IRET

INVESTORS REAL ESTATE TRUST



# NAREIT Investor Forum June 2015

(presentation data as of 4/30/15, except where noted)

# Management Objectives

- **Deliver current development projects in the pipeline**
  - *During the first and second quarters of fiscal 2016:*
    - Place into service approximately 73,000 sf of healthcare space and 523 multi-family units representing approximately $126,000,000 of development
  - *During the third quarter of fiscal 2016:*
    - Place into service 57,479 sf of medical office space and 432 multi-family units representing approximately $127,000,000 of development
- **Successfully close on the sales of our Office and Retail property segments** *by end of fiscal second quarter 2016.*
- **Redeploy sales proceeds in an appropriate combination of:**
  - Deleveraging
    - Acquisition
      - Development

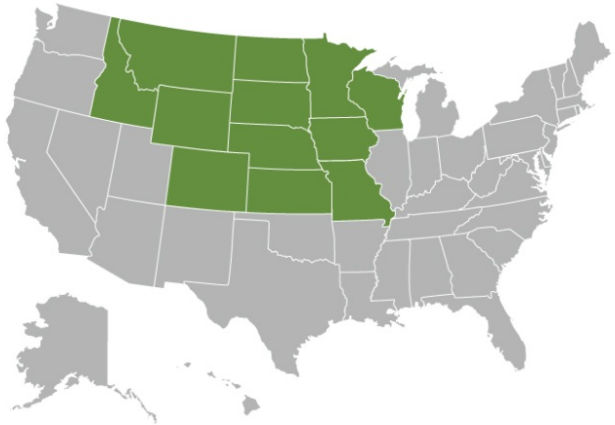
# $2.1 Billion of Property Owned

## Properties

249 properties in 12 states

11,844 apartment units

9.6 million commercial sq. ft.



## 430+ Employees



Multi-family | $947m



Healthcare | $498m



Industrial | $60m

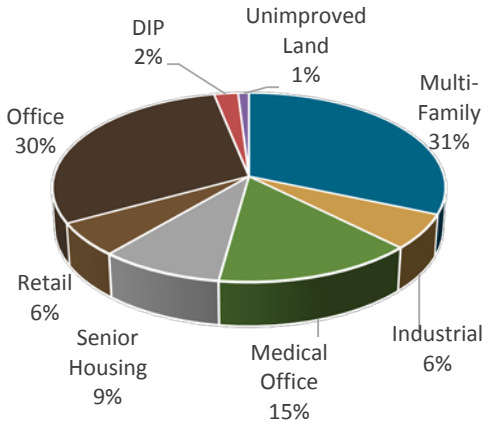


Office | $481m

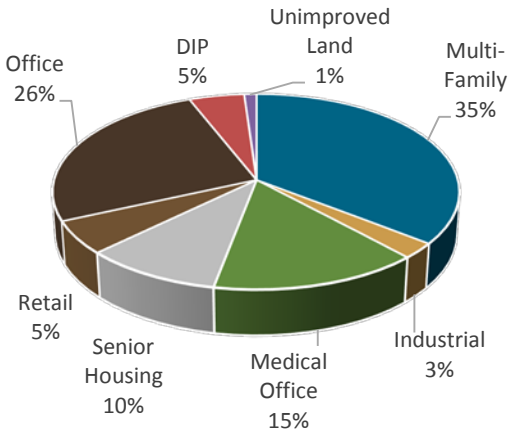



Retail | $112m

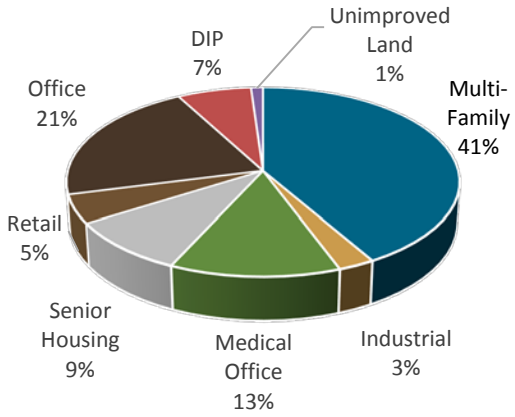
FYE 04/30/2013




FYE 04/30/2014

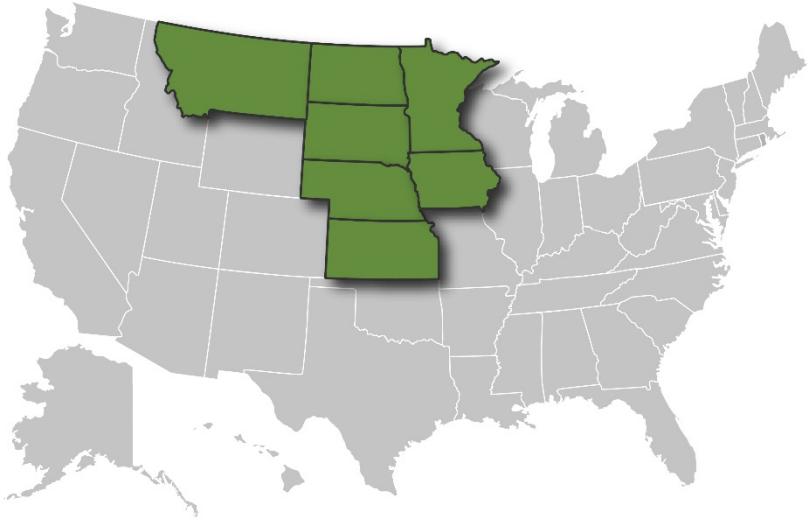



FYE 04/30/2015




| | Year Ended 04/30/2013 | Year Ended 04/30/2014 | Year Ended 04/30/2015 |
|---|---|---|---|
| Weighted Avg. Interest Rate | 5.55% | 5.37% | 5.16% |
| FFO Payout Ratio | 75.4% | 82.5% | 81.3% |
| AFFO Payout Ratio | 118.2% | 115.6% | 94.5% |

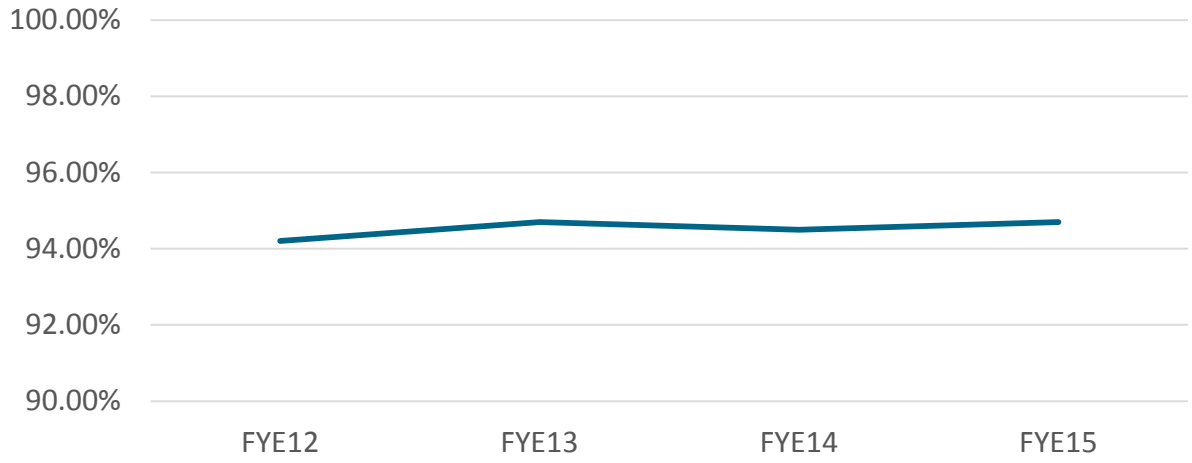
# Multi-family footprint



**45.1%** of portfolio

100 properties | 11,844 units

# Same-store occupancy




**94.7%**

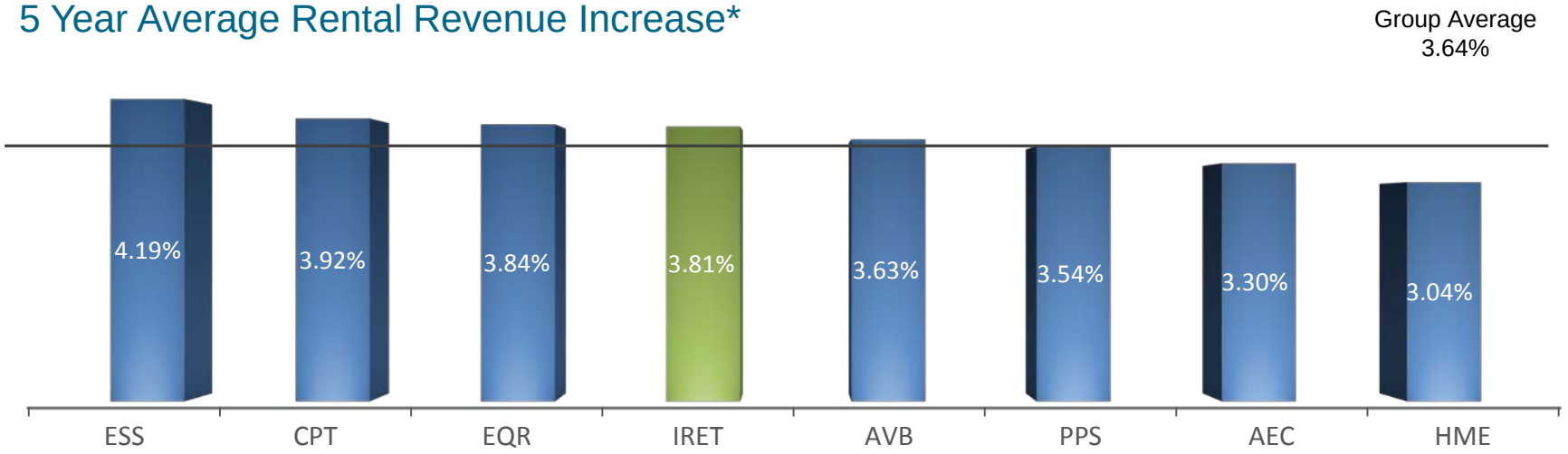
## Same-store occupancy

Same-store Multi-family occupancy has consistently remained above 93.0% over the past fifteen quarters

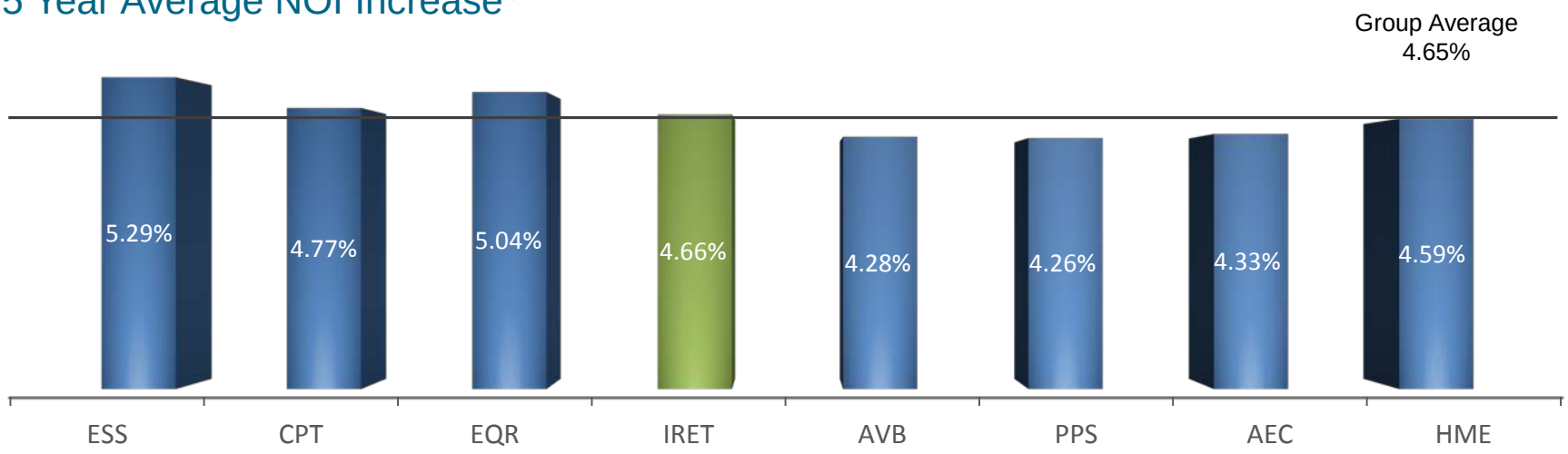
| City | # of Units | Year Ended 04/30/15 Occupancy | Year Ended 04/30/14 Occupancy | Units Under Construction^ | % Scheduled Rent Increase Past Year |
|---|---|---|---|---|---|
| Billings | 770 | 97.1% | 95.8% | - | 2.8% |
| Bismarck | 682 | 93.7% | 99.6% | - | 4.0% |
| Grand Forks | 1,135 | 94.7% | 99.1% | 325 | 4.5% |
| Jamestown | 81 | 100.0% | 100.0% | 163 | 6.9% |
| Minot | 626 | 96.5% | 99.0% | 72 | 3.2% |
| Omaha | 1,562 | 94.8% | 90.5% | | 2.0% |
| Rapid City | 270 | 97.8% | 96.7% | | 1.2% |
| Rochester | 1,104 | 96.1% | 90.6% | | 3.9% |
| Sioux Falls | 777 | 98.7% | 99.0% | | 3.3% |
| St. Cloud* | 1,701 | 90.2% | 85.8% | | 1.3% |
| Topeka | 1,042 | 95.0% | 93.0% | | 2.0% |
| Williston | 145 | 85.5% | 89.7% | 72 | 0.4% |
| **Totals** | **9,895** | **94.7%** | **93.4%** | **632** | **2.8%** |

**St. Cloud market information includes Minneapolis statistics*
*^IRET additionally has 241 units under construction on the 71 France project located in Edina, MN*

## 5 Year Average Rental Revenue Increase*

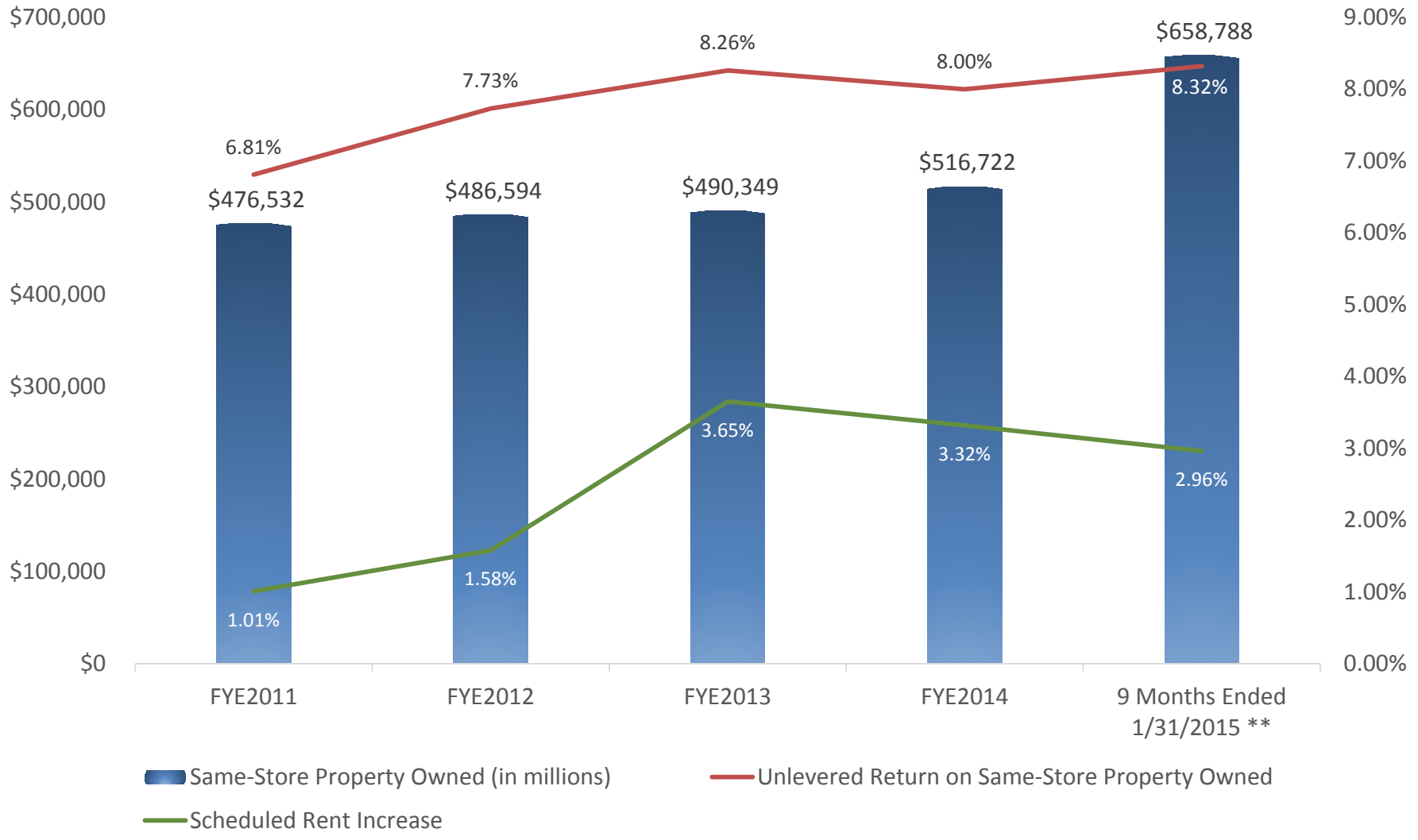



## 5 Year Average NOI Increase*




Source: Public Filings, SNL Financial

*5-year period represents years ended 12/31/10 through 12/31/14. IRET data is from fiscal years ended 04/30/11 through 04/30/14, and the nine month period ending 01/31/15 annualized.




Unaudited

*Same Store property owned amounts are representative of those properties classified as Same Store in that reporting period

**Percentages are annualized



## 71 France

IRET JV Participation | 52.6%
Edina, MN | 109 Units
Opening Fall 2015



## Red 20

IRET JV Participation | 58.6 %
Minneapolis, MN | 130 Units
Opened Winter 2014-15



## 71 France | Phases II & III

IRET JV Participation | 52.6%
Edina, MN | 132 Units
P II – Opening Winter 2015
P III – Opening Summer 2016



## Arcata

Golden Valley, MN | 165 Units
Opened January 2015



## Deer Ridge

Jamestown, ND | 163 Units
Opening Summer 2015



## Cardinal Point

Grand Forks, ND | 251 Units
Opening Fall 2015



## The Gardens

Grand Forks, ND | 74 Units
Opening Summer 2015
*Under contract to purchase upon completion*



## Chateau II

Minot, ND | 72 Units
Opening Summer 2015



## Renaissance Heights

IRET JV Participation | 70.0%
Williston, ND | 288 Units
Opened Spring 2014
Phases 4 of 5 consisting of 216 units completed



## Cypress Court II

IRET JV Participation |86.1%
St. Cloud, MN | 64 Units
Opened Winter 2014-15



## Dakota Commons

Williston, ND | 44 Units
Opened Summer 2014



## Legacy Heights

Bismarck, ND | 119 Units
Opening Summer 2015



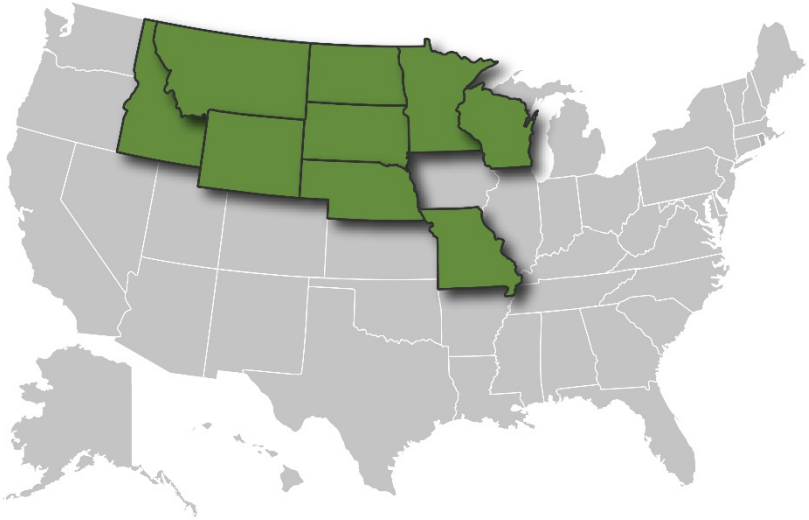
## Commons at Southgate

IRET JV Participation | 52.9%
Minot, ND | 233 Units
Opened Summer 2014

# New Development

| Property Name | City | State | Units | Projected Opening | Lease up Status |
|---|---|---|---|---|---|
| 71 France – Phase I | Edina | MN | 109 | Fall 2015 | 14% pre-leased |
| Arcata | Golden Valley | MN | 165 | January 2015 | 50% leased |
| Cardinal Point | Grand Forks | ND | 251 | Fall 2015 | 20% pre-leased |
| Chateau II | Minot | ND | 72 | Summer 2015 | 26% pre-leased |
| Deer Ridge | Jamestown | ND | 163 | Summer 2015 | 7% pre-leased |
| Gardens | Grand Forks | ND | 74 | Summer 2015 | 8% pre-leased |
| Legacy Heights | Bismarck | ND | 119 | Summer 2015 | 61% leased |
| Red 20 | Minneapolis | MN | 130 | Winter 2014/15 | 95% leased |
| Renaissance Heights | Williston | ND | 288 | Opening in phases | 4 buildings of 5 complete; 55% leased |
| Total | | | 1371 | | |

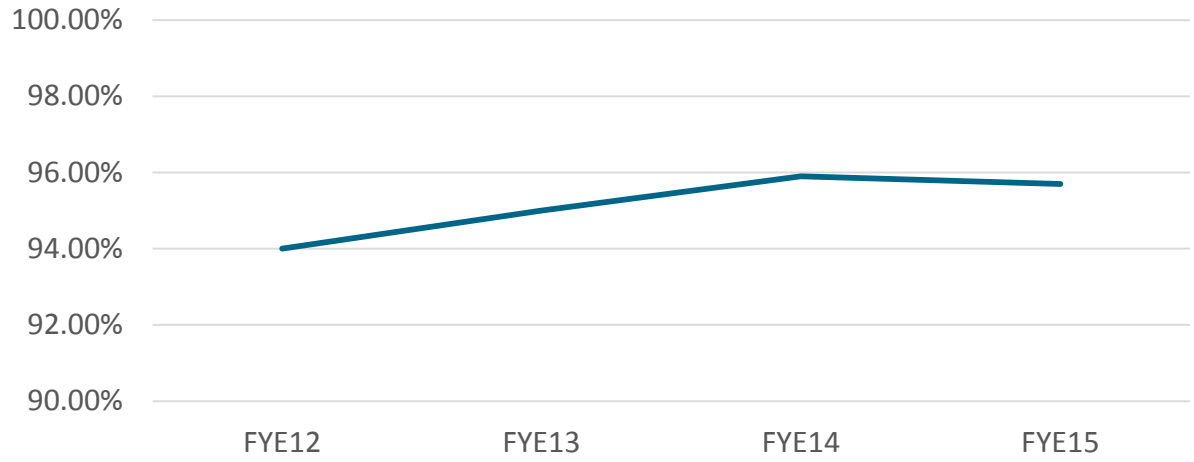
# Healthcare footprint



**23.7%** of portfolio

66 properties | 3.0 million Sq. Ft.

# Same-store occupancy




**95.7%**

## Same-store occupancy

Same-store Healthcare occupancy has consistently remained above 94.0% over the past thirteen quarters



## PrairieCare Medical

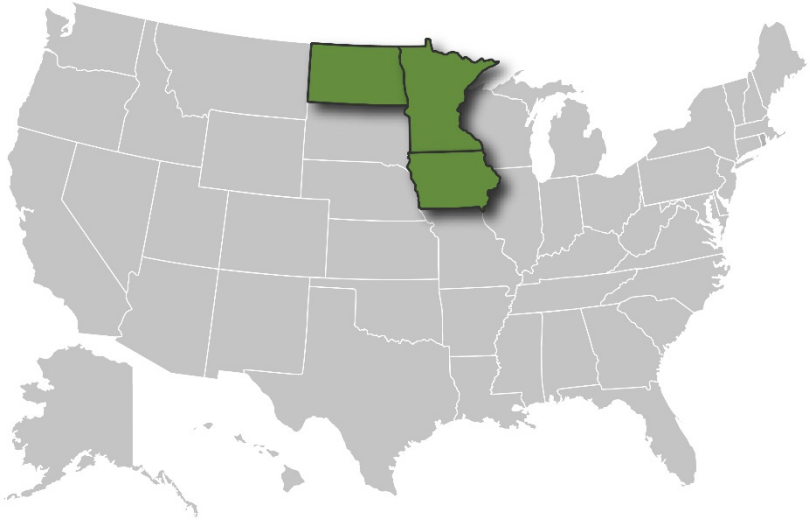
Brooklyn Park, MN
72,895 Sq. Ft.
Opening Fall 2015



## Edina SMC III

Edina, MN
57,479 Sq. Ft.
Opening Fall 2015

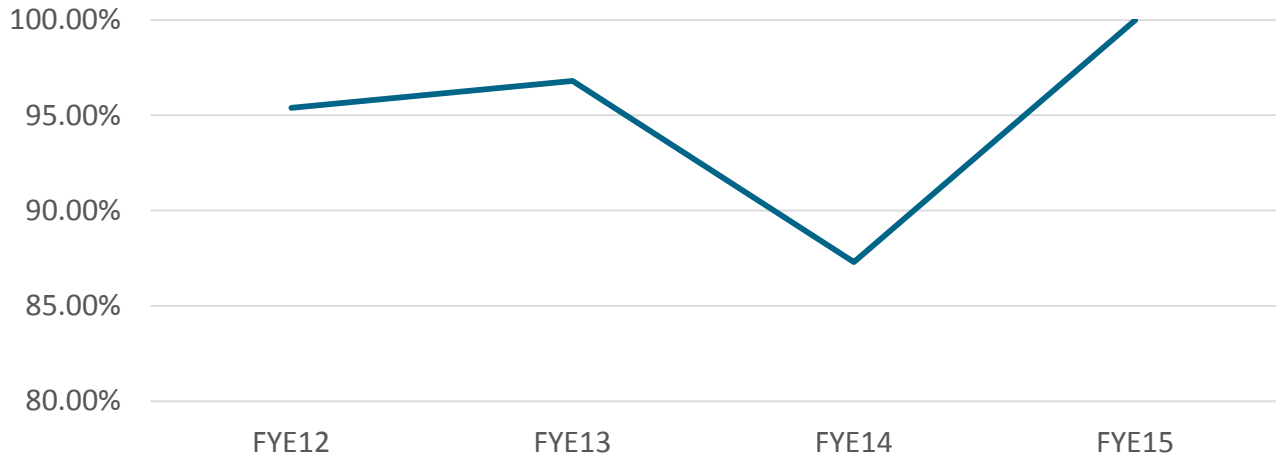
# Industrial footprint



**2.9%** of portfolio

7 properties | 1.2 million Sq. Ft.

# Same-store occupancy




**100.0%**

## Same-store occupancy

Same-store Industrial occupancy has remained at 100.0% over the past four quarters

| | |
|---|---|
| Bakken Area | slide 17 |
| North Dakota Energy Activity | slide 18 |
| FFO & AFFO by Period | slide 19 |
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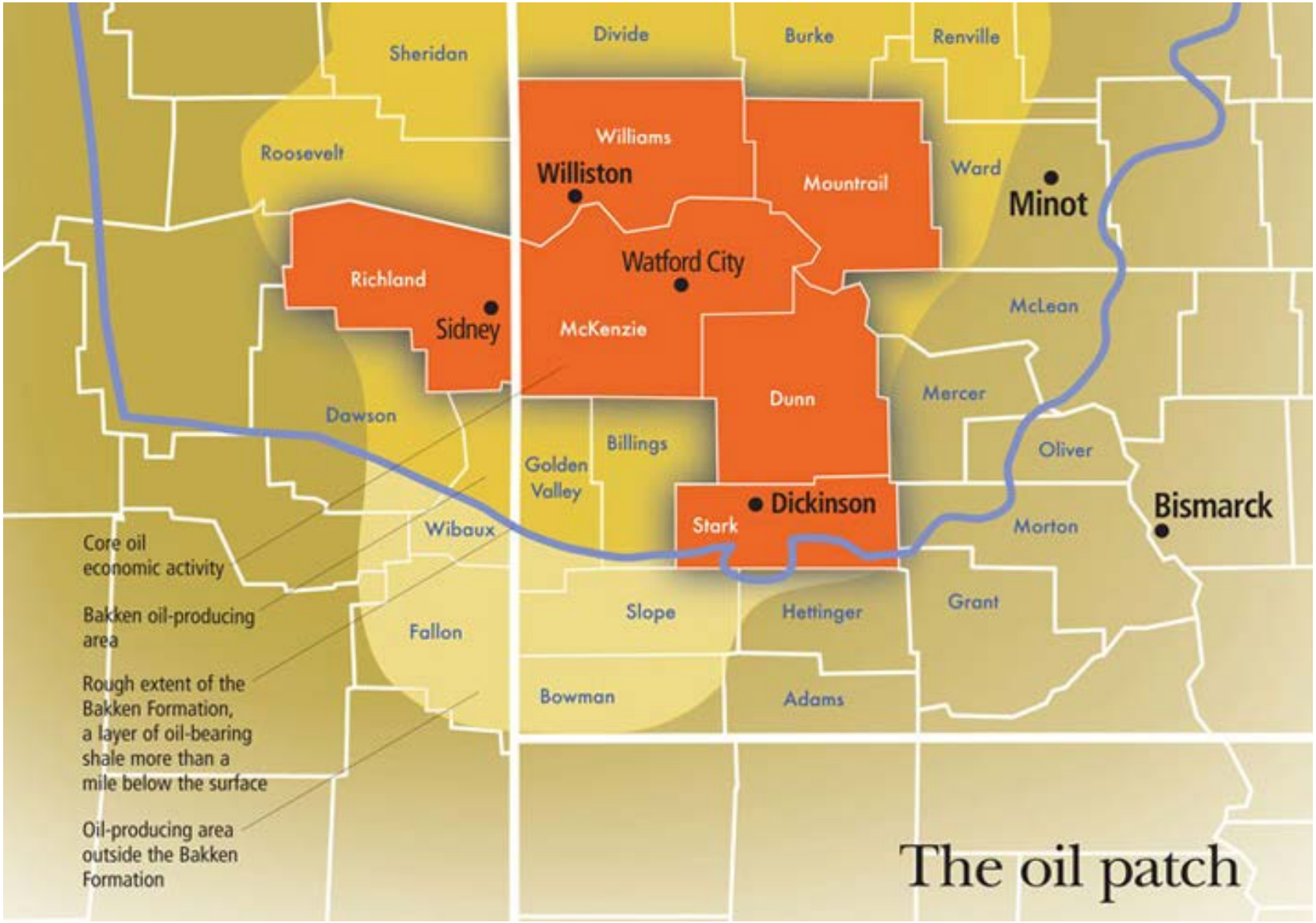
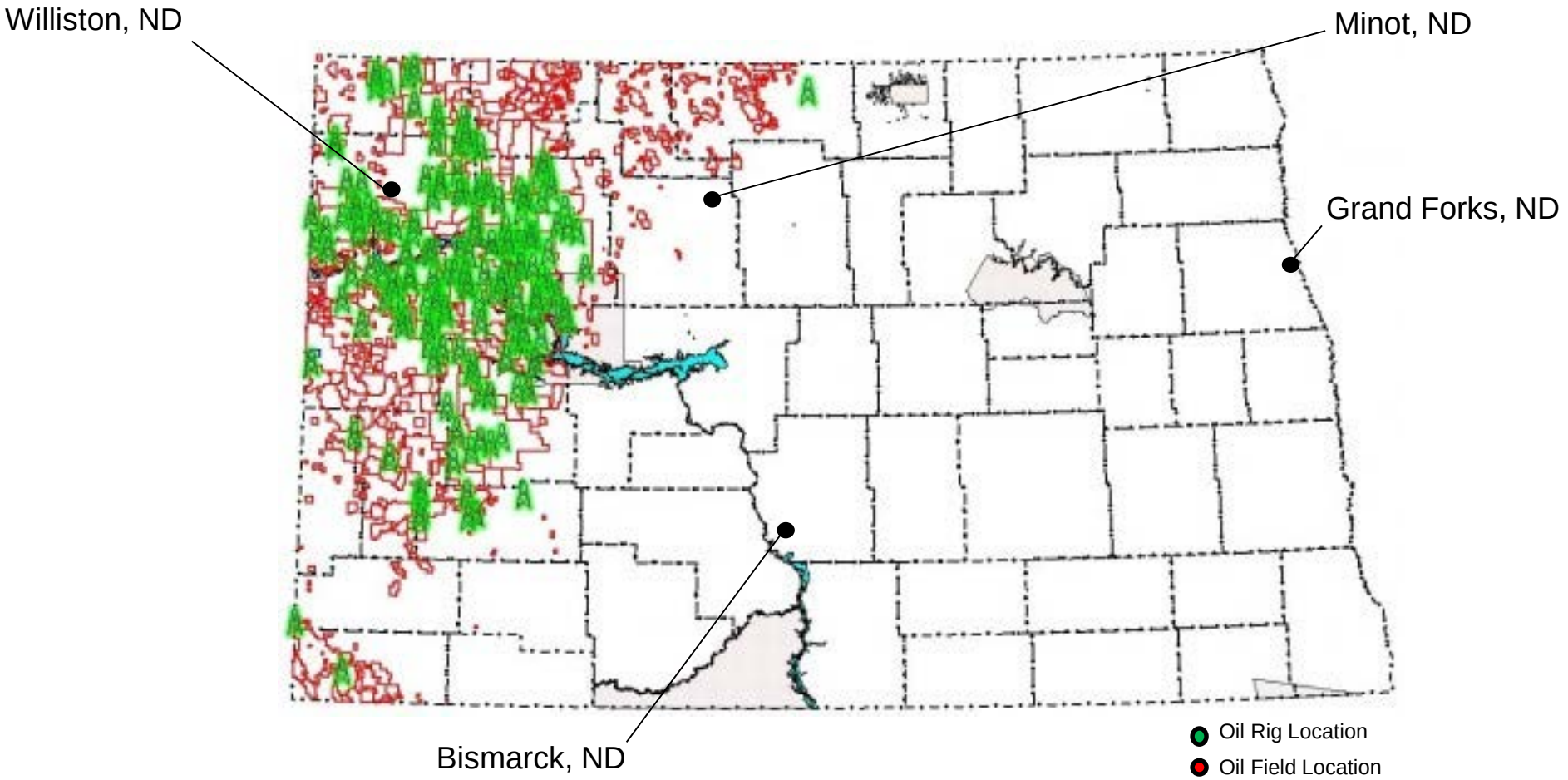
| Forward-looking statement | slide 22 |



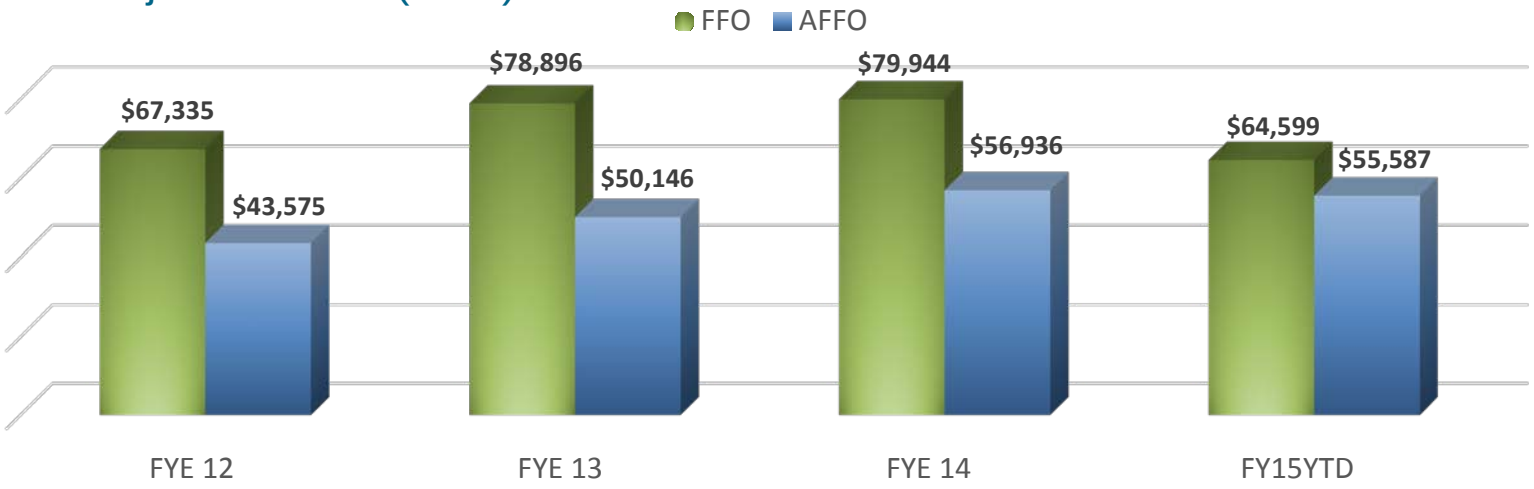

*Map provided by the Federal Reserve Bank of Minneapolis. www.minneapolisfed.org

# Approximately 6.75% of the Company's Net Operating Income in 3Q15 was generated from Multi-family assets in Williston and Minot.

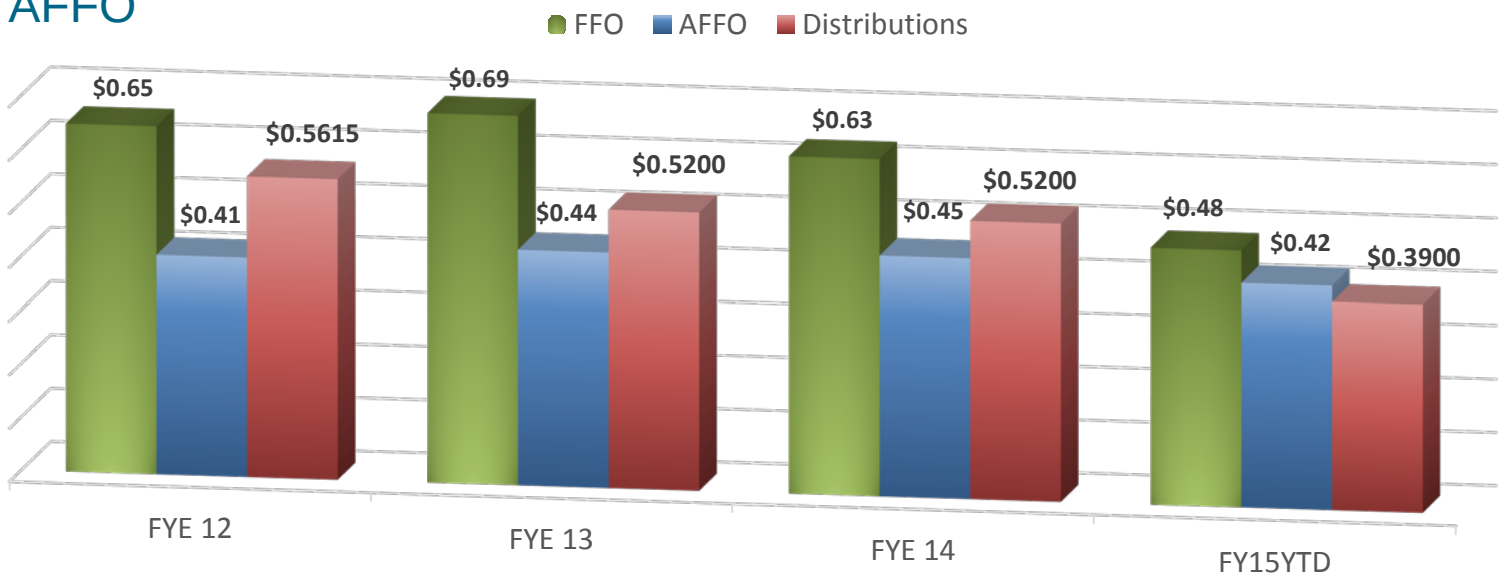



*Oil Field and Rig locations provided by the North Dakota Department of Mineral Resources GIS Map. www.dnr.nd.gov

## Total FFO and adjusted AFFO (000s)




## FFO and AFFO




*FY15YTD data shown is nine months fiscal year to date ending January 31, 2015. Fiscal Year 2015 data to be released on June 29, 2015.

"IRET is executing on a strategy to transform its portfolio to provide for the predictability of our earnings and cash flow growth. We are disposing of our office and retail properties to reduce cash flow variability. Management is concentrating its efforts on apartments and healthcare. New developments and acquisitions in these segments are propelling our growth and creating an exciting future for IRET."

-- President and CEO Timothy Mihalick

## *Stock information*

*(share data as of 4/30/15)*

IRET
INVESTORS REAL ESTATE TRUST
NYSE: IRET

**$7.17** stock price

**138,482,000** shares and units outstanding

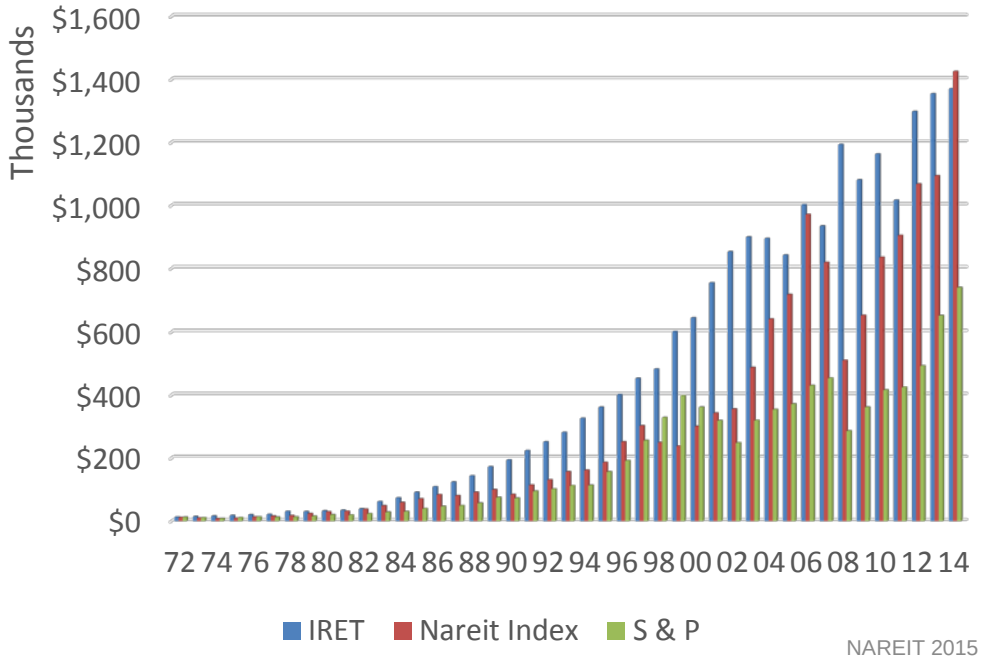
**$993M** market cap

**7.3%** dividend yield

**$0.13** common share quarterly distribution

**$0.52** annualized common share distribution

## *Shareholder returns*





## Timothy P. Mihalick

President &
Chief Executive Officer



## Diane K. Bryantt

Executive Vice President
& Chief Operating Officer



## Ted E. Holmes

Executive Vice President
& Chief Financial Officer



## Mark W. Reiling

Executive Vice President
& Chief Investment Officer

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Certain of the financial measures appearing in this slide presentation may be non-GAAP financial measures. Management believes that these non-GAAP financial measures provide additional appropriate measures of our operating results. While we believe these non-GAAP financial measures are useful in evaluating our company, the information should be considered supplemental in nature and not a substitute for information prepared in accordance with GAAP. Supplemental financial disclosures for any non-GAAP financial measures in this presentation, including the most directly comparable GAAP measure and associated reconciliation, are provided in our most recent quarterly supplemental report, which is available on our website at www.iret.com.