PREFERRED APARTMENT COMMUNITIES INC
Form POS AM
April 13, 2012

As filed with the Securities and Exchange Commission on April 13, 2012

Registration No. 333-176604

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Pre-Effective Amendment No. 1 to
Post-Effective Amendment No. 2 to
Form S-11
REGISTRATION STATEMENT
UNDER THE SECURITIES ACT OF 1933 OF
SECURITIES OF CERTAIN REAL ESTATE COMPANIES

PREFERRED APARTMENT COMMUNITIES, INC.

(Exact Name of Registrant as Specified in its Governing Instruments)

3625 Cumberland Boulevard, Suite 400
Atlanta, Georgia 30339
(770) 818-4100

(Address, Including Zip Code, and Telephone Number,
Including Area Code, of Registrant s Principal Executive Offices)

John A. Williams
PREFERRED APARTMENT COMMUNITIES, INC.
3625 Cumberland Boulevard, Suite 400
Atlanta, Georgia 30339
(770) 818-4100

(Name, Address, Including Zip Code, and Telephone Number,
Including Area Code, of Agent for Service)

With copies to:

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Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date of this Registration Statement.

If any of the Securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act, check the following box. x

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

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

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

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. o

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 o	Accelerated filer o	Non-accelerated filer x (Do not check if a smaller reporting company)	Smaller reporting company o

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

This Post-Effective Amendment No. 2 consists of the following:

Supplement No. 1, dated April 13, 2012, included herewith, which will be delivered as an unattached document along with the Registrant s Prospectus referred to below;
Registrant s Prospectus, dated November 18, 2011, previously filed pursuant to Rule 424(b)(3) on November 18, 2011 and included herewith;
Part II to this Post-Effective Amendment No. 2, included herewith; and
Signatures, included herewith.

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PREFERRED APARTMENT COMMUNITIES, INC.

SUPPLEMENT NO. 1, DATED APRIL 13, 2012, TO THE PROSPECTUS, DATED NOVEMBER 18, 2011

This prospectus supplement (this Supplement No. 1) is part of the prospectus of Preferred Apartment Communities, Inc. (the Company), dated November 18, 2011 (the Prospectus). This Supplement No. 1 should be read, and will be delivered, with the Prospectus.

The purpose of this Supplement No. 1 is to:

disclose updated operating information, including the status of the offering, the Units currently available for sale, the status of distributions, the status of fees paid to the Company s manager, and the Company s real estate investment summary;

revise disclosure relating to the subscription procedures, including the elimination of the escrowing of money for settlements through the Depository Trust Company with respect to subscriptions for the Units;

update the number of shares authorized under the Company s charter;

update the time up to which the warrants may be exercised;

disclose the Company s entrance into an amended and restated warrant agreement;

update information with respect to the Company s directors disclosed in its charter;

update certain information with respect to the agreement of limited partnership of the Company s operating partnership;

update certain information with respect to sales of Units to investors whose contracts for investment advisory and related brokerage services include a fixed or wrap fee feature;

update Appendix B form of Subscription Agreement; and

add Appendix C form of Depository Trust Company Settlement Subscription Agreement.

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OPERATING INFORMATION

Status of the Offering

We commenced our reasonable best efforts public offering of up to 150,000 Units, with each Unit consisting of one share of Series A Redeemable Preferred Stock and one detachable warrant to purchase 20 shares of the our Common Stock, on November 18, 2011. On March 30, 2012, we satisfied the escrow conditions of our public offering. On such date, we received and accepted aggregate subscriptions in excess of $2.0 million and issued 2,155 shares of Series A Redeemable Preferred Stock and 2,155 warrants to our new Series A Redeemable Preferred Stock stockholders.

We will offer Units until December 31, 2012, which may be extended through December 31, 2013, in our sole discretion, provided that the offering will be terminated if all the 150,000 Units are sold before such date.

On April 12, 2012, the last reported sale price of our common stock on the NYSE AMEX was $7.89 per share.

Units Currently Available for Sale

As of April 13, 2012, there were 2,155 shares of Series A Redeemable Preferred Stock and 2,155 warrants outstanding. As of April 13, 2012, there were 147,845 shares of Series A Redeemable Preferred Stock and 147,845 warrants available for sale.

Status of Distributions

In order to obtain and maintain our status as a real estate investment trust for U.S. federal income tax purposes, or REIT, we must comply with a number of organizational and operating requirements, including a requirement to distribute 90% of our annual REIT taxable income to our stockholders. As a REIT, we generally will not be subject to federal income taxes on the taxable income we distribute to our stockholders. Generally, our objective is to meet our short-term liquidity requirement of funding the payment of our quarterly Common Stock dividends to stockholders through net cash generated from operating results, as well as monthly dividends to holders of our Series A Redeemable Preferred Stock.

For the 12-month period ended December 31, 2011, our dividend activity was:

Declaration date	Dividend per share of Common Stock	Record date	Payment date	Total amount paid
5/5/2011	$ 0.125	6/30/2011	7/15/2011	$ 646,487
8/4/2011	0.125	9/30/2011	10/17/2011	646,675
11/10/2011	0.125	12/30/2011	1/17/2012	646,916
	$ 0.375			$ 1,940,078

On February 2, 2012, our board of directors approved, and we declared, a quarterly common stock dividend of $0.13 per share, an increase of 4% from the previous quarter, payable on April 16, 2012 to stockholders of record on March 30, 2012. For the remainder of 2012, we currently expect to maintain a quarterly dividend payment to holders of our Common Stock of $0.13 per share. On April 13, 2012, our board of directors approved, and we declared, a dividend of

$5.33 per share of Series A Redeemable Preferred Stock payable to stockholders of record on April 30, 2012. To the extent we continue to pay dividends at these rates, we expect to use cash available for distribution, or CAD, to fund the dividend payments our stockholders. If CAD is not sufficient to meet our anticipated dividend payment rates, we would need to use our working capital and dividend reserve to fund dividend payments. Our board of directors will review the common stock dividend quarterly, and there can be no assurance that the current common stock dividend level will be maintained. Dividends can be paid as a combination of cash and stock in order to satisfy the annual distribution requirements applicable to REITs. We believe that CAD will be sufficient to meet the dividend requirements necessary to maintain our REIT status under the Internal Revenue Code of 1986, as amended.

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Status of Fees Paid

Through April 10, 2012, we have incurred approximately $1.6 million for organization and offering expenses related to our offering of Units and for the year to date through March 31, 2012, we have paid our manager approximately $100,000 for property management fees, $128,000 for asset management fees, and $53,000 for general and administrative fees.

Real Estate Investment Summary

As of the date of this Supplement No. 1, we have not made any additional real estate investments not disclosed in the Prospectus.

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PROSPECTUS UPDATES

Settlement Methods; Escrow Changes

The following disclosure replaces in its entirety the penultimate paragraph on the cover page of the Prospectus.

We will sell Units through the following settlement methods: Direct Registration System settlement, or DRS Settlement; or Depository Trust Company, or DTC, settlement, or DTC Settlement. We will deposit all subscription agreements and, in connection with DRS Settlement subscriptions only, subscription payments which will be held in trust for the subscriber s benefit pending release to us as described herein, in an escrow account held by the escrow agent, UMB Bank N.A. Subscription payments for the sale of Units through DTC Settlement will not be held in escrow; instead, such subscription payments will be made by delivery on the closing date for the purchase of such Units by the subscriber in connection with delivery versus payment transactions processed by our dealer manager and the subscriber s registered representative.

Secondary Investment Strategy

The following disclosure replaces in its entirety the following sentences in the Prospectus: (i) the third sentence in the first paragraph under the section entitled Prospectus Summary Our Company on page 1 of the Prospectus; (ii) the second sentence in the first paragraph under the section entitled Management s Discussion and Analysis of Financial Condition and Results of Operation Overview on page 74 of the Prospectus; (iii) the third sentence in the first paragraph under the section entitled Business Our Company on page 95 of the Prospectus; (iv) the fourth sentence in the first paragraph under note 1 to the Notes to Consolidated Financial Statements, September 30, 2011, on page F-6 of the Prospectus; and (v) the third sentence in the second paragraph under note 1 to the Notes to Unaudited Pro Forma Consolidated Statements of Operations on page F-35 of the Prospectus.

As a secondary strategy, we also may acquire senior mortgage loans, subordinate loans or mezzanine debt secured by interests in multifamily properties, membership or partnership interests in multifamily properties and other multifamily related assets and invest not more than 10% of our total assets in other real estate related investments, as determined by our manager as appropriate for us.

Description of Securities

The following disclosure replaces the first sentence of the second paragraph under the section entitled Description of Securities General on page 151 of the Prospectus.

Our charter authorizes us to issue up to 400,066,666 shares of common stock, $0.01 par value per share, and 15,000,000 shares of undesignated preferred stock, $0.01 par value per share.

The following disclosure replaces the first three paragraphs under the section entitled Description of Securities Common Stock Warrants on page 155 of the Prospectus.

The following is a brief summary of the Warrants and is subject to, and qualified in its entirety by, the terms set forth in the amended and restated warrant agreement and global warrant certificate filed with the SEC as exhibits to the registration statement, of which this prospectus is a part.

Amended and Restated Warrant Agreement. The Warrants to be issued in this offering will be governed by an amended and restated warrant agreement, or the Warrant Agreement, between us and Computershare Trust Company, N.A., as agent for our company in respect of the Warrants. The Warrants shall be issued by book-entry only form to the DTC and evidenced by one or more global warrants. Those investors who own beneficial interests in a global warrant do so through participants in DTC s system, and the rights of these indirect owners will be governed solely by the applicable procedures of DTC and its participants. The Warrants may be exercised by notifying a broker who is a DTC participant prior to the expiration of such Warrants and providing payment of the exercise price for the shares of our common stock for which such warrants are being exercised. The foregoing description of the terms of the Warrant Agreement is subject to the detailed provisions of the Warrant Agreement.

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Exercisability. Holders may exercise the Warrants at any time beginning one year from the date of issuance up to 5:00 p.m., New York time, on the date that is four years after the date of issuance. The Warrants are exercisable, at the option of each holder, in whole, but not in part, by delivering to us a duly executed exercise notice accompanied by payment in full for the number of shares of our common stock purchased upon such exercise (except in the case of a cashless exercise in the circumstances discussed below). Each Warrant is exercisable for 20 shares of our common stock (subject to adjustment, as discussed below). The holder of Warrants does not have the right to exercise any portion of the Warrant if the holder would beneficially own in excess of 9.8% in value of the shares of our capital stock outstanding or in excess of 9.8% (in value or number of shares, whichever is more restrictive) of the shares of our common stock outstanding immediately after giving effect to such exercise.

Summary of Our Organizational Documents

The following disclosure replaces the first paragraph under the section entitled Summary of Our Organizational Documents Board of Directors on page 164 of the Prospectus.

Under our organizational documents, we must have at least two but not more than ten directors. A director may resign at any time. A director may be removed from office with or without cause by the affirmative vote of the holders of not less than 66-2/3% of the total voting power of all outstanding common stock of the Company. A vacancy on the board caused by the death, removal or resignation of a director or by an increase in the number of directors, within the limits described above, may be filled by the vote of a majority of the remaining directors whether or not the voting directors constitute a quorum.

Summary of Our Operating Partnership Agreement

The following disclosure replaces the third paragraph under the section entitled Summary of Our Partnership Agreement Description of Partnership Units Limited Partnership Units Generally beginning on page 168 of the Prospectus.

Distributions on the Series A Redeemable Preferred Units, each Class A Unit and each Class B Unit (and GP Unit) are as set forth in the operating partnership agreement. See the section entitled Distributions below for a detailed discussion on this subject. In addition, a portion of the items of income, gain, loss and deduction of the operating partnership for U.S. federal income tax purposes may be allocated to a limited partnership unit, regardless of whether any distributions are made by the operating partnership. See the section entitled Material U.S. Federal Income Tax Considerations Tax Aspects of Investments in Partnerships included elsewhere in this prospectus for a description of the manner in which income, gain, loss and deductions are allocated under the operating partnership agreement. As general partner, we may amend the allocation and distribution sections of the operating partnership agreement to reflect the issuance of additional units and classes of units without the consent of the limited partners.

The following disclosure replaces the fourth paragraph under the section entitled Summary of Our Partnership Agreement Distributions on page 174 of the Prospectus.

The return calculation described above applies to all distributions received and not just distributions of net sale proceeds. Achievement of a particular threshold, therefore, is determined with reference to all prior distributions made by our operating partnership to any limited partners, and to us, which we may then distribute to our stockholders.

The following disclosure replaces the second bullet point of the second paragraph under the section entitled Summary of Our Partnership Agreement Allocations on page 174 of the Prospectus.

thereafter, in such a manner that the capital accounts of each partner, immediately after making such allocation, is, as nearly as possible, equal proportionately to (i) the distributions that would be made to such partner if the operating partnership were dissolved, its affairs wound up and its assets were sold for cash, all operating partnership liabilities were satisfied, and the net assets of the operating partnership were distributed to the partners immediately after making such allocation, minus (ii) such partner s share of partnership minimum gain, partner nonrecourse debt minimum gain and any amount the partner would be required to contribute to partnership capital, all computed immediately prior to such hypothetical sale of assets.

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Plan of Distribution

The following disclosure replaces in its entirety the third paragraph under the section entitled Plan of Distribution General on page 203 of the Prospectus.

We will sell Units through the following settlement methods: DRS Settlement; or DTC Settlement. We will deposit all subscription agreements and, in connection with DRS Settlement subscriptions only, subscription payments which will be held in trust for the subscriber s benefit pending release to us as described herein, in an escrow account held by the escrow agent, UMB Bank N.A. Subscription payments for the sale of Units through DTC Settlement will not be held in escrow; instead, such subscription payments will be made by delivery on the closing date for the purchase of such Units by the subscriber in connection with delivery versus payment transactions processed by our dealer manager and the subscriber s registered representative. See Subscription Procedures for a description of the subscription procedures with respect to each of these settlement methods.

The following disclosure is added as a new paragraph at the end of the section entitled Plan of Distribution Compensation of Dealer Manager and Participating Broker-Dealers on page 204 of the Prospectus.

We will not pay any selling commissions, but will pay dealer manager fees, in connection with the sale of Units to investors whose contracts for investment advisory and related brokerage services include a fixed or wrap fee feature. Investors may agree with their participating brokers to reduce the amount of selling commissions payable with respect to the sale of their Units down to zero (i) if the investor has engaged the services of a registered investment advisor or other financial advisor who will be paid compensation for investment advisory services or other financial or investment advice, or (ii) if the investor is investing through a bank trust account with respect to which the investor has delegated the decision-making authority for investments made through the account to a bank trust department. The net proceeds to us will not be affected by reducing the commissions payable in connection with such sales. Neither our dealer manager nor its affiliates will directly or indirectly compensate any person engaged as an investment advisor or a bank trust department by a potential investor as an inducement for such investment advisor or bank trust department to advise favorably for an investment in Units.

The following disclosure replaces in its entirety the disclosure under the heading Plan of Distribution Subscription Procedures on page 205 of the Prospectus.

Subscription Procedures

You have the option to decide whether to use DRS Settlement or DTC Settlement to purchase Units in this offering. If you elect to use DRS Settlement, you should complete and sign the Direct Registration System Settlement Subscription Agreement similar to the one incorporated in this prospectus as Appendix B, which is available from your registered representative and which will be delivered to the escrow agent. In connection with a DRS Settlement subscription, you should pay the full purchase price of the Units to the escrow agent as set forth in the subscription agreement. Subscribers may not withdraw funds from the escrow account. If you elect to use DTC Settlement, you can: (i) complete and sign the Depository Trust Company Settlement Subscription Agreement similar to the one incorporated in this prospectus as Appendix C, which is available from your registered representative and which will be delivered to the escrow agent; or (ii) place an order for the purchase of Units through your registered representative. In connection with a DTC Settlement, you should coordinate with your registered representative to pay the full purchase price of the Units. Subscriptions will be effective upon our acceptance, and we reserve the right to reject any subscription in whole or in part. **Irrespective of whether you subscribe for Units using DRS Settlement or DTC Settlement, by accepting Units you will be deemed to have accepted the terms of our charter.**

Subject to compliance with Rule 15c2-4 of the Exchange Act, in connection with DRS Settlement subscriptions, our dealer manager or the broker-dealers participating in the offering promptly will deposit any checks received from subscribers in an escrow account maintained by UMB Bank N.A. on the next business day following receipt of the subscriber s subscription documents and check. In certain circumstances where the subscription review procedures are more lengthy than customary or pursuant to a participating broker-dealer s internal supervising review procedures, a subscriber s check will be transmitted by the end of

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the next business day following receipt by the review office of the dealer, which will then be promptly deposited by the end of the next business day following receipt by the review office. Any subscription payments received by the escrow agent will be deposited into a special non-interest bearing account in our name until such time as we have accepted or rejected the subscription and will be held in trust for your benefit, pending our acceptance of your subscription. Subscriptions will be accepted or rejected within 10 business days of receipt by us and, if rejected, all funds shall be returned to the rejected subscribers within 10 business days. If accepted, the funds will be transferred into our general account on our next closing date. You will receive a confirmation of your purchase. We generally will admit stockholders on a monthly basis.

Subscription payments for the sale of Units through DTC Settlement will not be held in escrow; instead, such subscription payments will be made by delivery on the closing date for the purchase of such Units by the subscriber in connection with delivery versus payment transactions processed by our dealer manager and the subscriber s registered representative.

Each participating dealer who sells shares on our behalf has the responsibility to make every reasonable effort to determine that the purchase of shares is appropriate for the investor. In making this determination, the participating broker-dealer will rely on relevant information provided by the investor, including information as to the investor s age, investment objectives, investment experience, income, net worth, financial situation, other investments and other pertinent information. Each investor should be aware that the participating broker-dealer will be responsible for determining whether this investment is appropriate for your portfolio. However, you are required to represent and warrant in the subscription agreement or, if placing an order through your registered representative not through a subscription agreement in connection with a DTC Settlement subscription, to the registered representative, that you have received a copy of this prospectus and have had sufficient time to review this prospectus. International Assets Advisory, LLC and each participating broker-dealer shall maintain records of the information used to determine that an investment in the Units is suitable and appropriate for an investor. These records are required to be maintained for a period of at least six years.

The disclosure under the heading Plan of Distribution Minimum Offering on page 205 of the Prospectus is deleted in its entirety.

Incorporation of Certain Information by Reference

The following section is added following the section entitled Where you can Find Additional Information on page 207 of the Prospectus.

INCORPORATION OF CERTAIN INFORMATION BY REFERENCE

We have elected to incorporate by reference certain information into this prospectus. By incorporating by reference, we are disclosing important information to you by referring you to documents we have filed separately with the SEC. The information incorporated by reference is deemed to be part of this prospectus.

The following documents filed with the SEC are incorporated by reference in this prospectus, except for any document or portion thereof deemed to be furnished and not filed in accordance with SEC rules:

Annual Report on Form 10-K for the fiscal year ended December 31, 2011 filed with the SEC on March 15, 2012;
Current Report on Form 8-K filed with the SEC on April 2, 2012; and
Definitive Proxy Statement in respect of our 2012 meeting of stockholders filed with the SEC on March 23, 2012.

The section entitled Where you can Find Additional Information above describes how you can obtain or access any documents that we have incorporated by reference herein. The information relating to us contained in this prospectus does not purport to be comprehensive and should be read together with the information contained in the documents incorporated or deemed to be incorporated by reference in this prospectus.

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Appendix B Form of Direct Registration System Settlement Subscription Agreement

The form of Subscription Agreement contained on pages B-1 to B-12 of the Prospectus is hereby replaced in its entirety with the revised form of Direct Registration System Settlement Subscription Agreement attached to this Supplement No. 1 as Appendix B. The form of Direct Registration System Settlement Subscription Agreement supersedes and replaces the form of Subscription Agreement contained in the Prospectus.

Appendix C Form of Depository Trust Company Settlement Subscription Agreement

The form of Depository Trust Company Settlement Subscription Agreement attached to this Supplement No. 1 as Appendix C is added to the Prospectus.

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PREFERRED APARTMENT COMMUNITIES, INC.

INSTRUCTION PAGE

We, Preferred Apartment Communities, Inc., are selling up to a maximum of 150,000 Units ($150,000,000) in connection with this offering (the Offering).

Funds in the escrow account will be held in a non-interest bearing account.

Your broker-dealer or registered investment advisor should MAIL properly completed and executed ORIGINAL documents, along with your check payable to UMB Bank N.A., Escrow Agent for Preferred Apartment Communities, Inc. to UMB Bank, National Association at the following address or with a wire using the following instructions:

Address:

UMB Bank, National Association
1010 Grand Boulevard, 4th Floor
Mail Stop: 1020409
Kansas City, Missouri 64106
Attention: Lara Stevens, Corporate Trust
Phone: (816) 860-3017
Fax: (816) 860-3029

Wire Instructions:

UMB Bank, N.A.
ABA No: 101000695
Acct No: 9800006823
Acct Name: Trust Clearance
Reference: 138242 Preferred Apt Communities
Attn: Lara Stevens

*For IRA Accounts, mail investor signed documents to the IRA Custodian for signatures.

Instructions to Subscribers

Section 1: Indicate investment amount (**Make all checks payable to UMB Bank N.A., Escrow Agent for Preferred Apartment Communities, Inc.**)

Section 2: Choose type of ownership

Non-Custodial Ownership

Accounts with more than one owner must have ALL PARTIES SIGN where indicated on page 3.
Be sure to attach copies of all plan documents for Pension Plans, Trusts or Corporate Partnerships required in section 2.

Custodial Ownership

For New IRA/Qualified Plan Accounts, please complete the form/application provided by your custodian of choice in addition to this subscription document and forward to the custodian for processing.

For existing IRA Accounts and other Custodial Accounts, information must be completed BY THE CUSTODIAN. Have all documents signed by the appropriate officers as indicated in the Corporate Resolution (which are also to be included).

Section 3: All names, addresses, dates of birth, Social Security or Tax I.D. numbers of all investors or Trustees

Section 4: Choose Dividend Allocation option

Section 6: To be signed and completed by your Financial Advisor (be sure to include CRD number for Financial Advisor and Broker Dealer Firm and the Branch Manager s signature)

Section 7: Have **ALL** investors initial and sign where indicated

Section 8: All investors must complete and sign the substitute W9

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PREFERRED APARTMENT COMMUNITIES, INC. SUBSCRIPTION AGREEMENT

1. INVESTMENT

o I/WE AM/ARE DIRECTORS, OFFICERS, EMPLOYEES OR OTHER INDIVIDUALS ASSOCIATED WITH THE COMPANY OR A FAMILY MEMBER OF ONE OF THE FOREGOING.

o CHECK HERE IF ADDITIONAL PURCHASE AND COMPLETE NUMBER 3 BELOW.

Payment Instructions: Make all checks payable to UMB Bank N.A., Escrow Agent for Preferred Apartment Communities, Inc.

Number of Units purchased: _____
Purchase price per Unit: $_____
Aggregate purchase price: $ _____

Brokerage Account No.:
_____
(If applicable)

NOTE: Cash, cashier s checks/official bank checks in bearer form, foreign checks, money orders, third party checks, or traveler s checks will not be accepted.

2. FORM OF OWNERSHIP (*Please choose <u>one</u> option within the Non-Custodial Ownership column, or within the Custodial Ownership column)*

<u>Non-Custodial Ownership</u>

Individual o

Joint Tenant *(Joint accounts will be registered as joint tenants with rights of survivorship unless otherwise indicated)* o

Tenants in Common o

TOD *Optional designation of beneficiaries for individual joint owners with rights of survivorship or tenants by the entireties. (Please complete Transfer on Death Registration Form which you can obtain from International Assets Advisory, LLC)* o

Corporation or Partnership *(Authorized signature required. Include Corporate Resolution or Partnership Agreement, as applicable)* o

Uniform Gift/Transfer to Minors (UGMA/UTMA) o

Under the UGMA/UTMA of the State of
_____

<u>Custodial Ownership</u>

Third Party Administered Custodial Plan
(new IRA accounts will require an additional application)
o **IRA** o **ROTH/IRA**
o **Simple Employee Pension (S.E.P.)** o **IRA** o **SIMPLE**
o **OTHER (specify)** _____
Name of Custodian:
_____

Mailing Address:
_____

City, State Zip:
_____

Custodian Information *(To be completed by Custodian above)*

Custodian Tax ID #:
_____
Custodian Account #:
_____

Pension or Other Retirement Plan *(Include Plan Documents)* o
Trust *(Include title and signature pages of Trust Documents)* o
Other o _____ (Include title and signature pages)

Custodian Phone #:
_____

3. INVESTOR INFORMATION (Please print name(s) in which Units are to be registered.)

A. Individual/Trust/Beneficial Owner

First Name: _____ Middle Name: _____

Last Name: _____ **Tax ID or SS#**: _____

Street Address: _____ City: _____ State: _____ Zip: _____

Date of Birth: (mm/dd/yyyy): ____/____/_____
If Non-U.S. Citizen, specify Country of Citizenship:
_____

Daytime Phone #:_____

U.S. Driver s License Number (if available):_____ State of Issue: _____

Issue Date: _____ Expiration Date: _____

Email Address: _____

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B. Joint Owner/Co-Trustee/Minor

First Name: _____ Middle Name: _____

Last Name: _____ **Tax ID or SS#**: _____

Street Address: _____ City: _____ State: _____ Zip: _____

Date of Birth: (mm/dd/yyyy): ____/____/_____

If Non-U.S. Citizen, specify Country of Citizenship: _____

Daytime Phone #:_____

U.S. Driver s License Number (if available):_____ State of Issue: _____

Issue Date: _____ Expiration Date: _____

Email Address: _____

C. Residential Street Address *(This section must be completed for verification purposes if mailing address in section 3A is a P.O. Box)*

Street Address: _____

City: _____ State: _____ Zip: _____

D. Trust/Corporation/Partnership/Other *(Trustee s information must be provided in sections 3A and 3B)*

Date of Trust: ___/__/_____

Entity Name/Title of Trust: _____

Tax ID Number: _____

E. Government ID *(Foreign Citizens only)* *Identification documents must have a reference number and photo. Please attach a photocopy.*

Place of Birth: _____ _____ _____

City State/Providence Country

Immigration Status: Permanent resident o Non-permanent resident o Non-resident o

Check which type of document you are providing:

o U.S. Driver s License o INS Permanent resident alien card o Passport with U.S. Visa o Employment Authorization Document

o Passport without U.S. Visa

Bank Name (required): _____ Account No. (required): _____

o Foreign national identity documents

Bank address (required): _____ Bank Phone No. (required):_____

Number for the document checked above and country of issuance:

_____

F. Employer: _____

Retired: o

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4. DISTRIBUTIONS ***(Select only one; If nothing is marked, will default to Credit Dividend to Custodian (including IRA) or Clearing Firm/Platform of Record or Mail Check to the Address of Record, as applicable)***

Complete this section to elect how to receive your dividend distributions.

IRA accounts may not direct distributions without the custodian s approval.

I hereby subscribe for Units of Preferred Apartment Communities, Inc. and elect the distribution option indicated below:

FOR CUSTODIAL OR CLEARING FIRM/PLATFORM ACCOUNTS:

A. ____ Credit Dividend to Custodian (including IRA) or Clearing Firm/Platform of Record

FOR NON-CUSTODIAL OR NON-CLEARING FIRM/PLATFORM ACCOUNTS:

A. ____ **Mail Check** to the Address of Record

B. ____ **Cash/Direct Deposit** *(Please attach a pre-printed voided check (Non-Custodian Investors only)*. I authorize Preferred Apartment Communities, Inc. or its agent to deposit my distribution/dividend to my checking or savings account. This authority will remain in force until I notify Preferred Apartment Communities, Inc. in writing to cancel it. If Preferred Apartment Communities, Inc. deposits funds erroneously into my account, they are authorized to debit my account for an amount not to exceed the amount of the erroneous deposit.

Name/Entity Name/Financial Institution:

_____

Mailing Address: _____City: _____ State: _____ Zip:_____

Account Number: _____ Your Bank s ABA/Routing Nbr: _____

Your Bank s Account Number: _____

Checking Acct: _____ Savings Acct: _____

PLEASE ATTACH COPY OF VOIDED CHECK TO THIS FORM IF FUNDS ARE TO BE SENT TO A BANK

* The above services cannot be established without a pre-printed voided check. For electronic funds transfers, signatures of bank account owners are required exactly as they appear on the bank records. If the registration at the bank differs from that on this Subscription Agreement, all parties must sign below.

Owner Signature _____ Date _____

Co-Owner Signature *(if applicable)* _____ Date _____

5. ELECTRONIC DELIVERY ELECTION

o Check the box if you consent to the **electronic delivery of documents**, including the prospectus, prospectus supplements, annual and quarterly reports, and other stockholder communication and reports. **E-mail address in Section 3 is required**. Please carefully read the following representations before consenting to receive documents electronically. By checking this box and consenting to receive documents electronically, you represent the following:

(a) I acknowledge that access to both Internet e-mail and the World Wide Web is required in order to access documents electronically. I may receive by e-mail notification the availability of a document in electronic format. The notification e-mail will contain a web address (or hyperlink) where the document can be found. By entering this address into my web browser, I can view, download and print the document from my computer. I acknowledge that there may be costs associated with the electronic access, such as usage charges from my Internet provider and telephone provider, and that these costs are my responsibility.

(b) I acknowledge that documents distributed electronically may be provided in Adobe s Portable Document Format (PDF). The Adobe Reader® software is required to view documents in PDF format. The Reader software is available free of charge from Adobe s web site at *www.adobe.com.* The Reader software must be correctly installed on my system before I will be able to view documents in PDF format. Electronic delivery also involves risks related to system or network outage that could impair my timely receipt of or access to stockholder communications.

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(c) I acknowledge that I may receive at no cost from Preferred Apartment Communities, Inc. a paper copy of any documents delivered electronically by calling my Financial Advisor.

(d) I understand that if the e-mail notification is returned to Preferred Apartment Communities, Inc. as undeliverable, a letter will be mailed to me with instructions on how to update my e-mail address to begin receiving communication via electronic delivery. I further understand that if Preferred Apartment Communities, Inc. is unable to obtain a valid e-mail address for me, Preferred Apartment Communities, Inc. will resume sending a paper copy of its filings by U.S. mail to my address of record.

(e) I understand that my consent may be updated or cancelled, including any updates in e-mail address to which documents are delivered, at any time by calling my Financial Advisor.

6. BROKER-DEALER/FINANCIAL ADVISOR INFORMATION (All fields must be completed)

The financial advisor must sign below to complete order. The financial advisor hereby represents and warrants that he/she is duly licensed and may lawfully sell Units of Preferred Apartment Communities, Inc.

BROKER-DEALER: _____ **Financial Advisor Name/RIA:** _____

Mailing Address: _____

City: _____ State: _____ Zip: _____

Business No. (required) _____

Financial Advisor E-mail Address (required): _____

Fax No.:_____

Broker-Dealer CRD Number: _____ Financial Advisor CRD Number:_____

o **RIA Submission** Check this box to indicate whether submission is made through the Registered Investment Advisor (RIA) in its capacity as the RIA and not in its capacity as a Registered Representative of a Broker-Dealer, if applicable, whose agreement with the subscriber includes a fixed or wrap fee feature for advisory and related brokerage services. If an owner or principal or any member of the RIA firm is a FINRA licensed Registered Representative affiliated with a Broker-Dealer, the transaction should be completed through that Broker-Dealer, not through the RIA.

I acknowledge that (1) by checking the above box or (2) if the sale of Units pursuant to this Subscription Agreement is to our directors, officers, employees and other individuals associated with us and members of their families, I WILL NOT RECEIVE A SALES COMMISSION. Further, I acknowledge that if the sale of Units pursuant to this Subscription Agreement is to a holder of interests in one or both of the Funds, I WILL RECEIVE A REDUCED SELLING COMMISSION.

The undersigned further represents and certifies that in connection with this subscription for Units, he/she has complied with and has followed all applicable policies and procedures under his firm s existing Anti-Money Laundering Program and Customer Identification Program.

Financial Advisor and /or RIA Signature: _____ Date: _____

Branch Manager

Signature:_____ Date: _____

PLEASE ATTACH COPY OF VOIDED CHECK TO THIS FORM IF FUNDS ARE TO BE SENT TO A BANK

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7. SUBSCRIBER ACKNOWLEDGEMENTS AND SIGNATURES

The undersigned hereby confirms her/his/its agreement to purchase the Units on the terms and conditions set forth herein and acknowledges and/or represents (or in the case of fiduciary accounts, the person authorized to sign on such subscriber s behalf) the following: (**you must initial each of the representations below**)

_____ Owner	_____ **Co-Owner**	a) I/We have received the final prospectus of Preferred Apartment Communities, Inc.
_____ Owner	_____ **Co-Owner**	b) I/We accept the terms of the charter, as amended, of Preferred Apartment Communities, Inc.
_____ Owner	_____ **Co-Owner**	c) I/We am/are purchasing Units for my/our own account.
_____ Owner	_____ **Co-Owner**	d) I/We am/are in compliance with the USA PATRIOT Act and not on any governmental authority watch list.
_____ Owner	_____ **Co-Owner**	e) If an affiliate of Preferred Apartment Communities, Inc., I/we represent that the Units are being purchased for investment purposes only and not for immediate resale.

Owner Signature:

_____ Date: _____

Co-Owner Signature:

_____ Date: _____

Signature of Custodian(s) or Trustee(s) (if applicable). Current Custodian must sign if investment is for an IRA Account

Authorized Signature (Custodian or Trustee):

_____ Date: _____

WE INTEND TO ASSERT THE FOREGOING REPRESENTATIONS AS A DEFENSE IN ANY SUBSEQUENT LITIGATION WHERE SUCH ASSERTION WOULD BE RELEVANT. WE HAVE THE RIGHT TO ACCEPT OR REJECT THIS SUBSCRIPTION IN WHOLE OR IN PART, SO LONG AS SUCH PARTIAL ACCEPTANCE OR REJECTION DOES NOT RESULT IN AN INVESTMENT OF LESS THAN THE MINIMUM AMOUNT SPECIFIED IN THE PROSPECTUS. AS USED ABOVE, THE SINGULAR INCLUDES THE PLURAL IN ALL RESPECTS IF UNITS ARE BEING ACQUIRED BY MORE THAN ONE PERSON. THIS SUBSCRIPTION AGREEMENT AND ALL RIGHTS HEREUNDER SHALL BE GOVERNED BY, AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK WITHOUT GIVING EFFECT TO THE PRINCIPLES OF CONFLICT OF LAWS.

By executing this Subscription Agreement, the subscriber is not waiving any rights under federal or state law.

PLEASE ATTACH COPY OF VOIDED CHECK TO THIS FORM IF FUNDS ARE TO BE SENT TO A BANK

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8. IRS FORM W-9

To prevent backup withholding on any payment made to a stockholder with respect to subscription proceeds held in escrow, the stockholder is generally required to provide a current taxpayer identification number, or TIN (or the TIN of any other payee), and certain other information by completing the form below, certifying that the TIN provided on Form W-9 is correct (or that such investor is awaiting a TIN), that the investor is a U.S. person, and that the investor is not subject to backup withholding because (i) the investor is exempt from backup withholding, (ii) the investor has not been notified by the IRS that the investor is subject to backup withholding as a result of failure to report all interest or dividends or (iii) the IRS has notified the investor that the investor is no longer subject to backup withholding. If the box in Part 3 is checked and a TIN is not provided by the time any payment is made in connection with the proceeds held in escrow, 28% of all such payments will be withheld until a TIN is provided and if a TIN is not provided within 60 days, such withheld amounts will be paid over to the IRS. See the instructions included with the Form W-9 below on how to fill out the Form W-9.

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PLEASE ATTACH COPY OF VOIDED CHECK TO THIS FORM IF FUNDS ARE TO BE SENT TO A BANK

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PREFERRED APARTMENT COMMUNITIES, INC.

INSTRUCTION PAGE

We, Preferred Apartment Communities, Inc., are selling up to a maximum of 150,000 Units ($150,000,000) in connection with this offering (the Offering).

Your broker-dealer or registered investment advisor should MAIL properly completed and executed ORIGINAL documents to UMB Bank, National Association at the following address:

UMB Bank, National Association
1010 Grand Boulevard, 4th Floor
Mail Stop: 1020409
Kansas City, Missouri 64106
Attention: Lara Stevens, Corporate Trust
Phone: (816) 860-3017
Fax: (816) 860-3029

*For IRA Accounts, mail investor signed documents to the IRA Custodian for signatures.

Instructions to Subscribers

Section 1: Indicate investment amount

Section 2: Please make sure you include all of the information requested regarding the account with your Financial Advisor where you want delivery versus payment to occur.

Section 3: All names, addresses, dates of birth, Social Security or Tax I.D. numbers of all investors or Trustees

Section 5: To be signed and completed by your Financial Advisor (be sure to include CRD number for Financial Advisor and Broker Dealer Firm and the Branch Manager s signature)

Section 6: Have **ALL** investors initial and sign where indicated

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PREFERRED APARTMENT COMMUNITIES, INC. SUBSCRIPTION AGREEMENT

1. INVESTMENT

o I/WE AM/ARE DIRECTORS, OFFICERS, EMPLOYEES OR OTHER INDIVIDUALS ASSOCIATED WITH THE COMPANY OR A FAMILY MEMBER OF ONE OF THE FOREGOING.

o CHECK HERE IF ADDITIONAL PURCHASE AND COMPLETE NUMBER 3 BELOW.

Payment Instructions: Please deliver payment for your purchase to your Financial Advisor pursuant to their instructions.

Number of Units purchased: _____
Purchase price per Unit: $_____
Aggregate purchase price: $ _____

Brokerage Account No.:
_____
(If applicable)

2. DELIVERY ACCOUNT INFORMATION (*Please complete the following*)

Broker-Dealer: _____

Broker-Dealer DTCC Number: _____

Account Title: _____

Account Number: _____

3. INVESTOR INFORMATION (Please print name(s) in which Units are to be registered.)

A. Individual/Trust/Beneficial Owner

First Name: _____ Middle Name: _____

Last Name: _____ **Tax ID or SS#**: _____

Street Address: _____ City: _____ State: _____ Zip: _____

Date of Birth: (mm/dd/yyyy): ____/____/_____

If Non-U.S. Citizen, specify Country of Citizenship: _____

Daytime Phone #:_____

U.S. Driver s License Number (if available):_____ State of Issue: _____

Issue Date: _____ Expiration Date: _____

Email Address: _____

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B. Joint Owner/Co-Trustee/Minor

First Name: _____ Middle Name: _____

Last Name: _____ **Tax ID or SS#**: _____

Street Address: _____ City: _____ State: _____ Zip: _____

Date of Birth: (mm/dd/yyyy): ____/____/_____

If Non-U.S. Citizen, specify Country of Citizenship: _____

Daytime Phone #:_____

U.S. Driver s License Number (if available):_____ State of Issue: _____

Issue Date: _____ Expiration Date: _____

Email Address: _____

C. Residential Street Address *(This section must be completed for verification purposes if mailing address in section 3A is a P.O. Box)*

Street Address: _____

City: _____ State: _____ Zip: _____

D. Trust/Corporation/Partnership/Other *(Trustee s information must be provided in sections 3A and 3B)*

Date of Trust: ___/__/_____

Entity Name/Title of Trust: _____

Tax ID Number: _____

E. Government ID *(Foreign Citizens only)* *Identification documents must have a reference number and photo. Please attach a photocopy.*

Place of Birth: _____ _____ _____

City State/Providence Country

Immigration Status: Permanent resident o Non-permanent resident o Non-resident o

Check which type of document you are providing:

o U.S. Driver s License o INS Permanent resident alien card o Passport with U.S. Visa o Employment Authorization Document

o Passport without U.S. Visa

Bank Name (required): _____ Account No. (required): _____

o Foreign national identity documents

Bank address (required): _____ Bank Phone No. (required):_____

Number for the document checked above and country of issuance:

_____

F. Employer: _____

Retired: o

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4. Distributions.

All distributions will be paid to the account where the Units are held on the record date for the distribution.

5. BROKER-DEALER/FINANCIAL ADVISOR INFORMATION (All fields must be completed)

The financial advisor must sign below to complete order. The financial advisor hereby represents and warrants that he/she is duly licensed and may lawfully sell Units of Preferred Apartment Communities, Inc.

BROKER-DEALER: _____ **Financial Advisor Name/RIA:** _____

Mailing Address: _____

City: _____ State: _____ Zip: _____

Business No. (required) _____

Financial Advisor E-mail Address (required): _____

Fax No.:_____

Broker-Dealer CRD Number:_____ Financial Advisor CRD Number: _____

o **RIA Submission** Check this box to indicate whether submission is made through the Registered Investment Advisor (RIA) in its capacity as the RIA and not in its capacity as a Registered Representative of a Broker-Dealer, if applicable, whose agreement with the subscriber includes a fixed or wrap fee feature for advisory and related brokerage services. If an owner or principal or any member of the RIA firm is a FINRA licensed Registered Representative affiliated with a Broker-Dealer, the transaction should be completed through that Broker-Dealer, not through the RIA.

I acknowledge that (1) by checking the above box or (2) if the sale of Units pursuant to this Subscription Agreement is to our directors, officers, employees and other individuals associated with us and members of their families, I WILL NOT RECEIVE A SALES COMMISSION. Further, I acknowledge that if the sale of Units pursuant to this Subscription Agreement is to a holder of interests in one or both of the Funds, I WILL RECEIVE A REDUCED SELLING COMMISSION.

The undersigned further represents and certifies that in connection with this subscription for Units, he/she has complied with and has followed all applicable policies and procedures under his firm s existing Anti-Money Laundering Program and Customer Identification Program.

Financial Advisor and /or RIA Signature: _____ Date: _____

Branch Manager

Signature:_____ Date: _____

6. SUBSCRIBER ACKNOWLEDGEMENTS AND SIGNATURES

The undersigned hereby confirms her/his/its agreement to purchase the Units on the terms and conditions set forth herein and acknowledges and/or represents (or in the case of fiduciary accounts, the person authorized to sign on such subscriber s behalf) the following: (**you must initial each of the representations below**)

_____ Owner	_____ **Co-Owner**	a) I/We have received the final prospectus of Preferred Apartment Communities, Inc.
_____ Owner	_____ **Co-Owner**	b) I/We accept the terms of the charter, as amended, of Preferred Apartment Communities, Inc.
_____ Owner	_____ **Co-Owner**	c) I/We am/are purchasing Units for my/our own account.
_____ Owner	_____ **Co-Owner**	d) I/We am/are in compliance with the USA PATRIOT Act and not on any governmental authority watch list.
_____ Owner	_____ **Co-Owner**	e) If an affiliate of Preferred Apartment Communities, Inc., I/we represent that the Units are being purchased for investment purposes only and not for immediate resale.

Owner Signature:
_____ Date: _____

Co-Owner Signature:
_____ Date: _____

Signature of Trustee(s) (if applicable).
Authorized Signature (Trustee):
_____ Date: _____

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WE INTEND TO ASSERT THE FOREGOING REPRESENTATIONS AS A DEFENSE IN ANY SUBSEQUENT LITIGATION WHERE SUCH ASSERTION WOULD BE RELEVANT. WE HAVE THE RIGHT TO ACCEPT OR REJECT THIS SUBSCRIPTION IN WHOLE OR IN PART, SO LONG AS SUCH PARTIAL ACCEPTANCE OR REJECTION DOES NOT RESULT IN AN INVESTMENT OF LESS THAN THE MINIMUM AMOUNT SPECIFIED IN THE PROSPECTUS. AS USED ABOVE, THE SINGULAR INCLUDES THE PLURAL IN ALL RESPECTS IF UNITS ARE BEING ACQUIRED BY MORE THAN ONE PERSON. THIS SUBSCRIPTION AGREEMENT AND ALL RIGHTS HEREUNDER SHALL BE GOVERNED BY, AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK WITHOUT GIVING EFFECT TO THE PRINCIPLES OF CONFLICT OF LAWS.

By executing this Subscription Agreement, the subscriber is not waiving any rights under federal or state law.

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Filed Pursuant to Rule 424(b)(3)
Registration No.: 333-176604

Minimum of 2,000 Units consisting of 2,000 Shares of Series A Redeemable Preferred Stock and Warrants to Purchase 40,000 Shares of Common Stock

Maximum of 150,000 Units consisting of 150,000 Shares of Series A Redeemable Preferred Stock and Warrants to Purchase 3,000,000 Shares of Common Stock

Preferred Apartment Communities, Inc. is an externally managed Maryland corporation incorporated on September 18, 2009 and formed primarily to acquire and operate multifamily properties in select targeted markets throughout the United States.

We are offering a minimum of 2,000 and a maximum of 150,000 shares of our Series A Redeemable Preferred Stock, par value $0.01 per share, referred to as our Series A Redeemable Preferred Stock, and warrants, referred to as the Warrants, to purchase a minimum of 40,000 and a maximum of 3,000,000 shares of our common stock in this offering. This prospectus also covers the shares of common stock that are issuable from time to time upon exercise of the Warrants and that may be issuable upon redemption of the Series A Redeemable Preferred Stock. The Series A Redeemable Preferred Stock and the Warrants will be sold in units, or Units, with each Unit consisting of (i) one share of Series A Redeemable Preferred Stock with an initial stated value of $1,000 per share, and (ii) one Warrant to purchase 20 shares of common stock, exercisable by the holder at an exercise price of 120% of the current market price per share of our common stock determined using the volume weighted average price of our common stock for the 20 trading days prior to the date of issuance of such Warrant, subject to a minimum exercise price of $9.00 per share (subject to adjustment). Each Unit will be sold at a public offering price of $1,000 per Unit. Units will not be issued or certificated. The shares of Series A Redeemable Preferred Stock and the Warrants are immediately separable and will be issued separately. The Warrants are not exercisable until one year from the date of issuance and expire four years from the date of issuance. The Series A Redeemable Preferred Stock will rank senior to our common stock with respect to payment of dividends and distribution of amounts upon liquidation, dissolution or winding up. Holders of our Series A Redeemable Preferred Stock will have no voting rights except as otherwise required.

Our common stock is traded on the NYSE Amex, or AMEX, under the symbol APTS. On November 11, 2011, the last reported sale price of our common stock on the AMEX was $6.12 per share. There is no established trading market for our Series A Redeemable Preferred Stock or any of the Warrants and we do not expect a market to develop. We do not intend to apply for a listing of the Series A Redeemable Preferred Stock or any of the Warrants on any national securities exchange.

We intend to elect and qualify to be taxed as a real estate investment trust for U.S. federal income tax purposes, or REIT, commencing with our tax year ending December 31, 2011.

Investing in our securities involves a high degree of risk. You should purchase these securities only if you can afford a complete loss of your investment. See the section entitled Risk Factors beginning on page 24 of this prospectus for a discussion of the risks which should be considered in connection with your investment in our securities. Some of these risks include:

There is limited liquidity for our Series A Redeemable Preferred Stock and Warrants. There is no public trading market for the Series A Redeemable Preferred Stock or Warrants, and we do not currently intend to list our Series A Redeemable Preferred Stock or Warrants on a securities exchange.

If our common stock is no longer listed on the AMEX or another appropriate exchange, we would be required to register the offering in any state in which we subsequently offered our Units. This would require termination of this offering and could result in our raising an amount of gross proceeds that is substantially less than the gross proceeds expected to be raised if the maximum offering is sold. This would reduce our ability to purchase additional properties and limit the diversification of our portfolio.

We have a limited operating history and may not be able to operate our business successfully or generate sufficient cash flow to make or sustain distributions to our stockholders.

We paid a quarterly dividend on our common stock of $0.125 per share for the second quarter of 2011, and our cash available for distribution was insufficient to fully fund the second quarter dividend.

We are depending on our manager to select investments and conduct our operations. Adverse changes in the financial condition of our manager or our relationship with our manager could adversely affect us.

There are substantial conflicts of interest between us and our sponsor, our manager and their respective affiliates regarding affiliate compensation, investment opportunities and management resources.

If we are able to qualify as a REIT and as long as we maintain our status as a REIT, we will be subject to numerous limitations and qualifications imposed on us under the Internal Revenue Code of 1986, as amended, or the Code, including that five or fewer individuals, as specially defined for these purposes, generally are prohibited from beneficially owning more than 50% of our outstanding shares (based on value) during the last half of each taxable year.

Upon the sale of any individual property, holders of Series A Preferred Stock do not have a priority over holders of our common stock regarding return of capital. Investors in the Series A Preferred Stock 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 Series A Preferred Stock receive a return of their capital.

There is no clawback for distributions with respect to the special limited partnership interest (except in limited circumstances), and such

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distributions are payable upon the sale of an asset even if investors have not received a return of their entire investment.

Our charter contains various restrictions on the ownership and transfer of our securities.

Maintenance of our exemption from registration under the Investment Company Act of 1940, as amended, or the Investment Company Act, our intent to qualify as a REIT, and our REIT qualification (assuming that we are able to qualify as a REIT) impose significant limits on our operations.

Our investment objectives and strategies may be changed without stockholder consent.

We are not yet a REIT and may be unable to qualify as a REIT.

Neither the Securities and Exchange Commission, the Attorney General of the State of New York, nor any state securities commission has approved or disapproved of these securities, determined if this prospectus is truthful or complete or passed on or endorsed the merits of this offering. Any representation to the contrary is a criminal offense.

	Per Unit	Minimum Offering	Maximum Offering
Public offering price	$ 1,000.00	$ 2,000,000	$ 150,000,000 (1)
Selling commissions(2)	$ 70.00	$ 140,000	$ 10,500,000
Dealer manager fee(2)	$ 30.00	$ 60,000	$ 4,500,000
Proceeds, before expenses, to us	$ 900.00	$ 1,800,000	$ 135,000,000

(1) Initial gross proceeds. If the Warrants are exercised in full at 120% of the current market price per share of our common stock and assuming a current market price of $6.89 per share of common stock, the company will receive additional gross proceeds equal to a minimum of $330,800 and a maximum of $24,810,000.

(2) Selling commissions and the dealer manager fee are paid on a reasonable best efforts basis and will equal 7% and 3% of aggregate gross proceeds, respectively. Each 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 selling commissions, dealer manager fee and such non-cash compensation will not exceed 10% of gross proceeds of our offering. Our dealer manager will repay to the company any excess payments made to our dealer manager over FINRA s 10% cap if the offering is abruptly terminated after reaching the minimum amount, but before reaching the maximum amount, of offering proceeds.

The dealer manager of this offering is International Assets Advisory, LLC. The dealer manager is not required to sell any specific number or dollar amount of Units, but will use its reasonable best efforts to sell the Units offered. However, the dealer manager must sell the minimum number of Units offered (2,000 Units) if any are sold. 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 a minimum of $2,000,000 in Units and a maximum of $150,000,000 in Units in the offering by December 31, 2012, which may be extended through December 31, 2013, in our sole discretion. If we extend the offering period beyond December 31, 2012, we will supplement this prospectus accordingly. We may terminate this offering at any time or may offer Units pursuant to a new registration statement.

We will deposit all subscription payments in an escrow account held by the escrow agent, UMB Bank N.A., in trust for the subscriber s benefit, pending release to us. 2,000 Units must be sold by December 31, 2012 or we will terminate this offering and promptly return your subscription payments in accordance with the provisions of the escrow agreement.

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.

International Assets Advisory, LLC
as Dealer Manager

Prospectus dated November 18, 2011

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PREFERRED APARTMENT COMMUNITIES, INC.
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You should rely only on the information contained in this prospectus, in any free writing prospectus prepared by us or information to which we have referred you. We have not, and the dealer manager has not, authorized any dealer, salesperson or other person to provide you with different or additional information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the dealer manager and dealers are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information in this prospectus and any free writing prospectus prepared by us is accurate only as of their respective dates or on the date or dates which are specified in these documents. Our business, financial condition, liquidity, results of operations and prospects may have changed since those dates.

Until February 16, 2012, all dealers that effect transactions in securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealers obligation to deliver a prospectus when acting as an underwriter and with respect to any unsold allotments or subscriptions.

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PROSPECTUS SUMMARY

This summary highlights some of the information in this prospectus. It does not contain all the information that you should consider before investing in our common stock. You should read carefully the detailed information set forth in the section entitled Risk Factors and other information included in this prospectus. Except where the context suggests otherwise, the terms company, Company, we, us, and our refer to Preferred Apartment Communities, Inc., a Ma corporation, together with its consolidated subsidiaries, and our manager refers to Preferred Apartment Advisors, LLC, our external manager and advisor, a Delaware limited liability company.

Our Company

We are a Maryland corporation formed primarily to acquire and operate multifamily properties in select targeted markets throughout the United States. As part of our property acquisition strategy, we may enter into forward purchase contracts or purchase options for to-be-built multifamily communities and we may make mezzanine loans, provide deposit arrangements or provide performance assurances, as may be necessary or appropriate, in connection with the construction of these properties. As a secondary strategy, we also may acquire senior mortgage loans, subordinate loans or mezzanine debt secured by interests in multifamily properties, membership or partnership interests in multifamily properties and other multifamily related assets as determined by our manager as appropriate for us. We refer to these asset classes as our target assets. We conduct substantially all our operations through our operating partnership, Preferred Apartment Communities Operating Partnership, L.P.

We are externally managed and advised by Preferred Apartment Advisors, LLC, a Delaware limited liability company, which is controlled by John A. Williams, our sponsor and a veteran of the multifamily industry with over four decades of experience, including the founding of the multifamily real estate investment trust, Post Properties, Inc. (NYSE:PPS), and Leonard A. Silverstein. Pursuant to the terms of a management agreement between our manager and us, our manager is responsible for administering our day-to-day business operations, identifying and acquiring targeted real estate investments, overseeing the management of the investments, handling the disposition of the real estate investments and providing us with our management team and appropriate support personnel.

We also hope to benefit from Mr. Williams current organization and platform that specializes in multifamily real estate investment and management. With operations in over 20 nationwide markets, Mr. Williams organization includes (i) Williams Realty Advisors, LLC, or WRA a full service investment management firm, (ii) Williams Asset Management, LLC, or WAM a full service acquisition, asset management and disposition firm, and (iii) RAM Partners, LLC, or RAM, and Williams Residential Management, LLC, or WRM both full-service property level management firms. RAM provides third party property level management services and WRM handles all owned assets within the Williams umbrella group. Collectively, RAM and WRM manage over 27,500 multifamily units. We believe these organizations will provide the full range of services necessary to fulfill our investment objectives.

On April 5, 2011, we completed our initial public offering, or the IPO, of 4,500,000 shares of our common stock. The public offering price of the shares sold in the offering was $10.00 per share. We received total gross proceeds of $45.0 million from the IPO. After deducting underwriting discounts and commissions and offering expenses payable by us, the aggregate net proceeds we received from the IPO approximately $39.8 million. Concurrently with the closing of the IPO, on April 5, 2011, in a separate private placement pursuant to Regulation D under the Securities Act of 1933, as amended, or the Securities Act, the Company sold 500,000 shares of its common stock to Williams Opportunity Fund, LLC, or WOF, at the public offering price of $10.00 per share, for total gross proceeds of $5 million. Aggregate offering expenses in connection with the private placement were approximately $0.3 million; therefore we received

approximately $4.7 million in net proceeds from the private placement. WOF is an affiliate of the Company and our manager.

On May 4, 2011, in connection with the exercise of the over-allotment option granted to our underwriters in the IPO, we closed the sale of 107,361 shares of our common stock at $10.00 per share. The total gross proceeds we received from this sale were approximately $1.1 million. After deducting underwriting discounts and commissions and offering expenses payable, the aggregate net proceeds we received from this sale totaled approximately $1.0 million.

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We also intend to raise additional capital in the future.

Our manager intends to brand all apartment communities owned by the Company as A Preferred Apartment Community , to make A Preferred Apartment Community a trademarked logo and ultimate tagline for each of our communities that will signify certain brand and management standards, and intends to obtain all rights to the trademarks, including federal registration of the trademarks with the United States Patent and Trademark Office, to secure such brand. There can be no assurance that such trademarks will be issued. The strategy will allow each individual community to be part of a centralized marketing and advertising campaign, in addition to property level marketing and advertising. 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 intends to enter into a non-exclusive license agreement with the Company as licensee with respect to all intellectual property of the manager other than trademarks. The license agreement will terminate automatically upon termination of our management agreement or will terminate upon a material breach of the license agreement that remains uncured for more than 30 days after receipt of notice of such breach. If the trademarks relating to the A Preferred Apartment Community brand are issued, our manager intends to enter into a non-exclusive license agreement with the Company as licensee with respect to the manager s trademarks on substantially similar terms as the initial intellectual property license agreement.

On April 15, 2011, we acquired 100% of the membership interests in Stone Rise Apartments, LLC, a Delaware limited liability company (f/k/a Oxford Rise JV LLC), the fee-simple owner of a 216-unit multifamily community located in suburban Philadelphia, Pennsylvania, or Stone Rise, for a total purchase price of $30.15 million, exclusive of acquisition-related and financing-related transaction costs. The membership interests in Oxford Rise JV LLC were owned by WOF.

On April 21, 2011, we acquired 100% of the membership interests in PAC Summit Crossing, LLC, a Georgia limited liability company (f/k/a Oxford Summit Partners, LLC), the fee-simple owner of a 345-unit multifamily community located in suburban Atlanta, Georgia, or Summit Crossing, for a total purchase price of $33.2 million, exclusive of acquisition-related and financing-related transaction costs. Williams Realty Fund I, LLC, or WRF, owned a majority of the membership interests in PAC Summit Crossing, LLC. WRF is an affiliate of the Company and our manager.

On April 29, 2011, we acquired Oxford Trail, a 204-unit multifamily community located in Hampton, Virginia, or Trail Creek, for a total purchase price of $23.5 million, exclusive of acquisition-related and financing-related transaction costs. We purchased a fee-simple interest in the property from Oxford Trail JV LLC. WRF owned indirectly an approximately 10% membership interest in Oxford Trail JV LLC.

On June 30, 2011, we made a mezzanine loan investment of $6.0 million to Oxford Hampton Partners LLC, a Georgia limited liability company, to partially finance the construction of a 96-unit multifamily community located adjacent to our existing Trail Creek multifamily community in Hampton, Virginia. Oxford Hampton Partners LLC was required to fully draw down the mezzanine loan on the closing date. WRF has contributed 100% of the cash equity in Oxford Hampton Partners LLC to date.

Market Opportunities

As a result of the recent United States financial crisis and downturn in the United States economy, multifamily assets have seen a dramatic drop in their value. A combination of higher capitalization rates and downward pressure on renter incomes has adversely affected owners of multifamily assets and limited their options. Many recent transactions were highly leveraged with favorable initial financing terms. In many instances, the initial terms of these financings

are about to expire or the debt is about to mature. These owners may have difficulty refinancing given the state of the real estate credit markets and their only options may be a sale at a discount to their original investment or foreclosure. We believe our investments will benefit from the following:

- the lower levels of new supply projected for the next several years;
- the expected rebound in the general economy;
- the continual introduction of the echo boom generation into the market; and

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the decline in homeownership.

We believe this stress in the market will create multiple opportunities for investments.

Our Competitive Strengths

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

- the experience of Mr. Williams and his management team who have significant expertise in multifamily real estate and real estate-related debt investments and capital markets;
- benefits from Mr. Williams and his management team s relationships in the multifamily industry, which we expect to include access to a pipeline of investment opportunities; and
- asset and property management teams focused on multifamily assets, including third party property management of over 22,500 multifamily units across 15 states, asset management of over 3,000 multifamily units across four states and in-house property management of over 5,100 multifamily units across six states.

Our Investment Strategy

Our investment strategy will include, without limitation, the following:

- acquiring assets where assets or the owners of assets are overleveraged or where the owners may be struggling to meet current debt service obligations on such assets, or, in certain circumstances, where owners are financial institutions or conduits under either legal or economic compulsion to sell;
- 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;
- taking advantage of supply constraints in multifamily housing in part as a result of a lack of new construction over the past several years; and
- taking advantage of favorable financing available from the Federal Home Loan Mortgage Corporation (Freddie Mac) and the Federal National Mortgage Association (Fannie Mae).

We currently do not anticipate investing in unimproved property, developing new construction properties or acquiring new construction, except we would consider a forward purchase or option to purchase contract on a to-be -built multifamily asset with 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 mezzanine loan or other assurances of our ability to perform our obligations under the forward purchase or option to purchase contract. We do not currently anticipate making any mezzanine loans other than in the context of such forward purchase or option to purchase contracts.

Although some of our initial acquisitions were from affiliates of our manager, we anticipate that our future asset acquisitions generally will be from unaffiliated third parties. However, 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 comprised of independent directors.

Our Target Markets

Generally, we expect to target metropolitan statistical areas, or MSAs, of approximately one million people or more with favorable economic conditions. The conditions of a market we may monitor 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 will analyze forecast data from our manager s affiliates gathered in their operations to support our assumptions. We also will utilize our management team s network of industry contacts and

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relationships to generate significant information about current and future market conditions. See the section entitled Business Our Target Assets included elsewhere in this prospectus for a detailed discussion of our target assets.

Our Financing Strategy

We intend to utilize leverage in making our investments. The number of different investments we will acquire will be affected by numerous factors, including the amount of funds available to us. By operating on a leveraged basis, we will have more funds available for our investments. This will allow us to make more investments than would otherwise be possible, resulting in a larger and more diversified portfolio. See the Risk Factors section of this prospectus for more information about the risks related to operating on a leveraged basis.

We intend to target leverage levels (secured and unsecured) between 50% and 65% of the value of our tangible assets (including our real estate assets, real estate loan investments, accounts receivable and cash and cash equivalents) on a portfolio basis based on fair market value. As of September 30, 2011, our outstanding debt (both secured and unsecured) was approximately 56.7% of the value of our tangible assets on a portfolio basis based on fair market value. Neither our charter nor our by-laws contain any limitation on the amount of leverage we may use. Our investment guidelines, which can be amended by our board 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. These targets, however, will not apply to individual real estate assets or investments. Other than in connection with forward purchase contracts or purchase option agreements where we have provided a mezzanine loan for development, at the date of acquisition of each asset, we anticipate that the cost of investment for such asset will be substantially similar to its fair market value. However, subsequent events, including changes in the fair market value of our assets, could result in our exceeding these limits. In addition, we intend to acquire all our properties through separate special purpose entities and we intend to finance each of these properties using financing techniques for that property alone without any cross-collateralization to our other properties or guarantees by us or our operating partnership. Finally, we intend to have no long-term corporate level debt. See the section entitled Business Our Financing Strategy included elsewhere in this prospectus for a detailed discussion of our borrowing policies.

Our secured and unsecured aggregate borrowings are intended by us to be reasonable in relation to our net assets and will be reviewed by our board of directors at least quarterly. In determining whether our borrowings are reasonable in relation to our net assets, we expect that our board of directors will consider many factors, including without limitation, the lending standards of government-sponsored enterprises, such as Fannie Mae, Freddie Mac and other companies for loans in connection with the financing of multifamily properties, the leverage ratios of publicly traded and non-traded REITs with similar investment strategies, cash flow coverage, whether we have positive leverage (in that, the board will compare the capitalization rates of our properties to the interest rates on the indebtedness of such properties) and general market and economic conditions. There is no limitation on the amount that we may borrow for any single investment.

Risk Management

Risk management is a fundamental principle in our manager s construction of our portfolio and in the management of each investment. Diversification of our portfolio by investment size and location is critical to controlling portfolio-level risk. Over the long term, we intend 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. However, until a sufficient number of properties are acquired, we anticipate that we will have single assets in excess of 15% of our total assets and more than 25% of our assets in a single MSA.

Summary Risk Factors

Investing in our securities involves a high degree of risk. If we are unable to effectively manage the impact of these risks, we may not meet our investment objectives, and therefore, you should purchase these securities only if you can afford a complete loss of your investment. See the section entitled Risk Factors included elsewhere in this prospectus for a discussion of the risks that should be considered in connection with your investment in our securities. Some of the more significant risks relating to the underwritten offering and an investment in our securities include:

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There is limited liquidity for our Series A Redeemable Preferred Stock and Warrants. There is no public trading market for our Series A Redeemable Preferred Stock or Warrants, and we do not currently intend to list our Series A Redeemable Preferred Stock or Warrants on a securities exchange. If you are able to sell your Series A Redeemable Preferred Stock or Warrants, you may have to sell them at a significant discount. Beginning one year from the date of original issuance and ending four years from the date of such issuance, the Warrants are exercisable for shares of our common stock, which currently are publicly traded on the AMEX. Beginning two years from the date of original issuance, the shares of Series A Redeemable Preferred Stock will be redeemable by the holder, payable, in our sole discretion, in cash or equal value of common stock;

The Series A Redeemable Preferred Stock is a covered security and therefore not subject to registration in the various states due to its seniority to the common stock, which is listed on the AMEX. If our common stock is no longer listed on the AMEX or another appropriate exchange, we would be required to register the offering in any state in which we subsequently offered our Units. This would require termination of this offering and could result in our raising an amount of gross proceeds that is substantially less than the gross proceeds expected to be raised if the maximum offering is sold. This would reduce our ability to purchase additional properties and limit the diversification of our portfolio. Although the Warrants are not covered securities, most states include an exemption for Warrants that are exercisable into a listed security. Therefore, the Warrants are subject to state registration in any state that does not provide such an exemption and the offering must be declared effective in order to sell the Warrants in these states;

We have a limited operating history and may not be able to operate our business successfully or generate sufficient cash flow to make or sustain distributions to our stockholders;

We paid a quarterly dividend on our common stock of $0.125 per share for the second quarter of 2011; our cash available for distribution was insufficient to fully fund the second quarter dividend and we used approximately $227,000 from our working capital and dividend reserve, designed for this purpose, to cover this shortfall;

You may not have the opportunity to evaluate our investments before you make your purchase of our Series A Redeemable Preferred Stock or Warrants, thus making your investment more speculative;

No public market currently exists and no active market may ever develop for shares of our Series A Redeemable Preferred Stock or Warrants;

If we, through our manager, are unable to find suitable investments, then we may not be able to achieve our investment objectives or pay distributions;

Our properties may be adversely affected by current economic conditions and uncertainty, as well as economic cycles and risks inherent to the geographical markets we intend to target and the apartment community sector;

Upon the sale of any individual property, holders of Series A Preferred Stock do not have a priority over holders of our common stock regarding return of capital. Investors in the Series A Preferred Stock 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 Series A Preferred Stock receive a return of their capital;

There is no clawback for distributions with respect to the special limited partnership interest (except in limited circumstances), and such distributions are payable upon the sale of an asset even if investors have not received a return of their entire investment;

We may be unable to pay or maintain cash distributions or increase distributions over time;

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We may borrow money, sell assets or use proceeds of this offering to make distributions to our stockholders if we are unable to make distributions with our cash flows from our operations. Such distributions could reduce the cash available to us and could constitute a return of capital to stockholders;

We are dependent upon our sponsor, our manager and their respective affiliates to conduct our operations, and therefore, any adverse changes in the financial health of our sponsor, our manager or their affiliates could hinder our operating performance and the return on your investment;

There are numerous conflicts of interest between the interests of investors and our interests or the interests of our manager, our sponsor and their respective affiliates, which we may not experience if we were self-managed;

The incentive structure of our manager s special limited partnership interest may result in our manager recommending riskier or more speculative investments;

The ownership of 36,666 shares of our common stock by NELL Partners, the ownership by WOF of 1,000,000 shares of common stock and the ownership by WRF of 690,000 shares of common stock will limit the ability of holders of shares of common stock not affiliated with our sponsor to influence corporate matters;

Our investment objectives and strategies may be changed without stockholder consent;

We are obligated to pay substantial fees to our manager and its affiliates, including fees payable without regard to our profitability;

There are significant risks associated with maintaining as high a level of leverage as we expect to maintain (generally 50% to 65% of our tangible assets value on a portfolio basis based on fair market value and our investment guidelines allow borrowings up to 75% of the cost of our tangible assets at the time of any new borrowing and our charter and our by-laws contain no limitations on the amount of leverage we may use);

If we are able to qualify as a REIT and as long as we maintain our status as a REIT, we will be subject to limitations on ownership and transferability of our shares of common stock;

We are subject to risks associated with the significant dislocations and liquidity disruptions currently existing or occurring in the United States credit markets;

We may fail to qualify or continue to qualify to be treated as a REIT; and

We may be deemed to be an investment company under the Investment Company Act and thus subject to regulation under the Investment Company Act.

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Our Structure

We were formed as a Maryland corporation on September 18, 2009. The following chart shows our structure after giving effect to this offering:

(1) NELL Partners, Inc. is controlled by John A. Williams, our sponsor, and Leonard A. Silverstein.

(2) Preferred Apartment Advisors, LLC is controlled by NELL Partners, Inc. Other than the 1% Manager Revenue Interest (as defined in the section entitled Our Manager and Management Agreement 1% Manager Revenue Interest included elsewhere in this prospectus) held by WOF, all interests of Preferred Apartment Advisors, LLC are held by NELL Partners, Inc.

(3) The common stock investors in the initial public offering own registered shares of common stock of Preferred Apartment Communities, Inc. The 500,000 shares of common stock acquired by WOF in the private placement offering are not registered shares.

(4) NELL Partners, Inc. owns 36,666 shares of common stock and WOF owns 1,000,000 shares of common stock. 690,000 shares of common stock were sold to Williams Realty Fund I, LLC in the initial public offering and 500,000 shares of common stock were sold to WOF in the initial public offering.

(5) Each property is expected to be held in a special purpose entity.

(6) As the special limited partner of the operating partnership, our manager is entitled to receive a participation in net sales proceeds of our investments. See the section entitled Our Manager and Management Agreement Management Compensation Special Limited Partnership Interest included elsewhere in this prospectus for information relating to the calculation of distributions with respect to the special limited partnership interest and conditions under which it may be paid.

(7) The shares of common stock issuable upon the redemption of the Series A Redeemable Preferred Stock will be registered shares.

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 expect to have any employees.

We have entered into a third amended and restated management agreement, or management agreement, with our manager. 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,

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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. Our manager has an investment committee that oversees our investment guidelines, our investment portfolio and its compliance with our investment guidelines and policies.

The initial term of the management agreement expires on April 5, 2016 and will be automatically renewed for a one-year term each anniversary date thereafter unless previously terminated as described below. Our independent directors will review our manager s performance and fees that may be payable to our manager annually, and, following the initial term, the management agreement may be terminated annually upon the affirmative vote of at least 75% of our independent directors, based upon (1) unsatisfactory performance that is materially detrimental to us, or (2) our determination that the fees payable to our manager are not in accordance with market rates, subject to our manager s right to prevent such termination due to above-market fees by accepting a reduction of fees to at or below market rates agreed to by at least 75% of our independent directors. We must provide 180 days prior written notice of any such termination. We also may terminate the management agreement at any time, including during the initial term, without the payment of any termination fee, with at least 30 days prior written notice from our board of directors for cause, as defined in the management agreement, in the absence of our manager s cure. We do not have the right to decline to renew the management agreement. Our manager may decline to renew the management agreement by providing us with 180 days prior written notice. Our manager may terminate the management agreement for good reason, with at least 60 days prior written notice, in the absence of our cure. Unless the manager declines to renew the management agreement or the management agreement is terminated for cause, our manager will be paid accrued fees upon termination as described in the table below.

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

Type of Compensation	Determination of Amount	Estimated Amount of Minimum Offering (2,000 Units) / Maximum Offering (150,000 Units)
Selling Commission[1]	For acting as the dealer manager, we will pay to our dealer manager 7% of gross proceeds of this offering. Our dealer manager may reallow all or a portion of the selling commissions to participating broker-dealers.	$140,000/$10,500,000
Dealer Manager Fee[1]	For acting as the dealer manager, we will pay to our dealer manager 3% of gross proceeds of this offering. Our dealer manager may reallow up to 1.5% of gross offering proceeds it receives as dealer manager fees to participating broker-dealers.	$60,000/$4,500,000
Other Offering Expenses	We will reimburse our manager up to 1.5% of gross offering proceeds for actual expenses incurred in connection with this offering. Other offering expenses include all expenses to be paid by us in connection with the offering, such as our legal, accounting, printing, mailing and filing fees, charges of our escrow holder and transfer agent, reimbursement of bona fide, itemized and detailed due diligence expenses of our dealer manager.	$30,000/$2,250,000
Acquisition and Operational Stage		
Acquisition Fees	Fees payable to our manager in the amount of 1.0% of the gross contract purchase price of the property, loan or other real estate-related asset purchased, for services in connection with selecting, evaluating and acquiring such asset. For purposes of this prospectus, gross contract purchase price means the amount actually paid or allocated in respect of the purchase of a property or the amount actually paid or allocated in respect of the purchase of loans or other real-estate related assets, in each case inclusive of acquisition expenses and any indebtedness assumed or incurred in respect of such investment but exclusive of acquisition fees.	$16,700/$1,252,500 (assuming no debt) $47,714/$3,548,571 (assuming we incur our expected leverage of 65% of acquisition cost) $66,800/$5,010,000 (assuming we incur our maximum leverage of 75% of acquisition cost)

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Type of Compensation	Determination of Amount	Estimated Amount of Minimum Offering (2,000 Units) / Maximum Offering (150,000 Units)
Acquisition Expenses[2]	We will reimburse our manager for expenses actually incurred (including personnel costs) related to selecting, evaluating and acquiring assets on our behalf, regardless of whether we actually acquire the related assets. 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 acquire the related assets.	Not determinable at this time.
Asset Management Fee[3]	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). This fee will be payable monthly in arrears, based on assets held by us on the last date of the prior month, adjusted for appropriate closing dates for individual property acquisitions.	Not determinable at this time.

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Type of Compensation	Determination of Amount	Estimated Amount of Minimum Offering (2,000 Units) / Maximum Offering (150,000 Units)
Property Management and Leasing Fee[3]	We will pay our manager a monthly fee equal to 4% of the monthly gross revenues of our properties managed, for services in connection with the rental, leasing, operation and management of our 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 property management and leasing services duties to third parties or affiliates and pay all or a portion of its 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.	Not determinable at this time.
General and Administrative Expenses Fee[2][3][4]	We will pay our manager a monthly fee equal to 2% of our monthly gross revenues.	Not determinable at this time.
Disposition Fee on Sale of Assets	We may pay our manager a commission upon the sale of one or more of our properties or other assets in an amount equal to the lesser of (a) one-half of the commission that would be reasonable, customary and competitive in light of the size, type and location of the asset, and (b) 1% of the sale price of the asset. Payment of such fee may be made only if the manager provides a substantial amount of services in connection with the sale of the asset as determined by a majority of our independent directors. In addition, the amount paid when added to all other commissions paid to unaffiliated parties in connection with such sale shall not exceed the lesser of (1) the commission that would be reasonable, customary and competitive in light of the size, type and location of the asset and (2) an amount equal to 6% of the sale price of such asset.	Not determinable at this time because actual amounts are dependent upon the sale price of specific assets and what would be reasonable, customary and competitive at the time of sale.
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	Not determinable at this time because actual amounts are dependent

	size, type and location of the asset in connection with the construction, development or landscaping of a property, or for management and oversight of expansion projects and other capital improvements.	upon market rates in light of the size, type and location of the asset.

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Type of Compensation	Determination of Amount	Estimated Amount of Minimum Offering (2,000 Units) / Maximum Offering (150,000 Units)
Accrued Fees Upon Termination	If the management agreement is terminated by reason of a change of control, by us without cause in connection with the expiration of a renewal term, by the manager for good reason or upon our liquidation, the manager will be entitled to receive payment of any earned but unpaid compensation and expense reimbursements accrued as of the date of termination.	Not determinable at this time.
Awards Under Our Stock Incentive Plan	We have adopted a stock incentive plan pursuant to which our directors, officers and employees (if we ever have employees), employees of our manager and its affiliates, employees of entities that provide services to us, directors of our manager or of entities that provide services to us, certain of our consultants and certain consultants to our manager and its affiliates or entities of such consultants that provide services to us may be granted equity incentive awards in the form of stock options, stock appreciation rights, restricted stock, performance shares or other stock-based awards. Our compensation committee will determine all awards under our stock incentive plan and the vesting schedule for the grants.	The total number of shares that may be made subject to awards under our stock incentive plan will not exceed 567,500 shares of our common stock.

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Type of Compensation	Determination of Amount	Estimated Amount of Minimum Offering (2,000 Units) / Maximum Offering (150,000 Units)
Compensation to Independent Directors	We pay to each of our independent directors a retainer of $50,000 per year. We also pay an annual retainer of $10,000 to the chair of our audit committee. In addition, each independent director will be paid a fee of $2,000 for each board committee meeting the director attends in person and reasonable out-of-pocket expenses incurred in connection with attendance of meetings of our board or board committees. We may issue shares of our common stock pursuant to our stock incentive plan in lieu of paying an independent director his or her annual fees and/or meeting fees in cash. To date, we have issued shares of our common stock in lieu of paying cash as compensation to our independent directors and currently expect to continue paying such compensation in shares of common stock. Any fees owed to our independent directors will be paid in shares of restricted common stock through April 2013. After such date, any such fees may be paid in cash or stock. Our independent directors also may receive awards under our stock incentive plan. Our compensation committee will determine all awards to our independent directors under our stock incentive plan and the vesting schedule for such awards.	The independent directors, as a group, will receive for a full fiscal year estimated aggregate compensation of approximately $350,000, payable in cash or shares of our common stock.

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Type of Compensation	Determination of Amount	Estimated Amount of Minimum Offering (2,000 Units) / Maximum Offering (150,000 Units)
Liquidation Stage		
Special Limited Partnership Interest	Our manager has a special limited partnership interest in our operating partnership entitling it to distributions from our operating partnership equal to 15% of any net sale proceeds from an asset (which equals the proceeds actually received by us from the sale of such asset after paying off outstanding debt related to the sold asset and paying any seller related closing costs, including any commission paid to our manager in connection with the sale of the asset, less expenses allocable to the sold asset) remaining after the payment of (i) the capital and expenses allocable to all realized investments (including the sold asset), and (ii) a 7% priority annual return on such capital and expenses; *provided, however,* that all accrued and unpaid dividends on our preferred stock have been paid in full. This distribution with respect to the special limited partnership interest is payable upon the sale of an asset even if holders of our preferred stock have not received a return of their capital, but only after the holders of our preferred stock have received payment in full of all accrued and unpaid dividends on our preferred stock. 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 Series A Preferred Stock receive a return of their capital. The special limited partner shall be entitled to tax distributions, at our sole discretion as the general partner, provided such distributions do not prevent us from satisfying the requirements for qualification as a REIT. Any tax distributions shall offset future distributions to which the special limited partner is entitled.	Not determinable at this time

(1) As part of the total underwriting compensation payable in this offering, we or our affiliates may also 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 dealer manager s legal expenses will be paid by the dealer manager from the dealer manager fee. The combined selling commission, dealer manager fee and non-cash compensation will not exceed 10% of gross proceeds of our offering. Our dealer manager will repay to the company

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any excess payments made to our dealer manager over FINRA s 10% cap if the offering is abruptly terminated after reaching the minimum amount, but before reaching the maximum amount, of offering proceeds.

(2) 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.

(3) The total amount of the asset management, property management and leasing and general and administrative fees and expenses paid or reimbursed to our manager will be capped at 1.50% 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).

(4) 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 section entitled Our Manager and Management Agreement Management Agreement included elsewhere in this prospectus for details relating to these additional costs and expenses.

Conflicts of Interest

NELL Partners, an entity controlled by Messrs. Williams and Silverstein and the sole member of our manager, owns 36,666 shares of common stock. Conflicts of interest may exist between us and our sponsor, our manager and some of their respective affiliates, including NELL Partners and other affiliates of our manager. Some of these potential conflicts include:

The possibility that our manager s affiliates may own and operate properties that meet our investment profile or in markets in which we own investments and will compete for tenants and sales opportunities;

Competition for the time and services of personnel that work for us and our manager s affiliates;

Substantial compensation payable by us to our manager and its affiliates for their various services, which may not be on market terms and is payable, in many cases, whether or not our stockholders receive distributions;

The possibility that we may acquire or consolidate with our manager to internalize our management on terms that are other than arm s length;

The possibility that we may do business with entities that have pre-existing relationships with our manager s affiliates, which may result in a conflict between our business and the ongoing business relationships our manager s affiliates have with each other and other entities;

The possibility that our manager, its officers and their respective affiliates will face conflicts of interest relating to the purchase, leasing and disposition of properties and the acquisition of real estate-related debt and securities, and that such conflicts may not be resolved in our favor, thus potentially limiting our investment opportunities, impairing our ability to make distributions and reducing the value of our common stock, our Series A Redeemable Preferred Stock and the Warrants;

The possibility that our manager and its affiliates may make recommendations to us that we buy, hold or sell property or other investments that may result in payments to them;

The possibility that, if we acquire properties from or make investments in entities owned or sponsored by affiliates of our manager, the price may be higher than we would pay if the transaction were the result of arm s-length negotiations with a third party, but we would do so only if our board of directors, including a majority of our independent directors, approves the investment and only if there is justification for such excess price;

The possibility that our manager, its officers and their respective affiliates, some of whom are also our officers (and our directors), will face conflicts of interest caused by their ownership or control of our manager and their roles with other programs and other entities, resulting in actions that are not in the long-term best interests of our stockholders;

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Conflicts of interest also may arise in connection with the potential sale or refinancing of our properties or the enforcement of agreements with our manager and its affiliates; and

The possibility that, if our manager and its affiliates provide services in connection with the management of a particular property, we may retain assets which are not as profitable and sell assets which provide a greater return.

See the section entitled Certain Relationships and Related Transactions Conflicts of Interest included elsewhere in this prospectus for details on these and other conflicts of interest.

Operating and Regulatory Structure

REIT Qualification

We intend to elect and qualify to be taxed as a REIT, commencing with our tax year ending December 31, 2011. In addition, we may hold certain of our assets through taxable REIT subsidiaries, or TRSs, which may be subject to corporate-level income tax at regular rates. Our qualification as a REIT depends on our ability to meet, on a continuing basis, through actual investment and operating results, various complex requirements under the Code, relating to, among other things, the sources of our gross income, the composition and values of our assets, our distribution levels and the concentration of ownership of our shares of capital stock. We believe that we have been organized in conformity with the requirements for qualification and taxation as a REIT under the Code, and that our proposed method of operation will enable us to meet the requirements for qualification and taxation as a REIT.

So long as we qualify as a REIT, we generally will not be subject to U.S. federal income tax on our REIT taxable income we distribute currently to our stockholders. Under the Code, REITs are subject to numerous organizational and operational requirements, including a requirement that they distribute each year at least 90% of their REIT taxable income, determined without regard to the deduction for dividends paid and excluding any net capital gain. If we fail to qualify for taxation as a REIT in any taxable year, and the statutory relief provisions of the Code do not apply, we will be subject to U.S. federal income tax at regular corporate rates and may be precluded from qualifying as a REIT for the subsequent four taxable years following the year during which we lost our REIT qualification. Distributions to stockholders in any year in which we are not a REIT would not be deductible by us, nor would they be required to be made. Even if we qualify for taxation as a REIT, we may be subject to certain state and local taxes on our income or property and to U.S. federal income and excise taxes on our undistributed income.

Investment Company Act of 1940 Considerations

We intend to conduct our operations so that our company and each of its subsidiaries are exempt from registration as an investment company under the Investment Company Act. Under Section 3(a)(1)(A) of the Investment Company Act, a company is an investment company if it is, or holds itself out as being, engaged primarily, or proposes to engage primarily, in the business of investing, reinvesting or trading in securities. Under Section 3(a)(1)(C) of the Investment Company Act, a company is deemed to be an investment company if it is engaged, or proposes to engage, in the business of investing, reinvesting, owning, holding or trading in securities and owns or proposes to acquire investment securities having a value exceeding 40% of the value of its total assets (exclusive of government securities and cash items) on an unconsolidated basis, or the 40% test. Investment securities exclude U.S. Government securities and securities of majority owned subsidiaries that are not themselves investment companies and are not relying on the exception from the definition of investment company set forth in Section 3(c)(1) or Section 3(c)(7) of the Investment Company Act.

We intend 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. We also may acquire real estate assets through investments in joint venture entities, including joint venture entities in which we may not own a controlling interest. We anticipate that our assets generally will be held in direct or indirect wholly owned and majority owned subsidiaries of the company, each formed to hold a particular asset.

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We intend to conduct our operations so that our company and most, if not all, of its wholly owned and majority owned subsidiaries will comply with the 40% test. We will continuously monitor our holdings on an ongoing basis to determine the compliance of our company and each wholly owned and majority owned subsidiary with this test. Because we expect that most of our assets will be real estate investments, we expect that most, if not all, of the company s wholly owned and majority owned subsidiaries will not be relying on exemptions under either Section 3(c)(1) or 3(c)(7) of the Investment Company Act. Consequently, interests in these subsidiaries (which are expected to constitute most, if not all, of our assets) generally will not constitute investment securities. Accordingly, we believe that our company and most, if not all, of its wholly owned and majority owned subsidiaries will not be considered investment companies under Section 3(a)(1)(C) of the Investment Company Act.

In addition, we believe that neither our company nor any of its wholly owned or majority owned subsidiaries will be considered investment companies under Section 3(a)(1)(A) of the Investment Company Act because they will not engage primarily, or propose to engage primarily, or hold themselves out as being engaged primarily in the business of investing, reinvesting or trading in securities. Rather, our company and its subsidiaries will be primarily engaged in non-investment company businesses related to real estate. Consequently, the company and its subsidiaries expect to be able to conduct their respective operations such that none of them will be required to register as an investment company under the Investment Company Act.

The determination of whether an entity is a majority owned subsidiary of our company is made by us. The Investment Company Act defines a majority owned subsidiary of a person as a company 50% or more of the outstanding voting securities of which are owned by such person, or by another company which is a majority owned subsidiary of such person. The Investment Company Act further defines voting securities as any security presently entitling the owner or holder thereof to vote for the election of directors of a company. We treat companies in which we own at least a majority of the outstanding voting securities as majority owned subsidiaries for purposes of the 40% test. We have not requested that the staff of the Securities and Exchange Commission, or SEC, approve our treatment of any entity as a majority owned subsidiary and the SEC staff has not done so. If the SEC staff were to disagree with our treatment of one or more companies as majority owned subsidiaries, we would need to adjust our strategy and our assets in order to comply with the 40% test. Any such adjustment in our strategy could have a material adverse effect on us.

We intend to conduct our operations so that neither we nor any of our wholly owned or majority owned subsidiaries fall within the definition of investment company under the Investment Company Act. If our company or any of its wholly owned or majority owned subsidiaries inadvertently falls within one of the definitions of investment company, we intend to rely on the exclusion provided by Section 3(c)(5)(C) of the Investment Company Act, which is available for entities primarily engaged in the business of purchasing or otherwise acquiring mortgages and other liens on and interests in real estate. In addition to prohibiting the issuance of certain types of securities, this exclusion generally requires that at least 55% of an entity s assets must be comprised of mortgages and other liens on and interests in real estate, also known as qualifying assets, and at least 80% of the entity s assets must be comprised of qualifying assets and a broader category of assets that we refer to as real estate related assets under the Investment Company Act. Additionally, no more than 20% of the entity s assets may be comprised of miscellaneous assets.

Qualification for exemption from the definition of investment company under the Investment Company Act will limit our ability to make certain investments. For example, these restrictions may limit the ability of our company and its subsidiaries to invest directly in mortgage-related securities that represent less than the entire ownership in a pool of mortgage loans, debt and equity tranches of securitizations and certain asset-backed securities, distressed debt, subordinated debt and real estate companies or in assets not related to real estate. Although we intend to monitor our portfolio, there can be no assurance that we will be able to maintain this exemption from registration for our company or each of our subsidiaries.

To the extent that the SEC staff provides more specific guidance regarding any of the matters bearing upon the definition of investment company and the exceptions to that definition, we may be required to adjust our investment strategy accordingly. Additional guidance from the SEC staff could provide additional flexibility to us, or it could further inhibit our ability to pursue the investment strategy we have chosen.

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Restrictions on Ownership and Transfer of our Securities

To assist us in complying with the limitations on the concentration of ownership of a REIT imposed by the Code, among other purposes, our charter prohibits, with certain exceptions, any stockholder from beneficially or constructively owning, applying certain attribution rules under the Code, more than 9.8% in value of the aggregate of our outstanding shares of stock or more than 9.8% (in value or number of shares, whichever is more restrictive) of any class or series of our shares of stock. Our board of directors may, in its sole discretion, waive the 9.8% ownership limit with respect to a particular stockholder if it is presented with certain representations and undertakings required by our charter and other evidence satisfactory to it that such ownership will not then or in the future jeopardize our qualification as a REIT. Our board of directors agreed to waive the 9.8% ownership limit with respect to the holdings by: (1) NELL Partners of 36,666 shares of common stock; (2) WOF of 1,000,000 shares of common stock; and (3) WRF of 690,000 shares of common stock.

Our charter also prohibits any person from, among other things:

beneficially or constructively owning shares of our capital stock that would result in our being closely held under Section 856(h) of the Code, or otherwise cause us to fail to qualify as a REIT; or
transferring shares of our capital stock if such transfer would result in our capital stock being beneficially owned by fewer than 100 persons.

In addition, our charter provides that any ownership or purported transfer of our capital stock in violation of the foregoing restrictions will result in the shares so owned or transferred being automatically transferred to a charitable trust for the benefit of a charitable beneficiary (or, in the case of a transfer that would result in our capital stock being beneficially owned by fewer than 100 persons, be void), and the purported owner or transferee acquiring no rights in such shares. If a transfer to a charitable trust would be ineffective for any reason to prevent a violation of the restriction, the transfer resulting in such violation will be void from the time of such purported transfer.

Distribution Policy

We intend to make regular quarterly distributions to holders of our common stock. U.S. federal income tax law generally requires that a REIT distribute annually at least 90% of its REIT taxable income, determined without regard to the deduction for dividends paid and excluding net capital gain, and that it pay tax at regular corporate rates to the extent that it annually distributes less than 100% of its net taxable income. We generally intend to pay, over time, quarterly dividends in an amount equal to 100% of our net taxable income. On May 5, 2011, we declared a quarterly cash dividend to our common stockholders of record as of June 30, 2011, that was paid on July 15, 2011, in the amount of $0.125 per share of common stock, totaling approximately $646,487. On August 4, 2011, we declared a quarterly cash dividend of $0.125 per share, which was paid on October 17, 2011 to all common stockholders of record as of September 30, 2011, totalling $646,675. As expected, cash available for distribution was not sufficient to fully fund the second quarter dividend and approximately $227,000 from our working capital and dividend reserve, designed for this purpose, was used to cover this shortfall. However, cash available for distribution for the third quarter was $773,723, which was more than sufficient to fully fund the third quarter dividend. On November 10, 2011, we declared a quarterly cash dividend of $0.125 per share, which will be paid on January 17, 2012 to all common stockholders of record as of December 30, 2011. We currently expect that cash available for distribution will be sufficient to fund the dividend payments to common stockholders for the fourth quarter of 2011. Although not currently anticipated, if our board of directors determines to authorize distributions in excess of the income or cash flow generated from our target assets, we may make such distributions from the proceeds of this or future offerings of equity or debt securities or other forms of debt financing or the sale of our assets.

Holders of Series A Redeemable Preferred Stock 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 share of Series A Redeemable Preferred Stock at an annual rate of six percent (6%) of the initial stated value of $1,000 per share, or the Stated Value. Dividends on each share of Series A Redeemable Preferred Stock will begin accruing on the date of issuance. We expect to authorize and declare dividends on the shares of

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Series A Redeemable Preferred Stock 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), beginning no later than the month following the first full month after we receive and accept aggregate subscriptions in excess of the minimum offering. Once we begin paying such dividends, we expect to pay them 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. 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.

Any distributions we make will be at the discretion of our board of directors and will depend upon, among other things, our actual results of operations. These results and our ability to pay distributions will be affected by various factors, including the net income from our portfolio of investments, our operating expenses and any other expenditures. For more information, see the section entitled Distribution Policy included elsewhere in this prospectus.

We cannot assure you that we will make any distributions to our stockholders.

Ratio of Earnings to Fixed Charges

The computation of our ratio of earnings to fixed charges indicates that earnings were inadequate to cover fixed charges by approximately $7.3 million for the nine months ended September 30, 2011. Since we commenced revenue-generating operations in April 2011, the ratio of earnings to fixed charges is not a meaningful measure for any period prior to 2011.

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The Offering

Series A Redeemable Preferred Stock offered by us

A minimum of 2,000 shares of Series A Redeemable Preferred Stock and a maximum of 150,000 shares of Series A Redeemable Preferred Stock will be offered as part of the Units through our dealer manager in the offering on a reasonable best efforts basis.

Ranking. The Series A Redeemable Preferred Stock will rank senior to the our common stock with respect to payment of dividends and rights upon liquidation, dissolution or winding up. Investors in the Series A Preferred Stock 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 Series A Preferred Stock receive a return of their capital.

Stated Value. Each share of Series A Redeemable Preferred Stock 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 Series A Redeemable Preferred Stock, as set forth in the articles supplementary setting forth the rights, preferences and limitations of the Series A Redeemable Preferred Stock (the Articles Supplementary).

Dividends. Holders of Series A Redeemable Preferred Stock 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 share of Series A Redeemable Preferred Stock at an annual rate of six percent (6%) of the Stated Value. Dividends on each share of Series A Redeemable Preferred Stock will begin accruing on the date of issuance. We expect to authorize and declare dividends on the shares of Series A Redeemable Preferred Stock on a monthly basis payable on the 20th day of the month following the month for which the dividend was declared beginning no later than the month following the first full month after we receive and accept aggregate subscriptions in excess of the minimum offering. Once we begin paying such dividends, we expect to pay them 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. 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. Beginning two years from the date of original issuance of the shares of Series A Redeemable Preferred Stock to be redeemed, the holder will have the right to require the Company to redeem such shares of Series A Redeemable Preferred Stock at a redemption price equal to the Stated Value, less a 10% redemption fee, plus any accrued but unpaid dividends.

Beginning three years from the date of original issuance of the shares of Series A Redeemable Preferred Stock to be redeemed, the holder will have the right to require the Company to redeem such shares of Series A Redeemable Preferred Stock at a redemption price equal to the Stated Value, less a 5% redemption fee, plus any accrued but unpaid dividends.

Beginning four years from the date of original issuance of the shares of Series A Redeemable Preferred Stock to be redeemed, the holder will have the right to require the Company to redeem such shares of Series A Redeemable

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Preferred Stock at a redemption price equal to the Stated Value, less a 3% redemption fee, plus any accrued but unpaid dividends.

Beginning five years from the date of original issuance of the shares of Series A Redeemable Preferred Stock to be redeemed, the holder will have the right to require the Company to redeem such shares of Series A Redeemable Preferred Stock at a redemption price equal to 100% of the Stated Value, plus any accrued but unpaid dividends.

If a holder of Series A Redeemable Preferred Stock causes the Company to redeem such shares of Series A Redeemable Preferred Stock, 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 of our common stock for the 20 trading days prior to the redemption, in exchange for the Series A Redeemable Preferred Stock.

In addition, subject to restrictions, beginning on the date of original issuance and ending two years thereafter, we will redeem such shares of Series A Redeemable Preferred Stock of a holder who is a natural person upon his or her death at the written request of the holder s estate at a cash redemption price equal to the Stated Value, plus accrued and unpaid dividends thereon through and including the date of redemption.

Optional Redemption by the Company. After ten years from the date of original issuance of the shares of Series A Redeemable Preferred Stock to be redeemed, we will have the right (but not the obligation) to redeem such shares of Series A Redeemable Preferred Stock at 100% of the Stated Value, plus any accrued but unpaid dividends. If we choose to redeem any shares of Series A Redeemable Preferred Stock, 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 of our common stock for the 20 trading days prior to the redemption, in exchange for the Series A Redeemable Preferred Stock.

Our obligation to redeem any of the shares of Series A Redeemable Preferred Stock 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 shares of Series A Redeemable Preferred Stock, the holders of shares of Series A Redeemable Preferred Stock 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 share, plus accrued but unpaid dividends.

Voting Rights. The Series A Redeemable Preferred Stock has no voting rights.

Warrants offered by us

A minimum offering of Warrants to purchase up to 40,000 shares of common stock and a maximum offering of Warrants to purchase up to 3,000,000 shares of common stock will be offered as part of the Units through our dealer manager in the offering on a reasonable best efforts basis.

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The Warrants will be exercisable beginning one year from the date of original issuance and ending four years from the date of such issuance.

The initial exercise price will equal 120% of the current market price per share of our common stock on the date of issuance of the Warrant, subject to a minimum exercise price of $9.00 per share. The current market price will be determined using the weighted average price of the previous 20 days of trading volume.

Capital stock to be outstanding after the offering

2,000 shares of Series A Redeemable Preferred Stock, assuming the minimum offering of 2,000 Units, or
150,000 shares of Series A Redeemable Preferred Stock, assuming the maximum offering of 150,000 Units, and
5,175,325 shares of common stock[(1)]

Estimated use of proceeds

Assuming we sell all the Units offered for sale, we estimate that we will receive net proceeds from the sale of Units in this offering of approximately $132.8 million after deducting estimated offering expenses, including selling commissions and the dealer manager fee, payable by us of approximately $17.2 million. We intend to invest the net proceeds of the offering in connection with the acquisition of multifamily properties. If all the net proceeds of the offering are used to directly acquire multifamily properties, we estimate that these properties would have an aggregate gross value (inclusive of mortgage indebtedness) of approximately $357.9 million. We intend to acquire such properties through the incurrence of indebtedness (secured and unsecured) of approximately 65% 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 the 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 Estimated Use of Proceeds included elsewhere in this prospectus.

AMEX symbol for common stock

Our common stock is listed on the AMEX under the trading symbol APTS. **There is no established public trading market for the offered shares of Series A Redeemable Preferred Stock or the Warrants and we do not expect a market to develop. We do not intend to apply for a listing of the Series A Redeemable Preferred Stock or the Warrants on any national securities exchange.**