

INVESTORS REAL ESTATE TRUST
Form S-11/A
December 03, 2001

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM S-11/A

**9th AMENDED REGISTRATION STATEMENT
UNDER THE SECURITIES ACT OF 1933**

INVESTORS REAL ESTATE TRUST
(Exact name of registrant as specified in governing instruments)

**12 South Main Street, Suite 100
Minot, ND 58701**
(Address of principal executive offices, including zip code)

TIMOTHY P. MIHALICK
12 South Main Street, Suite 100
Minot, ND 58701
(Name and address of agent for service)

Copies of communications to:

THOMAS A. WENTZ, JR.
INVESTORS REAL ESTATE TRUST
12 South Main Street, Suite 100
Minot, ND 58701
(701) 837-4738
FAX (701) 838-7785

Approximate date of commencement of proposed sale to the public: As soon as practicable on or after the effective date of this registration statement.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 of the Securities Act of 1933, check the following box. X

CALCULATION OF REGISTRATION FEE

<u>Title of Securities to be Registered</u>	<u>Amount to be Registered</u>	<u>Proposed Maximum Offering Price Per Unit</u>	<u>Proposed Maximum Aggregate Offering Price</u>	<u>Amount of Registration Fee</u>
Investors Real Estate Trust Shares of Beneficial Interest	2,500,000 Shares	\$8.75 Per Share	\$21,875,000.00 aggregate offering price	\$5,468.75

The registrant hereby amends this registration statement on such dates or date as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

2,500,000 COMMON SHARES
INVESTORS REAL ESTATE TRUST (IRET)
Common Shares of Beneficial Interest
Minimum Purchase of 100 Shares

The Company is a self-advised real estate investment trust (REIT) that, through its operating partnership, IRET Properties, is engaged in acquiring, owning, and leasing multi-family and commercial real estate. IRET is listed on the Nasdaq Small Cap Market under the symbol "IRETS."

We intend to use the proceeds of this offering to construct two 73-unit apartment buildings in Rochester, Minnesota and two 67-unit apartment buildings in Bismarck, North Dakota.

The shares of beneficial interest being offered are the functional equivalent of common stock and hold the rights and preferences normally associated with common stock.

	<u>Per Share</u>	<u>Total if all shares sold</u>	<u>Percentage</u>
Public Offering Price	\$8.75	\$ 21,875,000	100%
Less Selling Commission	\$.70	\$ 1,750,000	8%
Proceeds to us before expenses	\$8.05	\$ 20,125,000	92%

After the payment of all fees and expenses associated with this offering and assuming all the shares are sold, IRET will receive approximately \$20,066,500 or 91.735% of the sale proceeds.

Investing involves certain risks. See page 4. Some, but not all of the risks to consider are:

The fixed \$8.75 price of shares under this offering may be priced higher than the current Nasdaq price. You may be paying more for your IRET shares than necessary.

This is a best efforts offering. Even if we do not sell enough shares to fund construction of the planned apartment complexes in Rochester, MN and Bismarck, ND, we will not return any portion of your investment.

The book value of the shares available under this offering is substantially less than the purchase price of \$8.75 per share.

To preserve our status as a REIT, IRET may redeem its shares from any shareholder at anytime for the fair value of the shares at the time of redemption or IRET may refuse to transfer shares to any person.

The shares will be offered on a best efforts basis by broker/dealers who have signed a sales agreement and are registered with the National Association of Securities Dealers (NASD). The broker/dealers are not required to sell a specific number or dollar amount of shares. The broker/dealers will be paid an 8% commission on each share sold. Any money received from investors will go immediately to IRET and will not be placed in escrow or trust. This offering will end on the earlier of one year from the date of this prospectus or when all shares have been sold. Broker/dealers who have agreed to sell the shares are listed on page 20.

These securities have not been approved or disapproved by the Securities and Exchange Commission or any State Securities Commission nor has the Commission or any State Securities Commission passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

Effective Date: December 3, 2001 Prospectus

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Prospectus Summary

This summary may not contain all of the information that may be important to you. You should read this prospectus summary and the accompanying prospectus and the documents incorporated and deemed to be incorporated by reference into the prospectus, including the financial data and the related notes, in their entirety before making an investment decision. When used in this prospectus supplement, the terms "we," "our," "us" and "IRET" refer to Investors Real Estate Trust.

IRET

Investors Real Estate Trust is a self-administered, self-managed equity real estate investment trust. Our business consists of the ownership and operation of income-producing real properties. We conduct our day-to-day business operations through our operating partnership IRET Properties, a North Dakota Limited Partnership. We have a fundamental strategy of focusing our real estate investments in the upper Midwest consisting primarily of the states of Minnesota, North Dakota, South Dakota, Montana, and Nebraska, of seeking diversification by property type. While we have historically focused most of our investments in the five states listed above, in order to maximize acquisition opportunities, we consider and undertake investments outside of our targeted region. We own a diversified portfolio consisting of 62 multi-family communities, and 61 total commercial properties.

We concentrate on increasing our income from operations per share and funds from operations per share to achieve our objective of paying increasing dividends to our shareholders. Our dividends have increased every year for 31 consecutive years

Our principal office is located at 12 South Main Street Suite 100 Minot, North Dakota 58701; our telephone number there is (701) 837-4738.

Investment Risks

If you purchase our shares offered pursuant to this offering you will be exposed to a number of risks that may result in a loss of all or a significant portion of your investment. For a complete discussion of the risks please see pages 4 through 16 of the full prospectus which follows this summary. A summary of the more significant risks that your investment with us may be exposed to are

- * The fixed \$8.75 price of shares under this offering may be priced higher than the current Nasdaq price, which may result in you paying more for your IRET shares than necessary.

- * Our current level of borrowing as of July 31, 2001 was 218% in relation to our net assets. We intend to borrow 70% of the cost of any real estate constructed or purchased which may result in us becoming too highly leveraged and losing the real estate through foreclosure..
- * This is a best efforts offering. Even if we do not sell enough shares to fund construction of the planned apartment complexes in Rochester, MN, and Bismarck, ND, we will not return any portion of your investment.
- * The low trading volume of IRET shares on the Nasdaq small cap market may prevent the timely resale of any shares you purchase.
- * The management of IRET operates under a number of conflicts of interest that may prevent the company from receiving the benefit of management's undivided effort and time
- * The book value of the shares available under this offering is substantially less than the purchase price of \$8.75 per share.

Business

We have a fundamental strategy of focusing on the upper Midwest with a primary emphasis on the states of Minnesota, North Dakota, South Dakota, Montana, and Nebraska. For the quarter ended July 31, 2001, IRET's investments in these states account for 76.2% of IRET's total gross revenue of \$21,568,381. We also seek diversification by property type with approximately two-thirds being multi-family apartment communities and the remaining one-third commercial buildings. We attempt to concentrate our multi-family holdings in cities with populations from 35,000 to 500,000 in the 25-mile radius. As it applies to commercial real estate, we seek to acquire properties that are fully leased to quality tenants and located in medium to large population centers containing from 50,000 to 1,000,000 people or more within a 25-mile radius. Under certain circumstances, we seek to diversify our real estate portfolio by investing in assets located through out the United States and in smaller or larger metropolitan areas.

IRET contracts with a locally based third party management company to handle all onsite management duties necessary for the proper operation of a particular property. All management contracts may be terminated on 30 days written notice and provide for compensation ranging from 2.75% to no more than 5% of gross rent collections. The use of local management companies allows us to enjoy the benefits of local knowledge of the applicable real estate market while avoiding the cost and difficulty associated with maintaining management personnel in every city in which we operate.

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Based upon our ability to raise equity capital, we plan to acquire \$100,000,000 of real estate assets on an annual basis going forward applying the investment focus outlined in the previous paragraph of approximately two-thirds apartments and one-third commercial primarily located in the upper Midwestern states of Minnesota, North Dakota, South Dakota, Montana, and Nebraska.

We operate in a manner intended to enable us to qualify as a real estate investment trust under the Internal Revenue Code. In accordance with the Code, a real estate investment trust which distributes its capital gains and at least 90% of its taxable income to its shareholders each year, and which meets certain other conditions, will not be taxed on that portion of its taxable income which is distributed to its shareholders.

We generally use available cash or incur short-term floating rate debt in connection with the acquisition of real estate. We replace the cash used or the floating rate debt with fixed-rate secured debt. In appropriate circumstances, we also may acquire one or more properties in exchange for our equity securities or operating partnership units that are convertible into our shares.

IRET's Real Estate Portfolio

As of April 30, 2001, our real estate portfolio consisted of 61% multi-family apartment complexes and 39% commercial buildings based on the dollar amount of our original investment plus capital improvements to date. The dollar amount and percentage of total real estate rental revenue by property group for the Fiscal years ending April 30, 2001, 2000 and 1999 was as follows:

	Apartment		Commercial		<u>Total Revenue</u>
	<u>Gross Revenue</u>	<u>%</u>	<u>Gross Revenue</u>	<u>%</u>	
2001	\$55,806,712	75%	\$18,994,010	25%	\$74,800,722
2000	\$42,379,855	78%	\$11,878,026	22%	\$54,257,881
1999	\$33,010,126	85%	\$ 5,775,161	15%	\$38,785,287

The occupancy for each property group for the last three fiscal years ending April 30 was as follows:

	<u>Apartment Occupancy</u>	<u>Commercial Occupancy</u>
2001	93.96%	98.59%
2000	93.24%	97.77%
1999	94.79%	96.54%

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During the past three fiscal years ending April 30, 2001, we acquired 31 apartment communities consisting of 2,686 units for a total cost of \$176,679,134 and 39 commercial properties containing 1,805,669 square feet of space for a total cost of \$184,103,411. During the past three fiscal years ending April 30, 2001, we sold 16 properties realizing net gain of \$4,303,285. No single tenant accounted for more than 10% of revenues during any of the past three fiscal years. As of April 30, 2001 our three largest commercial tenants were: Edgewood Vista 9.7%, HealthEast Medical 7.8%, Microsoft Corporation 7.7% and all other tenants combined 74.8%.

This Offering and Plan of Distribution

Shares offered by IRET	2,500,000 shares
Shares outstanding after the offering	26,568,346
Use of proceeds	To build 2 apartment buildings in Rochester Minnesota and 2 apartment buildings in Bismarck, North Dakota

NASDAQ Small Cap symbol

IRETS

The number of shares outstanding after the offering assumes that all 2,500,000 shares offered will be sold. Since the offering is being handled on a best efforts basis there is no guarantee that any shares will be sold.

We intend to offer the shares on a best efforts basis through broker/dealers who are licensed by the National Association of Securities Dealers (NASD). Under a best efforts offering there is no guarantee that any share will be sold nor is there any requirement that a participating broker dealer actually sell any shares. We will not sell any shares directly to the public. All shares must be sold through a participating broker/dealer. For any shares sold by a participating broker dealer and paid for by the investor, we will pay a commission of 8% to the selling broker/dealer.

All shares will be sold on a first come first serve basis. Each participating broker/dealer may sell all or any part of the offering assuming that sales by all participating broker/dealers does not exceed the 2,500,000 shares registered for sale.

Only residents of **Arizona, California, Idaho, Minnesota, Montana, North Dakota, Oregon, South Dakota, Washington, and Wyoming** may purchase shares available under this offering. There is a minimum purchase of 100 shares.

The offering will terminate one year from the date on the front of this prospectus or when all shares have been sold, whichever occurs first.

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Use of Proceeds

We estimate that the net proceeds from the sale of the shares we are offering with this prospectus will be approximately \$20,066,500.00 million. "Net proceeds" is what we expect to receive after paying expenses of the offering, which we estimate will be approximately \$1,210,000.00 or about 8.265% of the total offering. We plan to use the proceeds to construct two 67-unit apartment buildings in Bismarck, North Dakota at an estimated cost of \$9,400,000.00 and two 73-unit apartment buildings in Rochester, Minnesota at an estimated cost of \$10,600,000.00. Pending such uses, the net proceeds may be invested in short-term income-producing investments.

Unaudited Quarterly Financial Data For Quarter Ending July 31, 2001

Summary Operating Data - First Quarter Fiscal 2002 - May 1, 2001, to July 31, 2001

We have provided in the table below our summary financial and operating data. In the opinion of the company, the accompanying unaudited condensed consolidated financial statements contain all adjustments (of a normal recurring nature) necessary for a fair presentation of the financial statements. The results of operations for the three months ended July 31, 2001, are not necessarily indicative of operating results for the entire year.

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Statement of Operations

for the Three-Month Period Ended July 31, 2001 and 2000

<u>Three months ended July 31,</u>	<u>2001</u>	<u>2000</u>
REVENUE		
Real Estate Rentals*	\$ 21,568,381	\$ 17,291,976
Interest, Discounts and Fees	\$ <u>211,713</u>	\$ <u>139,668</u>
Total Revenue	\$ <u>21,780,094</u>	\$ <u>17,431,644</u>
OPERATING EXPENSE		
Interest	\$ 7,198,378	\$ 5,677,556
Depreciation	\$ 3,656,762	\$ 2,656,209
Utilities and Maintenance	\$ 2,971,809	\$ 2,613,195
Taxes	\$ 2,115,630	\$ 1,701,654
Insurance	\$ 314,685	\$ 167,280
Property Management Expenses	\$ 1,630,079	\$ 1,410,502
Administrative Expense & Trustee Services	\$ 386,307	\$ 463,960
Operating Expenses	\$ 126,622	\$ 80,477
Amortization	\$ <u>128,956</u>	\$ <u>95,680</u>
Total Expenses	\$ <u>18,529,228</u>	\$ <u>14,866,513</u>
INCOME BEFORE GAIN/LOSS ON PROPERTIES AND MINORITY INTEREST		
	\$ 3,250,866	\$ 2,565,131
GAIN ON SALE OF INVESTMENT	\$ 307,934	\$ 0
MINORITY INTEREST OTHER PARTNERSHIP	\$ -56,755	\$ 0
MINORITY INTEREST PORTION OF OPERATING PARTNERSHIP INCOME	\$ <u>-726,318</u>	\$ <u>-425,667</u>
NET INCOME	\$ <u>2,775,727</u>	\$ <u>2,139,464</u>

* Includes \$333,295 and \$354,194 for 3 months ended 07/31/01 and 07/31/00 respectively of "straight-line rents." Straight-line rents are the amounts to be collected in future years from tenants occupying commercial properties under leases, which provide for periodic increases in rents. It is determined by dividing the total rent payable for the lease term by the total rental periods and allocating the resulting average rent to the period covered by the report.

Selected Financial Data

	<u>3 Months Ended</u> <u>07/31/01</u>	<u>3 Months Ended</u> <u>07/31/00</u>
PER SHARE DATA:		
Income before Gain(Loss) on Properties Sold (after minority interest and reserves)	\$ 0.10	\$ 0.09
Net Income Per Share	\$ 0.11	\$ 0.09
Dividends Paid Per Share	\$ 0.1450	\$ 0.1325

consistent basis in accordance with GAAP.

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FFO presented herein is not necessarily comparable to FFO presented by other real estate companies because not all real estate companies use the same definition.

FFO should not be considered as an alternative to net income (determined in accordance with GAAP) as a measure of IRET's liquidity, nor is it necessarily indicative of sufficient cash flow to fund all of IRET's needs or its ability to service indebtedness or make distributions.

Recent Developments

Revenues

Total revenues of the Operating Partnership for the first quarter of Fiscal 2002 ending July 31, 2001, were \$21,780,094, compared to \$17,431,644 received in the first quarter of the prior fiscal year. This is an increase of \$4,348,450 or 25%. This increase is attributable to the addition of new properties to IRET's investment portfolio. Funds From Operations for the Operating Partnership for the three-month period ended July 31, 2001, increased to \$6,899,059, compared to \$5,221,340 for the first quarter of Fiscal 2000, an increase of 32.1%. See pages 26 through 30 for a more complete discussion of first quarter results for the period ending July 31, 2001.

Capital Gain Income

The Operating Partnership realized capital gain income of \$307,934 during the first quarter of Fiscal 2002 ending July 31, 2001. This resulted from the sale of the 36-unit Sunchase Apartment property in Fargo, North Dakota and the sale of the GNMA investment portfolio, resulting in realized gains of \$296,409 and \$11,526 respectively. No capital gain income was realized in the first quarter of the prior fiscal year.

Acquisition of Interlachen Corporate Center - Edina, Minnesota

On August 13, 2001, we acquired Interlachen Corporate Center a 105,084 square foot office building located in Edina, Minnesota for \$16,500,000 in cash.

Interlachen Corporate Center is a four-story building containing four levels of office space and one level of underground parking containing 36 stalls located at 5050 Lincoln Drive Edina Minnesota. The building was completed in April of 2001 and is currently 95% leased to five tenants. The primary tenant occupying 75% of the space is Alliant Techsystems, Inc. (NYSE symbol ATK). Alliant Techsystems is an aerospace and defense company with leading market positions in propulsion, composite structures, munitions, and precision capabilities. The company, which is headquartered at the Interlachen Corporate Center, employs approximately 9,600 people worldwide and has two business segments: Aerospace and Defense.

Alliant's lease commenced in May of 2001 and runs for a 7-year term.

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Acquisition of Retail Strip Center Cottage Grove, Minnesota

On July 6, 2001, we acquired the Cottage Grove Strip Center which is a 15,217 square foot retail strip center located in Cottage Grove, Minnesota for an agreed value of \$1,100,000 which was paid partly in cash of \$823,594.00

and the balance of \$276,594 with 31,603.53 limited partnership units with a value of \$8.752 per share.

The Cottage Grove Strip Center is a single story multi-tenant retail building built in 1986 and located at 7155 80th Street South Cottage Grove, Minnesota. It is currently 100% leased to eight tenants with remaining lease terms ranging from 2 to 6 years. All rents paid by the current tenants are at market rates. No one tenant occupies more than 35% of the leasable space.

Price Range of Common Shares and Distributions

The following sets forth the high and low sale prices for our common shares for the periods indicated as reported by the NASDAQ Small Cap Market and the distributions we paid with respect to each period.

	<u>High</u>	<u>Low</u>	<u>Distribution Per Share</u>
Fiscal 1999			
First Quarter ending July 31, 1998	\$ 7.313	\$ 7.188	\$ 0.11000
Second Quarter ending October 31, 1998	\$ 14.00	\$ 6.50	\$ 0.11500
Third Quarter ending January 31, 1999	\$ 7.875	\$ 7.00	\$ 0.12000
Fourth Quarter ending April 30, 1999	\$ 8.00	\$ 7.00	\$ 0.12250
Fiscal 2000			
First Quarter ending July 31, 1999	\$ 17.875	\$ 7.063	\$ 0.12400
Second Quarter ending October 31, 1999	\$ 10.50	\$ 7.063	\$ 0.12600
Third Quarter ending January 31, 2000	\$ 8.375	\$ 7.250	\$ 0.12800
Fourth Quarter ending April 30, 2000	\$ 8.125	\$ 7.125	\$ 0.13000
Fiscal 2001			
First Quarter ending July 31, 2000	\$ 8.125	\$ 7.375	\$ 0.13250
Second Quarter ending October 31, 2000	\$ 8.250	\$ 7.594	\$ 0.13500
Third Quarter ending January 31, 2001	\$ 8.50	\$ 7.438	\$ 0.14000
Fourth Quarter ending April 30, 2001	\$ 8.980	\$ 8.00	\$ 0.14250
Fiscal 2002			
First Quarter ending July 31, 2001	\$ 10.490	\$ 8.250	\$ 0.14500
Second Quarter through October 31, 2001	\$ 9.430	\$ 8.80	\$ 0.14750

On November 16, 2001, the last reported sale price of our common shares on the Nasdaq Small Cap Market was \$9.17 per share.

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Legal Matters

Pringle & Herigstad, P.C., Minot, North Dakota, our legal counsel, will issue opinions about the valid issuance of the shares offered by this prospectus and tax matters relating to the qualification of IRET as a real estate investment trust.

Experts

The audited consolidated financial statements for Investors Real Estate Trust included in this prospectus have been audited by Brady, Martz & Associates, P.C. independent public accountants, as indicated in their report with respect thereto, and are included in this prospectus in reliance upon the authority of said firm as experts in accounting and auditing in giving said report.

Available Information Concerning IRET

Securities and Exchange Commission

IRET is currently a reporting company pursuant to the Securities Exchange Act of 1934 and annually files a Form 10-K during July and quarterly Forms 10-Q for the first three quarters of each year with the Securities and Exchange Commission. The information filed by IRET can be inspected and copied at the Public Reference Room maintained by the Securities and Exchange Commission in Washington, DC, at 450 Fifth Street NW, Room 1024, Washington, DC 20549. For further information about the Public Reference Room, please call 1-800-SEC-0330.

The Securities and Exchange Commission maintains a website at <http://www.sec.gov>. Annual and quarterly reports, proxy statements and other information regarding IRET can be obtained from the SEC website.

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PROSPECTUS

The Company

Investors Real Estate Trust ("IRET") was organized under the laws of the State of North Dakota on July 31, 1970. Since its formation, IRET has qualified and operates as a "real estate investment trust" under Sections 856-858 of the Internal Revenue Code. IRET is a self-administered and self-managed company. As of July 31, 2001, IRET owned and operated a portfolio of 62 apartment communities containing 7,833 apartment units and 61 commercial buildings containing 2,528,735 square feet of leasable space.

IRET's investment strategy is to maintain its real estate investment portfolio at approximately 67% invested in multi-family apartment communities located primarily in the upper Midwest and the remaining 33% of real estate owned in commercial property warehouses, retirement homes, manufacturing plants, offices, and retail properties leased to single or multiple tenants for 10 years or longer located throughout the upper Midwest. IRET operates mainly within the states of North Dakota and Minnesota, although it has real estate investments in the states of Colorado, Georgia, Idaho, Iowa, Kansas, Michigan, Montana, Nebraska, South Dakota, Washington, and Texas.

IRET seeks to leverage all property acquired so that the debt is approximately 70% of the property's value.

IRET conducts all of its daily business operations through its operating partnership, IRET Properties, a North Dakota Limited Partnership. IRET Properties is principally engaged in acquiring, owning, operating and leasing multi-family apartment buildings and commercial real estate. The sole general partner of IRET Properties is IRET, Inc. IRET owns 100% of IRET, Inc.

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As the general partner, IRET, Inc. owns a 76% interest as of April 30, 2001, in IRET Properties. The remaining ownership of IRET Properties is held by individual limited partners, none of who own more than 10% of the outstanding limited partnership units of IRET Properties.

IRET's principal source of operating revenue is rental income from real estate properties owned and operated by its operating partnership. A minor amount of revenue is derived from interest on short-term investments in government securities and interest on savings deposits. In addition to operating income, IRET has received capital gain income when real estate properties have been sold at a price in excess of the depreciated cost of said properties.

IRET has its only office at 12 South Main, Suite 100, Minot, North Dakota 58701, (701) 837-4738.

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Selected Financial Information For the Past Three Years

IRET operates on a fiscal year ending April 30th. For the past three fiscal years, sources of operating revenue, total expenses, net real estate investment income, capital gain income, total income, and dividend distributions are as follows:

Fiscal Year Ending 4/30	<u>2001</u>	<u>2000</u>	<u>1999</u>
Revenue from Operations			
Real Estate Rentals	\$ 74,800,722	\$ 54,257,881	\$ 38,785,287
Interest, Discount & Fees	<u>\$ 966,428</u>	<u>\$ 1,187,312</u>	<u>\$ 1,141,975</u>
	\$ 75,767,150	\$ 55,445,193	\$ 39,927,262
Expenses	<u>\$ 65,579,338</u>	<u>\$ 46,896,635</u>	<u>\$ 33,525,586</u>
Income Before Gain/Loss on Properties and Minority Interest	\$ 10,187,812	\$ 8,548,558	\$ 6,401,676
Gain on Sale of Properties	\$ 601,605	\$ 1,754,496	\$ 1,947,184
Minority Interest Portion of Operating Partnership Income	<u>\$ -2,095,177</u>	<u>\$ -1,495,209</u>	<u>\$ -744,725</u>
Net Income	<u>\$ 8,694,240</u>	<u>\$ 8,807,845</u>	<u>\$ 7,604,135</u>
Per Share			
Net Income Per Share (<i>basic and diluted</i>)	\$.38	\$.42	\$.44
Dividends Paid	\$.55	\$.51	\$.47

Over the past three years IRET's investment in real estate, ownership, and sources of revenue by geographic location has been as follows:

Real Estate Investment by State for the Last Three Years Ended April 30 (1)

	<u>Commercial</u>						<u>Apartments</u>						
	State	<u>2001</u>		<u>2000</u>		<u>1999</u>	State	<u>2001</u>		<u>2000</u>		<u>1999</u>	
CO	\$	0	0%	\$ 1,409,445	1%	\$ 0	0%	\$39,050,180	11%	\$ 38,837,432	12%	\$38,599,278	17%
GA	\$	3,971,878	2%	\$ 3,971,878	3%	\$ 3,971,878	6%	\$	0	0%	\$	0	0%
ID	\$	4,788,294	2%	\$ 4,788,094	4%	\$ 5,792,182	9%	\$ 3,853,638	1%	\$ 3,833,486	1%	\$ 3,822,199	2%

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	2001		2000		1999	
	<u>Units</u>		<u>Units</u>		<u>Units</u>	
0%	597	8%	597	8%	597	11%
2%	0	0%	0	0%	0	0%
0%	132	2%	0	0%	0	0%
12%	60	1%	60	1%	60	1%
0%	520	7%	520	7%	0	0%
1%	0	0%	0	0%	0	0%
15%	1,236	16%	1,163	16%	1,079	20%
5%	749	10%	475	6%	330	6%
8%	264	3%	264	4%	0	0%
48%	3,085	39%	3,014	41%	2,740	50%
9%	418	5%	418	6%	418	8%
0%	504	6%	504	7%	0	0%
<u>0%</u>	<u>304</u>	<u>4%</u>	<u>304</u>	<u>4%</u>	<u>304</u>	<u>5%</u>
100%	7,869	100%	7,319	100%	5,528	100%

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Gross Revenue from Real Estate Activities for the Last Three Years Ended April 30

<u>State</u>	<u>Commercial</u>			<u>Apartments</u>								
	<u>2001</u>		<u>2000</u>		<u>1999</u>							
CO	\$ 0	0%	\$ 0	0%	\$ 0	0 \$ 6,004,925	11%	\$ 4,387,457	10%	\$ 5,442,020	16%	
GA	\$ 436,907	2%	\$ 436,907	4%	\$ 436,907	8%	\$ 0	0%	\$ 0	0%	\$ 0	0%
IA	\$ 0	0%	\$ 0	0%	\$ 0	0%	\$ 189,193	0%	\$ 0	0%	\$ 0	0%
ID	\$ 26,780	0%	\$ 63,081	1%	\$ 101,702	2%	\$ 521,415	1%	\$ 117,075	0%	\$ 324,505	1%
KS	\$ 0	0%	\$ 0	0%	\$ 0	0%	\$ 3,763,671	7%	\$ 2,006,578	5%	\$ 0	0%
MI	\$ 202,912	1%	\$ 192,264	2%	\$ 192,264	3%	\$ 0	0%	\$ 0	0%	\$ 0	0%
MN	\$10,085,064	53%	\$ 3,169,633	27%	\$ 459,246	8%	\$ 9,057,050	16%	\$ 7,707,359			