





Investor Presentation

January 2019

IRET
LISTED
NYSE

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, the failure of our property acquisition and disposition activities to achieve expected results, 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, 2018, 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.

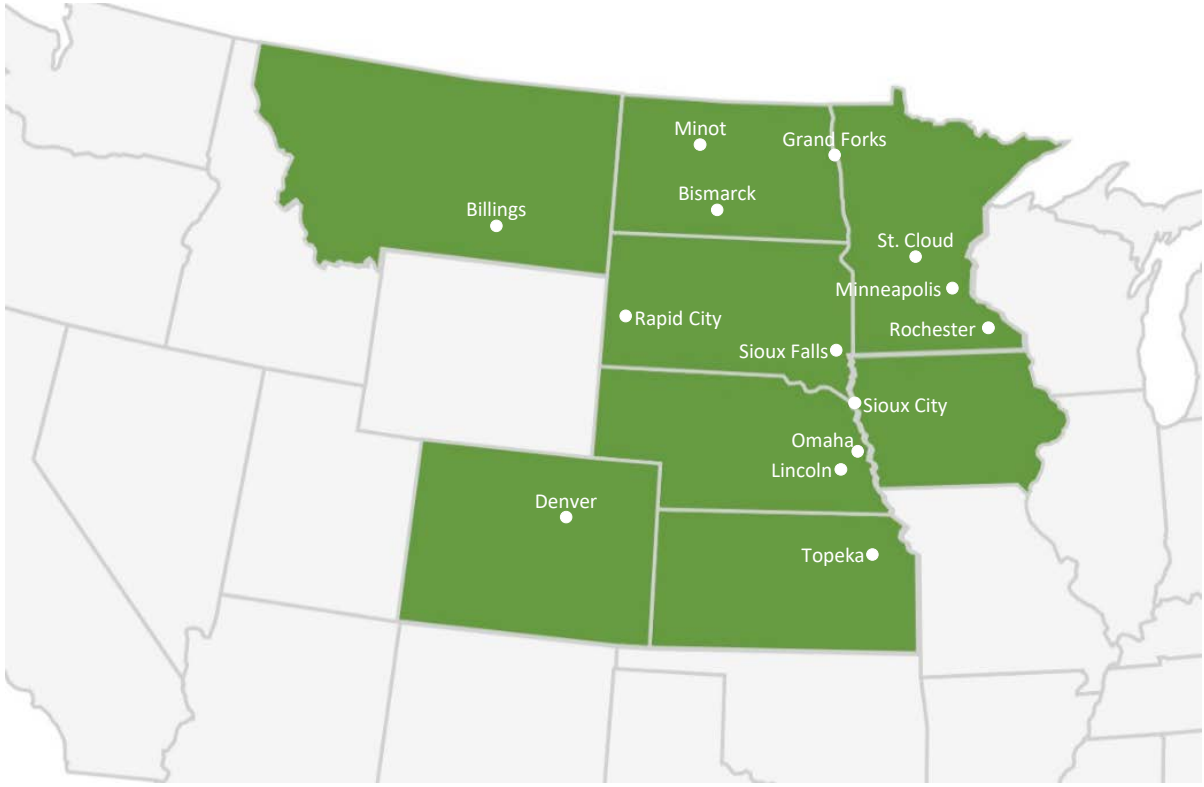
WHY IRET?



Experienced Leadership	**Well-respected, experienced board of trustees and management team with a sound strategic plan**
Focused Team	**Transitioned from a diversified REIT to a pure-play multifamily REIT**
Increased Flexibility	**Strong balance sheet with solid credit metrics and sufficient liquidity to capitalize on future opportunities**
Differentiated Markets	**Increased exposure to target markets in Minneapolis and Denver through disciplined capital recycling**
Internal Growth Opportunity	**Value-add plus enhanced operating platform opportunities to spur organic growth**

iret COMPANY SNAPSHOT

- **Pure-play multifamily owner/operator with 13,702 homes in differentiated markets**
- **Founded in 1970**
- **Publicly traded since 1997**
- **Net Asset Value (NAV) - $71 per Share[3]**
- **Enterprise value of $1.5 Billion[4]**



Region	% of PF 2019 NOI[1]	Homes	Average Rent[2]
Minneapolis, MN	20.9%	1,988	$1,528
Rochester, MN	14.3%	1,711	$1,300
Denver, CO	9.8%	664	$1,962
Grand Forks, ND	8.8%	1,554	$975
Omaha, NE	8.1%	1,370	$969
Bismarck, ND	7.6%	1,259	$1,000
St. Cloud, MN	7.3%	1,190	$1,034
Topeka, KS	5.4%	1,042	$851
Sioux Falls, SD	5.4%	969	$932
Billings, MT	5.1%	770	$978
Minot, ND	4.2%	712	$1,053
Rapid City, SD	3.1%	474	$1,012
Total / Average	**100.0%**	**13,702**	**$1,138**

(1) Pro Forma 2019
(2) Weighted average monthly rent per occupied home from Aug. 2018 – Oct. 2018. IRET has changed its fiscal year-end to Dec. 31
(3) Average NAV per covering analyst – Baird, Boenning & Scattergood, Davidson D.A. – adjusted for 1:10 reverse stock split
(4) See page 6 for breakdown

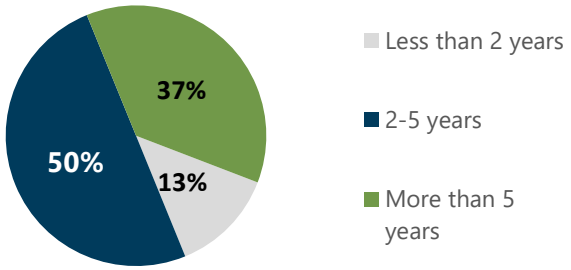
MANAGEMENT OVERVIEW

IRET's Board and management team brings extensive industry experience and multifamily expertise

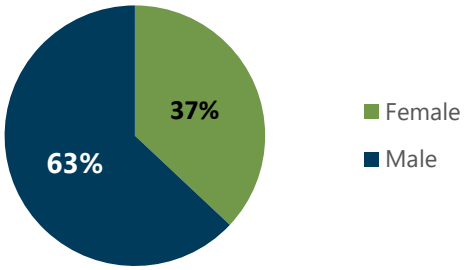
Board of Trustees

Jeffrey P. Caira	Michael T. Dance	Mark O. Decker Jr.	Emily Nagle Green	Linda J. Hall	Terrance P. Maxwell	John A. Schissel	Mary J. Twinem
• Former Director – Co-Portfolio Manager. - AEW Capital Mgmt. • VP & Portfolio Manager – Pioneer Investment Mgmt.	• Former EVP & CFO - Essex Property Trust, Inc. • Independent Consultant • Former Partner - KPMG	**Current IRET President & CEO** • Former US Group Head of Real Estate Investing & Corp. Banking - BMO	• Independent Director - Casella Waste Systems & Lee Kennedy Co. • CEO for three separate research and technology companies	• Founder & Former CEO – MinuteClinic Inc. • 20 years of experience serving on the boards of privately held and publicly reporting companies in US & Europe	• CFO & Managing Director – Baird – named as one of Fortune's "Top 100 Best Companies To Work For" 15 consecutive years • Former Head of Investment Banking – Baird	• President & CFO – Carr Properties, LLC • EVP & CFO – Invitation Homes • EVP & CFO of BRE Properties	• Independent Director – Valvoline & Medica Holding Co. • EVP & CFO of Buffalo Wild Wings, Inc.

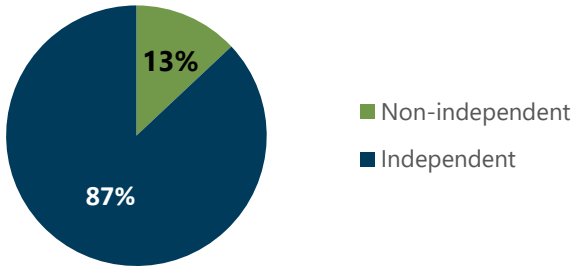
TRUSTEE TENURE



GENDER DIVERSITY



BOARD INDEPENDENCE



Rated ISS's top score of 1 - indicating highest quality corporate governance practices and lowest governance risk

Executive Management Team

Mark O. Decker, Jr.
PRESIDENT AND CEO

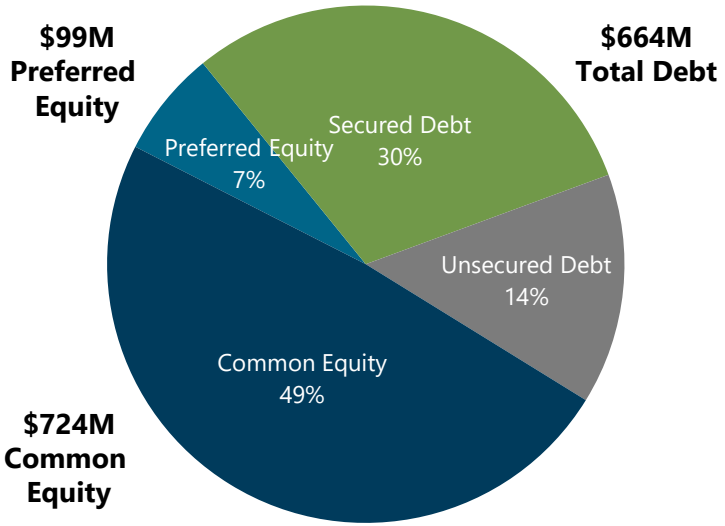
John A. Kirchmann
EVP AND CFO
- Private Consulting
- VP of Operations Support– Essex
- KPMG

Anne M. Olson
EVP AND COO
- Partner – Dorsey & Whitney LLP's Real Estate Practice Group
- Director of Investment Operations - Welsh Companies, LLC

CAPITAL STRUCTURE

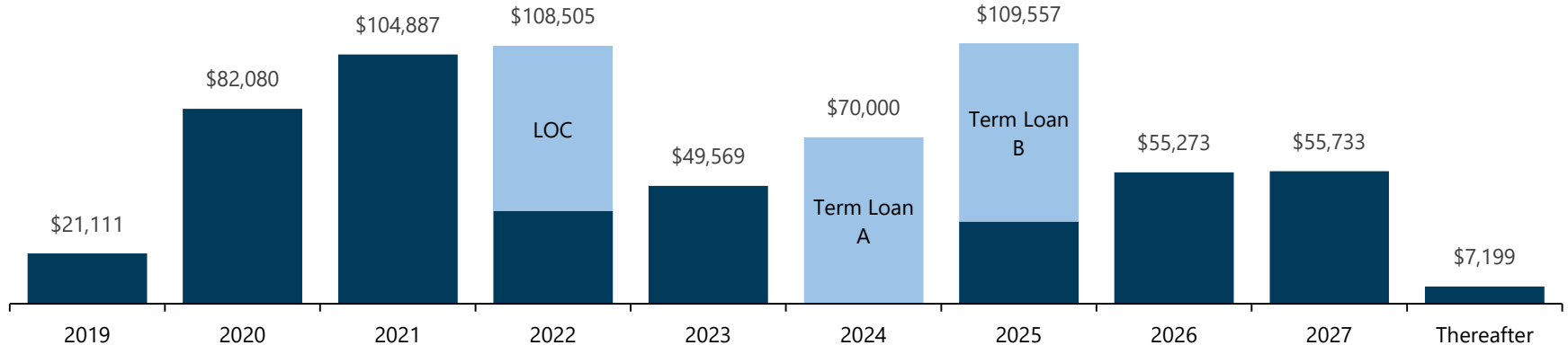
$ in thousands, except where noted

$1.5B Total Capitalization



Debt Summary	Amount	% of Total	Weighted Avg. Rate	Weighted Avg. Maturity
Total Secured Debt	**$449,414**	**68%**	**4.59%**	**4.5 Years**
Unsecured LOC Balance(1)	$69,500	10%	3.72%	3.8 Years
Unsecured Term Loans	$145,000	22%	3.96%	6.1 Years
Total Unsecured Debt	**$214,500**	**32%**	**3.88%**	**5.3 Years**
Total Debt	**$663,914**	**100%**	**4.41%**	**4.8 Years**
Fixed Rate	$594,414	90%	4.45%	4.9 Years
Variable Rate	$69,500	10%	3.72%	3.8 Years

(1) LOC commitments total $250 million

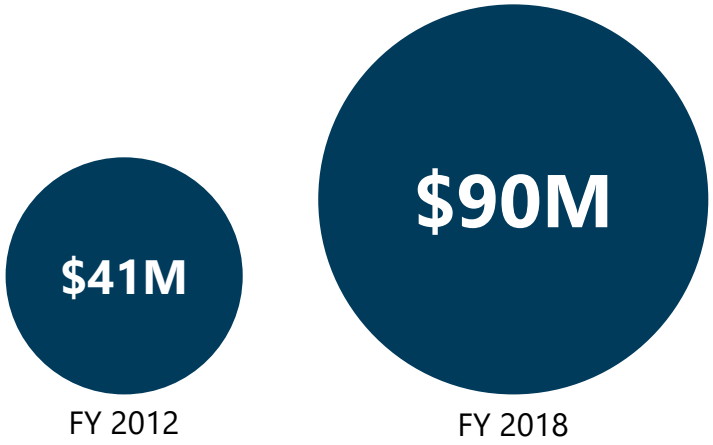


% of Total Maturing									
3.2%	12.4%	15.8%	16.3%	7.5%	10.5%	16.5%	8.3%	8.4%	1.1%
Weighted Average Interest Rate									
6.02%	5.56%	5.24%	3.90%	4.02%	3.61%	4.29%	3.74%	3.47%	5.40%

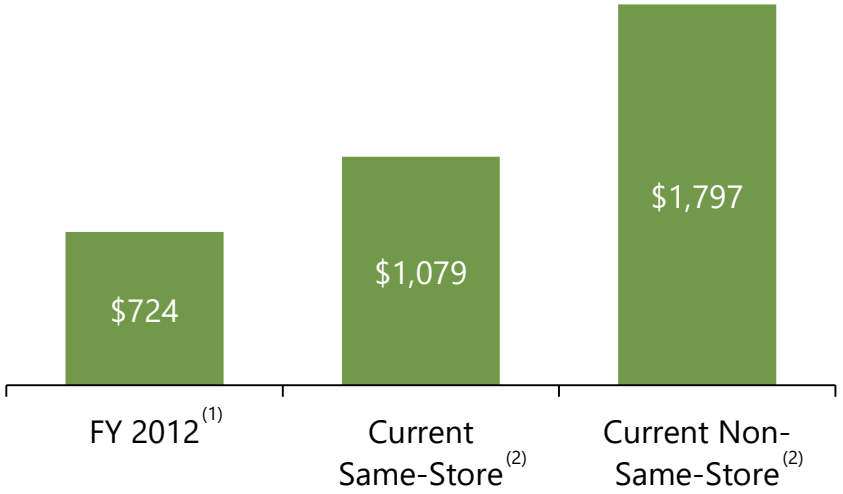
Information as of Q2FY19. Share price $5.43 as of October 31, 2018 before reverse stock split

PORTFOLIO SCALE AND QUALITY IMPROVING

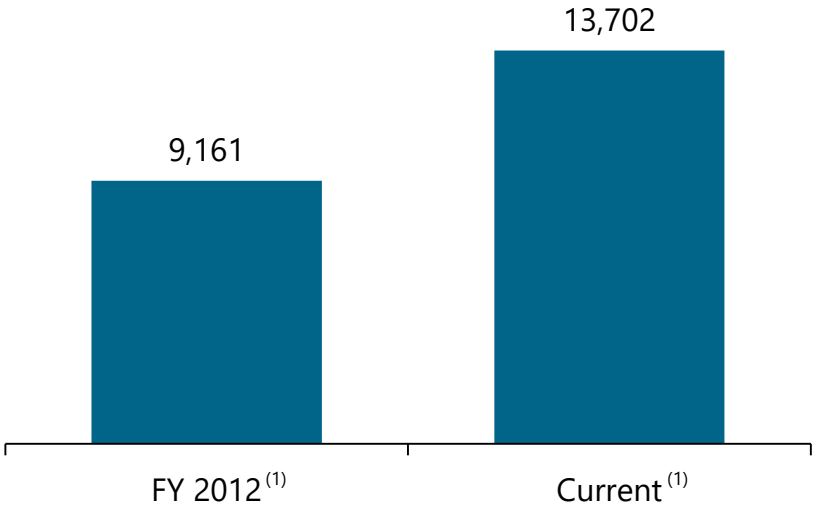
Total Multifamily NOI



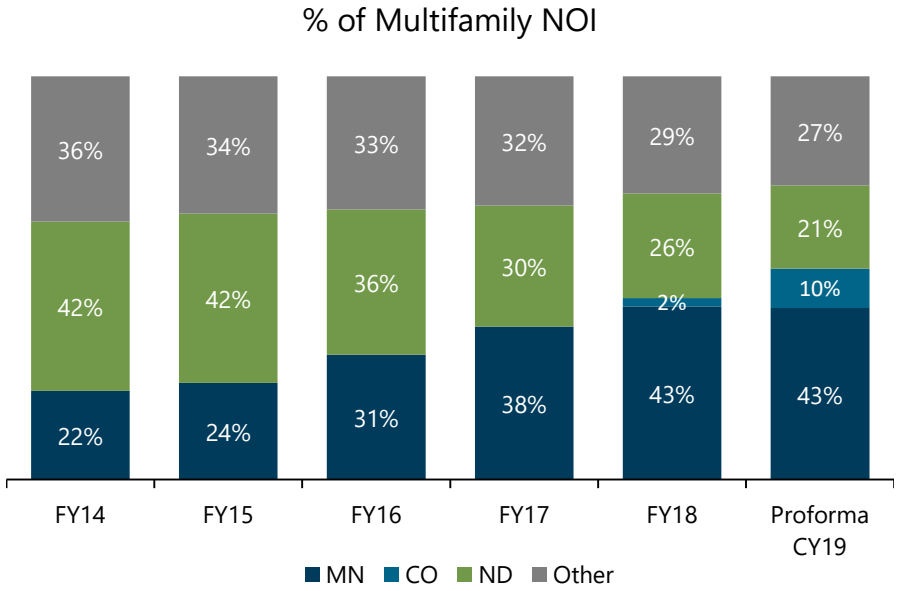
Average Revenue / Home



Multifamily Homes



Increasing Exposure in Target Markets



(1) As of 4/30/12
(2) Quarter Ended 10/31/18

OPERATIONAL AND MARGIN-ENHANCING INITIATIVES



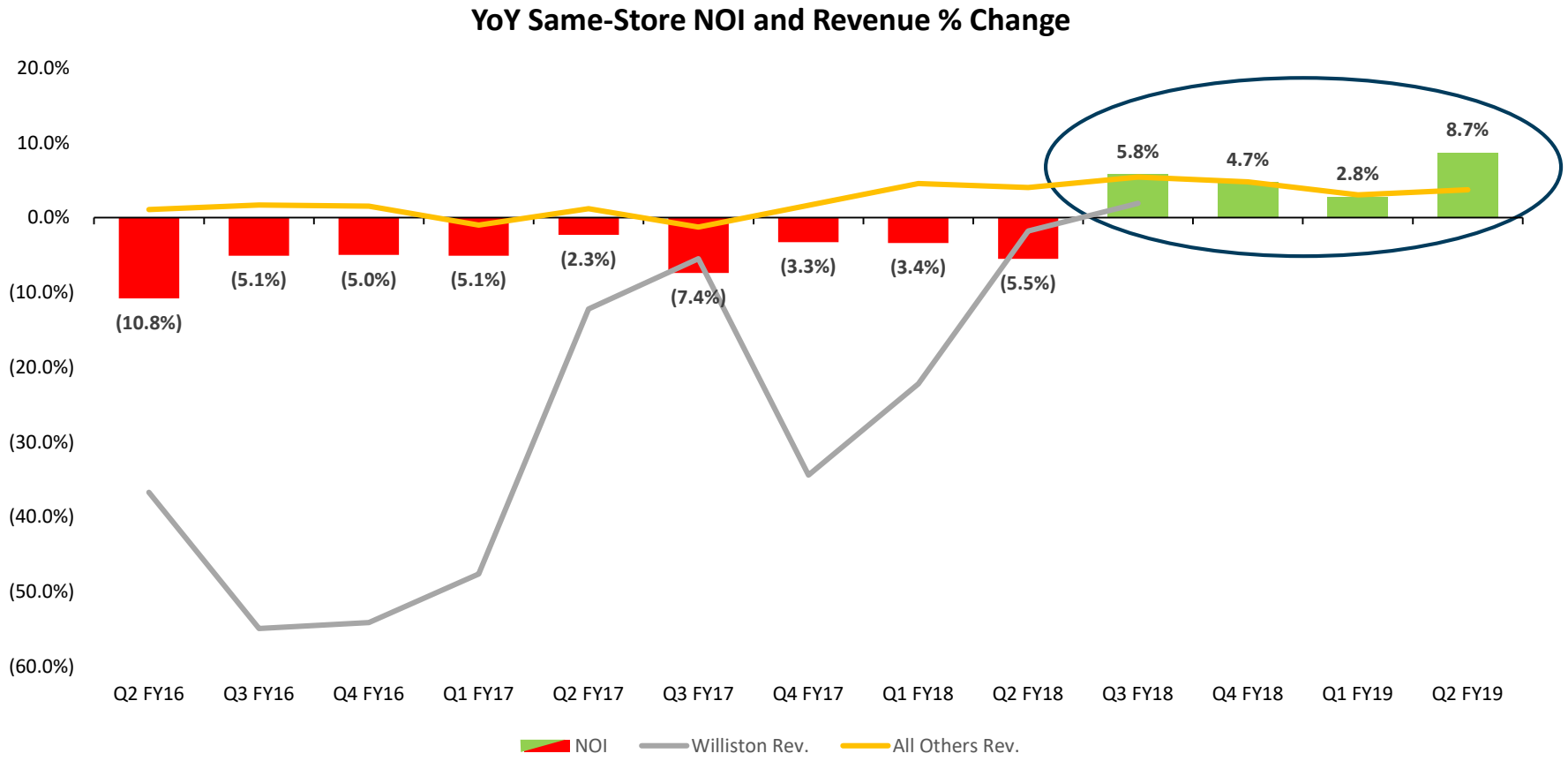
Focusing efforts to harvest organic growth from operational enhancements and margin-enhancing initiatives

RISEBY5 Margin Expansion Initiative

- Goal to increase FY18 margin of 55.9% by 5% within 3-5 years
- Improvement in financial performance to be generated from process improvements, revenue generating ideas, human capital initiatives, and systems and technology investments
- Projects include:
  - realignment of staffing
  - reduction of average days vacant
  - review and implementation of market fees
  - renter's insurance
  - Lead-to-lease technology initiatives
  - development of standard procurement practices
- Shifting to dedicated IT solutions
  - Revenue management
  - Leasing optimization
  - Reputation management
  - Lead management
- Holding all other factors constant, a 5% increase in margin would result in over $9 million of additional NOI (i.e. a +9.3% increase in overall NOI)

DRIVING INTERNAL GROWTH

Focus on expense containment and revenue generating strategies is starting to bear fruit



Williston was sold in Q1 FY19
All Others includes MN, CO, NE, KS, SD, MT, ND, and IA

- Expense containment and continued revenue growth has fueled NOI growth
- Divesture of Williston and redeploy of those assets in Denver and Minneapolis has decreased exposure to North Dakota markets from 35.4% in FY2016 to 20.6% of proforma CY2019

OPERATIONS IMPROVING

Industry-leading 8.7% Same-Store NOI growth for Q2 FY19 has been fueled by both revenue growth and expense containment

		Revenues			Expenses			NOI		
Region	Homes Included	FY19Q2	FY18Q2	% Change	FY19Q2	FY18Q2	% Change	FY19Q2	FY18Q2	% Change
Minneapolis	1,711	$ 6,187	$ 5,990	3.3%	$ 2,463	$ 2,562	(3.9)%	$ 3,724	$ 3,428	8.6%
Rochester	1,296	5,549	5,263	5.4%	2,013	2,099	(4.1)%	3,536	3,164	11.8%
Grand Forks	1,554	4,147	4,223	(1.8)%	1,963	1,896	3.5%	2,184	2,327	(6.1)%
Omaha	1,370	3,736	3,557	5.0%	1,663	1,729	(3.8)%	2,073	1,828	13.4%
Bismarck	1,259	3,563	3,534	0.8%	1,516	1,622	(6.5)%	2,047	1,912	7.1%
St Cloud	1,190	3,444	3,244	6.2%	1,588	1,716	(7.5)%	1,856	1,528	21.5%
Topeka	1,042	2,496	2,418	3.2%	1,223	1,051	16.4%	1,273	1,367	(6.9)%
Billings	770	2,111	2,036	3.7%	892	939	(5.0)%	1,219	1,097	11.1%
Sioux Falls	969	2,526	2,349	7.5%	1,181	1,205	(2.0)%	1,345	1,144	17.6%
Minot	712	2,089	2,030	2.9%	968	1,074	(9.9)%	1,121	956	17.3%
Rapid City	474	1,360	1,266	7.4%	609	580	5.0%	751	686	9.5%
Same-Store Total	**12,347**	**$ 37,208**	**$ 35,910**	**3.6%**	**$ 16,079**	**$ 16,473**	**(2.4)%**	**$ 21,129**	**$ 19,437**	**8.7%**

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 in 2017
- Increased unsecured borrowing capacity to $395 million with the recast of our revolving line of credit and placement of two unsecured term loans in 2018
- Targeting debt metrics in-line with investment grade benchmarks



Enhance Per-Share Metrics

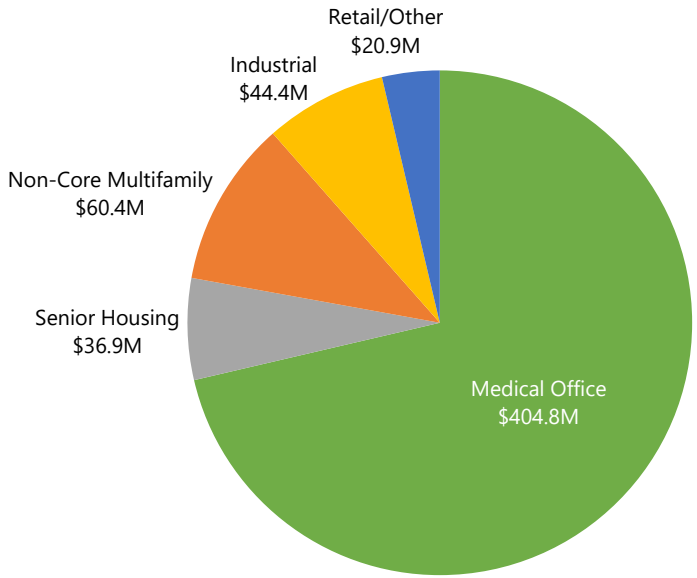
- Increase cash flow per share
- Generate durable cash flow through higher-quality multifamily portfolio
- Improve dividend payout ratio

CAPITAL RECYCLING

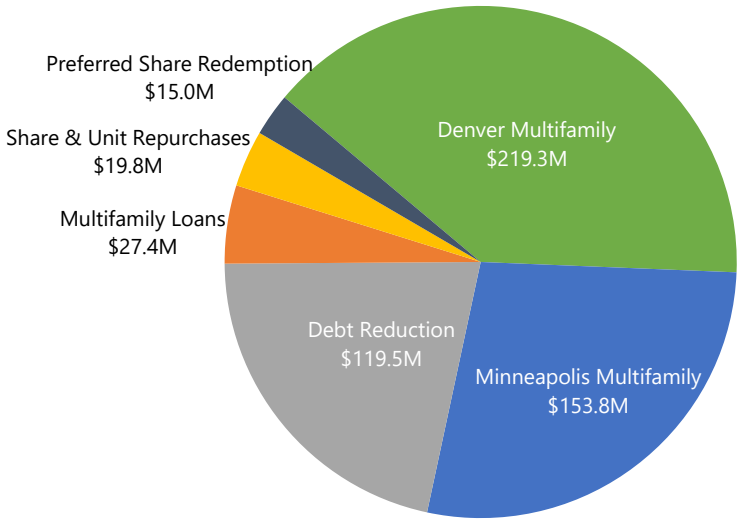
Significantly improved the quality of our portfolio since the beginning of FY18

- Used disposition proceeds to purchase two multifamily communities in Denver and two multifamily communities in Minneapolis, originate two multifamily loans, reduce debt, repurchase shares, and reduce preferred shares
- Grew portfolio scale in Minneapolis with the purchase of 691 homes and entered the Denver market with the purchase of 664 homes
- Reduced total leverage from 58% of gross real estate assets to 41%

$567M Total Dispositions



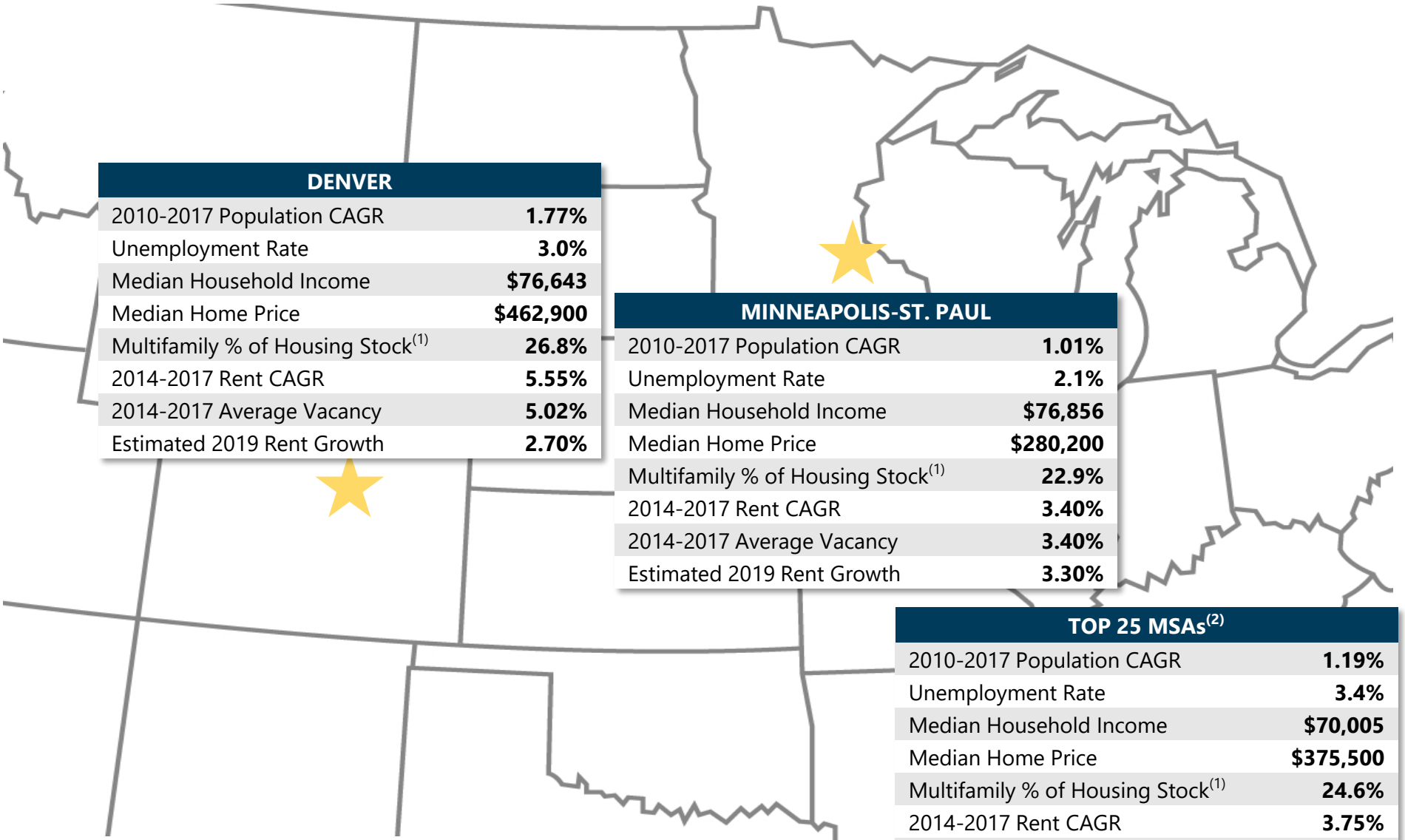
$555M Total Redeployment



As of 10/31/18

MINNEAPOLIS & DENVER VS. OTHER TOP 25 MSAs

Targeted geography has strong market fundamentals



DENVER	
2010-2017 Population CAGR	**1.77%**
Unemployment Rate	**3.0%**
Median Household Income	**$76,643**
Median Home Price	**$462,900**
Multifamily % of Housing Stock(1)	**26.8%**
2014-2017 Rent CAGR	**5.55%**
2014-2017 Average Vacancy	**5.02%**
Estimated 2019 Rent Growth	**2.70%**

MINNEAPOLIS-ST. PAUL	
2010-2017 Population CAGR	**1.01%**
Unemployment Rate	**2.1%**
Median Household Income	**$76,856**
Median Home Price	**$280,200**
Multifamily % of Housing Stock(1)	**22.9%**
2014-2017 Rent CAGR	**3.40%**
2014-2017 Average Vacancy	**3.40%**
Estimated 2019 Rent Growth	**3.30%**

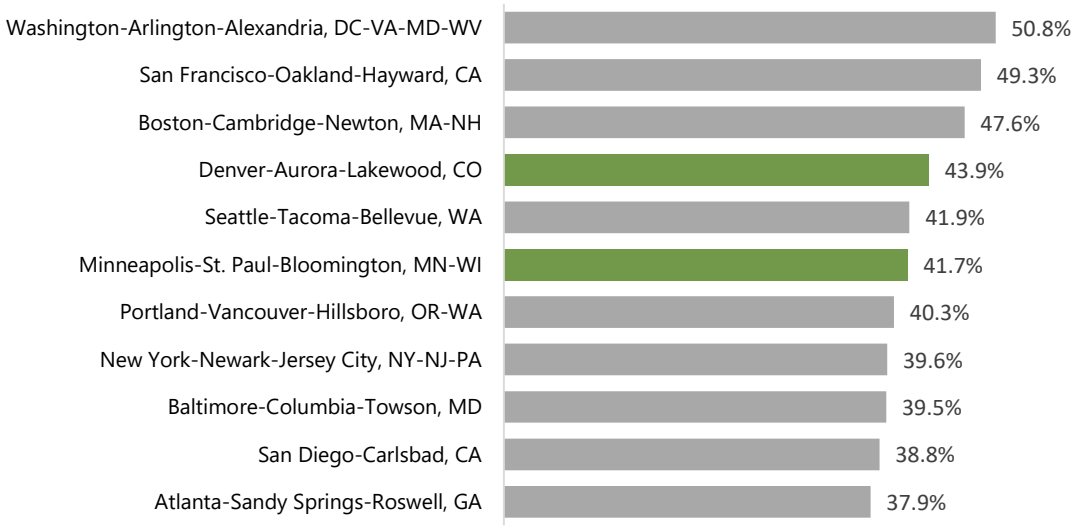
TOP 25 MSAs(2)	
2010-2017 Population CAGR	**1.19%**
Unemployment Rate	**3.4%**
Median Household Income	**$70,005**
Median Home Price	**$375,500**
Multifamily % of Housing Stock(1)	**24.6%**
2014-2017 Rent CAGR	**3.75%**
2014-2017 Average Vacancy	**4.83%**
Estimated 2019 Rent Growth	**3.00%**

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 Minneapolis-St. Paul

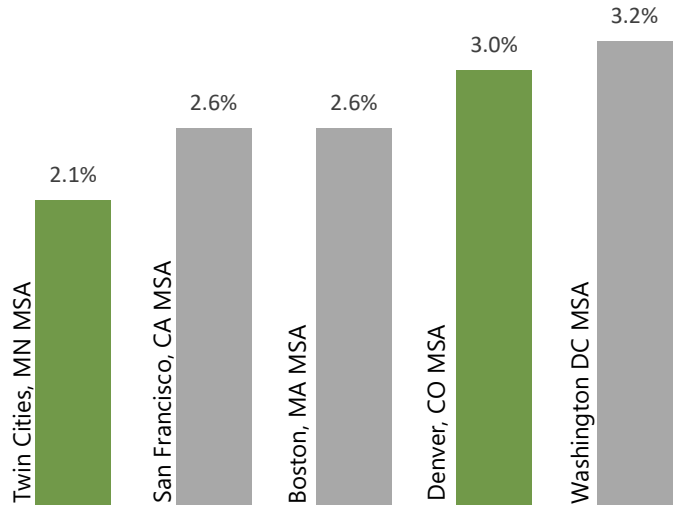
COMPETITIVE WITH COASTAL MARKETS

The Minneapolis – St. Paul 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	$101,714
2	Washington-Arlington-Alexandria, DC-VA-MD-WV MSA	$99,669
3	Boston-Cambridge-Newton, MA-NH MSA	$85,691
4	Seattle-Tacoma-Bellevue, WA MSA	$82,133
5	Baltimore-Columbia-Towson, MD MSA	$77,394
6	Minneapolis-St. Paul-Bloomington, MN-WI MSA	$76,856
7	Denver-Aurora-Lakewood, CO MSA	$76,643
8	San Diego-Carlsbad, CA	$76,207
9	New York-Newark-Jersey City, NY-NJ-PA	$75,368
10	Portland-Vancouver-Hillsboro, OR-WA	$71,931

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

MINNEAPOLIS–ST. PAUL IS STRONG

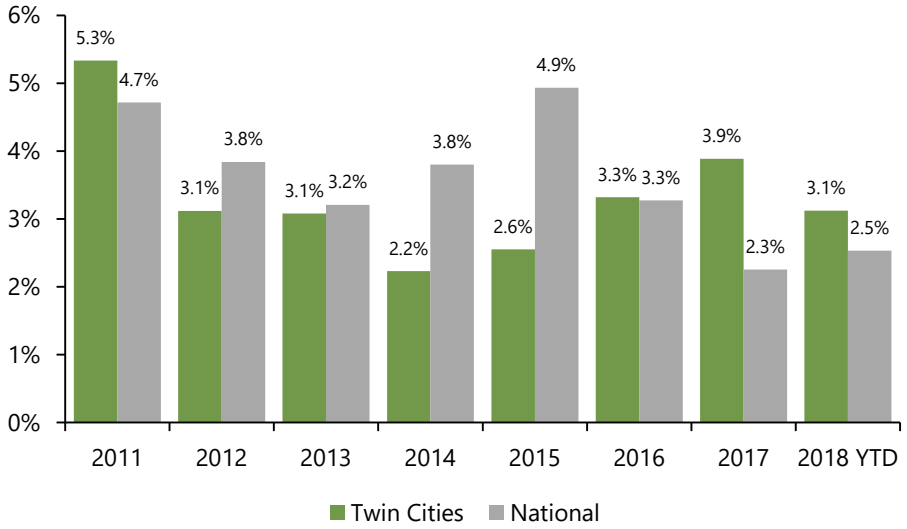
Economic Drivers

- 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 7th and 2nd, respectively, among the top 50 multifamily markets.

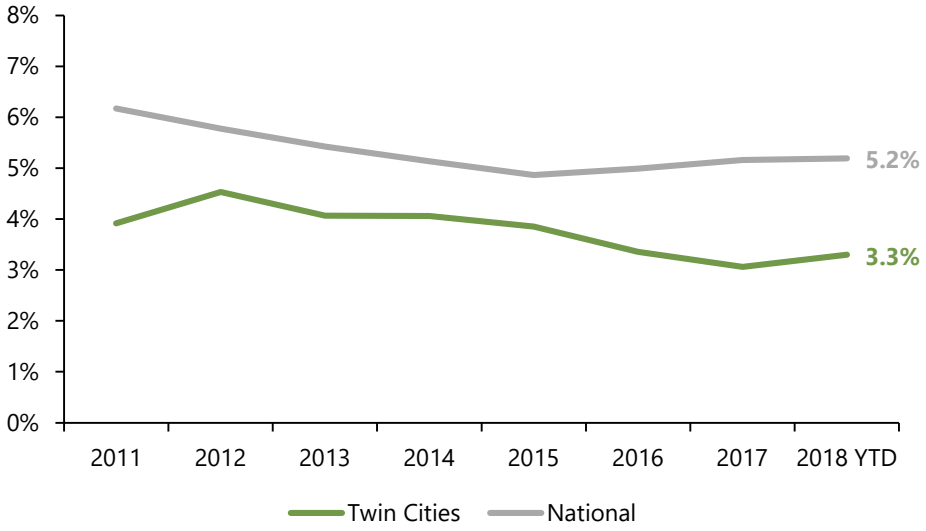
19 Fortune 500 Companies

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

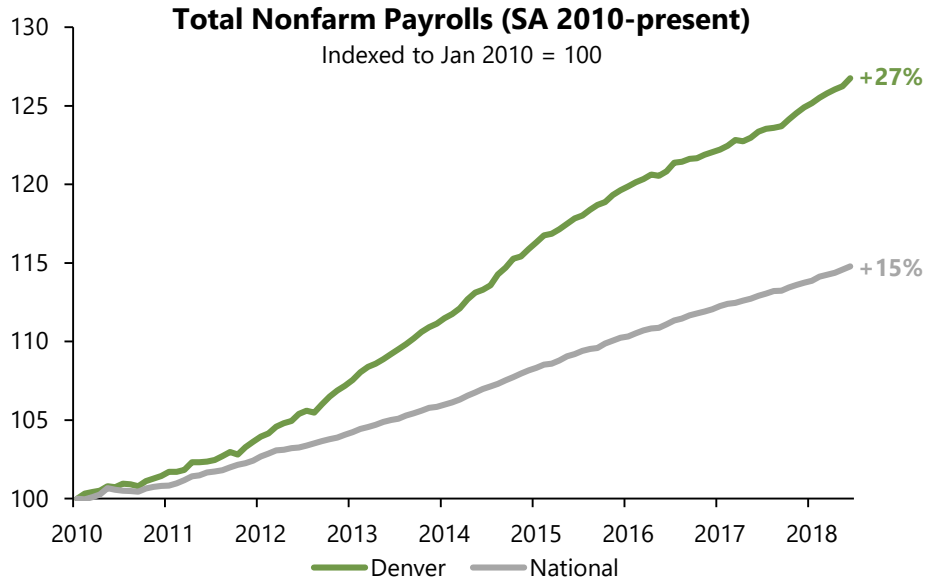


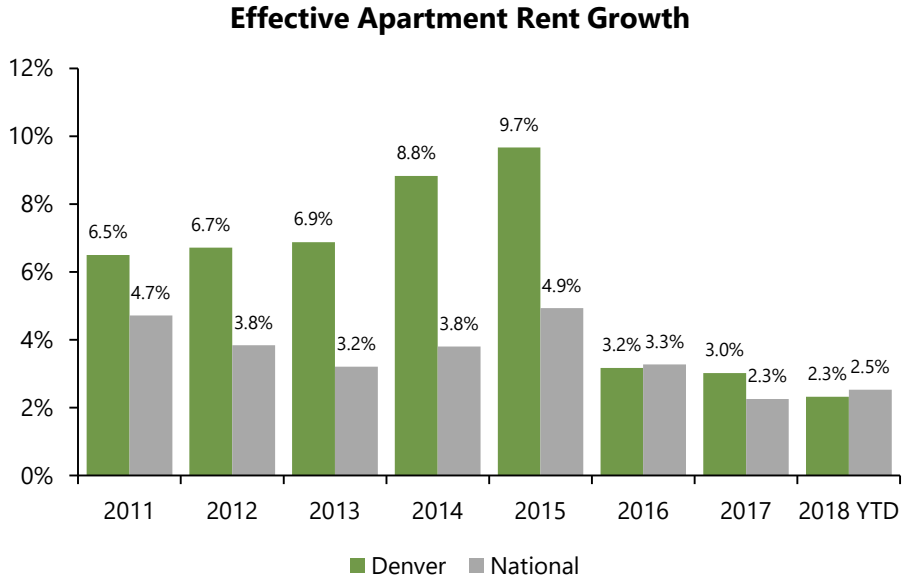
Sources: Bureau of Labor Statistics, US Census Bureau, Fortune, and Axiometrics
Note: 2018 YTD through 6/30/18

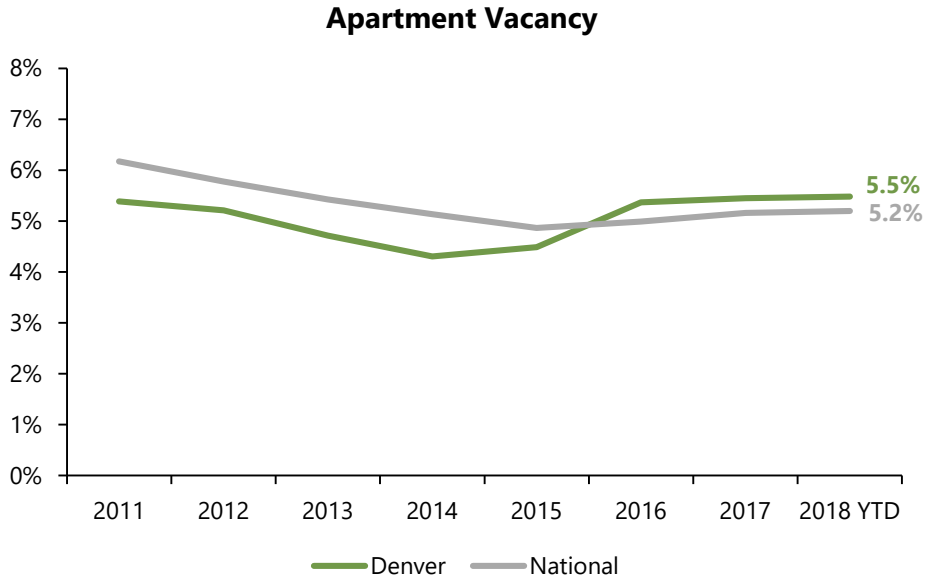
DENVER'S ECONOMY IS THRIVING

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 Denver metro area has added 317,000 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 $462,900 as of 2Q18, 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 6/30/18

UNDERSTANDING OUR SECONDARY MARKETS



These five markets, plus Minneapolis-St. Paul and Denver are expected to make up 77% of proforma CY19 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	$71,985	$65,619	$48,609	$61,943	$66,087
Unemployment Rate[1]	1.9%	2.6%	1.9%	2.1%	2.1%
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	1,555	1,189	1,259
Total Multifamily Supply	13,041	77,674	15,761	16,772	13,826
Same-Store Average Revenue per Unit[2]	$1,300	$969	$975	$1,034	$1,000
Same-Store Occupancy[3]	92.7%	93.8%	91.2%	93.3%	94.4%

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

(1) October 2018 Unemployment Rate
(2) Q2FY19 Weighted Average Monthly Revenue per Occupied Home
(3) Q2FY19 Weighted Average Occupancy

RECENT INVESTMENT HIGHLIGHTS






	Oxbo	Park Place	Dylan	Westend
Location	St. Paul, MN	Plymouth, MN	Denver, CO	Denver, CO
Homes	191 (11,500 retail sf)	500	274	390
Constructed	2017	1985	2016	2015
Purchase Price	$61.5M	$92.3M	$90.6M	$128.7M
Located in Target Growth Market – Minneapolis & Denver	✓	✓	✓	✓
Over 200 Units		✓	✓	✓
Located in Submarket with Cultural, Retail, and Employment Drivers	✓	✓	✓	✓
Average Monthly Rent $1,300 - $1,700	✓		✓	✓
New Construction (2010+)	✓		✓	✓
Secured in Non-Traditional / Opportunistic Process	✓		✓	✓
Value-Add Opportunity		✓		
Availability of Public Transportation Within One Mile	✓		✓	✓

VALUE ADD OPPORTUNITY

Highlights

- We are moving forward to deliberately mine the opportunities in our portfolio
- Approximately 41% of apartment homes have not been renovated since before 2008
- Inventorying entire portfolio for value-add opportunities – starting in Minnesota, moving to Omaha/Lincoln markets
- Opportunities include enhancement of market position as well as maintaining competitive advantages in the market
- Most existing communities were early entrants into these markets and are well-located with high barriers to entry

Property / Project	Region	Years to Complete	Estimated Cost	Estimated ROI	Project Scope
Park Place	Minneapolis, MN	4.0	$7,250,000	**14% - 16%**	Full kitchen and bath remodel
Red 20	Minneapolis, MN	1.0	$278,000	**26% - 28%**	Tile backsplash and USB outlets in homes and install package locker
Colonial Villa	Minneapolis, MN	4.0	$3,600,000	**14% - 16%**	Build Clubhouse; kitchen and bathroom remodel in units
Woodridge	Rochester, MN	2.0	$1,350,000	**14% - 16%**	Kitchen and bathroom remodel in homes and upgrade community room
Regency Park Estates	St. Cloud, MN	2.5	$550,000	**24% - 26%**	Light kitchen remodel
Laundry	Various	2.0	$1,250,000	**26% - 28%**	Add in-unit laundry to units and convert coin machines to card
LED Retrofit	Minneapolis, MN	4.0	$1,100,000	**20% - 22%**	Convert common area lights to LEDs – three communities completed; 29 in process

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 current rents and rents on newer, Class A product and other similar vintage properties with recently renovated homes in the submarket

Scope

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





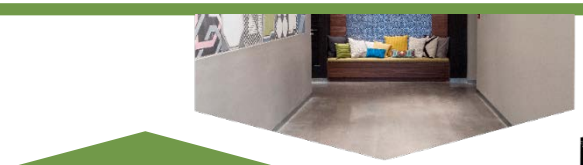
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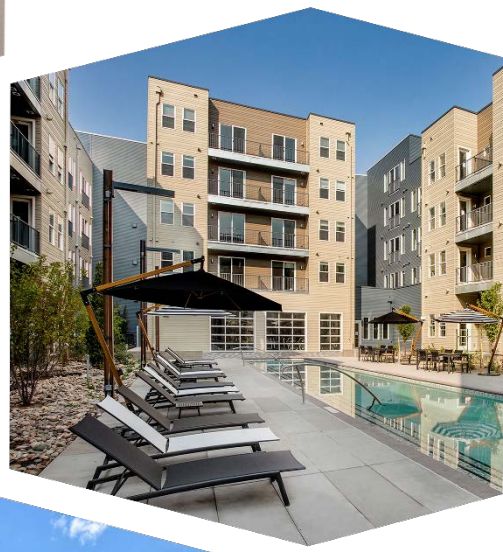
Homes to Renovate	Renovated	% Complete	Cost per Unit	Achieved Premium(1)	ROI
488	67	**13.7%**	**$15,952**	**$233**	**17.5%**

(1) Monthly premium on completed and leased units through 10/31/18

INVESTMENT HIGHLIGHTS

- Best in Class Governance
- Flexible Balance Sheet
- Internal Growth Opportunities
- Differentiated Market Exposure
- Value Add Opportunities







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