

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): October 1, 2019

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)

Securities registered pursuant to Section 12(b) of the Securities Exchange Act of 1934:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Shares of Beneficial Interest, no par value	IRET	New York Stock Exchange
Series C Cumulative Redeemable Preferred Shares	IRET-C	New York Stock Exchange

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 1.01 Entry into a Material Definitive Agreement

On September 13, 2019, Investors Real Estate Trust (the "Company"), IRET Properties, a North Dakota Limited Partnership ("Issuer"), IRET, Inc. ("General Partner"), and certain subsidiaries of the Company entered into a Note Purchase and Private Shelf Agreement (the "Note Agreement") with PGIM, Inc., an affiliate of Prudential Financial, Inc., and certain affiliates of PGIM, Inc. (collectively, "Prudential"). Concurrently, the Issuer issued \$75 million of senior promissory notes bearing interest at a rate of 3.84% per annum (the "Series A Notes"), which were previously disclosed by the Company via a Form 8-K filing on September 16, 2019.

Pursuant to the terms of the Note Agreement, the Company may request that Prudential purchase up to \$75 million of senior promissory notes of the Company, minus the aggregate principal amount of notes outstanding under the Note Agreement, with a maturity date not to exceed thirteen years after the date of original issuance thereof (the "Shelf Notes"). Pursuant to this provision, the Company submitted to Prudential a request for purchase (the "Request for Purchase") requesting that Prudential and other purchasers purchase \$50 million of the Shelf Notes on September 30, 2019 (the "Series B Notes"). The Company anticipates using the proceeds received from the Series B Notes for the refinance or repayment of indebtedness and working capital purposes. The Series B Notes contain the following principal terms.

- a) **Maturity Date:** The entire outstanding principal balance of the Series B Notes is due and payable on September 30, 2028 (the "Maturity Date").
- b) **Interest:** The Series B Notes bear interest at the rate 3.69% per annum. Interest payments are due quarterly in arrears on March 13, June 13, September 13 and December 13 of each year, commencing on December 13, 2019. All accrued but unpaid interest is due and payable on the Maturity Date.
- c) **Prepayment, Acceleration and Events of Default:** The obligations of the Company under the Series B Notes may be accelerated upon the occurrence of an event of default under the Note Agreement, which includes customary events of default, including, without limitation, payment defaults, defaults in the performance of affirmative and negative covenants, the inaccuracy of representations or warranties, bankruptcy and insolvency related defaults, defaults relating to judgments, an ERISA event and the failure to pay specified indebtedness.
- d) **Covenants:** The Note Agreement contains affirmative, negative, and financial covenants customary for agreements of this type. The negative covenants include restrictions on liens, indebtedness of subsidiaries of the Company, priority indebtedness, fundamental changes, transactions with affiliates, certain restrictive agreements, and violations of laws and regulations. The Note Agreement requires the maintenance of a specified consolidated leverage ratio, consolidated secured leverage coverage ratio, total unsecured indebtedness to aggregate borrowing base value ratio, recourse debt to total asset value ratio, fixed charge coverage ratio, and tangible net worth ratio, in each case, consistent with the requirements of the Company's Second Amended and Restated Credit Agreement, as amended (the "Credit Agreement"). The obligations of the Company will be unconditionally guaranteed by each subsidiary that guarantees the obligations of the Company under the Credit Agreement.

On September 30, 2019, the Company submitted to Prudential a Confirmation of Acceptance indicating the Company's acceptance and issuance of the Series B Notes on such date. A copy of the form of Series B Note is attached hereto as Exhibit 4.3.

Item 2.03. Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

The information contained in Item 1.01 above regarding the Company's entry into the Note Agreement and issuance of the Series B Notes is incorporated by reference.

Item 9.01 Financial Statements and Exhibits.

Exhibits

Exhibit Number	Description
4.1	Note Purchase and Private Shelf Agreement, dated as of September 13, 2019, by and among IRET Properties, a North Dakota Limited Partnership, as the Issuer, Investors Real Estate Trust, as the Parent, IRET, Inc., as the General Partner, certain subsidiaries of the Parent, PGIM, Inc., an affiliate of Prudential Financial, Inc., certain affiliates of PGIM, Inc., and the Purchasers of the Series A Notes (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K dated September 16, 2019).
4.2	Form of Series A Senior Note under the Note Agreement (incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K dated September 16, 2019).
4.3*	Form of Series B Notes under the Note Agreement
4.4	Form of Guaranty Agreement under the Note Agreement (incorporated by reference to Exhibit 4.3 to the Company's Current Report on Form 8-K dated September 16, 2019).
4.5	Second Amendment to Second Amended and Restated Credit Agreement and related Annex I attached thereto, by and among IRET Properties, a North Dakota Limited Partnership, as the Borrower, the Guarantors party thereto, the several financial institutions party thereto, as Lenders, and the Bank of Montreal, as Administrative Agent (incorporated by reference to Exhibit 4.4 to the Company's Current Report on Form 8-K dated September 16, 2019).
101	Cover Page Interactive Data File - the cover page XBRL tags are embedded within the Inline XBRL Document.

* Filed herewith

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: October 1, 2019

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Section 2: EX-4.3 (EXHIBIT 4.3)

SHELF NOTE

IRET PROPERTIES, A NORTH DAKOTA LIMITED PARTNERSHIP

3.69% SERIES B SENIOR NOTE DUE SEPTEMBER 30, 2028

No. B-__

ORIGINAL PRINCIPAL AMOUNT: \$ _____

ORIGINAL ISSUE DATE: September 30, 2019

INTEREST RATE: 3.69%

INTEREST PAYMENT DATES: 13th day of March, June, September and December in each year

FINAL MATURITY DATE: September 30, 2028

PRINCIPAL PREPAYMENT DATES AND AMOUNTS: Not Applicable

PPN _____

FOR VALUE RECEIVED, the undersigned, IRET Properties, A North Dakota Limited Partnership, a limited partnership organized and existing under the laws of the State of North Dakota (herein called the "Company"), hereby promises to pay to _____, or registered assigns, the principal sum of _____ Dollars (\$ _____) on the Final Maturity Date specified above with interest (computed on the basis of a 360-day year—30-day month) (a) on the unpaid balance thereof at the Interest Rate per annum specified above from the date hereof, payable on each Interest Payment Date specified above and on the Final Maturity Date specified above, commencing with the Interest Payment Date next succeeding the date hereof, until the principal hereof shall have become due and payable, and (b)(i) on any overdue payment (including any overdue prepayment) of principal, any overdue payment of Yield Maintenance Amount, any overdue payment of interest (to the extent permitted by applicable law), and (ii) during any period when an Event of Default shall be in existence, at the election of the Required Holder(s) of this Series of Notes, on the entire unpaid principal balance hereof, at a rate per annum from time to time equal to the Default Rate, payable on each Interest Payment Date as aforesaid (or, at the option of the registered holder hereof, on demand). The "Default Rate" shall mean a rate per annum from time to time equal to the lesser of (i) the maximum rate permitted by applicable law, and (ii) the greater of (a) 2.00% over the Interest Rate specified above or (b) 2.00% over the rate of interest publicly announced by JPMorgan Chase Bank, National Association, from time to time in New York City as its Prime Rate.

Payments of principal of, interest on and any Yield Maintenance Amount payable with respect to this Note are to be made at the main office of JPMorgan Chase Bank, National Association, in New York City or at such other place as the holder hereof shall designate to the Company in writing, in lawful money of the United States of America.

This Note is one of a series of Senior Notes (herein called the “Notes”) issued pursuant to a Note Purchase and Private Shelf Agreement, dated as of September 13, 2019 (as amended, restated, supplemented or otherwise modified from time to time in accordance with the provisions thereof, herein called the “Agreement”), between the Company, on the one hand, and PGIM, Inc., the Initial

Purchasers named in the Purchaser Schedule attached thereto and each Prudential Affiliate which becomes party thereto, on the other hand, and is entitled to the benefits thereof.

This Note is a registered Note and, as provided in the Agreement, upon surrender of this Note for registration of transfer, duly endorsed, or accompanied by a written instrument of transfer duly executed, by the registered holder hereof or such holder's attorney duly authorized in writing, a new Note for a like principal amount will be issued to, and registered in the name of, the transferee. Prior to due presentment for registration of transfer, the Company may treat the person in whose name this Note is registered as the owner hereof for the purpose of receiving payment and for all other purposes, and the Company shall not be affected by any notice to the contrary.

This Note is subject to optional prepayment, in whole or from time to time in part, on the terms specified in the Agreement, but not otherwise.

This Note is guaranteed pursuant to one or more Guaranty Agreements executed by certain guarantors. Reference is made to such Guaranty Agreements for a statement concerning the terms and conditions governing such guarantee of the obligations of the Company hereunder.

The Company and any and all endorser, guarantors and sureties severally waive grace, demand, presentment for payment, notice of dishonor or default, notice of intent to accelerate, notice of acceleration (except to the extent required in the Agreement), protest and diligence in collecting in connection with this Note, whether now or hereafter required by applicable law.

In case an Event of Default shall occur and be continuing, the principal of this Note may be declared or otherwise become due and payable in the manner and with the effect provided in the Agreement.

Capitalized terms used herein which are defined in the Agreement and not otherwise defined herein shall have the meanings as defined in the Agreement.

[SIGNATURE PAGE FOLLOWS]

THIS NOTE IS INTENDED TO BE PERFORMED IN THE STATE OF NEW YORK AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAW OF SUCH STATE (EXCLUDING ANY CONFLICTS OF LAW RULES WHICH WOULD OTHERWISE CAUSE THIS NOTE TO BE CONSTRUED OR ENFORCED IN ACCORDANCE WITH THE LAWS OF ANY OTHER JURISDICTION).

IRET PROPERTIES, A NORTH DAKOTA LIMITED PARTNERSHIP

By: IRET, Inc.

Its: General Partner

By: /s/ John A. Kirchmann

Title: Executive Vice President and Chief
Financial Officer