









Investor Presentation

NAREIT REITweek | New York, NY | June 2018

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 value add and redevelopment opportunities, 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



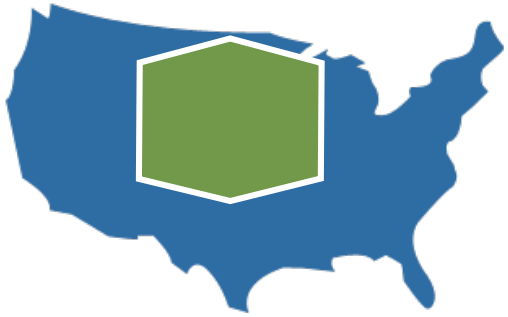
Now Dedicated Multifamily Company
Single Segment Property Specialist



Focused Management Team
Engaged to Effect Improvement



Drives Operating Efficiencies
G&A and Operating Expenses



Strong Markets and Distinct Geography
Combination of Core and Value-Add Properties



Improved Capital Structure
Flexible Balance Sheet and Capital Allocation Focus

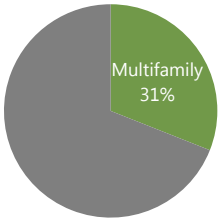
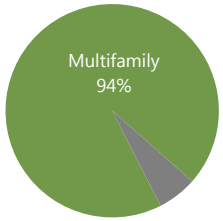
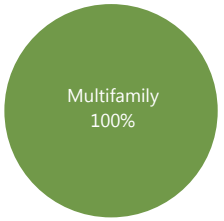
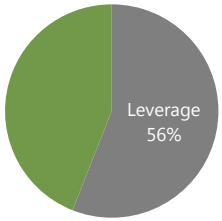
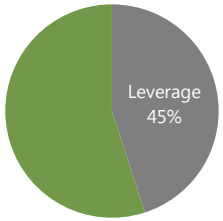
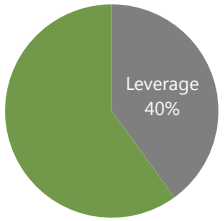
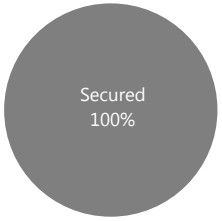
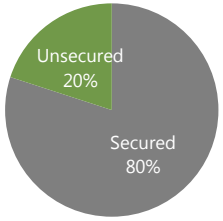
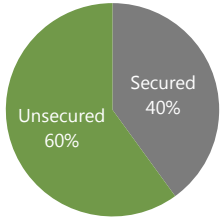


Positions for Future Growth
Same-Store NOI

REPOSITIONING COMING TO FRUITION

Delivering on stated goals and renewed business strategy

Evolution of Business Strategy – *Focus and Flexibility*

	PAST	PRESENT	FUTURE
Multifamily Focus (% of NOI)			
Leverage (% of Book Value)			
Leverage Type			

Multifamily Acquisition Criteria – *Quality and Efficiency*

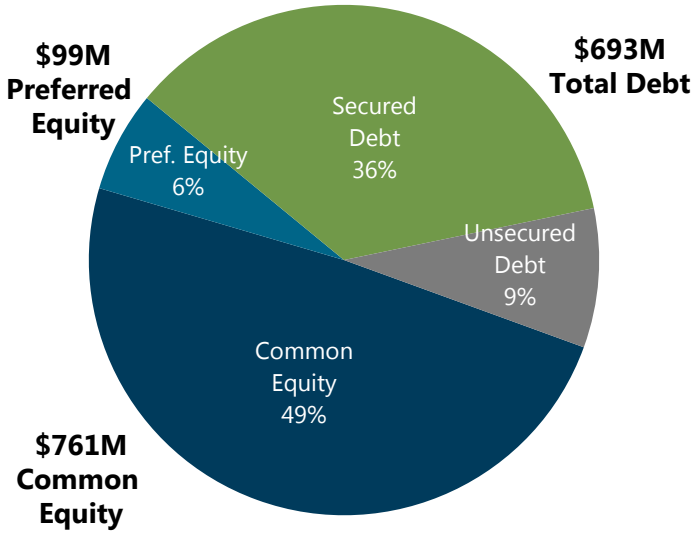
Primary Market Focus	**Small Market Bias**	**Twin Cities / Denver Strong Secondary**	**Twin Cities / Denver Strong Secondary**
Revenue / Home	**<$800**	**>$1,000**	**>$1,200**
Homes / Community	**<150**	**>150**	**>200**

Note: "Past" as of 4/30/12 and "Present" as of 1/31/18

CAPITAL STRUCTURE OVERVIEW AS OF 1/31/18

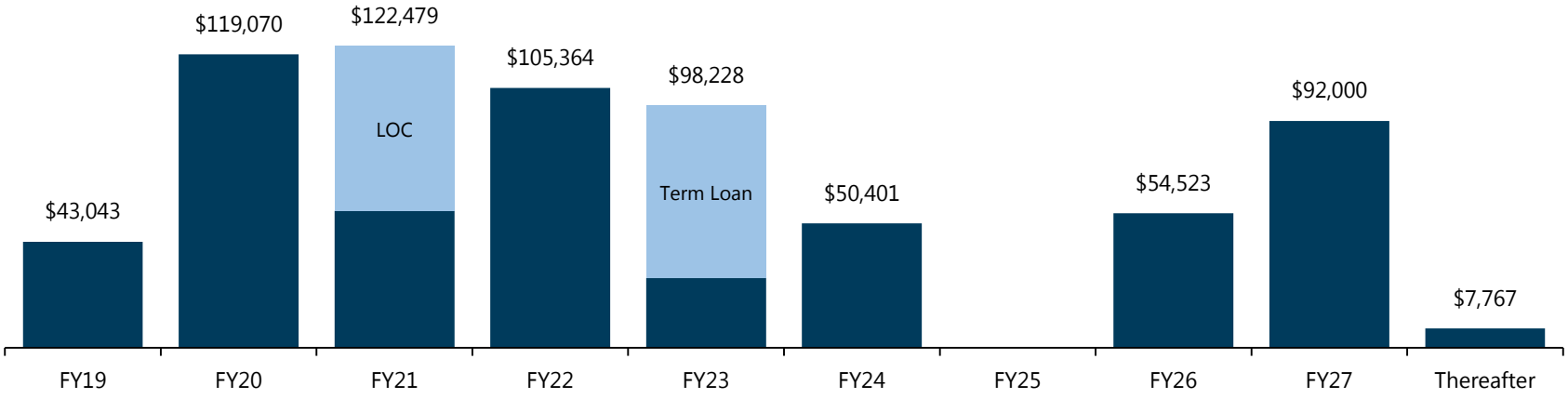
$ in thousands, except where noted

$1.6B Total Capitalization



Debt Summary	Amount	% of Total	Weighted Avg. Rate	Weighted Avg. Maturity
Total Secured Debt	$555,875	80.2%	4.63%	4.5 Years
Unsecured LOC Balance(1)	$67,000	9.7%	3.45%	3.0 Years
Unsecured Term Loan	$70,000	10.1%	4.01%	5.0 Years
Total Unsecured Debt	$137,000	19.8%	3.74%	4.0 Years
Total Debt	**$692,875**	**100.0%**	**4.45%**	**4.4 Years**
Fixed Rate	$564,874	81.5%	4.59%	4.9 Years
Variable Rate	$128,001	18.5%	3.83%	2.1 Years

(1) LOC commitments total $300 million



% of Total Maturing									
6.21%	17.19%	17.68%	15.21%	14.18%	7.27%		7.87%	13.28%	1.12%
Weighted Average Interest Rate									
4.07%	5.65%	4.18%	5.23%	4.04%	4.02%		3.74%	3.56%	5.38%

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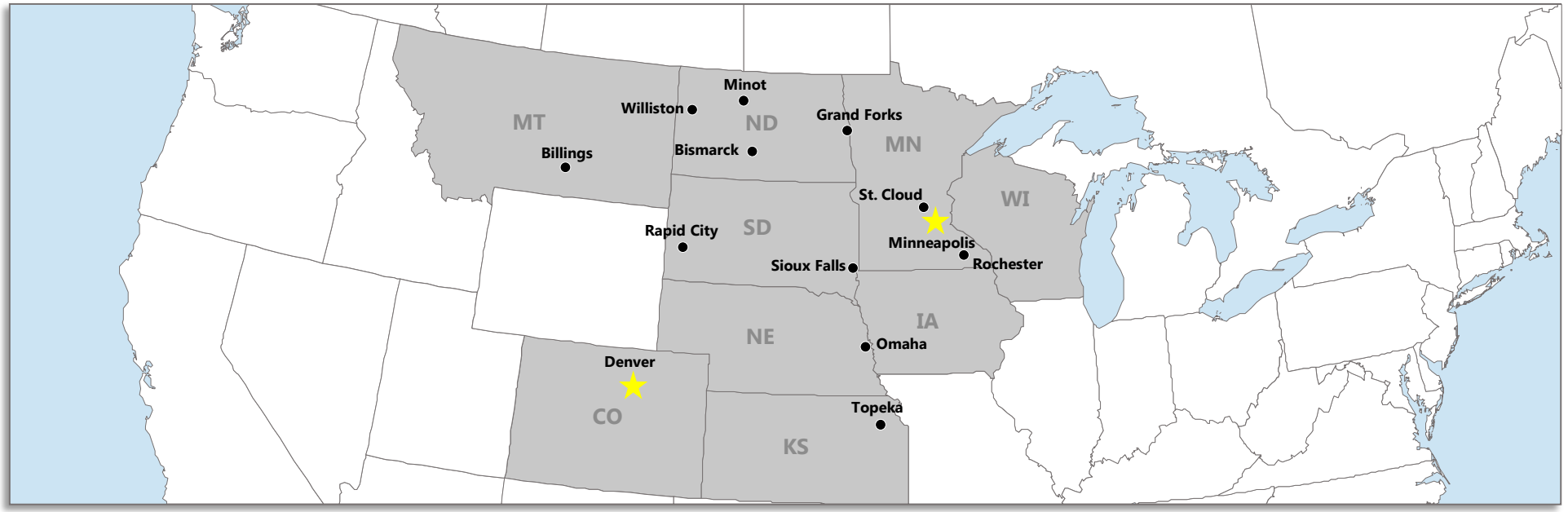
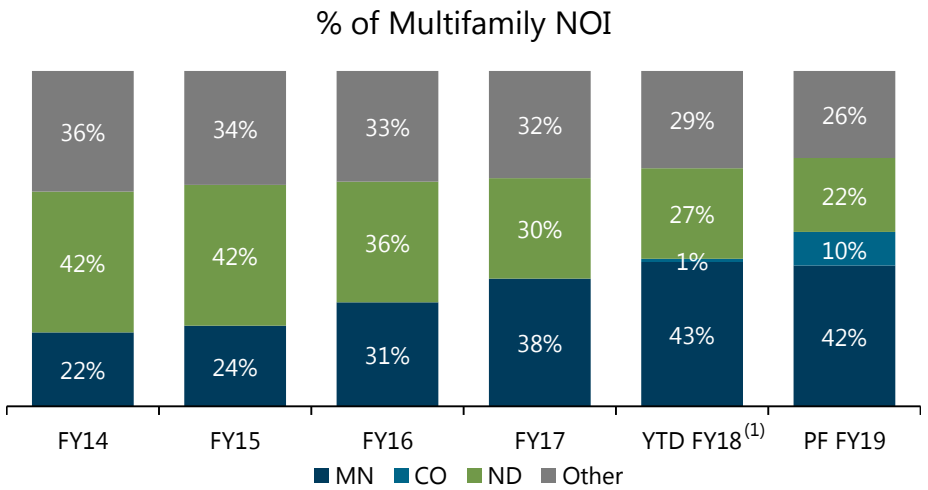
We are a premier multifamily company delivering exposure to strong Midwest markets



Highlights

- 90 communities with 14,176 apartment homes
- Proforma NOI for FY19 estimated to be 30% in Minneapolis and Denver; over 50% in Minnesota and Colorado
- Diversified price points within the portfolio
- Significant opportunity for value add and operational efficiencies

Portfolio Evolution

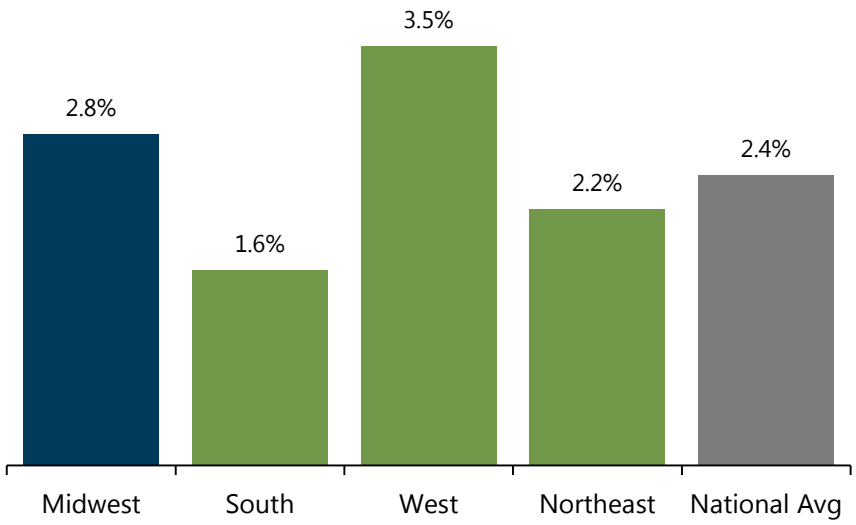


(1) Nine months ended 1/31/18

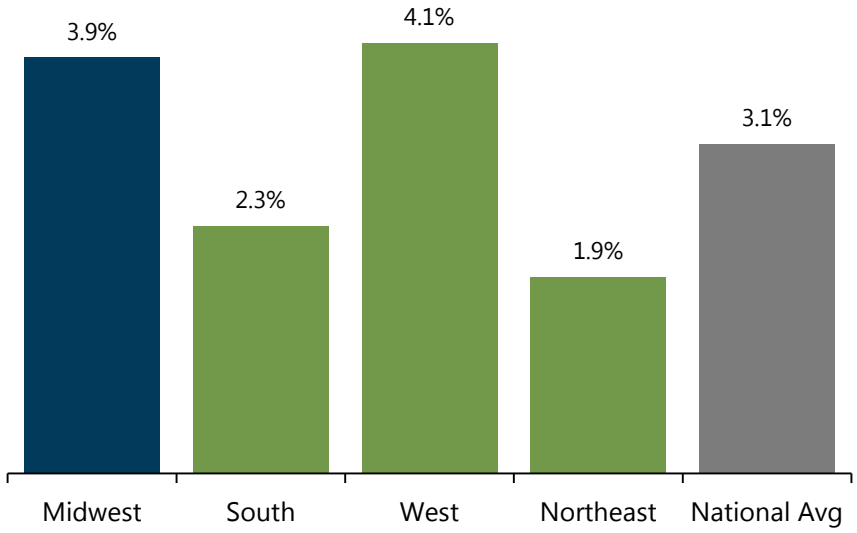
GROWTH IN MIDWEST MARKETS

Newer communities in the Midwest have shown strong performance since 2010

Rent Growth CAGR
For communities built since 2010



Revenue Growth CAGR
For communities built since 2010



38% of IRET's FY19 NOI expected from communities built since 2010(1)

Source: Axiometrics

(1) Proforma FY19 NOI

MINNEAPOLIS–ST. PAUL IS STRONG

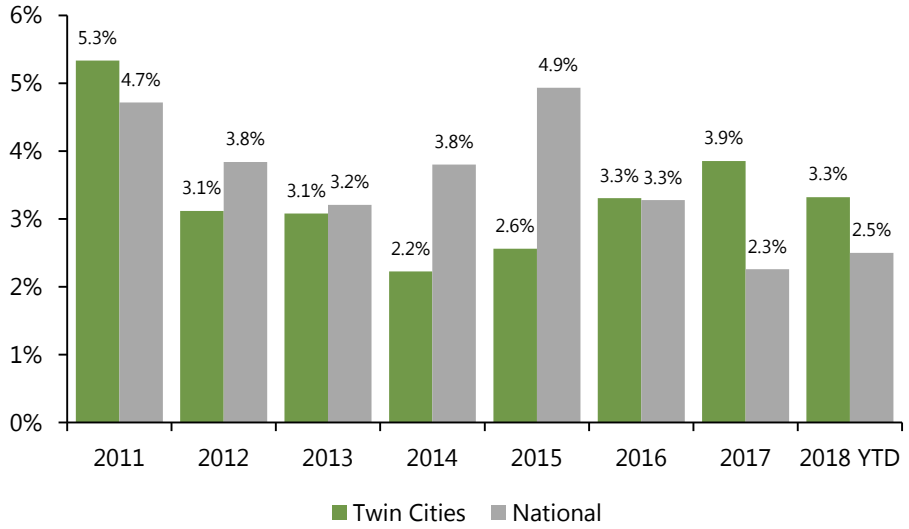
Economic Drivers

- The Minneapolis–St. Paul economy is supported by large corporations in diverse industries that generate stable job growth. Nineteen *Fortune* 500 companies and eight companies on *Forbes'* list of America's 225 largest private companies, including Cargill at #1, are headquartered in Minnesota.
- Minneapolis–St. Paul's skilled labor force powers companies in a mix of industries including agriculture, manufacturing, retail, medical devices, biosciences, healthcare, IT, and clean energy.
- Axiometrics forecasts rental growth of 3.6% and vacancy of 3.4% in 2018, which ranks 7 and 2, respectively, among the top 50 multifamily markets.

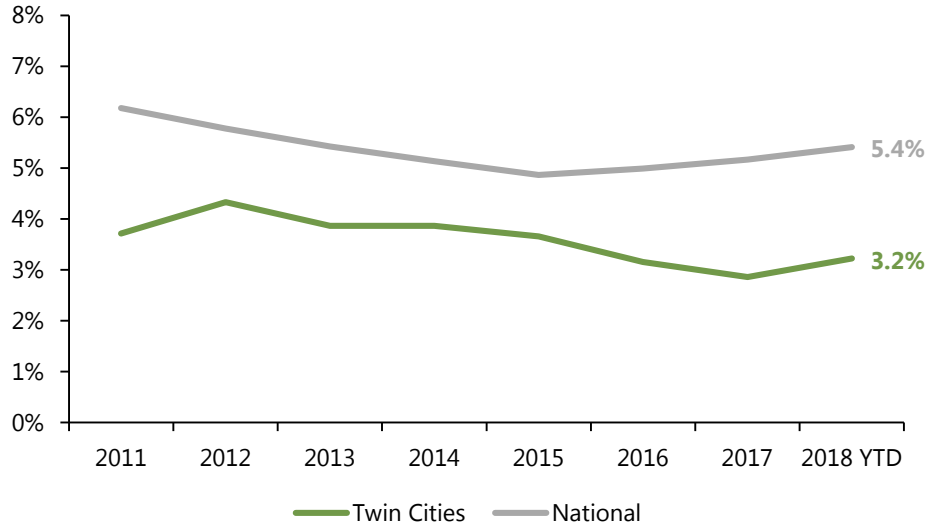
19 Fortune 500 Companies

Rank	Company	Rank	Company
5	United Health Group	216	Land O' Lakes
39	Target	252	Ameriprise Financial
72	Best Buy	266	Xcel Energy
96	CHS	323	Hormel Foods
97	3M	343	Thrivent Financial
122	U.S. Bancorp	382	Mosaic
180	Supervalu	462	Securian Financial
182	General Mills	490	Patterson
193	C.H. Robinson	496	Polaris
215	Ecolab		

Effective Apartment Rent Growth



Apartment Vacancy

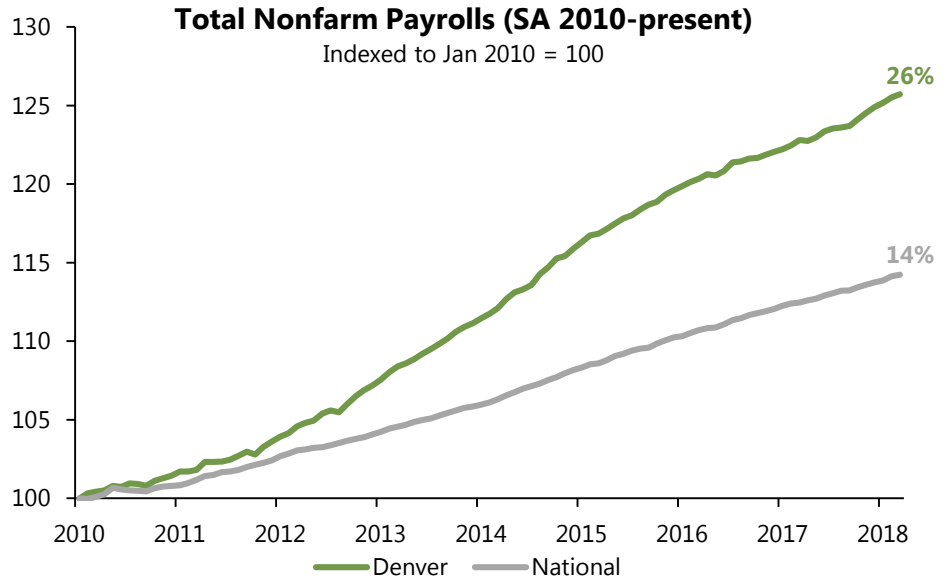


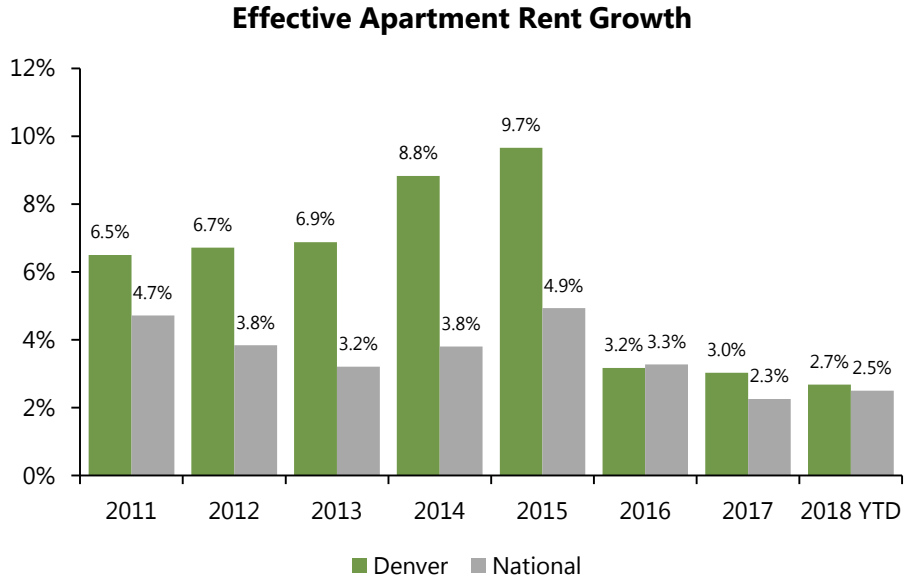
Sources: Bureau of Labor Statistics, US Census Bureau, Fortune, and Axiometrics
Note: 2018 YTD through 3/31/18

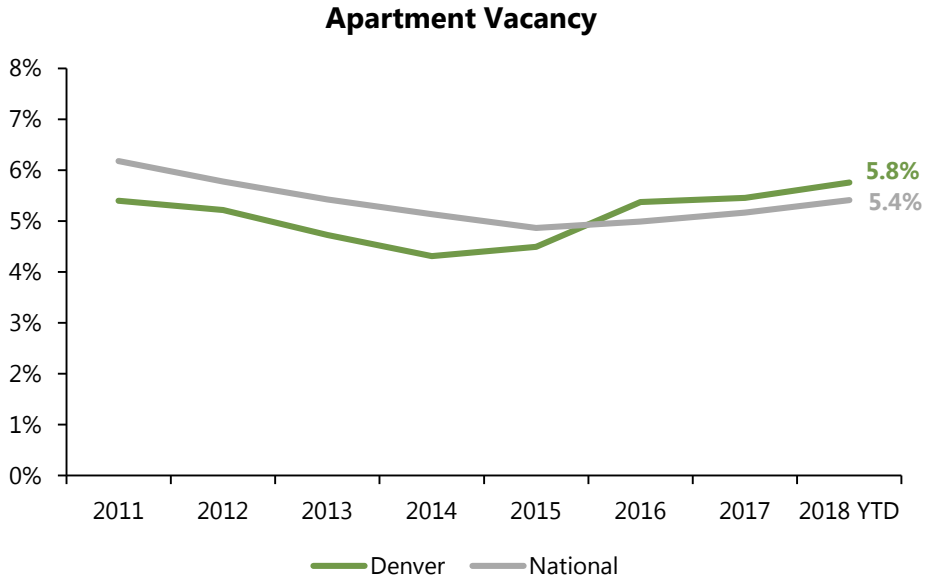
DENVER'S ECONOMY IS THRIVING

Economic Drivers

- Denver's advantageous location, livability, skilled workforce, and attractiveness for doing business have prompted job creation throughout the metro area as employers relocate and entrepreneurs create new ventures. The metro has added 305,000 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 $441,500 as of 1Q18, driving approximately 50% of the population to rent (national average = 36%).





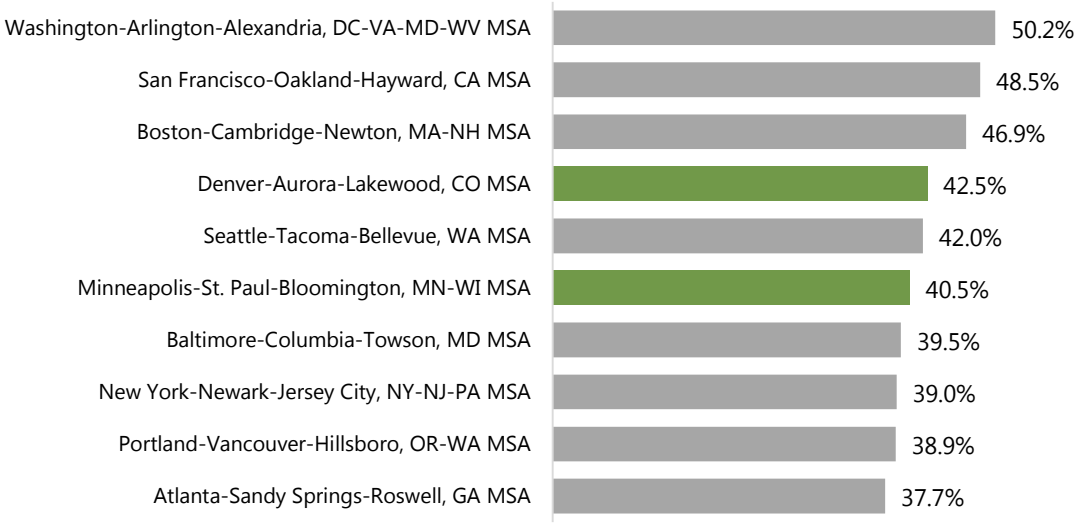


Sources: Bureau of Labor Statistics, US Census Bureau, Fortune, National Association of Realtors, and Axiometrics
Note: 2018 YTD through 3/31/18

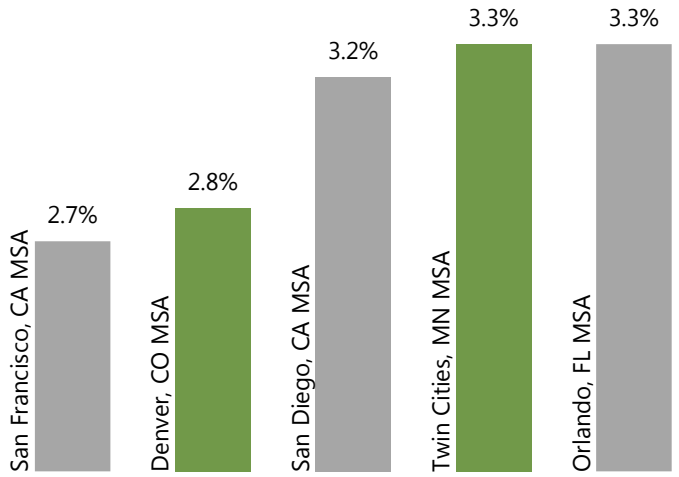
COMPETITIVE WITH COASTAL MARKETS

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)]



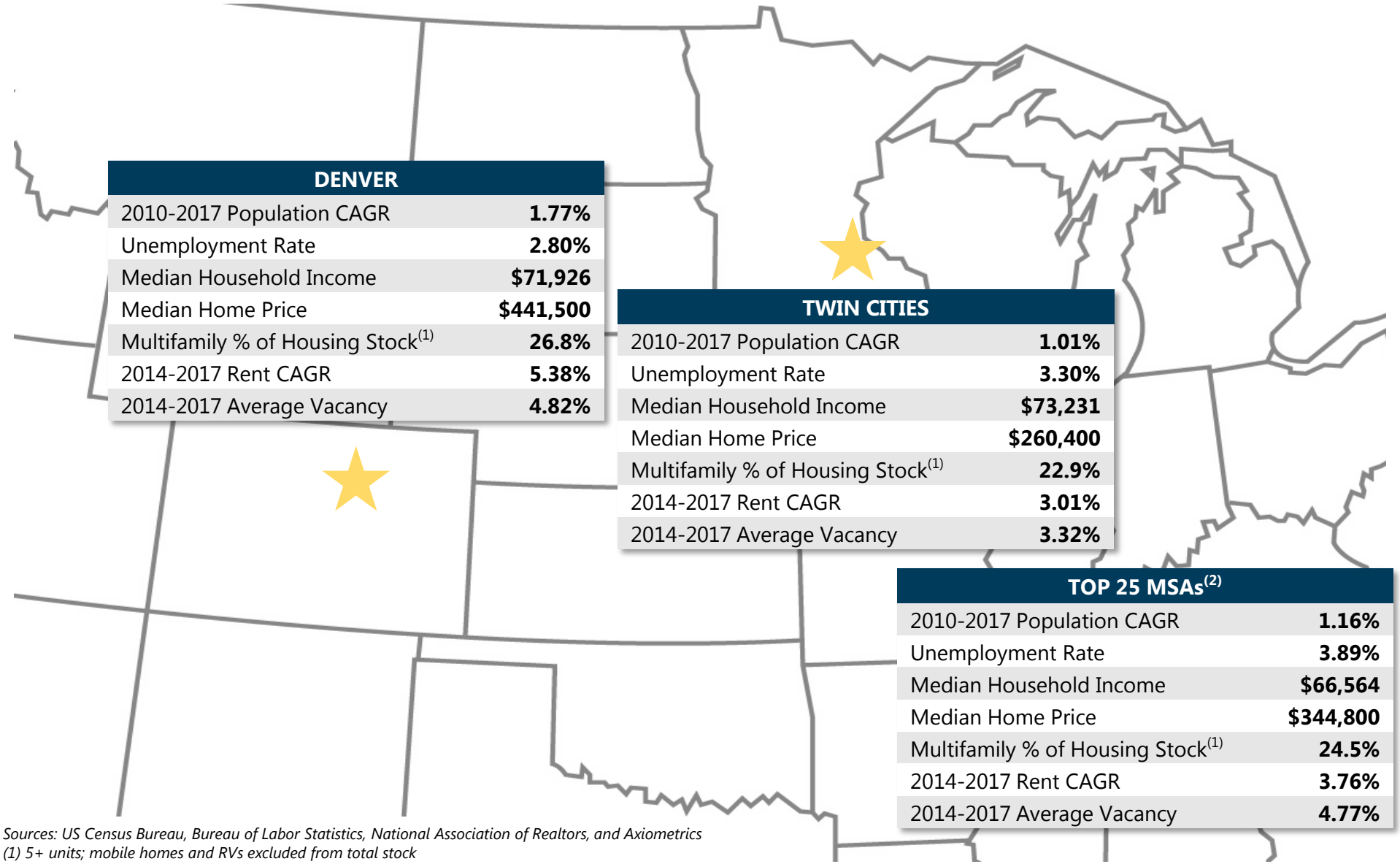
Both of these characteristics support strong incomes

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) March 2018 Unemployment Rate

MINNEAPOLIS & DENVER VS. OTHER TOP 25 MSAs

Targeted Geography Has Strong Market Fundamentals



DENVER	
2010-2017 Population CAGR	**1.77%**
Unemployment Rate	**2.80%**
Median Household Income	**$71,926**
Median Home Price	**$441,500**
Multifamily % of Housing Stock(1)	**26.8%**
2014-2017 Rent CAGR	**5.38%**
2014-2017 Average Vacancy	**4.82%**

TWIN CITIES	
2010-2017 Population CAGR	**1.01%**
Unemployment Rate	**3.30%**
Median Household Income	**$73,231**
Median Home Price	**$260,400**
Multifamily % of Housing Stock(1)	**22.9%**
2014-2017 Rent CAGR	**3.01%**
2014-2017 Average Vacancy	**3.32%**

TOP 25 MSAs(2)	
2010-2017 Population CAGR	**1.16%**
Unemployment Rate	**3.89%**
Median Household Income	**$66,564**
Median Home Price	**$344,800**
Multifamily % of Housing Stock(1)	**24.5%**
2014-2017 Rent CAGR	**3.76%**
2014-2017 Average Vacancy	**4.77%**

Sources: US Census Bureau, Bureau of Labor Statistics, National Association of Realtors, and Axiometrics
(1) 5+ units; mobile homes and RVs excluded from total stock
(2) Top 25 MSAs defined as 25 highest populated metro areas as of most recent US Census Bureau data
Top 25 MSA statistics are averages excluding Denver and Twin Cities

iret FY18 INVESTMENTS



Westend

Location: Denver, CO
Profile: Urban Core
Constructed: 2015
Homes: 390
Purchase Price: $128.7M



Dylan

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



Park Place

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



Oxbo

Location: St. Paul, MN
Profile: Urban Core
Constructed: 2017
Homes: 191
Retail: 11,500 sf
Purchase Price: $61.5M

UNDERSTANDING SECONDARY MARKETS

These five markets plus Minneapolis and Denver are expected to make up 76% of proforma FY19 NOI

	Rochester, MN	Omaha, NE	Grand Forks, ND	St. Cloud, MN	Bismarck, ND
Population	218,280	933,316	102,414	197,759	132,142
Median Household Income	$70,078	$62,247	$48,671	$56,620	$65,527
Unemployment Rate[(1)]	3.40%	3.00%	3.30%	4.10%	3.50%
Major Employers	Mayo Clinic IBM	Offutt Air Force Base Union Pacific	University of ND Altru Health	CentraCare Health State of Minnesota	State of ND Sanford Health
Number of IRET Homes	1,711	1,370	1,554	1,187	1,259
Total Multifamily Supply	11,534	74,004	14,548	16,438	11,516
Same-Store Average Revenue per Unit[(2)]	$1,262	$931	$912	$995	$996
Same-Store Physical Occupancy[(3)]	95.6%	96.1%	94.6%	96.4%	92.5%

Sources: US Census Bureau, Bureau of Labor Statistics, IRET, Axiometrics, Company Filings and Disclosures, and IRET Research

(1) March 2018 Unemployment Rate
(2) Q3FY18 Average Revenue per Unit per Month
(3) As of 1/31/18

CAPITAL ALLOCATION PRIORITIES

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

Continue Disciplined Investment Strategy

- Improve portfolio efficiency and quality through targeted redevelopment of existing assets and new acquisitions
- Continue active portfolio management
- Increase economies of scale

Maintain Stronger, More 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

Enhance Per-Share Metrics

- Increase cash flow per share
- Generate durable cash flow through higher-quality apartment portfolio
- Improve dividend payout ratio

CATALYSTS FOR UPSIDE

Portfolio and 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)	14x	16x	• Successful execution of asset management and portfolio investment criteria to support multiple expansion
Dividend Yield(1)	5.5%	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 3/31/2018 for peers. Peers include AIV, APTS, AVB, BRG, CPT, EQR, ESS, IRT, MAA, NXRT, and UDR
(1) Price as of 5/15/2018
(2) Next Twelve Months Consensus FFO Estimates



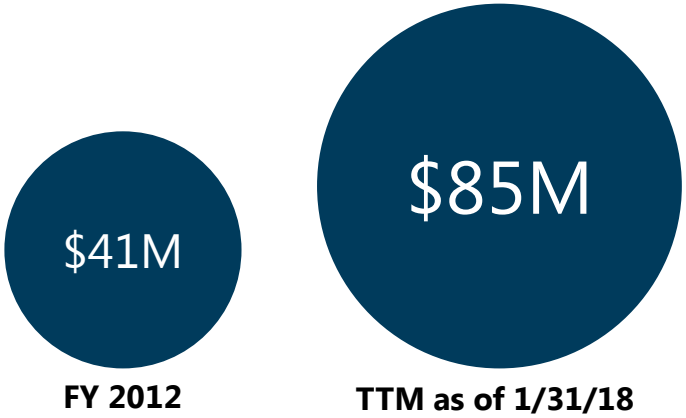
Arcata – Golden Valley, MN


71 France – Edina, MN

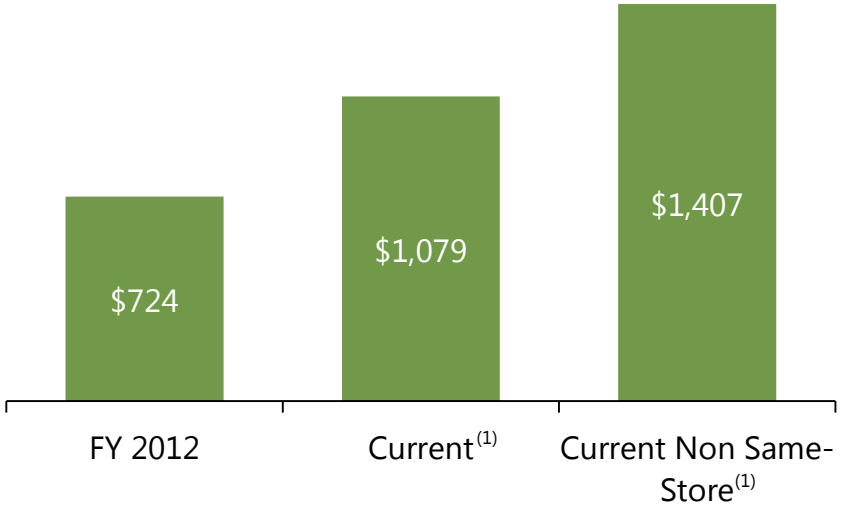

Monticello Crossings – Monticello, MN

PORTFOLIO SCALE AND QUALITY IMPROVING

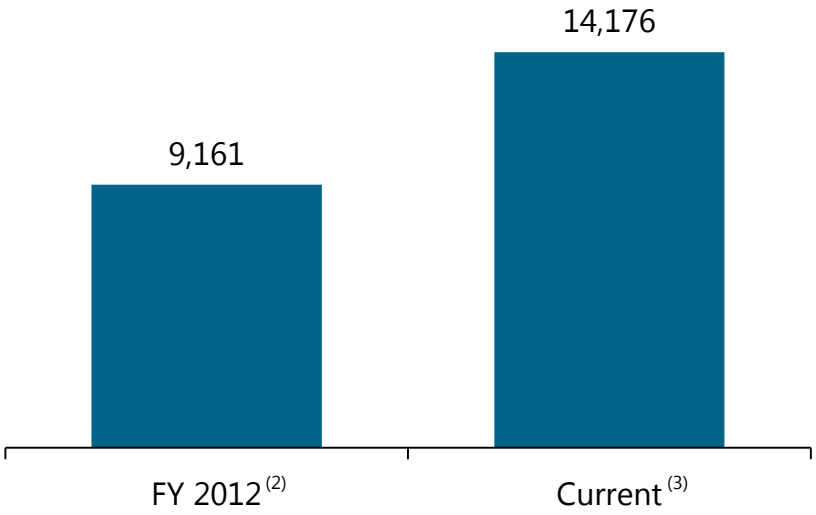
Total Multifamily NOI



Average Revenue / Home



Multifamily Homes



Operational Enhancements

- Placing full focus on our residents and our communities
- Growing our team of operational specialists
- Shifting to dedicated multifamily IT solutions
  - Revenue management
  - Leasing optimization
  - Reputation management
  - Lead management
- Strengthening asset management with additional resources

(1) Quarter Ended 1/31/18
(2) As of 4/30/12
(3) As of 4/30/18

SIGNIFICANT VALUE ADD OPPORTUNITY



OPPORTUNITY

- Approximately 5,600 apartment homes haven't been renovated since before 2008
- Inventoried entire portfolio for value add opportunities
- Identified communities in good locations garnering rents significantly lower than newer assets in the market
- Opportunities include defensive upgrades to ensure competitiveness with newer product and to enhance our market position
- Launching in strategic markets first

FY19 PROGRAM

- 1,000 units and various amenity projects identified for first phase of value add program
- Estimated investment of $14 million
- Targeted return on investment of 15%
- Unit renovations vary in scope from light renovations at ~$2,000 per unit to full renovations at ~$15,000 per unit and include:
  - Kitchen remodels
  - Flooring
  - Bathroom renovations
  - Plumbing and lighting fixtures
  - Adding in-unit washers and dryers
- Upgrading amenities to drive additional revenue, decrease operating expenses, reduce turnover, and appeal to more prospective residents. These include adding or upgrading:
  - Clubhouse
  - Package room/lockers
  - Dog park
  - Firepit, grill, and gazebo
- Amenity upgrades include sustainability upgrades such as LED retrofits and more eco-friendly appliances

VALUE ADD CASE STUDY – PARK PLACE

Opportunity

- Redevelop up to 488 homes at Park Place Apartments, a Class B multifamily community located in a highly desirable suburb of Minneapolis
- Take advantage of significant disparity between rents on newer, Class A product in the submarket and current rents

Scope

- Upgrades include:
  - New cabinets
  - New flooring
  - Quartz countertop
  - Kitchen tile backsplash
  - New bathroom vanities and countertops
  - Stainless steel appliances

Expected Results

- **Average investment of $14,000-$16,000 per home**
- **Average rent increases over 15%**





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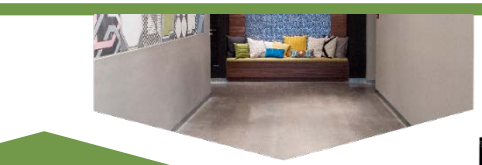
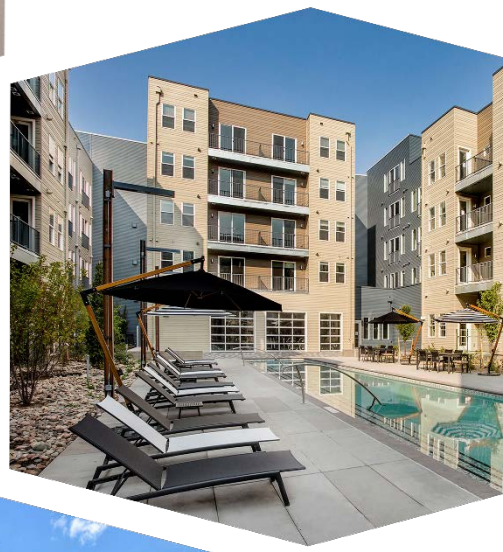
- Strong Balance Sheet
- Strong Markets
- Operational Enhancements
- Value Add Opportunities
- Best in Class Governance













Investor Relations Contact:
Matthew Volpano
SVP – Capital Markets
ir@iret.com
701.837.7104