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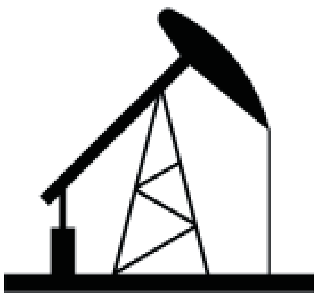
Investors Real Estate Trust (IRET):

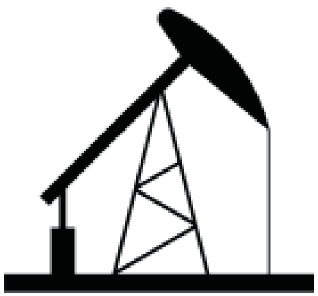
Energy-Exposed REIT with 35% Downside to Fair Value



IRET

INVESTORS REAL ESTATE TRUST

NYSE: IRET



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I. Introduction

Land and Buildings Overview

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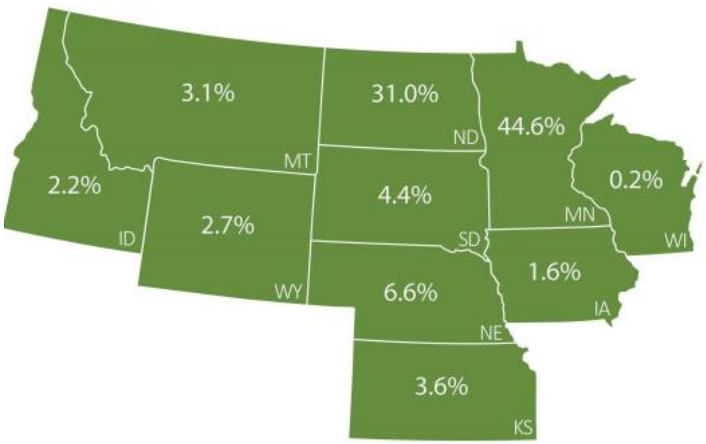
- **Firm Background**
  - SEC-registered investment advisor founded in 2008 and located in Stamford, CT
  - Invests in the publicly traded shares of global REITs and real estate related companies

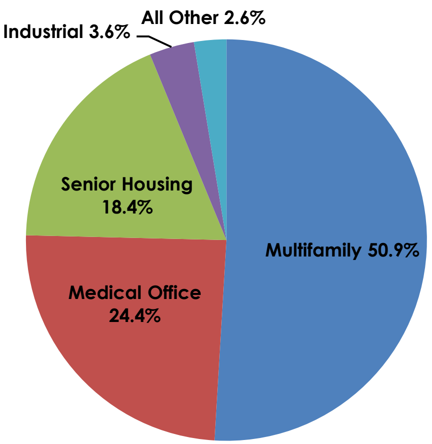
- **Investment Team**
  - **Jonathan Litt** is the Founder and CIO of Land and Buildings. Prior to Land and Buildings, Jonathan Litt was Managing Director and Senior Property Analyst at Citigroup from 2000 to March 2008. Jonathan Litt led the #1 Institutional Investor All America Real Estate Research Team for 8 years and was top ranked for 13 years while at Citigroup, PaineWebber and Salomon Brothers. Columbia BA, NYU MBA.
  - **Craig Melcher**, Co-Founder and Principal at Land and Buildings, was a key member of the top-ranked Citigroup REIT research team and has worked together with Jonathan Litt for 13 years. Wharton BS, NYU MBA.
  - **Corey Lorinsky** is Senior Analyst and Principal at Land and Buildings. Wharton BS.

- **Investors Real Estate Trust (NYSE: IRET):** Owner of multifamily, senior housing and medical office properties across North Dakota, Minnesota and the greater Midwest.

Percentage of Total Property Cost by State for Properties Held for Investment



Percentage of Total NOI by Segment



Summit Park Apartments, Minot, North Dakota

Edgewood Vista Assisted Living/Memory Care, Norfolk, Nebraska

Source: Land and Buildings, Bloomberg, Company reports
Notes: "Percentage of Total Property Cost by State for Properties Held for Investment" and "Percentage of Total NOI by Segment" is 3Q16 as of January 31, 2016; 3Q16 Senior Housing and Medical Office NOI estimated using FY15 disclosures

IRET: North Dakota REIT with 35% Downside

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IRET
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L&B Estimated Fair Value[1]	$4.40/share
Current Share Price	$6.87/share
Downside to Fair Value	**36%**
Equity Market Capitalization	$0.9B
Total Enterprise Value	$1.9B
Dividend/Yield	$0.52/7.6%
Implied Cap Rate	6.8%

Canyon Lake Apartments, Rapid City, South Dakota

- **We estimate IRET has 35% downside to Fair Value given:**
  - **Premium valuation** to underlying real estate value while comparable apartment REITs[2] trade at deep discounts
  - **Deteriorating fundamentals** and declining apartment NOIs as IRET's markets are losing jobs, apartment supply ramps at 2-3x national average and energy-exposed markets are experiencing up to 50%+ rent declines
  - **Overpaid dividend which should be reduced by half**, by our calculations, as earnings estimates likely need to be cut by 15%+ and deferred maintenance capex overstates cash flow, in our view
  - **Challenged development** which we believe is likely to lead to significant impairments at numerous assets
  - **Senior housing risk** (~20% of total IRET NOI), in our view, is pronounced as portfolio has only one tenant, many assets are subscale in tertiary markets and US supply growth is surging
  - **Excessive leverage** with no clear path to debt reduction

Source: Land and Buildings, Bloomberg, Company reports
Notes: IRET stock price information throughout presentation as of 04/22/2016 unless otherwise noted
1. *See slide 8 for further details on Fair Value calculation*
2. *See slide 30 for further details*

II. Premium Valuation

IRET: Premium Valuation with 35% Downside

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- **Premium to Fair Value**
  - IRET has 35% downside to Fair Value as implied valuation is well above real estate value and comparable apartment REIT peers
- **NAV is declining and may decline further**
  - Additional NOI declines are likely given significant exposure to energy markets and high supply growth
  - Apartment valuations in tertiary energy/other markets under pressure from declining rents and increased supply
  - Senior housing valuations, particularly for IRET's subscale assets in tertiary markets, likely under pressure from deteriorating fundamentals and ramping supply growth
  - Highly leveraged balance sheet amplifies impact on share price as real estate values fall
- **Discounted valuation warranted**
  - Due to, in our view, poor capital allocation decisions, high leverage, small size, poor growth history/outlook

L&B Estimated IRET Fair Value	**$4.40**
Current Share Price	*$6.87*
Downside to IRET Fair Value	**-36%**
Apartment Annualized NOI	**$67,050**
Cap Rate Assumption	7.1%
Multifamily Real Estate Asset Value	**$950,431**
Healthcare Annualized NOI	**$54,716**
Cap Rate Assumption	7.5%
Healthcare Real Estate Asset Value	**$733,607**
Industrial/Other Real Estate Asset Value	**$114,160**
IRET Real Estate Asset Value	**1,798,198**
Development In Progress/Land	$89,493
Development Value Loss	($41,000)
Cash and Other Assets	$66,754
Total Assets	**$115,247**
Debt and Other Liabilities	($979,636)
Series A/B Preferred Stock	($143,750)
Total Liabilities	**($1,123,386)**
Net Asset Value	$790,059
Common Shares Outstanding	134,911
L&B Estimated NAV	$5.86
L&B Estimated Fair Value (25% Discount)	***$4.40***
Implied Cap Rate at Current Share Price	*6.8%*

Source: Land and Buildings, Company reports
Notes: Balance sheet data as of end of third quarter 2016 (January 31, 2016); All numbers in thousands except per share and percentage figures; Apartment NOI is 3Q16 annualized and $350/unit maintenance capex deducted; Healthcare, Industrial and Other NOI is 3Q16 annualized

Notes (cont'd): Unimproved Land is 50% of balance sheet amounts to account for potential impairments; Development Value Loss is detailed on slide 20; Other Assets includes accounts receivable, real estate deposits, prepaid assets, tax, insurance and other escrow and other property and equipment

Premium Valuation to Fair Value

- **Asset/market specific valuation for IRET, in conjunction with leading Midwest real estate brokers, owners and other industry participants, suggests a 7.3% portfolio cap rate vs. 6.8% implied cap rate**

Segment	% IRET NOI	L&B Cap Rate
Multifamily	51%	7.1%
Medical Office	24%	6.8%
Senior Housing	18%	8.5%
Industrial	4%	7.5%
All Other	3%	10.0%
Total	**100%**	**7.3%**

Source: Land and Buildings, Company reports
Note: Percent of NOI by segment as of 3Q16 disclosures and is L&B estimate; "L&B Cap Rate" is Land and Buildings' best estimate of private market cap rates

Midwest Apartments Trade at Cap Rates Well Above Coastal Markets

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- **IRET's apartments merit a 7.1% blended private market cap rate today based on our proprietary analysis given:**
  - Midwest geographies, low average rents, low historical NOI growth and likely future NOI declines in certain markets given negative job growth and supply growth 2 – 3x national average
    - **Double-digit cap rates** in the Bakken (Minot/Williston, ND); **7 – 8% range** in the Dakotas, Kansas and Montana; **6% range** in Minnesota and Omaha
    - Cap rates may rise from current levels given potential deteriorating growth outlook and overbuilding

Same-Store Multifamily	Occupancy	% NOI	Avg. Rent	L&B Cap Rate
Williston, ND	69.4%	1.8%	$1,706	15.0%
Minot, ND	88.7%	7.0%	$1,008	12.5%
Billings, MT	91.7%	7.6%	$887	7.5%
Bismarck, ND	92.1%	12.0%	$1,061	7.5%
Grand Forks, ND	93.2%	13.5%	$915	7.5%
Rapid City, SD	96.7%	2.6%	$830	7.0%
Sioux Falls, SD	97.9%	7.6%	$804	7.0%
Topeka, KS	96.8%	9.9%	$762	7.0%
St. Cloud, MN	95.6%	7.9%	$846	6.8%
Omaha, NE	96.2%	11.6%	$858	6.0%
Rochester MN	96.7%	15.3%	$1,065	6.0%
Minneapolis, MN	99.0%	3.2%	$882	5.8%
Total	**94.9%**	**100.0%**	**$916**	**7.1%**

Source: Land and Buildings, Company reports
Note: Non-same-store multifamily cap rates by market (not shown) also estimated to blend to a 7.1%; "L&B Cap Rate" is Land and Buildings' best estimate of private market cap rates assuming in-place NOI and deducting $350/unit maintenance capex; Occupancy is 3Q16 weighted average

Midwest Healthcare Assets Trade at Cap Rates Well Above Coastal Markets

- **IRET's healthcare assets merit a 7.5% blended private market cap rate based on our proprietary analysis**
  - **Senior Housing:** Private market cap rates for senior housing are rising given deteriorating fundamentals amid high supply growth; secondary and tertiary subscale properties have higher cap rates; L&B blended estimated cap rate is 8.5%
  - **Medical Office:** We believe IRET's MOB portfolio merits a 6.8% cap rate given the Midwest geographies, ~25% off-campus presence, exposure to tertiary markets and and its below average growth (1 – 2% rent bumps vs. industry standard of 2 – 3%)

Healthcare	Properties	% NOI	Sqft/Property	L&B Cap Rate
Senior Housing	34	43%	44,100	8.5%
Medical Office	31	57%	48,400	6.8%
Total	**65**	**100%**	**46,200**	**7.5%**

Source: Land and Buildings, Company reports
Note: Percent of Healthcare NOI by segment as of FY15 disclosures; "L&B Cap Rate" is Land and Buildings' best estimate of private market cap rates

III. Deteriorating Fundamentals

Spotlight: North Dakota Economy (31% of IRET Real Estate by Cost) Hit Hard by Oil Crash

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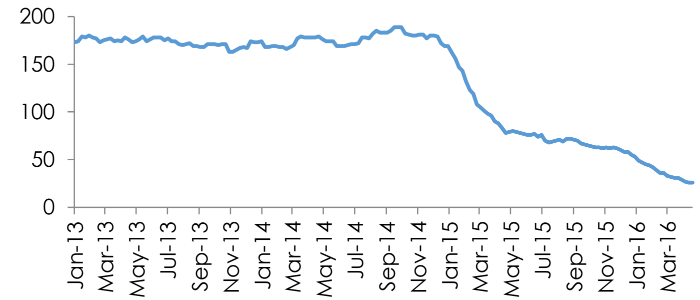
- **The North Dakota oil and gas rig count has plunged 86% since late 2014**
  - The rig count hit a recent high of 189 in October 2014 and currently sits at 26 after falling from 53 just at the beginning of 2016

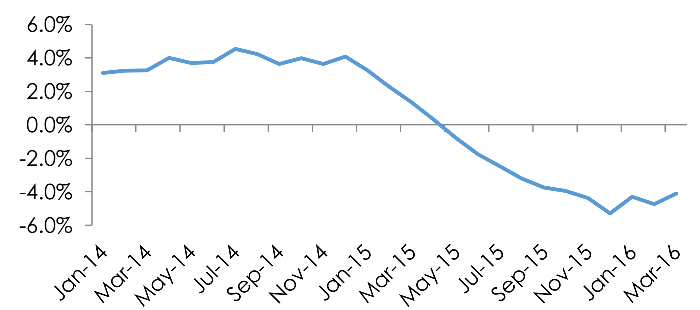
"Oil price weakness is now anticipated to last into at least the third quarter of this year and…is expected to lead to further cuts in the drilling rig count." – Lynn Helms, Director of ND Dept. of Mineral Resources, March 11, 2016

- **North Dakota is losing jobs fast**
  - Job growth turned negative year-over-year in North Dakota in May 2015 and was down 4.1% in March 2016
  - As the rig count continues to decline and oil stays at its currently depressed level, the outlook for a near-term jobs recovery remains elusive

North Dakota Rig Count Continues to Fall



North Dakota YoY Job Growth Has Turned Sharpy Negative



Source: Baker Hughes North Dakota Oil and Gas Rotary Rig Count, Bloomberg
Notes: Rig count data is through 04/22/16; North Dakota job growth data is through March 2016

IRET Apartments: Declining Demand, Increasing Supply

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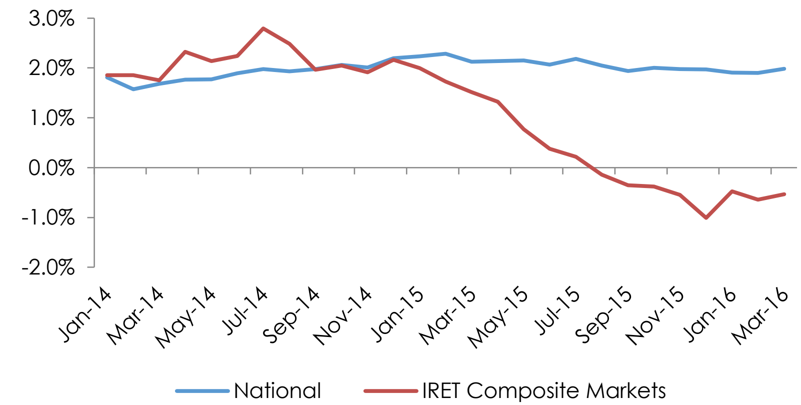
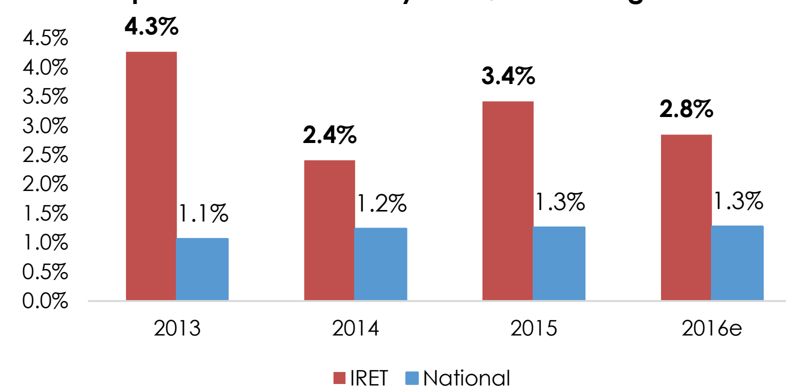
- **Employment is shrinking across IRET's markets**
  - Job losses in March 2016 were -0.5% YoY in IRET's markets despite continued healthy national job growth
  - Job growth is the driver of rental growth, in our view, and has a 0.75 positive correlation to apartment NOI growth with a 6 month lag (Evercore ISI)

- **New apartment supply 2-3x the national average in IRET's markets**
  - 6.3% jump in new apartment supply from starts this year and next in the face of negative job growth, a bad combination
  - **Continued NOI declines likely, well below Wall Street expectations**

IRET Market Job YoY Growth Has Turned Negative



IRET's Markets Continue To Experience Elevated Apartment Start Activity As a % of Existing Stock



Source: Bloomberg, Company reports, Dodge Data & Analytics
Notes: Job growth data compiled from Bloomberg on a statewide basis through March 2016 using IRET's disclosed "Percentage of Total Property Cost by State for Properties Held for Investment"; National apartment starts data is actual 2013 – 2015 via Dodge Data & Analytics, 2016 is YTD annualized;

Notes (cont'd): IRET apartment starts data compiled via Dodge Data & Analytics using the percent of NOI disclosed in each city in the same-store pool and using the percent of units as a proxy for NOI in the non-same-store pool both as of January 31, 2016 disclosures; County-level data used when city-level data not available for apartment starts

Net Operating Income Continuing to Decline

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- **More pain to come as in-place rents are marked to market in energy-exposed apartment markets**
  - Despite 73% and 32% same-store NOI YoY declines in Williston and Minot last quarter, NOIs have further to fall as leases are renewed at lower rents and occupancies likely go lower

Same-Store Multifamily	Rentable Units	Est. In-Place Annual NOI	In-Place Occupancy	Est. Market Occupancy	Avg. In-Place Rental Rate	Est. Market Rent	Est. Incremental Margin	Est. NOI Decline	Est. NOI Decline %
Minot, ND	734	$3,567	88.7%	80.0%	$1,008	$850	70.0%	**($1,320)**	**-37%**
Williston, ND	145	$917	69.4%	65.0%	$1,706	$900	70.0%	**($730)**	**-80%**

- **Non-energy market rent growth is being negatively impacted by well above national average supply growth**
  - Rochester, MN (15% of apt SS NOI), Bismarck, ND (12%), Sioux City, SD (8%) and Billings, MT (8%) are experiencing a 12%, 12%, 17% and 8% increase in supply from new apartment starts 2015 – 2017e respectively
  - Additional headwind possible as IRET implements a new revenue management system amidst a challenging operating environment

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Image: www.bakken.com
Source: Land and Buildings, Company reports, Dodge Data & Analytics
Notes: All numbers in thousands except percentage figures and rentable units; "In-Place" estimates and actuals are as of quarter ending January 31, 2016

IRET Unable to Drive Strong NOI Growth Even in Boom Times

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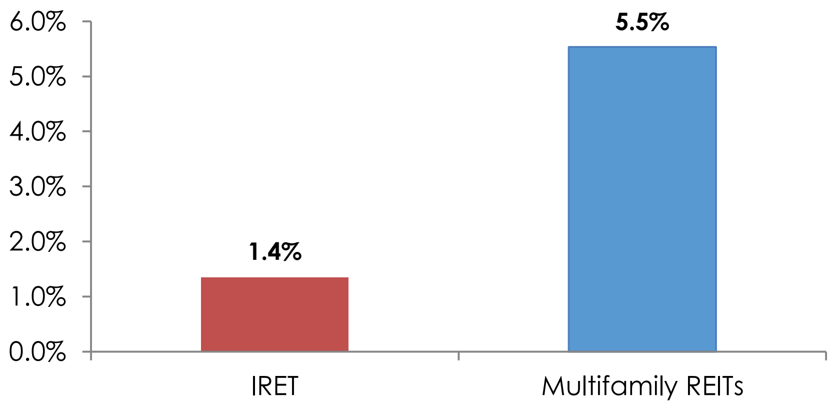
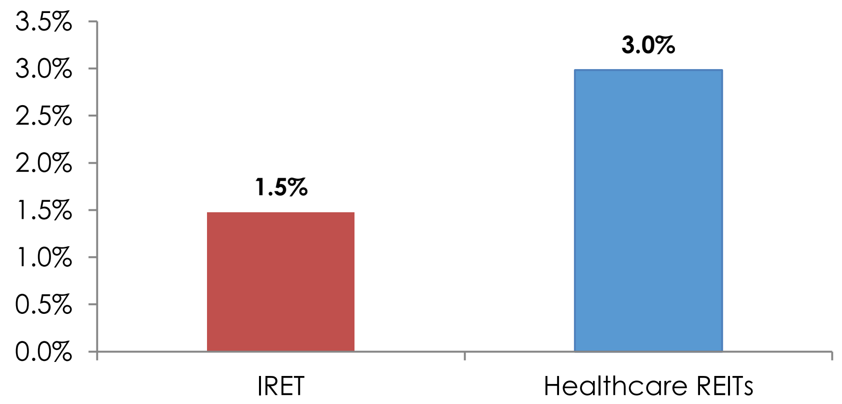
- **Same-store NOI growth has badly lagged multifamily and healthcare REIT peers since 2013 despite the Bakken tailwind**
  - IRET annualized same-store multifamily NOI growth 1.4% vs. 5.5% multifamily REIT peer average[1]
  - IRET annualized same-store healthcare NOI growth 1.5% vs. 3.0% healthcare REIT peers average[2]
  - IRET annualized same-store total NOI growth 0.7% vs. 4.3% all REITs average[3]

IRET Annual Apartment Same Store NOI Growth Lags Apartment Peers



IRET Annual Healthcare Same Store NOI Growth Lags Healthcare Peers



Source: Land and Buildings, Company reports, Green Street Advisors
Notes: Same-store NOI analysis is FY13 – FY16; FY16 is year-to-date results through 3Q16 for IRET and 2016 guidance for Multifamily and Healthcare REITs
1. *Multifamily REIT peers for the purpose of this analysis defined as AIV, AVB, CPT, EQR, ESS, MAA, PPS and UDR*
2. *Healthcare REIT peers for the purpose of this analysis defined as HCN, HCP and VTR*
3. *Citi REIT universe including 2016 forecast as of April 19, 2016*

Cash Flow Estimates Likely Much Too High

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- **15%+ downside to cash flow (FFO/AFFO) estimates as fundamentals deteriorate further**
  - Wall Street analyst estimates likely remain too bullish on IRET's ability to grow FFO per share, forecasting 12% growth from the current run-rate for next fiscal year (April 31, 2016 – April 31, 2017)
  - Significant apartment NOI declines in the Bakken markets (Minot and Williston, ND) as rent declines roll through earnings and development earnings dilution should cause a greater than 10% drag on FFO alone from the current run-rate
  - **IRET should give FY17 FFO guidance next quarter below street estimates**

L&B Fiscal Year 2017 FFO Build-Up	
Current Annualized FFO (most recent quarter)	**$0.52**
Development Capitalized Interest Burn-Off	*($0.03)*
Minot, ND NOI Decline	*($0.02)*
Williston, ND NOI Decline	*($0.01)*
Same-Store Multifamily (Bismarck/Grand Forks, ND) 3% NOI Decline	*($0.00)*
Same-Store Multifamily (ex North Dakota) 1.5% NOI Growth	*$0.00*
Non-Same-Store/Development Lease-Up	*$0.02*
Same-Store Healthcare 1.5% NOI Growth	*$0.01*
Potential 4Q17 FFO per share (annualized)	**$0.49**
FY17 Consensus FFO per share Estimates	$0.58
Potential Downside to FFO Estimates	**-16%**

Source: Land and Buildings, Company reports, Bloomberg
Please see appendix for detailed explanation of FFO build-up assumptions

Dividend Should Be Reduced In Our View

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- **7% dividend yield is overpaid and we estimate should be reduced by more than half**
  - We project IRET will be paying out substantially more cash in 4Q17 than it generates
    - After subtracting $1,400/unit of maintenance capex, consistent with Green Street's calculations for other apartment REITs, and other cash costs from our 4Q17 FFO annualized estimate, the L&B 4Q17 AFFO annualized estimate equals $0.23 vs. a $0.52 dividend
    - AFFO payout ratio for the most recent quarter was disclosed as 100%, but after applying $1,400/unit in maintenance capex, the ratio jumps to 158%; A ~70% AFFO payout is the average payout of public apartment REITs and REITs overall[1]
    - Continued portfolio repositioning that sells high cap rate assets (~8%) to fund low cap rate acquisitions (~5 – 6%) or low yield developments would further dilute cash flow per share

- **IRET's AFFO may be overstated due to persistent underinvestment in assets**
  - In FY15, IRET recorded $550/unit of maintenance capex and has averaged $568/unit since January 2014, well below the ~$1,400/ unit long-term average for apartment REIT peers[2]
  - In March, IRET announced a $14 million per year ($0.10 per share) value add program where 4,000 apartments (equal to 40% of the same-store pool; $3,500/unit annually) will be rehabbed, which looks to us as evidence of deferred maintenance capex

L&B Fiscal Year 2017 AFFO Build-Up	
Potential 4Q17 FFO per share (annualized)	**$0.49**
Maintenance CapEx ($1,400/unit)	*($0.13)*
Other Adjustments	*($0.03)*
Potential 4Q17 NAREIT Defined AFFO per share annualized	**$0.33**
Current Dividend per share	$0.52
AFFO Payout Ratio	**158%**
Dividend at 70% Payout	***$0.23***
Dividend Cut Needed	**-56%**

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Source: Land and Buildings, Company reports, Bloomberg
Notes: Adjusted funds from operations (AFFO) is a true measure of the cash flow available for dividends and takes into account recurring cash expenditures, including maintenance capex

Notes (cont'd): "Other adjustments" includes tenant improvements, leasing costs, straight-line rent and non-real estate depreciation; Share-based compensation expense is not added back
1. *Citi, as of April 19, 2016*
2. *Green Street Advisors, "Residential Sector Special Report", July 28, 2014*

IV. Development Challenges

Development Challenges

- **Current development activity appears to be dilutive to NAV and earnings**
  - **Estimated development value $41 million ($0.30 per share) below cost:** Apartment developments being placed in service over the next 2 quarters appear likely to be worth ~30% less than IRET cost

Multifamily Development	Location	Units	1/31/2016 Leased	Anticipated Cost	Per Unit Cost	Est. Rent/ Unit	Est. NOI Margin	Stabilized Occupancy	NOI Potential	Est. Yield	Est. Applied Cap Rate	Asset Value	Development Loss
Deer Ridge	Jamestown, ND	163	35.0%	$24,874	$153	$1,050	55%	93%	$1,051	4.2%	7.0%	$15,007	($9,867)
Cardinal Point	Grand Forks, ND	251	35.5%	$48,242	$192	$1,250	55%	93%	$1,926	4.0%	7.0%	$27,511	($20,731)
71 France	Edina, MN	241	34.9%	$73,290	$304	$1,750	58%	95%	$2,789	3.8%	5.0%	$55,772	($9,214)
Monticello Crossings	Monticello, MN	202	0	$31,784	$157	$1,250	58%	95%	$1,670	5.3%	5.5%	$30,355	($1,429)
											Development Value Loss		($41,000)

  - **4% stabilized yields:** current market rents suggest ~4% yields on cost, well below market cap rates
  - **$150,000 - $300,000 cost per unit:** costs appear high given market rent potential in current environment; assets are likely over-amenitized
  - **Construction costs have been rising:** Cardinal Point in Grand Forks, ND, for example, saw a 20% increase in anticipated cost from $40.0 million to $48.2 million over the course of just two quarters with further increases likely:
    - "Anticipated total cost as of January 31, 2016 includes incremental cost increase due to the replacement of the project's original general contractor. There may be additional costs for this project as it nears completion in the fourth quarter of fiscal year 2016."[1]

Dog Washing Machine, Minot, North Dakota

Source: Land and Buildings, Company reports
Notes: IRET owns an approximately 52.6% interest in 71 France and all numbers associated with 71 France are 100% except for IRET's pro rata Development Loss; In the table, all dollar figures and Sqft are in thousands except rent/unit
1. IRET January 31, 2016 10-Q

Spotlight: Renaissance Heights (Williston, ND)

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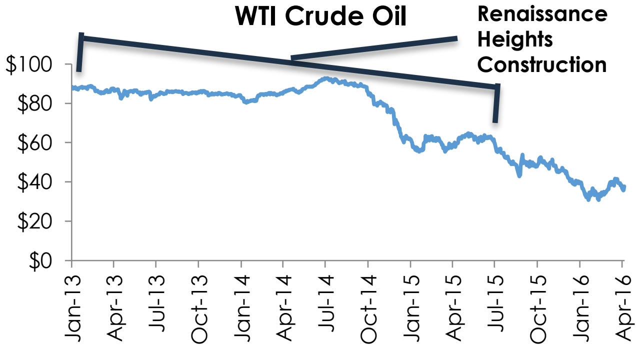
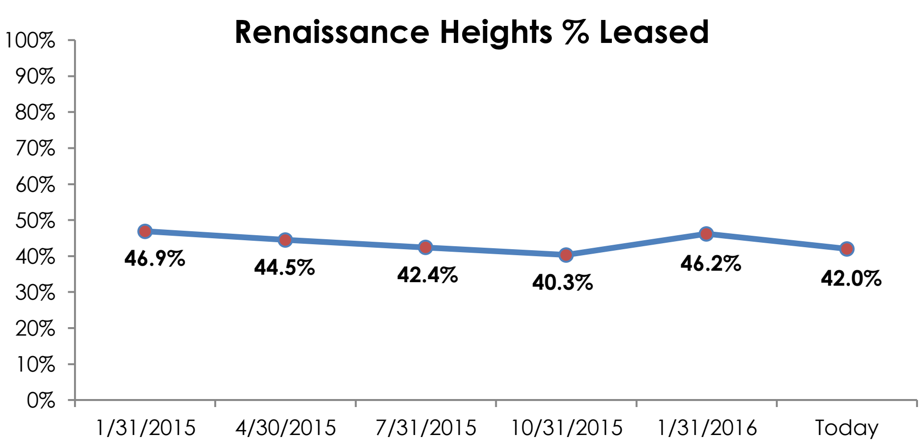
- **Renaissance Heights (Williston, ND): significant development loss likely**
  - Renaissance Heights is a 288 unit apartment complex in Williston, ND in the heart of the Bakken which was placed in to service starting in January 2015, just after the price of oil and the boom in the Bakken peaked
  - At a cost of $217,000 per unit, IRET built highly-amenitized luxury apartments in North Dakota, while likely underwriting to Manhattan-like rents
  - Amenities at Renaissance Heights include:
    - Large fitness center with the latest equipment, indoor swimming pool and spa, game room with pool table, theater room with lounge seating, community clubroom with full kitchen and fireplace for social and business events, private garages and playground area with picnic tables and charcoal grills



Source: Land and Buildings, Company reports, Bloomberg
Notes: IRET owns an approximately 70% interest in Renaissance Heights

Spotlight: Renaissance Heights (Williston, ND)

- **Declining rents and low occupancies**
  - Asking rents have declined by 50% - 60% since the project was placed in to service in early 2015
  - As rents have declined, occupancies have not improved, remaining below 50%
  - At current rents and occupancies, we estimate this asset is likely generating negative NOI
  - We expect a significant impairment from the $62.5 million total cost



Asking rents as of February 2015

Individual Lease Rates (unfurnished only)

Unit Style	Unfurnished	Term
Studio	$1,550	1 Years
1 Br/1 Bath	$2,160	1 Years
2 Br/2 Bath	$2,880	1 Years
3 Br/2 Bath	$3,840	1 Years

Asking rents as of March 2016

SPECIAL FOR MARCH: NO RENT UNTIL APRIL 1ST ON 7 AND 12 MONTH LEASES

Unit Style	6 Month Lease	12 Month Lease
One Bedroom- 1 Bath	$1050	$1000 -54%
Two Bedrooms- 2 Baths	$1350	$1300 -55%
Three Bedrooms- 2 Baths	$1650	$1600 -58%

Source: Land and Buildings, Company reports
Notes: Current leased percentage as of late March 2016 channel checks

Spotlight: Renaissance Heights (Williston, ND)

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- **Near-term fundamental outlook remains challenging**
  - Williston saw a 35% increase in apartments units from 2013 to 2015
  - 2015 saw an additional 11.3% of apartment starts as supply growth continues to ramp (see below)
  - Layoffs are continuing as the price of oil remains too low for many areas of the Bakken to drill profitably, putting further downward pressure on rents and occupancies

"We are overbuilt…I am concerned about having hundreds of $200-a-month apartments in the future."[1] - Williams County Commissioner (Williston, ND), Dan Kalil

A large residential development across the street from Renaissance Heights in Williston, North Dakota

Source: Land and Buildings, Dodge Data & Analytics

1. *"Oil bust spurs real estate crisis across US shale towns", Jennifer Oldham, September 29, 2015 http://www.msn.com/en-us/money/realestate/oil-bust-spurs-real-estate-crisis-across-us-shale-towns/ar-AAeUIOO*

Large Future Impairments May Be Appropriate

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- **Development challenges, rising cap rates and declining rents in North Dakota could lead to future impairments of ~$0.84/share or ~12% of current IRET equity value**
  - IRET spent $180,000 per unit on the below 1,436 apartments across North Dakota as the Company expanded in the Bakken and other energy exposed markets at a high cost

Market	Segment	Cost	Units	Cost/Unit	Potential Value	Potential Impairment
Williston, ND	Multifamily	$92,145	477	$193	$47,700	($44,445)
Minot, ND	Multifamily	$92,539	545	$170	$54,500	($38,039)
Jamestown, ND	Multifamily	$24,874	163	$153	$15,007	($9,867)
Grand Forks, ND	Multifamily	$48,242	251	$192	$27,511	($20,731)
Total/Weighted Average		**$257,800**	**1,436**	**$180**	**$144,719**	**($113,100)**

  - Given the difficult economic environment and supply increases, leading to declining rents and rising cap rates, we believe these assets could on average be worth $100,000 per unit or less

"Energy activity in the Bakken Shale region continues to be strong, and, accordingly, we are allocating significant resources to this dynamic economy with development projects…" – IRET President and Chief Executive Officer, Timothy Mihalick, July 1, 2013

Source: Land and Buildings, Company reports
Notes: "Potential value" for Jamestown, ND and Grand Forks, ND consistent with slide 20; Limited real-time transaction data is available in Minot/ Williston given the challenged real estate and economic environment to accurately mark each asset to market; L&B assumes $100,000 per unit for Minot /Williston

Notes (cont'd): In the table, all dollar figures are in thousands

V. Senior Housing Risk

Senior Housing Trends Weakening

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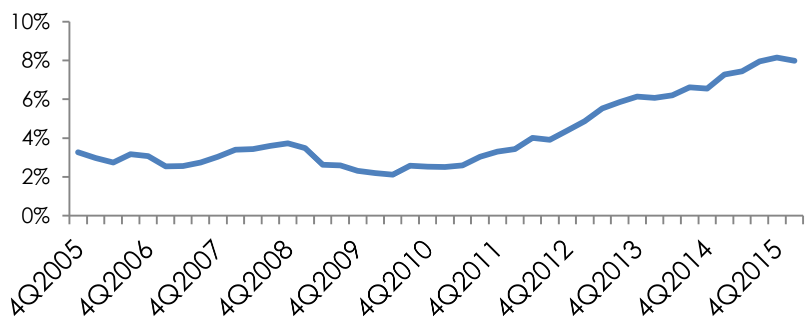
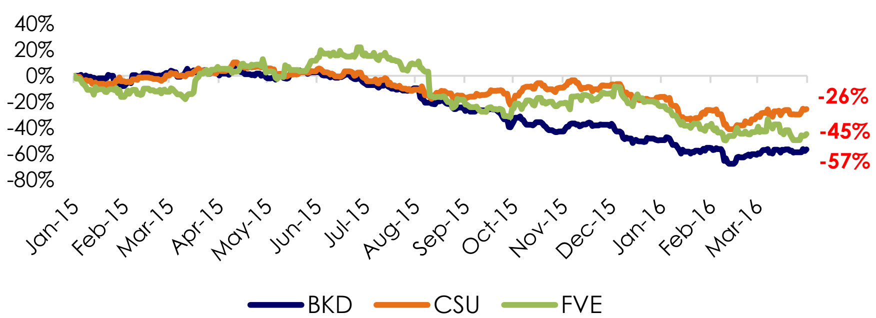
- **Senior housing fundamentals deteriorating**
  - **Occupancies are declining**: Assisted living occupancies in the first quarter 2016 declined 20bps year-over-year in the top 99 MSAs according to the National Investment Center for Seniors Housing & Care (NIC)
  - **NOI growth has been decelerating**: Senior housing same store NOI growth for the largest 3 healthcare REITs is now expected to ~2% in 2016, decelerating from 6% in 2014 and missing expectations by 200 – 300bps in 2015[1]
  - **Significant supply risk:** Construction has been accelerating nationally and the current pipeline is now ~8% of existing stock; demand growth does not appear to be keeping pace with supply
  - **Cap rates are rising**: NIC data shows that senior housing cap rates rose by 20 basis points in the first quarter of 2016 and we believe they are at risk of rising further given the weakening fundamental backdrop and higher healthcare REIT cost of capital
    - "There definitely has been a period of price discovery ongoing [in regard to cap rates generally]. And volatility certainly creates a wider bid/ask spread." – Debra Cafaro, Ventas (NYSE: VTR) CEO, February 12, 2016

US Assisted Living Construction as % of Inventory Surging



Senior Housing Operator Stocks Have Declined Significantly



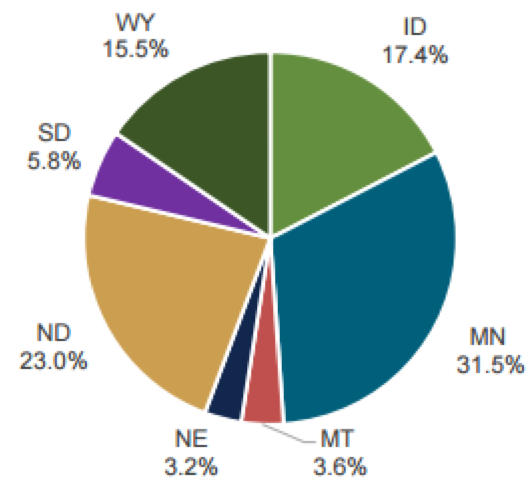
Source: Land and Buildings, NIC

Notes: Senior Housing Operating total shareholder returns for BKD, CSU and FVE are from January 1, 2015 through March 31, 2016

1. *Green Street Advisors, "Health Care Sector Update", 04/02/16*

- **IRET's senior housing portfolio poses numerous risks, in our view**
  - **Single-tenant:** IRET only has one senior housing tenant (Edgewood), comprising nearly 20% of the Company's total NOI
  - **Undisclosed coverage ratios:** Rent coverage ratios are not disclosed, giving limited insight into the financial health of the operator or assets
  - **Poorly disclosed purchase options:** Edgewood has purchase options on assets, likely below market, but disclosures are not robust
  - **Small average size:** The average community is 44,000 sqft, with nearly half below 20,000 sqft
  - **No annual rent bumps:** Based on our discussions with the Company, rent bumps occur every 5 years, but the magnitude of these increases is unclear and does not appear large

Senior Housing Exposure by State



Spring Creek Assisted Living, Soda Springs, Idaho

Edgewood Vista Assisted Living/Memory Care, Billings, Montana

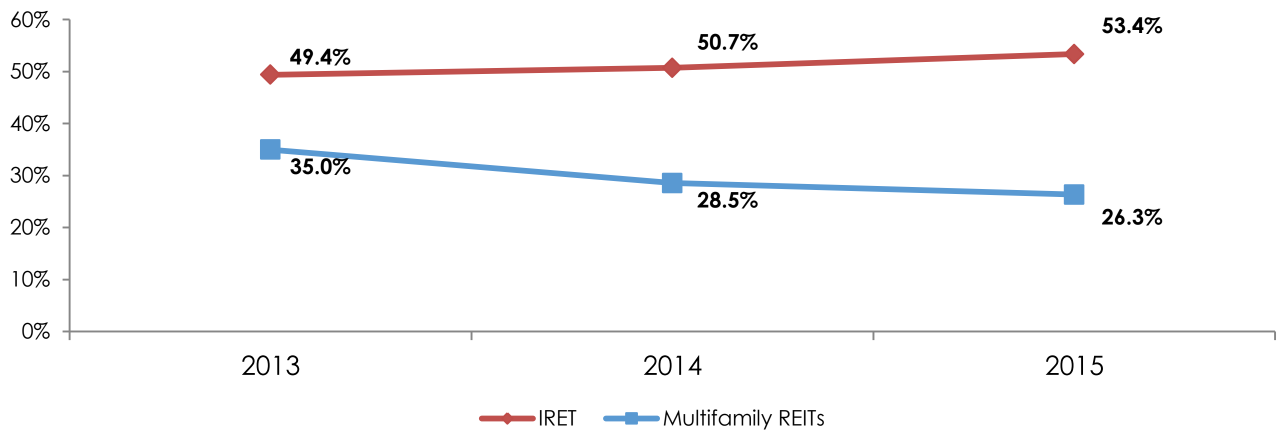
Source: Land and Buildings, Company reports
Notes: Senior housing exposure by state as of FY15 and is as a percent of net operating income

VI. Leverage and Warranted Discount

Leverage is Too High In Our View

- **Debt levels are high and IRET has articulated no clear plan to lowering leverage**
  - Debt plus preferred equity as a percent of total enterprise value is 53% vs. multifamily REITs at 26%[1]

IRET Leverage Marched Higher While Multifamily Peers Delevered



- **IRET pursuing growth initiatives despite elevated leverage**
  - IRET has acquired over $140 million of primarily low cap rate apartment assets (5 – 6% estimated) in year-to-date FY16
  - IRET has recently placed in to service or is currently developing ~$265 million of low yielding assets and we believe new development activity is likely to continue

Source: Land and Buildings, Company reports, Bloomberg
Notes: Development activity dollar amounts are cited on a pro rate basis
1. *As of fiscal year-end 2015 on market cap-weighted basis; "Multifamily REITs" defined as AIV, APTS, AVB, BRG, CPT, EQR, ESS, IRT, MAA, MORE, NXRT, PPS, and UDR for the purpose of this analysis*

25% Discount to NAV Warranted

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- **We believe a significant discount to NAV is warranted given:**
  - High leverage of ~60% of estimated gross asset value
  - Small, inefficient size
  - Poor earnings and NOI growth history and outlook
  - Poor capital allocation, development challenges and potential impairments
- **The apartments REITs we believe are the closest comparables trade at an average ~25% discount to NAV**
  - There are four public apartment REITs under $2.5 billion in enterprise value, all with leverage over 50% (like IRET), and these stocks trade at an average ~25% discount to NAV while IRET trades at a premium to NAV

Company	Ticker	Current Price	Est. NAV	Premium/(Discount) to NAV
Preferred Apartment Communities	APTS	$12.32	$13.76	-10%
Bluerock Residential Growth REIT	BRG	$10.85	$16.66	-35%
Independence Realty Trust	IRT	$7.15	$11.02	-35%
NexPoint Residential Trust	NXRT	$13.99	$16.44	-15%
Average				**-24%**
Investors Real Estate Trust	**IRET**	**$6.87**	**$5.85**	**17%**

Source: Land and Buildings, Company reports, Bloomberg, SNL
Notes: All estimated NAVs are sourced from SNL as of 04/06/2016 except IRET which is the L&B estimated NAV; Current stock prices are as of 04/22/16; Leverage is defined as total debt + preferred shares divided by total enterprise value as of fiscal year-end 2015

VII. Appendix

Cash Flow Estimate Detail

- **Cash flow estimate assumptions and justification for FY17**
  - **"Development Capitalized Interest Burn-Off"**: Assumes the $1 million of quarterly capitalized interest expense(disclosed in IRET 3Q16 10-Q) is expensed as all current developments are placed into service
    - "…high volume of deliveries at the current time is likely to trigger higher expensed interest costs as these properties move from under construction to operating…" - Ted Holmes, IRET EVP and Chief Financial Officer, March 11, 2016
  - **"Minot, ND NOI Decline" and "Williston, ND NOI Decline"**: Consistent with potential same-store NOI declines calculated on slide 15 and an additional $1.3 million of NOI declines in the non-same-store pool assuming 17% of the in-place non-same-store NOI is Minot, ND and 2% is Williston, ND and assuming the level of declines in each market as outlined in the same-store pool
  - **"Same-Store Multifamily (Bismarck/Grand Forks, ND) -3% NOI Growth"**: Expect elevated supply and negative job growth to weigh on results and the negative year-to-date trend (-6% NOI growth) to continue into next year
  - **"Same-Store Multifamily (ex North Dakota) 1.5% NOI Growth"**: Expect only modest growth outside of North Dakota given rising supply and below average job growth following low single-digit NOI growth year-to-date
  - **"Non-Same-Store/Development Lease-Up"**: Assumes 5% NOI growth from the non-same-store multifamily pool and assumes some incremental leasing at the Edina 6565 France SMC III medical office lease-up (currently 24.5% leased)
  - **"Same-Store Healthcare 1.5% NOI Growth"**: Consistent with recent IRET historical average same-store healthcare NOI growth of 1.5%

 Source: Land and Buildings, Company reports

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