974,926 international students enrolled in the U.S., which was a 10% increase over the prior year.

Universities nationally are struggling to supply housing for students due to increased enrollment. As of the date of this prospectus, on average, the largest universities in the country are able to provide approximately 20% of their undergraduate student body with on-campus housing. The remaining supply of housing options comes from off-campus options. We believe that proximity to campus is one of the key factors in student housing success. Our strategy is to focus on assets located near the applicable campus. As shown below, the national price per bed increases the closer the bed is to the campus.

By combining privately owned, purpose built properties with student competitive conventional apartments in our target student housing markets, Axiometrics believes that annual effective rent growth will increase from 2016 to 2021, with occupancy rates remaining relatively stable in the mid-95% range.

Our Student Housing Investment Strategy

We seek to maximize returns for our stockholders by taking advantage of the current environment in the real estate market and the United States economy. As, and if, the real estate market and economy continue to stabilize, we intend to employ efficient management techniques to grow income and create asset value. As part of this strategy, our student housing investment strategies may include, without limitation, the following:

- acquiring Class “A” multifamily assets dedicated to student housing at universities throughout the United States. These assets will be located near the applicable campus. We will endeavor to acquire assets with demonstrated track records of occupancy and rental rates. The universities served by these assets should generally be larger schools typically demonstrating increasing enrollment and market trends that indicate new development is being or should be absorbed at attractive rental rates; and
- originating real estate loans secured by interests in student housing properties, membership or partnership interests in student housing properties and other student housing related assets.

Our Student Housing Target Markets

We target universities with enrollments of a least 15,000 students and desirable locations within pedestrian and biking distance to campus. The map below illustrates our current investments. We currently own and operate one student housing community in Tallahassee, Florida and we have real estate loan investments for student communities in Lubbock, Texas; Waco, Texas; College Station, Texas; Starkville, Mississippi and Atlanta, Georgia. We may purchase properties in markets other than those shown on the map below.

Retail Investing

Our Retail Market Opportunities

Our strategy is to acquire and operate, or invest in the development of, grocery-anchored shopping centers in suburban submarkets within the top 100 metros from the Virginia side of Washington, D.C. down through the Mid-Atlantic, Southeast, Florida, Tennessee, and out through Texas. We target market dominant grocery anchors that maintain significant market share and that have growing and high relative sales per square foot stores in that particular market. We also will target on a select basis a specialty grocer, such as Whole Foods, Sprouts, Fresh Market, or Trader Joes, in a market where they have a high sales per square foot store.

We focus on the grocery-anchored space because the types of tenants in these shopping centers are more necessity-based and we believe our grocery-anchored shopping centers will, as a result, be significantly less impacted by e-commerce.

In addition, we focus on grocery store operators that have significant market share because we believe this increases the productivity and profitability of the stores in those markets. In this circumstance, we believe the operator is less likely to abandon a market or, if they did choose to vacate a market, the store should be more attractive to a chain that may acquire such store.

Furthermore, we focus on high and growing sales per square foot grocery-anchored stores because we believe this reflects the profitability and future prospects of that particular store, which increases the likelihood that the particular anchor store remains open and exercises its lease renewal options. We also believe that a high sales per square foot grocery store generates significant foot traffic at the shopping center of two to three times per week on average and within two to three miles from people’s homes on average. This consistent foot traffic benefits the other small shop tenants in our centers.

To date, approximately 80% of the NOI in our shopping centers comes from grocery stores, food and beverage, service uses, healthcare and fitness, all uses that are significantly less impacted by e-commerce. Only 12% of our NOI comes from general retail uses.

We also research the underlying demographic trends of the suburban submarkets where we invest. We believe that our submarkets will experience continued residential growth which will be for the benefit of the occupants of our shopping centers.

As can be seen from the charts below, since 2010, the new supply of shopping centers is at a significant historical low, while the population in our target markets continues to increase.

Our Retail Investment Strategy

We seek to maximize returns for our stockholders by taking advantage of the current environment in the real estate market and the United States economy. As, and if, the real estate market and economy continue to stabilize, we intend to employ efficient management techniques to grow income and create asset value. Our retail investment strategies may include, without limitation, the following:

- acquiring grocery-anchored shopping centers, subject to a limitation that such other non-multifamily real estate related investments may not exceed the 20% non-multifamily related asset cap. These assets typically are anchored by one of the market dominant grocers in the trade area. We will endeavor to acquire shopping centers with a track record of strong and increasing sales per square foot at the anchor store;

- acquiring grocery-anchored shopping centers which we believe will generate sustainable cash flow from operations sufficient to allow us to cover the dividends that we expect to declare and pay and which we believe will have the potential for capital appreciation;

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- originating real estate loans secured by interests in grocery-anchored shopping centers, not to exceed the 20% non-multifamily related asset cap, in other non-multifamily real estate related investments;
- taking advantage of the expected moderate level of new retail development based on the continued trend from the last few years; and
- taking advantage of the anticipated availability of financing from life insurance companies, banks and conduit lenders that fits within our financing strategy as set forth in our most recent Annual Report on Form 10-K, any subsequent Quarterly Reports on Form 10-Q and any SEC reports on Form 8-K.

In implementing our investment strategy, we will use our Manager's and its affiliates' expertise in identifying attractive investment opportunities with the target classes described below, as well as their transaction sourcing, underwriting, execution and asset management and disposition capabilities. We expect that our Manager will make decisions based on a variety of other factors, including expected risk-adjusted returns, credit fundamentals, liquidity, availability of adequate financing, borrowing costs and macroeconomic conditions. In addition, all investment decisions will be made with a view to obtaining and maintaining qualification as a REIT.
We believe that the opportunity to purchase retail assets today, generally at or below replacement cost, combined with the general forecast of continued NOI growth, supports our investment strategy. However, our investment strategy is dynamic and flexible, which we anticipate will enable us to adapt to shifts in economic, real estate and capital market conditions and to exploit inefficiencies. Consistent with this strategy, our investment decisions will depend on prevailing market conditions and may change over time in response to opportunities available in different economic and capital market conditions. We believe this approach allows us to identify appropriate opportunities in all market cycles.

In particular, we will seek to acquire retail assets that:

- are of varying age depending on the return profile and the specific strategy for each asset;
- have target capitalization rates varying by market and asset type - in light of today's interest rate environment, we believe core assets in the more stable markets could range between 5.0% and 7.5% and more opportunistic assets could have significantly higher stabilized capitalization rates;
- have exit capitalization rates forecasted based on market performance, interest rate assumptions, and asset strategy but that generally mirror entry capitalization rates (except on more opportunistic targets);
- are in suburban markets generally within the top 100 MSAs of the Sunbelt region;
- have dominant grocery anchors that maintain a #1 or #2 market share and that have growing and high relative sales per square foot stores in such market; and
- have specialty grocers such as Whole Foods, Fresh Market, Sprouts or Trader Joes' in a submarket where such specialty grocer has a solid sales history.

We will seek to acquire our target assets primarily for income, and only secondarily for possible capital gain. We currently do not anticipate making any material investment in unimproved property, developing new construction properties or acquiring new construction, except that we may enter into forward purchase or option to purchase contracts on to-be-built grocery-anchored assets with the appropriate provisions for minimum occupancy and income thresholds in order for us to expect the assets to be priced appropriately. In connection with entering into a forward purchase or option to purchase contract, we may be required to provide a deposit, a real estate loan or other assurances of our ability to perform our obligations under the forward purchase or option to purchase contract.

Our target retail asset acquisitions typically fit into three categories consisting of:

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Core: Core assets can best be described as being grocery-anchored properties strategically located in major markets with high sales per square foot and occupancy that generate steady cash flow. These properties are typically well maintained with little deferred maintenance. The stabilized capitalization rates for core properties range from 5.0% to 6.5%;

- Core Plus: Core Plus assets can best be described as being grocery-anchored properties strategically located in the top 100 MSAs that are not major markets and located in the top submarkets of those markets. Like the core assets, these properties have market leading grocery operators that have high sales per square foot and occupancy levels that generate steady cash flow. Core Plus assets also can be located in major markets, but will have additional upside to increase cash flow either through upcoming lease roll and/or modest lease up. This Core Plus category achieves higher overall returns than Core Assets. These properties are typically well maintained with little deferred maintenance. The stabilized capitalization rates for Core Plus properties range from 6.0% to 7.5%; and

- Value Add: Value Add assets can best be described as slightly older assets (up to 25 years old) in major markets, but submarkets can be infill or suburban. Value Add assets typically have some deferred maintenance issues, capital expenditure needs and/or modest operational or occupancy deficiencies that may require more management intensive efforts than core assets. These operational deficiencies could include, but are not limited to, below market occupancy rates, unqualified or inexperienced management teams on site or at the corporate level, deferred maintenance and capital expenditure needs. The stabilized capitalization rates for value add assets are expected to be higher (6.0% to 8.0% currently) than Core Assets with higher expected returns.

Because our strategy focuses on purchasing assets with stable, in-place income and dividend coverage, our acquisition efforts will be primarily geared on the Core Asset class described above. However, we believe the market is well positioned for us take advantage of Value Add product and our acquisition efforts may grow and expand to include more Value Add assets if we see such investments as accretive to our stockholders.

As a secondary strategy, we also may invest, subject to the 20% non-multifamily related asset cap, in grocery-anchored shopping centers, senior mortgage loans, subordinate loans or real estate loans secured by interests in grocery-anchored shopping centers, membership or partnership interests in grocery-anchored shopping centers and other grocery-anchored shopping center related assets as determined by our Manager as appropriate for us.

Our Retail Target Markets

We intend to use a variety of metrics and measures to assist us in determining the appropriateness of the markets we will target for acquisitions, the sub-markets within those markets and the individual assets we will acquire. Generally, we intend to target the top 100 MSAs with favorable economic conditions. The conditions we may monitor in determining the economic conditions of a market include, but are not limited to, job growth, household income, the pipeline of new supply for grocery-anchored shopping centers, current and forecasted rental rate growth for grocery-anchored shopping centers, and other statistics that may be relevant to individual markets.

In addition, we intend to analyze data from our operations to corroborate any assumptions. In addition to the analysis of current economic conditions and forecasts and the data provided by our operations, we will utilize a network of industry contacts and relationships to generate significant information about current and future market conditions. The map below provides our most current analysis of the markets where we believe opportunities exist for us to acquire properties. These markets have different favorable and unfavorable traits that might cause us to make different acquisition decisions in each market, depending on the type of asset available in the market, the submarket it is located in within that market, the pricing we anticipate for that asset and our view on how the asset, the submarket and the broader market will perform. The areas in blue on the map below indicate additional markets we are currently targeting for properties to acquire; however, no assurance can be given that suitable properties will be acquired in such areas. We anticipate this presence will provide us more accurate and timely market data when evaluating potential acquisitions and speed and efficiency in putting in place a property management team post- acquisition.

The map below is a guide and will change as additional information becomes available to us regarding national, market or local trends. We currently own and operate grocery-anchored shopping centers geographically concentrated within the Sunbelt region of the United States and we may purchase properties in markets other than those shown on the map below.

Other Investing

Specifically, we seek to acquire other non-multifamily assets, including Class "A" office assets, subject to a limitation that such other real estate related investments may not exceed the 20% non-multifamily related asset cap. In connection with acquiring Class "A" office assets, we believe such properties provide an excellent investment opportunity to marry significant, existing in-house expertise with that we believe is an undervalued, underappreciated product class. We will endeavor to acquire well leased, high credit, low risk, Class "A" office buildings.

USE OF PROCEEDS

The table below sets forth our estimated use of proceeds from this offering, assuming we sell the maximum of 500,000 mShares in this offering at the public offering price of $1,000 per mShare for maximum gross offering proceeds of $500 million.

The mShares will have an initial Stated Value of $1,000 per mShare. Each mShare will be sold at a public offering price of $1,000 per mShare.

Estimated Application of Proceeds of this Offering

	Maximum Offering	
	Amount	Percent
Gross offering proceeds	$500,000,000	100.00%
Offering expenses:		
Dealer manager fee[1]	$15,000,000	3.00 %
Other offering expenses[2]	$7,500,000	1.50 %
Amount available for investment[3]	$477,500,000	95.50 %
Cash down payment (equity)	$456,851,351	91.37 %
Loan Coordination Fees[4]	$20,648,649	4.13 %
Proceeds invested	$477,500,000	95.50 %
Offering expenses	$22,500,000	4.50 %
Total application of proceeds	$500,000,000	100.00%

(1) Assumes a dealer manager fee of 3.0% of gross offering proceeds in the offering under this prospectus. See the "Plan of Distribution" section of this prospectus for a description of these fees. We or our affiliates also may provide permissible forms of non-cash compensation to registered representatives of our dealer manager and the participating broker-dealers, including gifts. In no event shall such gifts exceed an aggregate value of $100 per annum per participating salesperson, or be pre-conditioned on achievement of a sales target. The value of such items will be considered underwriting compensation in connection with this offering, and the corresponding payments of our dealer manager fee will be reduced by the aggregate value of such items. The aggregate combined dealer manager fee and such non-cash compensation for this offering will not exceed FINRA’s 10% cap.

(2) Includes all expenses (other than the dealer manager fee) to be paid by us or on our behalf in connection with the qualification and registration of this offering and the marketing and distribution of the mShares, including, without limitation, expenses for printing and amending registration statements or supplementing prospectuses, mailing and distributing costs, all advertising and marketing expenses, charges of transfer agents, registrars and experts and fees, expenses and taxes related to the filing, registration and qualification, as necessary, of the sale of the mShares under federal and state laws, including taxes and fees and accountants’ and attorneys’ fees. We will reimburse our Manager and its affiliates for such offering expenses in an amount up to 1.5% of gross offering proceeds based on the aggregate proceeds of this offering. Our Manager and its affiliates will be responsible for any such offering expenses that exceed 1.5% of aggregate gross offering proceeds under this offering, without recourse against or reimbursement by us; however, upon approval by the conflicts committee of our Board of Directors, we may reimburse our Manager for any such expenses incurred above the 1.5% amount as permitted by FINRA. Subject to the foregoing, all organization and offering expenses, including the dealer manager fee, will be capped at 11.5% of the aggregate gross proceeds of this offering.

(3) Although the net proceeds are expected to be used in connection with the acquisition of multifamily properties and other real estate-related investments, including grocery-anchored shopping centers, and the payment of fees and expenses related thereto, the proceeds are available for our other capital needs, whether related to the repayment of debt or otherwise. For purposes of this table, however, we have assumed that we will use all the net proceeds for acquisitions of real property and the payment of related fees and expenses. Until required in connection with the acquisition of real property or other capital needs, we intend to invest the net proceeds of this offering in a manner

which will not adversely affect our ability to qualify, or maintain our qualification, as a REIT.

(4) Loan coordination fees are paid to the Manager upon the closing of a property and are calculated as 1.6% of any assumed, new or supplemental debt incurred in connection with an acquired property, or 1.6% of 63% of the purchase price if the asset is not leveraged, and are governed by the Management Agreement. For purposes of this assumption, we assume 63.0% leverage on all acquisitions.

Assuming the maximum offering, we estimate that we will receive net proceeds from the sale of our mShares in this offering of approximately $477.5 million, after deducting estimated offering expenses, including the dealer manager fee, payable by us of approximately $22.5 million.

We intend to invest substantially all the net proceeds of this offering in connection with the acquisition of multifamily properties and other real estate-related investments, including grocery-anchored shopping centers, and for general working capital purposes. If all the net proceeds of this offering are used to directly acquire real property, we estimate that these investments would have an aggregate gross value (inclusive of mortgage indebtedness) of approximately $1.3 billion assuming the maximum offering. We intend to acquire such investments through the incurrence of indebtedness (secured and unsecured) of approximately 63% of the value of our tangible assets on a portfolio basis, with the balance of the acquisition cost thereof funded through the use of the net proceeds of this offering.

Neither our charter nor our bylaws contain any limitation on the amount of leverage we may use. Our investment guidelines, which can be amended by our Board of Directors without stockholder approval, limit our borrowings (secured and unsecured) to 75% of the cost of our tangible assets at the time of any new borrowing. The credit agreement for our credit facility specifically limits our ability to make cash dividends to the greater of (i) the amount required for us to maintain our status as a REIT or (ii) 95.0% of our adjusted funds from operations on a consolidated basis.

Our Manager may invest net proceeds of this offering in interest-bearing short-term investments that are consistent with our intention to qualify as a REIT, pending investment in our target assets. These initial investments are expected to provide a lower net return than we will seek to achieve from our target assets.

RATIO OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERRED STOCK DIVIDENDS
Our consolidated ratio of earnings to combined fixed charges and preferred stock dividends for the years ended December 31, 2011, 2012, 2013, 2014 and 2015 and for the nine months ended September 30, 2016 are set forth below.

Ratio of Earnings to Combined Fixed Charges and Preferred Dividends

	Nine months ended September 30,	Year ended December 31,				
	2016	2015	2014	2013	2012	2011
Earnings:						
Net income (loss)	$(5,860,631)	$(2,425,989)	$2,127,203	$(4,205,492)	$(146,630)	$(8,495,424)
Add:						
Fixed charges	30,688,505	21,315,731	10,188,187	5,780,526	2,504,679	1,514,581
Less: Net (income) loss attributable to non-controlling interests	175,045	25,321	(33,714)	222,404	—	—
Total earnings	$25,002,919	$18,915,063	$12,281,676	$1,797,438	$2,358,049	$(6,980,843)
Fixed charges:						
Interest expense	$28,256,696	$19,841,455	$9,183,128	$4,921,797	$2,310,667	$1,450,101
Amortization of deferred loan costs related to mortgage indebtedness	2,431,809	1,474,276	1,005,059	858,729	194,012	64,480
Total fixed charges	30,688,505	21,315,731	10,188,187	5,780,526	2,504,679	1,514,581