

merger will be February 1, 2003. As a result of the merger, IRET will acquire approximately 52 retail and commercial real estate properties containing approximately 807,154 square feet of rentable space as well as eight underdeveloped or primarily vacant parcels of real estate. Once completed, the merger will increase IRET's real estate portfolio by \$70,197,945, and is expected to increase gross rental revenues by \$6,356,000 on an annual basis. As part of the merger, IRET will also be acquiring all of the outstanding debt and liabilities of the T. F. James Company in the amount of \$37,732,004 at closing. It is expected that the terms of the merger will be immediately accretive to IRET on a per-share basis even though the T.F James portfolio to be acquired by IRET includes eight undeveloped and vacant properties that will account for approximately \$2,760,000 of the total transaction. These eight properties will either require additional funds for redevelopment or must be sold before IRET will recognize any income or value.

In order to manage the newly acquired properties post merger, IRET will continue to operate the T. F. James Company Minneapolis office. Six employees of the T. F. James Company will join the staff of IRET and will be located in Minneapolis. Mr. Charles Wm. James, the president of the T. F. James Company, as well as a shareholder, has been appointed to fill an open seat on the board of Trustees of Investors Real Estate Trust. Mr. James will also be an employee of IRET, in the position of Vice President of Development and Asset Management Minneapolis Portfolio. He will report directly to the President of IRET, Mr. Thomas A. Wentz, Sr., and to IRET's Chief Operating Officer, Timothy P. Mihalick.

A copy of the agreement and plan of the merger is filed as an exhibit to this Form 8-K and is incorporated herein by reference.

ITEM 7. FINANCIAL STATEMENTS AND EXHIBITS

(a) Financial Statements of Business Acquired

The required financial statements for the T.F. James Company for the most recent full fiscal year prior to the merger from September 30, 2001 to October 1, 2002, are attached as Schedule 3.12 to the Agreement and Plan of Reorganization attached as Exhibit 10 to this Form 8-K and are incorporated herein by reference. The required interim financial statements for the T.F. James Company from October 1, 2002, to the merger date of February 1, 2003, will be filed by amendment hereto no later than seventy-five (75) days after the date this report is required to be filed.

(b) Pro Forma Financial Information

The required pro forma financial information reflecting the combined operations of Investors Real Estate Trust and T.F. James Company will be filed by amendment hereto no later than seventy-five (75) days after the date this report is to be filed.

(c) Exhibits

Ex-2 - Agreement and Plan of Reorganization dated January 31, 2003

Ex-2a - Schedule 2.16 Calculation of Estimated Merger Consideration and Merger Consideration

Ex-2b - Schedules to Agreement and Plan of Reorganization By and Among Investors Real Estate Trust, IRET, Inc. and T.F. James Company dated January 31, 2003 (Schedule 3.1 - Schedule 5.14)

Ex-2c - Tenant Summary

Ex-2d - T.F. James Company/Investors Real Estate Trust (IRET) Share Issuance and Fractional Shares for Estimated Merger Consideration

Ex-10 - T. F. James Company and Subsidiaries Consolidated Financial Statements Together with Independent Auditors' Report - September 30, 2002

Ex-99 - Consent of Olsen Thielen & Co., LTD.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned who is duly authorized to do so.

Date: January 31, 2003

INVESTORS REAL ESTATE TRUST
(Registrant)

By: /S/ Thomas A. Wentz, Jr. _____
(Signature)
Thomas A. Wentz, Jr.
Senior Vice President & General Counsel