

ITEM 1. COVER PAGE

INDEPENDENCE REALTY ADVISORS, LLC

Cira Centre, 17th Floor
2929 Arch Street
Philadelphia, PA 19104
215-243-9000
www.raitft.com

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This brochure provides information about the qualifications and business practices of Independence Realty Advisors, LLC. If you have any questions about the content of this brochure, please contact us at 215-243-9000 or jcurtis@irtsecurities.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority.

Additional information about Independence Realty Advisors, LLC also is available on the SEC's website at www.adviserinfo.sec.gov.

ITEM 2. MATERIAL CHANGES

This brochure, dated February 29, 2012, represents a new disclosure document that Independence Realty Advisors, LLC is providing to our clients for the first time pursuant to SEC rules that were amended on July 28, 2010. Since this is the first time Independence Realty Advisors, LLC is required to provide this brochure to you, a summary of material changes is not required. In the future, we will summarize material changes that are made to this brochure since our last annual update.

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Independence Realty Advisors, LLC (“we” or “us” or “our” or “Independence Realty Advisors”) is an investment adviser that is registering with the SEC under the Investment Advisers Act of 1940 (“Advisers Act”). This registration does not imply a certain level of skill or training. Our advisory business (collectively, the “advisory business”) is comprised of providing asset management services to Independence Realty Trust, Inc. (“IRT” or the “Fund”), a Maryland corporation that intends to qualify and elect to be taxed as a real estate investment trust (“REIT”), with respect to its assets that are securities under the Advisers Act in accordance with the terms of an advisory agreement (the “Advisory Agreement”) between us and IRT, including acquiring these assets on behalf of IRT as well as ongoing reviews of IRT’s portfolio of these assets.

This brochure explains the advisory business and provides important information about us.

ITEM 4. ADVISORY BUSINESS

Independence Realty Advisors was formed in 2009 and in 2011 commenced operations as an investment adviser to IRT. Our principal business is comprised of managing the day-to-day business operations of, and acquiring investments on behalf of, IRT in accordance with the terms of the Advisory Agreement. This section of the brochure describes our advisory business, including:

- Our ownership structure;
- The types of advisory services we provide; and
- The amount of assets that we manage.

A. Ownership Structure

Independence Realty Advisors is organized as a Delaware limited liability company. We are an indirect wholly owned subsidiary of RAIT Financial Trust (“RAIT”), which itself is a publicly traded REIT (Ticker Symbol: RAS). RAIT Financial Trust owns 100% RAIT General, Inc., which is the general partner of RAIT Partnership, LP, which directly owns 100% of RAIT TRS, LLC. RAIT TRS, LLC directly owns 100% of Independence Realty Advisors. RAIT General, Inc. is a Delaware corporation. RAIT Partnership, LP is a Delaware limited partnership. RAIT TRS, LLC is a Delaware limited liability company.

B. Advisory Services

Independence Realty Advisors’ advisory business exclusively consists of acting as investment adviser to IRT.

C. Assets Under Management

As of December 31, 2011, Independence Realty Advisors had \$132 million in assets under management, all of which were managed on a discretionary basis. The majority of these assets are real estate assets that are not securities. Independence Realty Advisors is registered as an investment adviser because the Fund’s portfolio from time to time may include real estate-related securities.

ITEM 5. FEES AND COMPENSATION

A. Collecting Our Advisory Fees

Independence Realty Advisors is entitled to and collects its advisory fees as described in the Fund’s registration statement and operating agreement (the “Fund Governing Documents”). In principal part, Independence Realty Advisors is entitled to an annual fee from Fund assets in the amount of 0.75% of average invested assets. Average invested assets means the average of the aggregate book value of Fund assets invested in interests in, and loans secured by, real estate before reserves for depreciation or

bad debt or other similar non-cash reserves. These averages are computed monthly and the fee is payable quarterly as of the last day of each quarter. Independence Realty Advisors may also be entitled to reimbursement of certain expenses paid on behalf of the Fund and to finance coordination fees and disposition fees, as further described in the Fund Governing Documents. As part of the acquisition of the Fund's initial portfolio (the "Initial Portfolio") of six properties contributed by RAIT to IRT, Independence Realty Advisors agreed to waive any asset management fees on the Initial Portfolio for the first two years such assets are owned by the Fund. Independence Realty Advisors also undertakes to reimburse the Fund for the amounts, if any, by which the Fund's total REIT operating expenses paid during the previous fiscal year exceed the greater of 2% of the Fund's average invested assets for that fiscal year or 25% of the Fund's net income for that fiscal year; provided, however, the Fund's Board of Directors, including a majority of the independent directors, may determine to reduce the reimbursable amount in light of any unanticipated, unusual or non-recurring factors. Such reimbursement obligation commences on the fourth fiscal quarter after the Fund's first investment was made.

B. Other Third Party Non-Advisory Fees and Expenses You May Incur

The Fund will incur fees and expenses, other than our advisory fees, which are generally borne pro rata by Fund investors, unless otherwise provided under the Fund Governing Documents. Examples of these other costs and expenses may include: custodian fees; administrative fees; sales charges; interest charges; and brokerage and other transaction costs and other fees to contractors and service providers engaged by the Fund to purchase, develop or manage portfolio assets.

Please refer to the "Brokerage Practices" section below for a more detailed discussion of brokerage practices.

D. Sales Compensation

Independence Realty Securities, LLC, a registered broker-dealer ("Independence Securities") and an affiliate of Independence Realty Advisors, receives compensation for the sale of shares in the Fund. Independence Realty Advisors does not, however, recommend to any persons the advisability of investing in Fund shares.

ITEM 6. PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

Independence Realty Advisors does not receive performance-based fees or manage the accounts of clients other than the Fund. RAIT NTR Holdings, LLC holds special units of the Fund's operating partnership, Independence Operating Partnership, LP. RAIT NTR Holdings, LLC is indirectly wholly-owned by RAIT Financial Trust and, with respect to its special units, does not have any voting rights, approval rights, rights to distributions or any other rights under the partnership agreement other than the right to receive certain fees in connection with the Fund's liquidation or listing on a national stock exchange. RAIT NTR Holdings, LLC has no role in the Fund's operations.

Through RAIT Financial Trust's ownership and control of RAIT NTR Holdings, LLC, RAIT Financial Trust may be entitled to a subordinated participation right based on the redemption of the special units in connection with the Fund's liquidation or listing on a national stock exchange. These payments to RAIT NTR Holdings, LLC are related to the Fund's successful performance and are paid indirectly to the RAIT Financial Trust through this entity for tax reasons that are advantageous to RAIT Financial Trust and that have no impact on the Fund.

ITEM 7. TYPES OF CLIENTS

Independence Realty Advisors provides advisory services exclusively to the Fund. In the future, Independence Realty Advisors may advise other REITs or similar pooled investment vehicles.

ITEM 8. METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Independence Realty Advisors manages the Fund using the methods and strategies, and subject to the risks described in the Fund Governing Documents. In summary, the Fund intends to acquire real estate and real-estate related assets directly, for example, by acquiring fee interests in real property, or by purchasing interests, including controlling interests, in REITs or other “real estate operating companies,” such as real estate management companies and real estate development companies, that own real property. The Fund also may acquire real estate assets through investments in joint venture entities, including joint venture entities in which the Fund may not own a controlling interest. The Fund anticipates that assets generally will be held in wholly and majority-owned subsidiaries of the company, each formed to hold a particular asset.

ITEM 9. DISCIPLINARY INFORMATION

We are required to disclose all material facts regarding any legal or disciplinary events that would be material to the evaluation of Independence Realty Advisors or the integrity of our management. We have not been subject to any legal or disciplinary event that would require disclosure under applicable SEC rules.

ITEM 10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

This section of our brochure describes the activities and relationships that Independence Realty Advisors and our management engage in or have with other financial industry participants. Independence Realty Advisors provides advisory services as described above in “Advisory Business.”

A. Affiliated Broker-Dealers and Investment Advisers

Independence Realty Advisors is, and from time to time may be, affiliated, through common ownership by RAIT Financial Trust, with RAIT Partnership, LP, a registered investment adviser (“RAIT Partnership”), Taberna Capital Management, LLC, a registered investment adviser (“Taberna”) and Independence Realty Securities. Independence Realty Advisors is also affiliated, through common ownership by RAIT Financial Trust, with other investment advisers that advise REITs or other real estate- or mortgage-related funds. These registrations do not imply a certain level of skill or training.

RAIT Partnership's advisory business exclusively consists of providing collateral management services to issuers of Collateralized Debt Obligations (“CDOs”). Taberna provides investment advisory and collateral management services exclusively to issuers of CDOs. Independence Securities serves as the dealer – manager for offerings sponsored by RAIT by IRT and another REIT and may in the future act in a similar capacity for offerings by other RAIT sponsored REITs and other investment vehicles.

Independence Realty Advisors and our commonly controlled affiliates share investment research and information, but each entity also obtains and uses independent research and information in the performance of its respective advisory business. While Independence Realty Advisors, RAIT Partnership and Taberna share managers and officers, IRT has a Board of Directors, a majority of which are not otherwise affiliated with Independence Realty Advisors or its affiliates.

Independence Realty Advisors' relationships with Independence Securities, Taberna and RAIT Partnership may create certain conflicts of interest. However, the primary duty and responsibility of Independence Realty Advisors is to the Fund and its best interests. Independence Realty Advisors will implement policies and procedures designed to mitigate any such conflicts and serve the best interests of the Fund, as further described in the Fund Governing Documents.

B. Other Relationships

Independence Realty Advisors, and our affiliates, may have economic interests (including equity ownership interests) in the Fund. To some extent, such economic interests align our interests with those

of the Fund's shareholders. In some circumstances, such ownership interests may put our interest at odds with the interests of Fund investors, and could incentivize us to take actions that could negatively impact Fund investors including approving, or causing the Fund to approve, making more speculative investments in real estate assets than the Fund would otherwise make in the absence of such economic interests.

Independence Realty Advisors, and our affiliates and associated persons, may have other outside relationships with issuers of securities in which the Fund invests. Independence Realty Advisors, and our affiliates, may, in our discretion, make investment decisions that may be the same as or different from those made with respect to the Fund's investments. For example, we may make investments on behalf of the Fund in securities or other assets that we have declined to invest in for the accounts of other REITs.

Independence Realty Advisors, and/or our affiliates, may engage in principal transactions with the Fund provided we obtain the consent of the Fund's Board of Directors, including a majority of the independent members thereof.

We may also, with the consent of the Fund's Board of Directors, including a majority of the independent members thereof, enter into agency cross-transactions where we, or one of our affiliates, acts as broker for the Fund and for the other party to the transaction, to the extent permitted by applicable law. In connection with such agency cross-transactions, if one of our affiliates acts as a broker, such affiliate may have the right to receive commissions from one or both parties in the transaction.

ITEM 11. CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Independence Realty Advisors will adopt a Code of Conduct and Code of Ethics. The primary duty and responsibility of Independence Realty Advisors is to the Fund and its best interests. We are dedicated to performing our services and fulfilling our obligations to the Fund with the highest standards of integrity, conduct and professional execution in pursuit of these goals. The Code of Conduct and Code of Ethics will identify conduct which could compromise these objectives, or has an appearance of impropriety, and detect and prevent such conduct, including the mishandling of material non-public information. In principal part, our Code of Ethics will seek to promote desirable conduct through policies affecting the personal trading by certain employees, officers and other associated persons ("access persons").

Access persons of Independence Realty Advisors interested in trading securities for their own accounts (including accounts of their family members and affiliates) must adhere to guidelines in the Code of Ethics. Trading by access persons will be monitored on an ongoing basis and our Code of Ethics and related compliance procedures will be designed to reasonably prevent conflicts of interest between our employees and our clients. Independence Realty Advisors will provide a copy of our Code of Ethics to any client or prospective client upon request.

Although the Code of Ethics will permit investment personnel to trade in securities, including those that could be recommended as assets of the Fund, it will contain significant safeguards designed to protect the Fund from abuses in this area such as requirements to obtain prior approval for any non-exempted personal securities transaction. Independence Realty Advisors and our affiliates may recommend securities in which we or a related party invest or have a material financial interest. Additionally, we may recommend securities to the Fund at or about the same time that we or a related party buy or sell the same securities for ourselves or for another client. These and related conflicts of interests are discussed above in "Other Financial Industry Activities and Affiliations – Other Relationships."

The policies and procedures of Independence Realty Advisors also seek to prevent insider trading and the misuse of client information as well as provide guidelines for outside activities of investment personnel, and receiving/giving gifts and entertainment.

ITEM 12. BROKERAGE PRACTICES

A. Best Execution

Independence Realty Advisors seeks to place trades with brokers and dealers that provide best execution to the Fund. The level of trade commission or spread is not the sole determinant of best execution. Price, discretion, efficiency, commitment of capital, and other factors may be equally or more important to the overall quality of execution and, accordingly, Independence Realty Advisors is authorized to consider all factors it determines to be relevant.

B. Research and Other Soft Dollar Benefits

Independence Realty Advisors does not receive research or other products or services other than execution from any unaffiliated broker-dealers or third parties in connection with securities transactions for the Fund's assets.

C. Brokerage for Client Referrals and Directed Brokerage

Independence Realty Advisors does not direct securities transactions to any broker-dealer in exchange for client referrals or any other consideration.

D. Trade Aggregation or Allocation Policy

Independence Realty Advisors currently manages only the Fund. If Independence Realty Advisors in the future advises securities transactions for other clients, Independence Realty Advisors will establish policies and procedures to promote trading practices that are fair to all eligible clients over time.

ITEM 13. REVIEW OF ACCOUNTS

A. Account Reviews

The Fund is currently the only client of Independence Realty Advisors. Independence Realty Advisors monitors all aspects of the Fund's portfolio on an ongoing basis, with such periodicity or continuity as Independence Realty Advisors determines to be necessary or appropriate.

B. Reports to Clients

Independence Realty Advisors reports to the Fund's Board of Directors on a regular basis, and as requested.

ITEM 14. CLIENT REFERRALS AND OTHER COMPENSATION

Whereas, our business is to provide advisory services to the Fund, Independence Realty Advisors does not seek client referrals and, accordingly does not currently compensate, directly or indirectly, anyone for referring clients to us.

Any personal benefit (gift) in excess of \$100 which an employee or immediate family member exchanges with a service provider to the Fund or its personnel must be reported within three days to the CCO, who will consider whether a conflict of interest has or may have been created.

Independence Realty Advisors does not currently accept economic benefits from unaffiliated non-clients for providing advisory services to our clients.

Please see “Other Financial Industry Activities and Affiliations” for additional disclosures regarding affiliated brokers.

ITEM 15. CUSTODY

Independence Realty Advisors is deemed to have custody of Fund assets because its fees are calculated by its own personnel or personnel of one of its affiliates, and paid directly from the assets of the Fund. Independence Realty Advisors seeks to comply with Rule 206(4)-2 under the Advisers Act by complying with subsection (b)(4) of that Rule, namely, by virtue of the Fund sending timely annual audited financial statements to its shareholders.

ITEM 16. INVESTMENT DISCRETION

As described above in “Advisory Business” Independence Realty Advisors has discretionary authority with respect to Fund investments, subject to the authority and supervision of the Fund’s Board of Directors.

ITEM 17. VOTING CLIENT SECURITIES

Independence Realty Advisors does not expect to invest in equity voting securities on behalf of the Fund and accordingly has not adopted a Proxy Voting Policy. From time to time, bonds in which the Fund invests may entitle the Fund to certain bondholder or creditor consent rights. Any such rights would be exercised by Independence Realty Advisors in accordance with the Advisory Agreement.

ITEM 18. FINANCIAL INFORMATION

Independence Realty Advisors is required in this section to provide you with certain disclosures about our financial condition. We have no financial commitment that impairs our ability to meet contractual commitments to clients, and have not been the subject of bankruptcy proceedings.