

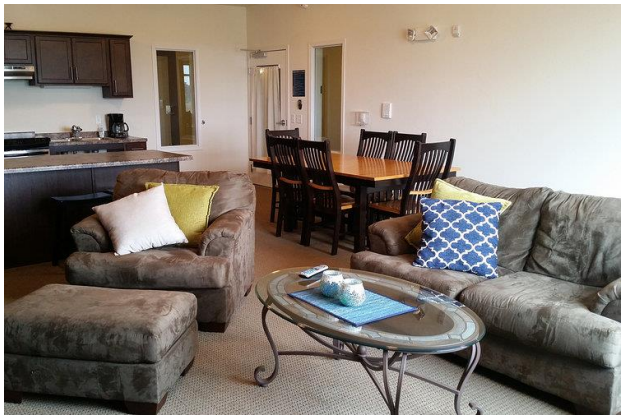



IRET

Investor Presentation

NAREIT Conference – June 2016






Presentation as of 1/31/2016, except where noted

Highlights

IRET

Only Upper Midwest Focused REIT

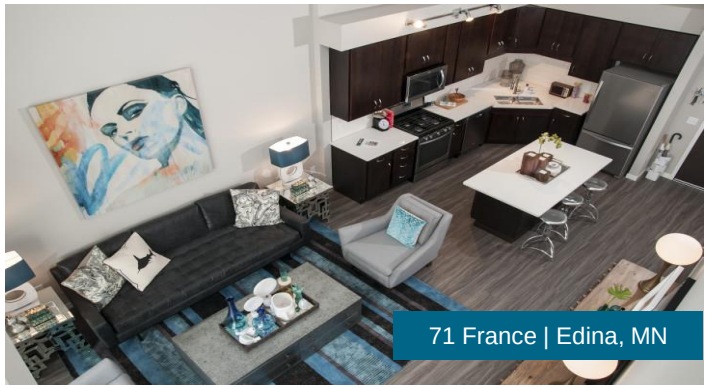
Commitment to Core Properties and Strategic Repositioning

Trading at Discount to NAV

On June 6th, the Company announced its strategic move to become a pure-play multifamily REIT long-term

Deepened Focus on Capital Allocation & Balance Sheet Management


Red 20 | Minneapolis, MN


71 France | Edina, MN


Colonial Villa | Minneapolis, MN

Company Overview

IRET

- IRET owns a portfolio primarily comprised of high-quality multifamily and healthcare properties in the Upper Midwest
  - Multifamily properties make up ~63% of total value
- On January 23, 2015 IRET announced a Strategic Repositioning to refine its strategy and focus on its core assets
  - In the nine months ended fiscal January 31, 2016, the company has disposed of 5.1mm sq. ft. of non-core commercial real estate, streamlining its operating platform and focusing on better return investments
  - On June 6th, the Company announced its strategic move to become a pure-play multifamily REIT long-term

	# Properties	Units	Sq. Ft. (mm)
Multifamily	102	12,792	--
Senior Housing	34	--	1.5
Medical Office	33	--	1.6
Other [1]	17	--	1.5
Total	**186**	**12,792**	**4.6**

1. Includes industrial and legacy properties.

Overview of Strategic and Capital Plan

IRET

Management has completed a review of its operating platform, value creation strategy, and target markets and developed a three-pronged approach to sustaining growth

1 Portfolio Simplification

- Pure-play multifamily
- Continue with asset sales of non-core, non-multifamily assets
- Focus on vibrant Upper Midwest markets with strong risk adjusted returns
- Focus on larger assets, efficient design, and economies of scale

2 Improving Effective Operations

- Focus on improving operating margins
- Value-add initiatives to reposition existing assets and capture higher rents
- Integration of rent optimization software across portfolio
- Conversion to a ratio utility billing system to recapture tenant utility expenses

3 Continue Balance Sheet Optimization

- Focus on optimal long-term capital allocation strategy
- Long-term goal to achieve credit rating metrics in line with peers with an investment grade rating
- Reduced Company liabilities by $270mm in the nine months ending 1/31/2016

Recent Accomplishments Multifamily

IRET

Acquisitions

- $62mm in acquisitions over the nine months ended 1/31/2016
  - 350 multifamily units
- Announced a $72mm acquisition on March 22, 2016
  - Core market of Rochester, MN
  - 393 multifamily units
- $134mm of total acquisitions in the 12 months ended 4/30/2016

Capital Recycling

- Disposed non-core real estate assets, which sold for $504.9mm in the nine months ended 1/31/2016
- Reduce exposure in non-core markets and asset classes
- Concentrated operating platform
- Building a better balance sheet
  - Reduced Company liabilities by $270mm in the nine months ended 1/31/2016
  - Increased liquidity by $42mm since 4/30/2015
- Stronger, more focused company
  - 45% of multifamily assets on 1/31/2015; 63% as of 1/31/2016

Development

- Five new developments of $80mm placed in service in previous nine months ended 1/31/2016
  - 360 multifamily units

Q3 2015

- Announced Strategic Repositioning plan to dispose of office and retail portfolios

Q4 2015

- Closed on sale of 14,820 sq. ft. retail property for $5.3mm in gross proceeds
- Closed on sale of 395,951 sq. ft. of office space for $29.3mm in gross proceeds
- Closed on sale of 13,374 sq. ft. of office space for $1.0mm in gross proceeds

Q1 2016

- Announced sale of 117,144 sq. ft. of office space for gross proceeds of $7.0mm
- Announced sale of 17 retail properties (1.04mm sq. ft.) for gross proceeds of $81.5mm and sale of 39 office properties for $290mm gross proceeds

Q2 2016

- Closed on two sales totaling 39 office properties, 2.9mm sq. ft. and $290mm in gross proceeds

Q4 2016

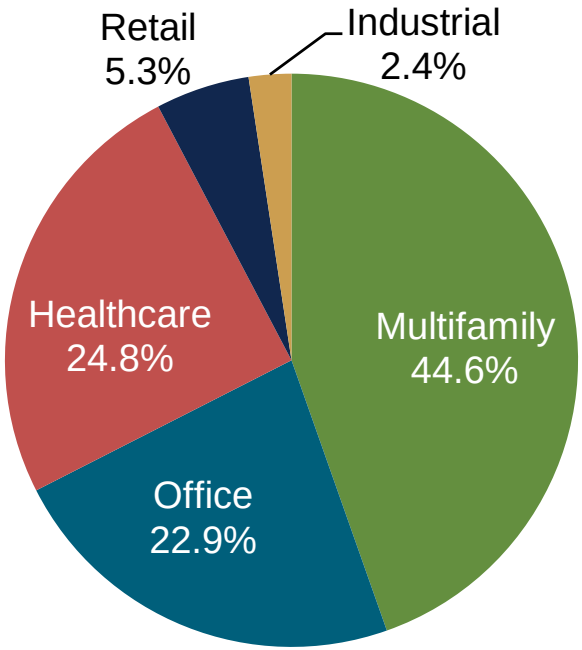
- Acquired multifamily portfolio for $72.5mm, disposed of student housing portfolio for $5.6mm
- Sold a healthcare and retail facility for $24.5mm and $1.7mm, respectively

Progress So Far

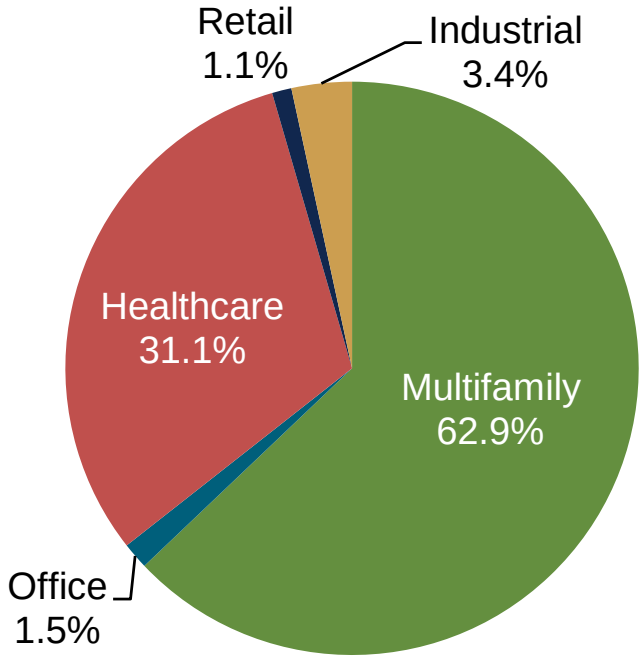
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The Company has gone from 69% multifamily and healthcare to 94% multifamily and healthcare in the last 12 months

Portfolio as of January 31, 2015

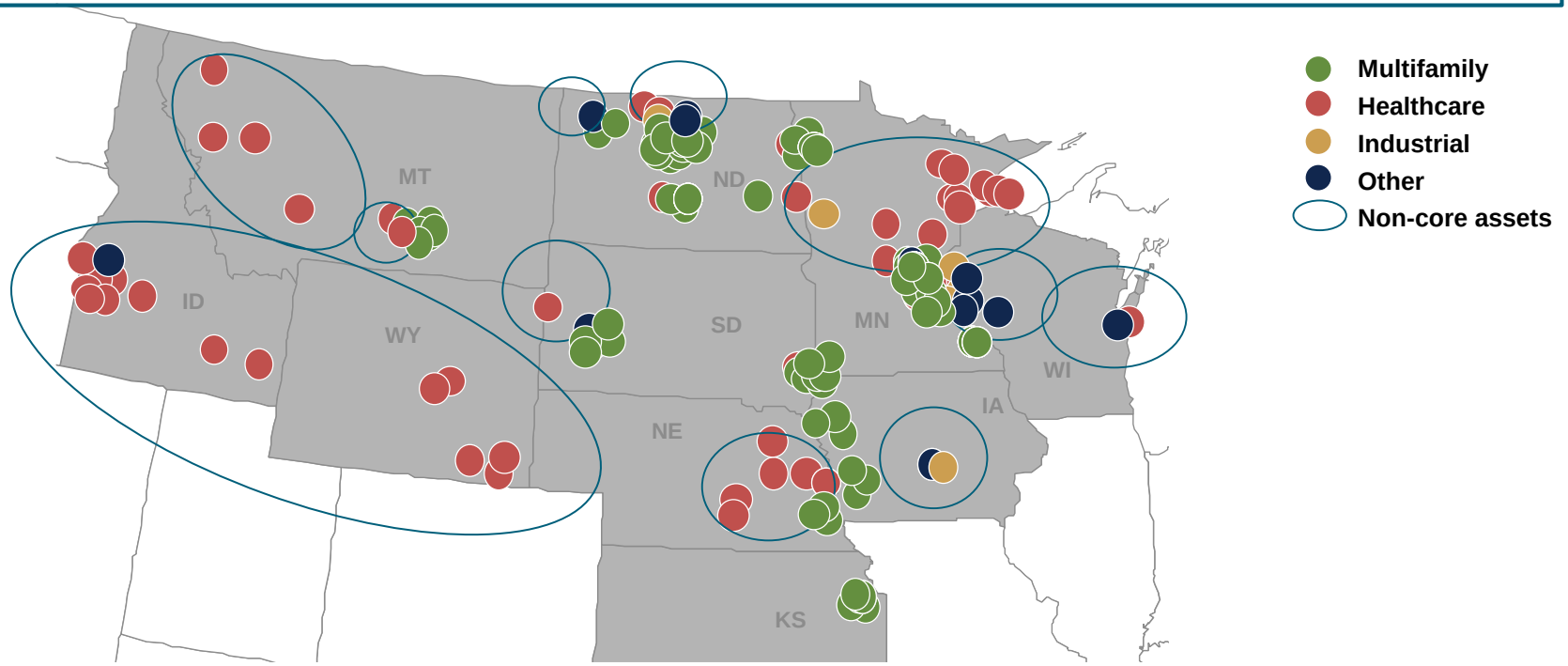


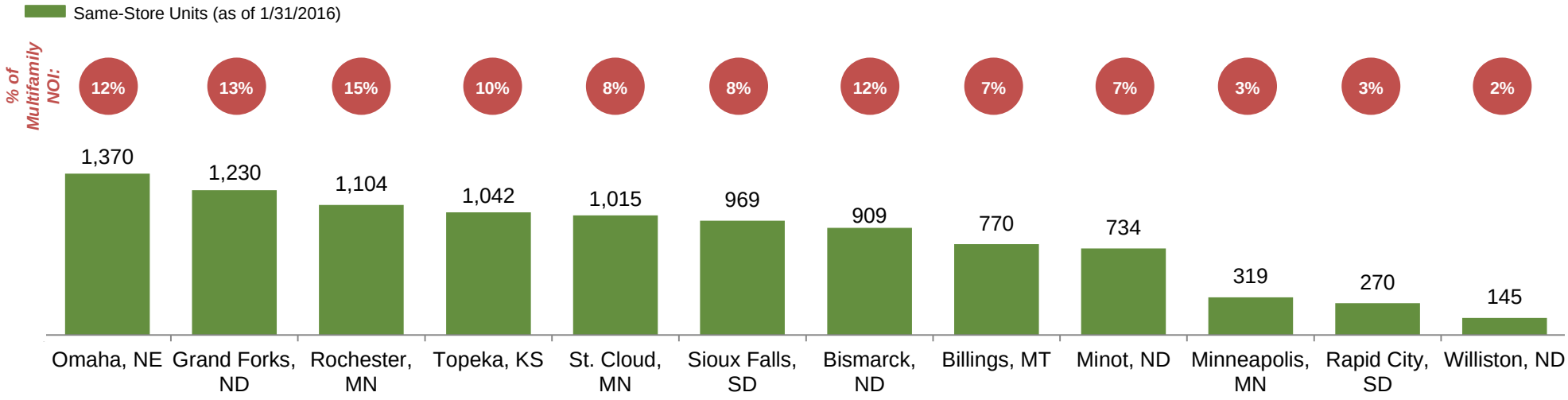
Portfolio as of January 31, 2016



Note: Proportions of property types are based on property cost by segment.
1. The Company did add a non-core Industrial asset in the last year as a result of a redevelopment.

Goal: 100% pure-play Upper Midwest-focused multifamily REIT





Investment Thesis

IRET

1 Pure-Play Multifamily

- IRET will be the only public pure-play multifamily REIT focused on the Upper Midwest
- Strong total returns enhanced by prudent development and value-add repositioning

2 Upper Midwest Multifamily Focused

- Lowest unemployment of any region in the U.S.
- Generally, the supply and demand fundamentals in multifamily are in balance in our markets
- Multiple demand drivers in the Midwest with healthy microeconomies

3 IRET's Competitive Advantage

- Recent development and repositioning activity has generated competitive returns and market rents above the balance of the portfolio
- IRET is uniquely positioned to buy and operate multifamily assets in the Upper Midwest; we can quickly bring institutional capital to buy institutional-quality assets when competing with local private equity
- Scalable operating platform that expands seamlessly, which provides an advantage over local management firms

IRET's focus on large, premium development to put its operational and financial characteristics in-line with its multifamily peer group

Market-Leading Product

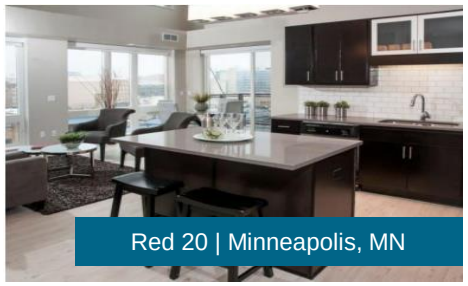

Chateau II | Minot, ND


Commons at Southgate | Minot, ND

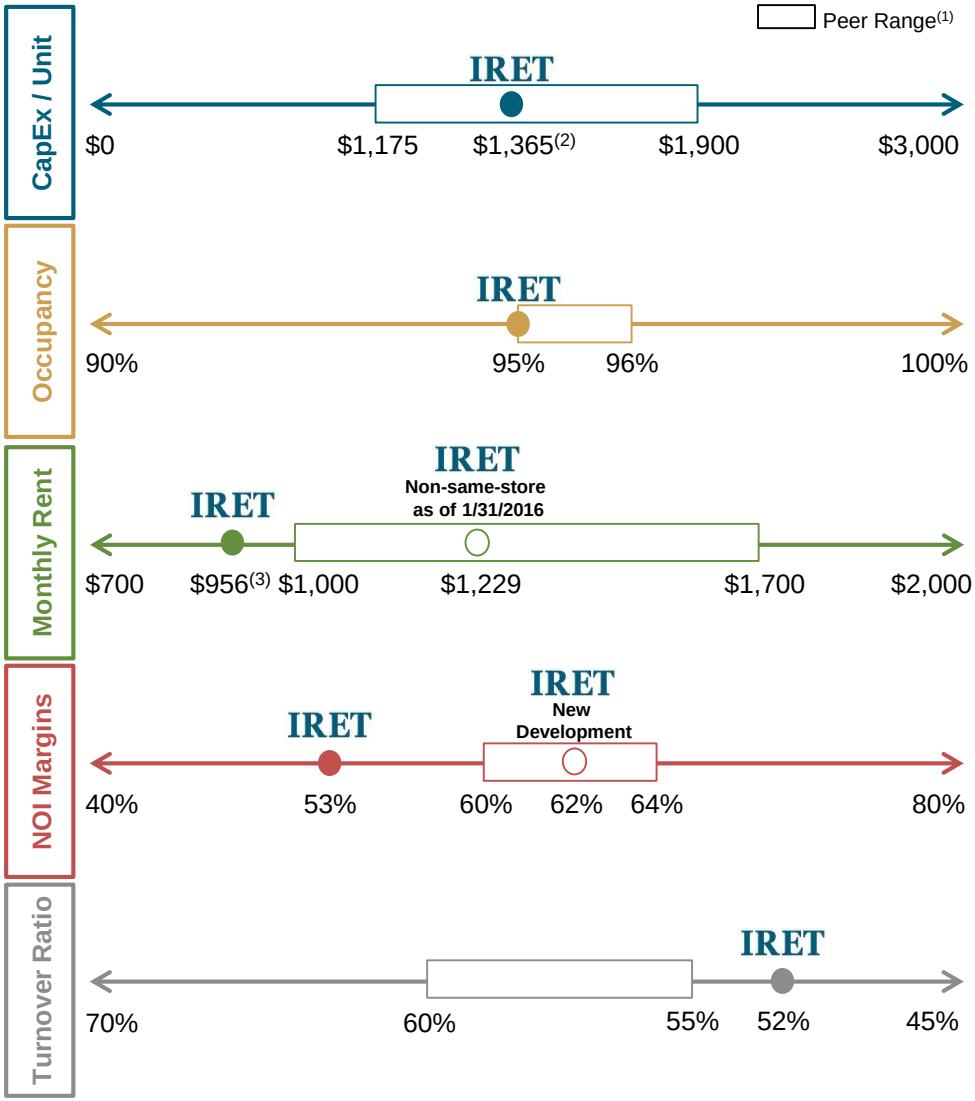

Arcata | Golden Valley, MN


Quarry Ridge | Rochester, MN


Colonial Villa | Burnsville, MN


Red 20 | Minneapolis, MN

Same-Store Multifamily Benchmarking

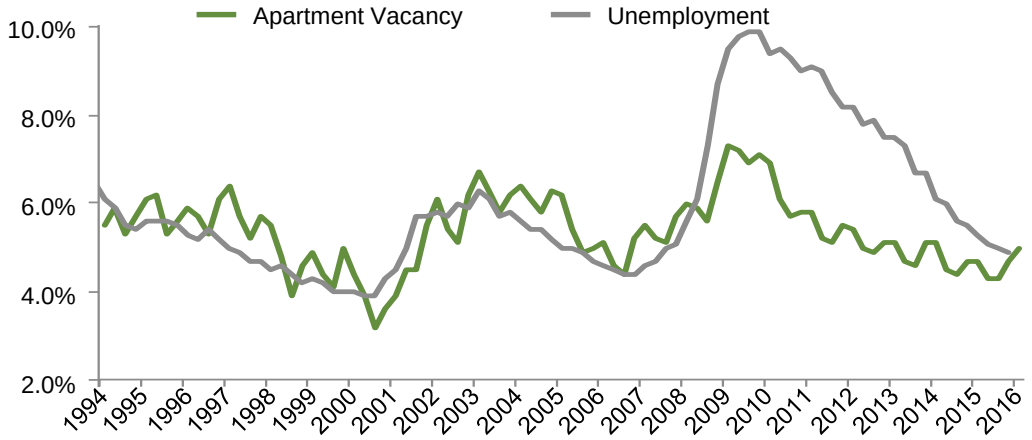


1. Peers include AIV, APTS, BRG, IRT, MAA, MST, and NXRT.
2. Annual figure as of 4/30/2015, which includes recurring and non-recurring capital expenditures.
3. Represents average of total multifamily portfolio.

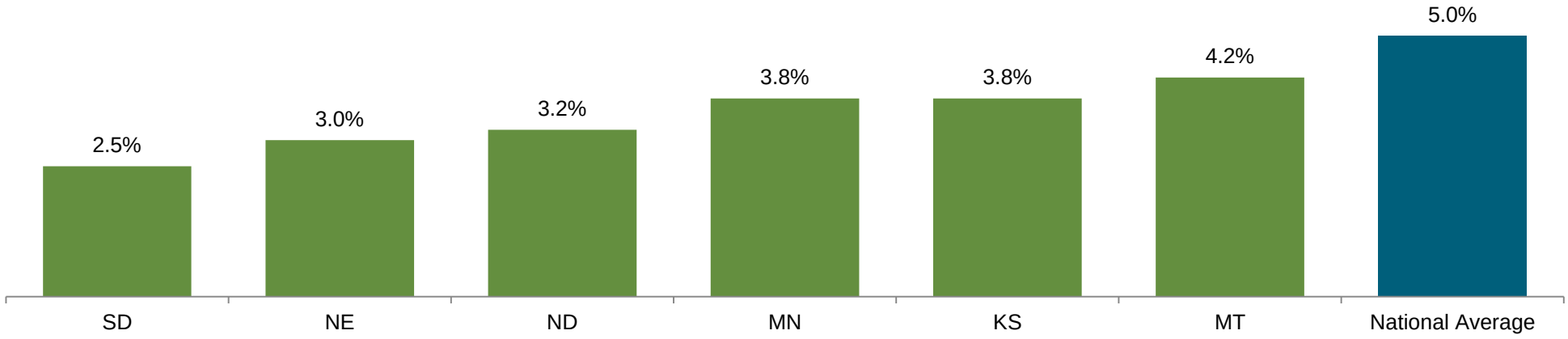
IRET's target markets show considerably low levels of unemployment versus the national average

U.S. Multifamily Cycle vs. U.S. Unemployment

- The unemployment rate has always been a good, clear cyclical indicator highly correlated with real estate
- The average unemployment rate of IRET's target markets is 160 bps below the national average
- North Dakota unemployment has remained low despite recent commodity market pullback because of an overall favorable business climate



Unemployment Rate of IRET Markets vs. National Average



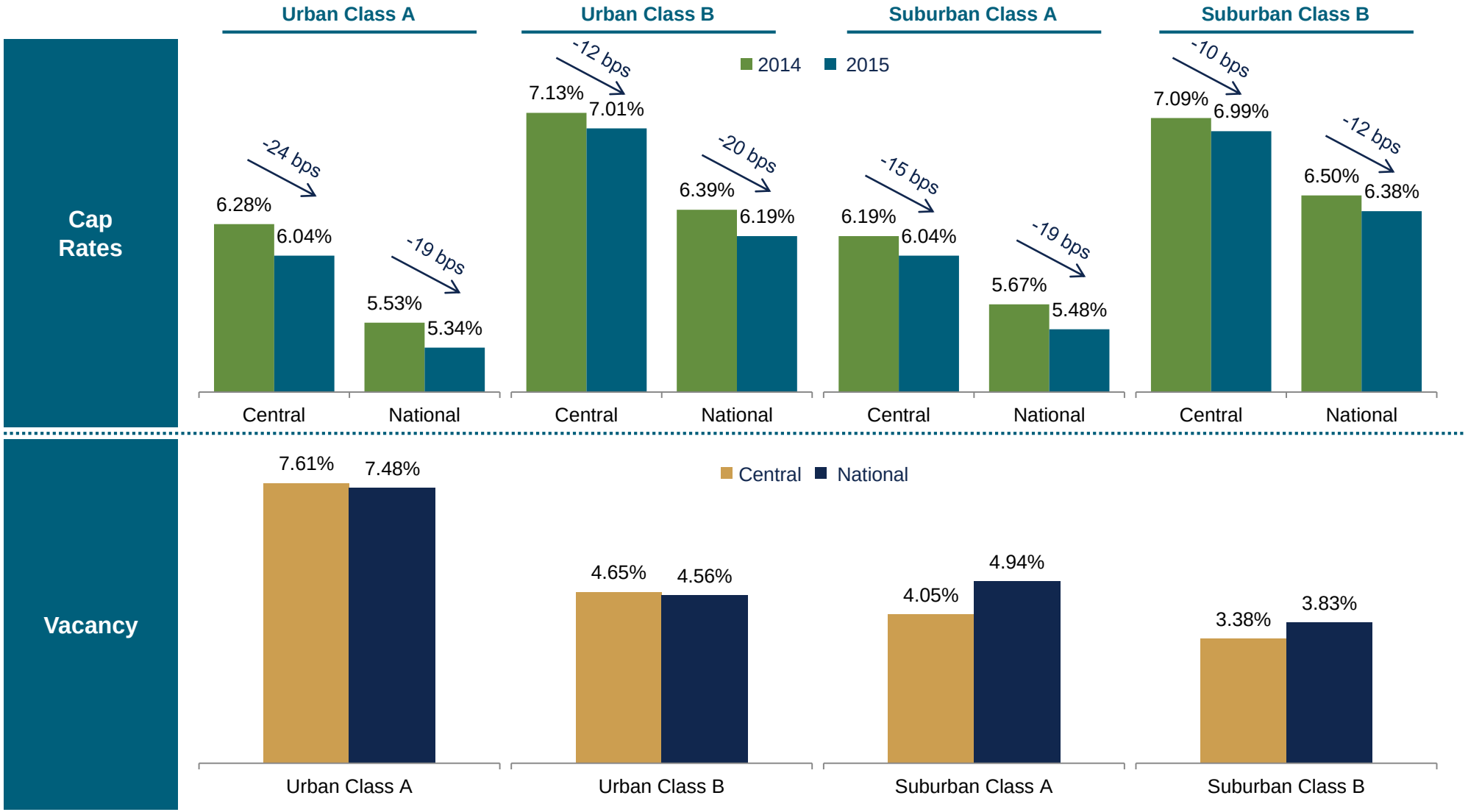
Source: U.S. Census Bureau, as of April 2016

IRET's multifamily portfolio is located in fast-growing markets with higher-than-average household incomes and multiple demand drivers

Markets	% of Multifamily NOI	Median Household Income	Population Growth (2010 – 2014)	Home Ownership (2010 – 2014)	Market Drivers
Rochester, MN	15%	$66,214	4.4%	69.6%	• Home to world-renowned Mayo Clinic and a large presence by IBM
Grand Forks, ND	13%	$49,691	4.9%	51.6%	• University of North Dakota; Economy driven by strong agriculture; Air Force Base
Omaha, NE	12%	$57,527	5.5%	58.1%	• Home to five Fortune 500 companies including Berkshire Hathaway, Con Agra, and Union Pacific
Bismarck, ND	12%	$63,356	12.5%	64.8%	• State capital; University of Mary
Topeka, KS	10%	$54,388	(0.2%)	56.8%	• State capital; Goodyear and Blue Cross Blue Shield are the city's major employers
St. Cloud, MN	8%	$55,390	0.7%	53.4%	• Home to three universities; Economy driven by manufacturing and healthcare
Sioux Falls, SD	8%	$58,849	9.5%	60.8%	• Largest city in South Dakota; Healthcare industry along with Citigroup, Wells Fargo, and U.S. Air National Guard
Billings, MT	7%	$51,111	4.5%	63.0%	• Largest city in Montana, home to Montana State University
Minot, ND	7%	$57,248	17.2%	60.7%	• Home to U.S. Air Force base and Minot State University.
Minneapolis, MN	3%	$69,111	6.4%	48.6%	• Home to 16 Fortune 500 companies including Target, Medtronic, Best Buy, and United Healthcare
Rapid City, SD	3%	$49,808	6.9%	58.8%	• Driven by healthcare, tourism, agriculture; Home to U.S. Air Force base
Williston, ND	2%	$81,387	54.4%	64.5%	• Major employers include Halliburton, Baker Hughes, Key Energy

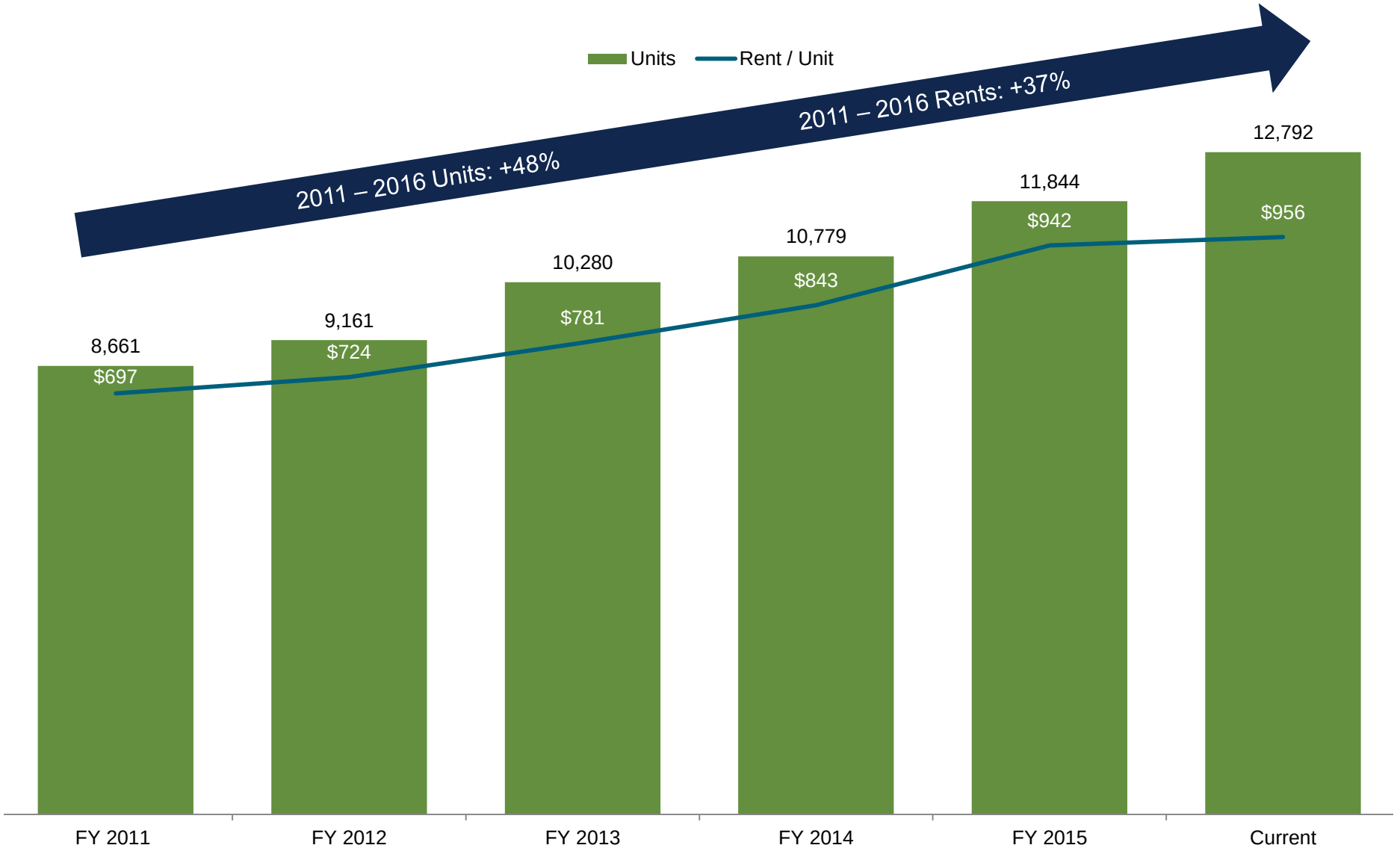
Source: Latest available data from U.S. Census Bureau: Median Household Income from U.S. Census Bureau's American Community 1-year Survey, Population Growth and Home Ownership Rate from U.S. Census Bureau Quick Facts

The Central Region of the United States has seen much of the same cap rate compression as the rest of the nation



Source: Integra Realty Resources 2016 Annual Viewpoint
Note: Central Region consists of: Chicago, IL, Cincinnati, OH, Cleveland, OH, Columbus, OH, Dayton, OH, Detroit, MI, Indianapolis, IN, Kansas City, MO/KS, Louisville, KY, Minneapolis, MN, St. Louis, MN

IRET's unique competitive advantage has enabled it to add scale to its multifamily platform and the improving portfolio quality is reflected in its rents



IRET's Competitive Advantage

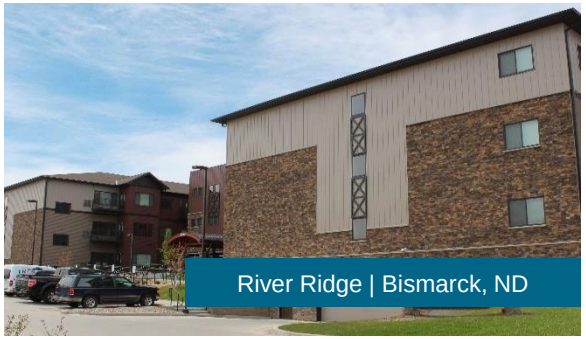
IRET

IRET has a demonstrated ability to deliver market-leading developments that are providing strong operating margins on average, and should contribute strong total returns over time

	Dakota Commons	Southgate	Cypress Court I & II	Red 20	River Ridge	Quarry Ridge
Number of Units	44	341	196	130	146	313
Occupancy	86.4%	93.5%	96.4%	94.6%	95.2%	99.0%
Location	Williston, ND	Minot, ND	St. Cloud, MN	Minneapolis, MN	Bismarck, ND	Rochester, MN
Placed in Service	7/15/2014	Landings (108): 9/4/2013 Commons (233): 12/9/2014	Cypress Court I (132): 11/1/2013 Cypress Court II (64): 1/1/2015	11/21/2014	12/2/2013	6/29/2012
Avg. Rental Rate	$1,432	$1,228	$958	$1,668	$1,215	$1,269
Operating Margin	**57.1%**	**58.0%**	**60.4%**	**62.6%**	**69.2%**	**68.2%**
Commentary	• High-finish product • Maintaining strong rents in a competitive market • Maintaining a good occupancy in the midst of a competitive market correction	• High-amenity product on the desirable South Hill • Adjacent to a new retail facility and planned New Trinity Hospital	• Located in the popular Northwest St. Cloud market • Market with strong fundamentals • High amenities	• Eclectic building in historic district • 10,625 sq. ft. of commercial space • Plentiful amenities • Surrounded by retail stores • Final building delivered on 11/21/2014 • Initial cost of $28.3mm	• Well-located adjacent to airport • High-amenity and high-finish product • Market leader in rents	• Market-leading product for healthcare professionals at Mayo Clinic • Market leader in rents • Critical mass property with strong location • Near downtown

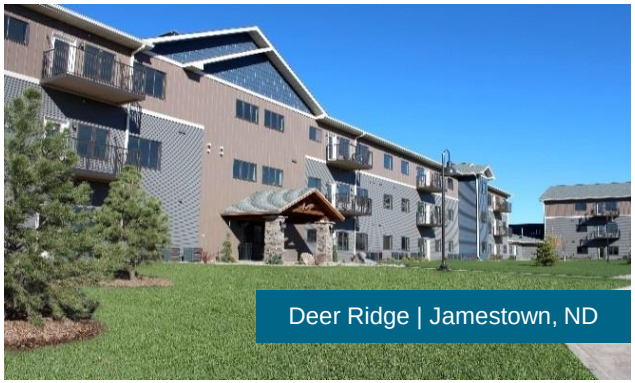

Quarry Ridge | Rochester, MN


Red 20 | Minneapolis, MN


River Ridge | Bismarck, ND

Management is delivering on the final stages of its development pipeline

	Deer Ridge	Cardinal Point	71 France[1]	Renaissance Heights	Chateau II	Monticello Crossings
Number of Units	163	251	3 buildings / 241 units	288	72	202
Occupancy (as of 4/30/2016)	50.9%	44.2%	53.0%	43.8%	84.7%	0.0%
Location	Jamestown, ND	Grand Forks, ND	Edina, MN	Williston, ND	Minot, ND	Monticello, MN
Placed in Service	FY 2016 Q4 *In Service*	FY 2016 Q4 *In Service*	FY 2016 Q4 *In Service*	FY 2016 Q1 *In Service*	FY 2016 Q1 *In Service*	FY 2017 Q2
Commentary	• Newest multifamily asset in the market • Adjacent to high school • High finishes and amenities	• Final building delivered in March 2016 • Located in the growing south Grand Forks market • Adjacent to a new elementary school • Two pools, high-amenity project	• 22,000 sq. ft. of commercial space • Final building delivered in April 2016 • Market leading product with high amenities • One of the strongest demographic markets for leasing in Minneapolis	• High-amenity project • Indoor pool, clubhouse, and workout facility • Strong location near airport and shopping center	• High-amenity building featuring tuck under garages, an indoor pool, a fitness center, a cardio theater, and a community room • Located in proximity to shopping and entertainment centers	• Units under construction • One building being delivered in two phases • Market leading location on the Interstate • Close proximity to public parks and quality schools


Deer Ridge | Jamestown, ND


Cardinal Point | Grand Forks, ND


71 France | Edina, MN

1. 60 units placed in service in May 2016.

Selective acquisition strategy: Bringing institutional capital to institutional-quality assets in the Upper Midwest

GrandeVille at Cascade Lake



- **Strategy**
  - Increase scale in a focus market with strong demographics
    - Expanded presence
- **About The Property**
  - 276 multifamily townhome units
  - Acquired in October 2015 for $56.0mm
  - Average rent of $1,546 in the quarter ending 4/30/2016
  - Property located in prime area of Rochester, MN, near the world-renowned Mayo Clinic
  - Townhomes feature an individual private entrance, attached garage, and spacious floorplans

Bouquet Portfolio









- **Strategy**
  - Expands IRET's holdings to 1,773 units in the Rochester market
  - Complements existing strategy of selling non-core assets and recycling capital into higher-quality institutional properties
- **About The Portfolio**
  - Four properties consisting of 393 luxury townhomes
  - Acquired in March 2016 for $72.5mm
  - Average rent of $1,358 in April 2016
  - Property located in Rochester, MN
  - Townhomes feature amenities such as private patios and are located near numerous shopping centers, hiking trails, and scenic natural views

Strategic Initiatives for Value Creation

IRET

1 Portfolio Simplification

- In process of divesting its non-core property segments
- Unique competitive advantage to buy and operate multifamily assets in the Upper Midwest

2 Improving Effective Operations

- Technology-enabled rent optimization to maximize margins
- Scalable operating platform that is efficient and ready for growth
- Value-add initiatives that create demand and capture higher rents than the balance of the portfolio

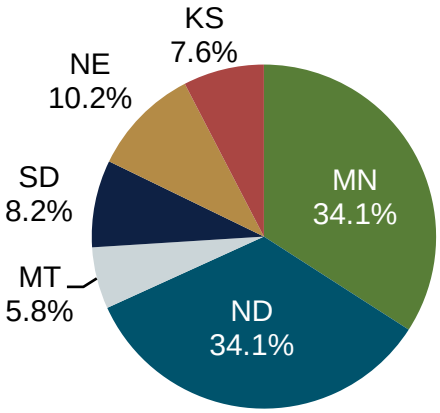
3 Continue Balance Sheet Optimization

- Reduced Company liabilities by $270mm in the nine months ending 1/31/2016
- Reduce debt to further improve leverage metrics
- Long-term goal to achieve credit rating metrics in-line with peer group with an investment grade rating

Goal of becoming ~100% pure-play multifamily REIT; proceeds of non-core asset sales will be re-deployed into multifamily assets and other capital allocation strategies

Multifamily

- 51.8% of three months ended NOI as of Q3 2016
- Leading publicly-traded owner of multi-family properties in the Upper Midwest
- **$152.8mm of acquisitions since January 2015**



***Arcata*, Golden Valley, MN**



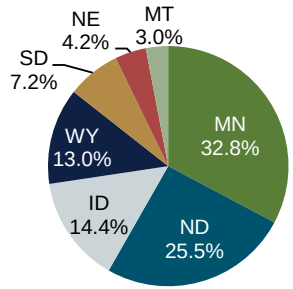
***Ashland*, Grand Forks, ND**



Non-Core Business Segments

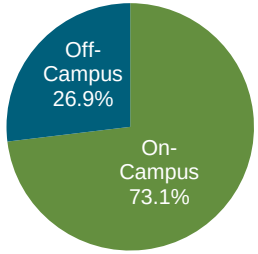
Senior Housing

- 18.4% of three months ended NOI as of Q3 2016
- 34 senior housing properties
  - 1.5mm rentable sq. ft.



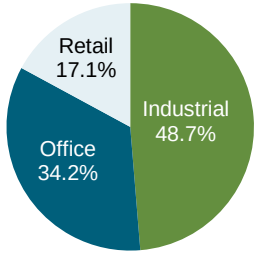
Medical Office

- 22.7% of three months ended NOI as of Q3 2016
- 33 medical office buildings
  - FY 2015: $21.0mm
  - 1.6mm rentable sq. ft.



Other

- 7.1% of three months ended NOI as of Q3 2016
- Legacy Industrial, Retail, and Office properties
- Opportunistically divesting



Note: All charts are a percentage of NOI as of Q3 FY 2016.

IRET continues to drive NOI margins with technology and creativity and enhancing its scaled operating platform


Brookfield Village | Topeka, KS

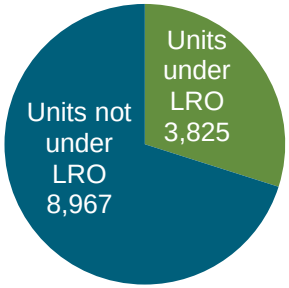

Woodridge | Rochester, MN


Cimarron Hills | Omaha, NE

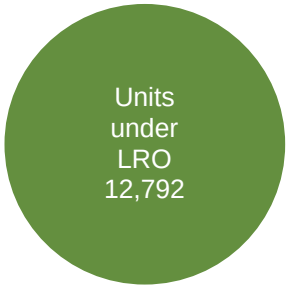
Focus on Top-Line Revenue Growth

- LRO rent optimization software rolling out to all properties in FY 2017

4/30/2016



Anticipated 7/12/2016

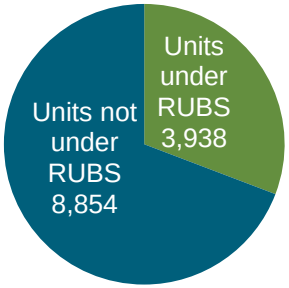


- Value-add program achieving 8% - 10% ROI by opportunistically repositioning specific assets

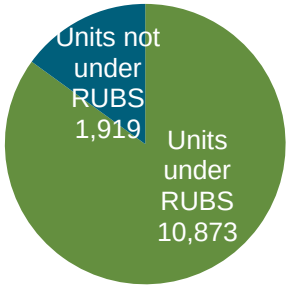
Focus on Expense Management

- Ratio utility billing system allows utility cost recovery and reduces operating expenses

4/30/2016



Anticipated 1/1/2017



- Global purchasing strategies provide scale to operating platform

Renovated apartments are achieving a return of 8% - 10%

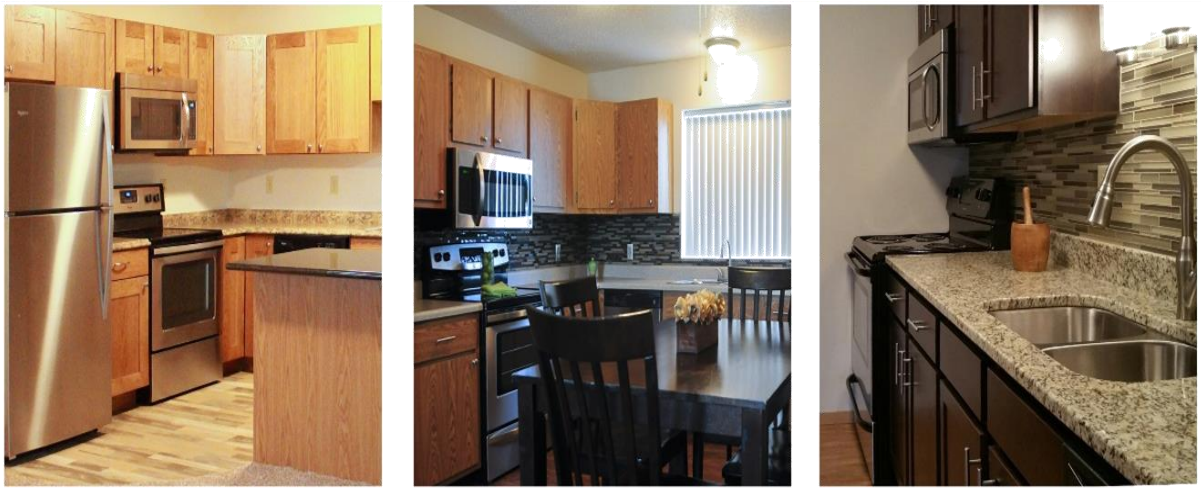
Overview

- In October 2015, IRET initiated a Value-Add Program for certain properties in order to respond to demand and achieve higher rents
  - Apartment remodeling
  - Upgrading amenities
  - Enhancement of interior and exterior common areas
- Currently, 22 properties representing 3,608 units are in the program
  - Apartments renovated as residents move out, minimizing loss of rental income
- Kitchen renovations include new appliances, cabinet upgrades, lighting, counters, and flooring
- Bathroom remodels include replacement of fixtures, lighting, cabinets, counters, and flooring

Before



After

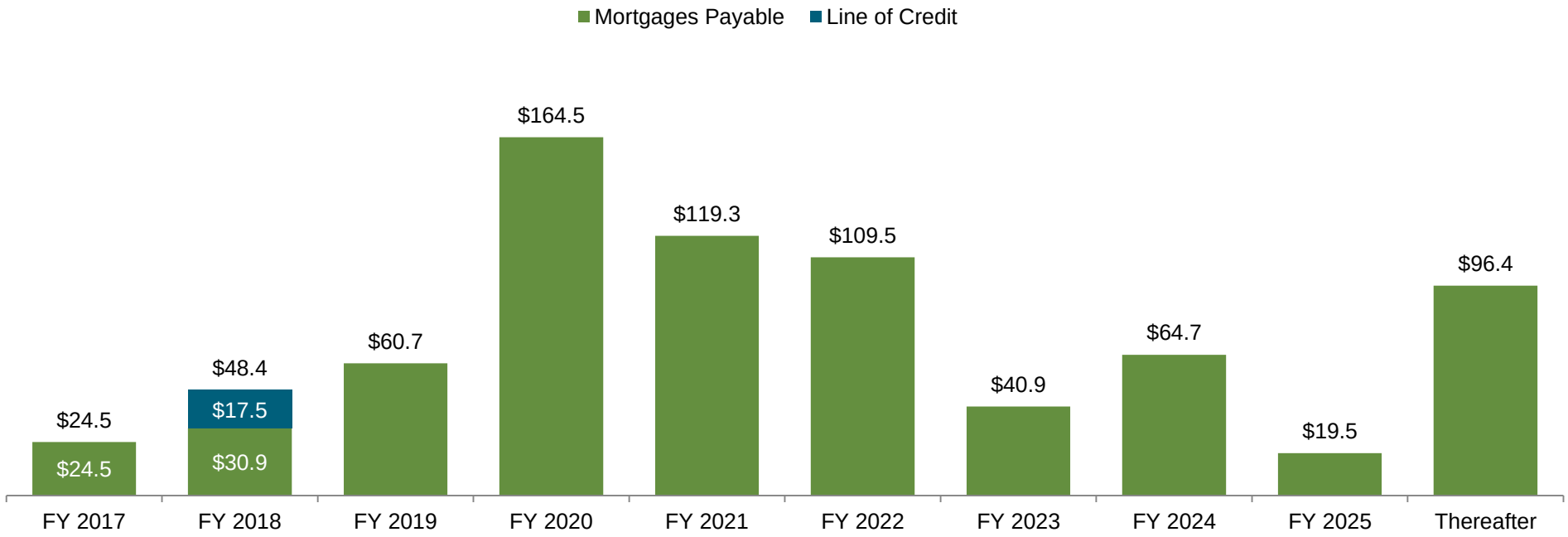


3 Continue Balance Sheet Optimization

IRET

- Committed to utilize a portion of sale proceeds to reduce debt
- Goal of growing unencumbered asset pool and obtaining unsecured line of credit
- Long-term goal to achieve credit rating metrics in line with peers with an investment grade rating

Well-Laddered Debt Maturity Schedule



Only Upper Midwest Focused REIT

Commitment to Core Properties and Strategic Repositioning

Trading at Discount to NAV

On June 6th, the Company announced its strategic move to become a pure-play multifamily REIT long-term

Deepened Focus on Capital Allocation & Balance Sheet Management



Thomasbrook | Lincoln, NE



Regency Park Estates | St. Cloud, MN



West Stonehill | St. Cloud, MN

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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