

INVESTORS REAL ESTATE TRUST

Charter of the Audit Committee of the Board of Trustees (adopted by the Board of Trustees on December 5, 2012 and amended on June 22, 2016)

Purpose

The purpose of the Audit Committee is to assist the Board of Trustees (“Board”) of Investors Real Estate Trust (the “Company”) in its oversight of (1) the integrity of the Company’s financial statements, (2) the Company’s compliance with legal and regulatory requirements, (3) the independent auditor’s qualifications and independence, and (4) the performance of the Company’s internal audit function and independent auditors; and to prepare the Audit Committee report to shareholders that Securities and Exchange Commission (“SEC”) rules require be included in the Company’s annual proxy statement. In so doing, it is the responsibility of the Audit Committee to facilitate open communications among the trustees, the independent auditors, the Company’s internal audit department and the financial management of the Company. It is the expectation of the Audit Committee that the financial management will fulfill its responsibility of bringing any significant items to the attention of the Audit Committee.

Members

The Audit Committee shall be comprised of at least three members of the Board who satisfy the independence and experience requirements of the New York Stock Exchange (“NYSE”) and applicable federal law, and each member of the Committee shall be financially literate, as such qualification is interpreted by the Board in its business judgment, or shall become financially literate within a reasonable time after appointment to the Committee. At least one member of the Committee shall have accounting or related financial management expertise, as such qualification is interpreted by the Board in its business judgment; any person determined by the Board to satisfy the definition of “audit committee financial expert” as defined by applicable legislation and regulation shall be presumed to have such accounting or related financial management expertise. No member of the Audit Committee may serve on the audit committee of more than three public companies, including the Company, unless the Board has affirmatively determined that such simultaneous service would not impair the ability of such member to serve effectively on the Audit Committee. The members of the Audit Committee shall be appointed by the Board at its annual organizational meeting and shall serve until their successors are duly appointed and qualified. The Board shall designate one member as Chair, or delegate authority to designate a Chair to the Audit Committee. The members of the Committee may be removed by the Board in its complete discretion.

Meetings

The Audit Committee shall meet at least four times per year, with authority to convene additional meetings as circumstances dictate, either in person or telephonically, and at such times and places as the Audit Committee shall determine. The Audit Committee

shall meet periodically with management, the independent auditor and the director of the internal audit department in separate executive sessions, and shall meet periodically in executive session. The Audit Committee shall report its activities to the Board regularly, and in particular shall review with the Board any issues that arise with respect to the quality or integrity of the Company's financial statements, the Company's compliance with legal or regulatory requirements, the performance and independence of the Company's independent auditors, or the performance of the internal audit function.

Duties and Responsibilities

On behalf of the Board, the Audit Committee shall, among its duties and responsibilities:

A. Oversight of Independent Auditors

1. Have a clear understanding with the independent auditors that the independent auditors are ultimately accountable to the Board and the Audit Committee, as the shareholders' representatives. The Audit Committee shall be directly responsible, in its capacity as a committee of the Board, for the appointment, compensation, retention and oversight of the work of the independent auditor engaged (including resolution of disagreements between management and the auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company. In this regard, the Audit Committee shall appoint and retain, compensate, evaluate and terminate (when appropriate), the independent auditor, which shall report directly to the Audit Committee.
2. Evaluate the performance of the independent auditor, taking into account the opinions of management and the Company's internal auditors. In evaluating the performance of the independent auditor, the Audit Committee shall evaluate the performance of the independent auditor's lead partner, shall ensure the rotation of audit partners as required by law, and shall consider whether (in order to assure continuing auditor independence) there should be regular rotation of the audit firm itself. The Audit Committee shall present its conclusions with respect to the independent auditor to the full Board.
3. Review and preapprove, to the extent required by applicable laws and regulations, all auditing services and permitted non-audit services (including the fees and terms thereof) to be performed for the Company by its independent auditor, and establish policies and procedures for the engagement of the independent auditor to provide auditing and permitted non-audit services.
4. At least annually, obtain and review, and discuss with the independent auditor, a report by the independent auditor describing: (a) the firm's internal quality-control procedures; (b) any material issues raised by the most recent internal quality-control review, or peer review of the firm, or by any inquiry or investigation by governmental or professional authorities, within the

preceding five years, respecting one or more independent audits carried out by the firm, and any steps taken to deal with any such issues; (c) (to assess the auditor's independence) all relationships between the independent auditor and the Company; and (d) other matters required to be discussed with the independent auditor by applicable laws and regulations.

5. Regularly review with the independent auditor any audit problems or difficulties and management's response, including any restrictions on the scope of the independent auditor's activities or on access to requested information, and any significant disagreements with management.
6. Review and discuss with the independent auditor matters relating to the annual audit, including the proposed audit scope and plan and the annual audit results.
7. Set clear policies for the Company's hiring of employees or former employees of the independent auditor.

B. Oversight of Internal Auditors

8. Review with management, the independent auditor and the internal auditor the scope of the internal audit program, including responsibilities, budget and staffing, and recommend for Board approval the appointment and replacement of the senior internal audit director.
9. Review the findings of significant reports to management made by the internal audit division, and management's responses, if any.
10. Review and discuss with management, the independent auditor and the internal auditor major issues as to the adequacy and effectiveness of the Company's internal controls, any significant changes in such controls, and any special audit steps adopted in light of material control deficiencies.

C. Financial Statements and Disclosure Matters

11. Review the annual audited financial statements with management and the independent auditor, including the Company's disclosures under Management's Discussion and Analysis of Financial Condition and Results of Operations, and recommend to the Board whether the audited financial statements should be included in the Form 10-K to be filed with the SEC.
12. Review and discuss with management and the independent auditor the Company's quarterly financial statements, including the results of the independent auditor's review of the financial statements and the Company's disclosures under Management's Discussion and Analysis of Financial Conditions and Results of Operations, prior to the filing of the Company's Form 10-Q with the SEC.

13. Review with management and the independent auditor (a) significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements, including the effects of alternative GAAP methods on the financial statements; (b) major issues regarding accounting principles and financial statement presentations, including any significant changes in the Company's selection or application of critical accounting principles, and (c) the effect of regulatory and accounting initiatives, as well as any off-balance sheet structures, on the Company's financial statements.
14. Discuss the Company's earnings press releases and corporate policies with respect to earnings releases and financial information, including the use of "pro forma" or "adjusted" non-U.S. GAAP information, as well as financial information and earnings guidance, if any, provided to analysts and rating agencies.
15. Review disclosures made by the Company's CEO and CFO during their certification process for the Form 10-K and Form 10-Q about the results of their evaluation of the effectiveness of disclosure controls and any significant deficiencies in the design or operation of internal controls or material weaknesses, and any fraud involving management or other employees who have a significant role in the Company's internal controls.
16. Prepare the Audit Committee report to shareholders for inclusion in the Company's annual proxy statement.

D. Corporate and Committee Oversight

17. Meet periodically with management to review and discuss the Company's major financial risk exposures or deficiencies, and the steps management has taken to monitor and control or mitigate such exposures and deficiencies. Discuss the Company's guidelines and policies with respect to risk assessment and risk management.
18. Review and approve all related-party transactions (as defined in applicable SEC rules), conflicts of interest and corporate opportunity transactions (as defined under the Company's Corporate Opportunity and Conflict of Interest Policy) and waivers under the Company's Code of Ethics for Senior Financial Officers.
19. Establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and for the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
20. Advise the Board with respect to the Company's policies and procedures regarding compliance with applicable laws and regulations and with the Company's Code of Conduct and any other codes of ethics or compliance

policies.

21. Review with the Company's General Counsel and others, as appropriate and at least annually (a) legal matters that may have a material impact on the financial statements, (b) accounting or compliance policies, and (c) any material reports or inquiries received from regulators, governmental agencies or employees that raise material issues regarding the Company's financial statements and accounting or compliance policies.
22. Review this Charter annually and recommend any changes to the Board for approval. The Audit Committee's Charter shall be published on the Company's website.
23. Annually review the Audit Committee's own performance and report the results to the Board.

Outside Advisors

The Audit Committee shall have the authority to retain such outside legal, accounting or other consultants or advisors as it determines appropriate to assist it in the performance of its functions, or to advise or inform the Audit Committee. The Audit Committee may request any officer or employee of the Company or the Company's outside counsel or independent auditor to attend a meeting of the Audit Committee or to meet with any members of, or consultants to, the Audit Committee. The Company shall provide for appropriate funding, as determined by the Audit Committee in its capacity as a committee of the Board, for payment of compensation to the independent auditor and to any advisors retained by the Audit Committee, and for ordinary administrative expenses of the Audit Committee that are necessary or appropriate in carrying out its duties.