

INVESTORS REAL ESTATE TRUST

Form 8-K

October 05, 2004

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

FORM 8-K

**Current Report
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

Date of Report (date of earliest event reported)
October 5, 2004

INVESTORS REAL ESTATE TRUST

(Exact name of registrant as specified in its charter)

North Dakota
(State of incorporation)

0-14851
(Commission File Number)

45-0311232
(IRS Employer Identification No.)

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

(701) 837-4738
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act
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ITEM 8.01. OTHER EVENTS

Investors Real Estate Trust (IRET) is filing this Current Report on Form 8-K to revise the presentation of our segment financial information for our fiscal years ended April 30, 2004 and 2003, as included in our Annual Report on Form 10-K for the fiscal year ended April 30, 2004 (2004 Annual Report), to reflect the changes in our reportable segment structure effective as of the first quarter of our fiscal year ending April 30, 2005, as discussed below. We have concluded that it is impracticable to revise our segment financial information for our fiscal year ended April 30, 2002.

Prior to May 1, 2004, we reported our results of operations in two segments: Multi-Family Residential and Commercial properties. In order to continue to improve the transparency and usefulness to investors and other interested parties of our financial results, and following certain internal management changes and the acquisition of several new commercial properties, we began reporting our results in five segments, consisting of Multi-Family Residential, Office, Industrial, Medical and Retail properties. Our Office, Industrial, Medical and Retail segments were previously combined and reported in our single Commercial property segment. This new segment reporting structure was reflected in our financial statements as filed on Form 10-Q for the quarter ended July 31, 2004.

We are also filing this Current Report on Form 8-K to update the historical financial statements included in our 2004 Annual Report for discontinued operations that have resulted from dispositions of real estate assets during the period from May 1, 2004 through July 31, 2004, in accordance with Statement of Financial Accounting Standards No. 144,

Accounting for the Impairment or Disposal of Long-Lived Assets (SFAS 144). During the three months ended July 31, 2004, we sold seven properties four apartment complexes, two retail properties and one parcel of vacant land with a total carrying amount, net of depreciation, of \$17.2 million, for sale prices totaling approximately \$20.2 million. These properties collectively contributed \$2.5 million, \$2.4 million and \$2.5 million in revenue to the Company in fiscal years 2004, 2003 and 2002, respectively. After giving effect to these discontinued operations, our income from continuing operations is reduced by \$297,000, \$289,000, and \$406,000, and discontinued operations, net, is increased by the same amounts, in fiscal years 2004, 2003 and 2002, respectively.

In compliance with SFAS 144, we have reported revenue, expenses and net gains from the sale of these properties as discontinued operations for each period presented (including the comparable periods of the prior year). Under SEC requirements, the same reclassification as discontinued operations required by SFAS 144 following the sale of a property is required for previously issued annual financial statements for each of the three years shown in our 2004 Annual Report, if those financials are incorporated by reference in subsequent filings with the SEC made under the Securities Act of 1933, as amended, even though those financial statements relate to periods prior to the date of the sale. This reclassification has no effect on our reported net income available to common shareholders or funds from operations.

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This Current Report on Form 8-K updates and conforms certain information contained in Item 8, Financial Statements and Supplementary Data of our 2004 Annual Report to reflect our change in segment reporting described above and to reflect, as discontinued operations, the properties sold during the three months ended July 31, 2004, as described above. The updated and conformed financial statements contained in Item 8 of our 2004 Annual Report are set forth on Exhibit 99.1, and incorporated by reference herein.

No attempt has been made in this report to modify or update any other disclosures, including disclosures in Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, presented in our 2004 Annual Report, except to the extent expressly provided above. Accordingly, this report should be read in conjunction with our Form 10-Q for the quarter ended July 31, 2004.

Certain matters discussed in this report, excluding historical information, include forward-looking statements statements that discuss IRET's expected future results based on current and pending business operations. IRET makes these forward-looking statements in reliance on the safe-harbor protections provided under the Private Securities Litigation Reform Act of 1995. Forward-looking statements can be identified by words such as anticipates, believes, expects, planned, or similar expressions. Although IRET believes these forward-looking statements are based on reasonable assumptions, statements made regarding future results are subject to a number of assumptions, uncertainties and risks that may cause future results to be materially different from the results stated or implied in this document. Additional information about issues that could lead to material changes in our performance is contained in IRET's 2004 Annual Report.

ITEM 9.01. FINANCIAL STATEMENTS AND EXHIBITS

(c) Exhibits.

| Exhibit No. | Description |
|--------------------|---|
| 23.1 | Consent of Deloitte and Touche LLP, Independent Registered Public Accounting Firm |
| 23.2 | Consent of Brady, Martz and Associates, P.C., Independent Registered Public Accounting Firm |
| 99.1 | Financial Statements and Supplementary Data |

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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 hereunto duly authorized.

INVESTORS REAL ESTATE TRUST
(Registrant)

By: /s/ Thomas A. Wentz, Sr.
Thomas A. Wentz, Sr.
President & Chief Executive Officer

Dated: October 5, 2004

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