
Section 1: 8-K (8-K)

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): March 12, 2018

INVESTORS REAL ESTATE TRUST

(Exact name of Registrant as specified in its charter)

North Dakota

(State or Other Jurisdiction
of Incorporation or Organization)

001-35624

(Commission File Number)

45-0311232

(I.R.S. Employer Identification No.)

1400 31st Avenue SW, Suite 60, Post Office Box 1988, Minot, ND 58702-1988

(Address of principal executive offices) (Zip code)

(701) 837-4738

(Registrant's telephone number, including area code)

Not Applicable

(Former name or former address, if changed from last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 or Rule 12b-2 of the Securities Exchange Act of 1934.

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised

financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02. Results of Operations and Financial Condition.

Investors Real Estate Trust (the “Company”) issued an earnings release on March 12, 2018, announcing certain financial and operational results for the three and nine months ended January 31, 2018. A copy of the press release is attached hereto as Exhibit 99.1.

The information in Item 2.02 of this Current Report on Form 8-K, including Exhibit 99.1 furnished pursuant to Item 9.01, shall not be deemed “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934 or otherwise subject to the liabilities under that Section. Furthermore, the information in this Current Report on Form 8-K, including Exhibit 99.1 hereto, shall not be incorporated by reference into any registration statement or other document pursuant to the Securities Act of 1933.

Item 7.01. Regulation FD Disclosure.

Certain supplemental operating and financial data regarding the Company not included in the earnings release is attached as Exhibit 99.2. The foregoing information is not deemed “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934, nor shall it be deemed incorporated by reference in filings under the Securities Act of 1933.

ITEM 9.01 Financial Statements and Exhibits

Exhibits

Exhibit Number	Description
99.1	Earnings Release, dated March 12, 2018.
99.2	Supplemental Operating and Financial Data, dated March 12, 2018.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

INVESTORS REAL ESTATE TRUST

By /s/ Mark O. Decker, Jr.
Mark O. Decker, Jr.
President and Chief Executive Officer

Date: March 12, 2018

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Section 2: EX-99.1 (EXHIBIT 99.1)

Exhibit 99.1
Earnings Release



IRET Announces Fiscal Third Quarter 2018 Results

MINOT, N.D., March 12, 2018 – IRET (NYSE: IRET) announced today its fiscal third quarter 2018 financial and operating results. Net income and

Funds from Operations (“FFO”) per share for the three and nine months ended January 31, 2018, 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 January 31,		Nine Months Ended January 31,	
	2018	2017	2018	2017
Net Income	\$ 1.12	\$ 0.16	\$ 1.06	\$ 0.03
FFO	\$ 0.04	\$ 0.09	\$ 0.21	\$ 0.33
Core FFO	\$ 0.09	\$ 0.12	\$ 0.30	\$ 0.35

Multifamily Same-Store Results	Quarterly Comparison 3Q18 vs. 3Q17	Sequential Comparison 3Q18 vs. 2Q18	YTD Comparison 3Q18 vs. 3Q17
Revenues	5.2%	(0.1)%	4.3 %
Expenses	4.5%	(6.7)%	11.3 %
Net Operating Income (“NOI”)	5.8%	6.1 %	(1.2)%

Multifamily Same-Store Results	3Q18	2Q18	3Q17
Physical Occupancy	95.2%	95.2%	92.3%
Weighted Average Occupancy	94.0%	93.1%	91.4%

“Today marks the moment IRET can be considered a multifamily real estate company,” said Mark O. Decker, Jr., IRET’s President and CEO. “With the previously-announced sales of our healthcare properties, apartment communities now comprise more than 90% of our portfolio, and with the pending acquisition in Denver, our redeployment is nearly finished. Our team completed the transformation we set out to achieve, and we can now focus the full attention of our organization on improving our operational performance and growing and refining our apartment portfolio.”

Third Quarter Fiscal Year 2018 Highlights

- Substantially completed our transformation into a focused multifamily company by closing the sale of 27 of our 28 healthcare properties for an aggregate sale price of approximately \$400.8 million. The final property remains under contract for sale pending the satisfaction of certain closing conditions. We used the proceeds from the sale of these assets to fund acquisitions and reduce debt.
- Closed the acquisition of Dylan, a 274-home apartment community in Denver, Colorado, completing our inaugural investment in another top-25 MSA. Subsequent to quarter-end, we entered into a purchase agreement to acquire Westend, another Denver apartment community with 390 homes. Denver has a healthy and diverse economy and, together with Minneapolis-St. Paul, will be a key market in IRET’s push to achieve portfolio growth, geographic diversity, and operating efficiencies.

- Achieved quarterly same-store NOI growth of 5.8% over the same period in the prior year, representing the first positive result in over two years. This performance was driven by revenue growth of 5.2%, due primarily to a 4.4% increase in occupancy, and expense growth of 4.5%. The reduction in expense growth this quarter compared to the 15.0% increase in first half of fiscal 2018 is due, in part, to a decrease in snow removal costs and a reduction in accruals related to self-funded healthcare costs.
- Reduced debt from \$928.0 million to \$692.9 million during the quarter and have \$116.8 million of restricted cash available to deploy toward future acquisitions.
- Closed a \$70 million unsecured term loan that expires in 2023 and executed a swap agreement to synthetically fix the interest rate for the full duration of the loan.

Acquisitions

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

(in thousands)

Property Name	Location	Total Units	Total Cost	% Occupied as of 1/31/2018
Dylan	Denver, CO	274	\$ 90,600	81.4%

Subsequent to quarter-end, we entered into a purchase agreement to acquire Westend, another Denver apartment community with 390 homes.

Dispositions

During the quarter, we sold 27 healthcare properties for \$400.8 million, two other properties for \$35.4 million, and two multifamily properties for \$6.7 million.

Subsequent to quarter-end, we sold a commercial property and adjacent parcel of unimproved land in Bismarck, ND, for an aggregate sale price of \$5.5 million.

Balance Sheet

At the end of the third quarter, we had \$174.8 million of total liquidity on our balance sheet, including \$152.2 million available on our corporate revolver.

During the quarter, we repurchased and retired approximately 152,000 common shares and redeemed approximately 450,000 Units for an aggregate cost of approximately \$3.5 million, representing an average price of approximately \$5.78 per share. We also closed on 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 March 5, 2018, IRET's Board of Trustees declared a regular quarterly distribution of \$0.07 per share/unit payable on April 2, 2018, to common shareholders and unitholders of record on March 15, 2018. This distribution will be the 188th 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 5.9% based on IRET's closing share price as of March 9, 2018.

The Board of Trustees also declared a distribution of \$0.4140625 per share on the 6.625% Series C Cumulative Redeemable Preferred Shares (NYSE: IRET PRC) payable on April 2, 2018, to holders of record on March 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, March 13, 2018, 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 March 27, 2018

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 10117418

Supplemental Information

Supplemental Operating and Financial Data for the Quarter Ended January 31, 2018 (“Supplemental Information”), is available in the Investors section on IRET’s website at 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 January 31, 2018, IRET owned interests in 89 multifamily properties consisting of 13,786 apartment homes. 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 the results of operations, financial conditions, or plans expressed or implied by the forward-looking statements. 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 are 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

(in thousands, except per share amounts)

Three Months Ended January 31,	2018			2017		
	Amount	Weighted Avg Shares and Units ⁽¹⁾	Per Share And Unit ⁽²⁾	Amount	Weighted Avg Shares and Units ⁽¹⁾	Per Share And Unit ⁽²⁾
Net income attributable to controlling interests	\$ 136,105			\$ 23,110		
Less dividends to preferred shareholders	(1,766)			(2,503)		
Less redemption of preferred shares	(8)			(1,435)		
Net loss available to common shareholders	134,331	119,741	\$ 1.12	19,172	121,255	\$ 0.16
Adjustments:						
Noncontrolling interest – Operating Partnership	16,236	14,434		2,525	16,120	
Depreciation and amortization	19,017			12,933		
Gains on depreciable property sales attributable to controlling interests	(163,791)			(21,972)		
FFO applicable to Common Shares and Units⁽¹⁾	\$ 5,793	134,175	\$ 0.04	\$ 12,658	137,375	\$ 0.09
Adjustments to Core FFO:						
Lease termination fees	—			(7)		
Loss on extinguishment of debt	6,787			1,907		
Redemption of Preferred Shares	8			1,435		
Core FFO applicable to common shares and Units⁽¹⁾	\$ 12,588	134,175	\$ 0.09	\$ 15,993	137,375	\$ 0.12

(1) Units of the Operating Partnership are exchangeable for cash or, at our discretion, 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

(in thousands, except per share amounts)

Nine Months Ended January 31,	2018			2017		
	Amount	Weighted Avg Shares and Units ⁽¹⁾	Per Share And Unit ⁽²⁾	Amount	Weighted Avg Shares and Units ⁽¹⁾	Per Share And Unit ⁽²⁾
Net income (loss) attributable to controlling interests	\$ 137,662			\$ 13,067		
Less dividends to preferred shareholders	(6,864)			(8,260)		
Less redemption of preferred shares	(3,657)			(1,435)		
Net income available to common shareholders	127,141	120,102	\$ 1.06	3,372	121,175	\$ 0.03
Adjustments:						
Noncontrolling interest – Operating Partnership	15,365	14,768		403	16,229	
Depreciation and amortization	67,030			39,341		
Impairment of real estate investments attributable to controlling interests	256			39,190		
Gains on depreciable property sales attributable to controlling interests	(181,477)			(37,330)		
FFO applicable to Common Shares and Units⁽¹⁾	\$ 28,315	134,870	\$ 0.21	\$ 44,976	137,404	\$ 0.33
Adjustments to Core FFO:						
Lease termination fees	—			(7)		
Loss on extinguishment of debt	7,326			1,979		
Redemption of Preferred Shares	3,657			1,435		
Severance and transition costs	650			—		
Core FFO applicable to common shares and Units⁽¹⁾	\$ 39,948	134,870	\$ 0.30	\$ 48,383	137,404	\$ 0.35

(1) Units of the Operating Partnership are exchangeable for cash or, at our discretion, 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

(in thousands)

Three Months Ended January 31, 2018	Multifamily	All Other	Amounts Not Allocated To Segments⁽¹⁾	Total
Real estate revenue	\$ 41,279	\$ 1,975	\$ —	\$ 43,254
Real estate expenses	18,231	549	1,255	20,035
Net operating income (loss)	\$ 23,048	\$ 1,426	\$ (1,255)	\$ 23,219
Depreciation and amortization				(18,390)
General and administrative expenses				(3,011)
Interest expense				(9,236)
Loss on debt extinguishment				(285)
Interest and other income				433
Loss before gain on sale of real estate and other investments and income from discontinued operations				(7,270)
Gain on sale of real estate and other investments				12,387
Income from continuing operations				5,117
Income from discontinued operations				146,811
Net income				\$ 151,928

(1) Consists of offsite costs for property management and casualty-related amounts, which are excluded in our assessment of segment performance.

(in thousands)

Three Months Ended January 31, 2017	Multifamily	All Other	Amounts Not Allocated To Segments⁽¹⁾	Total
Real estate revenue	\$ 36,171	\$ 4,057	\$ —	\$ 40,228
Real estate expenses	16,336	1,000	1,283	18,619
Net operating income (loss)	\$ 19,835	\$ 3,057	\$ (1,283)	\$ 21,609
Depreciation and amortization				(10,787)
General and administrative expenses				(4,172)
Interest expense				(8,832)
Loss on debt extinguishment				(458)
Interest and other income				427
Loss before gain on sale of real estate and other investments and income from discontinued operations				(2,213)
Gain on sale of real estate and other investments				2,437
Income from continuing operations				224
Income from discontinued operations				24,965
Net income				\$ 25,189

(1) Consists of offsite costs for property management and casualty-related amounts, which are excluded in our assessment of segment performance.

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

(in thousands)


Nine Months Ended January 31, 2018	Multifamily	All Other	Amounts Not Allocated To Segments⁽¹⁾	Total
Real estate revenue	\$ 119,444	\$ 7,936	\$ —	\$ 127,380
Real estate expenses	54,584	2,102	4,204	60,890
Net operating income (loss)	\$ 64,860	\$ 5,834	\$ (4,204)	\$ 66,490
Depreciation and amortization				(60,998)
Impairment of real estate investments				(256)
General and administrative expenses				(10,131)
Interest expense				(25,876)
Loss on debt extinguishment				(818)
Interest and other income				916
Loss before gain on sale of real estate and other investments and income from discontinued operations				(30,673)
Gain on sale of real estate and other investments				17,835
Loss from continuing operations				(12,838)
Income from discontinued operations				164,626
Net income				\$ 151,788

(1) Consists of offsite costs for property management and casualty-related amounts, which are excluded in our assessment of segment performance.

(in thousands)

Nine Months Ended January 31, 2017	Multifamily	All Other	Amounts Not Allocated To Segments⁽¹⁾	Total
Real estate revenue	\$ 107,400	\$ 11,307	\$ —	\$ 118,707
Real estate expenses	46,781	2,787	4,002	53,570
Net operating income (loss)	\$ 60,619	\$ 8,520	\$ (4,002)	\$ 65,137
Depreciation and amortization				(33,193)
Impairment of real estate investments				(54,153)
General and administrative expenses				(11,195)
Interest expense				(26,033)
Loss on debt extinguishment				(458)
Interest and other income				685
Loss before gain on sale of real estate and other investments and income from discontinued operations				(59,210)
Gain on sale of real estate and other investments				11,292
Loss from continuing operations				(47,918)
Income from discontinued operations				44,803
Net loss				\$ (3,115)

(1) Consists of offsite costs for property management and casualty-related amounts, which are excluded in our assessment of segment performance.

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Supplemental Financial and Operating Data
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Company Background
Third 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 January 31, 2018, we owned interests in 89 multifamily properties consisting of 13,786 apartment homes. 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).

Company Snapshot
(as of January 31, 2018)

Company Headquarters	Minot, North Dakota
Fiscal Year-End	April 30
Reportable Segments	Multifamily
Total Multifamily Properties	89
Total Units	13,786
Common Shares Outstanding (<i>thousands</i>)	120,035
Limited Partnership Units Outstanding (<i>thousands</i>)	14,168
Common Share Distribution – Quarter/Annualized	\$0.07/\$0.28
Annualized Dividend Yield	4.9%
Total Capitalization (see p. S-10 for details)	\$1.6 billion

Investor Information
(as of March 12, 2018)

Board of Trustees

Jeffrey P. Caira	Trustee and Chair
Michael T. Dance	Trustee, Chair of Audit Committee
Mark O. Decker, Jr.	Trustee, President, Chief Executive Officer and Chief Investment Officer
Emily Nagle Green	Trustee
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
Mary J. Twinem	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 31st Avenue SW, Suite 60
P.O. Box 1988
Minot, ND 58702-1988

Investor Relations Contact:

Matthew Volpano
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)

	3rd Quarter	2nd Quarter	1st Quarter	4th Quarter	3rd Quarter
	Fiscal Year 2018	Fiscal Year 2018	Fiscal Year 2018	Fiscal Year 2017	Fiscal Year 2017
High Closing Price	\$ 6.06	\$ 6.32	\$ 6.72	\$ 6.61	\$ 7.20
Low Closing Price	\$ 5.52	\$ 5.81	\$ 5.64	\$ 5.67	\$ 5.81
Average Closing Price	\$ 5.80	\$ 6.09	\$ 6.07	\$ 6.09	\$ 6.65
Closing Price at end of quarter	\$ 5.67	\$ 5.85	\$ 6.22	\$ 5.91	\$ 6.44
Common Share Distributions – annualized	\$ 0.28	\$ 0.28	\$ 0.28	\$ 0.28	\$ 0.28
Closing Dividend Yield – annualized	4.9%	4.8%	4.5%	4.7%	4.3%
Closing common shares outstanding (<i>thousands</i>)	\$ 120,035	\$ 120,188	\$ 120,587	\$ 121,199	\$ 121,889
Closing limited partnership units outstanding (<i>thousands</i>)	\$ 14,168	\$ 14,618	\$ 14,657	\$ 15,617	\$ 16,034
Closing market value of outstanding common shares, plus imputed closing market value of outstanding limited partnership units (<i>thousands</i>)	\$ 760,931	\$ 788,615	\$ 841,218	\$ 808,583	\$ 888,224

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)

	1/31/2018	10/31/2017	7/31/2017	4/30/2017	1/31/2017
ASSETS					
Real estate investments					
Property owned	\$ 1,568,725	\$ 1,510,890	\$ 1,424,251	\$ 1,358,529	\$ 1,367,806
Less accumulated depreciation	(304,149)	(292,976)	(280,563)	(255,599)	(252,546)
	1,264,576	1,217,914	1,143,688	1,102,930	1,115,260
Development in progress	—	—	—	—	11,531
Unimproved land	15,123	15,216	15,195	18,455	19,076
Mortgage loans receivable	10,329	10,329	—	—	—
Total real estate investments	1,290,028	1,243,459	1,158,883	1,121,385	1,145,867
Assets held for sale and assets of discontinued operations	—	239,688	280,083	283,023	387,454
Cash and cash equivalents	22,666	42,464	23,801	28,819	56,999
Restricted cash	121,337	3,782	3,713	27,981	5,136
Other assets	21,664	21,634	15,870	13,306	13,633
TOTAL ASSETS	\$ 1,455,695	\$ 1,551,027	\$ 1,482,350	\$ 1,474,514	\$ 1,609,089
LIABILITIES, REDEEMABLE NONCONTROLLING INTERESTS, AND EQUITY					
LIABILITIES					
Liabilities held for sale and liabilities of discontinued operations	\$ —	\$ 95,193	\$ 127,413	\$ 130,904	\$ 154,528
Accounts payable and accrued expenses	35,792	32,581	34,248	35,566	38,115
Revolving line of credit	67,000	247,500	125,900	57,050	157,000
Term loan payable, net of loan costs	69,483	—	—	—	—
Mortgages payable, net of loan costs	553,388	561,798	565,705	565,978	591,505
Construction debt	—	21,649	20,134	41,741	39,442
TOTAL LIABILITIES	725,663	958,721	873,400	831,239	980,590
REDEEMABLE NONCONTROLLING INTERESTS – CONSOLIDATED REAL ESTATE ENTITIES					
	6,644	6,812	7,010	7,181	7,300
EQUITY					
Series B Preferred Shares of Beneficial Interest	—	—	111,357	111,357	111,357
Series C Preferred Shares of Beneficial Interest	99,456	99,467	—	—	—
Common Shares of Beneficial Interest	910,173	910,683	912,625	916,121	921,735
Accumulated distributions in excess of net income	(364,684)	(490,612)	(488,535)	(466,541)	(486,015)
Accumulated other comprehensive income	359	—	—	—	—
Total shareholders' equity	645,304	519,538	535,447	560,937	547,077
Noncontrolling interests – Operating Partnership	76,915	64,291	64,789	73,233	72,007
Noncontrolling interests – consolidated real estate entities	1,169	1,665	1,704	1,924	2,115
Total equity	723,388	585,494	601,940	636,094	621,199
TOTAL LIABILITIES, REDEEMABLE NONCONTROLLING INTERESTS, AND EQUITY	\$ 1,455,695	\$ 1,551,027	\$ 1,482,350	\$ 1,474,514	\$ 1,609,089

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

OPERATING RESULTS	Nine Months Ended		Three Months Ended				
	1/31/2018	1/31/2017	1/31/2018	10/31/2017	7/31/2017	4/30/2017	1/31/2017
Real estate revenue	\$ 127,380	\$ 118,707	\$ 43,254	\$ 42,557	\$ 41,569	\$ 43,569	\$ 40,228
Real estate expenses	60,890	53,570	20,035	20,896	19,959	18,388	18,619
Net operating income	66,490	65,137	23,219	21,661	21,610	25,181	21,609
Depreciation/amortization	(60,998)	(33,193)	(18,390)	(17,270)	(25,338)	(11,060)	(10,787)
Impairment of real estate investments	(256)	(54,153)	—	—	(256)	(2,875)	—
General and administrative expenses	(10,131)	(11,195)	(3,011)	(3,118)	(4,002)	(4,728)	(4,172)
Development pursuit and other write-offs	—	—	—	—	—	(3,224)	—
Interest expense	(25,876)	(26,033)	(9,236)	(8,509)	(8,131)	(8,281)	(8,832)
Loss on extinguishment of debt	(818)	(458)	(285)	(334)	(199)	(1,193)	(458)
Interest and other income	916	685	433	255	228	461	427
Loss before income on sale of real estate and other investments and income from discontinued operations	(30,673)	(59,210)	(7,270)	(7,315)	(16,088)	(5,719)	(2,213)
Income on sale of real estate and other investments	17,835	11,292	12,387	5,324	124	7,409	2,437
(Loss) income from continuing operations	(12,838)	(47,918)	5,117	(1,991)	(15,964)	1,690	224
Income from discontinued operations	164,626	44,803	146,811	15,130	2,685	31,950	24,965
Net income (loss)	\$ 151,788	\$ (3,115)	\$ 151,928	\$ 13,139	\$ (13,279)	\$ 33,640	\$ 25,189
Net loss (income) attributable to noncontrolling interest – Operating Partnership	(15,365)	(403)	(16,236)	(773)	1,644	(3,656)	(2,525)
Net loss attributable to noncontrolling interests – consolidated real estate entities	1,239	16,585	413	455	371	296	446
Net income (loss) attributable to controlling interests	137,662	13,067	136,105	12,821	(11,264)	30,280	23,110
Dividends to preferred shareholders	(6,864)	(8,260)	(1,766)	(2,812)	(2,286)	(2,286)	(2,503)
Redemption of Preferred Shares	(3,657)	(1,435)	(8)	(3,649)	—	—	(1,435)
NET INCOME (LOSS) AVAILABLE TO COMMON SHAREHOLDERS	\$ 127,141	\$ 3,372	\$ 134,331	\$ 6,360	\$ (13,550)	\$ 27,994	\$ 19,172
Per Share Data							
(Loss) earnings per common share from continuing operations – basic & diluted	\$ (0.16)	\$ (0.30)	\$ 0.03	\$ (0.06)	\$ (0.13)	\$ —	\$ (0.03)
Earnings per common share from discontinued operations – basic & diluted	1.22	0.33	1.09	0.11	0.02	0.23	0.19
Net (loss) income per common share – basic & diluted	\$ 1.06	\$ 0.03	\$ 1.12	\$ 0.05	\$ (0.11)	\$ 0.23	\$ 0.16
Percentage of Revenues							
Real estate expenses	47.8%	45.1 %	46.3%	49.1%	48.0 %	42.2%	46.3%
Depreciation/amortization	47.9%	28.0 %	42.5%	40.6%	61.0 %	25.4%	26.8%
General and administrative expenses	8.0%	9.4 %	7.0%	7.3%	9.6 %	10.9%	10.4%
Interest	20.3%	21.9 %	21.4%	20.0%	19.6 %	19.0%	22.0%
Income from discontinued operations	129.2%	37.7 %	339.4%	35.6%	6.5 %	73.3%	62.1%
Net (loss) income	119.2%	(2.6)%	351.2%	30.9%	(31.9)%	77.2%	62.6%

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

	Nine Months Ended		Three Months Ended				
	1/31/2018	1/31/2017	1/31/2018	10/31/2017	7/31/2017	4/30/2017	1/31/2017
Funds From Operations ⁽¹⁾							
Net income (loss) attributable to controlling interests	\$ 137,662	\$ 13,067	\$ 136,105	\$ 12,821	\$ (11,264)	\$ 30,280	\$ 23,110
Less dividends to preferred shareholders	(6,864)	(8,260)	(1,766)	(2,812)	(2,286)	(2,286)	(2,503)
Less redemption of preferred shares	(3,657)	(1,435)	(8)	(3,649)	—	—	(1,435)
Net (loss) income available to common shareholders	127,141	3,372	134,331	6,360	(13,550)	27,994	19,172
Adjustments:							
Noncontrolling interests – Operating Partnership	15,365	403	16,236	773	(1,644)	3,656	2,525
Depreciation and amortization of real property	67,030	39,341	19,017	19,894	28,119	13,222	12,933
Impairment of real estate investments attributable to controlling interests	256	39,190	—	—	256	2,875	—
Gain on depreciable property sales	(181,477)	(37,330)	(163,791)	(17,562)	(124)	(37,517)	(21,972)
FFO applicable to common shares and Units	\$ 28,315	\$ 44,976	\$ 5,793	\$ 9,465	\$ 13,057	\$ 10,230	\$ 12,658
FFO per share and unit – basic and diluted	\$ 0.21	\$ 0.33	\$ 0.04	\$ 0.07	\$ 0.10	\$ 0.07	\$ 0.09
Adjustments to Core FFO:							
Lease termination fees	—	(7)	—	—	—	(3,244)	(7)
Loss on extinguishment of debt	7,326	1,979	6,787	340	199	2,910	1,907
Redemption of Preferred Shares	3,657	1,435	8	3,649	—	—	1,435
Severance and transitions costs	650	—	—	186	464	2,612	—
Development pursuit and other write-offs	—	—	—	—	—	3,224	—
Core FFO applicable to common shares and Units	\$ 39,948	\$ 48,383	\$ 12,588	\$ 13,640	\$ 13,720	\$ 15,732	\$ 15,993
Core FFO per share and unit – basic and diluted	\$ 0.30	\$ 0.35	\$ 0.09	\$ 0.10	\$ 0.10	\$ 0.11	\$ 0.12
Weighted average shares and units	134,870	137,404	134,175	134,767	135,549	136,952	137,375

(1) See Definitions on page S-19.

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

	Nine Months Ended		Three Months Ended				
	1/31/2018	1/31/2017	1/31/2018	10/31/2017	7/31/2017	4/30/2017	1/31/2017
Adjusted EBITDA ⁽¹⁾							
Net income (loss) attributable to controlling interests	\$ 137,662	\$ 13,067	\$ 136,105	\$ 12,821	\$ (11,264)	\$ 30,280	\$ 23,110
Adjustments:							
Noncontrolling interests – Operating Partnership	15,365	403	16,236	773	(1,644)	3,656	2,525
Income (loss) before noncontrolling interests – Operating Partnership	153,027	13,470	152,341	13,594	(12,908)	33,936	25,635
Add:							
Interest expense	28,795	35,639	9,569	9,523	9,703	10,303	11,880
Loss on extinguishment of debt	7,326	1,979	6,787	340	199	2,910	1,907
Depreciation/amortization related to real estate investments	67,292	39,494	19,100	19,977	28,215	13,280	12,983
Amortization related to real estate revenues ⁽²⁾	—	75	—	—	—	20	21
Impairment of real estate investments attributable to controlling interests	256	39,190	—	—	256	2,875	—
Less:							
Interest income	(1,288)	(1,988)	(408)	(316)	(564)	(557)	(816)
Gain on sale of real estate and other investments	(181,477)	(37,330)	(163,791)	(17,562)	(124)	(37,517)	(21,972)
Adjusted EBITDA	\$ 73,931	\$ 90,529	\$ 23,598	\$ 25,556	\$ 24,777	\$ 25,250	\$ 29,638
Ratios							
Adjusted EBITDA ⁽¹⁾ /Interest expense	2.46 x	2.51 x	2.36 x	2.57 x	2.45 x	2.45 x	2.47 x
Adjusted EBITDA ⁽¹⁾ /Interest expense plus preferred distributions	2.00 x	2.04 x	2.01 x	2.00 x	2.00 x	2.00 x	2.04 x

(1) See Definitions on page S-19.

(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 ⁽¹⁾				
	Fixed Debt	Variable Debt	Total Debt	Weighted Average ⁽²⁾	% of Total Debt
2018	\$ —	\$ —	\$ —	—%	—%
2019	14,540	28,503	43,043	4.07%	6.2%
2020	87,272	31,798	119,070	5.65%	17.2%
2021	55,479	—	55,479	5.05%	8.0%
2022	104,664	700	105,364	5.23%	15.2%
2023	28,228	—	28,228	4.13%	4.1%
2024	50,401	—	50,401	4.02%	7.3%
2025	—	—	—	—%	—%
2026	54,523	—	54,523	3.74%	7.9%
2027	92,000	—	92,000	3.56%	13.3%
Thereafter	7,767	—	7,767	5.38%	1.1%
Total secured maturing debt	\$ 494,874	\$ 61,001	\$ 555,875	4.63%	80.3%
Unsecured line of credit	—	67,000	67,000	3.45%	9.6%
Unsecured term loan ⁽³⁾	70,000	—	70,000	4.01%	10.1%
Total debt	\$ 564,874	\$ 128,001	\$ 692,875	4.45%	100.0%

(1) Includes line of credit and term loan.

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

(3) Term loan has a variable interest rate that is hedged with an interest rate swap and matures January 31, 2023.

	1/31/2018	10/31/2017	7/31/2017	4/30/2017	1/31/2017
Debt Balances Outstanding⁽¹⁾					
Secured fixed rate	\$ 494,874	\$ 593,854	\$ 605,028	\$ 629,535	\$ 658,224
Secured variable rate	61,001	86,672	100,388	99,445	81,314
Unsecured line of credit	67,000	247,500	125,900	57,050	157,000
Unsecured term loan	\$ 70,000	\$ —	\$ —	\$ —	\$ —
Debt total	\$ 692,875	\$ 928,026	\$ 831,316	\$ 786,030	\$ 896,538
Weighted Average Interest Rate Secured	4.63%	4.63%	4.62%	4.63%	4.71%
Line of Credit Rate	3.45%	3.08%	2.98%	2.74%	2.55%
Term Loan Rate	4.01%	—%	—%	—%	—%

(1) Includes mortgages on properties held for sale.

IRET
DEBT DETAIL
as of January 31, 2018
(in thousands)

Property	Maturity Date	Fiscal 2018	Fiscal 2019	Fiscal 2020	Fiscal 2021	Thereafter	Total ⁽¹⁾
<i>Multifamily</i>							
Homestead Gardens II – Rapid City, SD	6/1/2018	\$ —	\$ 3,011	\$ —	\$ —	\$ —	\$ 3,011
Cardinal Point – Grand Forks, ND	8/1/2018	—	23,157	—	—	—	23,157
Plaza – Minot, ND	8/1/2018	—	11,529	—	—	—	11,529
Evergreen II – Isanti, MN	11/1/2018	—	1,936	—	—	—	1,936
Greenfield – Omaha, NE	2/1/2019	—	3,410	—	—	—	3,410
Monticello Village – Monticello, MN	5/28/2019	—	—	2,828	—	—	2,828
Rimrock West – Billings, MT	9/1/2019	—	—	3,110	—	—	3,110
Rocky Meadows – Billings, MT	9/1/2019	—	—	4,822	—	—	4,822
Cimarron Hills – Omaha, NE	10/1/2019	—	—	4,494	—	—	4,494
Cottonwood – Bismarck, ND	10/1/2019	—	—	14,919	—	—	14,919
Forest Park – Grand Forks, ND	10/1/2019	—	—	7,160	—	—	7,160
Renaissance Heights I – Williston, ND	10/1/2019	—	—	22,922	—	—	22,922
Williston Garden – Williston, ND	10/30/2019	—	—	7,190	—	—	7,190
Williston Garden – Williston, ND	10/30/2019	—	—	158	—	—	158
Evergreen – Isanti, MN	11/1/2019	—	—	1,884	—	—	1,884
Northridge – Bismarck, ND	12/1/2019	—	—	5,891	—	—	5,891
Castlerock – Billings, MT	1/1/2020	—	—	6,255	—	—	6,255
Thomasbrook – Lincoln, NE	1/1/2020	—	—	5,604	—	—	5,604
Westwood Park – Bismarck, ND	1/1/2020	—	—	1,851	—	—	1,851
Kirkwood Manor – Bismarck, ND	2/1/2020	—	—	3,099	—	—	3,099
Brookfield Village – Topeka, KS	3/1/2020	—	—	4,948	—	—	4,948
Crown Colony – Topeka, KS	4/1/2020	—	—	7,658	—	—	7,658
Mariposa – Topeka, KS	4/1/2020	—	—	2,772	—	—	2,772
Sherwood – Topeka, KS	4/1/2020	—	—	11,505	—	—	11,505
Deer Ridge – Jamestown, ND	5/1/2020	—	—	—	11,275	—	11,275
Valley Park – Grand Forks, ND	6/1/2020	—	—	—	3,627	—	3,627
Country Meadows II – Billings, MT	10/1/2020	—	—	—	3,305	—	3,305
Olympic Village – Billings, MT	11/1/2020	—	—	—	9,992	—	9,992
Villa West Apartments – Topeka, KS	12/1/2020	—	—	—	11,578	—	11,578
Park Meadows – Waite Park, MN	1/1/2021	—	—	—	8,081	—	8,081
Sunset Trail – Rochester, MN	2/1/2021	—	—	—	7,621	—	7,621
Summary of Debt due after Fiscal 2021		—	—	—	—	336,041	336,041
Sub-Total Multifamily		\$ —	\$ 43,043	\$ 119,070	\$ 55,479	\$ 336,041	\$ 553,633
<i>Other</i>							
Summary of Debt due after Fiscal 2021		—	—	—	—	2,242	2,242
Sub-Total All Other		\$ —	\$ —	\$ —	\$ —	\$ 2,242	\$ 2,242
Total maturing debt		\$ —	\$ 43,043	\$ 119,070	\$ 55,479	\$ 338,283	\$ 555,875
Unsecured Line of Credit	1/31/2021	—	—	—	67,000	—	\$ 67,000
Unsecured Term Loan	1/31/2023	—	—	—	—	70,000	\$ 70,000
Total debt		\$ —	\$ 43,043	\$ 119,070	\$ 122,479	\$ 408,283	\$ 692,875

(1) Totals are principal balances of mortgages, line of credit, and unsecured term loan as of January 31, 2018.

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

	Three Months Ended				
	1/31/2018	10/31/2017	7/31/2017	4/30/2017	1/31/2017
Equity Capitalization					
Common shares outstanding	120,035	120,188	120,587	121,199	121,889
Operating partnership (OP) units outstanding	14,168	14,618	14,657	15,617	16,034
Total common shares and OP units outstanding	134,203	134,806	135,244	136,816	137,923
Market price per common share (closing price at end of period)	\$ 5.67	\$ 5.85	\$ 6.22	\$ 5.91	\$ 6.44
Equity capitalization-common shares and OP units	760,931	788,615	841,218	808,583	888,224
Recorded book value of preferred shares	\$ 99,456	\$ 99,467	\$ 111,357	\$ 111,357	\$ 111,357
Total equity capitalization	\$ 860,387	\$ 888,082	\$ 952,575	\$ 919,940	\$ 999,581
Debt Capitalization					
Total debt	\$ 692,875	\$ 927,968	\$ 839,134	\$ 793,827	\$ 943,751
Total capitalization	\$ 1,553,262	\$ 1,816,050	\$ 1,791,709	\$ 1,713,767	\$ 1,943,332
Total debt to total capitalization	0.45:1	0.51:1	0.47:1	0.46:1	0.49:1

	Nine Months Ended		Three Months Ended				
	1/31/2018	1/31/2017	1/31/2018	10/31/2017	7/31/2017	4/30/2017	1/31/2017
Earnings to fixed charges ⁽¹⁾	(2)	(3)	1.56 x	1.09 x	(5)	1.48 x	1.12 x
Earnings to combined fixed charges and preferred distributions ⁽¹⁾	(2)	(3)	1.33 x	(4)	(5)	1.21 x	(6)
Debt service coverage ratio ⁽¹⁾	1.79 x	1.65 x	1.78 x	1.84 x	1.75 x	1.69 x	1.67 x
Distribution Data							
Common shares and units outstanding at record date	134,867	137,944	134,203	134,806	135,830	137,723	137,944
Total common distribution paid	\$ 28,389	\$ 53,719	\$ 9,420	\$ 9,462	\$ 9,509	\$ 9,641	\$ 17,929
Common distribution per share and unit ⁽⁷⁾	\$ 0.21	\$ 0.39	\$ 0.07	\$ 0.07	\$ 0.07	\$ 0.07	\$ 0.13
Payout ratio (FFO per share and unit basis) ⁽¹⁾	100.0%	118.2%	175.0%	100.0%	70.0%	100.0%	144.4%

- (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 \$6.8 million and \$13.7 million, respectively. Excluding non-cash depreciation charges related to a change in depreciable lives of \$14.4 million in the nine months ended January 31, 2018, the ratio of earnings to fixed charges and of earnings to combined fixed charges and preferred distributions would have been 1.25x and 1.02x, respectively, for the nine months ended January 31, 2018.
- (3) Earnings were inadequate to cover fixed charges and combined fixed charges and preferred distributions by \$26.5 million and \$34.7 million, respectively. Excluding non-cash asset impairment and gain on sale charges of \$54.1 million in the nine months ended January 31, 2017, the ratio of earnings to fixed charges and of earnings to combined fixed charges and preferred distributions would have been 1.77x and 1.44x, respectively, for the nine months ended January 31, 2017.
- (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) Common distribution per share and unit for the three and nine months ended January 31, 2017 includes a special distribution of \$0.06.

IRET
NET OPERATING INCOME DETAIL
(in thousands)

	Three Months Ended January 31, 2018			
	Reporting Segments			
	Multifamily	All Other	Corporate and Other	Total
Real estate rental revenue				
Same-store	\$ 32,093	\$ 1,391	\$ —	\$ 33,484
Non-same-store	9,186	584	—	9,770
Total	41,279	1,975	—	43,254
Real estate expenses⁽¹⁾				
Same-store	14,457	359	1,085	15,901
Non-same-store	3,774	190	170	4,134
Total	18,231	549	1,255	20,035
Net operating income (NOI)				
Same-store	17,636	1,032	(1,085)	17,583
Non-same-store	5,412	394	(170)	5,636
Net operating income (loss)	\$ 23,048	\$ 1,426	\$ (1,255)	\$ 23,219
Reconciliation of NOI to net income (loss) available to common shareholders				
Depreciation/amortization	\$ (17,543)	\$ (770)	\$ (77)	\$ (18,390)
General and administrative expenses	—	—	(3,011)	(3,011)
Interest expense	(6,882)	(127)	(2,227)	(9,236)
Loss on debt extinguishment	(285)	—	—	(285)
Interest and other income	—	—	433	433
(Loss) income before gain on sale of real estate and other investments and income from discontinued operations	(1,662)	529	(6,137)	(7,270)
Gain on sale of real estate and other investments	2,642	9,726	19	12,387
(Loss) income from continuing operations	980	10,255	(6,118)	5,117
Income from discontinued operations	—	146,811	—	146,811
Net (loss) income	980	157,066	(6,118)	151,928
Net loss attributable to noncontrolling interests – Operating Partnership	—	—	(16,236)	(16,236)
Net income attributable to noncontrolling interests – consolidated real estate entities	—	—	413	413
Net (loss) income attributable to controlling interests	980	157,066	(21,941)	136,105
Dividends to preferred shareholders	—	—	(1,766)	(1,766)
Redemption of Preferred Shares	—	—	(8)	(8)
NET (LOSS) INCOME AVAILABLE TO COMMON SHAREHOLDERS	\$ 980	\$ 157,066	\$ (23,715)	\$ 134,331

(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 January 31, 2017			
	Reporting Segments			
	Multifamily	All Other	Corporate and Other	Total
Real estate rental revenue				
Same-store	\$ 30,506	\$ 2,044	\$ —	\$ 32,550
Non-same-store	5,665	2,013	—	7,678
Total	36,171	4,057	—	40,228
Real estate expenses⁽¹⁾				
Same-store	13,829	436	1,138	15,403
Non-same-store	2,507	564	145	3,216
Total	16,336	1,000	1,283	18,619
Net operating income (NOI)				
Same-store	16,677	1,608	(1,138)	17,147
Non-same-store	3,158	1,449	(145)	4,462
Net operating income (loss)	\$ 19,835	\$ 3,057	\$ (1,283)	\$ 21,609
Reconciliation of NOI to net income (loss) available to common shareholders				
Depreciation/amortization	\$ (9,651)	\$ (1,067)	\$ (69)	\$ (10,787)
General and administrative expenses	—	—	(4,172)	(4,172)
Interest expense	(7,707)	(505)	(620)	(8,832)
Loss on debt extinguishment	(249)	(133)	(76)	(458)
Interest and other income	—	—	427	427
(Loss) income (loss) before gain (loss) on sale of real estate and other investments and income from discontinued operations	2,228	1,352	(5,793)	(2,213)
Gain (loss) gain on sale of real estate and other investments	—	2,437	—	2,437
(Loss) income from continuing operations	2,228	3,789	(5,793)	224
Income from discontinued operations	—	24,965	—	24,965
Net (loss) income	2,228	28,754	(5,793)	25,189
Net loss attributable to noncontrolling interests – Operating Partnership	—	—	(2,525)	(2,525)
Net loss attributable to noncontrolling interests – consolidated real estate entities	—	—	446	446
Net (loss) income attributable to controlling interests	2,228	28,754	(7,872)	23,110
Dividends to preferred shareholders	—	—	(2,503)	(2,503)
Redemption of Preferred Shares	—	—	(1,435)	(1,435)
NET (LOSS) INCOME AVAILABLE TO COMMON SHAREHOLDERS	\$ 2,228	\$ 28,754	\$ (11,810)	\$ 19,172

(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)

	Nine Months Ended January 31, 2018			
	Reporting Segments			
	Multifamily	All Other	Corporate and Other	Total
Real estate rental revenue				
Same-store	\$ 95,961	\$ 4,311	\$ —	\$ 100,272
Non-same-store	23,483	3,625	—	27,108
Total	119,444	7,936	—	127,380
Real estate expenses⁽¹⁾				
Same-store	44,617	1,028	3,684	49,329
Non-same-store	9,967	1,074	520	11,561
Total	54,584	2,102	4,204	60,890
Net operating income (NOI)				
Same-store	51,344	3,283	(3,684)	50,943
Non-same-store	13,516	2,551	(520)	15,547
Net operating income (loss)	\$ 64,860	\$ 5,834	\$ (4,204)	\$ 66,490
Reconciliation of NOI to net (loss) income available to common shareholders				
Depreciation/amortization	\$ (55,971)	\$ (4,806)	\$ (221)	\$ (60,998)
Impairment of real estate investments	—	—	(256)	(256)
General and administrative expenses	—	—	(10,131)	(10,131)
Interest expense	(20,688)	(512)	(4,676)	(25,876)
Loss on extinguishment of debt	(677)	(141)	—	(818)
Interest and other income	—	—	916	916
(Loss) income before (loss) gain on sale of real estate and income from discontinued operations	(12,476)	375	(18,572)	(30,673)
Gain on sale of real estate and other investments	2,717	15,085	33	17,835
(Loss) income from continuing operations	(9,759)	15,460	(18,539)	(12,838)
Income from discontinued operations	—	164,626	—	164,626
Net (loss) income	(9,759)	180,086	(18,539)	151,788
Net loss attributable to noncontrolling interests – Operating Partnership	—	—	(15,365)	(15,365)
Net income attributable to noncontrolling interests – consolidated real estate entities	—	—	1,239	1,239
Net (loss) income attributable to controlling interests	(9,759)	180,086	(32,665)	137,662
Dividends to preferred shareholders	—	—	(6,864)	(6,864)
Redemption of Preferred Shares	—	—	(3,657)	(3,657)
NET (LOSS) INCOME AVAILABLE TO COMMON SHAREHOLDERS	\$ (9,759)	\$ 180,086	\$ (43,186)	\$ 127,141

(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)

	Nine Months Ended January 31, 2017			
	Reporting Segments			
	Multifamily	All Other	Corporate and Other	Total
Real estate rental revenue				
Same-store	\$ 92,036	\$ 4,981	\$ —	\$ 97,017
Non-same-store	15,364	6,326	—	21,690
Total	107,400	11,307	—	118,707
Real estate expenses⁽¹⁾				
Same-store	40,077	1,082	3,619	44,778
Non-same-store	6,704	1,705	383	8,792
Total	46,781	2,787	4,002	53,570
Net operating income (NOI)				
Same-store	51,959	3,899	(3,619)	52,239
Non-same-store	8,660	4,621	(383)	12,898
Net operating income (loss)	\$ 60,619	\$ 8,520	\$ (4,002)	\$ 65,137
Reconciliation of NOI to net income (loss) available to common shareholders				
Depreciation/amortization	\$ (29,772)	\$ (3,211)	\$ (210)	\$ (33,193)
Impairment of real estate investments	(51,401)	—	(2,752)	(54,153)
General and administrative expenses	—	—	(11,195)	(11,195)
Interest expense	(23,212)	(1,537)	(1,284)	(26,033)
Loss on extinguishment of debt	(249)	(133)	(76)	(458)
Interest and other income	—	—	685	685
(Loss) income before gain on sale of real estate and other investments and income from discontinued operations	(44,015)	3,639	(18,834)	(59,210)
Gain (loss) on sale of real estate and other investments	—	11,317	(25)	11,292
(Loss) income from continuing operations	(44,015)	14,956	(18,859)	(47,918)
Income from discontinued operations	—	44,803	—	44,803
Net (loss) income	(44,015)	59,759	(18,859)	(3,115)
Net loss attributable to noncontrolling interests – Operating Partnership	—	—	(403)	(403)
Net income attributable to noncontrolling interests – consolidated real estate entities	—	—	16,585	16,585
Net (loss) income attributable to controlling interests	(44,015)	59,759	(2,677)	13,067
Dividends to preferred shareholders	—	—	(8,260)	(8,260)
Redemption of Preferred Shares	—	—	(1,435)	(1,435)
NET (LOSS) INCOME AVAILABLE TO COMMON SHAREHOLDERS	\$ (44,015)	\$ 59,759	\$ (12,372)	\$ 3,372

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

IRET
SAME-STORE COMPARISON

Regions	Rentable Units	Physical Occupancy 1/31/2018	FY18Q3 Weighted Average Occupancy ⁽¹⁾	FY18Q3 % of Actual NOI	FY18Q3 Average Revenue Per Unit ⁽²⁾	3rd Quarter Increase (Decrease) From Prior Year's 3rd Quarter				
						Revenues	Expenses ⁽³⁾	Net Operating Income	Average Rental Revenue	Weighted Average Occupancy
Rochester, MN	1,711	95.6%	94.0%	20.2%	\$ 1,262	5.9 %	8.2 %	4.4 %	(1.5)%	7.4 %
Omaha, NE	1,370	96.1%	94.9%	11.6%	\$ 931	5.2 %	10.9 %	1.1 %	4.8 %	0.4 %
St. Cloud, MN	1,187	96.4%	94.5%	9.6%	\$ 995	13.5 %	6.0 %	21.9 %	7.9 %	5.6 %
Grand Forks, ND	1,303	94.6%	94.3%	9.5%	\$ 912	3.6 %	11.0 %	(2.9)%	(3.8)%	7.5 %
Bismarck, ND	977	92.5%	91.2%	8.0%	\$ 996	(0.3)%	(4.4)%	3.7 %	(5.8)%	5.4 %
Minneapolis, MN	688	94.9%	93.5%	7.9%	\$ 1,233	7.7 %	1.4 %	12.7 %	11.3 %	(3.6)%
Topeka, KS	1,042	95.4%	94.6%	7.7%	\$ 837	6.4 %	13.1 %	1.5 %	5.5 %	0.9 %
Billings, MT	770	91.3%	90.1%	7.3%	\$ 994	4.0 %	6.5 %	2.6 %	1.3 %	2.7 %
Sioux Falls, SD	969	97.1%	94.7%	7.1%	\$ 877	4.2 %	(0.5)%	9.1 %	0.2 %	4.0 %
Minot, ND	640	96.4%	96.1%	5.3%	\$ 1,006	(2.0)%	(7.1)%	3.7 %	(6.8)%	4.9 %
Rapid City, SD	474	96.6%	96.1%	4.4%	\$ 957	7.6 %	6.3 %	8.5 %	1.1 %	6.6 %
Williston, ND	189	96.8%	95.6%	1.4%	\$ 927	1.9 %	(19.9)%	44.8 %	(9.2)%	11.1 %
Same-Store Total	11,320	95.2%	94.0%	100.0%	\$ 1,006	5.2 %	4.5 %	5.8 %	0.8 %	4.4 %

Regions	Rentable Units	Physical Occupancy 1/31/2018	FY18Q3 Weighted Average Occupancy ⁽¹⁾	FY18Q3 % of Actual NOI	FY18Q3 Average Revenue Per Unit ⁽²⁾	3rd Quarter Increase (Decrease) From 2nd Quarter				
						Revenues	Expenses ⁽³⁾	Net Operating Income	Average Rental Revenue	Weighted Average Occupancy
Rochester, MN	1,711	95.6%	94.0%	20.2%	\$ 1,262	0.1 %	(5.5)%	4.3 %	(1.8)%	1.8 %
Omaha, NE	1,370	96.1%	94.9%	11.6%	\$ 931	0.5 %	(11.8)%	12.8 %	(0.3)%	0.8 %
St. Cloud, MN	1,187	96.4%	94.5%	9.6%	\$ 995	1.2 %	(8.2)%	12.2 %	0.2 %	1.0 %
Grand Forks, ND	1,303	94.6%	94.3%	9.5%	\$ 912	(2.6)%	5.5 %	(9.6)%	(2.1)%	(0.5)%
Bismarck, ND	977	92.5%	91.2%	8.0%	\$ 996	(2.5)%	(2.1)%	(2.8)%	(2.5)%	0.1 %
Minneapolis, MN	688	94.9%	93.5%	7.9%	\$ 1,233	2.5 %	(6.6)%	10.1 %	1.6 %	0.9 %
Topeka, KS	1,042	95.4%	94.6%	7.7%	\$ 837	— %	0.3 %	(0.3)%	— %	— %
Billings, MT	770	91.3%	90.1%	7.3%	\$ 994	(2.0)%	(21.0)%	14.9 %	(2.5)%	0.5 %
Sioux Falls, SD	969	97.1%	94.7%	7.1%	\$ 877	0.6 %	(7.2)%	9.2 %	(0.9)%	1.5 %
Minot, ND	640	96.4%	96.1%	5.3%	\$ 1,006	1.9 %	(9.3)%	16.1 %	(0.9)%	2.8 %
Rapid City, SD	474	96.6%	96.1%	4.4%	\$ 957	1.5 %	(12.7)%	14.2 %	(2.0)%	3.5 %
Williston, ND	189	96.8%	95.6%	1.4%	\$ 927	(1.9)%	(19.4)%	28.6 %	(0.1)%	(1.8)%
Same-Store Total	11,320	95.2%	94.0%	100.0%	\$ 1,006	(0.1)%	(6.7)%	6.1 %	(1.1)%	1.0 %

Regions	Rentable Units	Physical Occupancy 1/31/2018	FY18Q3 YTD Weighted Average Occupancy ⁽¹⁾	FY18Q3 YTD % of Actual NOI	FY18Q3 YTD Average Revenue Per Unit ⁽²⁾	3rd Quarter YTD Increase (Decrease) From Prior Year's 3rd Quarter YTD				
						Revenues	Expenses ⁽³⁾	Net Operating Income	Average Rental Revenue	Weighted Average Occupancy
Rochester, MN	1,711	95.6%	92.1%	20.6%	\$ 1,278	4.7 %	14.7%	(1.4)%	— %	4.7 %
Omaha, NE	1,370	96.1%	94.8%	11.3%	\$ 928	4.4 %	10.2%	(0.1)%	5.3 %	(0.9)%
St. Cloud, MN	1,187	96.4%	93.7%	9.3%	\$ 988	12.0 %	12.9%	11.1 %	8.8 %	3.2 %
Grand Forks, ND	1,303	94.6%	94.2%	10.3%	\$ 920	2.4 %	12.9%	(5.7)%	(0.8)%	3.1 %
Bismarck, ND	977	92.5%	91.7%	8.6%	\$ 1,014	1.5 %	12.8%	(6.5)%	(1.7)%	3.2 %
Minneapolis, MN	688	94.9%	93.9%	7.8%	\$ 1,206	8.4 %	4.1%	11.8 %	8.8 %	(0.4)%
Topeka, KS	1,042	95.4%	94.8%	8.0%	\$ 832	6.2 %	11.2%	2.4 %	5.0 %	1.1 %
Billings, MT	770	91.3%	89.1%	6.9%	\$ 1,010	4.6 %	14.0%	(1.6)%	6.8 %	(2.2)%
Sioux Falls, SD	969	97.1%	94.1%	6.8%	\$ 878	2.3 %	8.2%	(3.3)%	3.5 %	(1.2)%
Minot, ND	640	96.4%	94.9%	5.1%	\$ 1,016	(3.6)%	9.7%	(15.1)%	(5.6)%	2.0 %
Rapid City, SD	474	96.6%	94.3%	4.2%	\$ 965	4.3 %	8.8%	1.0 %	5.4 %	(1.1)%

Williston, ND	189	96.8%	93.0%	1.1%	\$ 934	(8.2)%	8.9%	(25.8)%	(20.0)%	11.8 %
Same-Store Total	11,320	95.2%	93.3%	100.0%	\$ 1,010	4.3 %	11.3%	(1.2)%	2.3 %	1.9 %

- (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 \$53,000, respectively, for FY18 Q3 as compared to FY18 Q2, and decrease by \$50,000 and increased \$6,000, respectively, for FY18 Q3 as compared to FY17 Q3, and decrease by \$16,000 and increase by \$529,000, respectively, for FY18 Q2 YTD as compared to FY17 Q2 YTD.

IRET
PORTFOLIO SUMMARY⁽¹⁾

	Three Months Ended				
	1/31/2018	10/31/2017	7/31/2017	4/30/2017	1/31/2017
Number of Units					
Same-Store	11,320	11,384	11,384	10,512	10,513
Non-Same-Store	2,466	2,192	2,019	2,693	2,652
All Properties	13,786	13,576	13,403	13,205	13,165
Average Investment Per Unit					
Same-Store	\$ 88,329	\$ 88,047	\$ 87,876	\$ 78,996	\$ 78,499
Non-Same-Store	202,277	185,150	166,261	164,715	165,367
All Properties	\$ 108,681	\$ 102,760	\$ 99,684	\$ 96,485	\$ 95,998
Average Scheduled Rent⁽²⁾ per Unit					
Same-Store	\$ 957	\$ 962	\$ 954	\$ 906	\$ 902
Non-Same-Store	1,355	1,330	1,182	1,267	1,289
All Properties	\$ 1,028	\$ 1,018	\$ 988	\$ 980	\$ 980
Average Revenue per Unit⁽³⁾					
Same-Store	\$ 1,007	\$ 1,016	\$ 1,007	\$ 955	\$ 941
Non-Same-Store	1,407	1,276	1,230	1,334	1,325
All Properties	\$ 1,079	\$ 1,058	\$ 1,041	\$ 1,032	\$ 1,019
Occupancy					
Same-Store	95.3%	95.2%	94.5%	94.2%	92.7%
Non-Same-Store	90.1%	92.4%	89.3%	88.8%	86.9%
All Properties	94.3%	94.8%	93.7%	93.1%	91.5%
Operating Expenses as a % of Scheduled Rent					
Same-Store	47.8%	50.9%	49.7%	46.6%	47.7%
Non-Same-Store	39.1%	42.6%	40.8%	42.1%	39.2%
All Properties	45.7%	49.2%	48.1%	45.4%	45.5%
Capital Expenditures					
Total Capital Expenditures ⁽²⁾ per Unit – Same-Store	\$ 240	\$ 396	\$ 240	\$ 281	\$ 295
Value-Add Expenditures per Unit ⁽⁴⁾	\$ —	\$ —	\$ —	\$ 8,213	\$ 10,224

(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-19. 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 CAPITAL EXPENDITURES
(\$ in thousands, except per unit amounts)

	Three Months Ended	
	1/31/2018	1/31/2017
Total Multifamily Same-Store Units	11,320	11,321
Turnover	\$ 996	\$ 1,047
Furniture & Equipment	78	96
Building – Interior	253	272
Building – Exterior	833	1,156
Landscaping & Grounds	561	461
Capital Expenditures	\$ 2,721	\$ 3,032
CapEx per Unit	\$ 240	\$ 268
Value Add	\$ —	\$ 4,262
Unallocated Accruals ⁽¹⁾	\$ (1,458)	\$ (630)
Total Capital Spend	\$ 1,263	\$ 6,664
Total Capital Spend per Unit	\$ 112	\$ 589

	Nine Months Ended	
	1/31/2018	1/31/2017
Total Multifamily Same-Store Units	11,320	11,321
Turnover	\$ 4,136	\$ 3,383
Furniture & Equipment	267	373
Building – Interior	833	591
Building – Exterior	2,773	3,172
Landscaping & Grounds	2,036	1,597
Capital Expenditures	\$ 10,045	\$ 9,116
CapEx per Unit	\$ 887	\$ 805
Value Add	\$ 368	\$ 14,083
Unallocated Accruals ⁽¹⁾	(1,691)	323
Total Capital Spend	\$ 8,722	\$ 23,522
Total Capital Spend per Unit	\$ 771	\$ 2,078

(1) Amounts represent the change in the balance of unallocated capital accruals. During the quarter ended January 31, 2018, we fully allocated all remaining accruals to their respective capital expenditure categories and, as of January 31, 2018, no capital expenditures remained unallocated.

IRET
FISCAL 2018 ACQUISITIONS SUMMARY
as of January 31, 2018
(\$ in thousands)

Property	Location	Segment	Acquisition Date	Apartment Homes	Occupancy At Acquisition	1/31/2018 Occupancy	Acquisition Cost
Oxbo ⁽¹⁾	St. Paul, MN	Multifamily	May 26, 2017	191	29.3%	67.0%	\$ 61,500
Park Place	Plymouth, MN	Multifamily	September 13, 2017	500	94.0%	94.6%	\$ 92,250
Dylan	Denver, CO	Multifamily	November 28, 2017	274	79.9%	81.4%	90,600
Total				965			\$ 244,350

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

Definitions
January 31, 2018

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) is defined by the National Association of Real Estate Investment Trusts, Inc. (NAREIT) as net income (computed in accordance with GAAP), excluding gains (or losses) associated with the sale of previously depreciated operating properties, real estate depreciation and amortization, impairments of depreciable assets, and adjustments for unconsolidated joint ventures to reflect FFO on the same basis. We believe that FFO, which is a standard supplemental measure for equity real estate investment trusts, is helpful to investors in understanding our operating performance, primarily because its calculation excludes depreciation and amortization expense on real estate assets, thereby providing an additional perspective on our operating results. We believe that GAAP historical cost depreciation of real estate assets generally is not correlated with changes in the value of those assets, whose value does not diminish predictably over time, as historical cost depreciation implies. In addition, the exclusion in NAREIT's definition of FFO of impairment write-downs and gains and losses from the sale of previously depreciated operating real estate assets helps to identify the operating results of the long-term assets that form the base of our investments, and assists management and investors in comparing those operating results between periods.

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 a non-U.S. GAAP measure which we define as total real estate revenues less property operating expenses and real estate tax expense. 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 U.S. 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 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 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 classified as held for sale), and which, in the case of development properties, have achieved a stabilized level of occupancy, which is generally 90%.

U.S. GAAP is defined as accounting principles generally accepted in the United States of America.