

INDEPENDENCE REALTY TRUST, INC  
Form 10-Q  
November 04, 2016

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2016

OR

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 001-36041

INDEPENDENCE REALTY TRUST, INC.

(Exact Name of Registrant as Specified in Its Charter)

Maryland (State or Other Jurisdiction of Incorporation or Organization)	26-4567130 (I.R.S. Employer Identification No.)
Two Logan Square 100 N. 18th St., 23 <sup>rd</sup> Floor	19103

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Philadelphia, PA  
(Address of Principal Executive Offices) (Zip Code)

(215) 207-2100

(Registrant's Telephone Number, Including Area Code)

N/A

(Former name, former address and former fiscal year, if changed since last report)

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

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

Large Accelerated filer Accelerated filer

Non-Accelerated filer Smaller reporting company

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

As of November 2, 2016 there were 68,996,070 shares of the Registrant's common stock issued and outstanding.

INDEPENDENCE REALTY TRUST, INC.

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## PART I—FINANCIAL INFORMATION

## Item 1. Financial Statements

## Independence Realty Trust, Inc. and Subsidiaries

## Consolidated Balance Sheets

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

	As of September 30, 2016	As of December 31, 2015
<b>ASSETS:</b>		
Investments in real estate:		
Investments in real estate, at cost	\$ 1,316,725	\$ 1,372,015
Accumulated depreciation	(52,824 )	(39,638 )
Investments in real estate, net	1,263,901	1,332,377
Cash and cash equivalents	29,247	38,301
Restricted cash	8,028	5,413
Accounts receivable and other assets	5,066	3,362
Intangible assets, net of accumulated amortization of \$0 and \$3,736, respectively	—	3,735
Total Assets	\$ 1,306,242	\$ 1,383,188
<b>LIABILITIES AND EQUITY:</b>		
Indebtedness, net of unamortized discount and deferred financing costs of \$7,497 and \$8,920, respectively		
	\$ 880,581	\$ 966,611
Accounts payable and accrued expenses	22,231	19,304
Accrued interest payable	830	1,239
Dividends payable	3,009	3,006
Derivative liabilities	696	-
Other liabilities	2,857	2,998
Total Liabilities	910,204	993,158
Equity:		
Stockholders' equity:		
Preferred stock, \$0.01 par value; 50,000,000 shares authorized, 0 and 0 shares issued and outstanding, respectively	—	—
Common stock, \$0.01 par value; 300,000,000 shares authorized, 47,509,731 and 47,070,678 shares issued and outstanding, including 284,339 and 117,000 unvested restricted common share awards, respectively	475	471
Additional paid-in capital	381,106	378,187
Accumulated other comprehensive income	(727 )	(8 )
Retained earnings (accumulated deficit)	(8,833 )	(14,500 )
Total stockholders' equity	372,021	364,150
Noncontrolling interests	24,017	25,880
Total Equity	396,038	390,030
Total Liabilities and Equity	\$ 1,306,242	\$ 1,383,188

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

## Independence Realty Trust, Inc. and Subsidiaries

## Consolidated Statements of Operations

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

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2016	2015	2016	2015
<b>REVENUE:</b>				
Rental income	\$34,333	\$22,758	\$103,271	\$62,469
Tenant reimbursement income	1,351	1,039	4,194	2,980
Other income	2,680	1,695	7,892	4,418
Total revenue	38,364	25,492	115,357	69,867
<b>EXPENSES:</b>				
Property operating expenses	17,326	11,945	51,298	32,557
General and administrative expenses	485	329	1,750	1,171
Stock compensation expense	247	217	832	297
Asset management fees	1,933	1,259	5,492	3,731
Acquisition and integration expenses	19	12,830	37	13,031
Depreciation and amortization expense	7,765	4,704	26,927	16,462
Total expenses	27,775	31,284	86,336	67,249
Operating income	10,589	(5,792)	29,021	2,618
Interest expense	(8,820)	(5,094)	(27,815)	(13,393)
Other income (expense)	(2)	18	(2)	19
Net gains (losses) on sale of assets	(1)	—	31,773	—
Gains (losses) on extinguishment of debt	—	—	(558)	—
TSRE financing extinguishment and employee separation expenses	—	(27,508)	—	(27,508)
Gains (losses) on TSRE merger and property acquisitions	641	64,012	732	64,012
Net income (loss):	2,407	25,636	33,151	25,748
(Income) loss allocated to noncontrolling interest	(140)	(1,621)	(1,972)	(1,629)
Net income (loss) allocable to common shares	\$2,267	\$24,015	\$31,179	\$24,119
Earnings (loss) per share:				
Basic	\$0.05	\$0.71	\$0.66	\$0.74
Diluted	\$0.05	\$0.71	\$0.66	\$0.74
Weighted-average shares:				
Basic	47,215,918	33,962,015	47,164,543	32,516,470
Diluted	47,314,629	33,962,015	47,190,139	32,520,684

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





Independence Realty Trust, Inc. and Subsidiaries

Consolidated Statements of Comprehensive Income (Loss)

(Unaudited and dollars in thousands)

	For the Three Months Ended September 30, 2016	2015	For the Nine Months Ended September 30, 2016	2015
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