IRET

Investor Presentation

November 2015






Company Overview

IRET

- IRET owns a portfolio primarily comprised of high-quality multi-family and healthcare properties in the Upper Midwest
  - Multi-family properties make up ~61% of total value[1]
- On January 23, 2015 IRET announced a Strategic Repositioning to refine its strategy and focus on its core assets
  - IRET has successfully closed on a portfolio of 39 office properties and announced the sale of their 17 property retail portfolio
  - Pro-forma portfolio:

	# Properties	Units	Sq. Ft. (mm)
Multi-family	100	12,027	--
Senior Housing	34	--	--
Medical Office	31	--	1.5
Other[2]	17	--	1.5
Total	**182**	**12,027**	**3.0**

Only Pure-Play Upper Midwest Focused REIT

Commitment to Core Properties and Strategic Repositioning

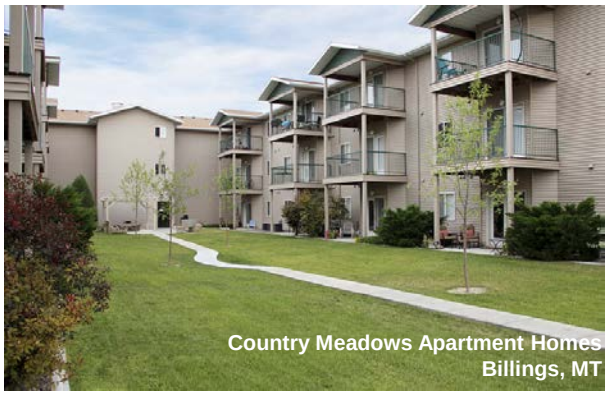
Trading at a Large Discount to NAV with a Funded Pipeline

Deepened Focus on Capital Allocation & Balance Sheet Management

Committed Veteran Management Team


Quarry Ridge Apartments
Rochester, MN


Red 20
Minneapolis, MN


Country Meadows Apartment Homes
Billings, MT

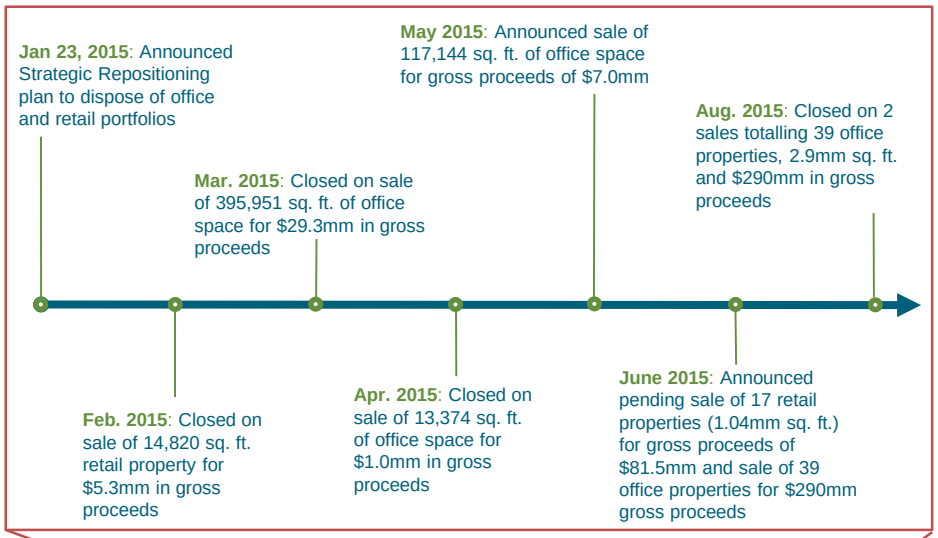
1. Pro-forma for office (39 properties) and retail (17 properties) pending and closed dispositions.
2. Includes industrial and legacy properties.

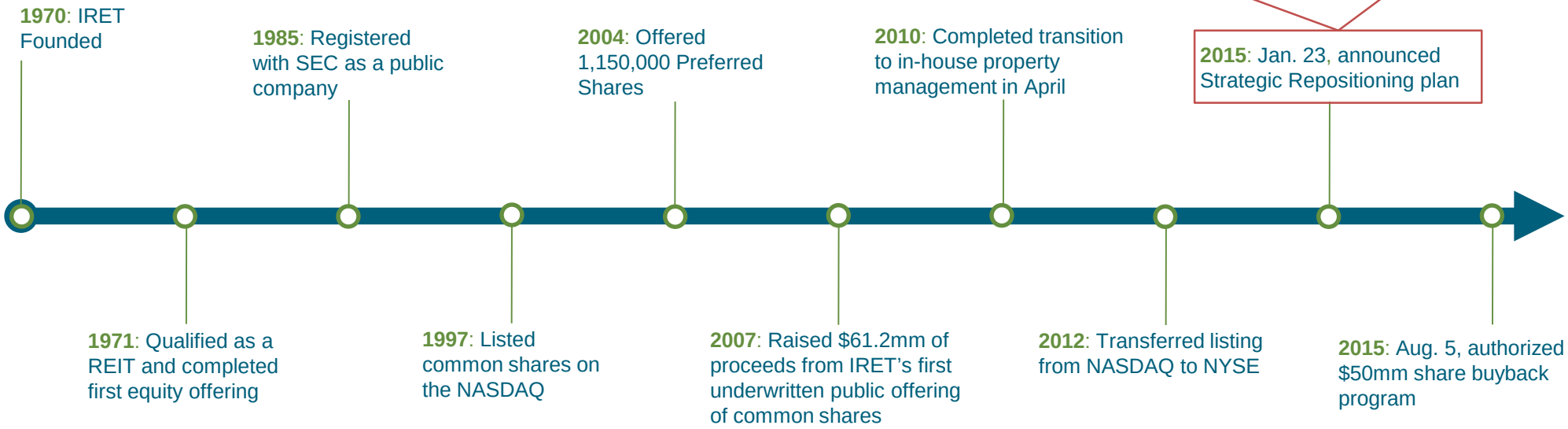
Company History and Recent Highlights

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Recent Highlights:

- **Acquisitions:**
  - $110mm in acquisitions over the last 27 months
    - 2,750 multi-family units
- **Dispositions:**
  - Strategic Repositioning plan announced on Jan. 23, 2015
    - Announced pending sale of 17 property retail portfolio
      - Gross proceeds of $82mm
    - Announced sale and close of 39 office properties
      - Gross proceeds of $290mm
- **Development:**
  - New developments of $284mm placed in service in previous 27 months
    - 1,382 multi-family units
    - 265,429 sq. ft. of commercial property
- **Announced Share Buyback Authorization on August 5, 2015:**
  - Authorized $50mm share buyback program





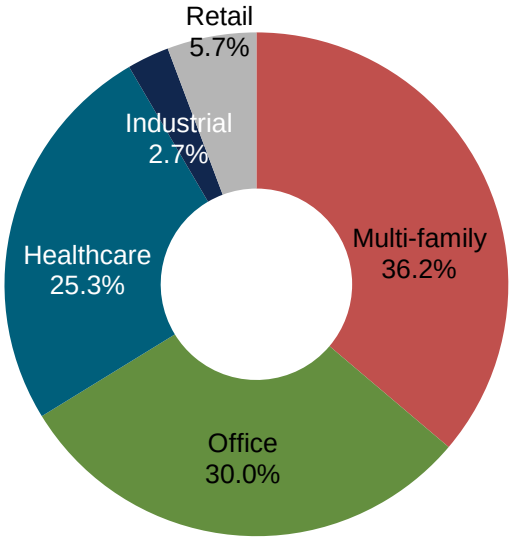
1. Includes announced and closed dispositions.

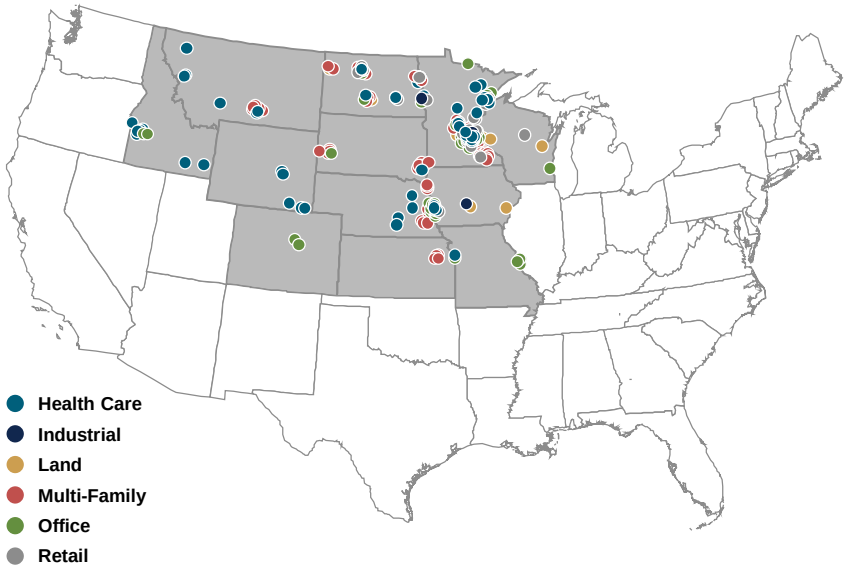
Strategic Repositioning

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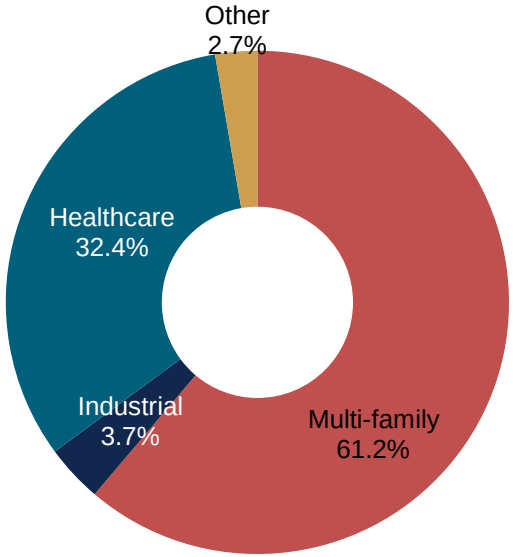
Refined Strategy. Increased Focus.

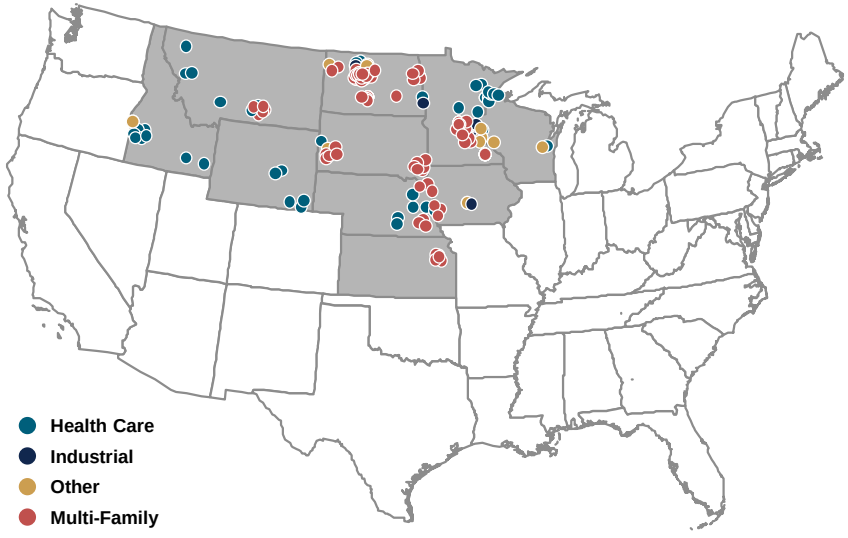
As of January 2015

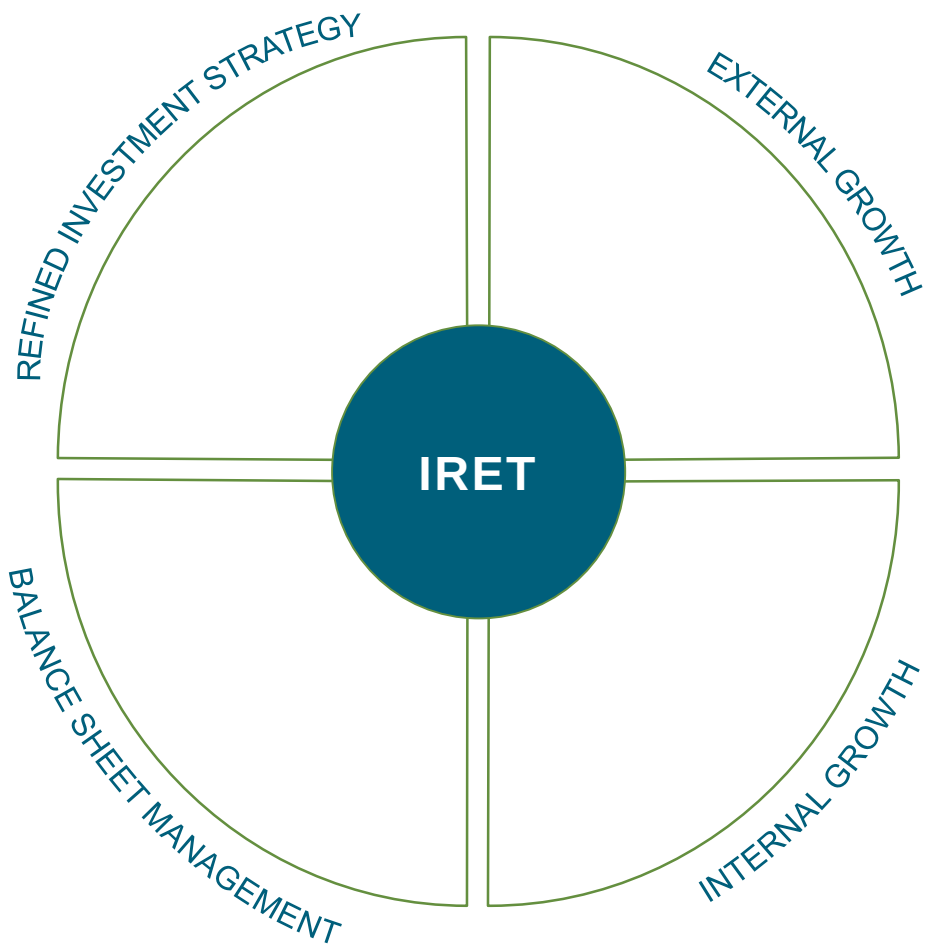




Today: Pro-Forma for Dispositions







Refined Investment Strategy

- Focusing on multi-family and healthcare properties in the Midwest
  - Higher margins, lower capex
- Disposing of office and retail portfolios
- Decreasing development and land investments

External Growth

- Focus on existing core markets
- Supplement growth with expansion into new, adjacent markets with strong fundamentals

Internal Growth

- Funded pipeline of $184mm to be placed in service within the next five quarters
  - 85.2% in multi-family, 791 units
  - 13.2% properties in a medical office building, 70,756 sq. ft.
  - 1.6% other, 7,963 sq. ft. (Minot Southgate Retail)

Balance Sheet Management

- Reduce leverage levels to a target of 40% of debt-to-equity and below 6x of debt-to-EBITDA
- Monitor opportunities for debt repayment
- Move towards unsecured debt and decrease use of mortgages
- Authorized $50mm share buyback program

Disciplined Acquisition Platform

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The Legacy Heights Apartment



- **About The Property**
  - 119 multi-family units
  - Property purchased at completion in March 2015 with 10% occupancy
  - 90.8% leased
- **Strategy**
  - Increase scale in a primary geographic market
    - Complements existing eight property portfolio (896 units) in Bismarck, ND

Lakeside Medical



- **About The Property**
  - 27,819 sq. ft. medical office building adjacent to the Alegent Health Hospital
  - 100% leased, multi-tenant
  - Constructed in 2005
- **Strategy**
  - Expands holding in strong medical market
  - Complements existing strategy of acquiring on or around hospital healthcare centers

Development Summary

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FY 2015 Development Placed in Service

- Placed 636 multi-family units and 207,805 sq. ft. of retail and industrial into service during 2015

Name	Property Type	Location	Units	Sq. Ft.
Dakota Commons	Multi-family	Williston, ND	44	--
Red 20	Multi-family	Minneapolis, MN	130	--
Commons at Southgate	Multi-family	Minot, ND	233	--
Cypress Court II	Multi-family	St. Cloud, MN	64	--
Arcata	Multi-family	Golden Valley, MN	165	--
Roseville	Industrial	Roseville, MN	--	202,807
Minot Southgate Wells Fargo Bank	Retail	Minot, ND	--	4,998
Total			**636**	**207,805**

FY 2016 Development in Progress[1]

- Future development opportunities are focused on multi-family and medical office buildings

Name	Property Type	Location	Units	Sq. Ft.	Anticipated Cost ($mm)
71 France	Multi-family	Edina, MN	241	--	$73.3
Cardinal Point	Multi-family	Grand Forks, ND	251	--	$40.0
Chateau II[2]	Multi-family	Minot, ND	72	--	$14.7
Deer Ridge	Multi-family	Jamestown, ND	163	--	$24.5
Edina 6565 France[2]	Healthcare	Edina, MN	--	57,624	$36.8
Minot Southgate Retail	Retail	Minot, ND	--	7,963	$2.9
PrairieCare Medical	Healthcare	Brooklyn Park, MN	--	70,756	$24.3
Renaissance Heights[2]	Multi-family	Williston, ND	288	--	$62.4
Total			**1,015**	**136,343**	**$278.9**

Select Recent Developments

Red 20, Multi-family – Stabilized in Q1 FY16



Edina 6565 France, On-Campus MOB – Opened in Q2 FY16



1. Properties are in development, expansion, or renovation projects as of July 31, 2015.
2. Placed in service in FY 2016.

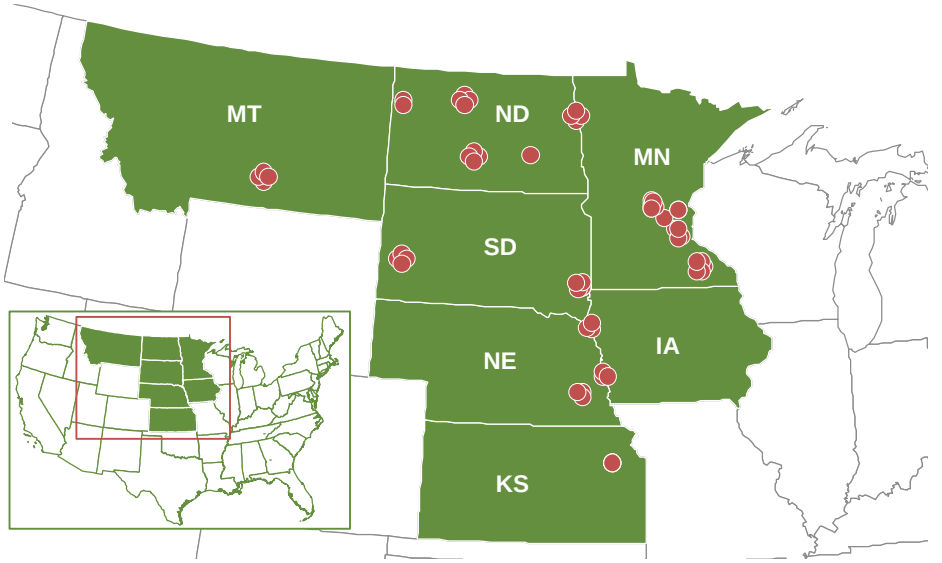
Multi-family Portfolio Overview

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Portfolio Details

- IRET is the leading publicly-traded owner of multi-family properties in the Upper Midwest
  - Represents 61% of total portfolio, pro-forma for office and retail dispositions
  - 100 properties encompassing 12,027 units across 7 states in the Upper Midwest
  - Total same-store occupancy of 93.5%
  - Total gross NOI grew 12.6% year-over-year
- IRET has $157mm of multi-family in their development pipeline that is expected to come online within the next five quarters
  - 791 units

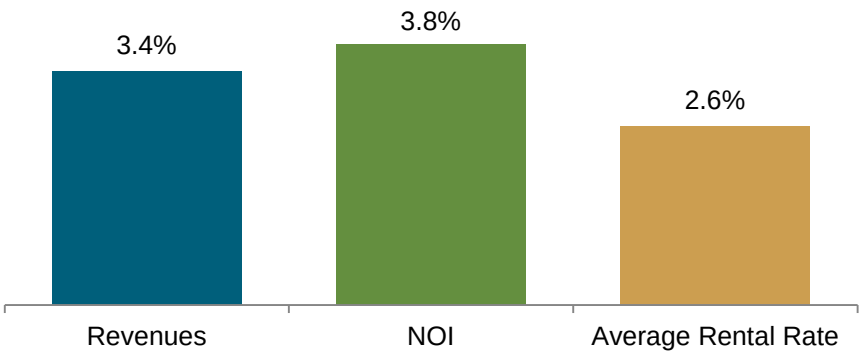
Geographic Overview



Recent Same-Store Financial Performance

IRET's multi-family portfolio has had strong financial growth

Increase / (Decrease) from Prior Fiscal Year



High-Quality Interior Finishes



Arcata Interior

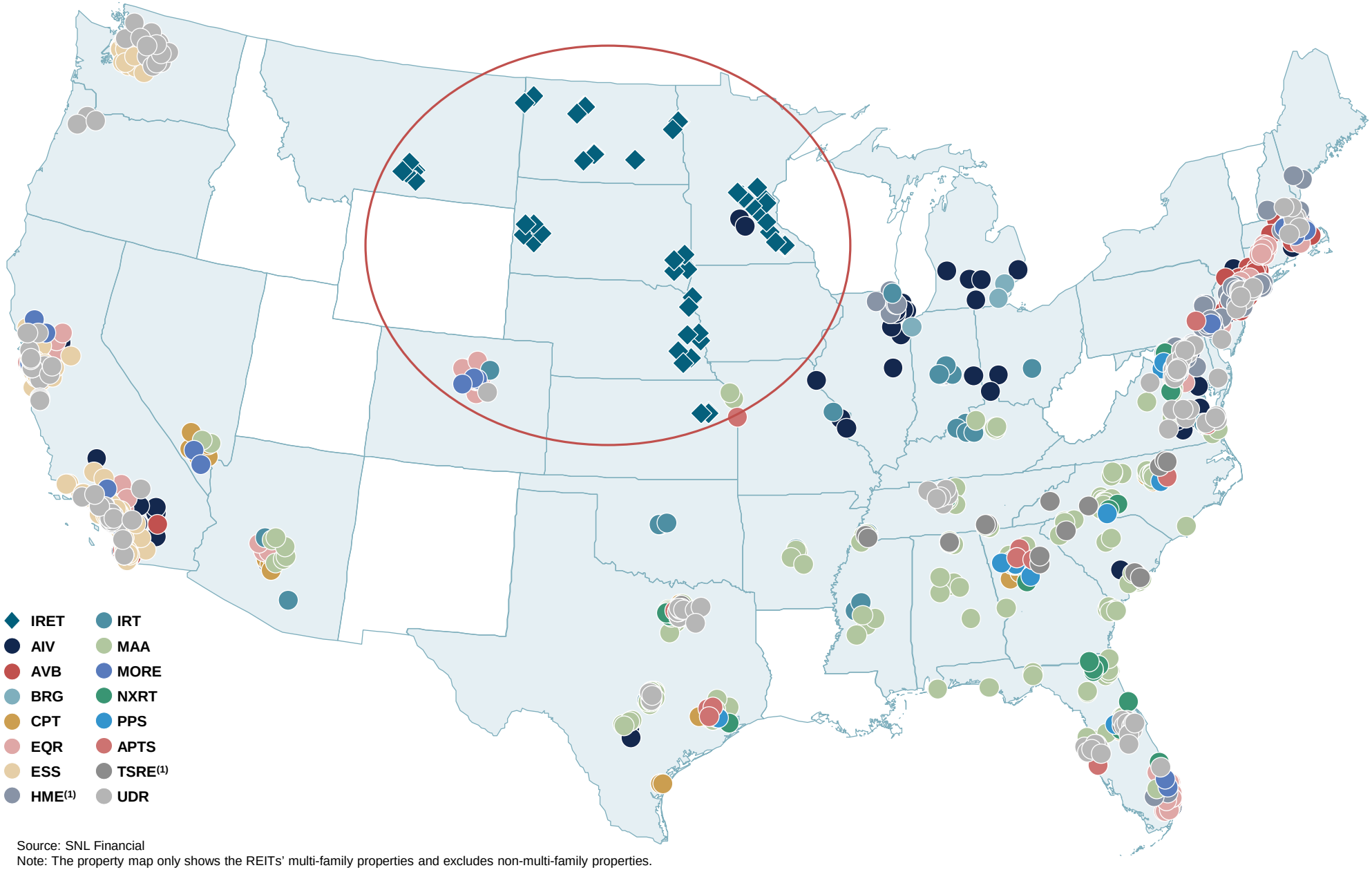
Red 20 Interior



Multi-family REIT Properties in the U.S.

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IRET is the only listed multi-family focused REIT serving the Upper Midwest



Source: SNL Financial
Note: The property map only shows the REITs' multi-family properties and excludes non-multi-family properties.
1. Target of an announced merger expected to close in 2015.

Upper Midwest Unemployment Rate

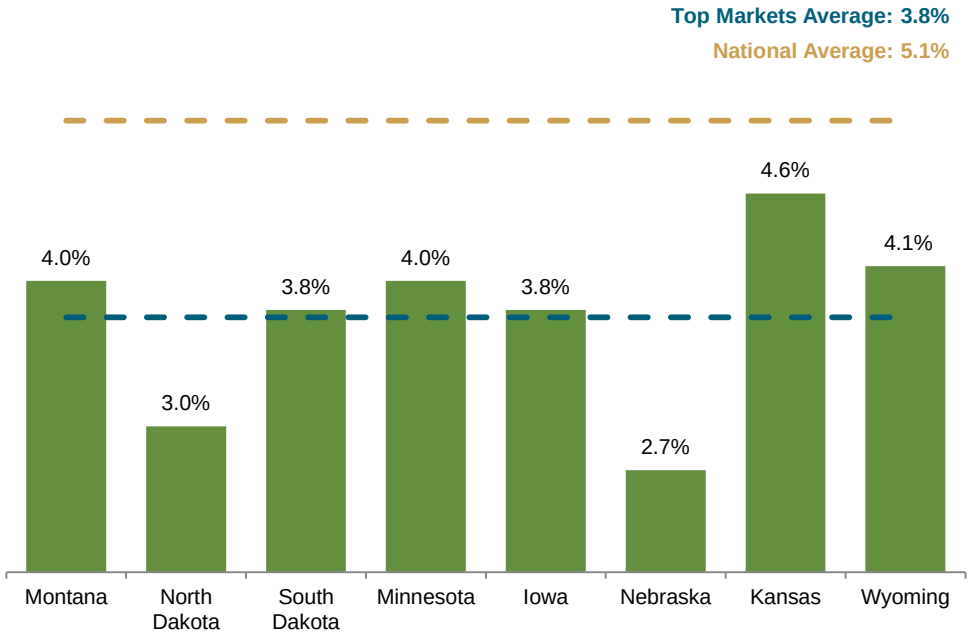
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The Upper Midwest has the lowest unemployment rate of all U.S. regions

Commentary

- Out of the 10 states with the lowest unemployment rate, 6 come from the Upper Midwest
  - The average unemployment rate for the Upper Midwest is 3.8%, compared to a national average of 5.1%
- Low unemployment is a positive indicator for multi-family properties
  - Promotes tenant retention and rent increases

Unemployment Rate: Upper Midwest vs. National Average



U.S. Unemployment Rate

Denotes Upper Midwest

Rank	State	Rate (%)	Rank	State	Rate (%)
1	NEBRASKA	2.7	26	WASHINGTON	5.3
2	NORTH DAKOTA	3.0	28	CONNECTICUT	5.4
3	UTAH	3.6	28	FLORIDA	5.4
3	VERMONT	3.6	28	NEW YORK	5.4
5	HAWAII	3.7	28	PENNSYLVANIA	5.4
5	NEW HAMPSHIRE	3.7	32	ARKANSAS	5.6
7	IOWA	3.8	33	TENNESSEE	5.7
7	SOUTH DAKOTA	3.8	34	ILLINOIS	5.8
9	MINNESOTA	4.0	34	MISSOURI	5.8
9	MONTANA	4.0	34	RHODE ISLAND	5.8
11	IDAHO	4.1	37	NEW JERSEY	5.9
11	WYOMING	4.1	37	NORTH CAROLINA	5.9
13	TEXAS	4.2	37	OREGON	5.9
14	COLORADO	4.3	40	GEORGIA	6.0
15	OKLAHOMA	4.5	41	ARIZONA	6.1
16	KANSAS	4.6	42	ALABAMA	6.2
16	MAINE	4.6	42	CALIFORNIA	6.2
16	WISCONSIN	4.6	42	LOUISIANA	6.2
19	DELAWARE	4.7	45	SOUTH CAROLINA	6.4
19	INDIANA	4.7	46	MISSISSIPPI	6.5
19	MASSACHUSETTS	4.7	46	NEW MEXICO	6.5
22	VIRGINIA	4.8	48	ALASKA	6.7
23	OHIO	5.0	49	D.C.	6.8
24	KENTUCKY	5.2	49	NEVADA	6.8
24	MARYLAND	5.2	51	WEST VIRGINIA	7.5
26	MICHIGAN	5.3			

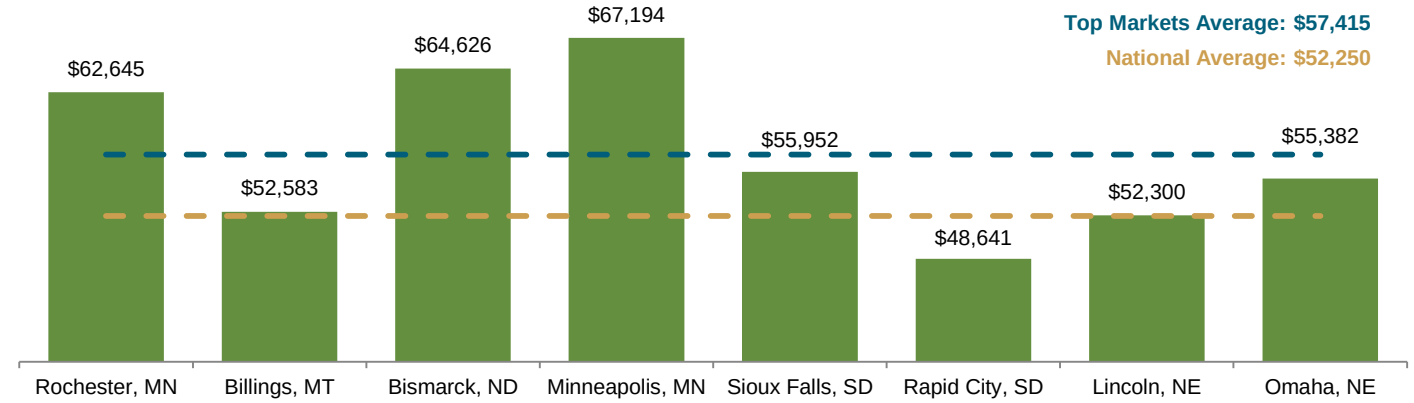
Source: Bureau of Labor Statistics as of July 2015

Demographic Highlights of Top IRET Markets

IRET

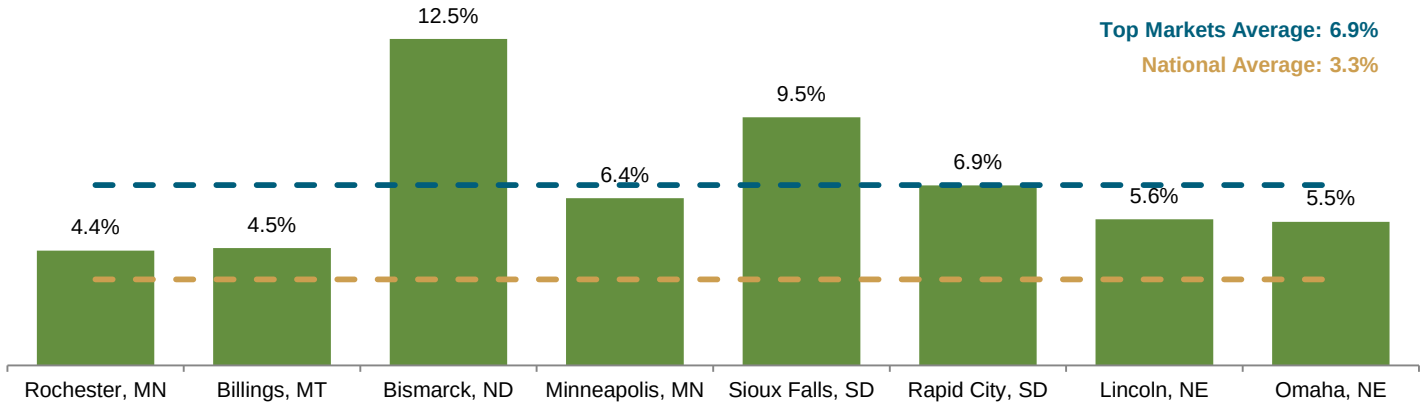
The Upper Midwest has a strong demographic profile for multi-family properties

Median Household Income



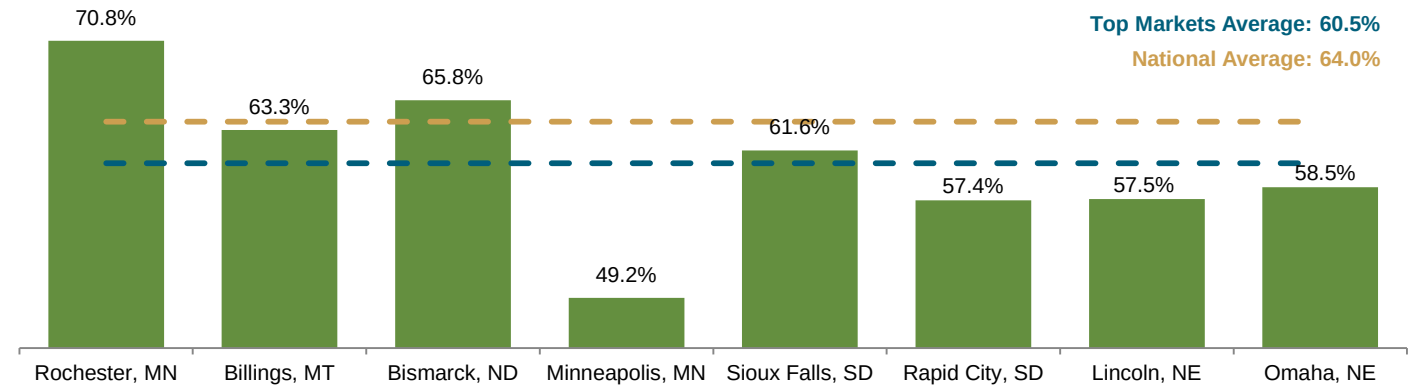
- On average, median household income is 10% higher in IRET's markets vs. the national average

Population Growth



- All of IRET's top markets have experienced stronger population growth than the U.S. average

Home Ownership Rate

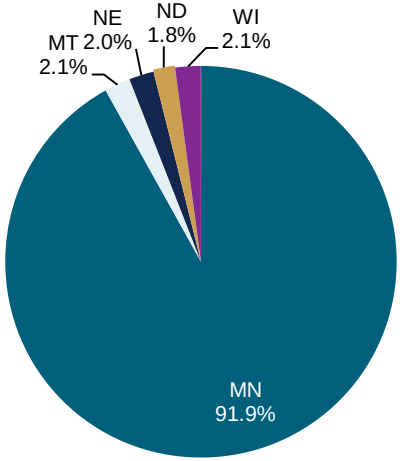


- The home ownership rates in IRET's markets are below the U.S. average

Source: Latest available data from U.S. Census Bureau: Median Household Income from U.S. Census Bureau's American Community 1-year Survey, Population Growth is from 2010-2014, and Home Ownership Rate is from 2009 – 2013

Medical Office Building[1]

- IRET has a portfolio of 31 medical office buildings primarily located in Minnesota
  - 1.5mm rentable sq. ft. with 76.7% on campus
  - FY 2015 NOI: $27.9mm

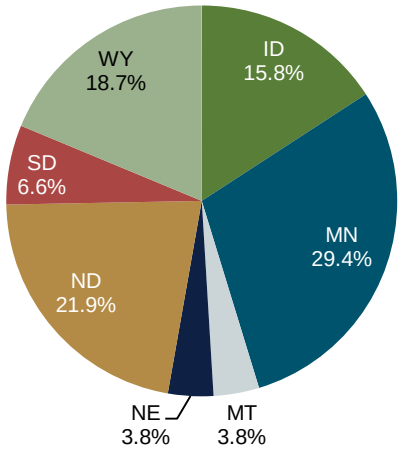


***EDINA SMC IIII*, Edina, MN – Opened Summer 2015**



Senior Housing[2]

- IRET has a portfolio of 34 senior housing properties located in the Upper Midwest
  - 1.5mm rentable sq. ft.
  - FY 2015: $21.0mm



***Edgewood Vista*, Brainerd, MN**

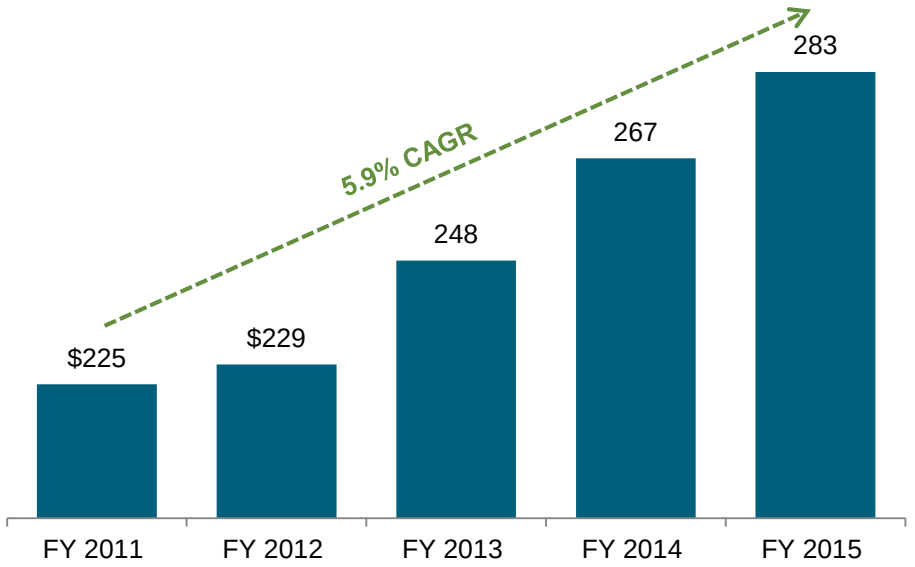


1. As a percent of square feet.
2. As a percent of number of beds.

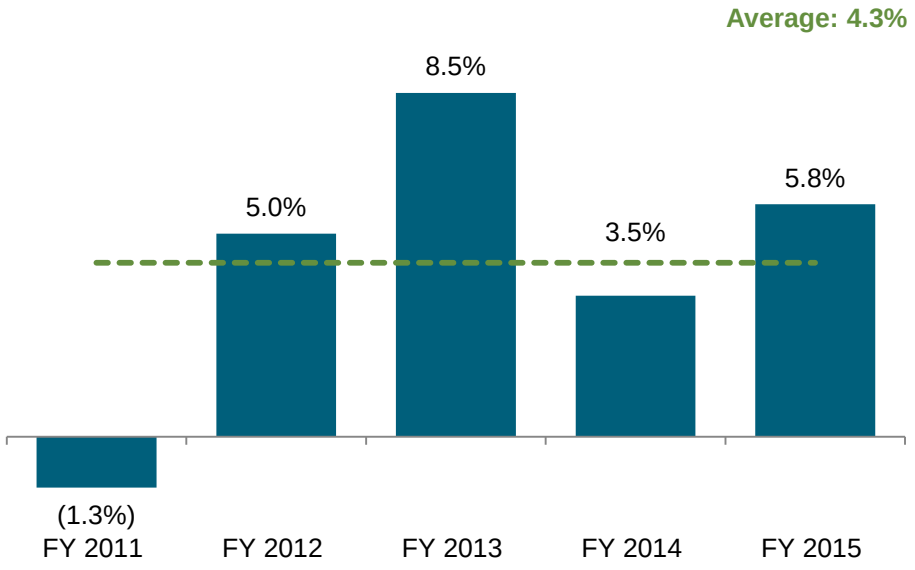
Annual Financial Performance

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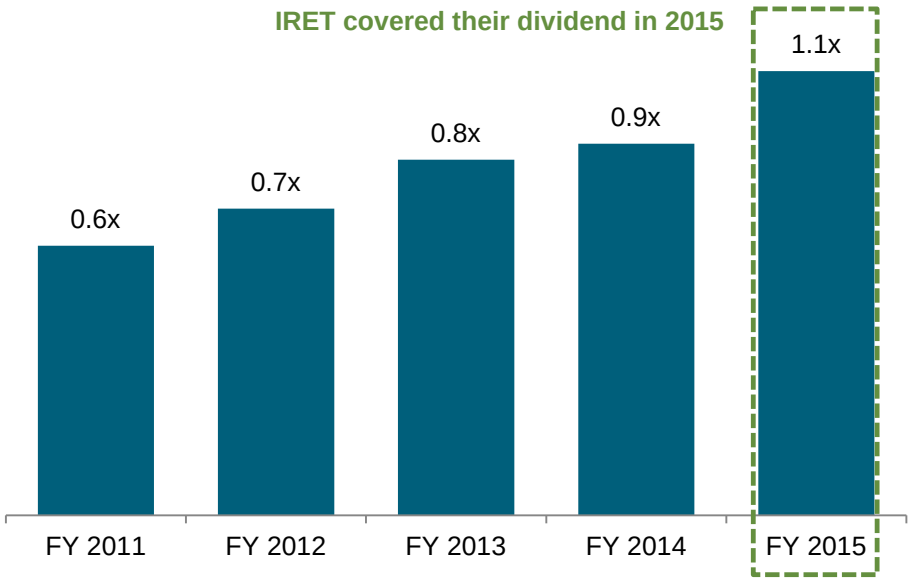
Total Revenue Prior Five Years ($mm)



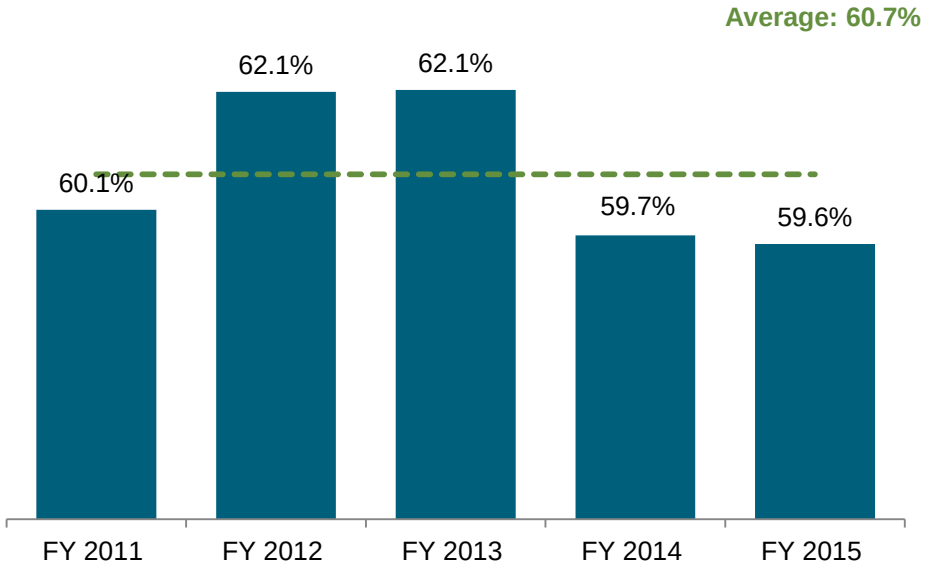
NOI Growth Prior Five Years



AFFO Coverage Prior Five Years



NOI Margin Prior Five Years



Investment Highlights

IRET

Unique Geography with Differentiated Economic Drivers	• Only pure play Upper Midwest focused REIT • Sparse competition in multi-family REITs within the Upper Midwest • Economic conditions of IRET's core markets are stable and outperform the U.S. average
Commitment to Core Properties and Strategic Repositioning	• Announced Strategic Repositioning plan on January 23, 2015 • Executed on plan by disposing of retail portfolio and implementing share buyback • Will continue to refine portfolio, shift focus to core property types, and acquire better quality assets with higher margins
Attractive Value	• Trading at one of the largest discounts to consensus NAV in the industry • Robust acquisition and development pipeline • Consistent dividend performance
Deepened Focus on Capital Allocation & Balance Sheet Management	• Authorized $50mm share buyback program in August 2015 • Deleveraging and reworking balance sheet composition from secured debt towards unsecured debt
Veteran Management Team	• 15+ year average tenure of senior management (CEO and COO have 50+ years combined) • Experts in Upper Midwest real estate • Adding highly-qualified members to our Board of Trustees

Same Store Performance by Region

IRET

Regions	Apartment Units	FY16Q1 % of Actual NOI	FY16Q1 Average Rental Rate (1)	FY16Q1 Weighted Average Occupancy(2)	1st Quarter Increase (Decrease) From Prior Year's 1st Quarter				
					Revenues	Expenses	NOI	Average Rental Rate(1)	Weighted Average Occupancy(2)
Billings, MT	**770**	7.9%	**$893**	93.5%	**0.8%**	(3.1%)	**3.7%**	4.0%	**(3.0%)**
Bismarck, ND	**828**	11.0%	**$1,041**	94.0%	**(0.8%)**	4.5%	**(3.5%)**	4.5%	**(5.1%)**
Grand Forks, ND	**1,230**	12.8%	**$919**	95.0%	**(1.1%)**	3.4%	**(4.2%)**	3.1%	**(4.1%)**
Jamestown, ND	**81**	0.8%	**$984**	98.8%	**5.8%**	33.8%	**(12.9%)**	7.1%	**(1.2%)**
Omaha, NE	**1,562**	14.5%	**$858**	96.2%	**8.3%**	2.5%	**13.8%**	2.6%	**5.5%**
Rapid City, SD	**270**	2.6%	**$816**	98.1%	**1.2%**	(4.9%)	**6.3%**	0.9%	**0.4%**
Rochester, MN	**1,104**	14.0%	**$1,046**	95.4%	**6.6%**	(3.7%)	**14.5%**	3.2%	**3.3%**
Sioux Falls, SD	**777**	6.2%	**$799**	97.6%	**3.8%**	(2.7%)	**11.3%**	3.4%	**0.4%**
St. Cloud, MN	**1,725**	8.7%	**$716**	90.1%	**4.5%**	8.1%	**(0.9%)**	2.7%	**1.8%**
Topeka, KS	**1,042**	7.8%	**$742**	94.4%	**2.2%**	(0.2%)	**4.6%**	0.0%	**2.2%**
Same Store Subtotals	**9,389**	86.3%	**$864**	94.4%	**3.3%**	1.9%	**4.6%**	2.7%	**0.6%**
Minot, ND	**734**	9.7%	**$1,118**	92.1%	**(6.1%)**	7.2%	**(12.9%)**	0.4%	**(6.5%)**
Williston, ND	**145**	4.0%	**$2,542**	79.3%	**(24.7%)**	13.9%	**(35.9%)**	(8.3%)	**(17.9%)**
Same Store Property Totals	**10,268**	100.0%	**$902**	94.0%	**1.2%**	2.5%	**0.1%**	1.3%	**(0.2%)**

(1) Average rental rate is defined as total rental revenues divided by the weighted average occupied apartments units for the period.
(2) Weighted average occupancy is defined as gross potential rent less vacancy losses divided by gross potential rent for the period.

Safe Harbor Statement and Legal Disclosure

IRET

Certain statements in this presentation are “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements involve known and unknown risks, uncertainties, and other factors that may cause actual results to differ materially from expected results. Such risks, uncertainties and other factors include, but are not limited to changes in general and local economic and real estate market conditions, the timing and pricing of lease transactions, the availability and cost of capital, fluctuations in interest rates, tenants’ financial conditions, level of competition, the effect of government regulation, the impact of newly adopted accounting principles, and other risks and uncertainties detailed from time to time in our filings with the SEC, including our 2015 Form 10-K and subsequent Quarterly Reports on Form 10-Q. We assume no obligations to update or supplement forward-looking statements that become untrue because of subsequent events.

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