



**2ND QUARTER 2018**

Supplemental Operating & Financial Data



## IRET Announces Fiscal Second Quarter 2018 Results

MINOT, N.D., December 11, 2017 – IRET (NYSE: IRET) announced today its fiscal second quarter 2018 financial and operating results. Net income and Funds from Operations (“FFO”) per share for the three and six months ended October 31, 2017, are detailed below. Core FFO adjusts FFO for certain non-routine items, and both FFO and Core FFO are reconciled to net income in the tables accompanying this earnings release.

| Per Share  | Three Months Ended<br>October 31, |         | Six Months Ended<br>October 31, |           |
|------------|-----------------------------------|---------|---------------------------------|-----------|
|            | 2017                              | 2016    | 2017                            | 2016      |
| Net Income | \$ 0.05                           | \$ 0.07 | \$ (0.06)                       | \$ (0.13) |
| FFO        | \$ 0.07                           | \$ 0.12 | \$ 0.17                         | \$ 0.24   |
| Core FFO   | \$ 0.10                           | \$ 0.12 | \$ 0.20                         | \$ 0.24   |

| Multifamily Same-Store Results | Quarterly<br>Comparison<br>2Q18 vs. 2Q17 | Sequential<br>Comparison<br>2Q18 vs. 1Q18 | YTD<br>Comparison<br>2Q18 vs. 2Q17 |
|--------------------------------|--|---|------------------------------------|
| Revenues                       | 3.8 %                                    | 1.1 %                                     | 3.8 %                              |
| Expenses                       | 16.0 %                                   | 5.8 %                                     | 15.0 %                             |
| Net Operating Income (“NOI”)   | (5.5)%                                   | (2.8)%                                    | (4.5)%                             |

| Multifamily Same Store Results | 2Q18   | 1Q18   | 2Q17   |
|--------------------------------|--------|--------|--------|
| Physical Occupancy             | 95.2 % | 94.4 % | 92.4 % |
| Weighted Average Occupancy     | 93.1 % | 92.9 % | 91.4 % |

“We experienced strong revenue growth this quarter as we continued to increase occupancy across our portfolio,” said Mark O. Decker, Jr., IRET’s President and CEO. “We also drove growth in our rental rates thanks to the efforts of our operations team. While expenses are significantly higher than last year, these increases were within our expectations and were offset by a decrease in capital expenditures and an increase in revenue growth. With the pending sale of our medical office portfolio and the announced sale of our other non-core assets, we are nearing the completion of our transformation to a focused multifamily REIT, which will enable us to devote management resources to our core business of developing and growing our multifamily properties.”

### Second Quarter Fiscal Year 2018 Highlights

- Achieved same store multifamily revenue growth of 3.8% compared to the prior year (3.8% YTD). Improved performance is due primarily to increases in occupancy in the multifamily portfolio and better-than-anticipated rent growth.
- Experienced elevated multifamily same-store expense increases year-over-year and sequentially. The primary drivers of these increases were the previously disclosed change in our capitalization policies and additional costs related to increasing occupancy. Additionally, we experienced higher labor costs and increased real estate taxes, primarily attributable to stabilizing developments and higher levy rates in select markets.

- Closed the previously-announced acquisition of Park Place Apartments, deepening our holdings in the Minneapolis-St. Paul MSA, and, subsequent to quarter end, acquired Dylan Apartments in Denver, CO, our inaugural investment in another top-25 MSA. Both Minneapolis-St. Paul and Denver have healthy and diverse economies and will be key markets in IRET's push to achieve portfolio growth and improve operating efficiency.
- Closed the acquisition of Park Place using capital from our unsecured line of credit in anticipation of pending non-core asset sales. Accordingly, the quarter-end debt balances increased over the first quarter. As dispositions occur during the remainder of the fiscal year, we expect to use a portion of the sales proceeds to pay down debt.
- Sold \$105.4 million of commercial and non-core multifamily assets, including \$63.4 million during the quarter and \$42.0 million subsequent to quarter-end, and used the proceeds to deploy into targeted multifamily acquisitions.
- Announced on November 30, 2017, that we signed an agreement to sell 28 healthcare properties and one office property for \$417.5 million. While the transaction is subject to standard contingencies, upon closing, IRET will have substantially completed the transformation first announced in fiscal year 2016 to become a focused multifamily REIT. The sale of these assets will be used to fund future multifamily acquisitions and reduce debt.
- Issued 4,118,460 shares of 6.625% Series C preferred shares for gross proceeds of \$103.0 million and redeemed all 4,600,000 shares of 7.95% Series B preferred shares for an aggregate cost, including accrued dividends, of \$115.8 million, which will result in a reduction of \$2.3 million in annual preferred dividend payments.
- Increased the commitments to our line of credit by \$50 million and, subsequent to quarter-end, entered into a \$70 million unsecured term loan.

### Acquisitions

We added one new property to our portfolio during the quarter:

| Property Name | Location     | Total<br>Units | (in millions) |                            |
|---------------|--------------|----------------|---------------|----------------------------|
|               |              |                | Total<br>Cost | % Leased<br>as of 10/31/17 |
| Park Place    | Plymouth, MN | 500            | \$ 92.3       | 95.6%                      |

Subsequent to quarter-end, we acquired Dylan Apartments, a 274-unit multifamily property in Denver, CO, for \$90.6 million. Located in the fast-growing River North Art District, Dylan marks IRET's entrance into the Denver MSA where, as previously announced, we expect to establish a sizeable presence over time and benefit from the strong growth and diverse drivers in this dynamic market.

### Dispositions

During the quarter, we sold a parcel of unimproved land in Bismarck, ND, for \$3.2 million, an industrial property in Eagan, MN, for \$9.0 million, 13 multifamily properties in Minot, ND, for \$12.3 million, a healthcare property in Eagan, MN, for \$2.1 million, and two healthcare properties in Hermantown, MN, for \$36.9 million.

Subsequent to quarter-end, we sold an industrial property in Urbandale, IA, for \$16.7 million, an industrial property in Roseville, MN, for \$18.7 million, and two multifamily properties in Rochester, MN, for \$6.7 million. In addition, we announced on November 30, 2017, that we signed an agreement to sell 28 healthcare properties and one office property for \$417.5 million.

### Balance Sheet

At the end of the second quarter, we had \$95.0 million of total liquidity on our balance sheet, including \$52.5 million available on our corporate revolver.

During the quarter, we issued 4,118,460 shares of 6.625% Series C Cumulative Redeemable Preferred Shares for gross proceeds of \$103.0 million and redeemed all 4,600,000 shares of our 7.95% Series B Cumulative Redeemable Preferred Shares for an aggregate cost of \$115.8 million. In addition, we repurchased and retired approximately 398,000 common shares and redeemed approximately 40,000 Units for an aggregate cost of approximately \$2.6 million, representing an average price of approximately \$5.86 per share. Finally, we increased the commitments under our unsecured line of credit by \$50 million and, subsequent to quarter-end, obtained a \$70 million unsecured term loan that matures in 2023 and executed a swap agreement to synthetically fix the interest rate for the full duration of the loan.

### **Quarterly Distributions**

On December 5, 2017, IRET's Board of Trustees declared a regular quarterly distribution of \$0.07 per share/unit payable on January 16, 2018, to common shareholders and unitholders of record on January 2, 2018. This distribution will be the 187th consecutive quarterly distribution paid by IRET since its inception in 1970. It represents an annualized rate of \$0.28 per share/unit with an annualized yield of 4.8% based on IRET's closing share price as of December 8, 2017.

The Board of Trustees also declared a distribution of \$0.41866 per share on the 6.625% Series C Cumulative Redeemable Preferred Shares (NYSE: IRET PRC) payable on January 2, 2018, to holders of record on December 15, 2017. Series C preferred share distributions are cumulative and payable quarterly in arrears at an annual rate of \$1.65625 per share.

### **Earnings Call**

Live webcast and replay: <http://ir.iretApartments.com>

#### **Live Conference Call**

Tuesday, December 12, 2017, at 10:00 AM ET  
USA Toll Free Number 1-877-509-9785  
International Toll Free Number 1-412-902-4132  
Canada Toll Free Number 1-855-669-9657

#### **Conference Call Replay**

Replay available until December 26, 2017  
USA Toll Free Number 1-877-344-7529  
International Toll Free Number 1-412-317-0088  
Canada Toll Free Number 1-855-669-9658  
Conference Number 10114610

### **Supplemental Information**

Supplemental Operating and Financial Data for the Quarter Ended October 31, 2017 ("Supplemental Information") is available in the Investors section on IRET's website at [www.iretApartments.com](http://www.iretApartments.com) or by calling Investor Relations at 701-837-7104. Non-GAAP financial measures and other capitalized terms, as used in this earnings release, are defined and reconciled in the Supplemental Information, which accompanies this earnings release.

### **About IRET**

IRET is a real estate company focused on the ownership, management, acquisition, redevelopment, and development of multifamily apartment communities. As of October 31, 2017, IRET owned interests in 89 multifamily properties consisting of 13,576 apartment homes and 40 commercial properties, including 28 healthcare and 12 other commercial properties, with a total of 2.5 million square feet of leasable space. IRET's common shares and Series C preferred shares are publicly traded on the New York Stock Exchange (NYSE symbols: IRET and IRET PRC, respectively).

### **Forward Looking Statements**

Certain statements in this press release are based on our current expectations and assumptions, and are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements do not discuss historical fact, but instead include statements related to expectations, projections, intentions or other items related to the future. Words such as "expects," "anticipates," "intends," "plans," "believes," "seeks," "estimates," and variations of those words and similar expressions are intended to identify forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements to be materially different from projected results. Although we believe the expectations reflected in our forward-looking statements are based upon reasonable assumptions, we can give no assurance our expectations will be achieved. Any statements contained herein that are not statements of historical fact should be deemed forward-looking statements. As a result, reliance should not be placed on these forward-looking statements as these statements are subject to known and unknown risks, uncertainties, and other factors beyond our control and could differ materially from our actual results and performance. Such risks and uncertainties those risks and uncertainties detailed from time to time in our filings with the SEC, 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, in subsequent quarterly reports on Form 10-Q and in other public reports. We assume no obligation to update or supplement forward-looking statements that become untrue due to subsequent events.

**IRET**  
**RECONCILIATION OF NET INCOME ATTRIBUTABLE TO**  
**IRET TO FFO AND CORE FFO**

| <b>Three Months Ended October 31,</b>                                     | <i>(in thousands, except per share amounts)</i> |  |   |                  |  |   |
|---|---|--|---|------------------|--|---|
|   | <b>2017</b>                                     |  |   | <b>2016</b>      |  |   |
|   | <b>Amount</b>                                   | <b>Weighted<br/>Avg Shares<br/>and Units<sup>(1)</sup></b> | <b>Per<br/>Share<br/>And<br/>Unit<sup>(2)</sup></b> | <b>Amount</b>    | <b>Weighted<br/>Avg Shares<br/>and Units<sup>(1)</sup></b> | <b>Per<br/>Share<br/>And<br/>Unit<sup>(2)</sup></b> |
| Net income attributable to controlling interests                          | \$ 12,821                                       |  | \$  | \$ 11,600        |  | \$  |
| Less dividends to preferred shareholders                                  | (2,812)   |  |   | (2,878)          |  |   |
| Less redemption of preferred shares                                       | (3,649)   |  |   | —                |  |   |
| Net loss available to common shareholders                                 | 6,360   | 120,144  | 0.05  | 8,722            | 121,154  | 0.07  |
| <b>Adjustments:</b>   |   |  |   |                  |  |   |
| Noncontrolling interest – Operating Partnership                           | 773   | 14,623   |   | 1,174            | 16,264   |   |
| Depreciation and amortization   | 19,894  |  |   | 12,971           |  |   |
| Gains on depreciable property sales attributable to controlling interests | (17,562)  |  |   | (6,400)          |  |   |
| <b>FFO applicable to Common Shares and Units<sup>(1)</sup></b>            | <b>\$ 9,465</b>                                 | <b>134,767</b>   | <b>\$0.07</b>                                       | <b>\$ 16,467</b> | <b>137,418</b>   | <b>\$0.12</b>                                       |
| <b>Adjustments to Core FFO:</b>   |   |  |   |                  |  |   |
| Loss on extinguishment of debt  | 340   |  |   | 72               |  |   |
| Redemption of Preferred Shares  | 3,649   |  |   | —                |  |   |
| Severance and transition costs  | 186   |  |   | —                |  |   |
| <b>Core FFO applicable to common shares and Units<sup>(1)</sup></b>       | <b>\$ 13,640</b>                                | <b>134,767</b>   | <b>\$0.10</b>                                       | <b>\$ 16,539</b> | <b>137,418</b>   | <b>\$0.12</b>                                       |

(1) Units of the Operating Partnership are exchangeable for cash, or, at our discretion, for Common Shares on a one-for-one basis.

(2) Net income attributable to IRET is calculated on a per Common Share basis. FFO is calculated on a per Common Share and Unit basis.

**IRET**  
**RECONCILIATION OF NET INCOME ATTRIBUTABLE TO**  
**IRET TO FFO AND CORE FFO**

| Six Months Ended October 31,  | <i>(in thousands, except per share amounts)</i> |  |  |                  |  |  |
|---|---|--|--|------------------|--|--|
|   | 2017  |  |  | 2016             |  |  |
|   | Amount  | Weighted<br>Avg Shares<br>and Units <sup>(1)</sup> | Per<br>Share<br>And<br>Unit <sup>(2)</sup> | Amount           | Weighted<br>Avg Shares<br>and Units <sup>(1)</sup> | Per<br>Share<br>And<br>Unit <sup>(2)</sup> |
| Net income (loss) attributable to controlling interests                     | \$ 1,557  |  | \$   | \$ (10,043)      |  | \$   |
| Less dividends to preferred shareholders                                    | (5,098)   |  |  | (5,757)          |  |  |
| Less redemption of preferred shares   | (3,649)   |  |  | —                |  |  |
| Net income available to common shareholders                                 | (7,190)   | 120,283  | (0.06)                                     | (15,800)         | 121,135  | (0.13)                                     |
| Adjustments:  |   |  |  |                  |  |  |
| Noncontrolling interest – Operating Partnership                             | (871)   | 14,794   |  | (2,122)          | 16,276   |  |
| Depreciation and amortization   | 48,013  |  |  | 26,408           |  |  |
| Impairment of real estate investments attributable to controlling interests | 256   |  |  | 39,190           |  |  |
| Gains on depreciable property sales attributable to controlling interests   | (17,686)  |  |  | (15,358)         |  |  |
| <b>FFO applicable to Common Shares and Units<sup>(1)</sup></b>              | <b>\$ 22,522</b>                                | <b>135,077</b>                                     | <b>\$ 0.17</b>                             | <b>\$ 32,318</b> | <b>137,411</b>                                     | <b>\$ 0.24</b>                             |
| Adjustments to Core FFO:  |   |  |  |                  |  |  |
| Loss on extinguishment of debt  | 539   |  |  | 72               |  |  |
| Redemption of Preferred Shares  | 3,649   |  |  | —                |  |  |
| Severance and transition costs  | 650   |  |  | —                |  |  |
| <b>Core FFO applicable to common shares and Units<sup>(1)</sup></b>         | <b>\$ 27,360</b>                                | <b>135,077</b>                                     | <b>\$ 0.20</b>                             | <b>\$ 32,390</b> | <b>137,411</b>                                     | <b>\$ 0.24</b>                             |

(1) Units of the Operating Partnership are exchangeable for cash, or, at our discretion, for Common Shares on a one-for-one basis.

(2) Net income attributable to IRET is calculated on a per Common Share basis. FFO is calculated on a per Common Share and Unit basis.

**IRET**  
**RECONCILIATION OF NET OPERATING INCOME TO THE**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**

|   | <i>(in thousands)</i> |                   |                  |  |              |
|---|-----------------------|-------------------|------------------|--|--------------|
| <b>Three Months Ended October 31, 2017</b>                    | <b>Multifamily</b>    | <b>Healthcare</b> | <b>All Other</b> | <b>Amounts Not Allocated To Segments</b> | <b>Total</b> |
| Real estate revenue   | \$ 39,734             | 11,449            | 2,738            | \$ —                                     | \$ 53,921    |
| Real estate expenses  | 18,888                | 4,373             | 698              | 1,338                                    | 25,297       |
| Net operating income (loss)                                   | \$ 20,846             | \$ 7,076          | \$ 2,040         | \$ (1,338)                               | 28,624       |
| Depreciation and amortization                                 |                       |                   |                  |  | (20,694)     |
| General and administrative expenses                           |                       |                   |                  |  | (3,118)      |
| Interest expense  |                       |                   |                  |  | (9,666)      |
| Loss on debt extinguishment                                   |                       |                   |                  |  | (334)        |
| Interest and other income                                     |                       |                   |                  |  | 256          |
| Loss before gain on sale of real estate and other investments |                       |                   |                  |  | (4,932)      |
| Gain on sale of real estate and other investments             |                       |                   |                  |  | 5,324        |
| Income from continuing operations                             |                       |                   |                  |  | 392          |
| Income from discontinued operations                           |                       |                   |                  |  | 12,747       |
| Net income  |                       |                   |                  |  | \$ 13,139    |

|   | <i>(in thousands)</i> |                   |                  |  |              |
|---|-----------------------|-------------------|------------------|--|--------------|
| <b>Three Months Ended October 31, 2016</b>                      | <b>Multifamily</b>    | <b>Healthcare</b> | <b>All Other</b> | <b>Amounts Not Allocated To Segments</b> | <b>Total</b> |
| Real estate revenue   | \$ 36,187             | \$ 11,661         | \$ 2,761         | \$ —                                     | \$ 50,609    |
| Real estate expenses  | 15,566                | 4,151             | 730              | 1,126                                    | 21,573       |
| Net operating income (loss)                                     | \$ 20,621             | \$ 7,510          | \$ 2,031         | \$ (1,126)                               | 29,036       |
| Depreciation and amortization                                   |                       |                   |                  |  | (13,531)     |
| General and administrative expenses                             |                       |                   |                  |  | (3,522)      |
| Interest expense  |                       |                   |                  |  | (10,626)     |
| Interest and other income                                       |                       |                   |                  |  | 93           |
| Income before loss on sale of real estate and other investments |                       |                   |                  |  | 1,450        |
| Loss on sale of real estate and other investments               |                       |                   |                  |  | (103)        |
| Income from continuing operations                               |                       |                   |                  |  | 1,347        |
| Income from discontinued operations                             |                       |                   |                  |  | 10,943       |
| Net income  |                       |                   |                  |  | \$ 12,290    |

**IRET**  
**RECONCILIATION OF NET OPERATING INCOME TO THE**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**

*(in thousands)*

| <b>Six Months Ended October 31, 2017</b>  | <b>Multifamily</b> | <b>Healthcare</b> | <b>All Other</b> | <b>Amounts Not Allocated To Segments</b> | <b>Total</b> |
|---|--------------------|-------------------|------------------|--|--------------|
| Real estate revenue   | \$ 78,164          | \$ 22,827         | \$ 5,665         | —  | \$ 106,656   |
| Real estate expenses  | 36,353             | 8,658             | 1,491            | 3,045                                    | 49,547       |
| Net operating income (loss)   | \$ 41,811          | \$ 14,169         | \$ 4,174         | \$ (3,045)                               | 57,109       |
| Depreciation and amortization   |                    |                   |                  |  | (49,621)     |
| Impairment of real estate investments   |                    |                   |                  |  | (256)        |
| General and administrative expenses   |                    |                   |                  |  | (7,120)      |
| Interest expense  |                    |                   |                  |  | (18,961)     |
| Loss on debt extinguishment   |                    |                   |                  |  | (533)        |
| Interest and other income   |                    |                   |                  |  | 487          |
| Loss before gain on sale of real estate and other investments and income from discontinued operations |                    |                   |                  |  | (18,895)     |
| Gain on sale of real estate and other investments   |                    |                   |                  |  | 5,448        |
| Loss from continuing operations   |                    |                   |                  |  | (13,447)     |
| Income from discontinued operations   |                    |                   |                  |  | 13,307       |
| Net loss  |                    |                   |                  |  | \$ (140)     |

*(in thousands)*

| <b>Six Months Ended October 31, 2016</b>                      | <b>Multifamily</b> | <b>Healthcare</b> | <b>All Other</b> | <b>Amounts Not Allocated To Segments</b> | <b>Total</b> |
|---|--------------------|-------------------|------------------|--|--------------|
| Real estate revenue   | \$ 71,229          | \$ 23,202         | \$ 5,789         | \$ —                                     | \$ 100,220   |
| Real estate expenses  | 30,445             | 8,343             | 1,456            | 2,963                                    | 43,207       |
| Net operating income (loss)                                   | \$ 40,784          | \$ 14,859         | \$ 4,333         | \$ (2,963)                               | 57,013       |
| Depreciation and amortization                                 |                    |                   |                  |  | (27,798)     |
| Impairment of real estate investments                         |                    |                   |                  |  | (54,153)     |
| General and administrative expenses                           |                    |                   |                  |  | (7,023)      |
| Interest expense  |                    |                   |                  |  | (20,990)     |
| Interest and other income                                     |                    |                   |                  |  | 281          |
| Loss before gain on sale of real estate and other investments |                    |                   |                  |  | (52,670)     |
| Gain on sale of real estate and other investments             |                    |                   |                  |  | 8,855        |
| Loss from continuing operations                               |                    |                   |                  |  | (43,815)     |
| Income from discontinued operations                           |                    |                   |                  |  | 15,511       |
| Net loss  |                    |                   |                  |  | \$ (28,304)  |



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**Company Background**  
**Second Quarter Fiscal 2018**

We are a multifamily real estate investment trust (REIT) focused on the ownership, management, acquisition, redevelopment, and development of multifamily apartment communities. As of October 31, 2017, we owned interests in 89 multifamily properties consisting of 13,576 apartment homes and 40 commercial properties, including 28 healthcare and 12 other commercial properties, with a total of 2.5 million square feet of leasable space. IRET's common shares and Series C preferred shares are publicly traded on the New York Stock Exchange (NYSE symbols: IRET and IRET PRC, respectively). All of our Series B preferred shares were redeemed on October 30, 2017.

**Company Snapshot**  
(as of October 31, 2017)

|   |                            |
|---|----------------------------|
| Company Headquarters  | Minot, North Dakota        |
| Fiscal Year-End   | April 30                   |
| Reportable Segments   | Multifamily and Healthcare |
| Total Properties Held for Investment  | 129                        |
| Total Units Held for Investment<br>(multifamily properties)                           | 13,576                     |
| Total Square Feet Held for Investment<br>(healthcare and other commercial properties) | 2.5 million                |
| Common Shares Outstanding (thousands)   | 120,188 <sup>(1)</sup>     |
| Limited Partnership Units Outstanding (thousands)                                     | 14,618                     |
| Common Share Distribution - Quarter/Annualized  | \$0.07/\$0.28              |
| Annualized Dividend Yield   | 4.8%                       |
| Total Capitalization (see p. S-11 for details)  | \$1.8 billion              |

**Investor Information**

**Board of Trustees**

|                     |  |
|---------------------|--|
| Jeffrey P. Cairra   | Trustee and Chair  |
| Michael T. Dance    | Trustee, Chair of Audit Committee  |
| Mark O. Decker, Jr. | Trustee, President, Chief Executive Officer and Chief Investment Officer |
| Linda J. Hall       | Trustee, Chair of Compensation Committee                                 |
| Terrance P. Maxwell | Trustee  |
| Jeffrey L. Miller   | Trustee, Chair of the Nominating and Governance Committee                |
| John A. Schissel    | Trustee, Chair of Capital Markets Committee                              |
| John D. Stewart     | Trustee  |

**Management**

|                     |   |
|---------------------|---|
| Mark O. Decker, Jr. | President, Chief Executive Officer, and Chief Investment Officer; Trustee |
| John A. Kirchmann   | Executive Vice President and Chief Financial Officer                      |
| Anne Olson          | Executive Vice President, General Counsel and Secretary                   |
| Andrew Martin       | Executive Vice President – Property Operations                            |
| Nancy B. Andersen   | Senior Vice President and Chief Accounting Officer                        |
| Matthew M. Volpano  | Senior Vice President – Capital Markets                                   |

**Corporate Headquarters:**

1400 31<sup>st</sup> Avenue SW, Suite 60  
P.O. Box 1988  
Minot, ND 58702-1988

**Investor Relations Contact:**

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701-837-7104  
IR@iret.com

Trading Symbol for Common Shares: IRET  
Trading Symbol for Series C Preferred Shares: IRET PRC  
Stock Exchange Listing: NYSE

### Common Share Data (NYSE: IRET)

|  | 2nd Quarter<br>Fiscal Year 2018 | 1st Quarter<br>Fiscal Year 2018 | 4th Quarter<br>Fiscal Year 2017 | 3rd Quarter<br>Fiscal Year 2017 | 2nd Quarter<br>Fiscal Year 2017 |
|--|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| High Closing Price   | \$ 6.32                         | \$ 6.72                         | \$ 6.61                         | \$ 7.20                         | \$ 6.67                         |
| Low Closing Price  | \$ 5.81                         | \$ 5.64                         | \$ 5.67                         | \$ 5.81                         | \$ 5.67                         |
| Average Closing Price  | \$ 6.09                         | \$ 6.07                         | \$ 6.09                         | \$ 6.65                         | \$ 6.21                         |
| Closing Price at end of quarter  | \$ 5.85                         | \$ 6.22                         | \$ 5.91                         | \$ 6.44                         | \$ 6.07                         |
| Common Share Distributions—annualized  | \$ 0.28                         | \$ 0.28                         | \$ 0.28                         | \$ 0.28                         | \$ 0.52                         |
| Closing Dividend Yield - annualized  | 4.8 %                           | 4.5 %                           | 4.7 %                           | 4.3 %                           | 8.6%                            |
| Closing common shares outstanding<br>(thousands)   | 120,188                         | 120,587                         | 121,199                         | 121,889                         | 121,701                         |
| Closing limited partnership units outstanding<br>(thousands)   | 14,618                          | 14,657                          | 15,617                          | 16,034                          | 16,229                          |
| Closing market value of outstanding common<br>shares, plus imputed closing market value of<br>outstanding limited partnership units<br>(thousands) | \$ 788,615                      | \$ 841,218                      | \$ 808,583                      | \$ 888,224                      | \$ 837,235                      |

*This Supplemental Operating and Financial Data contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements, which may be identified by the use of words such as “expects,” “plans,” “estimates,” “anticipates,” “projects,” “intends,” “believes,” “outlook” and similar expressions that do not relate to historical matters, specifically including our future plan and anticipated operating results, are based on our expectations, forecasts and assumptions at the time of this earnings release. Such statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those expressed or implied in such forward-looking statements.*

*Such risks, uncertainties and other factors that might cause such differences include, but are not limited to: intentions and expectations regarding future distributions on common shares and units; changes in operating costs; fluctuations in interest rates; adverse capital and credit market conditions that might affect our access to various sources of capital and cost of capital; our ability to manage our current debt levels and repay or refinance our indebtedness upon maturity or other payment dates; our ability to maintain financial covenant compliance under our debt agreements; adequate insurance coverage; the effect of government regulation; delays or inability to obtain necessary governmental permits and authorizations; changes in general and local economic and real estate market conditions; changes in demand for our properties that may result in lower-than-expected occupancy and/or rental rates; ability to acquire quality properties in targeted markets; ability to successfully dispose of certain assets; competition for tenants from similar competing properties; ability to attract and retain skilled personnel; cyber-intrusion; delays in completing development, redevelopment and/or lease up of properties and increased costs; ability to maintain effective internal controls over financial reporting and disclosure controls and procedures; and those risks and uncertainties detailed from time to time in our filings with the Securities and Exchange Commission, including our Form 10-K for the fiscal year ended April 30, 2017 subsequent quarterly reports on Form 10-Q, and other public filings. We assume no obligation to update or supplement forward-looking statements that become untrue because of subsequent events.*

**IRET**  
**CONDENSED CONSOLIDATED BALANCE SHEETS** *(unaudited)*  
*(in thousands)*

|  | <u>10/31/2017</u>   | <u>7/31/2017</u>    | <u>4/30/2017</u>    | <u>1/31/2017</u>    | <u>10/31/2016</u>   |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|
| <b>ASSETS</b>  |                     |                     |                     |                     |                     |
| Real estate investments  |                     |                     |                     |                     |                     |
| Property owned   | \$ 1,831,181        | \$ 1,744,252        | \$ 1,677,481        | \$ 1,685,823        | \$ 1,665,354        |
| Less accumulated depreciation  | (384,402)           | (368,769)           | (340,417)           | (334,875)           | (321,790)           |
|  | 1,446,779           | 1,375,483           | 1,337,064           | 1,350,948           | 1,343,564           |
| Development in progress  | —                   | —                   | —                   | 11,531              | 20,921              |
| Unimproved land  | 15,216              | 15,195              | 18,455              | 19,076              | 19,069              |
| Mortgage loans receivable  | 10,329              | —                   | —                   | —                   | —                   |
| <b>Total real estate investments</b>   | <b>1,472,324</b>    | <b>1,390,678</b>    | <b>1,355,519</b>    | <b>1,381,555</b>    | <b>1,383,554</b>    |
| Assets held for sale and assets of discontinued operations                         | —                   | 37,552              | 37,708              | 140,226             | 191,233             |
| Cash and cash equivalents  | 42,464              | 23,801              | 28,819              | 56,999              | 68,729              |
| Restricted cash  | 4,306               | 4,285               | 28,709              | 5,724               | 6,156               |
| Other assets   | 31,933              | 26,034              | 23,759              | 24,585              | 29,647              |
| <b>TOTAL ASSETS</b>  | <b>\$ 1,551,027</b> | <b>\$ 1,482,350</b> | <b>\$ 1,474,514</b> | <b>\$ 1,609,089</b> | <b>\$ 1,679,319</b> |
| <b>LIABILITIES, REDEEMABLE NONCONTROLLING INTERESTS,<br/>AND EQUITY</b>            |                     |                     |                     |                     |                     |
| <b>LIABILITIES</b>   |                     |                     |                     |                     |                     |
| Liabilities held for sale and liabilities of discontinued operations               | \$ —                | \$ 29,683           | \$ 30,062           | \$ 54,291           | \$ 69,326           |
| Accounts payable and accrued expenses  | 33,757              | 37,020              | 40,430              | 41,437              | 40,474              |
| Revolving line of credit   | 247,500             | 125,900             | 57,050              | 157,000             | 47,500              |
| Mortgages payable, net of loan costs   | 655,903             | 660,753             | 661,960             | 688,424             | 779,568             |
| Construction debt  | 21,561              | 20,044              | 41,737              | 39,438              | 82,650              |
| <b>TOTAL LIABILITIES</b>   | <b>958,721</b>      | <b>873,400</b>      | <b>831,239</b>      | <b>980,590</b>      | <b>1,019,518</b>    |
| <b>REDEEMABLE NONCONTROLLING INTERESTS –<br/>CONSOLIDATED REAL ESTATE ENTITIES</b> |                     |                     |                     |                     |                     |
|  | 6,812               | 7,010               | 7,181               | 7,300               | 8,585               |
| <b>EQUITY</b>  |                     |                     |                     |                     |                     |
| Series A Preferred Shares of Beneficial Interest                                   | —                   | —                   | —                   | —                   | 27,317              |
| Series B Preferred Shares of Beneficial Interest                                   | —                   | 111,357             | 111,357             | 111,357             | 111,357             |
| Series C Preferred Shares of Beneficial Interest                                   | 99,467              | —                   | —                   | —                   | —                   |
| Common Shares of Beneficial Interest   | 910,683             | 912,625             | 916,121             | 921,735             | 920,759             |
| Accumulated distributions in excess of net income                                  | (490,612)           | (488,535)           | (466,541)           | (486,015)           | (489,356)           |
| Total shareholders' equity   | 519,538             | 535,447             | 560,937             | 547,077             | 570,077             |
| Noncontrolling interests – Operating Partnership                                   | 64,291              | 64,789              | 73,233              | 72,007              | 71,994              |
| Noncontrolling interests – consolidated real estate entities                       | 1,665               | 1,704               | 1,924               | 2,115               | 9,145               |
| <b>Total equity</b>  | <b>585,494</b>      | <b>601,940</b>      | <b>636,094</b>      | <b>621,199</b>      | <b>651,216</b>      |
| <b>TOTAL LIABILITIES, REDEEMABLE NONCONTROLLING<br/>INTERESTS, AND EQUITY</b>      | <b>\$ 1,551,027</b> | <b>\$ 1,482,350</b> | <b>\$ 1,474,514</b> | <b>\$ 1,609,089</b> | <b>\$ 1,679,319</b> |

**IRET**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS** *(unaudited)*  
*(in thousands, except per share data)*

| OPERATING RESULTS  | Six Months Ended  |                    | Three Months Ended |                    |                  |                  |                 |
|--|-------------------|--------------------|--------------------|--------------------|------------------|------------------|-----------------|
|  | 10/31/2017        | 10/31/2016         | 10/31/2017         | 7/31/2017          | 4/30/2017        | 1/31/2017        | 10/31/2016      |
| Real estate revenue  | \$ 106,656        | \$ 100,220         | \$ 53,921          | \$ 52,735          | \$ 54,344        | \$ 51,174        | \$ 50,609       |
| Real estate expenses   | 49,547            | 43,207             | 25,297             | 24,250             | 22,355           | 22,793           | 21,573          |
| Net operating income   | 57,109            | 57,013             | 28,624             | 28,485             | 31,989           | 28,381           | 29,036          |
| Depreciation/amortization  | (49,621)          | (27,798)           | (20,694)           | (28,927)           | (13,736)         | (13,475)         | (13,531)        |
| Impairment of real estate investments  | (256)             | (54,153)           | —                  | (256)              | (2,875)          | —                | —               |
| General and administrative expenses  | (7,120)           | (7,023)            | (3,118)            | (4,002)            | (4,728)          | (4,172)          | (3,522)         |
| Development pursuit and other write-offs   | —                 | —                  | —                  | —                  | (3,224)          | —                | —               |
| Interest expense   | (18,961)          | (20,990)           | (9,666)            | (9,295)            | (9,457)          | (10,680)         | (10,626)        |
| Loss on extinguishment of debt   | (533)             | —                  | (334)              | (199)              | (1,192)          | (1,907)          | —               |
| Interest and other income  | 487               | 281                | 256                | 231                | 465              | 430              | 93              |
| (Loss) income before income (loss) on sale of real estate and other investments and income (loss) from discontinued operations | (18,895)          | (52,670)           | (4,932)            | (13,963)           | (2,758)          | (1,423)          | 1,450           |
| Income (loss) on sale of real estate and other investments   | 5,448             | 8,855              | 5,324              | 124                | 7,409            | 2,437            | (103)           |
| (Loss) income from continuing operations   | (13,447)          | (43,815)           | 392                | (13,839)           | 4,651            | 1,014            | 1,347           |
| Income from discontinued operations  | 13,307            | 15,511             | 12,747             | 560                | 28,989           | 24,175           | 10,943          |
| Net (loss) income  | \$ (140)          | \$ (28,304)        | \$ 13,139          | \$ (13,279)        | \$ 33,640        | \$ 25,189        | \$ 12,290       |
| Net loss (income) attributable to noncontrolling interest – Operating Partnership  | 871               | 2,122              | (773)              | 1,644              | (3,656)          | (2,525)          | (1,174)         |
| Net loss attributable to noncontrolling interests – consolidated real estate entities  | 826               | 16,139             | 455                | 371                | 296              | 446              | 484             |
| Net (loss) income attributable to controlling interests  | 1,557             | (10,043)           | 12,821             | (11,264)           | 30,280           | 23,110           | 11,600          |
| Dividends to preferred shareholders  | (5,098)           | (5,757)            | (2,812)            | (2,286)            | (2,286)          | (2,503)          | (2,878)         |
| Redemption of Preferred Shares   | (3,649)           | —                  | (3,649)            | —                  | —                | (1,435)          | —               |
| <b>NET (LOSS) INCOME AVAILABLE TO COMMON SHAREHOLDERS</b>  | <b>\$ (7,190)</b> | <b>\$ (15,800)</b> | <b>\$ 6,360</b>    | <b>\$ (13,550)</b> | <b>\$ 27,994</b> | <b>\$ 19,172</b> | <b>\$ 8,722</b> |
| <b>Per Share Data</b>  |                   |                    |                    |                    |                  |                  |                 |
| (Loss) earnings per common share from continuing operations – basic & diluted  | \$ (0.16)         | \$ (0.23)          | \$ (0.04)          | \$ (0.11)          | \$ 0.02          | \$ (0.02)        | \$ (0.01)       |
| Earnings per common share from discontinued operations – basic & diluted   | 0.10              | 0.10               | 0.09               | —                  | 0.21             | 0.18             | 0.08            |
| Net (loss) income per common share – basic & diluted   | \$ (0.06)         | \$ (0.13)          | \$ 0.05            | \$ (0.11)          | \$ 0.23          | \$ 0.16          | \$ 0.07         |
| <b>Percentage of Revenues</b>  |                   |                    |                    |                    |                  |                  |                 |
| Real estate expenses   | 46.5 %            | 43.1 %             | 46.9 %             | 46.0 %             | 41.1 %           | 44.5 %           | 42.6 %          |
| Depreciation/amortization  | 46.5 %            | 27.7 %             | 38.4 %             | 54.9 %             | 25.3 %           | 26.3 %           | 26.7 %          |
| General and administrative expenses  | 6.8 %             | 7.0 %              | 6.2 %              | 7.6 %              | 8.7 %            | 8.1 %            | 7.0 %           |
| Interest   | 17.8 %            | 20.9 %             | 17.9 %             | 17.6 %             | 17.4 %           | 20.9 %           | 21.0 %          |
| Income from discontinued operations  | 12.5 %            | 15.5 %             | 23.6 %             | 1.1 %              | 53.3 %           | 47.2 %           | 21.6 %          |
| Net (loss) income  | (0.1)%            | (28.2)%            | 24.4 %             | (25.2)%            | 61.9 %           | 49.2 %           | 24.3 %          |

**IRET**  
**RECONCILIATION OF NET INCOME ATTRIBUTABLE TO**  
**IRET TO FFO AND CORE FFO (unaudited)**  
*(in thousands, except per share and unit data)*

|   | Six Months Ended |                  | Three Months Ended |                  |                  |                  |                  |
|---|------------------|------------------|--------------------|------------------|------------------|------------------|------------------|
|   | 10/31/2017       | 10/31/2016       | 10/31/2017         | 7/31/2017        | 4/30/2017        | 1/31/2017        | 10/31/2016       |
| <b>Funds From Operations<sup>(1)</sup></b>                                  |                  |                  |                    |                  |                  |                  |                  |
| Net income (loss) attributable to controlling interests                     | \$ 1,557         | \$ (10,043)      | \$ 12,821          | \$ (11,264)      | \$ 30,280        | \$ 23,110        | \$ 11,600        |
| Less dividends to preferred shareholders                                    | (5,098)          | (5,757)          | (2,812)            | (2,286)          | (2,286)          | (2,503)          | (2,878)          |
| Less redemption of preferred shares   | (3,649)          | —                | (3,649)            | —                | —                | (1,435)          | —                |
| Net (loss) income available to common shareholders                          | (7,190)          | (15,800)         | 6,360              | (13,550)         | 27,994           | 19,172           | 8,722            |
| <b>Adjustments:</b>   |                  |                  |                    |                  |                  |                  |                  |
| Noncontrolling interests – Operating Partnership                            | (871)            | (2,122)          | 773                | (1,644)          | 3,656            | 2,525            | 1,174            |
| Depreciation and amortization of real property                              | 48,013           | 26,408           | 19,894             | 28,119           | 13,222           | 12,933           | 12,971           |
| Impairment of real estate investments attributable to controlling interests | 256              | 39,190           | —                  | 256              | 2,875            | —                | —                |
| Gain on depreciable property sales  | \$ (17,686)      | \$ (15,358)      | (17,562)           | (124)            | (37,517)         | (21,972)         | (6,400)          |
| <b>FFO applicable to common shares and Units</b>                            | <b>22,522</b>    | <b>32,318</b>    | <b>\$ 9,465</b>    | <b>\$ 13,057</b> | <b>\$ 10,230</b> | <b>\$ 12,658</b> | <b>\$ 16,467</b> |
| <b>FFO per share and unit - basic and diluted</b>                           | <b>\$ 0.17</b>   | <b>\$ 0.24</b>   | <b>\$ 0.07</b>     | <b>\$ 0.10</b>   | <b>\$ 0.07</b>   | <b>\$ 0.09</b>   | <b>\$ 0.12</b>   |
| <b>Adjustments to Core FFO:</b>   |                  |                  |                    |                  |                  |                  |                  |
| Lease termination fees  | —                | —                | —                  | —                | (3,244)          | (7)              | —                |
| Loss on extinguishment of debt  | 539              | 72               | 340                | 199              | 2,910            | 1,907            | 72               |
| Redemption of Preferred Shares  | 3,649            | —                | 3,649              | —                | —                | 1,435            | —                |
| Severance and transitions costs   | 650              | —                | 186                | 464              | 2,612            | —                | —                |
| Development pursuit and other write-offs                                    | —                | —                | —                  | —                | 3,224            | —                | —                |
| <b>Core FFO applicable to common shares and Units</b>                       | <b>\$ 27,360</b> | <b>\$ 32,390</b> | <b>\$ 13,640</b>   | <b>\$ 13,720</b> | <b>\$ 15,732</b> | <b>\$ 15,993</b> | <b>\$ 16,539</b> |
| <b>Core FFO per share and unit - basic and diluted</b>                      | <b>\$ 0.20</b>   | <b>\$ 0.24</b>   | <b>\$ 0.10</b>     | <b>\$ 0.10</b>   | <b>\$ 0.11</b>   | <b>\$ 0.12</b>   | <b>\$ 0.12</b>   |
| Weighted average shares and units   | 135,194          | 137,411          | 134,767            | 135,549          | 136,952          | 137,375          | 137,418          |

(1) See Definitions on page S-23.

**IRET**  
**RECONCILIATION OF NET INCOME ATTRIBUTABLE TO**  
**IRET TO ADJUSTED EARNINGS BEFORE INTEREST,**  
**TAXES, DEPRECIATION, AND AMORTIZATION (ADJUSTED EBITDA) (unaudited)**  
*(in thousands)*

|   | Six Months Ended |             | Three Months Ended |             |           |           |            |
|---|------------------|-------------|--------------------|-------------|-----------|-----------|------------|
|   | 10/31/2017       | 10/31/2016  | 10/31/2017         | 7/31/2017   | 4/30/2017 | 1/31/2017 | 10/31/2016 |
| Adjusted EBITDA <sup>(1)</sup>  |                  |             |                    |             |           |           |            |
| Net income (loss) attributable to controlling interests                       | \$ 1,557         | \$ (10,043) | \$ 12,821          | \$ (11,264) | \$ 30,280 | \$ 23,110 | \$ 11,600  |
| Adjustments:  |                  |             |                    |             |           |           |            |
| Noncontrolling interests – Operating Partnership                              | (871)            | (2,122)     | 773                | (1,644)     | 3,656     | 2,525     | 1,174      |
| Income (loss) before noncontrolling interests – Operating Partnership         | 686              | (12,165)    | 13,594             | (12,908)    | 33,936    | 25,635    | 12,774     |
| Add:  |                  |             |                    |             |           |           |            |
| Interest expense  | 19,226           | 23,759      | 9,523              | 9,703       | 10,303    | 11,880    | 12,021     |
| Loss on extinguishment of debt  | 539              | 72          | 340                | 199         | 2,910     | 1,907     | 72         |
| Depreciation/amortization related to real estate investments                  | 48,192           | 26,511      | 19,977             | 28,215      | 13,280    | 12,983    | 13,014     |
| Amortization related to real estate revenues <sup>(2)</sup>                   | —                | 54          | —                  | —           | 20        | 21        | 27         |
| Impairment of real estate investments attributable to controlling interests   | 256              | 39,189      | —                  | 256         | 2,875     | —         | —          |
| Less:   |                  |             |                    |             |           |           |            |
| Interest income   | (880)            | (1,172)     | (316)              | (564)       | (557)     | (816)     | (600)      |
| Gain on sale of real estate and other investments                             | (17,686)         | (15,358)    | (17,562)           | (124)       | (37,517)  | (21,972)  | (6,400)    |
| Adjusted EBITDA   | \$ 50,333        | \$ 60,890   | 25,556             | 24,777      | 25,250    | 29,638    | 30,908     |
| <b>Ratios</b>   |                  |             |                    |             |           |           |            |
| Adjusted EBITDA <sup>(1)</sup> /Interest expense                              | 2.51 x           | 2.53 x      | 2.57 x             | 2.45 x      | 2.45 x    | 2.47 x    | 2.54 x     |
| Adjusted EBITDA <sup>(1)</sup> /Interest expense plus preferred distributions | 2.00 x           | 2.04 x      | 2.00 x             | 2.00 x      | 2.00 x    | 2.04 x    | 2.05 x     |

(1) See Definitions on page S-23.

(2) Included in real estate revenue in the Statement of Operations.

**IRET**  
DEBT ANALYSIS  
(in thousands)

**Debt Maturity Schedule**  
**Annual Expirations**

| Fiscal Year                 | Future Maturities of Debt <sup>(1)</sup> |               |            |                                 |                 |
|-----------------------------|--|---------------|------------|---------------------------------|-----------------|
|                             | Fixed Debt                               | Variable Debt | Total Debt | Weighted Average <sup>(2)</sup> | % of Total Debt |
| 2018                        | \$ 3,585                                 | \$ 7,184      | \$ 10,769  | 3.91 %                          | 1.2 %           |
| 2019                        | 18,091                                   | 46,752        | 64,843     | 4.14 %                          | 7.0 %           |
| 2020                        | 102,415                                  | 32,032        | 134,447    | 5.58 %                          | 14.5 %          |
| 2021                        | 93,039                                   | —             | 93,039     | 3.57 %                          | 10.0 %          |
| 2022                        | 120,100                                  | 704           | 120,804    | 5.18 %                          | 13.0 %          |
| 2023                        | 28,393                                   | —             | 28,393     | 4.13 %                          | 3.1 %           |
| 2024                        | 50,670                                   | —             | 50,670     | 4.02 %                          | 5.4 %           |
| 2025                        | 18,609                                   | —             | 18,609     | 4.04 %                          | 2.0 %           |
| 2026                        | 54,749                                   | —             | 54,749     | 3.74 %                          | 5.9 %           |
| 2027                        | 92,000                                   | —             | 92,000     | 3.56 %                          | 9.9 %           |
| Thereafter                  | 12,203                                   | —             | 12,203     | 4.93 %                          | 1.3 %           |
| Total secured maturing debt | \$ 593,854                               | \$ 86,672     | \$ 680,526 | 4.63 %                          | 73.3 %          |
| Unsecured line of credit    | —  | 247,500       | 247,500    | 3.08 %                          | 26.7 %          |
| Total debt                  | 593,854                                  | 334,172       | 928,026    | 4.22 %                          | 100.0 %         |

(1) Includes construction debt and line of credit.

(2) Weighted average interest rate of debt that matures in fiscal year.

|  | 10/31/2017 | 7/31/2017  | 4/30/2017  | 1/31/2017  | 10/31/2016 |
|--|------------|------------|------------|------------|------------|
| <b>Debt Balances Outstanding<sup>(1)</sup></b> |            |            |            |            |            |
| Secured fixed rate                             | \$ 593,854 | \$ 605,028 | \$ 629,535 | \$ 658,224 | \$ 617,694 |
| Secured variable rate                          | 86,672     | 100,388    | 99,445     | 81,314     | 226,891    |
| Unsecured line of credit                       | 247,500    | 125,900    | 57,050     | 157,000    | 47,500     |
| Debt total                                     | \$ 928,026 | \$ 831,316 | \$ 786,030 | \$ 896,538 | \$ 892,085 |
| <b>Weighted Average Interest Rates Secured</b> | 4.63 %     | 4.62 %     | 4.63 %     | 4.71 %     | 4.52 %     |
| <b>Line of Credit Rate</b>                     | 3.08 %     | 2.98 %     | 2.74 %     | 2.55 %     | 4.75 %     |

(1) Includes mortgages on properties held for sale.



**IRET**  
DEBT DETAIL AS OF OCTOBER 31, 2017  
(in thousands)

| Property   | Maturity Date | Fiscal 2018     | Fiscal 2019      | Fiscal 2020       | Fiscal 2021      | Thereafter        | Total <sup>(1)</sup> |
|--|---------------|-----------------|------------------|-------------------|------------------|-------------------|----------------------|
| <i>Multifamily</i>                                   |               |                 |                  |                   |                  |                   |                      |
| Ponds – Sartell, MN                                  | 11/1/2017     | 3,585           | —                | —                 | —                | —                 | 3,585                |
| Monticello Crossings - Monticello, MN                | 5/4/2018      | —               | 21,561           | —                 | —                | —                 | 21,561               |
| Homestead Gardens II - Rapid City, SD                | 6/1/2018      | —               | 3,050            | —                 | —                | —                 | 3,050                |
| Cardinal Point - Grand Forks, ND                     | 8/1/2018      | —               | 23,243           | —                 | —                | —                 | 23,243               |
| Plaza - Minot, ND                                    | 8/1/2018      | —               | 4,992            | —                 | —                | —                 | 4,992                |
| Evergreen II – Isanti, MN                            | 11/1/2018     | —               | 1,948            | —                 | —                | —                 | 1,948                |
| Greenfield - Omaha, NE                               | 2/1/2019      | —               | 3,424            | —                 | —                | —                 | 3,424                |
| Monticello Village - Monticello, MN                  | 5/28/2019     | —               | —                | 2,835             | —                | —                 | 2,835                |
| Rimrock West - Billings, MT                          | 9/1/2019      | —               | —                | 3,127             | —                | —                 | 3,127                |
| Rocky Meadows - Billings, MT                         | 9/1/2019      | —               | —                | 4,848             | —                | —                 | 4,848                |
| Cimarron Hills - Omaha, NE                           | 10/1/2019     | —               | —                | 4,517             | —                | —                 | 4,517                |
| Cottonwood - Bismarck, ND                            | 10/1/2019     | —               | —                | 14,983            | —                | —                 | 14,983               |
| Forest Park - Grand Forks, ND                        | 10/1/2019     | —               | —                | 7,198             | —                | —                 | 7,198                |
| Renaissance Heights I - Williston, ND                | 10/1/2019     | —               | —                | 23,095            | —                | —                 | 23,095               |
| Williston Garden - Williston, ND                     | 10/30/2019    | —               | —                | 7,232             | —                | —                 | 7,232                |
| Williston Garden - Williston, ND                     | 10/30/2019    | —               | —                | 180               | —                | —                 | 180                  |
| Evergreen - Isanti, MN                               | 11/1/2019     | —               | —                | 1,894             | —                | —                 | 1,894                |
| Northridge - Bismarck, ND                            | 12/1/2019     | —               | —                | 5,921             | —                | —                 | 5,921                |
| Castlerock - Billings, MT                            | 1/1/2020      | —               | —                | 6,286             | —                | —                 | 6,286                |
| Thomasbrook - Lincoln, NE                            | 1/1/2020      | —               | —                | 5,632             | —                | —                 | 5,632                |
| Westwood Park - Bismarck, ND                         | 1/1/2020      | —               | —                | 1,861             | —                | —                 | 1,861                |
| Kirkwood Manor - Bismarck, ND                        | 2/1/2020      | —               | —                | 3,115             | —                | —                 | 3,115                |
| Brookfield Village - Topeka, KS                      | 3/1/2020      | —               | —                | 4,974             | —                | —                 | 4,974                |
| Crown Colony - Topeka, KS                            | 4/1/2020      | —               | —                | 7,699             | —                | —                 | 7,699                |
| Mariposa - Topeka, KS                                | 4/1/2020      | —               | —                | 2,786             | —                | —                 | 2,786                |
| Sherwood - Topeka, KS                                | 4/1/2020      | —               | —                | 11,565            | —                | —                 | 11,565               |
| Deer Ridge – Jamestown, ND                           | 5/1/2020      | —               | —                | —                 | 11,348           | —                 | 11,348               |
| Valley Park - Grand Forks, ND                        | 6/1/2020      | —               | —                | —                 | 3,646            | —                 | 3,646                |
| Country Meadows II - Billings, MT                    | 10/1/2020     | —               | —                | —                 | 3,322            | —                 | 3,322                |
| Olympic Village - Billings, MT                       | 11/1/2020     | —               | —                | —                 | 10,047           | —                 | 10,047               |
| Villa West Apartments - Topeka, KS                   | 12/1/2020     | —               | —                | —                 | 11,628           | —                 | 11,628               |
| Park Meadows - Waite Park, MN                        | 1/1/2021      | —               | —                | —                 | 8,119            | —                 | 8,119                |
| Sunset Trail - Rochester, MN                         | 2/1/2021      | —               | —                | —                 | 7,658            | —                 | 7,658                |
| Summary of Debt due after Fiscal 2021                |               | —               | —                | —                 | —                | 339,843           | 339,843              |
| <b>Sub-Total Multifamily</b>                         |               | <b>\$ 3,585</b> | <b>\$ 58,218</b> | <b>\$ 119,748</b> | <b>\$ 55,768</b> | <b>\$ 339,843</b> | <b>\$ 577,162</b>    |
| <i>Healthcare</i>                                    |               |                 |                  |                   |                  |                   |                      |
| High Pointe Health Campus - Lake Elmo, MN            | 4/1/2018      | 7,184           | —                | —                 | —                | —                 | 7,184                |
| Denfeld Clinic - Duluth, MN                          | 8/1/2019      | —               | —                | 1,113             | —                | —                 | 1,113                |
| Gateway Clinic - Sandstone, MN                       | 8/1/2019      | —               | —                | 644               | —                | —                 | 644                  |
| Mariner Clinic - Superior, WI                        | 8/1/2019      | —               | —                | 1,410             | —                | —                 | 1,410                |
| Pavilion I - Duluth, MN                              | 8/1/2019      | —               | —                | 3,714             | —                | —                 | 3,714                |
| Pavilion II - Duluth, MN                             | 8/1/2019      | —               | —                | 6,835             | —                | —                 | 6,835                |
| Wells Clinic - Hibbing, MN                           | 8/1/2019      | —               | —                | 983               | —                | —                 | 983                  |
| Edina 6525 France SMC II - Edina, MN                 | 12/1/2020     | —               | —                | —                 | 9,285            | —                 | 9,285                |
| Edina 6545 France - 2nd Mtg/Parking Ramp - Edina, MN | 12/1/2020     | —               | —                | —                 | 875              | —                 | 875                  |
| Edina 6545 France SMC I - Edina, MN                  | 12/1/2020     | —               | —                | —                 | 27,111           | —                 | 27,111               |
| Summary of Debt due after Fiscal 2021                |               | —               | —                | —                 | —                | 35,323            | 35,323               |
| <b>Sub-Total Healthcare</b>                          |               | <b>\$ 7,184</b> | <b>\$ —</b>      | <b>\$ 14,699</b>  | <b>\$ 37,271</b> | <b>\$ 35,323</b>  | <b>\$ 94,477</b>     |

**IRET**  
**DEBT DETAIL AS OF OCTOBER 31, 2017**  
*(in thousands)*

|                                       |           |                  |                  |                   |                   |                   |                   |
|---------------------------------------|-----------|------------------|------------------|-------------------|-------------------|-------------------|-------------------|
| <i>Other</i>                          |           |                  |                  |                   |                   |                   |                   |
| Plaza 16 – Minot, ND                  | 8/1/2018  | —                | 6,625            | —                 | —                 | —                 | 6,625             |
| Summary of Debt due after Fiscal 2021 |           | —                | —                | —                 | —                 | 2,262             | 2,262             |
| <b>Sub-Total All Other</b>            |           | <b>\$ —</b>      | <b>\$ 6,625</b>  | <b>\$ —</b>       | <b>\$ —</b>       | <b>\$ 2,262</b>   | <b>\$ 8,887</b>   |
| <b>Total maturing debt</b>            |           | <b>\$ 10,769</b> | <b>\$ 64,843</b> | <b>\$ 134,447</b> | <b>\$ 93,039</b>  | <b>\$ 377,428</b> | <b>\$ 680,526</b> |
| Unsecured line of credit              | 1/31/2021 | —                | —                | —                 | 247,500           | —                 | 247,500           |
| <b>Total debt</b>                     |           | <b>\$ 10,769</b> | <b>\$ 64,843</b> | <b>\$ 134,447</b> | <b>\$ 340,539</b> | <b>\$ 377,428</b> | <b>\$ 928,026</b> |

(1) Totals are principal balances of mortgages, construction debt and line of credit as of October 31, 2017.

**IRET**  
**CAPITAL ANALYSIS**  
*(in thousands, except per share and unit amounts)*

|  | Three Months Ended |              |              |              |              |
|--|--------------------|--------------|--------------|--------------|--------------|
|  | 10/31/2017         | 7/31/2017    | 4/30/2017    | 1/31/2017    | 10/31/2016   |
| <b>Equity Capitalization</b>                                   |                    |              |              |              |              |
| Common shares outstanding                                      | 120,188            | 120,587      | 121,199      | 121,889      | 121,701      |
| Operating partnership (OP) units outstanding                   | 14,618             | 14,657       | 15,617       | 16,034       | 16,229       |
| Total common shares and OP units outstanding                   | 134,806            | 135,244      | 136,816      | 137,923      | 137,930      |
| Market price per common share (closing price at end of period) | \$ 5.85            | \$ 6.22      | \$ 5.91      | \$ 6.44      | \$ 6.07      |
| Equity capitalization-common shares and OP units               | \$ 788,615         | \$ 841,218   | \$ 808,583   | \$ 888,224   | \$ 837,235   |
| Recorded book value of preferred shares                        | \$ 99,467          | \$ 111,357   | \$ 111,357   | \$ 111,357   | \$ 138,674   |
| Total equity capitalization                                    | \$ 888,082         | \$ 952,575   | \$ 919,940   | \$ 999,581   | \$ 975,909   |
| <b>Debt Capitalization</b>                                     |                    |              |              |              |              |
| Total debt   | \$ 927,968         | \$ 839,134   | \$ 793,827   | \$ 943,751   | \$ 982,486   |
| Total capitalization   | \$ 1,816,050       | \$ 1,791,709 | \$ 1,713,767 | \$ 1,943,332 | \$ 1,958,395 |
| Total debt to total capitalization                             | 0.51:1             | 0.47:1       | 0.46:1       | 0.49:1       | 0.50:1       |

|   | Six Months Ended |            | Three Months Ended |           |           |           |            |
|---|------------------|------------|--------------------|-----------|-----------|-----------|------------|
|   | 10/31/2017       | 10/31/2016 | 10/31/2017         | 7/31/2017 | 4/30/2017 | 1/31/2017 | 10/31/2016 |
| Earnings to fixed charges <sup>(1)</sup>                                      | (2)              | (3)x       | 1.09 x             | (5)       | 1.48 x    | 1.12 x    | 1.14       |
| Earnings to combined fixed charges and preferred distributions <sup>(1)</sup> | (2)              | (3)        | (4)                | (5)       | 1.21      | (6)       | (7)        |
| Debt service coverage ratio <sup>(1)</sup>                                    | 1.79 x           | 1.64 x     | 1.84 x             | 1.75 x    | 1.69 x    | 1.67 x    | 1.66 x     |
| <b>Distribution Data</b>  |                  |            |                    |           |           |           |            |
| Common shares and units outstanding at record date                            | 135,166          | 137,934    | 134,806            | 135,830   | 137,723   | 137,944   | 137,934    |
| Total common distribution paid  | \$ 18,974        | \$ 35,790  | \$ 9,462           | \$ 9,509  | \$ 9,641  | \$ 17,929 | \$ 17,931  |
| Common distribution per share and unit  | \$ 0.14          | \$ 0.26    | \$ 0.07            | \$ 0.07   | \$ 0.07   | \$ 0.07   | \$ 0.13    |
| Payout ratio (FFO per share and unit basis) <sup>(1)</sup>                    | 82.4 %           | 108.3 %    | 100.0 %            | 70.0 %    | 100.0 %   | 77.8 %    | 108.3 %    |

- (1) Payout ratio (FFO per share and unit basis) is the ratio of the current quarterly or annual distribution rate per common share and unit divided by quarterly or annual FFO per share and unit.
- (2) Earnings were inadequate to cover (a) fixed charges and (b) combined fixed charges and preferred distributions by \$12.5 million and \$17.6 million, respectively. Excluding non-cash depreciation charges related to a change in depreciable lives of \$14.4 million in the three months ended October 31, 2017, the ratio of earnings to fixed charges and of earnings to combined fixed charges and preferred distributions would have been 1.10x and 0.88x, respectively, for the three months ended October 31, 2017.
- (3) Earnings were inadequate to cover fixed charges and combined fixed charges and preferred distributions by \$26.5 million and \$32.2 million, respectively. Excluding non-cash asset impairment and gain on sale charges of \$45.1 million in the six months ended October 31, 2016, the ratio of earnings to fixed charges and of earnings to combined fixed charges and preferred distributions would have been 1.77x and 1.43x, respectively, for the six months ended October 31, 2016.
- (4) Earnings were inadequate to cover combined fixed charges and preferred distributions by \$1.9 million. The ratio of earnings to combined fixed charges and preferred distributions was .85x for the three months ended October 31, 2017.
- (5) Earnings were inadequate to cover (a) fixed charges and (b) combined fixed charges and preferred distributions by \$13.4 million and \$15.7 million, respectively. Excluding non-cash depreciation charges related to a change in depreciable lives of \$14.4 million in the three months ended July 31, 2017, the ratio of earnings to fixed charges and of earnings to combined fixed charges and preferred distributions would have been 1.10x and 0.90x, respectively, for the three months ended July 31, 2017.
- (6) Earnings were inadequate to cover combined fixed charges and preferred distributions by \$1.1 million. The ratio of earnings to combined fixed charges and preferred distributions was .92x for the three months ended January 31, 2017.
- (7) Earnings were inadequate to cover combined fixed charges and preferred distributions by \$1.1 million. The ratio of earnings to combined fixed charges and preferred distributions was .92x for the three months ended October 31, 2016.

**IRET**  
**NET OPERATING INCOME DETAIL**  
*(in thousands)*

|  | Three Months Ended October 31, 2017 |                  |               |                        |                 |
|--|-------------------------------------|------------------|---------------|------------------------|-----------------|
|  | Reporting Segments                  |                  |               |                        |                 |
|  | Multifamily                         | Healthcare       | All Other     | Corporate and<br>Other | Total           |
| Real estate rental revenue   |                                     |                  |               |                        |                 |
| Same-store   | \$ 32,304                           | \$ 10,810        | \$ 2,007      | \$ —                   | \$ 45,121       |
| Non-same-store   | 7,430                               | 639              | 731           | —                      | 8,800           |
| Total  | 39,734                              | 11,449           | 2,738         | —                      | 53,921          |
| Real estate expenses <sup>(1)</sup>  |                                     |                  |               |                        |                 |
| Same-store   | 15,576                              | 4,118            | 532           | 1,189                  | 21,415          |
| Non-same-store   | 3,312                               | 255              | 166           | 149                    | 3,882           |
| Total  | 18,888                              | 4,373            | 698           | 1,338                  | 25,297          |
| Net operating income (NOI)   |                                     |                  |               |                        |                 |
| Same-store   | 16,728                              | 6,692            | 1,475         | (1,189)                | 23,706          |
| Non-same-store   | 4,118                               | 384              | 565           | (149)                  | 4,918           |
| Net operating income (loss)  | \$ 20,846                           | \$ 7,076         | \$ 2,040      | \$ (1,338)             | \$ 28,624       |
| Reconciliation of NOI to net income (loss) available to common shareholders                                    |                                     |                  |               |                        |                 |
| Depreciation/amortization  | \$ (16,112)                         | \$ (3,459)       | \$ (1,057)    | \$ (66)                | \$ (20,694)     |
| General and administrative expenses  | —                                   | —                | —             | (3,118)                | (3,118)         |
| Interest expense   | (6,926)                             | (1,157)          | (138)         | (1,445)                | (9,666)         |
| Loss on debt extinguishment  | (193)                               | —                | (141)         | —                      | (334)           |
| Interest and other income  | —                                   | —                | —             | 487                    | 256             |
| (Loss) income before gain on sale of real estate and other investments and income from discontinued operations | (2,385)                             | 2,460            | 704           | (5,480)                | (4,932)         |
| Gain on sale of real estate and other investments  | —                                   | —                | 108           | 16                     | 5,324           |
| (Loss) income from continuing operations   | (2,385)                             | 2,460            | 812           | (5,464)                | 392             |
| Income from discontinued operations  | —                                   | 12,739           | 8             | —                      | 12,747          |
| Net (loss) income  | (2,385)                             | 15,199           | 820           | (5,464)                | 13,139          |
| Net loss attributable to noncontrolling interests – Operating Partnership                                      | —                                   | —                | —             | (773)                  | (773)           |
| Net loss attributable to noncontrolling interests – consolidated real estate entities                          | —                                   | —                | —             | 455                    | 455             |
| Net (loss) income attributable to controlling interests  | (2,385)                             | 15,199           | 820           | (5,782)                | 12,821          |
| Dividends to preferred shareholders  | —                                   | —                | —             | (2,812)                | (2,812)         |
| Redemption of Preferred Shares   | —                                   | —                | —             | (3,649)                | (3,649)         |
| <b>NET (LOSS) INCOME AVAILABLE TO COMMON SHAREHOLDERS</b>  | <b>\$ (2,385)</b>                   | <b>\$ 15,199</b> | <b>\$ 820</b> | <b>\$ (12,243)</b>     | <b>\$ 6,360</b> |

(1) Offsite costs associated with property management and casualty-related amounts are included in the Corporate and Other column.

**IRET**  
**NET OPERATING INCOME DETAIL**  
*(in thousands)*

|  | Three Months Ended October 31, 2016 |                  |               |                        |                 |
|--|-------------------------------------|------------------|---------------|------------------------|-----------------|
|  | Reporting Segments                  |                  |               |                        |                 |
|  | Multifamily                         | Healthcare       | All Other     | Corporate and<br>Other | Total           |
| Real estate rental revenue   |                                     |                  |               |                        |                 |
| Same-store   | \$ 31,134                           | \$ 10,565        | \$ 1,970      | \$ —                   | \$ 43,669       |
| Non-same-store   | 5,053                               | 1,096            | 791           | —                      | 6,940           |
| Total  | 36,187                              | 11,661           | 2,761         | —                      | 50,609          |
| Real estate expenses <sup>(1)</sup>  |                                     |                  |               |                        |                 |
| Same-store   | 13,429                              | 3,816            | 569           | 1,004                  | 18,818          |
| Non-same-store   | 2,137                               | 335              | 161           | 122                    | 2,755           |
| Total  | 15,566                              | 4,151            | 730           | 1,126                  | 21,573          |
| Net operating income (NOI)   |                                     |                  |               |                        |                 |
| Same-store   | 17,705                              | 6,749            | 1,401         | (1,004)                | 24,851          |
| Non-same-store   | 2,916                               | 761              | 630           | (122)                  | 4,185           |
| Net operating income (loss)  | \$ 20,621                           | \$ 7,510         | \$ 2,031      | \$ (1,126)             | \$ 29,036       |
| Reconciliation of NOI to net income (loss) available to common shareholders  |                                     |                  |               |                        |                 |
| Depreciation/amortization  | \$ (9,677)                          | \$ (2,874)       | \$ (912)      | \$ (68)                | \$ (13,531)     |
| General and administrative expenses  | —                                   | —                | —             | (3,522)                | (3,522)         |
| Interest expense   | (7,863)                             | (2,002)          | (425)         | (336)                  | (10,626)        |
| Interest and other income  | —                                   | —                | —             | 93                     | 93              |
| (Loss) income (loss) before gain (loss) on sale of real estate and other investments and income from discontinued operations | 3,081                               | 2,634            | 694           | (4,959)                | 1,450           |
| Gain (loss) gain on sale of real estate and other investments  | —                                   | (102)            | —             | (1)                    | (103)           |
| (Loss) income from continuing operations   | 3,081                               | 2,532            | 694           | (4,960)                | 1,347           |
| Income from discontinued operations  | —                                   | 10,943           | —             | —                      | 10,943          |
| Net (loss) income  | 3,081                               | 13,475           | 694           | (4,960)                | 12,290          |
| Net loss attributable to noncontrolling interests – Operating Partnership  | —                                   | —                | —             | (1,174)                | (1,174)         |
| Net loss attributable to noncontrolling interests – consolidated real estate entities  | —                                   | —                | —             | 484                    | 484             |
| Net (loss) income attributable to controlling interests  | 3,081                               | 13,475           | 694           | (5,650)                | 11,600          |
| Dividends to preferred shareholders  | —                                   | —                | —             | (2,878)                | (2,878)         |
| <b>NET (LOSS) INCOME AVAILABLE TO COMMON SHAREHOLDERS</b>  | <b>\$ 3,081</b>                     | <b>\$ 13,475</b> | <b>\$ 694</b> | <b>\$ (8,528)</b>      | <b>\$ 8,722</b> |

(1) Offsite costs associated with property management and casualty-related amounts are included in the Corporate and Other column.

**IRET**  
**NET OPERATING INCOME DETAIL**  
*(in thousands)*

|   | Six Months Ended October 31, 2017 |                  |                 |                        |                   |
|---|-----------------------------------|------------------|-----------------|------------------------|-------------------|
|   | Reporting Segments                |                  |                 |                        |                   |
|   | Multifamily                       | Healthcare       | All Other       | Corporate and<br>Other | Total             |
| Real estate rental revenue  |                                   |                  |                 |                        |                   |
| Same-store  | \$ 64,241                         | \$ 21,506        | \$ 4,048        | \$ —                   | \$ 89,795         |
| Non-same-store  | 13,923                            | 1,321            | 1,617           | —                      | 16,861            |
| Total   | 78,164                            | 22,827           | 5,665           | —                      | 106,656           |
| Real estate expenses <sup>(1)</sup>   |                                   |                  |                 |                        |                   |
| Same-store  | 30,303                            | 8,168            | 1,048           | 2,707                  | 42,226            |
| Non-same-store  | 6,050                             | 490              | 443             | 338                    | 7,321             |
| Total   | 36,353                            | 8,658            | 1,491           | 3,045                  | 49,547            |
| Net operating income (NOI)  |                                   |                  |                 |                        |                   |
| Same-store  | 33,938                            | 13,338           | 3,000           | (2,707)                | 47,569            |
| Non-same-store  | 7,873                             | 831              | 1,174           | (338)                  | 9,540             |
| Net operating income (loss)   | \$ 41,811                         | \$ 14,169        | \$ 4,174        | \$ (3,045)             | \$ 57,109         |
| Reconciliation of NOI to net (loss) income available to common shareholders                     |                                   |                  |                 |                        |                   |
| Depreciation/amortization   | \$ (38,428)                       | \$ (7,089)       | \$ (3,960)      | \$ (144)               | \$ (49,621)       |
| Impairment of real estate investments   | —                                 | —                | —               | (256)                  | (256)             |
| General and administrative expenses   | —                                 | —                | —               | (7,120)                | (7,120)           |
| Interest expense  | (13,806)                          | (2,321)          | (385)           | (2,449)                | (18,961)          |
| Loss on extinguishment of debt  | (392)                             | —                | (141)           | —                      | (533)             |
| Interest and other income   | —                                 | —                | —               | 487                    | 487               |
| (Loss) income before (loss) gain on sale of real estate and income from discontinued operations | (10,815)                          | 4,759            | (312)           | (12,527)               | (18,895)          |
| Gain (loss) on sale of real estate and other investments  | 75                                | 214              | 5,145           | 14                     | 5,448             |
| (Loss) income from continuing operations  | (10,740)                          | 4,973            | 4,833           | (12,513)               | (13,447)          |
| Income from discontinued operations   | —                                 | 13,251           | 56              | —                      | 13,307            |
| Net (loss) income   | (10,740)                          | 18,224           | 4,889           | (12,513)               | (140)             |
| Net loss attributable to noncontrolling interests – Operating Partnership                       | —                                 | —                | —               | 871                    | 871               |
| Net loss attributable to noncontrolling interests – consolidated real estate entities           | —                                 | —                | —               | 826                    | 826               |
| Net (loss) income attributable to controlling interests   | (10,740)                          | 18,224           | 4,889           | (10,816)               | 1,557             |
| Dividends to preferred shareholders   | —                                 | —                | —               | (5,098)                | (5,098)           |
| Redemption of Preferred Shares  | —                                 | —                | —               | (3,649)                | (3,649)           |
| <b>NET (LOSS) INCOME AVAILABLE TO COMMON SHAREHOLDERS</b>                                       | <b>\$ (10,740)</b>                | <b>\$ 18,224</b> | <b>\$ 4,889</b> | <b>\$ (19,563)</b>     | <b>\$ (7,190)</b> |

(1) Offsite costs associated with property management and casualty-related amounts are included in the Corporate and Other column.

**IRET**  
**NET OPERATING INCOME DETAIL**  
*(in thousands)*

|  | Six Months Ended October 31, 2016 |                  |                  |                     |                    |
|--|-----------------------------------|------------------|------------------|---------------------|--------------------|
|  | Reporting Segments                |                  |                  |                     |                    |
|  | Multifamily                       | Healthcare       | All Other        | Corporate and Other | Total              |
| Real estate rental revenue   |                                   |                  |                  |                     |                    |
| Same-store   | \$ 61,886                         | \$ 21,054        | \$ 3,986         | \$ —                | \$ 86,926          |
| Non-same-store   | 9,343                             | 2,148            | 1,803            | —                   | 13,294             |
| Total  | 71,229                            | 23,202           | 5,789            | —                   | 100,220            |
| Real estate expenses <sup>(1)</sup>  |                                   |                  |                  |                     |                    |
| Same-store   | 26,360                            | 7,665            | 1,086            | 2,727               | 37,838             |
| Non-same-store   | 4,085                             | 678              | 370              | 236                 | 5,369              |
| Total  | 30,445                            | 8,343            | 1,456            | 2,963               | 43,207             |
| Net operating income (NOI)   |                                   |                  |                  |                     |                    |
| Same-store   | 35,526                            | 13,389           | 2,900            | (2,727)             | 49,088             |
| Non-same-store   | 5,258                             | 1,470            | 1,433            | (236)               | 7,925              |
| Net operating income (loss)  | \$ 40,784                         | \$ 14,859        | \$ 4,333         | \$ (2,963)          | \$ 57,013          |
| Reconciliation of NOI to net income (loss) available to common shareholders                                    |                                   |                  |                  |                     |                    |
| Depreciation/amortization  | \$ (20,121)                       | \$ (5,702)       | \$ (1,834)       | \$ (141)            | \$ (27,798)        |
| Impairment of real estate investments  | (51,401)                          | —                | —                | (2,752)             | (54,153)           |
| General and administrative expenses  | —                                 | —                | —                | (7,023)             | (7,023)            |
| Interest expense   | (15,505)                          | (4,021)          | (801)            | (663)               | (20,990)           |
| Interest and other income  | —                                 | —                | —                | 281                 | 281                |
| Income (loss) before gain on sale of real estate and other investments and income from discontinued operations | (46,243)                          | 5,136            | 1,698            | (13,261)            | (52,670)           |
| (Loss) gain on sale of real estate and other investments   | —                                 | (102)            | 8,982            | (25)                | 8,855              |
| Income (loss) from continuing operations   | (46,243)                          | 5,034            | 10,680           | (13,286)            | (43,815)           |
| Income from discontinued operations  | —                                 | 15,198           | 313              | —                   | 15,511             |
| Net income (loss)  | (46,243)                          | 20,232           | 10,993           | (13,286)            | (28,304)           |
| Net income attributable to noncontrolling interests – Operating Partnership                                    | —                                 | —                | —                | 2,122               | 2,122              |
| Net loss attributable to noncontrolling interests – consolidated real estate entities                          | —                                 | —                | —                | 16,139              | 16,139             |
| Net income (loss) attributable to controlling interests  | (46,243)                          | 20,232           | 10,993           | 4,975               | (10,043)           |
| Dividends to preferred shareholders  | —                                 | —                | —                | (5,757)             | (5,757)            |
| <b>NET INCOME (LOSS) AVAILABLE TO COMMON SHAREHOLDERS</b>  | <b>\$ (46,243)</b>                | <b>\$ 20,232</b> | <b>\$ 10,993</b> | <b>\$ (782)</b>     | <b>\$ (15,800)</b> |

(1) Offsite costs associated with property management and casualty-related amounts are included in the Corporate and Other column.

**IRET**  
**SAME-STORE MULTIFAMILY COMPARISON**

| Regions                  | Rentable Units | Physical Occupancy 10/31/2017 | FY18Q2 Weighted Average Occupancy <sup>(1)</sup> | FY18Q2 % of Actual NOI | FY18Q2 Average Revenue Per Unit <sup>(2)</sup> | 2nd Quarter Increase (Decrease) From Prior Year's 2nd Quarter |                         |                      |                     |                            |
|--------------------------|----------------|-------------------------------|--|------------------------|--|---|-------------------------|----------------------|---------------------|----------------------------|
|                          |                |                               |  |                        |  | Revenues  | Expenses <sup>(3)</sup> | Net Operating Income | Average Rental Rate | Weighted Average Occupancy |
| Rochester, MN            | 1,775          | 95.4 %                        | 92.4 %   | 21.2 %                 | \$ 1,274                                       | 4.4 %   | 13.8 %                  | (1.8)%               | (1.2)%              | 5.6 %                      |
| Omaha, NE                | 1,370          | 96.5 %                        | 94.1 %   | 10.8 %                 | \$ 934   | 3.9 %   | 14.4 %                  | (4.7)%               | 5.4 %               | (1.5)%                     |
| Grand Forks, ND          | 1,303          | 94.8 %                        | 94.8 %   | 11.0 %                 | \$ 931   | 3.2 %   | 17.1 %                  | (6.4)%               | (0.6)%              | 3.8 %                      |
| St. Cloud, MN            | 1,187          | 96.0 %                        | 93.6 %   | 9.1 %                  | \$ 993   | 12.0 %  | 18.8 %                  | 5.0 %                | 8.1 %               | 3.9 %                      |
| Bismarck, ND             | 977            | 92.5 %                        | 91.2 %   | 8.7 %                  | \$ 1,022                                       | (0.9)%  | 24.2 %                  | (15.9)%              | (2.5)%              | 1.6 %                      |
| Topeka, KS               | 1,042          | 96.0 %                        | 94.6 %   | 8.2 %                  | \$ 837   | 5.6 %   | 9.2 %                   | 2.9 %                | 3.5 %               | 2.1 %                      |
| Minneapolis, MN          | 688            | 95.9 %                        | 92.7 %   | 7.5 %                  | \$ 1,214                                       | 7.0 %   | 9.9 %                   | 4.7 %                | 9.0 %               | (2.0)%                     |
| Billings, MT             | 770            | 91.2 %                        | 89.7 %   | 6.7 %                  | \$ 1,019                                       | 5.2 %   | 25.1 %                  | (7.9)%               | 9.5 %               | (4.4)%                     |
| Sioux Falls, SD          | 969            | 96.1 %                        | 93.3 %   | 6.8 %                  | \$ 885   | 1.0 %   | 13.8 %                  | (10.2)%              | 3.5 %               | (2.5)%                     |
| Minot, ND                | 640            | 96.9 %                        | 93.4 %   | 4.8 %                  | \$ 1,016                                       | (5.4)%  | 13.8 %                  | (22.1)%              | (6.6)%              | 1.2 %                      |
| Rapid City, SD           | 474            | 95.1 %                        | 92.8 %   | 4.1 %                  | \$ 976   | 2.7 %   | 15.6 %                  | (6.6)%               | 5.9 %               | (3.2)%                     |
| Williston, ND            | 189            | 97.4 %                        | 97.3 %   | 1.1 %                  | \$ 928   | (1.8)%  | 30.1 %                  | (31.2)%              | (18.8)%             | 17.0 %                     |
| <b>Same-Store Totals</b> | <b>11,384</b>  | <b>95.2 %</b>                 | <b>93.1 %</b>                                    | <b>100.0 %</b>         | <b>\$ 1,016</b>                                | <b>3.8 %</b>  | <b>16.0 %</b>           | <b>(5.5)%</b>        | <b>2.0 %</b>        | <b>1.7 %</b>               |

| Regions                  | Rentable Units | Physical Occupancy 10/31/2017 | FY18Q2 Weighted Average Occupancy <sup>(1)</sup> | FY18Q2 % of Actual NOI | FY18Q2 Average Revenue Per Unit <sup>(2)</sup> | 2nd Quarter Increase (Decrease) From 1st Quarter |                         |                      |                     |                            |
|--------------------------|----------------|-------------------------------|--|------------------------|--|--|-------------------------|----------------------|---------------------|----------------------------|
|                          |                |                               |  |                        |  | Revenues   | Expenses <sup>(3)</sup> | Net Operating Income | Average Rental Rate | Weighted Average Occupancy |
| Rochester, MN            | 1,775          | 95.4 %                        | 92.4 %   | 21.2 %                 | \$ 1,274                                       | 1.8 %  | 8.5 %                   | (2.8)%               | (0.3)%              | 2.2 %                      |
| Omaha, NE                | 1,370          | 96.5 %                        | 94.1 %   | 10.8 %                 | \$ 934   | 0.5 %  | 8.2 %                   | (6.1)%               | 1.8 %               | (1.3)%                     |
| Grand Forks, ND          | 1,303          | 94.8 %                        | 94.8 %   | 11.0 %                 | \$ 931   | 2.7 %  | 1.7 %                   | 3.6 %                | 1.5 %               | 1.2 %                      |
| St. Cloud, MN            | 1,187          | 96.0 %                        | 93.6 %   | 9.1 %                  | \$ 993   | 2.4 %  | 6.2 %                   | (1.7)%               | 1.7 %               | 0.7 %                      |
| Bismarck, ND             | 977            | 92.5 %                        | 91.2 %   | 8.7 %                  | \$ 1,022                                       | (2.0)%   | 1.9 %                   | (5.3)%               | (0.3)%              | (1.8)%                     |
| Topeka, KS               | 1,042          | 96.0 %                        | 94.6 %   | 8.2 %                  | \$ 837   | 1.1 %  | 1.7 %                   | 0.6 %                | 1.8 %               | (0.7)%                     |
| Minneapolis, MN          | 688            | 95.9 %                        | 92.7 %   | 7.5 %                  | \$ 1,214                                       | 0.6 %  | 12.1 %                  | (7.4)%               | 3.7 %               | (3.0)%                     |
| Billings, MT             | 770            | 91.2 %                        | 89.7 %   | 6.7 %                  | \$ 1,019                                       | 2.9 %  | 9.8 %                   | (2.6)%               | 0.2 %               | 2.7 %                      |
| Sioux Falls, SD          | 969            | 96.1 %                        | 93.3 %   | 6.8 %                  | \$ 885   | 0.7 %  | 0.2 %                   | 1.3 %                | 1.6 %               | (0.9)%                     |
| Minot, ND                | 640            | 96.9 %                        | 93.4 %   | 4.8 %                  | \$ 1,016                                       | (2.5)%   | 4.7 %                   | (10.4)%              | (0.8)%              | (1.7)%                     |
| Rapid City, SD           | 474            | 95.1 %                        | 92.8 %   | 4.1 %                  | \$ 976   | 0.2 %  | 8.3 %                   | (6.1)%               | 1.6 %               | (1.4)%                     |
| Williston, ND            | 189            | 97.4 %                        | 97.3 %   | 1.1 %                  | \$ 928   | 10.8 %   | 8.0 %                   | 16.1 %               | (1.8)%              | 12.6 %                     |
| <b>Same-Store Totals</b> | <b>11,384</b>  | <b>95.2 %</b>                 | <b>93.1 %</b>                                    | <b>100.0 %</b>         | <b>\$ 1,016</b>                                | <b>1.1 %</b>                                     | <b>5.8 %</b>            | <b>(2.8)%</b>        | <b>1.0 %</b>        | <b>0.2 %</b>               |

| Regions                 | Rentable Units | Physical Occupancy 10/31/2017 | FY18Q2 YTD Weighted Average Occupancy <sup>(1)</sup> | FY18Q2 YTD % of Actual NOI | FY18Q2 YTD Average Revenue Per Unit <sup>(2)</sup> | 2nd Quarter YTD Increase (Decrease) From Prior Year's 2nd Quarter YTD |                         |                      |                     |                            |
|-------------------------|----------------|-------------------------------|--|----------------------------|--|---|-------------------------|----------------------|---------------------|----------------------------|
|                         |                |                               |  |                            |  | Revenues  | Expenses <sup>(3)</sup> | Net Operating Income | Average Rental Rate | Weighted Average Occupancy |
| Rochester, MN           | 1,775          | 95.4 %                        | 91.4 %   | 21.2 %                     | \$ 1,276   | 4.1 %   | 18.4 %                  | (4.3)%               | 0.1 %               | 4.0 %                      |
| Omaha, NE               | 1,370          | 96.5 %                        | 94.7 %   | 11.0 %                     | \$ 926   | 4.1 %   | 9.8 %                   | (0.7)%               | 5.3 %               | (1.2)%                     |
| Grand Forks, ND         | 1,303          | 94.8 %                        | 94.2 %   | 10.7 %                     | \$ 925   | 1.7 %   | 13.9 %                  | (7.0)%               | (0.7)%              | 2.5 %                      |
| St. Cloud, MN           | 1,187          | 96.0 %                        | 93.2 %   | 9.0 %                      | \$ 985   | 11.3 %  | 16.6 %                  | 5.8 %                | 9.2 %               | 2.1 %                      |
| Bismarck, ND            | 977            | 92.5 %                        | 92.0 %   | 8.8 %                      | \$ 1,023   | 2.5 %   | 23.8 %                  | (10.6)%              | (1.1)%              | 3.6 %                      |
| Topeka, KS              | 1,042          | 96.0 %                        | 94.9 %   | 8.0 %                      | \$ 830   | 6.1 %   | 10.3 %                  | 2.9 %                | 4.4 %               | 1.6 %                      |
| Minneapolis, MN         | 688            | 95.9 %                        | 94.1 %   | 7.7 %                      | \$ 1,192   | 8.7 %   | 5.4 %                   | 11.4 %               | 8.6 %               | 0.2 %                      |
| Billings, MT            | 770            | 91.2 %                        | 88.5 %   | 6.7 %                      | \$ 1,018   | 4.9 %   | 17.4 %                  | (3.7)%               | 9.1 %               | (4.2)%                     |
| Sioux Falls, SD         | 969            | 96.1 %                        | 93.8 %   | 6.7 %                      | \$ 878   | 1.4 %   | 12.9 %                  | (9.0)%               | 3.9 %               | (2.5)%                     |
| Minot, ND               | 640            | 96.9 %                        | 94.3 %   | 5.0 %                      | \$ 1,020   | (4.5)%  | 19.7 %                  | (22.7)%              | (5.8)%              | 1.4 %                      |
| Rapid City, SD          | 474            | 95.1 %                        | 93.4 %   | 4.1 %                      | \$ 969   | 2.7 %   | 10.1 %                  | (2.7)%               | 6.0 %               | (3.3)%                     |
| Williston, ND           | 189            | 97.4 %                        | 91.7 %   | 1.0 %                      | \$ 937   | (12.7)%   | 28.1 %                  | (44.5)%              | (26.2)%             | 13.5 %                     |
| <b>Same-Store Total</b> | <b>11,384</b>  | <b>95.2 %</b>                 | <b>93.0 %</b>  | <b>100.0 %</b>             | <b>\$ 1,012</b>                                    | <b>3.8 %</b>  | <b>15.0 %</b>           | <b>(4.5)%</b>        | <b>2.3 %</b>        | <b>1.5 %</b>               |

- (1) Weighted average occupancy is defined as scheduled rent less vacancy losses divided by scheduled rent for the period.
- (2) Average revenue is defined as total rental revenues divided by the weighted average occupied apartment units for the period.
- (3) Same-Store results by region do not include offsite costs associated with property management or casualty-related amounts, which increased by \$0 and decreased \$326,000, respectively, for FY18 Q2 as compared to FY18 Q1, and decrease by \$46,000 and \$108,000, respectively, for FY18 Q2 as compared to FY17 Q2, and increase by \$35,000 and decrease by \$299,000, respectively, for FY18 Q2 YTD as compared to FY17 Q2 YTD.



**IRET**  
MULTIFAMILY SUMMARY<sup>(1)</sup>

|   | Three Months Ended |           |           |           |           |
|---|--------------------|-----------|-----------|-----------|-----------|
|   | 10/31/17           | 07/31/17  | 04/30/17  | 01/31/17  | 10/31/16  |
| <b>Number of Units</b>  |                    |           |           |           |           |
| Same-Store  | 11,384             | 11,384    | 10,512    | 10,513    | 10,513    |
| Non-Same-Store  | 2,192              | 2,019     | 2,693     | 2,652     | 2,589     |
| All Properties  | 13,576             | 13,403    | 13,205    | 13,165    | 13,102    |
| <b>Average Investment Per Unit</b>                              |                    |           |           |           |           |
| Same-Store  | \$ 88,047          | \$ 87,876 | \$ 78,996 | \$ 78,499 | \$ 77,814 |
| Non-Same-Store  | 185,150            | 166,261   | 164,715   | 165,367   | 164,515   |
| All Properties  | \$ 102,760         | \$ 99,684 | \$ 96,485 | \$ 95,998 | \$ 94,946 |
| <b>Average Scheduled Rent<sup>(2)</sup> per Unit</b>            |                    |           |           |           |           |
| Same-Store  | \$ 962             | \$ 954    | \$ 906    | \$ 902    | \$ 902    |
| Non-Same-Store  | 1,330              | 1,182     | 1,267     | 1,289     | 1,336     |
| All Properties  | \$ 1,018           | \$ 988    | \$ 980    | \$ 980    | \$ 988    |
| <b>Average Revenue per Unit<sup>(3)</sup></b>                   |                    |           |           |           |           |
| Same-Store  | \$ 1,016           | \$ 1,007  | \$ 955    | \$ 941    | \$ 950    |
| Non-Same-Store  | 1,276              | 1,230     | 1,334     | 1,325     | 1,376     |
| All Properties  | \$ 1,058           | \$ 1,041  | \$ 1,032  | \$ 1,019  | \$ 1,035  |
| <b>Occupancy</b>  |                    |           |           |           |           |
| Same-Store  | 95.2 %             | 94.5 %    | 94.2 %    | 92.7 %    | 92.9 %    |
| Non-Same-Store  | 92.4 %             | 89.3 %    | 88.8 %    | 86.9 %    | 84.4 %    |
| All Properties  | 94.8 %             | 93.7 %    | 93.1 %    | 91.5 %    | 91.2 %    |
| <b>Operating Expenses as a % of Scheduled Rent</b>              |                    |           |           |           |           |
| Same-Store  | 50.9 %             | 49.7 %    | 46.6 %    | 47.7 %    | 44.9 %    |
| Non-Same-Store  | 42.6 %             | 40.8 %    | 42.1 %    | 39.2 %    | 36.4 %    |
| All Properties  | 49.2 %             | 48.1 %    | 45.4 %    | 45.5 %    | 42.7 %    |
| <b>Capital Expenditures</b>                                     |                    |           |           |           |           |
| Total Capital Expenditures <sup>(2)</sup> per Unit - Same-Store | \$ 396             | \$ 240    | \$ 281    | \$ 295    | \$ 296    |
| Value-Add Expenditures per Unit <sup>(4)</sup>                  | \$ —               | \$ —      | \$ 8,213  | \$ 10,224 | \$ 13,998 |

(1) Previously reported amounts are not revised for discontinued operations or changes in the composition of the same-store properties pool.

(2) See definition of scheduled rent on page S-23. Average scheduled rent is scheduled rent divided by the total number of units.

(3) Total revenues divided by the weighted average occupied units for the period.

(4) Cost per unit represents the average amount spent on completed and in-progress units during the period and also includes common area redevelopment costs at properties in the value add program.

**IRET**  
SAME-STORE MULTIFAMILY CAPITAL EXPENDITURES

*(\$ in thousands)*

|                                    | Q2 FY18 |           | Q2 FY17 |           |
|------------------------------------|---------|-----------|---------|-----------|
| Total Multifamily Same-Store Units |         | 11,384    |         | 11,386    |
| Turnover                           | \$      | 1,713,640 | \$      | 1,351,124 |
| Furniture & Equipment              |         | 152,477   |         | 102,308   |
| Building - Interior                |         | 295,876   |         | 552,051   |
| Building - Exterior                |         | 1,206,393 |         | 1,013,422 |
| Landscaping & Grounds              |         | 1,137,968 |         | 636,031   |
| <b>Capital Expenditures</b>        | \$      | 4,506,354 | \$      | 3,654,936 |
| <b>CapEx per Unit</b>              | \$      | 396       | \$      | 321       |
| Value Add                          | \$      | 14,207    | \$      | 5,263,257 |
| Unallocated Accruals               | \$      | (10,184)  | \$      | 845,383   |
| <b>Total Capital Expenditures</b>  | \$      | 4,510,377 | \$      | 9,763,576 |
| <b>Total CapEx per Unit</b>        | \$      | 396       | \$      | 858       |

*(\$ in thousands)*

|                                    | YTD FY18 |           | YTD FY17 |            |
|------------------------------------|----------|-----------|----------|------------|
| Total Multifamily Same-Store Units |          | 11,384    |          | 11,386     |
| Turnover                           | \$       | 3,162,466 | \$       | 2,340,282  |
| Furniture & Equipment              |          | 189,099   |          | 277,043    |
| Building - Interior                |          | 611,450   |          | 1,028,738  |
| Building - Exterior                |          | 1,948,332 |          | 2,016,043  |
| Landscaping & Grounds              |          | 1,474,983 |          | 1,136,012  |
| <b>Capital Expenditures</b>        | \$       | 7,386,330 | \$       | 6,798,118  |
| <b>CapEx per Unit</b>              | \$       | 649       | \$       | 597        |
| Value Add                          | \$       | 370,469   | \$       | 9,865,005  |
| Unallocated Accruals               |          | (250,142) |          | 988,100    |
| <b>Total Capital Expenditures</b>  | \$       | 7,506,657 | \$       | 17,651,223 |
| <b>Total CapEx per Unit</b>        | \$       | 659       | \$       | 1,550      |

**IRET**  
HEALTHCARE LEASING SUMMARY (Same-Store Properties)

**Healthcare Leasing Activity**

The total leasing activity for our same-store healthcare properties, expressed in square feet of leases signed during the period, and the resulting occupancy levels, are as follows:

**Three Months Ended October 31, 2017 and 2016**

|  | Square Feet of New Leases <sup>(1)</sup> |      | Square Feet of Leases Renewed <sup>(1)</sup> |       | Total Square Feet of Leases Executed <sup>(1)</sup> |       | Occupancy |        |
|--|--|------|--|-------|---|-------|-----------|--------|
|  | 2017                                     | 2016 | 2017   | 2016  | 2017  | 2016  | 2017      | 2016   |
|  | Healthcare                               | —    | 4,891  | 3,443 | 16,952  | 3,443 | 21,843    | 92.5 % |

**Six Months Ended October 31, 2017 and 2016**

|  | Square Feet of New Leases <sup>(1)</sup> |      | Square Feet of Leases Renewed <sup>(1)</sup> |        | Total Square Feet of Leases Executed <sup>(1)</sup> |        | Occupancy |        |
|--|--|------|--|--------|---|--------|-----------|--------|
|  | 2017                                     | 2016 | 2017   | 2016   | 2017  | 2016   | 2017      | 2016   |
|  | Healthcare                               | —    | 17,031                                       | 43,348 | 37,036  | 43,348 | 54,067    | 92.5 % |

(1) The leasing activity presented is based on leases signed or executed for our same-store rental properties during the period and is not intended to coincide with the commencement of rental revenue in accordance with U.S. GAAP. Prior periods reflect amounts previously reported and exclude retroactive adjustments for properties reclassified to discontinued operations or non-same-store in the current period.

**Healthcare New Leases**

The following table sets forth the average effective rents and the estimated costs of tenant improvements and leasing commissions, on a per square foot basis, that we are obligated to fulfill under the new leases signed for our same-store healthcare properties:

**Three Months Ended October 31, 2017 and 2016**

|  | Square Feet of New Leases <sup>(1)</sup> |      | Average Term in Years |      | Average Effective Rent <sup>(2)</sup> |      | Estimated Tenant Improvement Cost per Square Foot <sup>(1)</sup> |      | Leasing Commissions per Square Foot <sup>(1)</sup> |      |
|--|--|------|-----------------------|------|---------------------------------------|------|--|------|--|------|
|  | 2017                                     | 2016 | 2017                  | 2016 | 2017                                  | 2016 | 2017   | 2016 | 2017   | 2016 |
|  | Healthcare                               | —    | 4,891                 | n/a  | 2.0                                   | n/a  | \$ 22.66   | n/a  | \$ —   | n/a  |

**Six Months Ended October 31, 2017 and 2016**

|  | Square Feet of New Leases <sup>(1)</sup> |      | Average Term in Years |      | Average Effective Rent <sup>(2)</sup> |      | Estimated Tenant Improvement Cost per Square Foot <sup>(1)</sup> |      | Leasing Commissions per Square Foot <sup>(1)</sup> |      |
|--|--|------|-----------------------|------|---------------------------------------|------|--|------|--|------|
|  | 2017                                     | 2016 | 2017                  | 2016 | 2017                                  | 2016 | 2017   | 2016 | 2017   | 2016 |
|  | Healthcare                               | —    | 17,031                | n/a  | 8.5                                   | n/a  | \$ 20.98   | n/a  | \$ 39.31   | n/a  |

(1) The leasing activity presented is based on leases signed or executed for our same-store rental properties during the period and is not intended to coincide with the commencement of rental revenue in accordance with U.S. GAAP. Prior periods reflect amounts previously reported and exclude retroactive adjustments for properties reclassified to discontinued operations or non-same-store in the current period. Tenant improvements and leasing commissions presented are based on square feet leased during the period.

(2) Effective rents represent average annual base rental payments, on a straight-line basis for the term of each lease, excluding operating expense reimbursements. The underlying leases contain various expense structures including gross, modified gross, net and triple net.

**IRET**  
HEALTHCARE LEASING SUMMARY (Same-Store Properties)

**Healthcare Lease Renewals**

The following table summarizes our lease renewal activity within our same-store healthcare segment (square feet data in thousands):

**Three Months Ended October 31, 2017 and 2016**

|            | Square Feet of Leases Renewed <sup>(1)</sup> |        | Percent of Expiring Leases Renewed <sup>(2)</sup> |        | Average Term in Years |      | Weighted Average Growth (Decline) in Effective Rents <sup>(3)</sup> |       | Estimated Tenant Improvement Cost per Square Foot <sup>(1)</sup> |      | Leasing Commissions per Square Foot <sup>(1)</sup> |         |
|------------|--|--------|---|--------|-----------------------|------|---|-------|--|------|--|---------|
|            | 2017   | 2016   | 2017  | 2016   | 2017                  | 2016 | 2017  | 2016  | 2017   | 2016 | 2017   | 2016    |
| Healthcare | 3,443  | 16,952 | 95.7 %  | 86.3 % | 3.0                   | 2.4  | (1.1)%  | 5.9 % | \$ —   | \$ — | \$ —   | \$ 0.54 |

**Six Months Ended October 31, 2017 and 2016**

|            | Square Feet of Leases Renewed <sup>(1)</sup> |        | Percent of Expiring Leases Renewed <sup>(2)</sup> |        | Average Term in Years |      | Weighted Average Growth (Decline) in Effective Rents <sup>(3)</sup> |       | Estimated Tenant Improvement Cost per Square Foot <sup>(1)</sup> |         | Leasing Commissions per Square Foot <sup>(1)</sup> |         |
|------------|--|--------|---|--------|-----------------------|------|---|-------|--|---------|--|---------|
|            | 2017   | 2016   | 2017  | 2016   | 2017                  | 2016 | 2017  | 2016  | 2017   | 2016    | 2017   | 2016    |
| Healthcare | 43,348                                       | 37,036 | 82.7 %  | 94.5 % | 6.0                   | 3.0  | 3.0 %   | 5.2 % | \$ 14.26   | \$ 2.23 | \$ 5.05  | \$ 1.61 |

- (1) The leasing activity presented is based on leases signed or executed for our same-store rental properties during the period and is not intended to coincide with the commencement of rental revenue in accordance with U.S. GAAP. Prior periods reflect amounts previously reported and exclude retroactive adjustments for properties reclassified to discontinued operations or non-same-store in the current period. Tenant improvements and leasing commissions are based on square feet leased during the period.
- (2) Renewal percentage of expiring leases is based on square footage of renewed leases and not the number of leases renewed. The category of renewed leases does not include leases that have become month-to-month leases, as the month-to-month leases are considered lease amendments.
- (3) Represents the percentage change in effective rent between the original leases and the renewal leases. Effective rents represent average annual base rental payments, on a straight-line basis for the term of each lease, excluding operating expense reimbursements. The underlying leases contain various expense structures including gross, modified gross, net and triple net.

**Healthcare Lease Expirations**

Our ability to maintain and improve occupancy rates, and base rents, primarily depends upon our continuing ability to re-lease expiring space. The following table reflects the in-service portfolio lease expiration schedule of our healthcare properties, including square footage and annualized base rent for expiring leases, as of October 31, 2017.

| Fiscal Year of Lease Expiration | # of Leases | Square Footage of Expiring Leases <sup>(2)</sup> | Percentage of Total Healthcare Leased Square Footage | Annualized Base Rent of Expiring Leases at Expiration <sup>(3)</sup> | Average Rental Rate | Percentage of Total Healthcare Annualized Base Rent |
|---------------------------------|-------------|--|--|--|---------------------|---|
| 2018 <sup>(1)</sup>             | 13          | 39,641   | 3.3 %  | \$ 595,183   | \$ 15.02            | 2.2 %   |
| 2019                            | 16          | 57,741   | 4.8 %  | 1,296,216  | 22.45               | 4.9 %   |
| 2020                            | 17          | 95,323   | 7.9 %  | 1,975,482  | 20.72               | 7.4 %   |
| 2021                            | 21          | 97,216   | 8.0 %  | 2,108,624  | 21.69               | 7.9 %   |
| 2022                            | 17          | 76,774   | 6.3 %  | 1,419,568  | 18.49               | 5.3 %   |
| 2023                            | 16          | 84,853   | 7.0 %  | 1,690,858  | 19.93               | 6.4 %   |
| 2024                            | 28          | 174,936  | 14.4 %   | 4,122,278  | 23.56               | 15.5 %  |
| 2025                            | 6           | 77,579   | 6.4 %  | 1,708,922  | 22.03               | 6.4 %   |
| 2026                            | 9           | 103,178  | 8.5 %  | 1,806,075  | 17.50               | 6.8 %   |
| 2027                            | 12          | 157,842  | 13.0 %   | 3,512,951  | 22.26               | 13.2 %  |
| Thereafter                      | 19          | 247,195  | 20.4 %   | 6,382,272  | 25.82               | 24.0 %  |
| <b>Totals</b>                   | <b>174</b>  | <b>1,212,278</b>                                 | <b>100.0 %</b>                                       | <b>\$ 26,618,429</b>   | <b>\$ 21.96</b>     | <b>100.0 %</b>                                      |

- (1) Includes month-to-month leases. As of October 31, 2017, month-to-month leases accounted for 14,282 square feet.
- (2) Assuming that none of the tenants exercise renewal or termination options, and including leases renewed prior to expiration. Also excludes 1,361 square feet of space occupied by us.
- (3) Annualized base rent is monthly scheduled rent as of October 2017, multiplied by 12.

**IRET**  
**10 LARGEST COMMERCIAL TENANTS – BASED ON ANNUALIZED BASE RENT<sup>(1)</sup>**  
as of October 31, 2017

| Tenant                                     | Number of<br>Properties | Average<br>Remaining<br>Lease Term<br>in Months | % of Total<br>Commercial<br>Minimum<br>Rents | Aggregate<br>Rentable<br>Square Feet | % of Aggregate<br>Occupied<br>Square<br>Feet |
|--|-------------------------|---|--|--------------------------------------|--|
| Fairview Health Services                   | 8                       | 48  | 11.6 %                                       | 221,563                              | 9.4 %  |
| St. Luke's Hospital of Duluth, Inc.        | 5                       | 100   | 9.0 %  | 186,331                              | 7.9 %  |
| PrairieCare Medical LLC                    | 2                       | 114   | 7.9 %  | 104,714                              | 4.5 %  |
| Quality Manufacturing Corp                 | 1                       | 63  | 3.5 %  | 427,798                              | 18.2 %                                       |
| Children's Hospitals & Clinics             | 3                       | 118   | 2.8 %  | 54,378                               | 2.3 %  |
| Allina Health                              | 4                       | 42  | 2.8 %  | 53,132                               | 2.3 %  |
| Noran Neurological Clinic                  | 1                       | 70  | 2.5 %  | 38,506                               | 1.6 %  |
| Amerada Hess                               | 1                       | 105   | 2.4 %  | 50,610                               | 2.2 %  |
| Obstetrics and Gynecology Associates, P.A. | 3                       | 151   | 2.3 %  | 39,363                               | 1.7 %  |
| The Tire Rack                              | 1                       | 71  | 1.9 %  | 143,956                              | 6.1 %  |
| <b>Total/Weighted Average</b>              | <b>29</b>               | <b>75</b>                                       | <b>46.7 %</b>                                | <b>1,320,351</b>                     | <b>56.2 %</b>                                |

(1) Annualized base rent is calculated as monthly base rent (cash basis) per the lease, as of the reporting period, multiplied by 12.

**IRET**  
**FISCAL 2018 ACQUISITIONS SUMMARY**  
as of October 31, 2017  
*(dollars in thousands)*

| <b>Property</b>     | <b>Location</b> | <b>Segment</b> | <b>Acquisition Date</b> | <b>Square Feet/Units</b> | <b>Occupancy At Acquisition</b> | <b>10/31/2017 Occupancy</b> | <b>Acquisition Cost</b> |
|---------------------|-----------------|----------------|-------------------------|--------------------------|---------------------------------|-----------------------------|-------------------------|
| Oxbo <sup>(1)</sup> | St. Paul, MN    | Multifamily    | May 26, 2017            | 191                      | 29.3 %                          | 57.1 %                      | \$ 61,500               |
| Park Place          | Plymouth, MN    | Multifamily    | September 13, 2017      | 500                      | 94.0 %                          | 95.6 %                      | 92,250                  |
| <b>Total Units</b>  |                 |                |                         | <b>691</b>               |                                 |                             | <b>\$ 153,750</b>       |

(1) Property includes 11,477 sq ft of retail space. Retail is 100% leased.

**Definitions**  
**October 31, 2017**

**Adjusted EBITDA** is earnings before interest, taxes, depreciation, amortization, gain/loss on sale of real estate and other investments, impairment of real estate investments, gain/loss on extinguishment of debt and gain/loss from involuntary conversion. We consider Adjusted EBITDA to be an appropriate supplemental performance measure because it permits investors to view income from operations without the effect of depreciation, the cost of debt, or non-operating gains and losses. Adjusted EBITDA is a non-GAAP measure. Adjusted EBITDA as calculated by us is not comparable to Adjusted EBITDA reported by other REITs that do not define Adjusted EBITDA exactly as we do.

**Core funds from operations (Core FFO)** is FFO as adjusted for non-routine items or items not considered core to our business operations. By further adjusting for items that are not considered part of our core business operations, we believe Core FFO provides investors with additional information to compare our core operating and financial performance between periods. Core FFO should not be considered as an alternative to net income as an indication of financial performance, or as an alternative to cash flows from operations as a measure of liquidity, nor is it indicative of funds available to fund our cash needs, including our ability to make distributions to shareholders. Core FFO is a non-GAAP and non-standardized measure and may be calculated differently by other REITs.

**Debt to total market capitalization** is total debt from the balance sheet divided by the sum of total debt from the balance sheet plus the market value of shares outstanding at the end of the period.

**Debt service coverage ratio** is computed by dividing Adjusted EBITDA by interest expense and principal amortization.

**Funds from operations (FFO)** - The National Association of Real Estate Investment Trusts, Inc. (NAREIT) defines FFO as “net income (computed in accordance with generally accepted accounting principles, excluding gains (or losses) from sales of property, plus real estate depreciation and amortization, and adjustments for unconsolidated partnerships and joint ventures. Adjustments for unconsolidated partnerships and joint ventures will be calculated to reflect funds from operations on the same basis.” In addition, in October 2011 NAREIT clarified its computation of FFO to exclude impairment charges for all periods presented. FFO is a non-GAAP measure. We consider FFO, which is a standard supplemental measure for equity real estate investment trusts, helpful to investors because it facilitates an understanding of the operating performance of properties without giving effect to impairment write-downs and to real estate depreciation and amortization, which assumes that the value of real estate assets diminishes predictably over time. Since real estate values instead historically rise or fall with market conditions, we believe that FFO provides investors and management with a more accurate indication of our financial and operating results.

**Net Debt to Annualized Adjusted EBITDA** is total debt less cash and cash equivalents and real estate deposits as reported for the end of the quarter divided by Adjusted EBITDA as reported for the end of the quarter multiplied by 4.

**Net Operating Income (NOI)** is total real estate revenues less real estate expenses (which consist of utilities, maintenance, real estate taxes, insurance and property management expenses). We believe that NOI is an important supplemental measure of operating performance for a REIT's operating real estate because it provides a measure of core operations that is unaffected by depreciation, amortization, financing and general and administrative expense. NOI does not represent cash generated by operating activities in accordance with GAAP and should not be considered an alternative to net income, net income available for common shareholders, or cash flow from operating activities as a measure of financial performance.

**Ratio of earnings to fixed charges** - The ratio of earnings to fixed charges is computed by dividing earnings by fixed charges. For this purpose, earnings consist of income from continuing operations plus fixed charges and preferred distributions, less adjustments for noncontrolling interests - consolidated real estate entities, capitalized interest and preferred distributions. Fixed charges consist of mortgage and loan interest expense, whether expensed or capitalized, the amortization of debt expense and capitalized interest.

**Ratio of earnings to combined fixed charges and preferred distributions** - The ratio of earnings to combined fixed charges and preferred distributions is computed by dividing earnings by combined fixed charges and preferred distributions. For this purpose, earnings consist of income from continuing operations plus fixed charges and preferred distributions, less adjustments for noncontrolling interests - consolidated real estate entities, capitalized interest and preferred distributions. Combined fixed charges and preferred distributions consist of fixed charges (mortgage and loan interest expense, whether expensed or capitalized, the amortization of debt expense and capitalized interest) and preferred distributions.

**Scheduled rent** revenue is the total possible revenue from all leasable units and square footage, with occupied space valued at contract rates pursuant to leases and vacant units or square footage at market rates.

**Same-store properties** are properties owned or in service for the entirety of the periods being compared (except for properties for which significant redevelopment or expansion occurred during either of the periods being compared, and properties sold or classified as held for sale), and, in the case of development or re-development properties, which have achieved a target level of occupancy of 90% for multifamily properties and 85% for office, healthcare, industrial and retail properties.

**U.S. GAAP** – Accounting principles generally accepted in the United States of America.