

INVESTORS REAL ESTATE TRUST
 Form 424B5
 July 18, 2013

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Filed pursuant to Rule 424(b)(5)

Registration No. 333-189637

CALCULATION OF REGISTRATION FEE

Title of securities being registered	Amount being registered(1)(2)	Proposed maximum offering price per share(3)	Proposed maximum aggregate offering price(3)	Amount of registration fee(2)
Common Shares of Beneficial Interest, no par value	10,000,000	\$ 9.09	\$ 90,900,000	\$ 12,398.76

(1) Pursuant to Rule 416 under the Securities Act of 1933, as amended (the Securities Act), this registration statement also covers an indeterminate number of additional common shares as may be issued as a result of adjustment by reason of a share dividend, share split, recapitalization or other similar event.

(2) The registration fee of \$12,398.76 is calculated in accordance with Rule 457(r). Pursuant to Rule 457(p), a registration fee of \$4,011, paid but unused in connection with the registrant's Registration Statement 333-182451, filed on June 29, 2012, and a registration fee of \$4,777.10, paid but unused in connection with the registrant's Registration Statement 333-165977, filed on April 9, 2010, were applied to the registrant's Registration Statement on Form S-3 (333-189637), filed on June 27, 2013. The \$12,398.76 registration fee associated with this offering is partially offset by these prepaid registration fees. Following application of these offset fees, a registration fee of \$3,610.66 is due with this prospectus supplement.

(3) Estimated solely for the purpose of determining the registration fee. This amount was calculated in accordance with Rule 457(c) of the Securities Act and based on the average of the high and low sales prices of the registrant's common shares of beneficial interest as reported on the New York Stock Exchange on July 11, 2013.

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Prospectus Supplement, dated July 18, 2013
(To prospectus dated June 27, 2013)

DISTRIBUTION REINVESTMENT AND SHARE PURCHASE PLAN
10,000,000 Common Shares of Beneficial Interest

Investors Real Estate Trust's ("IRET") Distribution Reinvestment and Share Purchase Plan (the "plan") provides new investors and existing holders of IRET's common shares of beneficial interest (the "common shares"), and holders of the limited partnership units ("units") of IRET's operating partnership, IRET Properties, A North Dakota Limited Partnership ("IRET Properties"), a convenient way to purchase IRET common shares, by permitting participants in the plan to automatically reinvest cash distributions on all or a portion of their common shares and units (subject to a minimum reinvestment percentage of 10%), and to make monthly voluntary cash contributions under the terms of the plan. Participation in the plan is entirely voluntary, so that shareholders and unitholders may join the plan and terminate their participation in the plan at any time. If you choose not to participate in the plan you will continue to receive cash distributions on your common shares and units when, and if declared, in the usual manner. Beneficial owners of our common shares whose shares are registered in names other than their own, by brokers, banks or other nominees, may join the plan by having the shares they wish to enroll in the plan transferred to their own names, or by arranging for the holder of record to join the plan.

A summary of the plan is provided in this prospectus supplement in a question and answer format. We encourage you to read it carefully. If you have any additional questions, please call us at (701) 837-4738. We recommend that you retain this prospectus supplement for future reference.

You may purchase common shares under the plan by:

Having the cash distributions on all or part of your common shares and units automatically reinvested;

Receiving directly, as usual, cash distributions, if and when declared, on your common shares and units, and investing in the plan by making optional cash payments of \$250 to \$10,000 per month; or

Investing both your cash distributions and your voluntary cash contributions.

This prospectus supplement relates to 10,000,000 common shares registered for purchase under the plan and makes certain amendments to our existing plan. Current plan participants automatically will continue to participate in the plan.

Common shares purchased for your account under the plan will be issued by us or purchased from third parties on the open market or in privately negotiated transactions. We may, in our sole discretion, determine the source from which common shares will be purchased under the plan; however, we expect these shares to be primarily shares issued by us. Newly issued common shares generally will be purchased at a discount ("purchase price discount") of 0% to 5% (in our sole discretion) from the market price for our common shares at the time of purchase, and will provide us with additional capital for general corporate purposes.

Common shares purchased for plan accounts through open market or privately negotiated transactions are not eligible for the purchase price discount. The purchase price for common shares acquired for plan accounts through open market or privately negotiated transactions will be equal to the weighted average price (excluding brokerage commissions) of all common shares acquired through open market or privately negotiated transactions during the investment period. Common shares purchased directly from us pursuant to an approved request for waiver as described in this prospectus supplement will be at the volume weighted average price, rounded to four decimal places, of our common shares, as traded on the New York Stock Exchange ("NYSE") only during regular NYSE hours on the applicable trading days and may be priced at a discount ("waiver discount") ranging from 0% to 5%, as described in this prospectus supplement. We may change or eliminate any discount at any time in our sole discretion.

In part so that we can continue to qualify as a "real estate investment trust" (a "REIT") under the federal income tax laws, our declaration of trust generally does not permit anyone to own more than 9.8% (in value or number of shares, whichever is more restrictive) of our outstanding common shares.

To the extent required by applicable law in any jurisdiction, common shares offered under the plan to persons not presently common shareholders of record are offered only through a registered broker-dealer in such jurisdiction.

Our common shares are listed on the NYSE under the symbol "IRET." The last reported sale price of our common shares on the NYSE on July 11, 2013 was \$9.04 per share.

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Investing in our common shares involves risks. See "Risk Factors" beginning on page S-1 of this prospectus supplement and beginning on page 11 of our Annual Report on Form 10-K for the fiscal year ended April 30, 2013, our periodic reports and other information that we file with the Securities and Exchange Commission, for certain factors that you should consider before purchasing our common shares.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR DETERMINED IF THIS PROSPECTUS SUPPLEMENT IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The date of this prospectus supplement is July 18, 2013

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ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of our Distribution Reinvestment and Share Purchase Plan and also adds to and updates information contained in the second part. The second part, which is the accompanying prospectus, provides general information about securities we may offer from time to time, including the common shares being offered hereby. Some of the information in the accompanying prospectus may not apply to the plan. If the information in this prospectus supplement is inconsistent with the information in the accompanying prospectus or the documents incorporated by reference on or prior to the date of this prospectus supplement, this prospectus supplement will supersede such other information. This prospectus supplement does not contain all of the information that is important to you. For further information, you should read the accompanying prospectus as well as the documents incorporated by reference after the date of this prospectus supplement and before the date that the offering of the securities by means of this prospectus supplement is terminated. Please read this prospectus supplement carefully, and, if you are a participant in the plan or if you decide to participate in the future, then please keep this prospectus supplement with your investment records, since it contains important information about the plan.

You should rely only on the information contained in or incorporated by reference into this prospectus supplement. We have not authorized anyone to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. This prospectus supplement may only be used where it is legal to sell these securities. You should not assume that the information contained in this prospectus supplement is accurate as of any date later than the date hereof.

IRET

IRET is a self-advised REIT that owns and operates commercial office, medical, industrial and retail properties and multi-family residential properties located primarily in the upper Midwest. We began operations in July 1970. We own our properties and conduct our business primarily through our operating partnership, IRET Properties. We are the sole general partner of, and owned as of April 30, 2013, an 82.4% interest in, IRET Properties. As of April 30, 2013, we owned 182 commercial properties with an aggregate of approximately 12.4 million square feet of leasable space, and 87 multi-family residential properties with a total of approximately 10,280 units. Our properties are located in 12 states.

Our principal corporate offices are located at 1400 31st Avenue SW, Suite 60, North Dakota 58701. Our telephone number is (701) 837-4738. Our website address is <http://www.iret.com>. The information on or connected to our website is not, and shall not be deemed to be, part of or incorporated by reference into this prospectus supplement.

RISK FACTORS

Investing in our common shares involves risks that could affect us and our business, as well as the real estate industry generally. Please see the risk factors in our Annual Report on Form 10-K for the year ended April 30, 2013, as well as the additional periodic reports we file with the SEC. Much of the business information and financial and operational data contained in our risk factors is updated in our periodic reports, which are also incorporated by reference into this prospectus supplement. We cannot assure you of a profit or protect you against a loss on the common shares that you purchase under the plan.

In addition, there are risks associated with participation in the plan.

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You will not know the price of the shares you are purchasing under the plan at the time you authorize the investment or elect to have your distributions reinvested. Although we describe generally in this prospectus supplement how the price of any common shares you purchase under the plan will be determined, you will not know the price of those common shares at the time you authorize the investment or elect to have your distributions reinvested.

The price of our common shares may fluctuate between the time you decide to purchase shares under the plan and the time of the actual purchase. The price of our common shares may fluctuate between the time you decide to purchase our common shares under the plan and the time of the actual purchase. In addition, during this time period, you may become aware of additional information that might affect your investment decision. If you decide to withdraw from the plan, the market price of our common shares may decline between the time you decide to withdraw and the time your common shares are transferred or you receive a certificate evidencing your plan shares.

The market price of our common shares may be volatile due to numerous circumstances beyond our control. The trading prices of equity securities issued by REITs historically have been affected by changes in market interest rates. One of the factors that may influence the price of our common shares is the annual yield from distributions on our common shares as compared to yields on other financial instruments. An increase in market interest rates, which may lead prospective purchasers of our common shares to demand a higher annual yield, or a decrease in our distributions to shareholders, could reduce the market price of our common shares. Other factors that could affect the market price of our common shares include the following:

- actual or anticipated variations in our quarterly results of operations;
- changes in market valuations of companies in the real estate industry;
- changes in expectations of future financial performance or changes in estimates of securities analysts;
- fluctuations in stock market prices and volumes;
- our issuances of common shares or other securities in the future;
- the addition or departure of key personnel; and
- announcements by us or our competitors of acquisitions, investments or strategic alliances.

INCORPORATION OF CERTAIN INFORMATION BY REFERENCE

We incorporate information into this prospectus supplement and the accompanying prospectus by reference, which means that we disclose important information to you by referring you to another document filed separately with the SEC. The information incorporated by reference is deemed to be part of this prospectus supplement, except to the extent superseded by information contained herein or by information contained in documents filed with or furnished to the SEC after the date of this prospectus supplement. This prospectus supplement incorporates by reference the documents set forth below that have been previously filed with the SEC:

- our Annual Report on Form 10-K for the year ended April 30, 2013; and
- our Current Report on Form 8-K filed with the SEC on July 2, 2013.

We also incorporate by reference into this prospectus supplement additional documents that we may file (but not those that we furnish) with the SEC under Section 13(a), 13(c), 14, or 15(d) of the Securities Exchange Act of 1934, as amended, from the date of this prospectus supplement until we have sold all of the securities to which this prospectus supplement relates or the offering is otherwise terminated. We will

provide, without charge, to each person to whom a copy of this prospectus

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supplement has been delivered, a copy of any of the documents referred to above as being incorporated by reference. You may request a copy of these filings by writing or telephoning us at the following address:

Investors Real Estate Trust
1400 31st Avenue SW, Suite 60
Minot, North Dakota, 58701
(701) 837-4738

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Some of the information in this prospectus supplement may contain forward-looking statements as described in Section 27A of the Securities Act and Section 21E of the Exchange Act. You can generally identify forward-looking statements by our use of forward-looking words such as "may," "will," "expect," "intend," "anticipate," "estimate," "believe," "continue" or other similar words that describe our expectation for the future. These forward-looking statements include, but are not limited to, those regarding possible acquisitions to our portfolio of properties; the sale of properties; the performance of our properties; our ability to enter into agreements with new tenants for vacant space; our occupancy rates; our ability to acquire, develop and manage properties; our tax status as a real estate investment trust; our ability to access capital markets or other sources of funds; our ability to make distributions to shareholders; our policies and plans regarding investments, financings and other matters; and our critical accounting policies.

You should not rely on our forward-looking statements because the matters they describe are subject to known and unknown risks, uncertainties and other unpredictable factors, many of which are beyond our control. These risks and uncertainties, including those described in our filings with the SEC from time to time, could cause our actual results to differ materially from those projected in any forward-looking statement we make. Various factors may cause our expected results to differ materially from our actual results, including, but not limited to, the status of the economy; the state of the capital markets, including availability and cost of capital; competition within the real estate industry; negative developments in the operating results or financial condition of our tenants, including their ability to pay rent; our ability to make new investments as and when anticipated; our ability to re-lease space at similar rates as vacancies occur; environmental laws affecting our properties; and legal and operational matters, including real estate investment trust qualification and key management personnel recruitment and retention. We are not obligated to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

HOW TO ENROLL IN THE DISTRIBUTION REINVESTMENT AND SHARE PURCHASE PLAN

If you do not currently own any common shares or units: You may join the plan by making an initial cash investment of at least \$250 and not more than \$10,000. You may enroll by completing and mailing to the Plan Administrator a new account Enrollment Form and a plan Authorization Form along with your check payable to Investors Real Estate Trust. A \$15 new account enrollment fee will be deducted from your initial investment. Participants may not send cash, money orders, travelers' checks or third-party checks. If the account will be registered in more than one name, all potential participants must sign the new account Enrollment Form. We reserve the right to limit or combine accounts with identical taxpayer identification numbers and/or legal registrations. Please allow approximately two weeks for your account to be established, initial shares to be purchased and a statement to be mailed to you. No interest will be paid on amounts held by us pending investment.

You may obtain Authorization Forms and new account Enrollment Forms by writing to us at IRET, 1400 31st Avenue SW, Suite 60, Minot, ND 58701, Attention Investor Relations, or calling us at

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(701) 837-4738. The new account Enrollment Form and the Authorization Form are also available on our website, www.iret.com, at the Distribution Reinvestment and Share Purchase Plan section of the "Investor Relations" page. The information on our website does not constitute a part of this prospectus supplement. You may also visit American Stock Transfer and Trust Company, LLC's website, www.amstock.com, and enroll online and download plan documents. American Stock Transfer and Trust Company, LLC is the transfer agent for our shares of beneficial interest and is the administrator of the plan (the "Plan Administrator").

If you own common shares or units registered in your name: You may join the plan by completing and mailing to the Plan Administrator an Authorization Form (no enrollment fee is required). You may also enroll online at www.amstock.com by accessing your account.

If your common shares are held in a brokerage, bank or other intermediary account: To participate directly in the plan, you should direct your broker, bank or other intermediary to register some or all of your common shares directly in your name with American Stock Transfer & Trust Company, LLC, as the transfer agent for our common shares. You may then join the plan by completing and mailing an Authorization Form to the Plan Administrator.

If you are a current participant in the plan: You are automatically enrolled in the plan. No action is required unless you want to make a change in your election.

If you are a citizen or resident of a country other than the United States, you must first determine that participating will not violate local laws applicable to us, the plan and you as a participant.

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DESCRIPTION OF THE DISTRIBUTION REINVESTMENT AND SHARE PURCHASE PLAN

The following questions and answers constitute the plan. **You should read this prospectus supplement carefully before electing to participate in the plan and retain it for future reference.**

Purpose and Participation

1. *What is the purpose of the plan?*

The purpose of the plan is to provide a convenient and economical way to purchase our common shares and to reinvest cash distributions paid on our common shares and units. Under the plan, common shares that are acquired for your account directly from us as newly issued common shares with reinvested distributions and/or voluntary cash contributions may be issued at a discount from the market price for our common shares at the time of purchase ranging from 0% to 5%. Common shares acquired with reinvested distributions and/or voluntary cash contributions through open market or privately negotiated transactions will not be eligible for a purchase price discount and will be priced at the weighted average cost (excluding brokerage commissions) of all common shares acquired through open market or privately negotiated transactions on the Distribution Payment Date (as defined below) and/or during the Investment Period (as defined below), as applicable. For a more extensive discussion regarding discounts and pricing of shares purchased under the plan for your account, see Questions 14-20.

The plan is primarily intended to benefit long-term investors who want to increase their investment in our common shares by investing all or a portion of their cash distributions in additional shares, and to allow our shareholders and new investors to purchase additional common shares. We reserve the right to modify, suspend or terminate participation in this plan by otherwise eligible investors in order to eliminate practices that are not consistent with the purposes of the plan.

2. *What investment options are available under the plan?*

The Authorization Form allows you to choose one of the options listed below regarding your participation in the plan. If not otherwise specified on the Authorization Form, your plan account will automatically be set up for full distribution reinvestment. You can change your reinvestment decision at any time by notifying us. Your options under the plan are:

Full Distribution Reinvestment: If you check the "Full Distribution Reinvestment" box, it means that you are instructing the Plan Administrator to purchase additional common shares for you using:

cash distributions on all common shares and/or units registered in your name;

cash distributions on all common shares credited to your plan account; and

any voluntary cash contributions received from you.

Partial Distribution Reinvestment: If you check the "Partial Distribution Reinvestment" box on the Authorization Form, it means that you are specifying on the Authorization Form the number of common shares and/or units registered in your name and/or the number of all common shares credited to your plan account on which you want cash distributions to be paid to you in the usual manner. It further means that you are instructing the Plan Administrator to purchase additional common shares for your plan account using the cash distributions on all of your remaining common shares and/or units, and any voluntary cash contributions you make under the plan.

The Internal Revenue Service (the "IRS") adopted regulations on broker reporting of sales of securities and on the cost basis of securities. Pursuant to those regulations, plan administrators of distribution reinvestment plans are required to retain and accurately report cost basis information to shareholders and to the IRS with respect to shares acquired in qualified distribution reinvestment

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plans. Under the regulations, the minimum distribution reinvestment that can occur in order for a plan to qualify as a distribution reinvestment plan is 10%. Accordingly, the plan requires you to reinvest a minimum of 10% of every distribution paid. If your account falls below the 10% threshold, you will be sent a notification outlining your alternatives for reinvesting distributions.

Under the regulations, the adjusted basis of stock in a qualified distribution reinvestment plan is determined by the plan administrator's default method, unless the participant elects another method. The common reporting method applicable to distribution reinvestment plans is the average basis method. The average basis method is elective in one of two ways. First, the plan administrator may adopt average basis as its default method. Alternatively, if the plan administrator chooses another default method, then a plan participant may elect the average basis method by submitting an election in writing (including electronic communication) to the plan administrator and the administrator must execute the average basis method for that participant.

Cash distributions will be reinvested in additional common shares on the distribution payment date (the "Distribution Payment Date"), which is generally on or about the first day of each April, July and October, and on or about the 15th day of each January.

Voluntary Cash Contributions: If you check the "Voluntary Cash Contributions" box, it means that you are instructing the Plan Administrator to purchase additional common shares for your plan account using the voluntary cash contributions received from you. Cash distributions paid on all shares credited to your plan account as a result of your purchase of shares using this voluntary cash contribution feature of the plan will be reinvested under one of the Distribution Reinvestment options summarized above, as directed by you (i.e., Full Distribution Reinvestment or Partial Distribution Reinvestment). To purchase common shares using this feature of the plan, you must invest at least \$250 at any one time, but you cannot invest more than \$10,000 monthly (unless the limit is waived by us). Any voluntary cash contribution of less than \$250 and the portion of any voluntary cash contribution or contributions totaling more than \$10,000 per month (unless the limit has been waived by us), will be returned to you without interest. You have no obligation to make any voluntary cash contributions under the plan.

Purchases of our common shares made with voluntary cash contributions within the plan limits will begin on an investment date (the "Investment Date") which will be the 5th of each month (if this date is not a trading day on the NYSE, then the Investment Date will be the next trading day) and which may extend through an investment period not to exceed 30 business days after such Investment Date (the "Investment Period"). Common shares purchased on the open market will be credited to your plan account as of the last day on which all purchases during the Investment Period are completed. Shares issued and sold by us will be credited on the Investment Date.

The Plan Administrator must receive voluntary cash contributions no later than three business days before the Investment Date for those contributions to be invested in our common shares beginning on the Investment Date. Otherwise, the Plan Administrator may hold those funds and invest them beginning on the next succeeding Investment Date. No interest will be paid on funds held by us pending investment. Accordingly, you may wish to transmit any voluntary cash contributions so that they reach the Plan Administrator shortly but not less than three business days before the Investment Date. This will minimize the time period during which your funds are not invested. Participants have an unconditional right to obtain the return of any voluntary cash contribution up to three business days prior to the Investment Date by sending a written request to the Plan Administrator.

If you wish to make regular monthly purchases, you can authorize an automatic withdrawal from your bank account by completing the applicable section of the Authorization Form and returning it to the Plan Administrator. This feature enables you to make ongoing investments without writing a check. Funds will be deducted from your bank account on the last business day of the month preceding each

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Investment Date. Please allow sufficient time (approximately three weeks) for the first automatic withdrawal to be initiated. You must notify the Plan Administrator in writing to change or terminate automatic withdrawal at least 10 business days before the next automatic withdrawal in order for the change or termination to be effective by that date.

For the purpose of the above limitations on the amount of voluntary cash contributions (no less than \$250 or more than \$10,000 monthly, unless the limit is waived by us), we may aggregate all initial and voluntary cash contributions for participants with more than one account using the same Social Security Number or Taxpayer Identification Number. For participants unable to supply a Social Security Number or Taxpayer Identification Number, their participation may be limited by us to only one plan account. Also for the purpose of such limitations, all plan accounts that we believe to be under common control or management or to have common ultimate beneficial ownership may be aggregated. Unless we have determined that investment of voluntary cash contributions for each such account would be consistent with the purposes of the plan, we will have the right to aggregate all such accounts and to instruct the Plan Administrator to return, without interest, within 30 days of receipt, any amounts in excess of the investment limitations applicable to a single account received in respect of all such accounts.

Under all of the above investment options, unless you instruct the Plan Administrator otherwise by choosing the Partial Distribution Reinvestment option on the Authorization Form, the Plan Administrator will automatically reinvest any and all subsequent distributions on the common shares credited to your plan account, until you specify otherwise by notice in writing delivered to the Plan Administrator, until you withdraw from the plan, or until the plan is terminated, as the case may be.

Advantages and Disadvantages

3. *What are the advantages and disadvantages of the plan?*

Before deciding whether to participate in the plan, you should consider the following advantages and disadvantages.

Advantages

You may have the opportunity to reinvest the cash distributions on all or a portion of your common shares and units (subject to a minimum reinvestment percentage of 10%) in additional common shares at a discount from the market price for our common shares when the common shares are issued and sold directly by us.

You may have the opportunity to make a voluntary cash contribution (subject to a minimum of \$250 and a maximum of \$10,000 per month or, with our approval, in excess of \$10,000) to purchase our common shares at a discount from the market price when the common shares are issued and sold directly by us.

You are not required to pay brokerage commissions or other expenses in connection with the purchase of common shares under the plan, including reinvested distributions or voluntary cash contributions that are applied to the purchase of our common shares on the open market.

The plan permits whole and fractional common shares to be purchased with the distributions. Distributions on all whole or fractional common shares and units credited to the distribution reinvestment portion of the account are automatically reinvested in additional whole or fractional common shares.

By participating in the plan, you avoid the necessity of safekeeping certificates representing the common shares credited to your account, and thus have increased protection against loss, theft or destruction of such certificates.

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A regular statement for each account will provide you with a record of each transaction.

Disadvantages

You may not know the actual number of common shares purchased under the plan until after the Investment Date or Investment Period (as applicable for voluntary cash contributions) or the Distribution Payment Date for shares purchased with reinvested distributions.

You will have no control over the prices at which shares are purchased or sold for your account. Moreover, you will have no control over the source of the acquired shares (newly issued, open market purchases or privately negotiated transactions), and therefore may not know if the shares purchased for your account were eligible for the purchase price discount until after the Distribution Payment Date or, in the case of voluntary cash contributions, until after the Investment Period has concluded.

If you make a voluntary cash contribution but later change your mind and want it returned to you, we are obligated to do so only if the Plan Administrator receives your written request not less than three business days prior to the applicable Investment Date.

You will not receive the purchase price discount on common shares acquired through open market or privately negotiated transactions with reinvested distributions or voluntary cash contributions.

Any discount from market prices at the time of investment in common shares purchased under the plan (as described in Question 16) may create additional taxable income to you and brokerage commissions or other trading expenses paid by us in connection with the reinvestment of distributions if common shares are purchased in the open market will be taxable income to you. See Question 41.

A common shareholder's reinvested distributions will generally be taxable as dividends to the extent of our earnings and profits and may give rise to a liability for the payment of income tax without providing the shareholder with the corresponding cash to pay the tax when due.

A unitholder's reinvested distributions that exceed the unitholder's adjusted tax basis in its units will be treated as an amount received on the taxable sale or exchange of its units and may give rise to income tax liability without providing the unitholder with the corresponding cash to pay the tax when due.

We will not pay interest on voluntary cash contributions while the Plan Administrator holds them pending investment.

The granting of a discount in any one month or quarter will not ensure the availability of a discount or the same discount in future months or quarters. Each month or quarter, we may, at our discretion, adjust or eliminate discounts after providing notice, at least 30 days prior to the next Investment Date, on our website, www.iret.com, in the Distribution Reinvestment and Share Purchase Plan section of the website.

You bear the risks of fluctuation in the market price of our common shares.

Administration

4. Who administers the plan?

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The plan is administered by the Plan Administrator, American Stock Transfer & Trust Company, LLC, or such successor plan administrator as we may designate. The Plan Administrator keeps records, sends statements of account to participants and performs other duties relating to the

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plan. They also act as the distribution disbursing agent, transfer agent and registrar for our common shares. Correspondence with the Plan Administrator should be sent to:

American Stock Transfer and Trust Company, LLC
Attention: Investors Real Estate Trust Distribution Reinvestment and Share Purchase Plan
P.O. Box 922
Wall Street Station
New York, NY 10269-0560
Telephone: 1-888-200-3167

Internet services of the plan:

You can obtain information about your account over the Internet. To gain access, you will be required to use your account number and tax ID number. You may request your account number and tax ID number by calling the Plan Administrator at the telephone number above.

Eligibility

5. Who is eligible to participate in the plan?

- (a) All holders of record of our common shares are eligible to participate in the plan.
- (b) All holders of record of units are eligible to participate in the plan.
- (c) If you do not own any common shares or units, you may participate in the plan by making an initial cash investment of at least \$250 and not more than \$10,000 (unless this limit is waived by us). A \$15 new account enrollment fee will be deducted from your initial cash investment.
- (d) Beneficial owners whose common shares are registered in names other than their own (for instance, in the name of a broker or bank nominee), may participate in the plan in respect of the reinvestment of cash distributions on such common shares only if their broker or nominee offers the option of participating in the plan. Shareholders should consult directly with the entity holding their common shares to determine if they can enroll in the plan. If not, the common shareholder will need to request his or her bank, broker or trustee to transfer all or some of his or her common shares into the beneficial owner's own name in order to participate in the plan.

6. Are there any limitations on who is eligible to become a participant other than those described above?

Foreign law restrictions. If you are a citizen or resident of a country other than the United States, its territories and possessions, you should make certain that your participation does not violate local laws governing such things as taxes, currency and exchange controls, stock registration and foreign investments.

REIT Qualification Restrictions. In order to maintain our qualification as a REIT, not more than 50 percent in value of our outstanding shares of beneficial interest may be owned, directly or indirectly, by five or fewer individuals (as defined in the Code to include certain entities). As a result, our Declaration of Trust prohibits any shareholder from owning over 9.8% of the lesser of the number or value of our outstanding shares. If any shareholder acquires or is deemed to have acquired more than 9.8% of our outstanding shares, under the plan or otherwise, then (among other consequences) the number of shares owned by such shareholder that exceed the 9.8% ownership limit will be automatically transferred to a trust, the beneficiary of which will be a qualified charitable organization selected by us and the purported transferee will acquire no rights in the shares. At the direction of our board of trustees, the trust will thereafter sell the shares and remit to such shareholder the lesser of the price paid by such shareholder for the shares or the proceeds received by the trust for the shares,

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minus any expenses or compensation due to the trust. We reserve the right to invalidate any purchases made under the plan that we determine, in our sole discretion, may violate the 9.8% ownership limit. Any grant or request for a waiver of the maximum voluntary cash contribution will not be deemed a waiver of the 9.8% ownership limit.

Change of Eligibility. We reserve the right to modify, suspend or terminate participation in the plan, by otherwise eligible holders of common shares and units, in order to eliminate practices which we determine, in our sole discretion, are not consistent with the purposes or operation of the plan or which may adversely affect the market price of our common shares. If the number of shares on which distributions are reinvested falls below one share, your participation in the plan will be terminated automatically and a check will be sent to you for any fractional share remaining. In addition to the restrictions described above, we reserve the right to restrict your participation in the plan for any other reason. We have the sole discretion to exclude you from, or terminate your participation in, the plan.

Participating in the Plan

7. *How do interested investors and existing holders of common shares or units join the plan?*

An interested investor may join the plan by making an initial cash investment of at least \$250 but not more than \$10,000 (unless such limit is waived by us). You may enroll by completing and mailing to the Plan Administrator a completed new account Enrollment Form and a plan Authorization Form along with your check payable to Investors Real Estate Trust. A \$15 enrollment fee will be deducted from your initial investment. Please allow approximately four weeks for your account to be established, initial shares to be purchased and a statement to be mailed to you. No interest will be paid on amounts held by us pending investment. A holder of record of common shares or units may join the plan at any time by completing the Authorization Form and returning it to us (See Question 4 for our address). When completing the Authorization Form, you should be careful to include your social security number or taxpayer identification number and complete the required certification. Failure to supply this information will result in backup withholding of a percentage (28%) of payments owed to you. If the common shares or units are registered in more than one name (e.g., joint tenants, trustees, minors, etc.), all registered holders must sign the Authorization Form. Beneficial owners of our common shares whose shares are registered in names other than their own by brokers, banks or other nominees may join the plan by having the shares they wish to enroll in the plan transferred to their own names and completing the Authorization Form, or by arranging for the holder of record to participate in the plan on their behalf. If you are a beneficial owner whose broker, bank or nominee participates in the DTC reinvestment service, you should be able to request that your broker code your shares for distribution reinvestment and your distributions should be automatically reinvested through the plan. Those beneficial owners whose broker, bank or nominee does not participate in the DTC reinvestment service will need to become registered shareholders in order to participate in the distribution reinvestment feature of the plan. You may also enroll in the plan online at www.amstock.com by logging into your account. First-time buyers may also purchase shares online.

If you are currently participating in our Distribution Reinvestment Plan, you are automatically enrolled in the plan without sending another Authorization Form. However, if you wish to change your participation in any way, please contact the Plan Administrator for instructions (see Question 4 for contact information).

8. *What does the Authorization Form provide?*

By signing an Authorization Form, a common shareholder or unitholder may become a participant, and by checking the appropriate boxes on the Authorization Form may choose among the investment options described in Question 2. An Authorization Form is enclosed with this prospectus supplement. Additional Authorization Forms may be obtained by writing to the Plan Administrator at the address

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listed in Question 4 or calling us at (701) 837-4738. The Authorization Form is also available on our website, www.iret.com, at the Distribution Reinvestment and Share Purchase Plan section of the "Investor Relations" page. The information on our website does not constitute a part of this prospectus supplement.

9. How does the voluntary cash contribution feature of the plan work?

The Plan Administrator must receive voluntary cash contributions no later than three business days before the Investment Date for those contributions to be invested in our common shares beginning on the Investment Date. Otherwise, the Plan Administrator may hold those funds and invest them beginning on the next Investment Date in the following month. No interest will be paid on funds held by the Plan Administrator pending investment. Accordingly, you may wish to transmit any voluntary cash contributions so that they reach the Plan Administrator shortly but not less than three business days before the Investment Date. This will minimize the time period during which your funds are not earning interest. Participants have the unconditional right to obtain the return of any cash payment up to three business days prior to the Investment Date by sending a written request to the Plan Administrator.

You do not need to contribute the same amount, or any amount, each Investment Date. The Plan Administrator will reinvest all of the cash distributions on common shares purchased with voluntary cash contributions in additional common shares on each Distribution Payment Date, unless you have specified on the Authorization Form the Partial Distribution Reinvestment option, in which case the Plan Administrator will apply the cash distributions on common shares purchased with voluntary cash contributions in accordance with those instructions.

10. How can a participant make a voluntary cash contribution?

You may make a voluntary cash contribution by enclosing with the Authorization Form a check made payable to Investors Real Estate Trust subject to a minimum monthly amount (initially \$250) and a maximum monthly amount (initially \$10,000). These limits may be changed at any time in our sole discretion. If you wish to make regular monthly purchases, you can authorize an automatic withdrawal from your bank account by completing the applicable section of the Authorization Form and returning it to the Plan Administrator. This feature enables you to make ongoing investments without writing a check each time you want to make an investment. Funds will be deducted from your bank account on the last business day of the month preceding each Investment Date. Please allow sufficient time (approximately three weeks) for the first automatic withdrawal to be initiated. You must notify the Plan Administrator in writing to change or terminate automatic withdrawal at least 10 business days before the next automatic withdrawal in order for the change or termination to be effective by that date. We also may, from time to time, authorize other methods of payment. In that event, you will be notified through a posting on our website of the changed investment limits and other payment methods.

11. How do the Full Distribution Reinvestment feature and the Partial Distribution Reinvestment feature of the plan work?

If you mark "Full Distribution Reinvestment" on your Authorization Form, the Plan Administrator will purchase additional common shares for your plan account with:

all cash distributions on both the shares and units held in your name as registered holder (or held in street name on your behalf by brokers, banks or other nominees who have joined the plan) and on your plan shares; and

any voluntary cash contributions you make under the plan.

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If you mark "*Partial Distribution Reinvestment*" on your Authorization Form, the Plan Administrator will continue to make cash payments of distributions on the number of the common shares and/or units held in your name as registered holder (or held in street name on your behalf by brokers, banks or other nominees who have joined the plan) and on the number of shares held in your plan account that you indicate on the Authorization Form (subject to a minimum reinvestment percentage of 10%). In addition, the Plan Administrator will apply to the purchase of additional common shares for your plan account:

all of the remaining cash distributions on your certificated common shares and/or units, and all of the remaining cash distributions on your plan shares; and

any voluntary cash contributions you make under the plan.

In order for the Plan Administrator to reinvest your cash distributions for that quarter, the Plan Administrator must receive your Authorization Form by the record date for a Distribution Payment Date (see Question 4 for the address). Any change of election concerning the reinvestment of distributions must also be received by the Plan Administrator at least three business days prior to the record date for a Distribution Payment Date in order for the change to become effective with that payment. If you return a properly executed Authorization Form without electing an investment option, you will be enrolled as having selected full distribution reinvestment.

The quarterly Distribution Payment Date is usually on or about the first day of each April, July and October, and on or about the 15th day of each January. The record date is approximately two to three weeks before the Distribution Payment Date. For example, if a distribution was paid on July 1 and the record date for such distribution was June 15, the Plan Administrator would have to receive your Authorization Form on or before June 15 in order for distributions paid on your common shares and/or units to be used for distribution reinvestment on July 1. If the Plan Administrator received your Authorization Form after June 15, the July 1 distribution would be paid to you in cash and your reinvestment of cash distributions would commence with the next distribution payment date, which should be on or about October 1.

12. *May I reinvest less than the full amount of my distributions?*

By selecting the "*Partial Distribution Reinvestment*" option on your Authorization Form, you may direct the Plan Administrator to reinvest the distributions attributable to a lesser number of common shares and/or units than the full number of common shares and/or units registered in your name and/or held in your plan account (see Question 11 above for a more extensive discussion of the distribution reinvestment options). Cash distributions on the remaining common shares and/or units will continue to be paid to you.

Pursuant to IRS regulations, plan administrators of distribution reinvestment plans are required to retain and accurately report cost basis information to shareholders and to the IRS with respect to shares acquired in qualified distribution reinvestment plans. Under the regulations, the minimum distribution reinvestment that can occur in order for a plan to qualify as a distribution reinvestment plan is 10%. Accordingly, the Plan requires you to reinvest a minimum of 10% of every distribution paid. If your account falls below the 10% threshold, you will be sent a notification outlining your alternatives for reinvesting distributions.

Under the regulations, the adjusted basis of stock in a qualified distribution reinvestment plan is determined by the plan administrator's default method, unless the participant elects another method. The common reporting method applicable to distribution reinvestment plans is the average basis method. The average basis method is elective in one of two ways. First, the plan administrator may adopt average basis as its default method. Alternatively, if the plan administrator chooses another default method, then a plan participant may elect the average basis method by submitting an election

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in writing (including electronic communication) to the plan administrator and the administrator must execute the average basis method for that participant.

13. *How and when can I change the amount of distributions to be reinvested?*

You may change the distribution reinvestment option at any time by submitting a newly executed Authorization Form to the Plan Administrator (see Questions 8 and 11). Any change in the number of common shares with respect to which the Plan Administrator is authorized to reinvest cash distributions must be received by the Plan Administrator by the record date for a distribution payment to permit the new amount to apply to that payment.

Purchases and Price of Shares Within Plan Limits and Distribution Reinvestments

14. *What is the source of common shares purchased for me under the plan?*

Common shares purchased for your account under the plan will be issued by us from our authorized but unissued shares, or purchased from third parties on the open market or in privately negotiated transactions. We may, in our sole discretion, determine the sources from which common shares will be purchased under the plan; however, we expect shares to primarily be issued by us.

15. *When will the common shares be purchased for my account?*

Voluntary Cash Contributions

Purchases of our common shares made with voluntary cash contributions in amounts that are within plan limits will begin on an Investment Date and may extend through the Investment Period. Common shares purchased on the open market or in privately negotiated transactions will be credited to your plan account as of the last day on which all purchases for the Investment Period are completed. Shares issued and sold by us will be credited on the Investment Date. See Question 9 for a more extensive discussion of the voluntary cash contribution feature.

Distribution Reinvestments

Purchases will be made on the Distribution Payment Date, which is the quarterly distribution payment date for our common shares. The quarterly distribution payment is declared each quarter by our board of trustees. The distribution record date normally precedes the Distribution Payment Date by approximately two to three weeks. We historically have paid distributions on or about the first day of each April, July and October, and on or about the 15th day of each January. We pay distributions when and if declared by our Board of Trustees. We cannot assure you that we will declare or pay distributions in the future, and nothing contained in the plan obligates us to do so. However, we intend to continue to qualify as a REIT, and, as a REIT, we must distribute to our shareholders at least 90% of our taxable income each year. The plan does not represent a guarantee of future distributions.

No interest will be paid on cash distributions or voluntary cash contributions pending investment under the terms of the plan.

16. *What will be the price of the common shares purchased with voluntary cash contributions under the plan?*

Original Issue Shares Acquired Directly from Us

We may issue and sell common shares under the plan. The purchase price of common shares issued by us may be at a discount from the market price for our common shares on the Investment Date. The market price will be the volume weighted average price, rounded to four decimal places, of our common shares, as traded on the NYSE only during regular NYSE hours on the Investment Date.

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We will obtain this pricing information from NYSE, or, if NYSE is no longer providing this information, another authoritative source. Currently, the discount is 3% of the market price for our common shares on the Investment Date. We may change the discount at any time, in our sole discretion, with notice to participants provided on our website, www.iret.com, at least 30 days prior to the next Investment Date. In no event will the purchase price (taking into account any applicable discount) be less than 95% of the market value of our common shares on the Investment Date.

Open Market Purchases or Privately Negotiated Transactions

Independent Agent. We, the Plan Administrator, or, if we so elect, an independent agent appointed by us, may buy our common shares for the plan in the open market or in privately negotiated transactions. Except for any limitations imposed by federal or state securities laws, we, the Plan Administrator or the independent agent, as the case may be, will have full discretion as to all matters relating to open market purchases for the plan. We, the Plan Administrator or the independent agent, as the case may be, will determine the number of shares, if any, to be purchased on any given day, the time of day, the price to be paid for shares, the markets in which the shares are to be purchased (which may include any securities exchange or over-the-counter market) and the persons (including brokers or dealers) from or through whom purchases are made.

Price. The purchase price of our common shares purchased on the open market or in privately negotiated transactions under the plan will be equal to the weighted average cost (excluding brokerage commissions) of all common shares acquired by the independent agent or by us or the Plan Administrator, as the case may be, during the Investment Period. Common shares purchased with voluntary cash contributions in the open market or in privately negotiated transactions will not be eligible for a purchase price discount.

Timing and Control. Purchases may be made over a number of days to meet the requirements of the plan. No interest will be paid on funds held by the Plan Administrator, pending investment. We, the Plan Administrator, or our independent agent, as the case may be, may commingle your funds with those of other participants in the plan for purposes of executing purchase transactions.

No participant in the plan will have the authority or power to control either the timing or the pricing of the shares purchased on the open market. Therefore, you will not be able to precisely time your purchases through the plan, and you will bear the market risk associated with fluctuations in the price of our common shares. If you send in a voluntary cash contribution, it is possible that the market price for our common shares could go up or down before we, the Plan Administrator, or the independent agent, as the case may be, arrange to purchase shares with your funds. We, the Plan Administrator, or the independent agent, as the case may be, will use its best efforts to apply all funds to the purchase of shares during the Investment Period, subject to any applicable requirements of federal or state securities laws. We reserve the right to designate any exclusive broker to purchase the shares on the open market.

17. *What will be the price of the common shares purchased with reinvested distributions under the plan?*

Original Issue Shares Acquired Directly from Us

Common shares acquired directly from us under the plan with reinvested distributions may be purchased at a discount from the market price on the Distribution Payment Date. The market price will be the volume weighted average price, rounded to four decimal places, of our common shares as traded on the NYSE only during regular NYSE hours on the Distribution Payment Date. Currently, the discount is 3% of the market price for our common shares on the Distribution Payment Date. We may change the discount at any time, in our sole discretion, without notice to participants. In no event will the purchase price (taking into account any applicable discount) be less than 95% of the market price of our common shares on the Distribution Payment Date.

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Open Market Purchases or Privately Negotiated Transactions

Common shares purchased with reinvested distributions in the open market or in privately negotiated transactions will not be eligible for a purchase price discount. Common shares acquired through open market or privately negotiated transactions under the plan with reinvested distributions will be purchased at a price equal to the weighted average cost (excluding brokerage commissions) of all common shares acquired by us, as Plan Administrator, or the independent agent, as the case may be, on the Distribution Payment Date.

18. *How will the number of common shares purchased for my account be determined?*

Voluntary cash contributions within plan limits

The number of common shares to be purchased for your account as of any Investment Date will be equal to the total dollar amount to be invested for you, divided by the applicable purchase price per share. The number of common shares will be computed to the third decimal place, and the applicable purchase price will be computed to the fourth decimal place. See Question 16 for more information regarding the applicable purchase price for voluntary cash contributions within plan limits.

Where voluntary cash contributions or reinvested distributions are applied to the purchase of our common shares through us, the Plan Administrator, or our independent agent, as the case may be, in open market transactions, such purchase will be made during the Investment Period; however, neither we, the Plan Administrator or our independent agent, as the case may be, nor any participant in the plan has the authority or power to control either the timing or the pricing of the shares purchased on the open market during the Investment Period.

Distribution Reinvestments

The number of common shares to be purchased for your account as of any Distribution Payment Date will be equal to the total dollar amount to be invested for you, divided by the applicable purchase price per share. The number of common shares will be computed to the third decimal place, and the applicable purchase price will be computed to the fourth decimal place. See Question 17 for more information regarding the applicable purchase price for shares purchased with reinvested distributions. The total dollar amount to be invested as of any Distribution Payment Date will be the cash distributions on all or a part of the common shares and/or units registered in your own name (or held in street name on your behalf by brokers, banks or other nominees who have joined the plan) and/or previously credited to your plan account, according to the option chosen by you (see Question 2). The amount to be invested will be reduced by any amount we are required to deduct for federal tax withholding purposes (see Question 41).

19. *Is the discount for shares purchased under the plan subject to change?*

The discount for shares issued by us is subject to change by us, in our sole discretion, from time to time (but will not exceed 5% of the market price for our common shares on the Investment Date or Distribution Payment Date) and is also subject to discontinuance at our discretion at any time based on a number of factors, including current market conditions, the level of participation in the plan and our current and projected capital needs. Initially, the discount for common shares issued by us under the plan is 3%, for purchases of shares within plan limits. See Questions 21 and 22 for information on discounts applicable to purchases of shares in excess of plan limits pursuant to a request for waiver.

20. *Are there any costs to me for my purchases under the plan?*

You will pay no brokerage commissions for purchases of common shares under the plan. We will pay any applicable brokerage fees on behalf of plan participants. All costs of administration of the plan

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will also be paid by us. However, those participants whose common shares are held by a broker or other nominee most likely will incur some fees and costs. Brokers and nominees may impose charges or fees in connection with their handling of participation in the plan by nominee and fiduciary accounts. Additionally, if a participant requests plan shares to be certificated, we may charge a handling fee, and we currently deduct a \$15 new account enrollment fee from initial investments under the Plan.

Purchases of Shares in Excess of Plan Limits: Waiver of Limitations

21. *May a participant make an initial investment or voluntary cash contribution over the maximum amount?*

In our sole discretion, we may permit initial and voluntary cash contributions in excess of \$10,000 per month, pursuant to a written waiver of limitation by us for the total amount to be invested. The following discussion pertains only to initial or voluntary cash contributions for which a waiver of limitation has been obtained. Investments that do not exceed the plan limitations will not be subject to the terms discussed below. See "Purchases and Price of Shares Within Plan Limits and Distribution Reinvestments" above. The terms set forth below will apply to the full amount for which a waiver has been obtained. For example, if a waiver is obtained to make an initial investment or voluntary cash contribution of \$15,000, which is \$5,000 over the limit, the full \$15,000 will be subject to these terms. We reserve the right, in our sole discretion and without notice, to administer and approve any terms regarding the discount, threshold price or any other terms regarding investments exceeding the plan limitations as we deem necessary or desirable.

If you wish to make a voluntary cash contribution, including an initial cash payment, in excess of \$10,000 per month and be eligible for a potential waiver discount from the market price, you must obtain our prior written approval. A participant interested in obtaining such approval must submit a request for waiver form. This form may be obtained by contacting us at 701-837-4738. Completed request for waiver forms should be sent by facsimile to us at the number indicated on the form. We will notify you whether a request for waiver has been granted or denied, either in whole or in part, within three business days of the receipt of the request.

We have the sole discretion whether to approve any request to make a voluntary cash contribution or initial investment in excess of the maximum amount and to set the terms of any such voluntary cash contribution or initial investment. In deciding whether to approve a request for waiver, we will consider relevant factors, including but not limited to the following:

Whether the plan is then acquiring newly issued shares directly from us or acquiring shares in the open market or in privately negotiated transactions from third parties;

Our need for additional funds;

The desirability of obtaining additional funds through the sale of common shares as compared to other sources of funds;

The purchase price likely to apply to any sale of common shares;

The shareholder or new investor submitting the request;

The extent and nature of the shareholder's prior participation in the plan;

The number of common shares held of record by the shareholder; and

The aggregate number of voluntary cash contributions and initial investments in excess of \$10,000 for which requests for waiver have been submitted by all existing shareholders and new investors.

If requests for waiver are submitted for an aggregate amount in excess of the amount we are then willing to accept, we may honor such requests in order of receipt, pro rata or by any other method that

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we determine to be appropriate. The plan does not provide for a predetermined maximum amount that an existing shareholder or new investor may invest or a maximum number of shares that may be purchased pursuant to a request for waiver, except that no one may own more than 9.8% of our outstanding shares.

22. *If a request for waiver for voluntary cash contributions or initial investments over \$10,000 per month has been approved (see Question 21), how are shares priced and purchased?*

Shares purchased pursuant to an approved request for waiver will be purchased directly from the Company. Voluntary cash contributions and initial investments made pursuant to a request for waiver will be priced as follows:

Investments for which a request for waiver has been approved will be made subject to a "pricing period," which generally will consist of one to 30 separate days determined by us in our sole discretion during which trading of our common shares is reported on the NYSE. Each of these separate days will be a "Waiver Investment Date" and an equal proportion of the voluntary cash contribution or initial investment will be invested on each Waiver Investment date during such pricing period, subject to the qualifications listed below. The purchase price for shares acquired on a particular Waiver Investment Date will be equal to 100% (less any applicable waiver discount and subject to change as provided below) of the volume weighted average price, rounded to four decimal places, of our common shares, as traded on the NYSE only during regular NYSE hours on that date. We will obtain this pricing information from NYSE, or, if NYSE is no longer providing this information, another authoritative source. For example, if a voluntary cash contribution of \$10 million is made pursuant to an approved request for waiver and the pricing period is 10 days, the number of shares will be calculated for each Waiver Investment Date by taking a pro rata portion of the total voluntary cash contribution for each Waiver Investment Date, which would be \$1 million, and dividing it by the volume weighted average price, rounded to four decimal places, of our common shares as traded on the NYSE on that date, less the waiver discount, if any. Funds for such voluntary cash contributions or initial investments must be received by us not later than the business day before the first day of the pricing period.

We may establish a minimum, or "threshold," price for any pricing period that the volume weighted average price, rounded to four decimal places, of our common shares as traded on the NYSE only during regular NYSE hours must equal or exceed (not adjusted for a waiver discount, if any) during each Waiver Investment Date for investments made pursuant to a request for waiver. If the threshold price is not satisfied for any Waiver Investment Date in the pricing period, then we will exclude from the pricing period such Waiver Investment Date and refund that day's proportional investment amount. For example, if the threshold price is not met for two of the Waiver Investment Dates in a 10-day pricing period, then we will return 20% of the funds submitted in connection with a request for waiver, without interest, unless we have activated the pricing period extension feature for the pricing period, as described below. We are not required to notify a participant that a threshold price has been established for any pricing period. The establishment of the threshold price and the possible return of a portion of the payment apply only to initial investments or voluntary cash contributions exceeding \$10,000 per month made pursuant to approved requests for waiver, and will apply only to common shares that are purchased directly from us. Setting a threshold price for a pricing period will not affect the setting of a threshold price for any other pricing period. We may waive our right to set a threshold price for any particular pricing period.

For each pricing period, we may establish a discount from the market price for shares purchased pursuant to a request for waiver. This waiver discount, if any, will range from 0% to 5% of the purchase price and may vary for each pricing period. In no event will the purchase price of our

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common shares on any Waiver Investment Date be less than 95% (taking into account as part of the discount any brokerage fees or commissions paid by us on your behalf in connection with the purchase) of the volume weighted average price, rounded to four decimal places, of our common shares as traded on the NYSE only during regular NYSE hours on such Waiver Investment Date. The waiver discount, if any, will be established in our sole discretion after a review of current market conditions, the level of participation in the plan, the attractiveness of obtaining additional funds through the sale of common shares as compared to other sources of funds and our need for additional funds. To obtain information regarding the waiver discount, if any, please contact us at 701-837-4738. Setting a waiver discount for a particular pricing period will not affect the setting of a waiver discount for any subsequent pricing period. The waiver discount, if any, will apply only to voluntary cash contributions or initial investments in excess of \$10,000 made pursuant to an approved request for waiver, and will apply only to common shares that are purchased directly from us. The waiver discount, if any, however, will apply to the entire initial investment or voluntary cash contribution made pursuant to the request for waiver and not just the portion in excess of \$10,000.

We may elect to activate for any particular pricing period a pricing period extension feature that will provide that the initial pricing period be extended by the number of days that the threshold price is not satisfied, subject to a maximum of five trading days. If we elect to activate the pricing period extension feature and the threshold price is satisfied for any additional day that has been added to the initial pricing period, that day will be included as one of the trading days for the pricing period instead of the day on which the threshold price was not met. For example, if the determined pricing period is 10 days, and the threshold price is not satisfied for three out of those 10 days in the initial pricing period, and we had previously announced in the request for waiver form that the pricing period extension feature was activated, then the pricing period will be automatically extended, and if the threshold price is satisfied on the next three trading days (or a subset thereof), then those three days (or subset thereof) would become Waiver Investment Dates instead of the three days on which the threshold price was not met. As a result, because there were 10 trading days during the initial and extended pricing periods on which the threshold price was satisfied, all of the funds that were included with a request for waiver would be invested.

Newly issued shares purchased pursuant to a request for waiver will be posted to participants' accounts within three business days following the end of the applicable pricing period, or, if we elect to activate the continuous settlement feature, within three business days of each separate Waiver Investment Date beginning on the first Waiver Investment Date in the relevant pricing period and ending on the final Waiver Investment Date in the relevant pricing period, with an equal amount being invested on each day, subject to the qualifications set forth above. During any period when we are proposing to approve requests for waiver for one or more investments, we may elect to activate the continuous settlement feature for such investments by announcing in the request for waiver form that we will be doing so. For each pricing period (assuming the threshold price is met on each trading day of that pricing period), we would have a separate settlement of each Waiver Investment Date's purchases, each based on the volume weighted average price, rounded to four decimal places, of our common shares, as traded on the NYSE only during regular NYSE hours for the trading day relating to each of the Waiver Investment Dates during the pricing period.

request for waiver forms and information regarding the establishment of a threshold price, if any, and discount, if any, may be obtained by contacting us at 701-837-4738.

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Reports to participants

23. *What reports will be sent to participants in the plan?*

After an investment is made under the plan for your account, you will be sent a statement which will provide a record of the cost of the common shares purchased for your account, the number of common shares purchased, the date on which the common shares were credited to your account and the total number of common shares in your account. This information will be your record of the cost of your purchases of common shares, and should be retained for income tax and other purposes. In addition, during the year you will receive copies of the same communications sent to all other holders of common shares. And finally, following the final plan purchase in each calendar year, you will be sent income tax information for reporting distributions paid.

Certificates for common shares

24. *Will I receive certificates for common shares purchased under the plan?*

No certificates for any number of common shares credited to your plan account will be issued to you unless you submit a written request to the Plan Administrator. Such requests will be handled normally within two weeks. A handling fee, in addition to the cost of certified mail, may be charged. Any remaining whole common shares and any fractional common shares will continue to be credited to your account.

If you request the Plan Administrator to issue a certificate in your name representing all of the shares in your plan account, you will be deemed to have terminated your participation in the plan (as described in Question 27). If the written request is for certificates to be issued for all common shares credited to your plan account, and your account contains fractional shares, you will be sent a certificate for all of the whole common shares held in the account, and a check representing the value of the fractional shares held in the account. The value of fractional shares will be calculated using the NYSE Official Open Price on the day the share certificates are issued for the whole common shares held in the account. Certificates for fractional shares will not be issued under any circumstances.

25. *In whose name will certificates be registered and issued?*

When issued, certificates for common shares will be registered in the name in which your plan account is maintained. For holders of record, this generally will be the name or names in which your common share certificates and/or units are registered at the time you enroll in the plan. Upon written request, common shares will be registered in any other name, upon the presentation to the Plan Administrator of evidence of compliance with all applicable transfer requirements (including the payment of any applicable transfer taxes).

26. *May common shares in my plan account be pledged?*

You may not pledge or assign book-entry shares held in your plan account. If you wish to pledge such common shares, you must first request that a certificate for such common shares be issued in your name.

Withdrawal from the plan

27. *May I withdraw from the plan?*

Yes, you may withdraw from the plan at any time, by writing to the Plan Administrator, using the address given in Question 4 and stating that you wish to withdraw from the plan.

If your request to withdraw from the plan is received by the Plan Administrator at least three business days prior to the payment date for the next distribution, reinvestment of distributions will

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cease as of the date the notice of withdrawal is received by the Plan Administrator and distributions will be paid in cash. If the notice of withdrawal is received later than three business days prior to the payment date for the next distribution, the withdrawal and termination will not become effective until after the investment of any distributions to be invested as of that Distribution Payment Date. However, subsequent distributions will be paid in cash.

When terminating a plan account, you may request your broker to initiate a Direct Registration System (DRS) transaction to transfer the shares, or you may request that a share certificate be issued for all whole common shares held in the account. The Plan Administrator may charge a handling fee in addition to the cost of certified mail for issuing certificates for shares. As soon as practicable after notice of withdrawal and termination is received, the Plan Administrator will issue the shares in DRS form as directed by you, or mail to you at the address of record (a) a certificate for all whole common shares held in your plan account and (b) a check representing the value of any fractional common share held in the account. After your request for withdrawal has become effective and your plan account has been terminated, all distributions for the terminated account will be paid in cash to you unless and until you re-enroll in the plan.

28. *When may a common shareholder or unitholder re-elect to participate in the plan?*

Generally, a common shareholder of record or unitholder may re-elect to participate in the plan at any time by submitting a new Authorization Form. However, we reserve the right to reject any Authorization Form on the grounds of excessive withdrawal and re-election. Such reservation is intended to minimize unnecessary administrative expenses and to encourage use of the plan as a long-term investment service.

Other information

29. *What happens if I sell or transfer common shares and/or units registered in my name but held outside the plan?*

If you dispose of all common shares and/or units registered in your name but held outside of your plan account, the distributions on the common shares credited to your plan account will continue to be reinvested according to your instructions until you notify the Plan Administrator that you wish to withdraw from the plan. If your account balance falls below one (1) full share, the Plan Administrator may liquidate the fractional share and mail any proceeds to the address of record.

30. *What happens if we issue a stock distribution or declare a stock split?*

In the event of a stock split or a stock distribution payable in common shares, we will credit to your account the applicable number of whole and/or fractional common shares based on the number of common shares held in your plan account as of the record date for the stock distribution or split. Stock distributions or split shares distributed on common shares for which you hold certificates outside of your plan account will be sent directly to you in the same manner as to shareholders who are not participating in the plan. Transaction processing may be curtailed or suspended until the completion of any stock split, stock distribution or other corporate action.

31. *If we issue rights to purchase securities to common shareholders, how will the rights on common shares held in my plan account be handled?*

If we have a rights offering in which separately tradable and exercisable rights are issued to registered common shareholders, the rights attributable to whole common shares held in your account will be transferred to you as promptly as practicable after the rights are issued. Rights attributable to fractional common shares held in your account will be reinvested in common shares. Transaction

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processing may be curtailed or suspended until the completion of any rights offering or other corporate action.

32. *How are the common shares in my account voted at shareholder meetings?*

You will receive proxy materials from us for the total number of common shares held by you, both the common shares for which you hold certificates, if any, and those credited to your plan account. The total number of common shares held by you may also be voted in person at a meeting. Unitholders are not entitled to vote at meetings of shareholders.

If no instructions are received on a properly signed and returned proxy card with respect to any item thereon, all of a participant's common shares those registered in the participant's name and those credited to the participant's plan account will be voted in accordance with the recommendations of our management, just as for nonparticipating shareholders who return proxies and do not provide instructions. If the proxy is not returned or if it is returned unsigned, none of your common shares will be voted unless you vote in person.

33. *What is our responsibility under the plan?*

Neither we nor the Plan Administrator are liable for any act done in good faith or required by applicable law or for any good faith omission to act, including, without limitation, any claim of liability (a) arising out of failure to terminate a participant's plan account upon such participant's death prior to receipt of notice in writing of such death, (b) with respect to the prices and times at which common shares are purchased or sold for a participant, or (c) with respect to any fluctuation in market value before or after any purchase of common shares.

Neither we nor the Plan Administrator will have any duties, responsibilities or liabilities other than those expressly set forth in the plan or as imposed by applicable laws, including federal securities laws. We will be entitled to rely on completed forms and proof of due authority to participate in the plan, without further responsibility of investigation or inquiry. None of our trustees, officers, employees or shareholders will have any personal liability under the plan.

WE CANNOT ASSURE YOU OF A PROFIT OR PROTECT YOU AGAINST A LOSS ON COMMON SHARES PURCHASED UNDER THE PLAN.

34. *What are the responsibilities of participants under the plan?*

The common shares in your plan account may revert to the state in which you live in the event that the shares are deemed, under your state's laws, to have been abandoned by you. For this reason, you should notify the Plan Administrator promptly in writing of any change of address. The Plan Administrator will address account statements and other communications to you at the last address of record you have provided to the Plan Administrator. You will have no right to draw checks or drafts against your account or to instruct the Plan Administrator with respect to any common shares or cash held by the Plan Administrator pursuant to the plan except as expressly provided herein.

35. *May the plan be changed, suspended or discontinued?*

While we expect to continue the plan indefinitely, we may amend, suspend or terminate the plan at any time, but such action shall have no retroactive effect that would prejudice your interests. All participants will receive notice of any such action. We also reserve the right to adopt, and from time to time change, such administrative rules and regulations (not inconsistent in substance with the basic provisions of the plan then in effect), as we deem desirable or appropriate for the administration of the plan.

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36. *What happens if the plan is terminated?*

The Plan Administrator will transfer your shares in DRP form as directed by you, or, at your request, you will receive (a) a certificate for all whole common shares held in your account and (b) a check representing the value of any fractional common share held in your account and any uninvested cash distributions held in the account.

37. *Who interprets and regulates the plan?*

We are authorized to issue such interpretations, adopt such regulations and take such action as we may deem reasonably necessary to effectuate the plan. Any action to effectuate the plan taken by us in the good faith exercise of our judgment will be binding on all plan participants.

38. *May the transfer agent and registrar change?*

American Stock Transfer & Trust Company, LLC currently acts as the transfer agent and registrar for our common shares and units. We reserve the right to appoint a new transfer agent and registrar at any time, or to act as our own transfer agent and registrar and administer the plan ourselves.

39. *What law governs the plan?*

The terms and conditions of the plan and its operation shall be governed by the laws of the State of North Dakota.

40. *Are plan participants assured of receiving a distribution?*

The payment of distributions is at the discretion of our board of trustees and will depend upon future earnings, our financial condition and other factors. There can be no assurance as to the declaration or payment of any distribution on our common shares.

41. *What are the federal income tax consequences of participation in the plan?*

The federal tax treatment of distribution reinvestment and share purchase programs is not entirely clear. You are encouraged to consult your tax advisor with specific reference to your own tax situation and potential changes in the applicable law as to all federal, state, local, foreign and other tax matters in connection with the reinvestment of distributions and purchase of shares under the plan, your tax basis and holding period for shares acquired under the plan and the character, amount and tax treatment of any gain or loss realized on the disposition of shares. The following is a brief summary of the material federal income tax considerations applicable to the plan, is for general information only, and does not constitute tax advice.

The information in this section is based on the Code, existing, temporary and proposed regulations under the Code, the legislative history of the Code, current administrative rulings and practices of the IRS and court decisions, all as of the date hereof. We cannot assure you that new laws, interpretations of law, or court decisions, any of which may take effect retroactively, will not cause any statement in this section to be inaccurate. No assurance can be given that the IRS would not assert, or that a court would not sustain, a position contrary to any of the tax consequences described below. We have not sought and will not seek an advance ruling from the IRS regarding any matter in this prospectus supplement.

Reinvestment of Shareholder Distributions

Although the federal income tax treatment of distribution reinvestment plans is not entirely clear, it is expected that a shareholder participating in the plan will be treated for federal income tax purposes as having received, on the Distribution Payment Date, a distribution equal to the sum of

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(a) the fair market value of any common shares purchased under the plan (including common shares purchased through the reinvestment of distributions on shares held in the shareholder's account), (b) a pro rata portion of any brokerage costs incurred by us to acquire the common shares on the open market or in privately negotiated transactions, and (c) any cash distributions actually received by the shareholder with respect to any common shares not included in the plan. The total amount of cash and other distributions will be reported to a shareholder and to the IRS on the appropriate tax form shortly after the end of each year. The tax basis of common shares purchased under the plan will be equal to the fair market value of the shares on the Distribution Payment Date plus the shareholder's pro rata share of any brokerage costs paid by us. A shareholder's holding period for common shares purchased under the plan generally will begin on the day after the date on which the common shares are credited to the shareholder's account.

Our distributions to shareholders constitute dividends for federal income tax purposes up to the amount of our positive current and accumulated earnings and profits (as determined for federal income tax purposes) and, to that extent, will be taxable as ordinary income (except to the extent that we designate any portion of such dividend as either (i) a "capital gain" dividend or (ii) in the case of shareholders taxed at individual rates who satisfy certain holding period requirements, as "qualified dividend income" pursuant to applicable federal income tax rules). To the extent that we make a distribution in excess of our current and accumulated earnings and profits, such distribution will be treated first as a tax-free return of capital to the extent of a shareholder's adjusted tax basis in our common shares and, to the extent in excess of the shareholder's basis, will be taxable as a gain realized from the sale of the shareholder's common shares. Distributions to corporate shareholders, including amounts taxable as dividends to corporate shareholders, will generally not be eligible for the corporate dividends-received deduction.

Reinvestment of Unitholder Distributions

The federal income tax treatment of unitholders who participate in the plan is not entirely clear, because there is no clear legal authority regarding the federal income tax treatment of an owner of an entity taxed as a partnership who invests cash distributions from the partnership in shares of another entity that is a partner in the partnership. The following, however, sets forth our view of the likely tax treatment of unitholders who participate in the plan. We and IRET Properties intend to report the tax consequences of a unitholder's participation in a manner consistent with the following.

In the case of common shares purchased from us pursuant to the plan, a unitholder will likely be treated for federal income tax purposes as having received a cash distribution from IRET Properties equal to the fair market value of the common shares purchased on the Distribution Payment Date. With respect to common shares purchased by us pursuant to the plan in open market transactions or in privately negotiated transactions with third parties, it is expected that a unitholder will be treated for federal income tax purposes as having received a distribution from IRET Properties equal to the sum of (a) the fair market value of the common shares purchased under the plan and (b) a pro rata portion of any brokerage costs incurred by us (and reimbursed to us by IRET Properties). A unitholder's tax basis in the common shares purchased under the plan will be equal to the fair market value of the shares on the Distribution Payment Date plus a unitholder's pro rata share of any brokerage costs. A unitholder's holding period for common shares purchased under the plan generally will begin on the day after the date on which the common shares are credited to its account.

Cash distributions from IRET Properties to unitholders, to the extent they do not exceed a unitholder's adjusted tax basis in its units, generally will not result in taxable income to that unitholder, but will reduce the unitholder's adjusted tax basis in its units by the amount distributed. Cash distributed to a unitholder in excess of its adjusted tax basis in its units generally will be treated as an amount received on the sale or exchange of its units and is generally taxable as long-term capital gain (or loss) to the extent of the portion of the unitholder's units that are held for more than twelve

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months, and short-term capital gain or loss to the extent of the portion of the unitholder's units that are held for twelve months or less. For this purpose, a unitholder will begin a new holding period in a portion of its units each time the unitholder makes an additional investment in IRET Properties. However, under Section 751(b) of the Code, to the extent a distribution is considered to be in exchange for a unitholder's interest in substantially appreciated inventory items or unrealized receivables of IRET Properties, that unitholder may recognize ordinary income rather than a capital gain. A distribution of property other than cash and marketable securities generally will not result in taxable income or loss to a unitholder.

Voluntary Cash Contributions

Although the treatment of direct share purchase programs is not entirely clear, if you participate in the share purchase feature and the distribution reinvestment feature under the plan, based on a private letter ruling issued to another REIT, it is expected that you will be treated for federal income tax purposes as having received, on the Distribution Payment Date, a distribution equal to the excess, if any, of the fair market value of the common shares on this date over the amount of your voluntary cash payment. In addition, you will be treated as having received a distribution equal to your *pro rata* share of any brokerage commissions paid by us in connection with the purchase of common shares by the Plan Administrator from parties other than us. If you are not participating in the distribution reinvestment feature of the plan, it is possible that you would not be treated for federal income tax purposes as having received a distribution from us equal to the amount of the discount. Accordingly, the tax treatment of a purchase of shares under the plan may differ depending on whether the purchaser is participating in the distribution reinvestment feature of the plan. Shares acquired through the share purchase feature under the plan should have a tax basis equal to the amount of the payment plus the total amount of distributions, if any, you are treated as receiving as described above.

Your holding period for shares (including fractional shares) acquired through voluntary cash contributions under the plan generally will begin on the day after the shares were acquired.

Distributions that you receive as a result of voluntary cash contributions will be taxable as dividends to the extent of our current and accumulated earnings and profits (as determined for federal income tax purposes). Distributions in excess of our current and accumulated earnings and profits will not be taxable to you to the extent that such distributions do not exceed the adjusted tax basis of your shares but instead will reduce the adjusted tax basis in your shares. To the extent that such distributions exceed the adjusted tax basis of your shares, they will be included in your income as capital gain. In addition, if we designate part or all of our distributions as capital gain distributions, those distributions will be treated by you as long-term capital gains.

Backup Withholding and Administrative Expenses

We may be required to deduct as "backup withholding" a percentage (28%) of all distributions paid to you, regardless of whether such distributions are reinvested pursuant to the plan, and may be required to deduct backup withholding from all proceeds from sales of common shares held in your account. You are subject to backup withholding if: (a) you have failed properly to furnish us with your correct tax identification number, or TIN; (b) the IRS or a broker notifies us that the TIN furnished by you is incorrect; (c) the IRS or a broker notifies us that backup withholding should be commenced because you failed to properly report dividends paid to you; or (d) when required to do so, you fail to certify, under penalties of perjury, that you are not subject to backup withholding. Backup withholding amounts will be withheld from distributions before such distributions are reinvested under the plan. Therefore, if you are subject to backup withholding, distributions to be reinvested under the plan will be reduced by the backup withholding amount.

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If you are a foreign person, you need to provide the required federal income tax certifications to establish your status as a foreign shareholder or unitholder so that the foregoing backup withholding does not apply to you. You also need to provide the required certifications if you wish to claim the benefit of exemptions from federal income tax withholding or reduced withholding rates under a treaty or convention entered into between the United States and your country of residence. If you are a foreign person whose distributions are subject to federal income tax withholding, the appropriate amount will be withheld and the balance in common shares will be credited to your account.

Foreign shareholders or unitholders who elect to make voluntary cash contributions only will continue to receive regular cash distributions on shares registered in their names, in the case of shareholders, and units, in the case of unitholders, in the same manner as if they were not participating in this plan. Funds for voluntary cash contributions must be in United States dollars and will be invested in the same way as payments from other participants.

All costs of administering the plan will be paid by us (however, if a participant requests plan shares to be certificated, the Plan Administrator may charge a handling fee, and the Plan Administrator currently deducts a \$15 new account enrollment fee from initial investments under the plan). Consistent with the conclusion reached by the IRS in a private letter ruling issued to another REIT, we intend to take the position that these costs of administering the plan do not constitute a distribution which is either taxable to you or which would reduce your basis in your shares. However, since the private letter ruling was not issued to us, we have no legal right to rely on its conclusions. Thus, it is possible that the IRS might view your share of the costs as constituting a taxable distribution to you and/or a distribution which reduces the basis in your common shares. For this or other reasons, we may in the future take a different position with respect to the costs of administering the plan.

Disposition

A gain or loss may be recognized upon your disposition of common shares received from the plan. You may recognize a gain or loss upon receipt of a cash payment for a fractional common share credited to your account. The amount of any such gain or loss will be the difference between the amount received for the whole or fractional common shares and the tax basis of the common shares. Generally, any gain or loss recognized on the disposition of common shares acquired under the plan will be treated for federal income tax purposes as a capital gain or loss.

DISTRIBUTIONS

We currently pay regular quarterly distributions to holders of our common shares and units. Future distributions will be authorized by our board of trustees and declared by us based upon a number of factors, including the amount of funds from operations, our financial condition, debt service requirements, the dividend requirements for our 8.25% Series A Cumulative Redeemable Preferred Shares of Beneficial Interest, no par value per share, our 7.95% Series B Cumulative Redeemable Preferred Shares of Beneficial Interest, no par value per share, capital expenditure requirements for our properties, our taxable income, the annual distribution requirements under the REIT provisions of the Code and other factors our trustees deem relevant. Our ability to make distributions to our shareholders and unitholders will depend on our receipt of distributions from IRET Properties, our operating partnership, and lease payments from our tenants with respect to our properties, and we can make no assurances to you about our ability to make future distributions.

USE OF PROCEEDS

We will only receive proceeds from the sale by us of common shares pursuant to the plan. We will not receive any proceeds from the purchase of shares in the open market or in privately negotiated transactions. Any net proceeds we receive will be used for working capital and other general corporate

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purposes. We have no basis for estimating either the number of common shares that may be issued by us under the plan or the prices that we will receive for such common shares.

PLAN OF DISTRIBUTION

The common shares acquired under the plan will be issued by us or will be acquired in the open market or in privately negotiated transactions. If you acquire common shares through the plan and resell them shortly before or after acquiring them (including covering short positions), under certain circumstances you may be participating in a distribution of securities that would require your compliance with Regulation M under the Exchange Act, and you may be considered to be an underwriter within the meaning of the Securities Act. We will not extend to you any rights or privileges other than those to which you would be entitled as a participant in the plan, nor will we enter into any agreement with you regarding your purchase of those common shares or any resale or distribution of those common shares. We may, however, accept voluntary cash contributions and initial investments made pursuant to requests for waiver.

In connection with the administration of the plan, we may be requested to approve investments made pursuant to requests for waiver of the monthly volume limit by or on behalf of existing shareholders and new investors who may be engaged in the securities business. Additionally, any financial intermediary or other person may acquire common shares through the plan at a discount by reinvesting cash distributions or making optional cash investments that are subsequently applied to the purchase of newly issued common shares directly from us, and may capture the discount by reselling the common shares shortly thereafter. We have not entered into any agreements with any financial intermediary or other person to engage in such arrangements. We anticipate that the availability of a discount may encourage some participants in the plan to purchase more common shares than they would purchase without a discount, but we have no basis to quantify the extent to which additional common shares will be purchased because of any discount. We reserve the right to modify, suspend or terminate participation in the plan by otherwise eligible persons to eliminate practices that are inconsistent with the purpose of the plan.

We will pay all brokerage commissions and administrative fees in connection with common shares acquired in open market or privately negotiated transactions. Those participants whose common shares are held by a broker or other nominee most likely will incur some fees and costs. Brokers and nominees may impose charges or fees in connection with their handling of participation in the plan by nominee and fiduciary accounts. Additionally, if a participant requests plan shares to be certificated, the Plan Administrator may charge a handling fee.

EXPERTS

The consolidated financial statements and the related consolidated financial statement schedules incorporated in this prospectus supplement by reference from Investors Real Estate Trust's and subsidiaries' Annual Report on Form 10-K for the fiscal year ended April 30, 2013, and the effectiveness of Investors Real Estate Trust's and subsidiaries' internal control over financial reporting as of April 30, 2013, have been audited by Grant Thornton LLP, an independent registered public accounting firm, as stated in their reports, which are incorporated herein by reference. Such financial statements and financial statement schedules have been so incorporated in reliance upon the reports of such firm given upon their authority as experts in accounting and auditing.

The financial statements, and the related financial statement schedules as of April 30, 2012 and for the two years in the period ended April 30, 2012, incorporated in this prospectus supplement by reference from the Company's Annual Report on Form 10-K for the year ended April 30, 2013 have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report, which is incorporated herein by reference. Such financial statements and financial

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statement schedules have been so incorporated in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

LEGAL MATTERS

Certain legal matters with regard to the issuance of our common shares under the plan have been passed upon by Leonard, Street and Deinard Professional Association. Hunton & Williams LLP will pass upon certain federal income tax matters relating to us.

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PROSPECTUS

**Common Shares
Preferred Shares
Debt Securities**

We or any selling shareholder may offer, issue and sell from time to time, together or separately, the securities described in this prospectus. This prospectus describes some of the general terms that apply to the securities. We will provide the specific terms of any securities we or any selling shareholder may offer in supplements to this prospectus.

We or any selling shareholder may offer our securities directly, through agents we may designate from time to time, or to or through underwriters or dealers on a continuous or delayed basis. The prospectus supplement for each offering of securities will describe the plan of distribution for that offering. For general information about the distribution of securities offered, see "Plan of Distribution" in this prospectus. The prospectus supplement also will set forth the price to the public of the securities and the net proceeds that we expect to receive from the sale of such securities. We will not receive any of the proceeds from the sale of securities by any selling shareholder. If any agents or underwriters are involved in the sale of any of our securities, their names and any applicable purchase price, fee, commission or discount arrangement between or among them will be set forth or will be calculable from the information set forth in the applicable prospectus supplement. None of our securities may be sold without delivery of the applicable prospectus supplement describing the method and terms of the offering of such class or series of the securities.

Our common shares of beneficial interest, no par value per share, or common shares, are listed on the New York Stock Exchange, or the NYSE, under the symbol "IRET." On June 26, 2013, the last reported sale price of our common shares was \$8.36 per share. Our 8.25% Series A Cumulative Redeemable Preferred Shares of Beneficial Interest, no par value per share, or Series A preferred shares, are listed on the NYSE under the symbol "IRET PR." Our 7.95% Series B Cumulative Redeemable Preferred Shares of Beneficial Interest, no par value per share, or Series B preferred shares, are listed on the NYSE under the symbol "IRET PRB."

Investing in our securities involves risks. You should read and carefully consider the risks described in this prospectus and any accompanying prospectus supplement, as well as the risks described under the section entitled "Risk Factors" included in our most recent Annual Report on Form 10-K and any subsequent Quarterly Reports on Form 10-Q, and in other information that we file with the SEC before investing in our securities.

We impose certain restrictions on the ownership and transfer of our common shares. You should read the information under the section "Description of Shares of Beneficial Interest Ownership and Transfer Restrictions" in this prospectus for a description of these restrictions.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is June 27, 2013.

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ABOUT THIS PROSPECTUS

This prospectus is part of a "shelf" registration statement that we filed with the SEC. By using a shelf registration statement, we or any selling shareholder named in a prospectus supplement may sell any combination of the securities described in this prospectus, at any time and from time to time, in one or more offerings. Our prospectus provides you with a general description of these securities. Each time we or any selling shareholder sell securities, we will provide a prospectus supplement that will contain specific information about all of the terms of that offering. Our prospectus supplement may also add, update or change information contained in this prospectus. Before purchasing any securities, you should read both this prospectus and the applicable prospectus supplement and any applicable free writing prospectus, together with additional information described under the heading "Where You Can Find More Information." The exhibits to our registration statement and documents incorporated by reference contain the full text of certain contracts and other important documents that we have summarized in this prospectus or that we may summarize in a prospectus supplement. Since these summaries may not contain all the information that you may find important in deciding whether to purchase the securities we offer, you should review the full text of these documents.

You should not assume that the information appearing in this prospectus is accurate as of any date other than the date on the front of this prospectus. Our business, financial condition, results of operations and prospects may have changed since then. Updated information may have been subsequently provided as explained in this prospectus under "Where You Can Find More Information" and "Incorporation of Certain Documents by Reference."

It is important for you to read and consider all of the information contained in this prospectus in making your decision to invest in our securities. You should also read and consider the information in the documents we have referred you to in "Where You Can Find More Information" and "Incorporation of Certain Documents by Reference."

You should rely only on the information contained or incorporated by reference in this prospectus. We have not authorized any other person to provide you with different or additional information. If anyone provides you with different or additional information, you should not rely on it.

As used in this prospectus supplement, references to "we," "our," "us," the "Company," "IRET" and similar references are to Investors Real Estate Trust and its consolidated subsidiaries, including IRET Properties, A North Dakota Limited Partnership, our operating partnership, unless otherwise expressly stated or the context otherwise requires.

IRET

We are a self-advised equity North Dakota real estate investment trust that owns and operates multi-family residential properties, consisting of apartment buildings, complexes and communities, and commercial office, industrial, medical and retail properties located primarily in the upper Midwest states of Minnesota and North Dakota. Although we operate mainly within Minnesota and North Dakota, we also have real estate investments in Colorado, Idaho, Iowa, Kansas, Missouri, Montana, Nebraska, South Dakota, Wisconsin and Wyoming.

We own the majority of our properties and conduct substantially all of our operations through IRET Properties, A North Dakota Limited Partnership, our operating partnership, of which IRET, Inc., a North Dakota corporation and our wholly owned subsidiary, is the sole general partner.

We believe that we qualify, and we have elected to be taxed, as a REIT under the Internal Revenue Code of 1986, as amended, or the Code.

Our principal executive office is located at 1400 31st Avenue SW, Suite 60, Minot, North Dakota 58702, telephone number (701) 837-4738, facsimile number (701) 838-7785 and website:

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www.iret.com. The information set forth on, or otherwise accessible through, our website is not incorporated into, and does not form a part of, this prospectus or any other report or document we file with or furnish to the Securities and Exchange Commission, or the SEC.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements included in this prospectus and the documents incorporated by reference into this prospectus by reference are "forward-looking statements" within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. These forward-looking statements include statements about our intention to invest in properties that we believe will increase in income and value; our belief that the real estate markets in which we invest will continue to perform well; our belief that we have the liquidity and capital resources necessary to meet our known obligations and to make additional real estate acquisitions and capital improvements when appropriate to enhance long term growth; and other statements preceded by, followed by or otherwise including words such as "believe," "expect," "intend," "project," "anticipate," "potential," "may," "designed," "estimate," "should," "continue" and other similar expressions. These statements indicate that we have used assumptions that are subject to a number of risks and uncertainties that could cause our actual results or performance to differ materially from those projected.

Although we believe that the expectations reflected in forward-looking statements are based on reasonable assumptions, we can give no assurance that these expectations will prove to have been correct. Important factors that could cause our actual results to differ materially from the expectations reflected in our forward-looking statements include:

the economic health of the markets in which we own and operate multi-family and commercial properties, in particular the states of Minnesota and North Dakota, or other markets in which we currently invest and in which we may invest in the future;

the economic health of our commercial tenants;

market rental conditions, including occupancy levels and rental rates, for multi-family residential and commercial properties;

our ability to identify and secure additional multi-family residential and commercial properties that meet our criteria for investment;

the level and volatility of prevailing market interest rates and the pricing of our securities;

financing risks, such as our inability to obtain debt or equity financing on favorable terms, or at all; and

compliance with applicable laws, including those concerning the environment and access by persons with disabilities.

In light of these uncertainties, the events anticipated by our forward-looking statements might not occur and we caution you not to place undue reliance on any of our forward-looking statements. We undertake no obligation to update or revise our forward-looking statements, whether as a result of new information, future events or otherwise, and those statements speak only as of the date made. The foregoing review of factors that could cause our actual results to differ materially from those contemplated in any forward-looking statements should not be construed as exhaustive.

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**RATIOS OF EARNINGS TO FIXED CHARGES AND EARNINGS
TO COMBINED FIXED CHARGES AND PREFERRED SHARE DIVIDENDS**

The following table sets forth our ratios of earnings to fixed charges and of earnings to combined fixed charges and preferred share dividends for each period indicated. The ratio of earnings to fixed charges was computed by dividing earnings by our fixed charges, and the ratio of earnings to combined fixed charges and preferred share dividends was computed by dividing earnings by our combined fixed charges and preferred share dividends. For purposes of calculating these ratios, earnings consist of income from continuing operations plus fixed charges, less (income) loss from non-controlling interests and interest capitalized. In each case, fixed charges consist of interest charges on all indebtedness, whether expensed or capitalized, the interest component of rental expense and the amortization of debt discounts and issue costs, whether expensed or capitalized. Preferred share dividends consist of dividends on our Series A preferred shares and our Series B preferred shares.

	Nine Months Ended		Fiscal Year Ended April 30,			
	January 31, 2013	2012	2011	2010	2009	2008
Ratio of earnings to fixed charges	1.28x	1.14x	1.07x	1.09x	1.13x	1.21x
Ratio of earnings to combined fixed charges and preferred share dividends	1.13x	1.10x	1.03x	1.05x	1.09x	1.17x

RISK FACTORS

Before purchasing the securities offered by this prospectus you should carefully consider the risk factors incorporated by reference in this prospectus from our Annual Report on Form 10-K for the fiscal year ended April 30, 2012, as well as the risks, uncertainties and additional information set forth in our SEC reports on Forms 10-K, 10-Q and 8-K and in the other documents incorporated by reference in this prospectus. For a description of these reports and documents, and information about where you can find them, see "Where You Can Find More Information" and "Incorporation of Certain Documents By Reference." Additional risks not presently known or currently deemed immaterial could also materially and adversely affect our financial condition, results of operations, business and prospects.

USE OF PROCEEDS

Unless otherwise specified in a particular prospectus supplement accompanying this prospectus or document filed by us with the SEC and incorporated by reference in this prospectus, we will use the net proceeds from sales of securities for one or more of the following:

- repayment of debt;
- acquisition of additional properties;
- funding our development and redevelopment pipeline;
- redemption of preferred shares;
- working capital; and
- other general corporate purposes.

Any specific allocation of the net proceeds of an offering of securities to a specific purpose will be determined at the time of such offering.

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We will not receive any of the proceeds of the sale by any selling shareholder of the securities covered by this prospectus.

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DESCRIPTION OF SHARES OF BENEFICIAL INTEREST

The following is a summary of the material terms of our shares of beneficial interest. This summary is not a complete legal description of the common shares offered by this prospectus or our Series A preferred shares and Series B preferred shares and is qualified in its entirety by reference to our Articles of Amendment and Third Restated Declaration of Trust, as amended and supplemented, or our declaration of trust, and our Third Restated Trustees' Regulations, or our bylaws. We have filed copies of our declaration of trust, and our bylaws with the SEC and have incorporated by reference such documents as exhibits to the registration statement of which this prospectus is a part. See "Where You Can Find More Information."

General

We are authorized, under our declaration of trust, to issue an unlimited number of our shares of beneficial interest. Our board of trustees is authorized, under our declaration of trust, to provide for the issuance of shares of beneficial interest upon terms and conditions and pursuant to agreements as our board of trustees may determine and, further, to establish by resolution more than one class or series of shares of beneficial interest and to fix the relative rights and preferences of these different classes or series. The rights and preferences of any class or series of shares of beneficial interest will be stated in the articles supplementary to our declaration of trust establishing the terms of that class or series adopted by our board of trustees and will become part of our declaration of trust. As of June 21, 2013, our authorized shares of beneficial interest consisted of an unlimited number of common shares, of which 102,032,394 were issued and outstanding, 1,150,000 Series A preferred shares, of which 1,150,000 were issued and outstanding, and 4,600,000 Series B preferred shares, of which 4,600,000 were issued and outstanding.

The voting rights and rights to distributions of the holders of common shares are subject to the prior rights of the holders of our Series A preferred shares, our Series B preferred shares and any other subsequently issued classes or series of preferred shares. Unless otherwise required by applicable law or regulation, other classes or series of preferred shares are issuable without further authorization by holders of the common shares and on such terms and for such consideration as may be determined by our board of trustees. Other classes or series of preferred shares may have varying voting rights, redemption and conversion features, distribution (including liquidating distribution) rights and preferences, and other rights, including rights of approval of specified transactions. Any subsequently issued class or series of preferred shares could be given rights that are superior to rights of holders of common shares and a class or series having preferential distribution rights could limit common share distributions and reduce the amount holders of common shares would otherwise receive on dissolution.

Ownership and Transfer Restrictions

Our declaration of trust contains provisions that are intended to help preserve our status as a REIT for federal income tax purposes. Specifically, our declaration of trust provides that any transaction, other than a transaction entered into through the NASDAQ Global Market or other similar exchange, that would result in our disqualification as a REIT under Section 856 of the Code, including any transaction that would result in (i) a person owning shares of beneficial interest in excess of the ownership limit, which as of the date of this prospective supplement is 9.8%, in number or value, of our outstanding shares of beneficial interest, (ii) less than 100 people owning our shares of beneficial interest, (iii) us being closely held, or (iv) 50% or more of the fair market value of our shares of beneficial interest being held by persons other than United States persons, will be void ab initio. If such transaction is not void ab initio, then the shares of beneficial interest that are in excess of the ownership limit, that would cause us to be closely held, that would result in 50% or more of the fair market value of our shares of beneficial interest to be held by persons other than United States persons or that otherwise would result in our disqualification as a REIT, would automatically be exchanged for an equal number of "excess shares," and these excess shares will be transferred to an

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"excess share trustee" for the exclusive benefit of the charitable beneficiaries named by our board of trustees.

In such event, any distributions on excess shares will be paid to the excess share trust for the benefit of the charitable beneficiaries. The excess share trustee will be entitled to vote the excess shares, if applicable, on any matter. The excess share trustee may only transfer the excess shares held in the excess share trust as follows:

if shares of beneficial interest were transferred to the excess share trustee due to a transaction or event that would have caused a violation of the ownership limit or would have caused us to be closely held then, at the direction of our board of trustees, the excess share trustee will transfer the excess shares to the person who makes the highest offer for the excess shares, pays the purchase price and whose ownership will not violate the ownership limit or cause us to be closely held; or

if excess shares were transferred to the excess share trustee due to a transaction or event that would have caused persons other than United States persons to own more than 50% of the value of our shares of beneficial interest then, at the direction of our board of trustees, the excess share trustee will transfer the excess shares to the United States person who makes the highest offer for the excess shares and pays the purchase price.

We have certain rights to purchase excess shares from the excess share trustee and must have waived these rights prior to a transfer as described above.

Power to Reclassify Our Unissued Shares of Beneficial Interest

Our declaration of trust authorizes our board of trustees to classify and reclassify any unissued common or preferred shares into other classes or series of shares of beneficial interest. Prior to the issuance of shares of each class or series, our board of trustees is required by our declaration of trust to set, subject to the provisions of our declaration of trust regarding the restrictions on ownership and transfer of shares of beneficial interest, the preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications and terms or conditions of redemption for each class or series. Therefore, our board of trustees could authorize the issuance of common shares or preferred shares that have priority over our common shares as to voting rights, dividends or upon liquidation or with terms and conditions that could have the effect of delaying, deferring or preventing a change in control or other transaction that might involve a premium price for our common shares or otherwise be in the best interests of our shareholders.

Common Shares

General. Our declaration of trust authorizes the issuance of an unlimited number of our common shares. As of June 21, 2013, there were 102,032,394 of our common shares outstanding and 21,942,982 of our common shares potentially issuable upon conversion of previously issued limited partnership units of our operating partnership, or LP Units, and there were no warrants, options or other contractual arrangements, other than the LP Units, requiring the issuance of our common shares or any other shares of beneficial interest.

The common shares we may offer from time to time under this prospectus, will be duly authorized, fully paid and nonassessable when issued.

All of our common shares offered by this prospectus will be duly authorized, fully paid and nonassessable when exchanged for LP Units in accordance with the terms of the agreement of limited partnership of IRET Properties.

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Voting Rights. Subject to the provisions of our declaration of trust regarding the restriction on the transfer of our common shares, our common shares have non-cumulative voting rights at the rate of one vote per common share on all matters submitted to the shareholders, including the election of members of our board of trustees.

Our declaration of trust generally provides that whenever any action is to be taken by the holders of our common shares, including the amendment of our declaration of trust if such amendment is previously approved by our board of trustees, such action will be authorized by a majority of the voting power of the holders of our common shares present in person or by proxy at a meeting at which a quorum is present, except as otherwise required by law, our declaration of trust or our bylaws. Our declaration of trust further provides the following:

- (i) that the following actions will be authorized by the affirmative vote of the holders of our common shares holding common shares possessing a majority of the voting power of our common shares then outstanding and entitled to vote on such action:
 - our termination;
 - our merger with or into another entity;
 - our consolidation with one or more other entities into a new entity;
 - the disposition of all or substantially all of our assets; and
 - the amendment of the declaration of trust, if such amendment has not been previously approved by our board of trustees.
- (ii) that a member of our board of trustees may be removed with or without cause by the holders of our common shares by the affirmative vote of not less than two-thirds of our common shares then outstanding and entitled to vote on such matter.

Our declaration of trust also permits our board of trustees, by a two-thirds vote and without any action by the holders of our common shares, to amend our declaration of trust from time to time as necessary to enable us to continue to qualify as a real estate investment trust under the Internal Revenue Code.

Dividend, Distribution, Liquidation and Other Rights. Subject to the preferential rights of our Series A preferred shares and Series B preferred shares, any other preferred shares of beneficial interest that we may issue in the future and the provisions of the declaration of trust regarding the restriction on the transfer of our common shares, holders of our common shares are entitled to receive dividends on their common shares if, as and when authorized and declared by our board of trustees and to share ratably in our assets legally available for distribution to our shareholders in the event of our liquidation, dissolution or winding up after payment of, or adequate provision for, all known debts and liabilities. Our common shares have equal dividend, distribution, liquidation and other rights. Our common shares have no preference, conversion, exchange, sinking fund or redemption rights.

Preferred Shares

Our declaration of trust, as amended by the Articles Supplementary, authorizes the issuance of an unlimited number of our preferred shares. As of June 21, 2013, there were 1,150,000 and 4,600,000 of our Series A preferred shares and our Series B preferred shares, respectively, issued and outstanding.

Our board of trustees may authorize the issuance of preferred shares in one or more series and may determine, with respect to any such series, the rights, preferences, privileges and restrictions of the preferred shares of that series, including:

distribution rights;

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conversion rights;

voting rights;

redemption rights and terms of redemptions; and

liquidation preferences.

The preferred shares we may offer from time to time under this prospectus, when issued, will be duly authorized, fully paid and nonassessable, and holders of preferred shares will not have any preemptive rights.

The issuance of preferred shares could have the effect of delaying, deferring or preventing a change in control or other transaction that might involve a premium price for our common shares or otherwise be in the best interests of our shareholders. In addition, any preferred shares that we issue could rank senior to our common shares with respect to the payment of distributions, in which case we could not pay any distributions on our common shares until full distributions have been paid with respect to such preferred shares.

The rights, preferences, privileges and restrictions of each series of preferred shares will be fixed by articles supplementary relating to the series. We will describe the specific terms of the particular series of preferred shares in the prospectus supplement relating to that series, which terms will include:

the designation and par value of the preferred shares;

the voting rights, if any, of the preferred shares;

the number of preferred shares offered, the liquidation preference per preferred share and the offering price of the preferred shares;

the distribution rate(s), period(s) and payment date(s) or method(s) of calculation applicable to the preferred shares;

whether distributions will be cumulative or non-cumulative and, if cumulative, the date(s) from which distributions on the preferred shares will cumulate;

the procedures for any auction and remarketing for the preferred shares, if applicable;

the provision for a sinking fund, if any, for the preferred shares;

the provision for, and any restriction on, redemption, if applicable, of the preferred shares;

the provision for, and any restriction on, repurchase, if applicable, of the preferred shares;

the terms and provisions, if any, upon which the preferred shares will be convertible into common shares, including the conversion price (or manner or calculation) and conversion period;

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the terms under which the rights of the preferred shares may be modified, if applicable;

the relative ranking and preferences of the preferred shares as to distribution rights and rights upon the liquidation, dissolution or winding up of our affairs;

any limitation on issuance of any other series of preferred shares, including any series of preferred shares ranking senior to or on parity with the series of preferred shares as to distribution rights and rights upon the liquidation, dissolution or winding up of our affairs;

any listing of the preferred shares on any securities exchange;

if appropriate, a discussion of any additional material U.S. federal income tax considerations applicable to the preferred shares;

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information with respect to book-entry procedures, if applicable;

in addition to those restrictions described below, any other restrictions on the ownership and transfer of the preferred shares;
and

any additional rights, preferences, privileges or restrictions of the preferred shares.

Stock Exchange Listings

Our common shares are listed on the NYSE under the symbol "IRET." Our Series A preferred shares are listed on the NYSE under the symbol "IRET PR." Our Series B preferred shares are listed on the NYSE under the symbol "IRET PRB."

Transfer Agent and Registrar

The transfer agent and registrar for our common shares, our Series A preferred shares and our Series B preferred shares is American Stock Transfer & Trust Company, LLC.

DESCRIPTION OF DEBT SECURITIES

The following description sets forth certain general terms and provisions of the senior debt securities that may be offered by means of this prospectus. The particular terms of the debt securities being offered and the extent to which the general provisions described below apply will be described in a prospectus supplement relating to the debt securities.

Any senior debt securities offered by means of this prospectus will be issued under a senior indenture, as amended or supplemented from time to time, or the Indenture, between us and such trustee as we may appoint. A form of the Indenture has been filed as an exhibit to the registration statement of which this prospectus is a part and will be available for inspection at the corporate trust office of the trustee (as defined below) or as described below under "Where You Can Find More Information" and "Incorporation of Certain Documents by Reference."

The Indenture is and will be subject to and governed by the Trust Indenture Act of 1939, as amended. The description of the Indenture set forth below assumes that we have entered into the Indenture. We will execute and deliver the Indenture when and if we issue debt securities. The statements made in this prospectus relating to the Indenture and the debt securities to be issued under the Indenture are summaries of some provisions of the Indenture and such debt securities. The summaries do not purport to be complete and are subject to, and are qualified in their entirety by reference to, all provisions of the Indenture and such debt securities. Unless otherwise specified, capitalized terms used but not defined in this prospectus have the meanings set forth in the Indenture.

General

The debt securities offered by means of this prospectus will be our direct obligations. Senior debt securities will rank equally in right of payment with our other senior unsecured and unsubordinated debt that may be outstanding from time to time, and will rank senior in right of payment to all of any subordinated debt securities that may be outstanding from time to time.

The Indenture provides that debt securities may be issued without limit as to aggregate principal amount, in one or more series, in each case as may be authorized from time to time by us or as established in one or more indentures supplemental to the Indenture. All debt securities of one series need not be issued at the same time and, unless otherwise provided, a series may be reopened, without the consent of the holders of the debt securities of such series, for issuances of additional debt securities of such series.

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The Indenture provides that there may be more than one trustee thereunder, each with respect to one or more series of debt securities, or, each, a trustee. Any trustee under the Indenture may resign or be removed with respect to one or more series of debt securities, and a successor trustee will be appointed by us to act with respect to such series. If two or more persons are acting as trustee with respect to different series of debt securities, each such trustee will be a trustee of a trust under the Indenture separate and apart from the trust administered by any other trustee thereunder, and, except as otherwise indicated herein or therein, any action described to be taken by the trustee may be take