Investor Presentation

March 2018

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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.

iret 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



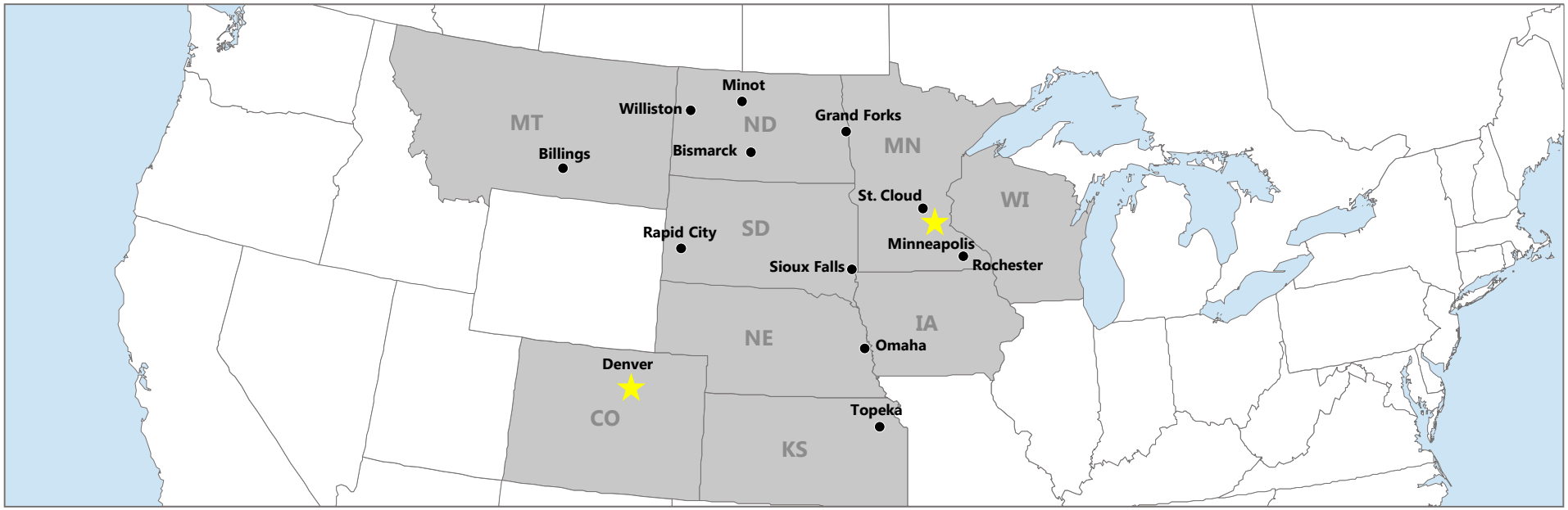
Improved Capital Structure
Improved Balance Sheet and Capital Allocation



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, completed commercial exit, entered Denver

Portfolio Summary

Region	No. of Communities	No. of Apartment Homes SS	NSS	Total
Minneapolis	11	688	1,299	1,987
Denver	1	-	274	274
Rochester	12	1,711	-	1,711
Grand Forks	9	1,303	251	1,554
Omaha	6	1,370	-	1,370
Bismarck	9	977	282	1,259
St. Cloud	6	1,187	-	1,187
Topeka	5	1,042	-	1,042
Sioux Falls	10	969	-	969
Billings	7	770	-	770
Minot	5	640	72	712
Williston	3	189	288	477
Rapid City	5	474	-	474
Total	**89**	**11,320**	**2,466**	**13,786**

As of 1/31/2018

CLEAR STRATEGIC PRIORITIES

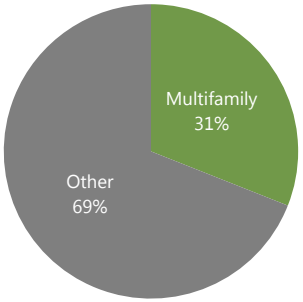
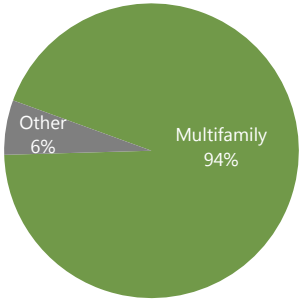
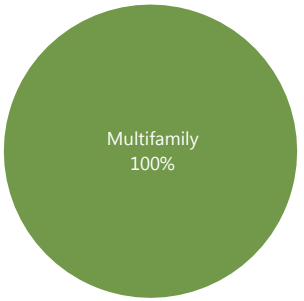
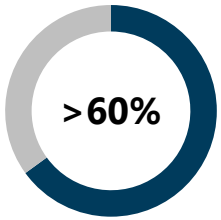
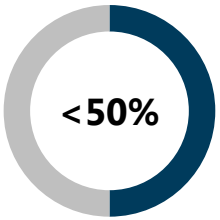
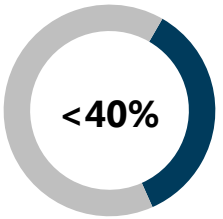


Well-positioned to drive growth and create long-term value for our investors

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 1/31/18	GOALS
Evolution of Business Strategy – Focus and Flexibility			
Multifamily Portfolio Focus			
Leverage %			
Leverage Type	**Secured Mortgages**	**Mix of Secured / Unsecured**	**Unsecured**
Multifamily Acquisition Criteria – Quality and Efficiency			
Primary Market Focus	**Small Market Bias**	**Twin Cities** **Denver** **Strong Secondary**	**Twin Cities** **Denver** **Strong Secondary**
Revenue / Unit			
Units per Property	**<150**	**>150**	**>200**

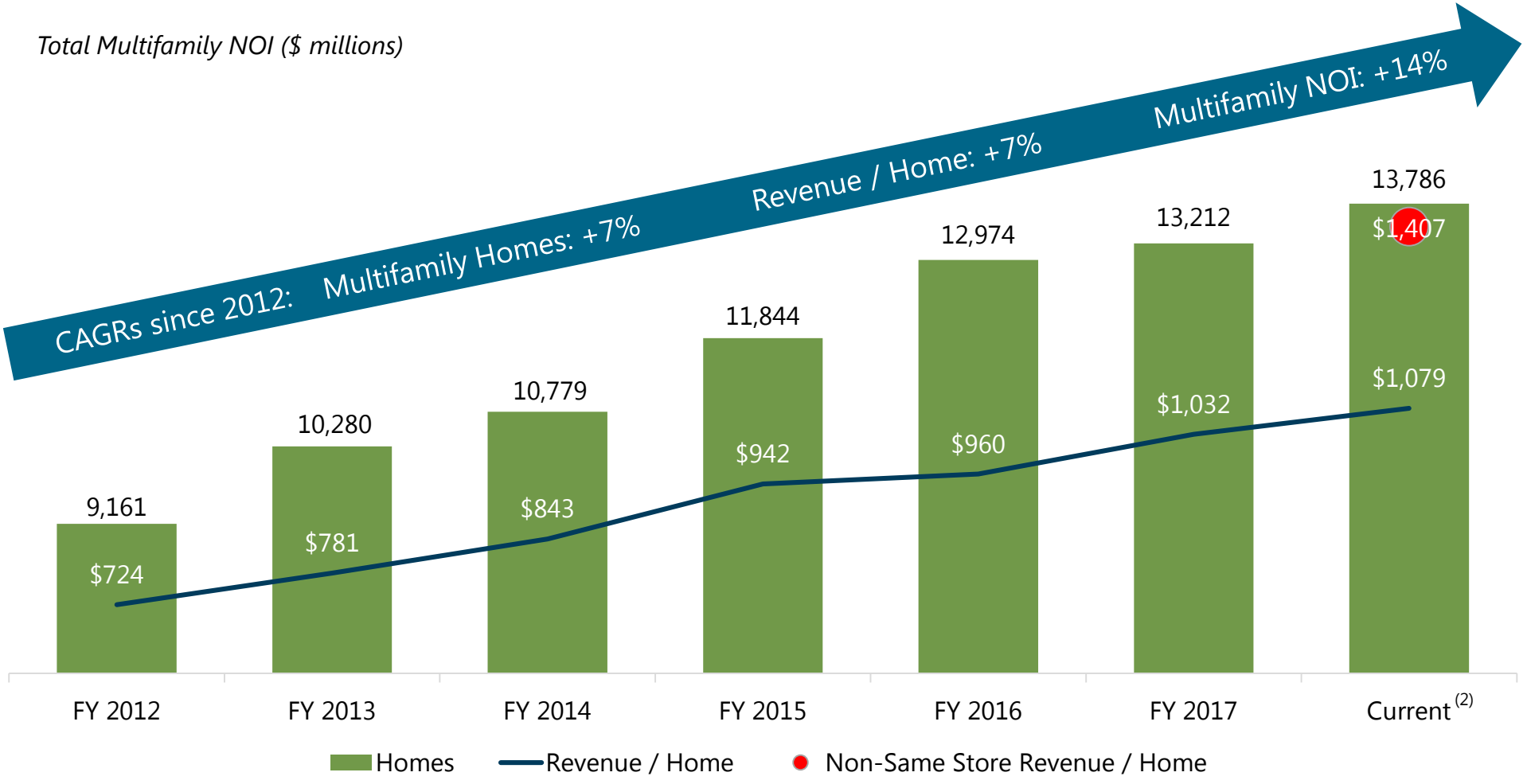
Note: As of 1/31/2018

MULTIFAMILY PORTFOLIO QUICKLY EVOLVING

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

$41 → $57 → $61 → $70 → $74 → $81 → $85 (1)

Total Multifamily NOI ($ millions)



(1) *TTM as of 1/31/2018.*
(2) *Quarter ended 1/31/2018.*

CLEAR INVESTMENT STRATEGY

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



Top MSAs (Twin Cities, Denver)

- Large multifamily inventory
- Ample transaction volume
- Readily-available market data



Supportive Demographic and Economic 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 for value-add activities
- Greater market liquidity

GROWING IN MINNEAPOLIS–ST. PAUL

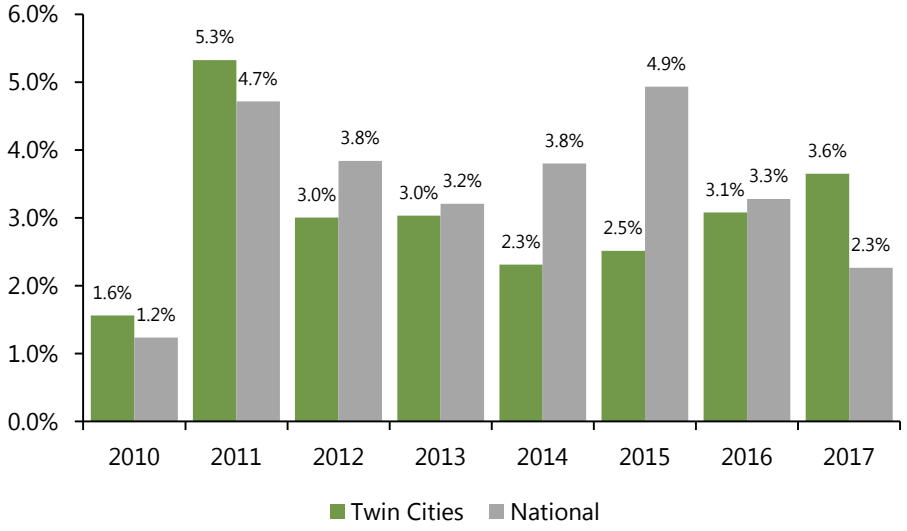
Economic Drivers

- The Minneapolis–St. Paul economy is supported by large corporations in diverse industries that generate reliable profits. There are 18 Fortune 500 and eight of the nation's largest private companies headquartered in Minnesota.
- A skilled and productive labor force powers the economic machine in a diversified mix of sectors including agriculture, manufacturing, retail, medical devices, biosciences, healthcare, IT, and clean energy.
- Job growth in Minneapolis–St. Paul has been robust with 48,000 jobs added in the 12 months ended October 2017. This job growth of 2.4% was 100 bps better than the national average and an acceleration from 1.6% in the previous 12-month period.

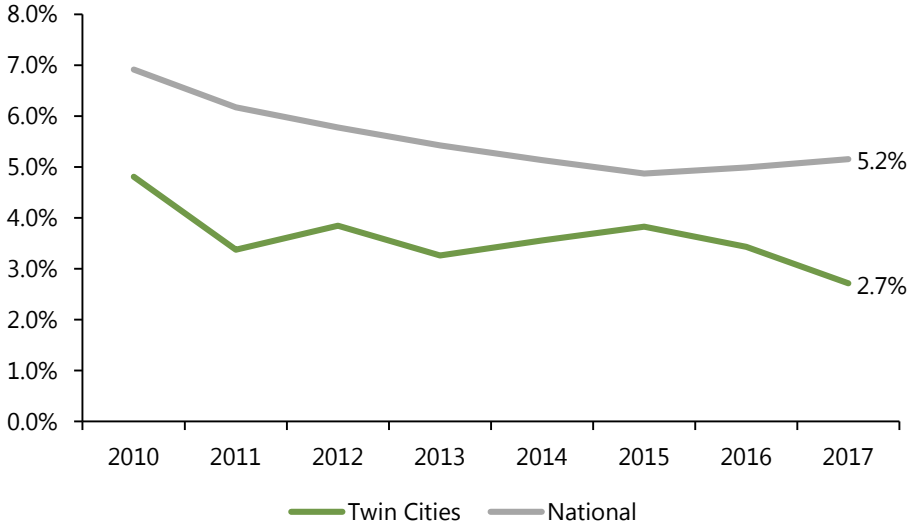
18 Fortune 500 Companies

Rank	Company	Rank	Company
6	United Health Group	211	Ecolab
38	Target	212	C.H. Robinson
72	Best Buy	239	Ameriprise Financial
93	CHS	256	Xcel Energy
94	3M	295	Hormel Foods
125	U.S. Bancorp	316	Thrivent Financial
158	Supervalu	377	Mosaic
165	General Mills	434	St. Jude Medical
209	Land O' Lakes	466	Patterson Cos. Inc.

Effective Apartment Rent Growth



Apartment Vacancy



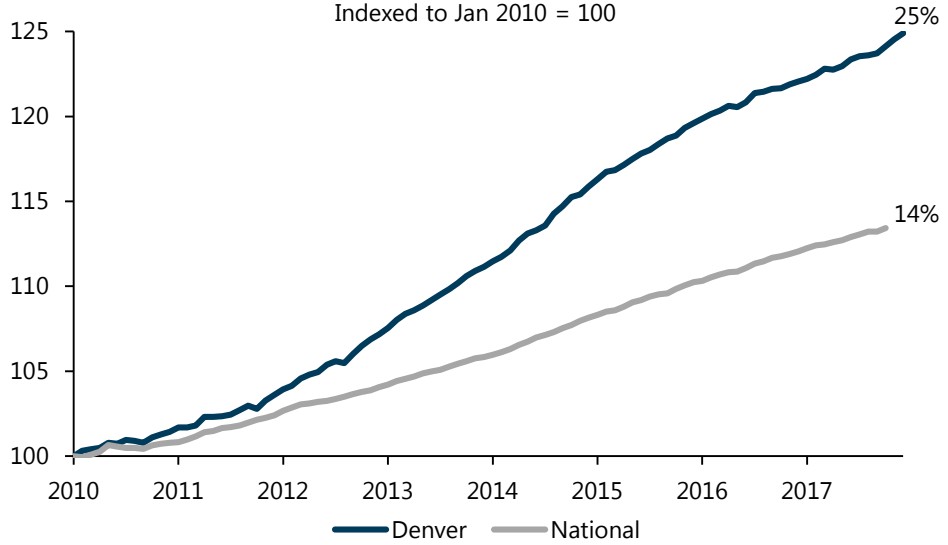
Sources: Bureau of Labor Statistics, US Census Bureau, Fortune, and Axiometrics

ESTABLISHING A PRESENCE IN DENVER

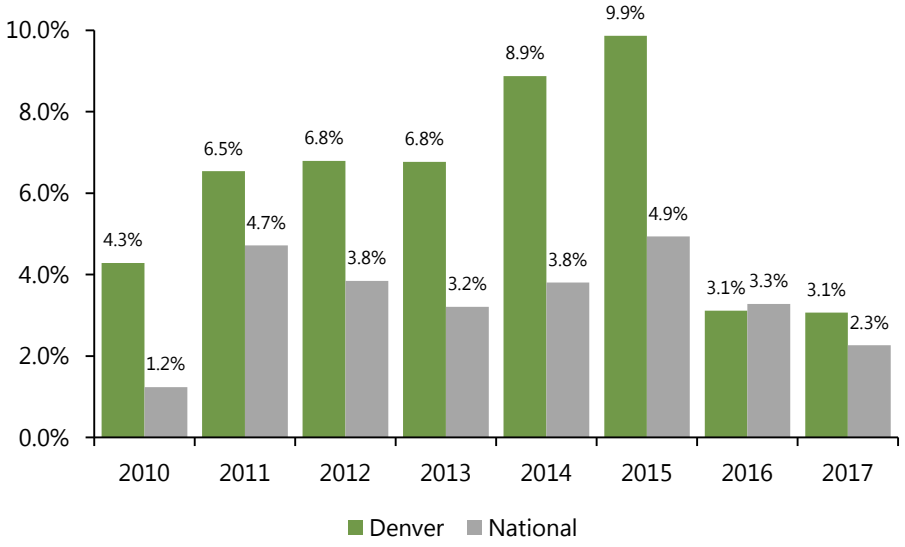
Economic Drivers

- Denver's advantageous location, livability, skilled workforce, and attractiveness for doing business has prompted job creation throughout the metro area as employers relocate and entrepreneurs create new ventures. The metro has added 275,000 jobs since the beginning of 2010.
- The region's economy is deeply rooted in high-quality industries such as aerospace, technology, healthcare, energy, transportation, finance, and tourism.
- Relative to incomes, single family home prices in Denver are high at $418,100 as of 3Q17, driving approximately 50% of the population to rent (national average = 36%).

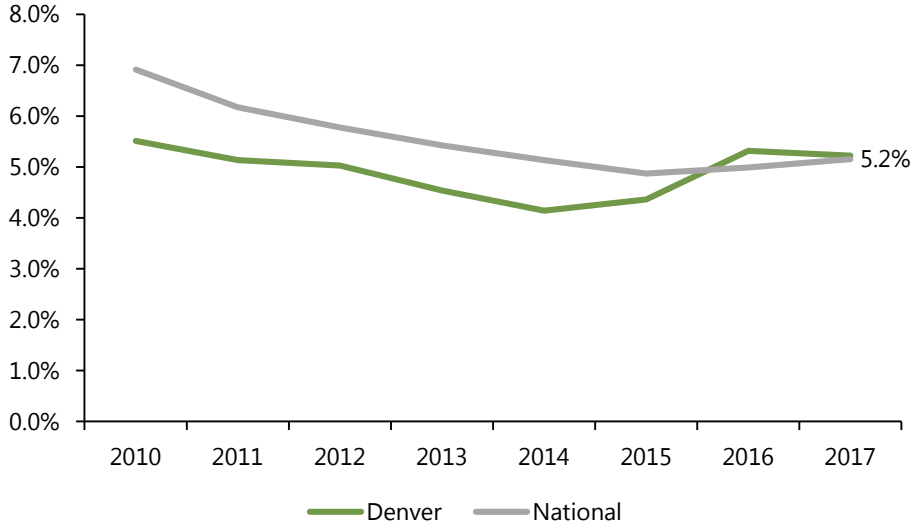
Total Nonfarm Payrolls (seasonally adjusted 2010-present)



Effective Apartment Rent Growth



Apartment Vacancy

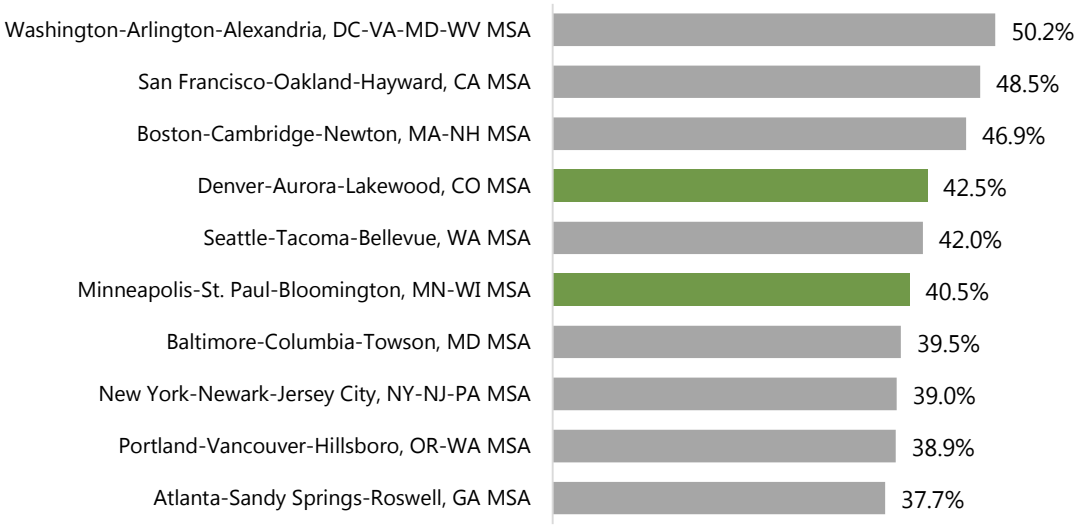


Sources: Bureau of Labor Statistics, US Census Bureau, National Association of Realtors, and Axiometrics

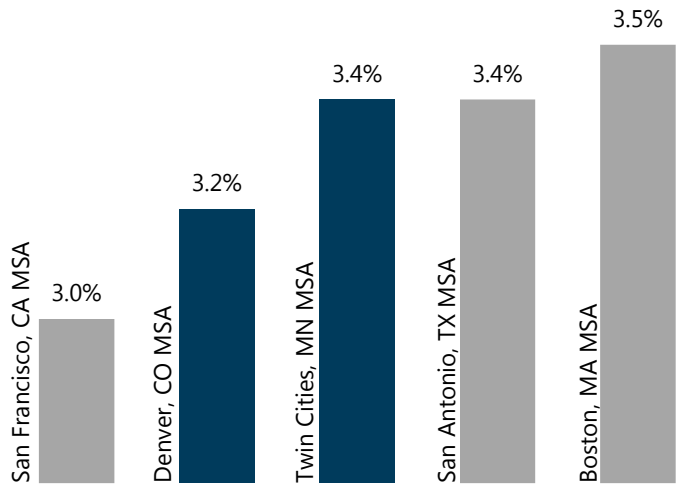
TARGET MARKETS VS. TOP 25 MSAs

The Twin Cities and Denver boast extremely tight job markets, characterized by a highly educated workforce

% of Adult Population with Bachelor's Degree or Higher



Unemployment Rate[(1)]



Both of these characteristics support strong incomes

Rank	Metropolitan Area	Median Household Income
1	San Francisco-Oakland-Hayward, CA MSA	$96,677
2	Washington-Arlington-Alexandria, DC-VA-MD-WV MSA	$95,843
3	Boston-Cambridge-Newton, MA-NH MSA	$82,380
4	Seattle-Tacoma-Bellevue, WA MSA	$78,612
5	Baltimore-Columbia-Towson, MD MSA	$76,788
6	Minneapolis-St. Paul-Bloomington, MN-WI MSA	$73,231
7	Denver-Aurora-Lakewood, CO MSA	$71,926
8	New York-Newark-Jersey City, NY-NJ-PA MSA	$71,897
9	San Diego-Carlsbad, CA MSA	$70,824
10	Portland-Vancouver-Hillsboro, OR-WA MSA	$68,676

Sources: US Census Bureau and Bureau of Labor Statistics
(1) January 2018 Unemployment Rate

CAPITAL ALLOCATION PRIORITIES

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



Focused 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



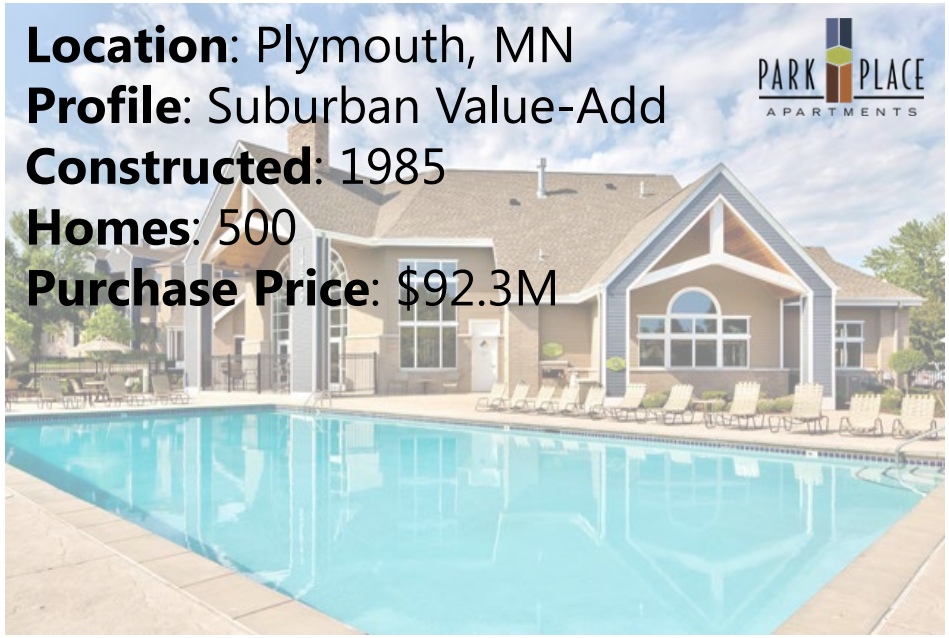
Shareholder Returns

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

RECENT INVESTMENTS



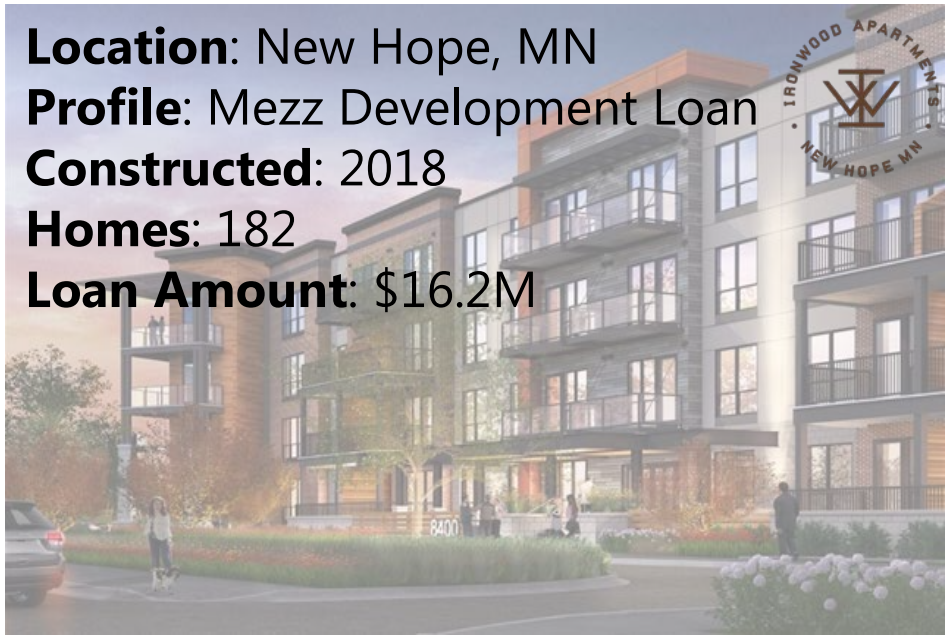
Location: Denver, CO
Profile: Urban Core
Constructed: 2016
Homes: 274
Purchase Price: $90.6M



Location: Plymouth, MN
Profile: Suburban Value-Add
Constructed: 1985
Homes: 500
Purchase Price: $92.3M



Location: St. Paul, MN
Profile: Urban Core
Constructed: 2017
Homes: 191
Purchase Price: $61.5M



Location: New Hope, MN
Profile: Mezz Development Loan
Constructed: 2018
Homes: 182
Loan Amount: $16.2M

RECENT INVESTMENTS

Red 20

Location: Minneapolis, MN
Profile: Urban Development
Constructed: 2014
Total Cost: $28.3M
Homes: 130
Retail: 10,000 sf



Arcata

Location: Golden Valley, MN
Profile: Suburban Development
Constructed: 2015
Total Cost: $31.7M
Homes: 165



71 France

Location: Edina, MN
Profile: Suburban Development
Constructed: 2016
Total Cost: $72.4M
Homes: 241
Retail: 21,000 sf



Monticello Crossings

Location: Monticello, MN
Profile: Suburban Development
Constructed: 2017
Total Cost: $32.1M
Homes: 202



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

UPSIDE POTENTIAL IS SIGNIFICANT

Operational improvements can expand margins and create value

	IRET	Multifamily REIT Peers	Upside Potential
Homes / Community	155	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
2018E Price / FFO(1)(2)	13x	16x	• Successful execution of asset management and portfolio investment criteria to support multiple expansion
Dividend Yield(1)	5.7%	4.7%	• 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 1/31/2018 for IRET and 12/31/2017 for peers. Peers include AIV, APTS, AVB, BRG, CPT, EQR, ESS, IRT, MAA, NXRT, and UDR
(1) Price as of 3/14/2018
(2) FY2019 consensus FFO for IRET; CY2018 consensus FFO for peers.



Avalon Cove – Rochester, MN



Evergreen – Isanti, MN



Monticello Crossings – Monticello, MN



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