NAREIT Conference

November 2017

NYSE: IRET







SAFE HARBOR STATEMENT AND LEGAL DISCLOSURE



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. These statements may be identified by our use of words such as “expects,” “plans,” “estimates,” “anticipates,” “projects,” “intends,” “believes,” and similar expressions that do not relate to historical matters. Such risks, uncertainties, and other factors include, but are not limited to, changes in general and local economic and real estate market conditions, fluctuations in interest rates, the effect of government regulations, the availability and cost of capital, risks associated with our property acquisition and disposition activities, the financial condition of our tenants, competition from other developers, our ability to attract and retain skilled personnel, our ability to maintain our tax status as a real estate investment trust (REIT), and those risks and uncertainties detailed from time to time in our filings with the Securities and Exchange Commission, including the “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Risk Factors” contained in our Annual Report on Form 10-K for the fiscal year ended April 30, 2017, and in subsequent quarterly reports on Form 10-Q. We assume no obligation to update or supplement forward-looking statements that become untrue due to subsequent events.

COMPANY SNAPSHOT



Dedicated Multifamily REIT
Creates Operating Efficiencies



Focused Management Team
Well Positioned and Engaged to Effect Change



Drives Operating Efficiencies
G&A and Operating Expenses



Targeted Midwest Markets
Creates Scale and Future Growth Trajectory



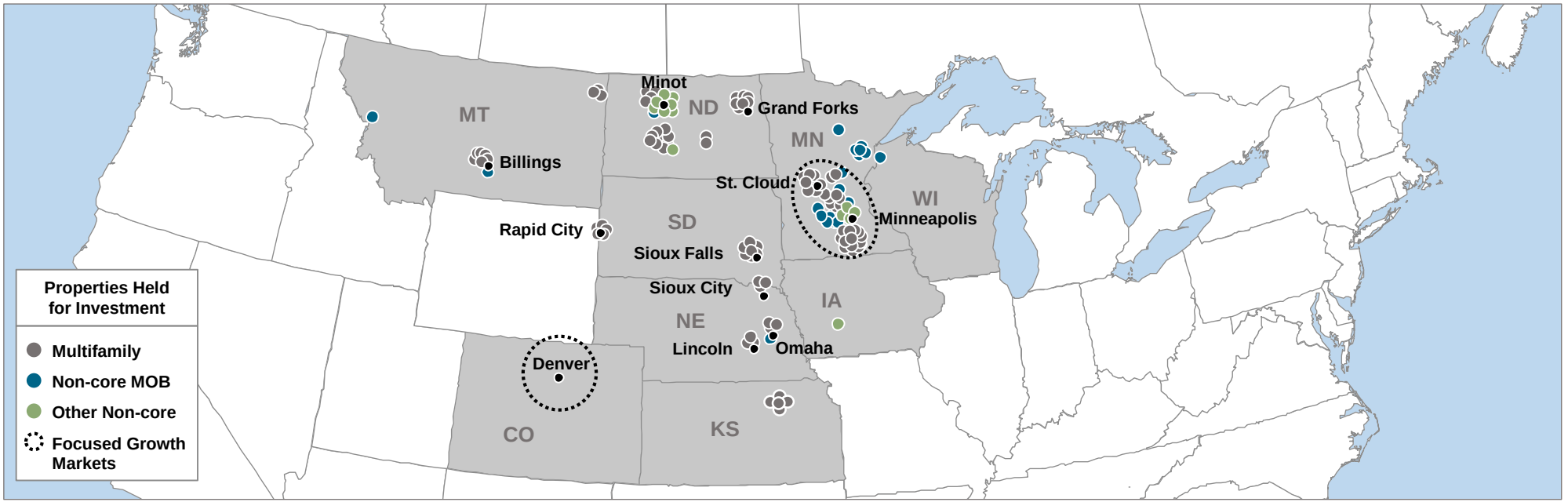
Improved Capital Structure
Improved Balance Sheet and Capital Allocation



Positions for Future Growth
Same-Store NOI

IRET TODAY

Our goal is to become a premier multifamily company delivering exposure to strong Midwest markets



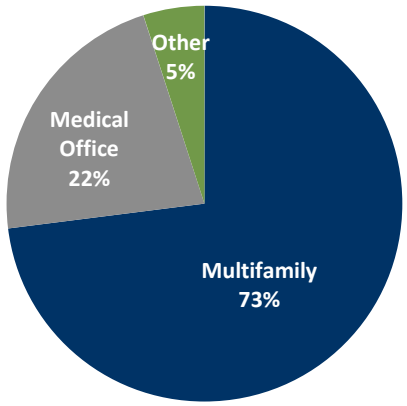
Company History

- Founded 1970
- 1997 Listing on NASDAQ
- 2012 Transferred to NYSE
- Pursued diversified asset and secured leverage strategy until 2015
- 2015 Initiated leadership changes to add specialization and industry expertise
  - 2013 Began divesting non-core real estate assets
  - 2016 Announced multifamily focus
  - 2017 First unsecured credit facility

Portfolio Summary

	Properties	Units	Sq. Ft. (mm)
Multifamily	101	13,403[1]	--
Non-core MOB	31	--	1.6
Other Non-core	14	--	1.3
Total	**146**	**13,403**	**2.9**

Q1 FY18 Revenue: $52.7M



(1) As of 7/31/2017. Does not include 500-unit acquisition announced on 9/13/2017.

OUR PURPOSE

OUR MISSION

To provide great homes – for our residents, our employees, and our investors

This mission puts the customer and our apartment homes at the center of what we do, empowers our people to do the right thing by our residents and each other, and recognizes that, in being the best, we will achieve results for our investors.

OUR VISION

To be the premier provider of apartment homes in vibrant communities by focusing on integrity and serving others

GUIDING PRINCIPLES

Do the Right Thing
Be One Team
Serve Others
Dare to Win
Embrace Change
Take Action

We believe these enduring tenets are core in support of the mission and vision



71 France – Edina, MN



Oxbō – St. Paul, MN



Park Place – Plymouth, MN

CLEAR STRATEGIC PRIORITIES

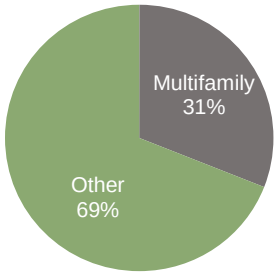
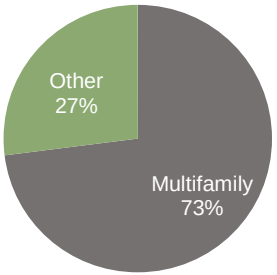
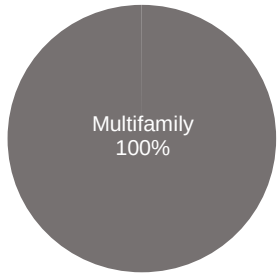


Well-Positioned to Drive Growth and Create Long-Term Value for our Investors

Strategic Focus	• Deepen market expertise and opportunity set • Strengthen competitive position
Portfolio Quality	• Drive rent growth, stability, and durability • Improve resident satisfaction and retention • Demonstrate disciplined capital allocation
Balance Sheet Flexibility	• Reduce capital costs and organizational risks • Respond faster to market changes and seize opportunities
Operational Efficiency	• Boost margin and cash flow • Implement technological and operational best practices • Increase scalability of operations and G&A expenses

REPOSITIONING COMING TO FRUITION

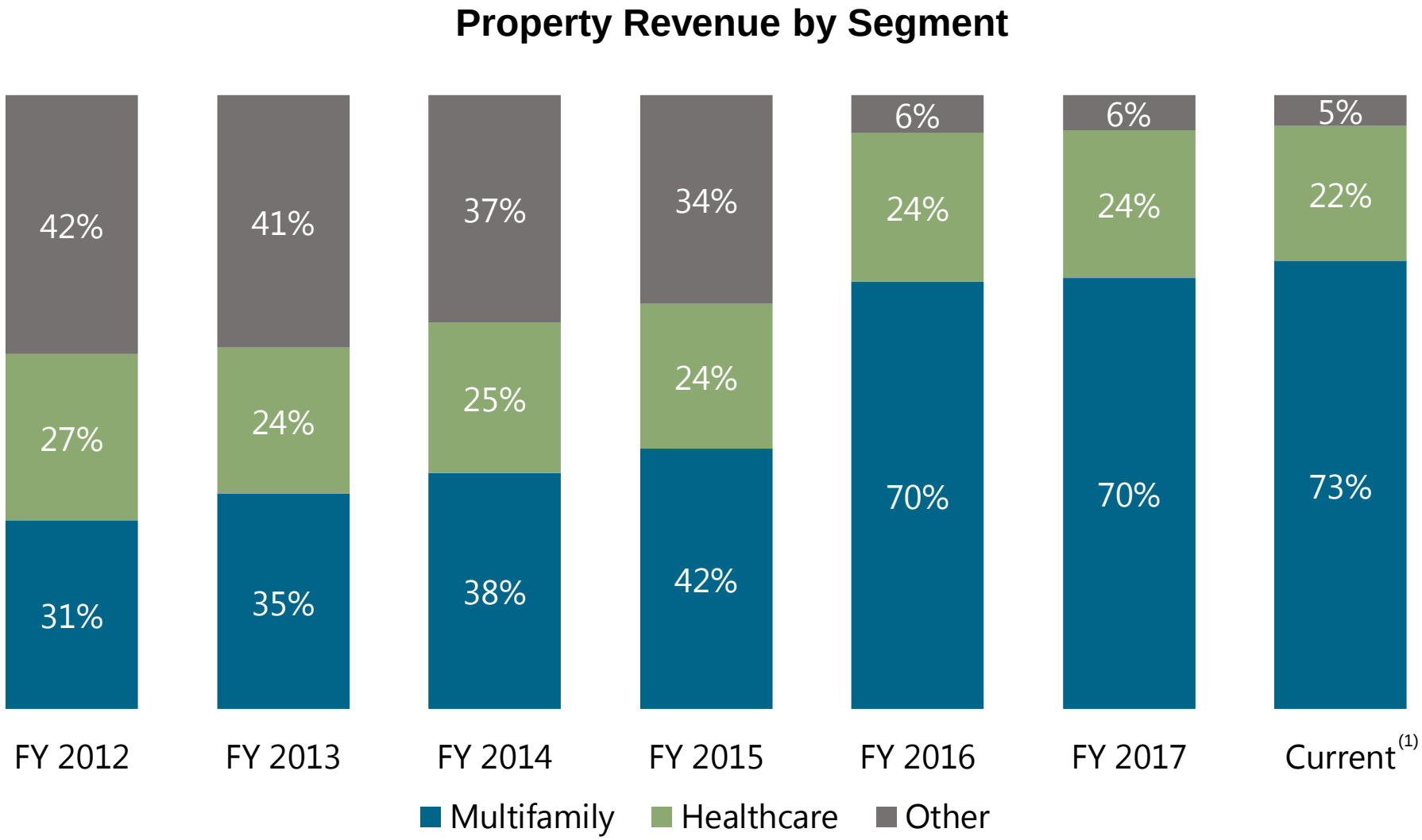
Delivering on stated goals and renewed business strategy

	LEGACY IRET	IRET TODAY	GOALS
Evolution of Business Strategy – Focus and Flexibility			
Multifamily Portfolio Focus			
Leverage / Type	>60% Secured Mortgages	<50% Mix of Secured / Unsecured	<40% Unsecured
Multifamily Acquisition Criteria – Quality and Efficiency			
Primary Market Focus	Small Market Bias	Twin Cities Strong Secondary	Twin Cities Denver Strong Secondary
Units per Property	<150	~150	>200
Revenue / Unit	<$800	>$1,000	>$1,200

Note: As of 7/31/2017.

TRANSFORMING PORTFOLIO ON TRACK

Multifamily properties comprise 73% of IRET's revenue, up from 31% six years ago



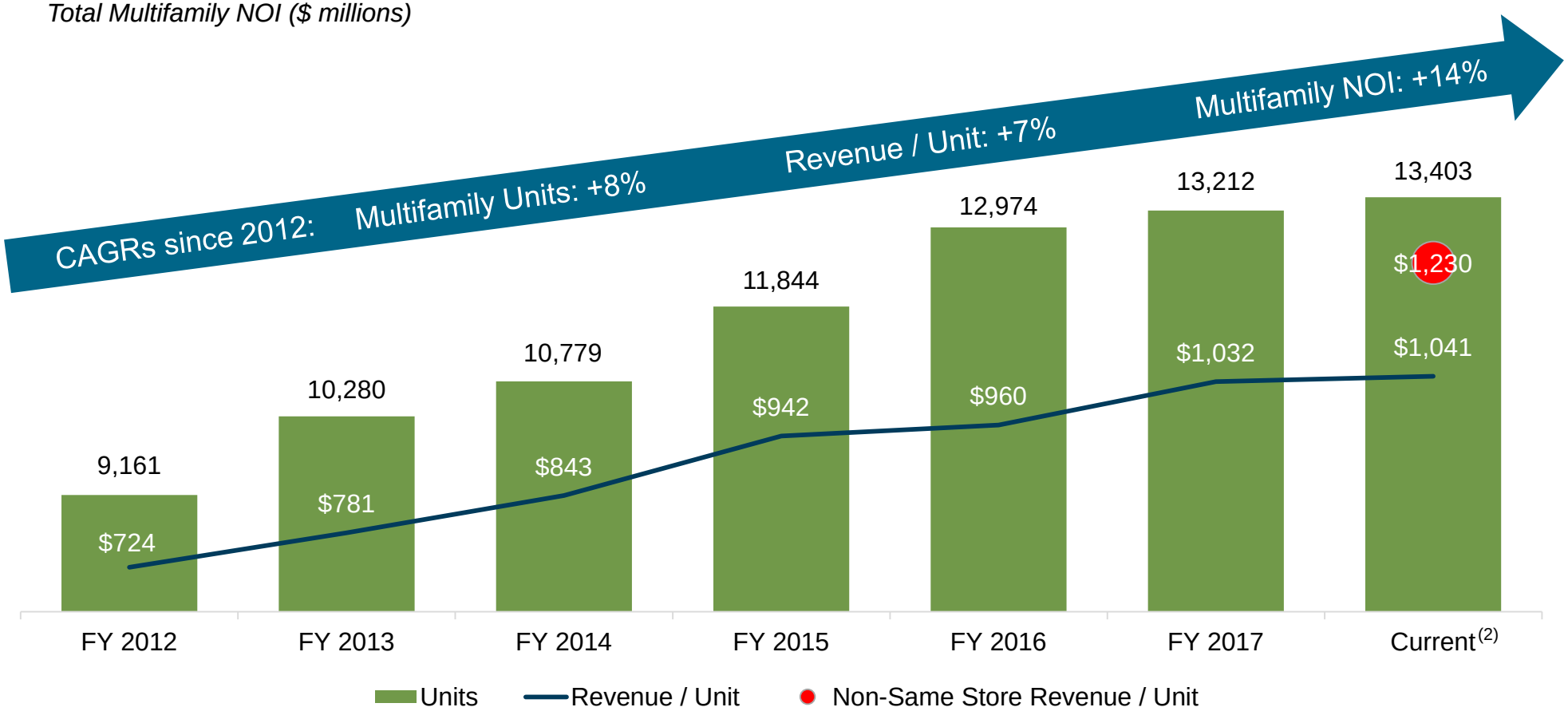
(1) Quarter ended 7/31/2017.

MULTIFAMILY PORTFOLIO QUICKLY EVOLVING

Rapid expansion in portfolio size and quality have driven double-digit NOI CAGR

$41 $57 $61 $70 $74 $81 $82[(1)]

Total Multifamily NOI ($ millions)



(1) *TTM as of 7/31/2017.*
(2) *Quarter ended 7/31/2017.*

UPSIDE POTENTIAL IS SIGNIFICANT

Operational improvements can expand margins and create value

Metric	IRET	Multifamily REIT Peers	Upside Potential
Units / Property	149	303	• Operational efficiencies associated with economies of scale • Favorable comparison to institutional quality portfolios
SS Operating Margins	54%	65%	• Improvements in occupancy, utility bill-backs, and energy saving measures • Ability to introduce fee income and profit leaders including renters insurance
2017E Price / FFO(1)(2)	15x	19x	• Successful execution of asset management and portfolio investment criteria to support multiple expansion
Dividend Yield(1)	4.8%	4.4%	• Solid cash flow growth and sound balance sheet management to drive common dividend growth and returns on capital

Source: Public Company Filings and Disclosures, SNL Financial
Note: As of 7/31/2017 for IRET and 6/30/2017 for peers. Peers include APTS, BRG, IRT, and NXRT.
(1) Price as of 10/31/2017.
(2) FY2018 consensus FFO for IRET; CY2017 consensus FFO for peers.



Avalon Cove – Rochester, MN



Evergreen – Isanti, MN



Monticello Crossings – Monticello, MN

CLEAR INVESTMENT STRATEGY



IRET will continue to focus on sourcing attractive multifamily investment opportunities:

Top MSAs (Twin Cities, Denver, Chicago)	• Large multifamily inventory • Ample transaction volume • Readily-available market data
Supportive Economic & Socioeconomic Traits	• Diverse economic drivers • Sufficient population, household, and job growth • Strong GDP and median household income growth
Strong Apartment Market Fundamentals	• High rental rates and future growth expectations • Consistent occupancy and absorption • Balanced supply and demand drivers
Institutional Quality Apartment Targets	• Economies of scale and operational efficiencies • Opportunity for high ROI on value-add activities • Greater market liquidity

RECENT INVESTMENTS

Investments provide a variety of price points and submarkets

Oxbō

St. Paul, MN
Newly Developed Acquisition
191 Units

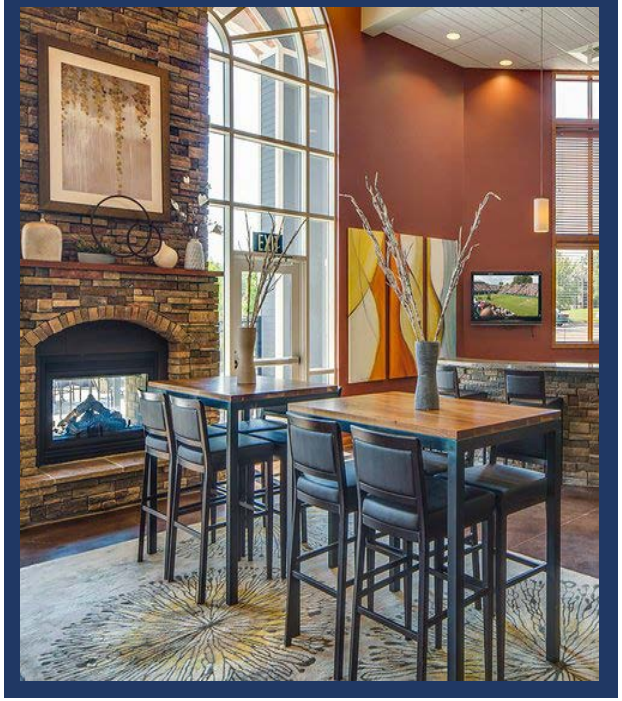
Investment Rationale:
New development in strong urban submarket with strong NOI growth prospects.



Park Place

Plymouth, MN
Stabilized Acquisition
500 Units

Investment Rationale:
Stabilized asset in highly desirable submarket with redevelopment opportunities to drive NOI growth.



New Hope

New Hope, MN
Development Loan
182 Units

Investment Rationale:
Participation in ground-up development through strategic mezzanine loan structure.



RECENT INVESTMENTS

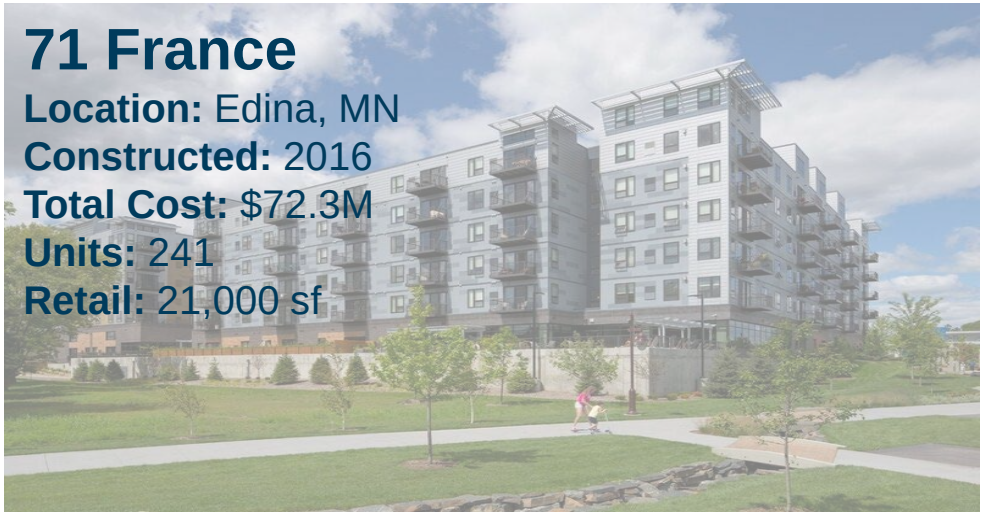
Investments provide strong rents and growth opportunities



Red 20
Location: Minneapolis, MN
Constructed: 2014
Total Cost: $28.3M
Units: 130
Retail: 10,000 sf



Arcata
Location: Golden Valley, MN
Constructed: 2015
Total Cost: $31.7M
Units: 165



71 France
Location: Edina, MN
Constructed: 2016
Total Cost: $72.3M
Units: 241
Retail: 21,000 sf



Monticello Crossings
Location: Monticello, MN
Constructed: 2017
Total Cost: $32.1M
Units: 202

CAPITAL ALLOCATION PRIORITIES

Prudent capital allocation provides greater opportunities to reinvest in and grow our business

Focused Apartment Investment Strategy

- Improve portfolio efficiency and quality through new acquisitions and targeted redevelopment of existing assets
- Continue focus on apartment communities in top MSAs
- Increase economies of scale

Strong, Flexible Balance Sheet

- Redeemed Series A ($29M, 8.25%) and Series B ($115M, 7.95%) preferred stock; issued Series C ($103M, 6.625%) preferred stock
- Replaced $100M secured credit facility with $300M unsecured revolving credit facility – ability to increase facility to $500M with increase in unencumbered asset pool
- Targeting debt metrics in line with investment grade benchmarks

Shareholder Returns

- Improved dividend payout ratio
- Generate increased cash flow through higher-quality apartment portfolio
- Drive shareholder returns through higher cash flows

BALANCE SHEET IMPROVEMENT



Balance sheet continues to get stronger with successful execution of strategy

LEGACY IRET	ACCOMPLISHMENTS TO DATE	GOALS
• Higher leverage (>60%) • <20% of properties unencumbered • Fixed-rate, secured, property-level debt	• ~50% leverage • ~40% of properties unencumbered • Achieved unsecured line of credit	• Lower leverage (<40%) • >50% of properties unencumbered • Fixed-rate, unsecured bonds
Secured line of credit	Unsecured line of credit	Increase unencumbered NOI
	Decrease leverage	Improve fixed charge ratio
		Improve asset quality
		Seek investment grade rating



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