

LANDandBUILDINGS

Land and Buildings Highlights Further Downside at Investors Real Estate Trust and Reiterates Call for Substantial Dividend Cut

- *Earnings guidance to be reduced, with a 10-15% guidance reduction to pro forma likely in the next 90 days –*
- *Core multifamily business suffers sharply lower same-store growth results due to excess supply and meager demand –*
 - *Expects additional asset impairments beyond the \$54 million taken this quarter –*
 - *Estimates IRET's shares still have further 30% downside to fair value despite recent decline given continued NAV deterioration –*

Stamford, CT— (September 29, 2016) – Today Land and Buildings, an investment firm specializing in publicly traded real estate and real estate related securities, reiterated its belief that Investors Real Estate Trust (NYSE: IRET) (“IRET”, “Investors”, or the “Company”), an owner of multifamily and healthcare properties across North Dakota, Minnesota and the greater Midwest, has substantial further downside from its current trading price, given:

- **Continued declines in asset values** as fundamentals across IRET’s apartment markets continue to deteriorate and energy-exposed markets are experiencing further steep rent declines
- **Premium valuation** to underlying real estate value while comparable apartment REITs trade at deep discounts
- **An overpaid dividend which should be reduced by at least half** as earnings decline even faster than we had previously anticipated
- **Challenged development** which has led to substantial impairments which we believe are likely to continue
- **Excessive leverage** which is likely to be remedied through significant earnings dilution

Land and Buildings Founder and Chief Investment Officer, Jonathan Litt, issued the following statement:

“The perfect storm of negative catalysts we identified at IRET earlier this year has only intensified. A further deterioration in operating results and additional asset sales exacerbate the necessity of a more than 50% reduction to the dividend. Management indicated earlier this month on the Company’s 1Q 2017 earnings call that the dividend is finally under review, as we predicted, based on lower earnings capability, stating that: ‘...we recognize that going forward our dividend may not be covered...the Board will continue to evaluate dividend rate relative to operating cash flow as it moves forward.’”

“The Company reported that its same-store net operating income declined 10% during the most recent quarter, including a 5% decline for its multifamily segment, tracking well below

management's full year guidance of positive 2% - 4% for multifamily same-store NOI growth. Apartment rents have fallen as much as another 30% in IRET's energy-exposed markets just since our initial presentation in April which correctly predicted IRET's potential for substantial downside."

"For example, Renaissance Heights, the \$62 million new apartment development in the heart of the Bakken Oil Formation, has seen its three-bedroom monthly asking rents decline from \$3,840 in February 2015 to \$1,600 in April 2016 to \$1,100 today. IRET's latest quarterly result clearly illustrated this continued downturn as same-store NOI in Williston, ND and Minot, ND fell 55% and 27% respectively. IRET has taken over \$54 million in impairments in these markets since our initial presentation, but that is only half of what we previously estimated is necessary. Even outside of these two markets, multifamily same-store NOI growth was a tepid 1.1% due to significant oversupply and below average job growth."

"Furthermore, the highly dilutive sale of IRET's senior housing portfolio at an 8% cap rate, combined with other non-core asset sales, should lead to at least 10% lower earnings on a run-rate basis. We expect a material FY2017 FFO guidance reduction in the coming months."

Land and Buildings remains pessimistic and believes IRET's stock must fall another 30% to reach fair value.

Please go to www.landandbuildings.com to see the Land and Buildings' original presentation published in April 2016 titled, "Investors Real Estate Trust (IRET): Energy-Exposed REIT with 35% Downside to Fair Value".

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About Land and Buildings:

Land and Buildings is a registered investment manager specializing in publicly traded real estate and real estate related securities. Land and Buildings seeks to deliver attractive risk adjusted returns by opportunistically investing in securities of global real estate and real estate related companies, leveraging its investment professionals' deep experience, research expertise and industry relationships.

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