INVESTORS REAL ESTATE TRUST
Form 10-K
June 29, 2015

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

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended April 30, 2015
or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ____________ to ____________

Commission File Number 001-35624

Investors Real Estate Trust
(Exact name of Registrant as specified in its charter)

North Dakota	45-0311232
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)
1400 31st Avenue SW, Suite 60	
Post Office Box 1988	
Minot, ND 58702-1988	
(Address of principal executive offices) (Zip code)	

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

Securities registered pursuant to Section 12(b) of the Act:
Common Shares of Beneficial Interest (no par value) - New York Stock Exchange
Series A Cumulative Redeemable Preferred Shares of Beneficial Interest (no par value) -
New York Stock Exchange
Series B Cumulative Redeemable Preferred Shares of Beneficial Interest (no par value) -
New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:
None

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes No

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act.

Yes No

Indicate by check mark whether the Registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by checkmark whether the Registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§229.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit and post such files).

Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	Accelerated filer
Non-accelerated filer	Smaller reporting Company

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

The aggregate market value of the Registrant's outstanding common shares of beneficial interest held by non-affiliates of the Registrant as of October 31, 2014 was $883,522,385 based on the last reported sale price on the New York Stock Exchange on October 31, 2014. For purposes of this calculation, the Registrant has assumed that its trustees and executive officers are affiliates.

The number of common shares of beneficial interest outstanding as of June 1, 2015, was 124,574,042.

References in this Annual Report on Form 10-K to the "Company," "IRET," "we," "us," or "our" include consolidated subsidiaries, unless the context indicates otherwise.

Documents Incorporated by Reference: Portions of IRET's definitive Proxy Statement for its 2015 Annual Meeting of Shareholders to be held on September 15, 2015 are incorporated by reference into Part III (Items 10, 11, 12, 13 and 14) hereof.

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Special Note Regarding Forward-Looking Statements

Certain statements included in this Annual Report on Form 10-K and the documents incorporated into this document by reference are "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Such forward-looking statements include statements about our plans and objectives, including among other things, our future financial condition, anticipated capital expenditures, anticipated distributions and 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. Forward-looking statements are typically identified by the use of terms such as "believe," "expect," "intend," "project," "plan," "anticipate," "potential," "n "will," "designed," "estimate," "should," "continue" and other similar expressions. These statements indicate that we have usec 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 such 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 actual results to differ materially from the expectations reflected in the 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 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;

- our ability to complete construction and lease-up of our development projects on schedule and on budget;

- the level and volatility of prevailing market interest rates and the pricing of our common shares of beneficial interest;

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

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

- the availability and cost of casualty insurance for losses.

Readers should carefully review our financial statements and the notes thereto, as well as the section entitled "Risk Factors" in Item 1A of this Annual Report on Form 10-K and the other documents we file from time to time with the Securities and Exchange Commission ("SEC").

In light of these uncertainties, the events anticipated by our forward-looking statements might not occur. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. The foregoing review of factors that could cause our actual results to differ materially from those contemplated in any forward-looking statements included in this Annual Report on Form 10-K should not be construed as exhaustive.

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PART I

Item 1. Business

Overview

Investors Real Estate Trust ("we," "us," "IRET" or the "Company") is a self-advised equity Real Estate Investment Trust, or REIT, organized under the laws of North Dakota. Since our formation in 1970, our business has consisted of owning and operating income-producing real estate properties. We are structured as an Umbrella Partnership Real Estate Investment Trust, or UPREIT, and we conduct our day-to-day business operations through our operating partnership, IRET Properties, a North Dakota Limited Partnership ("IRET Properties" or the "Operating Partnership"). Our investments consist of multi-family residential properties and commercial properties composed of office, healthcare, industrial and retail. These properties are located primarily in the upper Midwest states of Minnesota and North Dakota. For the fiscal year ended April 30, 2015, our real estate investments in these two states accounted for 69.5% of our total gross revenue. Our principal executive office is located in Minot, North Dakota. We also have corporate offices in Minneapolis and St. Cloud, Minnesota, and additional property management offices located in the states where we own properties.

We seek to diversify our investments among multi-family residential and commercial properties. Our commercial properties consist of office, healthcare, industrial and retail. In January 2015, we revised our strategic plan and are exploring the potential sale of substantially all of our office and retail properties. As of April 30, 2015, our real estate portfolio consisted of:

- 100 multi-family residential properties containing 11,844 apartment units, having a total real estate investment amount net of accumulated depreciation of $766.1 million;

- 53 office properties containing approximately 4.2 million square feet of leasable space, having a total real estate investment amount net of accumulated depreciation of $365.3 million;

- 66 healthcare properties (including senior housing) containing approximately 3.0 million square feet of leasable space, having a total real estate investment amount net of accumulated depreciation of $384.9 million;

- 7 industrial properties containing approximately 1.2 million square feet of leasable space, having a total real estate investment amount net of accumulated depreciation of $49.4 million; and

- 23 retail properties containing approximately 1.2 million square feet of leasable space, having a total real estate investment amount net of accumulated depreciation of $83.4 million.

Our residential leases are generally for a one-year term. Our commercial properties are typically leased to tenants under long-term lease arrangements. As of April 30, 2015, no individual tenant accounted for more than 10% of our total real estate rentals, although affiliated entities of Edgewood Vista together accounted for approximately 15.1% of our total commercial segments' minimum rents.

Structure

We were organized under the laws of North Dakota on July 31, 1970, and have operated as a REIT under Sections 856-858 of the Internal Revenue Code of 1986, as amended (the "Internal Revenue Code") since our formation. On February 1, 1997, we were restructured as an UPREIT, and have conducted our daily business operations primarily through IRET Properties.

IRET Properties was organized under the laws of North Dakota pursuant to an Agreement of Limited Partnership dated January 31, 1997. IRET Properties is principally engaged in acquiring, owning, operating and leasing multi-family residential and commercial real estate. The sole general partner of IRET Properties is IRET, Inc., a North Dakota corporation and our wholly-owned subsidiary. All of our assets (except for qualified REIT subsidiaries) and liabilities were contributed to IRET Properties, through IRET, Inc., in exchange for the sole general partnership interest in IRET Properties. As of April 30, 2015, IRET, Inc. owned an 89.9% interest in IRET Properties. The remaining ownership of IRET Properties is held by individual limited partners.

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Investment Strategy and Policies

Our business objective is to increase shareholder value by employing a disciplined investment strategy. This strategy is implemented by growing income-producing assets in desired geographical markets in real estate classes we believe will provide a consistent return on investment for our shareholders.

We generally use available cash or short-term floating rate debt to acquire real estate. We then replace such cash or short-term floating rate debt with fixed-rate secured debt. In appropriate circumstances, we also may acquire one or more properties in exchange for our common shares of beneficial interest ("common shares") or for limited partnership units of IRET Properties ("limited partnership units" or "Units"), which are convertible, after the expiration of a minimum holding period of one year, into cash or, at our sole discretion, into our common shares on a one-to-one basis.

Our investment strategy involves investing in multi-family residential properties and commercial properties that are leased to single or multiple tenants, usually for five years or longer, and are located throughout the upper Midwest. Our commercial properties consist of office, healthcare, industrial and retail. Since January 2015, we have concentrated on multi-family residential and healthcare property acquisitions, and are exploring the potential sale of substantially all of our office and retail properties. We operate mainly within the states of North Dakota and Minnesota, although we also have real estate investments in Colorado, Idaho, Iowa, Kansas, Missouri, Montana, Nebraska, South Dakota, Wisconsin and Wyoming.

In order to implement our investment strategy we have certain investment policies. Our significant investment policies are as follows:

Investments in the securities of, or interests in, entities primarily engaged in real estate activities and other securities. While we are permitted to invest in the securities of other entities engaged in the ownership and operation of real estate, as well as other securities, we currently have no plans to make any investments in other securities.

Any policy, as it relates to investments in other securities, may be changed by a majority of the members of our Board of Trustees at any time without notice to or a vote of our shareholders.

Investments in real estate or interests in real estate. We currently own multi-family residential properties and/or commercial properties in 12 states. We may invest in real estate, or interests in real estate, located anywhere in the United States; however, we currently plan to focus our investments in those states in which we already have property, with specific concentration in Minnesota, North Dakota, Nebraska, Iowa, Colorado, Montana, South Dakota and Kansas. Similarly, we may invest in any type of real estate or interest in real estate including, but not limited to, office buildings, apartment buildings, shopping centers, industrial and commercial properties, special purpose buildings and undeveloped acreage. Under our Third Restated Trustees' Regulations (Bylaws), however, we may not invest more than 10.0% of our total assets in unimproved real estate, excluding property being developed or property where development will be commenced within one year.

It is not our policy to acquire assets primarily for capital gain through sale in the short term. Rather, it is our policy to acquire assets with an intention to hold such assets for at least a 10-year period. During the holding period, it is our policy to seek current income and capital appreciation through an increase in value of our real estate portfolio, as well as increased revenue as a result of higher rents.

Any policy, as it relates to investments in real estate or interests in real estate may be changed by our Board of Trustees at any time without notice to, or a vote of, our shareholders.

Investments in real estate mortgages. While not our primary business focus, from time to time we make loans to others that are secured by mortgages, liens or deeds of trust covering real estate. We have no restrictions on the type of property that may be used as collateral for a mortgage loan, except we may not invest in or make a mortgage loan without obtaining an appraisal concerning the value of the underlying property unless it is a loan insured or guaranteed by a government or a governmental agency. Unless otherwise approved by our Board of Trustees, it is our policy that we will not invest in mortgage loans on any one property if in the aggregate the total indebtedness on the property, including our mortgage, exceeds 85.0% of the property's appraised value. We can invest in junior mortgages without notice to, or the approval of, our shareholders. As of April 30, 2015 and 2014, we had no junior mortgages outstanding. We had no investments in real estate mortgages at April 30, 2015 and 2014.

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Our policies relating to mortgage loans, including second mortgages, may be changed by our Board of Trustees at any time, or from time to time, without notice to, or a vote of, our shareholders.

Policies Regarding Other Activities

Our current policies as they pertain to other activities are described as follows:

Distributions to shareholders and holders of limited partnership units. One of the requirements of the Internal Revenue Code for a REIT is that it distribute 90% of its net taxable income, excluding net capital gains, to its shareholders. There is a separate requirement to distribute net capital gains or pay a corporate level tax in lieu thereof. Our distributions meet these requirements. Our general policy has been to make cash distributions to our common shareholders and the holders of limited partnership units of approximately 65.0% to 90.0% of our funds from operations and to use the remaining funds for capital improvements or the purchase of additional properties. This policy may be changed at any time by our Board of Trustees without notice to, or approval of, our shareholders. Distributions to our common shareholders and unitholders in fiscal years 2015 and 2014 totaled approximately 81.3% and 82.5%, respectively, on a per share and unit basis of our funds from operations.

Issuing senior securities. On April 26, 2004, we issued 1,150,000 shares of 8.25% Series A Cumulative Redeemable Preferred Shares of Beneficial Interest (the “Series A preferred shares”), and on August 7, 2012, we issued 4,600,000 shares of 7.95% Series B Cumulative Redeemable Preferred Shares of Beneficial Interest (the “Series B preferred shares”). Depending on future interest rates and market conditions, we may issue additional preferred shares or other senior securities which would have dividend and liquidation preference over our common shares.

Borrowing money. We rely on borrowed funds in pursuing our investment objectives and goals. It is generally our policy to seek to borrow up to 65.0% to 75.0% of the appraised value of all new real estate acquired or developed. This policy concerning borrowed funds is vested solely with our Board of Trustees and can be changed by our Board of Trustees at any time, or from time to time, without notice to, or a vote of, our shareholders. Such policy is subject, however, to the limitation in our Bylaws, which provides that unless approved by a majority of the independent members of our Board of Trustees and disclosed to our shareholders in our next quarterly report along with justification for such excess, we may not borrow in excess of 300.0% of our total Net Assets (as such term is used in our Bylaws, which usage is not in accordance with generally accepted accounting principles (“GAAP”). “Net Assets” means our total assets at cost before deducting depreciation or other non-cash reserves, less total liabilities. Our Bylaws do not impose any limitation on the amount that we may borrow against any one particular property. As of April 30, 2015, our ratio of total indebtedness to total real estate investments was 64.1% while our ratio of total indebtedness as compared to our Net Assets (computed in accordance with our Bylaws) was 97.8%.

Offering securities in exchange for property. Our organizational structure allows us to issue shares and to offer limited partnership units of IRET Properties in exchange for real estate. The limited partnership units are convertible into cash, or, at our option, common shares on a one-for-one basis after a minimum one-year holding period. All limited partnership units receive the same cash distributions as those paid on common shares. Limited partners are not entitled to vote on any matters affecting us until their limited partnership units are converted into common shares.

Our Declaration of Trust, as amended (our “Declaration of Trust”), does not contain any restrictions on our ability to offer limited partnership units of IRET Properties in exchange for property. As a result, any decision to do so is vested solely in our Board of Trustees. This policy may be changed at any time, or from time to time, without notice to, or a vote of, our shareholders. For the three most recent fiscal years ended April 30, we have issued the following limited partnership units of IRET Properties in exchange for properties:

(in thousands)		
2015	2014	2013

Limited partnership units issued	89	361	1,620
Value at issuance, net of issue costs	$800	$3,480	$12,632

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Acquiring or repurchasing shares. As a REIT, it is our intention to invest only in real estate assets. Our Declaration of Trust does not prohibit the acquisition or repurchase of our common or preferred shares or other securities so long as such activity does not prohibit us from operating as a REIT under the Internal Revenue Code. Any policy regarding the acquisition or repurchase of shares or other securities is vested solely in our Board of Trustees and may be changed at any time, or from time to time, without notice to, or a vote of, our shareholders.

During fiscal year 2015, we did not repurchase any of our outstanding common shares, preferred shares or limited partnership units.

Making loans to other persons. Our organizational structure allows us to make loans to other persons, subject to certain conditions and subject to our election to be taxed as a REIT. All loans must be secured by real property or limited partnership units of IRET Properties. We had no investments in real estate mortgages at April 30, 2015 and 2014.

Investing in the securities of other issuers for the purpose of exercising control. We have not, for the past three years, engaged in, and we are not currently engaging in, investment in the securities of other issuers for the purpose of exercising control. Our Declaration of Trust does not impose any limitation on our ability to invest in the securities of other issuers for the purpose of exercising control. Any decision to do so is vested solely in our Board of Trustees and may be changed at any time, or from time to time, without notice to, or a vote of, our shareholders.

Information about Segments

We currently operate in five reportable real estate segments: multi-family residential; office; healthcare, including senior housing; industrial and retail. For further information on these segments and other related information, see Note 11 of our consolidated financial statements as well as Item 2 Properties and Item 7 Management's Discussion and Analysis of Financial Condition and Results of Operations of this Annual Report on Form 10-K.

Employees

As of April 30, 2015, we had 433 employees, of whom 387 were full-time and 46 were part-time. 59 of these employees were corporate staff located in our Minot, North Dakota and Minneapolis, Minnesota offices, and 374 were property management employees based either at our properties or in local property management offices.

Environmental Matters and Government Regulation

Under various federal, state and local laws, ordinances and regulations relating to the protection of the environment, a current or previous owner or operator of real estate may be liable for the costs of removal or remediation of certain hazardous or toxic substances released at a property, and may be held liable to a governmental entity or to third parties for property damage, personal injuries, and investigation and clean-up costs incurred in connection with any contamination. In addition, some environmental laws create a lien on a contaminated site in favor of the government for damages and costs it incurs in connection with the contamination. These laws often impose liability without regard to whether the current owner was responsible for, or even knew of, the presence of such substances. It is generally our policy to obtain from independent environmental consultants a "Phase I" environmental audit (which involves visual inspection but not soil or groundwater analysis) on all properties that we seek to acquire. We do not believe that any of our properties are subject to any material environmental contamination. However, no assurances can be given that:

- a prior owner, operator or occupant of the properties we own or the properties we intend to acquire did not create a material environmental condition not known to us, which might have been revealed by more in-depth study of the properties; and

- future uses or conditions (including, without limitation, changes in applicable environmental laws and regulations) will not result in the imposition of environmental liability upon us.

In addition to laws and regulations relating to the protection of the environment, many other laws and governmental regulations are applicable to our properties, and changes in the laws and regulations, or in their interpretation by agencies and the courts, occur frequently. Under the Americans with Disabilities Act of 1990 (the “ADA”), all places of public accommodation are required to meet certain federal requirements related to access and use by disabled persons. In addition, the Fair Housing Amendments Act of 1988 (the “FHAA”) requires apartment communities first occupied after March 13, 1990, to be accessible to the handicapped. Non-compliance with the ADA or the FHAA could result in the imposition of fines or an award of damages to private litigants. We believe that those of our properties to which the ADA and/or FHAA apply are substantially in compliance with present ADA and FHAA requirements.

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Competition

Investing in and operating real estate is a very competitive business. We compete with other owners and developers of multi-family and commercial properties to attract tenants to our properties. Ownership of competing properties is diversified among other REITs, financial institutions, individuals and public and private companies who are actively engaged in this business. Our multi-family properties compete directly with other rental apartments, as well as with condominiums and single-family homes that are available for rent or purchase in the areas in which our properties are located. Our commercial properties compete with other commercial properties for tenants. Additionally, we compete with other real estate investors, including other REITs, pension and investment funds, partnerships and investment companies, to acquire properties. This competition affects our ability to acquire properties we want to add to our portfolio and the price we pay for acquisitions. We do not believe we have a dominant position in any of the geographic markets in which we operate, but some of our competitors may be dominant in selected markets. Many of our competitors have greater financial and management resources than we have. We believe, however, that the geographic diversity of our investments, the experience and abilities of our management, the quality of our assets and the financial strength of many of our commercial tenants affords us some competitive advantages that have in the past and will in the future allow us to operate our business successfully despite the competitive nature of our business.

Corporate Governance

Our Board of Trustees has adopted various policies and initiatives to strengthen our corporate governance and increase the transparency of financial reporting. Each of the committees of the Board of Trustees operates under written charters, and our independent trustees meet regularly in executive sessions at which only the independent trustees are present. The Board of Trustees has adopted a Code of Conduct applicable to trustees, officers and employees; adopted a Code of Ethics for Senior Financial Officers; and has established processes for shareholders and all interested parties for communication with the Board of Trustees.

Additionally, our Audit Committee has established procedures for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters, including procedures for the confidential, anonymous submission by our employees of concerns regarding accounting or auditing matters. The Audit Committee also maintains a policy requiring Audit Committee approval of all audit and non-audit services provided to us by our independent registered public accounting firm.

We will disclose any amendment to our Code of Ethics for Senior Financial officers on our website. In the event we waive compliance with the Code of Ethics or Code of Conduct by any of our trustees or officers, we will disclose such waiver in a Form 8-K filed within four business days.

Website and Available Information

Our internet address is www.iret.com. We make available, free of charge, through the “SEC filings” tab under the Investors Information/Financial Reporting section of our website, our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, including exhibits and amendments to such reports, filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act as soon as reasonably practicable after such reports are filed with or furnished to the SEC. Current copies of our Code of Conduct; Code of Ethics for Senior Financial Officers; and Charters for the Audit, Compensation, Executive and Nominating and Governance Committees of our Board of Trustees are also available on our website under the heading “Corporate Governance” in the Investors Information/Corporate Overview section of our website. Copies of these documents are also available to shareholders upon request addressed to the Secretary at Investors Real Estate Trust, P.O. Box 1988, Minot, North Dakota 58702-1988. Information on our website does not constitute part of this Annual Report on Form 10-K.

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Item 1A. Risk Factors

Risks Related to Our Properties and Business

Our performance and share value are subject to risks associated with the real estate industry. Our results of operations and financial condition, the value of our real estate assets, and the value of an investment in us are subject to the risks normally associated with the ownership and operation of real estate properties. These risks include, but are not limited to, the following factors which, among others, may adversely affect the income generated by our properties:

- downturns in national, regional and local economic conditions (particularly increases in unemployment);
- competition from other commercial and multi-family residential properties;
- local real estate market conditions, such as oversupply or reduction in demand for commercial and multi-family residential space;
- changes in interest rates and availability of attractive financing;
- declines in the economic health and financial condition of our tenants and our ability to collect rents from our tenants;
- vacancies, changes in market rental rates and the need periodically to repair, renovate and re-lease space;
- increased operating costs, including real estate taxes, state and local taxes, insurance expense, utilities, and security costs;
- significant expenditures associated with each investment, such as debt service payments, real estate taxes and insurance and maintenance costs, which are generally not reduced when circumstances cause a reduction in revenues from a property;
- weather conditions, civil disturbances, natural disasters, terrorist acts or acts of war which may result in uninsured or underinsured losses; and
- decreases in the underlying value of our real estate.

The federal conservatorship of Fannie Mae and Freddie Mac and related efforts, along with any changes in laws and regulations affecting the relationship between Fannie Mae and Freddie Mac and the U.S. Government, may adversely affect our business. We depend on the Federal National Mortgage Association (Fannie Mae) and the Federal Home Loan Mortgage Corporation (Freddie Mac) for financing for many of our multi-family residential properties. Fannie Mae and Freddie Mac are U.S. Government-sponsored entities, or GSEs, but their guarantees are not backed by the full faith and credit of the United States. In September 2008 Fannie Mae and Freddie Mac were placed in federal conservatorship. The problems faced by Fannie Mae and Freddie Mac resulting in their being placed into federal conservatorship stirred debate among some federal policy makers regarding the continued role of the U.S. Government in providing liquidity for the residential mortgage market. It is unclear how future legislation may impact Fannie Mae and Freddie Mac's involvement in multi-family residential financing. The scope and nature of the actions that the U.S. Government may undertake with respect to the future of Fannie Mae and Freddie Mac are unknown and will continue to evolve. It is possible that each of Fannie Mae and Freddie Mac could be dissolved and the U.S. Government could decide to stop providing liquidity support of any kind to the multi-family residential mortgage market. Future legislation could further change the relationship between Fannie Mae and Freddie Mac and the U.S. Government, and could also nationalize or eliminate such GSEs entirely. Any law affecting these GSEs may create market uncertainty and have the effect of reducing the credit available for financing multi-family residential properties. The loss or reduction of this important source of credit would be likely to result in higher loan costs for us, and could result in inability to borrow or refinance maturing debt, all of which could materially adversely affect our business, operations and financial condition.

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Our property acquisition activities subject us to various risks which could adversely affect our operating results. We have acquired in the past and intend to continue to pursue the acquisition of properties and portfolios of properties, including large portfolios that could increase our size and result in alterations to our capital structure. Our acquisition activities and their success are subject to numerous risks, including, but not limited to:

- even if we enter into an acquisition agreement for a property, it is subject to customary closing conditions, including completion of due diligence investigations, and we may be unable to complete that acquisition after making a non-refundable deposit and incurring other acquisition-related costs;

- we may be unable to obtain financing for acquisitions on favorable terms or at all;

- acquired properties may fail to perform as expected;

- the actual costs of repositioning or redeveloping acquired properties may be greater than our estimates; and

- we may be unable to quickly and efficiently integrate new acquisitions into our existing operations.

These risks could have an adverse effect on our results of operations and financial condition and the amount of cash available for payment of distributions.

Acquired properties may subject us to unknown liabilities which could adversely affect our operating results. We may acquire properties subject to liabilities and without any recourse, or with only limited recourse against prior owners or other third parties, with respect to unknown liabilities. As a result, if liability were asserted against us based upon ownership of these properties, we might have to pay substantial sums to settle or contest it, which could adversely affect our results of operations and cash flows. Unknown liabilities with respect to acquired properties might include liabilities for clean-up of undisclosed environmental contamination; claims by tenants, vendors or other persons against the former owners of the properties; liabilities incurred in the ordinary course of business; and claims for indemnification by general partners, directors, officers and others indemnified by the former owners of the properties.

Our geographic concentration in Minnesota and North Dakota may result in losses due to our significant exposure to the effects of economic and real estate conditions in those markets. For the fiscal year ended April 30, 2015, we received approximately 69.5% of our gross revenue from properties in Minnesota and North Dakota. As a result of this concentration, we are subject to substantially greater risk than if our investments were more geographically dispersed. Specifically, we are more significantly exposed to the effects of economic and real estate conditions in those particular markets, such as building by competitors, local vacancy and rental rates and general levels of employment and economic activity. To the extent that weak economic or real estate conditions affect Minnesota and/or North Dakota more severely than other areas of the country, our financial performance could be negatively impacted.

If we are not able to renew leases or enter into new leases on favorable terms or at all as our existing leases expire, our revenue, operating results and cash flows will be reduced. We may be unable to renew leases with our existing tenants or enter into new leases with new tenants due to economic and other factors as our existing leases expire or are terminated prior to the expiration of their current terms. As a result, we could lose a significant source of revenue while remaining responsible for the payment of our obligations. In addition, even if we were able to renew existing leases or enter into new leases in a timely manner, the terms of those leases may be less favorable to us than the terms of expiring leases, because the rental rates of the renewal or new leases may be significantly lower than those of the expiring leases, or tenant installation costs, including the cost of required renovations or concessions to tenants, may be significant. If we are unable to enter into lease renewals or new leases on favorable terms or in a timely manner for all or a substantial portion of space that is subject to expiring leases, our revenue, operating results and cash flows will be adversely affected. As a result, our ability to make distributions to the holders of our shares of beneficial interest may be adversely affected. As of April 30, 2015, approximately 1.2 million square feet, or 12.9% of our total commercial property square footage, was vacant. Approximately 944 of our 11,844 apartment units, or 8.0%, were vacant. As of April 30, 2015, leases covering approximately 12.8% of our total commercial segments net rentable square footage will expire in fiscal year 2016, 12.7% in fiscal year 2017, 7.6% in fiscal year 2018, 13.3% in fiscal year 2019, and 7.1% in fiscal year 2020, assuming that none of the tenants exercise future renewal options, and excluding the effect of early renewals completed on existing leases.

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We face potential adverse effects from commercial tenant bankruptcies or insolvencies. The bankruptcy or insolvency of our commercial tenants may adversely affect the income produced by our properties. If a tenant defaults, we may experience delays and incur substantial costs in enforcing our rights as landlord. If a tenant files for bankruptcy, we cannot evict the tenant solely because of such bankruptcy. A court, however, may authorize the tenant to reject and terminate its lease with us. In such a case, our claim against the tenant for unpaid future rent would be subject to a statutory cap that might be substantially less than the remaining rent actually owed under the lease, and it is unlikely that a bankrupt tenant would pay in full amounts it owes us under a lease. This shortfall could adversely affect our cash flow and results of operations. If a tenant experiences a downturn in its business or other types of financial distress, it may be unable to make timely rental payments. Under some circumstances, we may agree to partially or wholly terminate the lease in advance of the termination date in consideration for a lease termination fee that is less than the agreed rental amount. Additionally, without regard to the manner in which a lease termination occurs, we are likely to incur additional costs in the form of tenant improvements and leasing commissions in our efforts to lease the space to a new tenant, as well as possibly lower rental rates reflective of declines in market rents.

Because real estate investments are generally illiquid, and various factors limit our ability to dispose of assets, we may not be able to sell properties when appropriate. Real estate investments are relatively illiquid and, therefore, we have limited ability to vary our portfolio quickly in response to changes in economic or other conditions. In addition, the prohibitions under the federal income tax laws on REITs holding property for sale and related regulations may affect our ability to sell properties. Our ability to dispose of assets may also be limited by constraints on our ability to utilize disposition proceeds to make acquisitions on financially attractive terms, and the requirement that we take additional impairment charges on certain assets. More specifically, we are required to distribute or pay tax on all capital gains generated from the sale of assets, and, in addition, a significant number of our properties were acquired using limited partnership units of IRET Properties, our operating partnership, and are subject to certain agreements which restrict our ability to sell such properties in transactions that would create current taxable income to the former owners. As a result, we are motivated to structure the sale of these assets as tax-free exchanges. To accomplish this we must identify attractive re-investment opportunities. These considerations impact our decisions on whether or not to dispose of certain of our assets.

Capital markets and economic conditions can materially affect our financial condition and results of operations, the value of our equity securities, and our ability to sustain payment of our distribution at current levels. Many factors affect the value of our equity securities and our ability to make or maintain at current levels distributions to the holders of our shares of beneficial interest, including the state of the capital markets and the economy, which in recent years have negatively affected substantially all businesses, including ours. Demand for office, industrial, and retail space has declined nationwide due to bankruptcies, downsizing, layoffs and cost cutting. The availability of credit has been and may in the future again be adversely affected by illiquid credit markets. Regulatory pressures and the burden of troubled and uncollectible loans led some lenders and institutional investors to reduce, and in some cases, cease to provide funding to borrowers. If these market conditions recur, they may limit our ability and the ability of our tenants to timely refinance maturing liabilities and access the capital markets to meet liquidity needs, which may materially affect our financial condition and results of operations and the value of our equity securities. Declining rental revenues from our properties due to persistent negative economic conditions may have a material adverse effect on our ability to make distributions to the holders of our shares of beneficial interest. In fiscal years 2015 and 2014, distributions to our common shareholders and unitholders of the Operating Partnership in cash and common shares pursuant to our Distribution Reinvestment and Share Purchase Plan (DRIP) totaled approximately 61.9% and 71.4%, respectively, of our net cash provided by operating activities.

Inability to manage rapid growth effectively may adversely affect our operating results. We have experienced significant growth at various times in the past; principally through the acquisition of additional real estate properties. Subject to our continued ability to raise equity capital and issue limited partnership units of IRET Properties and identify suitable investment properties, we intend to continue our acquisition of real estate properties. Effective management of rapid growth presents challenges, including:

- the need to expand our management team and staff;
- the need to enhance internal operating systems and controls; and
- the ability to consistently achieve targeted returns on individual properties.

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We may not be able to maintain similar rates of growth in the future, or manage our growth effectively. Additionally, an inability to make accretive property acquisitions may adversely affect our ability to increase our net income. The acquisition of additional real estate properties is critical to our ability to increase our net income. If we are unable to make real estate acquisitions on terms that meet our financial and strategic objectives, whether due to market conditions, a changed competitive environment or unavailability of capital, our ability to increase our net income may be materially and adversely affected. Our failure to do so may have a material adverse effect on our financial condition and results of operations and ability to make distributions to the holders of our shares of beneficial interest.

Competition may negatively impact our earnings. We compete with many kinds of institutions, including other REITs, private partnerships, individuals, pension funds and banks, for tenants and investment opportunities. Many of these institutions are active in the markets in which we invest and have greater financial and other resources that may be used to compete against us. With respect to tenants, this competition may affect our ability to lease our properties, the price at which we are able to lease our properties and the cost of required renovations or tenant improvements. With respect to acquisition and development investment opportunities, this competition may cause us to pay higher prices for new properties than we otherwise would have paid, or may prevent us from purchasing a desired property at all.

High leverage on our overall portfolio may result in losses. As of April 30, 2015, our ratio of total indebtedness to total Net Assets (as that term is used in our Bylaws, which usage is not in accordance with GAAP, “Net Assets” means our total assets at cost before deducting depreciation or other non-cash reserves, less total liabilities) was approximately 97.8%. As of April 30, 2014 and 2013, our percentage of total indebtedness to total Net Assets was approximately 93.3% and 91.0%, respectively. Under our Bylaws we may increase our total indebtedness up to 300.0% of our Net Assets, or by an additional approximately $2.4 billion. There is no limitation on the increase that may be permitted if approved by a majority of the independent members of our Board of Trustees and disclosed to the holders of our securities in the next quarterly report, along with justification for any excess.

This amount of leverage may expose us to cash flow problems if rental income decreases. Under those circumstances, in order to pay our debt obligations we might be required to sell properties at a loss or be unable to make distributions to the holders of our shares of beneficial interest. A failure to pay amounts due may result in a default on our obligations and the loss of the property through foreclosure. Additionally, our degree of leverage could adversely affect our ability to obtain additional financing and may have an adverse effect on the market price of our common shares.

Our inability to renew, repay or refinance our debt may result in losses. We incur a significant amount of debt in the ordinary course of our business and in connection with acquisitions of real properties. In addition, because we have a limited ability to retain earnings as a result of the REIT distribution requirements, we will generally be required to refinance debt that matures with additional debt or equity. We are subject to the normal risks associated with debt financing, including the risk that:

- our cash flow will be insufficient to meet required payments of principal and interest;

- we will not be able to renew, refinance or repay our indebtedness when due; and

- the terms of any renewal or refinancing will be less favorable than the terms of our current indebtedness.

These risks increase when credit markets are tight. In general, when the credit markets are constrained, we may encounter resistance from lenders when we seek financing or refinancing for properties or proposed acquisitions, and the terms of such financing or refinancing are likely to be less favorable to us than the terms of our current indebtedness.

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We anticipate that only a small portion of the principal of our debt will be repaid prior to maturity, and we will need to refinance a significant portion of our outstanding debt as it matures. We cannot guarantee that any refinancing of debt with other debt will be possible on terms that are favorable or acceptable to us. If we cannot refinance, extend or pay principal payments due at maturity with the proceeds of other capital transactions, such as new equity capital, our cash flows may not be sufficient in all years to repay debt as it matures. Additionally, if we are unable to refinance our indebtedness on acceptable terms, or at all, we may be forced to dispose of one or more of our properties on disadvantageous terms, which may result in losses to us. These losses could have a material adverse effect on us, our ability to make distributions to the holders of our shares of beneficial interest and our ability to pay amounts due on our debt. Furthermore, if a property is mortgaged to secure payment of indebtedness and we are unable to meet mortgage payments or refinance the debt at maturity, the mortgagee could foreclose upon the property, appoint a receiver and receive an assignment of rents and leases or pursue other remedies, including taking ownership of the property, all with a consequent loss of revenues and asset value. Foreclosures could also create taxable income without accompanying cash proceeds, thereby hindering our ability to meet the REIT distribution requirements of the Internal Revenue Code. On April 14, 2015, we received a letter from the special servicer for the $122.6 million non-recourse loan under the Loan and Security Agreement between one of our subsidiaries as borrower and Citigroup Global Markets Realty Corp as lender advising that the loan was in default due to a nonpayment on April 6, 2015. The aggregate estimated fair value of the assets securing this loan is less than the outstanding loan balance of $122.6 million. This loan matures in October 2016 and has an interest rate of 5.93%. We cannot predict the outcome of the discussions with the special servicer on this loan.

As of April 30, 2015, approximately 12.5% of our mortgage debt is due for repayment in fiscal year 2016. As of April 30, 2015, we had approximately $121.9 million of principal payments and approximately $48.3 million of interest payments due in fiscal year 2016 on fixed and variable-rate mortgages secured by our real estate. Additionally, as of April 30, 2015, we had $60.5 million outstanding under our $90.0 million multi-bank line of credit, which has a maturity date of September 1, 2017.

The cost of our indebtedness may increase. Portions of our fixed-rate indebtedness incurred for past property acquisitions come due on a periodic basis. Rising interest rates could limit our ability to refinance this existing debt when it matures, and would increase our interest costs, which could have a material adverse effect on us, our ability to make distributions to the holders of our shares of beneficial interest and our ability to pay amounts due on our debt. In addition, we have incurred, and we expect to continue to incur, indebtedness that bears interest at a variable rate. As of April 30, 2015, $70.0 million, or approximately 7.2%, of the principal amount of our total mortgage indebtedness was subject to variable interest rates agreements, and approximately 71.4% of the principal amount of our total construction loan indebtedness was subject to variable interest rates. Additionally, our $90.0 million multi-bank line of credit bears interest at a rate of 1.25% over the Wall Street Journal Prime Rate, with a floor of 4.75% and a cap of 8.65%. If short-term interest rates rise, our debt service payments on adjustable rate debt would increase, which would lower our net income and could decrease our distributions to the holders of our shares of beneficial interest.

Our current or future insurance may not protect us against possible losses. We carry comprehensive liability, fire, extended coverage and rental loss insurance with respect to our properties at levels that we believe to be adequate and comparable to coverage customarily obtained by owners of similar properties. However, the coverage limits of our current or future policies may be insufficient to cover the full cost of repair or replacement of all potential losses. Moreover, this level of coverage may not continue to be available in the future or, if available, may be available only at unacceptable cost or with unacceptable terms.

Additionally, there may be certain extraordinary losses, such as those resulting from civil unrest, terrorism or environmental contamination, that are not generally, or fully, insured against because they are either uninsurable or not economically insurable. For example, we do not currently carry insurance against losses as a result of environmental contamination. Should an uninsured or underinsured loss occur to a property, we could be required to use our own funds for restoration or lose all or part of our investment in, and anticipated revenues from, the property.

In any event, we would continue to be obligated on any mortgage indebtedness on the property. Any loss could have a material adverse effect on us, our ability to make distributions to the holders of our shares of beneficial interest and our ability to pay amounts due on our debt.

In addition, in most cases we have to renew our insurance policies on an annual basis and negotiate acceptable terms for coverage, exposing us to the volatility of the insurance markets, including the possibility of rate increases. Any material increase in insurance rates or decrease in available coverage in the future could adversely affect our business and financial condition and results of operations, which could cause a decline in the market value of our securities.

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We have significant investments in healthcare properties and adverse trends in healthcare provider operations may negatively affect our lease revenues from these properties. We have acquired a significant number of specialty healthcare properties (including senior housing) and may acquire more in the future. As of April 30, 2015, our real estate portfolio consisted of 66 healthcare properties, with a total real estate investment amount, net of accumulated depreciation, of $384.9 million, or approximately 23.3% of the total real estate investment amount, net of accumulated depreciation, of our entire real estate portfolio. The healthcare industry continues to experience changes in the demand for, and methods of delivery of, healthcare services; changes in third-party reimbursement policies; significant unused capacity in certain areas, which has created substantial competition for patients among healthcare providers in those areas; continuing pressure by private and governmental payors to reduce payments to providers of services; and increased scrutiny of billing, referral and other practices by federal and state authorities. Sources of revenue for our healthcare property tenants may include the federal Medicare program, state Medicaid programs, private insurance carriers and health maintenance organizations, among others. Efforts by such payors to reduce healthcare costs will likely continue, which may result in reductions or slower growth in reimbursement for certain services provided by some of our tenants. These factors may adversely affect the economic performance of some or all of our healthcare services tenants and, in turn, our lease revenues. In addition, if we or our tenants terminate the leases for these properties, or our tenants lose their regulatory authority to operate such properties, we may not be able to locate suitable replacement tenants to lease the properties for their specialized uses. Alternatively, we may be required to spend substantial amounts to adapt the properties to other uses. Any loss of revenues and/or additional capital expenditures occurring as a result could hinder our ability to make distributions to the holders of our shares of beneficial interest.

New federal healthcare reform laws may adversely affect the operators and tenants of our healthcare (including senior housing) properties. In March 2010, the President signed into law The Patient Protection and Affordable Care Act (“PPACA”) and The Health Care and Education and Reconciliation Act of 2010 (the “Reconciliation Act”), which amends the PPACA (collectively, the “Health Care Reform Acts”). The Health Care Reform Acts contain various provisions that may affect us directly as an employer, and that may affect the operators and tenants of healthcare (including senior housing) properties. While some of the provisions of these laws may have a positive impact on operators’ or tenants’ revenues, by increasing coverage of uninsured individuals, other provisions may have a negative effect on operator or tenant reimbursements, for example by changing the “market basket” adjustments for certain types of healthcare facilities. The Health Care Reform Acts also enhance certain fraud and abuse penalty provisions that could apply to our operators and tenants in the event of one or more violations of complex federal healthcare laws. Additionally, provisions in the Health Care Reform Acts may affect the health coverage that we and our operators and tenants provide to our respective employees. We currently cannot predict the impact that this far-reaching, landmark legislation will have on our business and the businesses and operations of our tenants. Any loss of revenues and/or additional expenditures incurred by us or by operators and tenants of our properties as a result of the Health Care Reform Acts could adversely affect our cash flow and results of operations and have a material adverse effect on our ability to make distributions to the holders of our shares of beneficial interest.

Adverse changes in applicable laws may affect our potential liabilities relating to our properties and operations. Increases in real estate taxes and income, service and transfer taxes cannot always be passed through to all tenants in the form of higher rents. As a result, any increase may adversely affect our cash available for distribution, our ability to make distributions to the holders of our shares of beneficial interest and our ability to pay amounts due on our debt. Similarly, changes in laws that increase the potential liability for environmental conditions existing on properties, that increase the restrictions on discharges or other conditions or that affect development, construction and safety requirements may result in significant unanticipated expenditures that could have a material adverse effect on us, our ability to make distributions to the holders of our shares of beneficial interest and our ability to pay amounts due on our debt. In addition, future enactment of rent control or rent stabilization laws or other laws regulating multi-family residential properties may reduce rental revenues or increase operating costs.

Complying with laws benefiting disabled persons or other safety regulations and requirements may affect our costs and investment strategies. Federal, state and local laws and regulations designed to improve disabled persons' access to and use of buildings, including the Americans with Disabilities Act of 1990, may require modifications to, or restrict renovations of, existing buildings. Additionally, these laws and regulations may require that structural features be added to buildings under construction. Legislation or regulations that may be adopted in the future may impose further burdens or restrictions on us with respect to improved access to, and use of these buildings by, disabled persons. Noncompliance could result in the imposition of fines by government authorities or the award of damages to private litigants. The costs of complying with these laws and regulations may be substantial, and limits or restrictions on construction, or the completion of required renovations, may limit the implementation of our investment strategy or reduce overall returns on our investments. This could have an adverse effect on us, our ability to make distributions to the holders of our shares of beneficial interest and our ability to pay amounts due on our debt. Our properties are also subject to various other federal, state and local regulatory requirements, such as state and local fire and life safety requirements. If we fail to comply with these requirements, we could incur fines or private damage awards. Additionally, in the event that existing requirements change, compliance with future requirements may require significant unanticipated expenditures that may adversely affect our cash flow and results of operations.

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We may be responsible for potential liabilities under environmental laws. Under various federal, state and local laws, ordinances and regulations, we, as a current or previous owner or operator of real estate may be liable for the costs of removal of, or remediation of, hazardous or toxic substances in, on, around or under that property. These laws may impose liability without regard to whether we knew of, or were responsible for, the presence of the hazardous or toxic substances. The presence of these substances, or the failure to properly remediate any property containing these substances, may adversely affect our ability to sell or rent the affected property or to borrow funds using the property as collateral. In arranging for the disposal or treatment of hazardous or toxic substances, we may also be liable for the costs of removal of, or remediation of, these substances at that disposal or treatment facility, whether or not we own or operate the facility. In connection with our current or former ownership (direct or indirect), operation, management, development and/or control of real properties, we may be potentially liable for removal or remediation costs with respect to hazardous or toxic substances at those properties, as well as certain other costs, including governmental fines and claims for injuries to persons and property. A finding of liability for an environmental condition as to any one or more properties could have a material adverse effect on us, our ability to make distributions to the holders of our shares of beneficial interest and our ability to pay amounts due on our debt.

Environmental laws also govern the presence, maintenance and removal of asbestos, and require that owners or operators of buildings containing asbestos properly manage and maintain the asbestos; notify and train those who may come into contact with asbestos; and undertake special precautions if asbestos would be disturbed during renovation or demolition of a building. Indoor air quality issues may also necessitate special investigation and remediation. These air quality issues can result from inadequate ventilation, chemical contaminants from indoor or outdoor sources, or biological contaminants such as molds, pollen, viruses and bacteria. Such asbestos or air quality remediation programs could be costly, necessitate the temporary relocation of some or all of the property's tenants or require rehabilitation of an affected property.

It is generally our policy to obtain a Phase I environmental study on each property that we seek to acquire. A Phase I environmental study generally includes a visual inspection of the property and the surrounding areas, an examination of current and historical uses of the property and the surrounding areas and a review of relevant state and federal documents, but does not involve invasive techniques such as soil and ground water sampling. If the Phase I indicates any possible environmental problems, our policy is to order a Phase II study, which involves testing the soil and ground water for actual hazardous substances. However, Phase I and Phase II environmental studies, or any other environmental studies undertaken with respect to any of our current or future properties, may not reveal the full extent of potential environmental liabilities. We currently do not carry insurance for environmental liabilities.

We may be unable to retain or attract qualified management. We are dependent upon our senior officers for essentially all aspects of our business operations. Our senior officers have experience in the specialized business segments in which we operate, and the loss of them would likely have a material adverse effect on our operations, and could adversely impact our relationships with lenders, industry personnel and potential tenants. We do not have employment contracts with any of our senior officers. As a result, any senior officer may terminate his or her relationship with us at any time, without providing advance notice. If we fail to manage effectively a transition to new personnel, or if we fail to attract and retain qualified and experienced personnel on acceptable terms, our business and prospects could be harmed. The location of our company headquarters in Minot, North Dakota, may make it more difficult and expensive to attract, relocate and retain current and future officers and employees.

If the level of drilling and production in the Bakken Shale Formation declines substantially near our North Dakota real estate assets, our occupancy levels and revenues could decline. We have ownership interests in three apartment projects totaling 405 units and 72 under construction in Williston, ND, the heart of the Bakken Shale Formation. The economy of Williston is significantly dependent on the oil and gas industry of western North Dakota. To date, we have experienced some increased vacancy in these apartment projects and increased price competition from other apartment owners, which has reduced our revenues, though not materially. We also own properties in other, larger, cities in North Dakota, which could be impacted by lower oil prices, although we have not experienced any adverse effects in those markets. Oil drilling and production are impacted by factors beyond our control, including: the demand for and prices of crude oil and natural gas; environmental regulation and enforcement; producers' finding and development costs of reserves; producers' desire and ability to obtain necessary permits in a timely and economic manner; oil and natural gas field characteristics and production performance; and transportation and capacity constraints on natural gas, crude oil and natural gas liquids pipelines from the producing areas. Oil field activity could decline further in North Dakota as a result of any or all of these factors, which could have a material adverse effect on our Williston properties.

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Risks related to properties under construction or development may adversely affect our financial performance. Our development and construction activities involve significant risks that may adversely affect our cash flow and results of operations, and consequently our ability to make distributions to the holders of our shares of beneficial interest and our ability to pay amounts due on our debt. In connection with our renovation, redevelopment, development and related construction activities, we may be unable to obtain, or may suffer delays in obtaining, necessary zoning, land-use, building, occupancy and other required governmental permits and authorizations. These denials or delays could result in increased costs or our abandonment of projects. In addition, we may not be able to obtain financing on favorable terms, which may prevent us from proceeding with our development activities, and we may not be able to complete construction and lease-up of a property on schedule, which could result in increased debt service expense or construction costs. Additionally, the time required for development, construction and lease-up means that we may have to wait years for significant cash returns. Because we are required to make cash distributions to our shareholders, if our cash flow from operations or refinancings is not sufficient, we may be forced to borrow additional money to fund such distributions. Newly developed properties may not produce the cash flow that we expect, which could adversely affect our overall financial performance. In deciding whether to develop a particular property, we make assumptions regarding the expected future performance of that property. In particular, we estimate the return on our investment based on expected occupancy and rental rates. If our financial projections with respect to a new property are inaccurate, and the property is unable to achieve the expected occupancy and rental rates, it may fail to perform as we had expected. Our estimate of the costs of repositioning or redeveloping an acquired property may also prove to be inaccurate, which may result in our failure to meet our profitability goals.

Risks related to joint ventures may adversely affect our financial performance and results of operations. We have entered into, and may continue in the future to enter into, partnerships or joint ventures with other persons or entities. Joint venture investments involve risks that may not be present with other methods of ownership, including the possibility: that our partner might become insolvent, refuse to make capital contributions when due or otherwise fail to meet its obligations, which may result in certain liabilities to us for guarantees and other commitments; that our partner might at any time have economic or other business interests or goals that are or become inconsistent with our interests or goals; that we could become engaged in a dispute with our partner, which could require us to expend additional resources to resolve such disputes and could have an adverse impact on the operations and profitability of the joint venture; and that our partner may be in a position to take action or withhold consent contrary to our instructions or requests. In addition, our ability to transfer our interest in a joint venture to a third party may be restricted. In some instances, we and/or our partner may have the right to trigger a buy-sell arrangement, which could cause us to sell our interest, or acquire our partner’s interest, at a time when we otherwise would not have initiated such a transaction. Our ability to acquire our partner’s interest may be limited if we do not have sufficient cash, available borrowing capacity or other capital resources. In such event, we may be forced to sell our interest in the joint venture when we would otherwise prefer to retain it. Joint ventures may require us to share decision-making authority with our partners, which could limit our ability to control the properties in the joint ventures. Even when we have a controlling interest, certain major decisions may require partner approval, such as the sale, acquisition or financing of a property.

We face risks associated with security breaches through cyber-attacks, cyber intrusions, or otherwise, which could pose a risk to our systems, networks and services. We face risks associated with security breaches or disruptions, whether through cyber-attacks or cyber intrusions over the Internet, malware, computer viruses, attachments to emails, or persons inside our organization. The risk of a security breach or disruption, particularly through cyber-attacks or cyber intrusion, including by computer hackers, foreign governments, and cyber terrorists, has generally increased as the number, intensity and sophistication of attempted attacks and intrusions from around the world have increased. In the normal course of business we and our service providers (including service providers engaged in providing web hosting, property management, leasing, accounting and/or payroll software/services) collect and retain certain personal information provided by our tenants, employees and vendors. We also rely extensively on computer systems to process transactions and manage our business. While we and our service providers employ a variety of data security measures to protect confidential information on our systems and periodically review and improve our data security measures, we cannot assure that we or our service providers will be able to prevent unauthorized access to this personal information. There can be no assurance that our efforts to maintain the security and integrity of the information we and our service providers collect and our and their computer systems will be effective or that attempted security breaches or disruptions would not be successful or damaging. Even the most well protected information, networks, systems and facilities remain potentially vulnerable because the techniques used in such attempted security breaches evolve and generally are not recognized until launched against a target, and in some cases are designed not be detected and, in fact, may not be detected. Accordingly, we and our service providers may be unable to anticipate these techniques or to implement adequate security barriers or other preventative measures, and thus it is impossible for us and our service providers to entirely mitigate this risk. A security breach or other significant disruption involving computer networks and related systems could cause substantial costs and other negative measures including litigation, remediation costs, costs to deploy additional protection strategies, compromising of confidential information, and reputational damage adversely affecting investor confidence, which could adversely impact our financial condition.

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Risks Related to Our Structure and Organization

We may incur tax liabilities as a consequence of failing to qualify as a REIT. Although our management believes that we are organized and have operated and are operating in such a manner to qualify as a "real estate investment trust," as that term is defined under the Internal Revenue Code, we may not in fact have operated, or may not be able to continue to operate, in a manner to qualify or remain so qualified. Qualification as a REIT involves the application of highly technical and complex Internal Revenue Code provisions for which there are only limited judicial or administrative interpretations. Even a technical or inadvertent mistake could endanger our REIT status. The determination that we qualify as a REIT requires an ongoing analysis of various factual matters and circumstances, some of which may not be within our control. For example, in order to qualify as a REIT, at least 95% of our gross income in any year must come from certain passive sources that are itemized in the REIT tax laws, and we are prohibited from owning specified amounts of debt or equity securities of some issuers. Thus, to the extent revenues from non-qualifying sources, such as income from third-party management services, represent more than five percent of our gross income in any taxable year, we will not satisfy the 95% income test and may fail to qualify as a REIT, unless certain relief provisions contained in the Internal Revenue Code apply. Even if relief provisions apply, however, a tax would be imposed with respect to excess net income. We are also required to make distributions to the holders of our securities of at least 90% of our REIT taxable income, excluding net capital gains. The fact that we hold substantially all of our assets (except for qualified REIT subsidiaries) through IRET Properties, our operating partnership, and its subsidiaries, and our ongoing reliance on factual determinations, such as determinations related to the valuation of our assets, further complicates the application of the REIT requirements for us. Additionally, if IRET Properties, our operating partnership, or one or more of our subsidiaries is determined to be taxable as a corporation, we may fail to qualify as a REIT. Either our failure to qualify as a REIT, for any reason, or the imposition of taxes on excess net income from non-qualifying sources, could have a material adverse effect on us, our ability to make distributions to the holders of our shares of beneficial interest and our ability to pay amounts due on our debt. Furthermore, new legislation, regulations, administrative interpretations or court decisions could change the tax laws with respect to our qualification as a REIT or the federal income tax consequences of our qualification.

If we failed to qualify as a REIT, we would be subject to federal income tax (including any applicable alternative minimum tax) on our taxable income at regular corporate rates, which would likely have a material adverse effect on us, our ability to make distributions to the holders of our shares of beneficial interest and our ability to pay amounts due on our debt. In addition, we could be subject to increased state and local taxes, and, unless entitled to relief under applicable statutory provisions, we would also be disqualified from treatment as a REIT for the four taxable years following the year during which we lost our qualification. This treatment would reduce funds available for investment or distributions to the holders of our securities because of the additional tax liability to us for the year or years involved. In addition, we would no longer be able to deduct, and would not be required to make, distributions to holders of our securities. To the extent that distributions to the holders of our securities had been made in anticipation of qualifying as a REIT, we might be required to borrow funds or to liquidate certain investments to pay the applicable tax.

Failure of our operating partnership to qualify as a partnership would have a material adverse effect on us. We believe that IRET Properties, our operating partnership, qualifies as a partnership for federal income tax purposes. No assurance can be given, however, that the Internal Revenue Service will not challenge its status as a partnership for federal income tax purposes, or that a court would not sustain such a challenge. If the Internal Revenue Service were to be successful in treating IRET Properties as an entity that is taxable as a corporation (such as a publicly-traded partnership taxable as a corporation), we would cease to qualify as a REIT because the value of our ownership interest in IRET Properties would exceed 5% of our assets, and because we would be considered to hold more than 10% of the voting securities and value of the outstanding securities of another corporation. Also, the imposition of a corporate tax on IRET Properties would reduce significantly the amount of cash available for distribution by it.

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Certain provisions of our Declaration of Trust may limit a change in control and deter a takeover. In order to maintain our qualification as a REIT, our Declaration of Trust provides that any transaction, other than a transaction entered into through the NASDAQ National Market or other similar exchange, that would result in our disqualification as a REIT under Section 856 of the Internal Revenue Code, including any transaction that would result in (i) a person owning in excess of the ownership limit of 9.8%, in number or value, of our outstanding securities, (ii) less than 100 people owning our securities, (iii) our being "closely held" within the meaning of Section 856(h) of the Internal Revenue Code, or (iv) 50% or more of the fair market value of our securities being held by persons other than "United States persons," as defined in Section 7701(a)(30) of the Internal Revenue Code, will be void ab initio. If the transaction is not void ab initio, then the securities 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 securities to be held by persons other than United States persons or that otherwise would result in our disqualification as a REIT, will automatically be exchanged for an equal number of excess shares, and these excess shares will be transferred to an excess share trustee for the exclusive benefit of the charitable beneficiaries named by our Board of Trustees. These limitations may have the effect of preventing a change in control or takeover of us by a third party, even if the change in control or takeover would be in the best interests of the holders of our securities.

In order to maintain our REIT status, we may be forced to borrow funds during unfavorable market conditions. In order to maintain our REIT status, we may need to borrow funds on a short-term basis to meet the REIT distribution requirements, even if the then-prevailing market conditions are not favorable for these borrowings. To qualify as a REIT, we generally must distribute to our shareholders at least 90% of our net taxable income each year, excluding net capital gains. In addition, we will be subject to a 4% nondeductible excise tax on the amount, if any, by which certain distributions made by us with respect to the calendar year are less than the sum of 85% of our ordinary income, 95% of our capital gain net income for that year, and any undistributed taxable income from prior periods. We intend to make distributions to our shareholders to comply with the 90% distribution requirement and to avoid the nondeductible excise tax and will rely for this purpose on distributions from our operating partnership. However, we may need short-term debt or long-term debt or proceeds from asset sales or sales of common shares to fund required distributions as a result of differences in timing between the actual receipt of income and the recognition of income for federal income tax purposes, or the effect of non-deductible capital expenditures, the creation of reserves or required debt or amortization payments. The inability of our cash flows to cover our distribution requirements could have an adverse impact on our ability to raise short and long-term debt or sell equity securities in order to fund distributions required to maintain our REIT status.

Complying with REIT requirements may force us to forego otherwise attractive opportunities or liquidate otherwise attractive investments. To qualify and maintain our status as a REIT, we must satisfy certain requirements with respect to the character of our assets. If we fail to comply with these requirements at the end of any quarter, we must correct such failure within 30 days after the end of the quarter (by, possibly, selling assets notwithstanding their prospects as an investment) to avoid losing our REIT status. If we fail to comply with these requirements at the end of any quarter, and the failure exceeds a minimum threshold, we may be able to preserve our REIT status if (a) the failure was due to reasonable cause and not to willful neglect, (b) we dispose of the assets causing the failure within six months after the last day of the quarter in which we identified the failure, (c) we file a schedule with the IRS describing each asset that caused the failure, and (d) we pay an additional tax of the greater of $50,000 or the product of the highest applicable tax rate multiplied by the net income generated on those assets. As a result, compliance with the REIT requirements may require us to liquidate or forego otherwise attractive investments. These actions could have the effect of reducing our income and amounts available for distribution to our shareholders.

Even if we qualify as a REIT, we may face other tax liabilities that reduce our cash flow. Even if we qualify for taxation as a REIT, we may be subject to certain federal, state and local taxes on our income and assets, including taxes on any undistributed income, tax on income from some activities conducted a result of a foreclosure, and state or local income, property and transfer taxes, such as mortgage recording taxes. Any of these taxes would decrease cash available for distribution to our shareholders. In addition, in order to meet the REIT qualification requirements, or to avert the imposition of a 100% tax that applies to certain gains derived by a REIT from dealer property or inventory, we may hold some of our assets through a taxable REIT subsidiary ("TRS"). While the TRS structure would allow the economic benefits of ownership to flow to us, a TRS is subject to tax on its income from the operations of the assisted living facilities at the federal and state level. In addition, a TRS is subject to detailed tax regulations that affect how it may be capitalized and operated. We currently have one TRS, to which we lease our Legends at Heritage Place assisted living facility, located in Sartell, Minnesota.

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Because of the ownership structure of our Sartell, Minnesota assisted living facility, we face potential adverse effects from changes to the applicable tax laws. Under the Internal Revenue Code, REITs are not allowed to operate assisted living facilities directly or indirectly. Accordingly, we lease our Sartell, Minnesota assisted living facility to our TRS. While the TRS structure allows the economic benefits of ownership to flow to us, the TRS is subject to tax on its income from the operations of the assisted living facilities at the federal and state level. In addition, the TRS is subject to detailed tax regulations that affect how it may be capitalized and operated. If the tax laws applicable to a TRS are modified, we may be forced to modify the structure for owning these assisted living facilities, and such changes may adversely affect the cash flows from the facilities. In addition, the Internal Revenue Service, the United States Treasury Department and Congress frequently review federal income tax legislation, and we cannot predict whether, when or to what extent new federal tax laws, regulations, interpretations or rulings will be adopted. Any of such actions may prospectively or retroactively modify the tax treatment of the TRS and, therefore, may adversely affect our after-tax returns from our Sartell, Minnesota assisted living facility.

The lease of qualified health care properties to a taxable REIT subsidiary is subject to special requirements. We currently lease our Sartell, Minnesota assisted living facility to a TRS, and we may in future lease other qualified health care properties we acquire from operators to a TRS (or a limited liability company of which the TRS is a member), which lessee will contract with such operators (or a related party) to operate the health care operations at these properties. The rents from this TRS lessee structure will be treated as qualifying rents from real property if (1) they are paid pursuant to an arms-length lease of a qualified health care property with a TRS and (2) the operator qualifies as an eligible independent contractor. If any of these conditions are not satisfied, then the rents will not be qualifying rents, which could have a material adverse effect on us and our qualification as a REIT.

We may be subject to adverse legislative or regulatory tax changes that could reduce the market price of our common shares. At any time, the federal income tax laws governing REITs or the administrative interpretations of those laws may be amended. Any of those new laws or interpretations may take effect retroactively and could adversely affect us or the market price of our common shares of beneficial interest.

The U.S. federal income tax laws governing REITs are complex. We intend to operate in a manner that will qualify us as a REIT under the U.S. federal income tax laws. The REIT qualification requirements are extremely complex, however, and interpretations of the U.S. federal income tax laws governing qualification as a REIT are limited. Accordingly, we cannot be certain that we will be successful in operating so we can continue to qualify as a REIT. At any time, new laws, interpretations, or court decisions may change the federal tax laws or the U.S. federal income tax consequences of our qualification as a REIT.

Our Board of Trustees may make changes to our major policies without approval of the holders of our shares of beneficial interest. Our operating and financial policies, including policies relating to development and acquisition of real estate, financing, growth, operations, indebtedness, capitalization and distributions, are exclusively determined by our Board of Trustees. Our Board of Trustees may amend or revoke those policies, and other policies, without advance notice to, or the approval of, the holders of our shares of beneficial interest. Accordingly, our shareholders do not control these policies, and policy changes could adversely affect our financial condition and results of operations.

Risks Related to the Purchase of our Shares of Beneficial Interest

Our future growth depends, in part, on our ability to raise additional equity capital, which will have the effect of diluting the interests of the holders of our common shares. Our future growth depends upon, among other things, our ability to raise equity capital and issue limited partnership units of IRET Properties. The issuance of additional common shares, and of limited partnership units for which we subsequently issue common shares upon the redemption of the limited partnership units, will dilute the interests of the current holders of our common shares. Additionally, sales of substantial amounts of our common shares or preferred shares in the public market, or issuances of our common shares upon redemption of limited partnership units in our operating partnership, or the perception that such sales or issuances might occur, could adversely affect the market price of our common shares.

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We may issue additional classes or series of our shares of beneficial interest with rights and preferences that are superior to the rights and preferences of our common shares. Without the approval of the holders of our common shares, our Board of Trustees may establish additional classes or series of our shares of beneficial interest, and such classes or series may have dividend rights, conversion rights, voting rights, terms of redemption, redemption prices, liquidation preferences or other rights and preferences that are superior to the rights of the holders of our common shares.

Payment of distributions on our shares of beneficial interest is not guaranteed. Our Board of Trustees must approve our payment of distributions and may elect at any time, or from time to time, and for an indefinite duration, to reduce the distributions payable on our shares of beneficial interest or to not pay distributions on our shares of beneficial interest. Our Board of Trustees may reduce distributions for a variety of reasons, including, but not limited to, the following:

- operating and financial results below expectations that cannot support the current distribution payment;

- unanticipated costs or cash requirements; or

- a conclusion that the payment of distributions would cause us to breach the terms of certain agreements or contracts, such as financial ratio covenants in our debt financing documents.

Our distributions are not eligible for the lower tax rate on dividends except in limited situations. The tax rate applicable to qualifying corporate dividends received by shareholders taxed at individual rates is a maximum rate of 20%. This special tax rate is generally not applicable to distributions paid by a REIT, unless such distributions represent earnings on which the REIT itself had been taxed. As a result, distributions (other than capital gain distributions) paid by us to shareholders taxed at individual rates will generally be subject to the tax rates that are otherwise applicable to ordinary income. Although the earnings of a REIT that are distributed to its shareholders are still generally subject to less federal income taxation than earnings of a non-REIT C corporation that are distributed to its shareholders net of corporate-level income tax, this law change may make an investment in our securities comparatively less attractive relative to an investment in the shares of other entities which pay dividends but are not formed as REITs.

Changes in market conditions could adversely affect the price of our securities. As is the case with any publicly-traded securities, certain factors outside of our control could influence the value of our common shares, Series A preferred shares, Series B preferred shares and any other securities to be issued in the future. These conditions include, but are not limited to:

- market perception of REITs in general;

- market perception of REITs relative to other investment opportunities;

- market perception of our financial condition, performance, distributions and growth potential;

- prevailing interest rates;

- general economic and business conditions;

- government action or regulation, including changes in the tax laws; and

- relatively low trading volumes in securities of REITS.

Higher market interest rates may adversely affect the market price of our securities, and low trading volume on the New York Stock Exchange may prevent the timely resale of our securities. One of the factors that investors may consider important in deciding whether to buy or sell shares of a REIT is the distribution with respect to such REIT's shares as a percentage of the price of those shares, relative to market interest rates. If market interest rates rise, prospective purchasers of REIT shares may expect a higher distribution rate in order to maintain their investment. Higher market interest rates would likely increase our borrowing costs and might decrease funds available for distribution. Thus, higher market interest rates could cause the market price of our common shares to decline. In addition, although our common shares of beneficial interest are listed on the New York Stock Exchange, the daily trading volume of our shares may be lower than the trading volume for other companies. The average daily trading volume for the period of May 1, 2014 through April 30, 2015 was 510,561 shares and the average monthly trading volume for the period of May 1, 2014 through April 30, 2015 was 10,721,791 shares. As a result of this trading volume, an owner of our common shares may encounter difficulty in selling our shares in a timely manner and may incur a substantial loss.

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Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

We are organized as a REIT under Section 856-858 of the Internal Revenue Code, and are structured as an UPREIT, through which we conduct the business of owning, leasing, developing and acquiring real estate properties. These real estate investments are managed by our own employees and by third-party professional real estate management companies on our behalf.

Total Real Estate Rental Revenue

As of April 30, 2015, our real estate portfolio consisted of 100 multi-family residential properties and 149 commercial properties, consisting of office, healthcare, industrial and retail properties, comprising 45.1%, 22.9%, 23.8%, 2.9%, and 5.3%, respectively, of our total real estate portfolio, based on the dollar amount of our original investment plus capital improvements, net of accumulated depreciation, through April 30, 2015. Gross annual rental revenue and percentages of total annual real estate rental revenue by property type for each of the three most recent fiscal years ended April 30, are as follows:

Fiscal Year Ended April 30,	Gross Revenue (in thousands) Multi-Family Residential	%	Office	%	Healthcare	%	Industrial	%	Retail	%	All Segments
2015	$118,526	42.4%	$74,978	26.8%	$66,230	23.7%	$6,491	2.3%	$13,445	4.8%	$279,670
2014	$102,059	38.4%	$77,440	29.2%	$65,258	24.6%	$6,894	2.6%	$13,831	5.2%	$265,482
2013	$89,923	36.3%	$75,962	30.6%	$61,975	25.0%	$6,700	2.7%	$13,498	5.4%	$248,058

Average Effective Annual Rent

The table below sets out the average effective annual rent per square foot or unit at same-store properties for each of the last five fiscal years in each of our five segments. Same-store properties are properties owned or in service for the entirety of the periods being compared, and, in the case of development or re-development properties, which have achieved a target level of occupancy of 90% for multi-family residential properties and 85% for office, healthcare, industrial and retail properties.

As of April 30,	Average Effective Annual Rent per square foot or unit[1] Multi-family Residential[2]	Office[3]	Healthcare[3]	Industrial[3]	Retail[3]
2015	$829	$ 14	$ 16	$ 5	$ 9
2014	$783	$ 13	$ 17	$ 4	$ 8
2013	$744	$ 14	$ 16	$ 4	$ 9
2012	$719	$ 13	$ 16	$ 4	$ 8
2011	$691	$ 13	$ 19	$ 4	$ 8

(1) Previously reported amounts are not revised for discontinued operations or changes in the composition of the same-store properties pool.

(2)

Monthly rent per unit, calculated as annualized rental revenue, net of free rent, including rent abatements and rent credits, divided by the occupied units as of April 30.

(3) Monthly rental rate per square foot calculated as annualized contractual base rental income, net of free rent and excluding operating expense reimbursements, divided by the leased square feet as of April 30.

Occupancy Rates

Occupancy represents the actual number of units or square footage leased divided by the total number of units or square footage at the end of the period. Occupancy levels on a same-store property and all-property basis are shown below for each property type in each of the three most recent fiscal years ended April 30. In the case of multi-family residential properties, lease arrangements with individual tenants vary from month-to-month to one-year leases. Leases on commercial properties generally vary from month-to-month to 20 years.

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Occupancy Levels on a Same-Store Property and All Property Basis:

Segments	Same-Store Properties Fiscal Year Ended April 30,			All Properties Fiscal Year Ended April 30,		
	2015	2014	2013	2015	2014	2013
Multi-Family Residential	94.7 %	93.4 %	95.3%	92.0%	93.0%	94.6%
Office	84.8 %	84.0 %	81.5%	83.2%	80.7%	80.8%
Healthcare	95.7 %	96.2 %	94.9%	95.8%	96.3%	94.7%
Industrial	100.0%	100.0%	95.7%	83.4%	87.8%	96.4%
Retail	83.3 %	88.2 %	86.9%	83.4%	87.4%	87.0%

Certain Lending Requirements

In certain instances, in connection with the acquisition of investment properties, the lender financing such properties may require, as a condition of the loan, that the properties be owned by a "single asset entity." Accordingly, we have organized a number of wholly-owned subsidiary corporations, and IRET Properties has organized several limited liability companies, for the purpose of holding title in an entity that complies with such lending conditions. All financial statements of these subsidiaries are consolidated into our financial statements.

Management and Leasing of Our Real Estate Assets

We conduct our corporate operations from offices in Minot, North Dakota and Minneapolis and St. Cloud, Minnesota. We also have property management offices located in the states where we own properties. The day-to-day management of our properties is carried out by our own employees and in certain cases by third-party property management companies. In markets where the amount of rentable square footage we own does not justify self-management, when properties acquired have effective pre-existing property management in place, or when for other reasons particular properties are in our judgment not attractive candidates for self-management, we utilize third-party professional management companies for day-to-day management. During the fourth quarter of fiscal year 2015 we transferred the property management of the majority of our office and retail properties to a third-party company, as part of our plan to explore the sale of these assets. However, all decisions relating to purchase, sale, insurance coverage, capital improvements, approval of commercial leases, annual operating budgets and major renovations are made exclusively by our employees and implemented by the third-party management companies. Generally, our management contracts provide for compensation ranging from 2.5% to 6.0% of gross rent collections and, typically, we may terminate these contracts in 60 days or less or upon the property manager's failure to meet certain specified financial performance goals. With respect to multi-tenant commercial properties, we rely almost exclusively on third-party brokers to locate potential tenants. As compensation, brokers may receive a commission that is generally calculated as a percentage of the net rent to be paid over the term of the lease. We believe that the broker commissions paid by us conform to market and industry standards, and accordingly are commercially reasonable.

Summary of Real Estate Investment Portfolio

	(in thousands, except percentages)					
As of April 30,	2015	%	2014	%	2013	%
Real estate investments						
Property owned	$2,098,037		$1,996,031		$2,032,970	
Less accumulated depreciation	(448,987)		(424,288)		(420,421)	
	$1,649,050	90.2 %	$1,571,743	92.5 %	$1,612,549	95.9 %
Development in progress	153,994	8.4 %	104,609	6.2 %	46,782	2.8 %

Unimproved land	25,827	1.4 %	22,864	1.3 %	21,503	1.3 %
Total real estate investments	$1,828,871	100.0%	$1,699,216	100.0%	$1,680,834	100.0%

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Summary of Individual Properties Owned as of April 30, 2015

The following table presents information regarding our 249 residential and commercial properties as well as unimproved land and development properties owned as of April 30, 2015. We own the following interests in real estate either through our wholly-owned subsidiaries or by ownership of a controlling interest in an entity owning the real estate. We account for these interests on a consolidated basis. Additional information is included in Schedule III to our financial statements included in this Annual Report on Form 10-K.

Property Name and Location	Units	(in thousands) Investment (initial cost plus improvements less impairment)	Occupancy as of April 30, 2015	
MULTI-FAMILY RESIDENTIAL				
11th Street 3 Plex - Minot, ND	3	$ 83	100.0	%
4th Street 4 Plex - Minot, ND	4	123	100.0	%
Alps Park - Rapid City, SD	71	6,003	98.6	%
Apartments on Main - Minot, ND	10	1,334	100.0	%
Arbors - S Sioux City, NE	192	8,898	99.0	%
Arcata - Golden Valley, MN	165	31,823	20.0	%
Ashland - Grand Forks, ND	84	8,473	100.0	%
Boulder Court - Eagan, MN	115	9,570	98.3	%
Brookfield Village - Topeka, KS	160	8,746	96.9	%
Brooklyn Heights - Minot, ND	72	2,474	97.2	%
Campus Center - St. Cloud, MN	92	2,882	88.0	%
Campus Heights - St. Cloud, MN	49	895	67.3	%
Campus Knoll - St. Cloud, MN	71	1,958	88.7	%
Campus Plaza - St. Cloud, MN	24	450	58.3	%
Campus Side - St. Cloud, MN	48	883	93.8	%
Campus View - St. Cloud, MN	48	878	77.1	%
Canyon Lake - Rapid City, SD	109	5,915	95.4	%
Castlerock - Billings, MT	166	7,765	98.8	%
Chateau I - Minot, ND	32	6,407	93.8	%
Cimarron Hills - Omaha, NE	234	14,640	95.3	%
Colonial Villa - Burnsville, MN	240	21,387	91.7	%
Colony - Lincoln, NE	232	17,916	95.7	%
Colton Heights - Minot, ND	18	1,173	88.9	%
Commons at Southgate - Minot, ND	233	35,622	92.7	%
Cornerstone - St. Cloud, MN	24	453	79.2	%
Cottage West Twin Homes - Sioux Falls, SD	50	5,162	100.0	%
Cottonwood - Bismarck, ND	268	21,722	92.2	%
Country Meadows - Billings, MT	133	9,786	93.2	%
Crestview - Bismarck, ND	152	6,207	100.0	%
Crown - Rochester, MN	48	3,796	100.0	%
Crown Colony - Topeka, KS	220	12,964	99.5	%
Cypress Court - St. Cloud, MN	196	20,605	91.3	%
Dakota Commons - Williston, ND	44	10,444	95.5	%

Evergreen - Isanti, MN	36	3,236	97.2	%
Evergreen II - Isanti, MN	36	3,530	100.0	%
Fairmont - Minot, ND	12	482	100.0	%

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Property Name and Location	Units	(in thousands) Investment (initial cost plus improvements less impairment)	Occupancy as of April 30, 2015	
MULTI-FAMILY RESIDENTIAL - continued				
First Avenue - Minot, ND	20	$ 3,057	100.0	%
Forest Park - Grand Forks, ND	269	13,796	98.1	%
Gables Townhomes - Sioux Falls, SD	24	2,443	100.0	%
Grand Gateway - St. Cloud, MN	116	8,705	100.0	%
Greenfield - Omaha, NE	96	5,469	90.6	%
Heritage Manor - Rochester, MN	182	10,167	95.1	%
Homestead Garden - Rapid City, SD	152	14,950	94.7	%
Indian Hills - Sioux City, IA	120	6,924	97.5	%
Kirkwood Manor - Bismarck, ND	108	4,850	98.1	%
Lakeside Village - Lincoln, NE	208	17,494	91.8	%
Landing at Southgate - Minot, ND	108	15,302	80.6	%
Landmark - Grand Forks, ND	90	2,791	98.9	%
Legacy - Grand Forks, ND	361	29,754	90.9	%
Legacy Heights - Bismarck, ND	79	10,039	30.4	%
Mariposa - Topeka, KS	54	6,044	92.6	%
Meadows - Jamestown, ND	81	6,464	100.0	%
Monticello Village - Monticello, MN	60	4,737	98.3	%
Northern Valley - Rochester, MN	16	849	93.8	%
North Pointe - Bismarck, ND	73	4,882	83.6	%
Northridge - Bismarck, ND	68	8,426	95.6	%
Oakmont Estates - Sioux Falls, SD	79	5,898	97.5	%
Oakwood Estates - Sioux Falls, SD	160	7,663	97.5	%
Olympic Village - Billings, MT	274	14,691	96.7	%
Olympik Village - Rochester, MN	140	9,111	91.4	%
Oxbow Park - Sioux Falls, SD	120	6,450	99.2	%
Park Meadows - Waite Park, MN	360	16,034	81.1	%
Pebble Springs - Bismarck, ND	16	920	93.8	%
Pinehurst - Billings, MT	21	1,010	100.0	%
Pinecone Villas - Sartell, MN	24	2,802	95.8	%
Pines - Minot, ND	16	435	93.8	%
Plaza - Minot, ND	71	16,106	97.2	%
Pointe West - Rapid City, SD	90	5,305	100.0	%
Ponds at Heritage Place - Sartell, MN	58	5,279	100.0	%
Prairie Winds - Sioux Falls, SD	48	2,447	100.0	%
Quarry Ridge - Rochester, MN	313	33,670	99.7	%
Red 20 - Minneapolis, MN	130	28,316	75.4	%
Regency Park Estates - St. Cloud, MN	145	12,365	90.3	%
Renaissance Heights - Williston, ND	216	46,075	56.9	%
Ridge Oaks - Sioux City, IA	132	6,688	100.0	%
Rimrock West - Billings, MT	78	5,329	97.4	%
River Ridge - Bismarck, ND	146	25,400	93.8	%

Rocky Meadows - Billings, MT	98	7,583	100.0	%
Rum River - Isanti, MN	72	5,881	100.0	%
Sherwood - Topeka, KS	300	18,890	98.0	%
Sierra Vista - Sioux Falls, SD	44	2,773	100.0	%
Silver Springs - Rapid City, SD	52	3,269	98.1	%

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Property Name and Location	Units	(in thousands) Investment (initial cost plus improvements less impairment)	Occupancy as of April 30, 2015
MULTI-FAMILY RESIDENTIAL - continued			
South Pointe - Minot, ND	196	$ 12,945	95.4 %
Southpoint - Grand Forks, ND	96	10,517	93.8 %
Southview - Minot, ND	24	1,064	100.0 %
Southwind - Grand Forks, ND	164	8,408	98.2 %
Summit Park - Minot, ND	95	3,609	100.0 %
Sunset Trail - Rochester, MN	146	15,802	92.5 %
Temple - Minot, ND	4	231	100.0 %
Terrace Heights - Minot, ND	16	483	87.5 %
Thomasbrook - Lincoln, NE	264	14,242	97.7 %
University Park Place - St. Cloud, MN	35	643	68.6 %
Valley Park - Grand Forks, ND	167	7,939	89.2 %
Villa West - Topeka, KS	308	18,273	88.3 %
Village Green - Rochester, MN	36	3,492	86.1 %
West Stonehill - Waite Park, MN	312	16,330	98.1 %
Westridge - Minot, ND	33	2,218	93.9 %
Westwood Park - Bismarck, ND	65	3,809	89.2 %
Whispering Ridge - Omaha, NE	336	28,295	92.3 %
Williston Garden - Williston, ND	145	19,181	85.5 %
Winchester - Rochester, MN	115	8,216	96.5 %
Woodridge - Rochester, MN	108	8,605	100.0 %
TOTAL MULTI-FAMILY RESIDENTIAL	11,844	$ 946,520	92.0 %

Property Name and Location	Approximate Net Rentable Square Footage	(in thousands) Investment (initial cost plus improvements less impairment)	Occupancy as of April 30, 2015
OFFICE			
1st Avenue Building - Minot, ND	4,427	$ 367	100.0 %
610 Business Center IV - Brooklyn Park, MN	78,190	9,403	100.0 %
7800 West Brown Deer Road - Milwaukee, WI	175,610	12,642	98.0 %
American Corporate Center - Mendota Heights, MN	138,959	21,728	85.0 %
Ameritrade - Omaha, NE	73,742	8,349	100.0 %
Benton Business Park - Sauk Rapids, MN	30,464	1,536	88.1 %
Bismarck 715 East Broadway - Bismarck, ND	22,187	2,798	100.0 %
Brenwood - Minnetonka, MN	176,362	17,644	47.3 %
Brook Valley I - La Vista, NE	30,000	2,152	66.6 %
Corporate Center West - Omaha, NE	141,724	9,154	100.0 %

Crosstown Centre - Eden Prairie, MN	181,224	20,636	75.0	%
Eden Prairie 6101 Blue Circle Drive - Eden Prairie, MN	48,700	4,864	0.0	%
Farnam Executive Center - Omaha, NE	95,216	10,101	63.9	%
Flagship - Eden Prairie, MN	138,825	17,448	74.8	%
Gateway Corporate Center - Woodbury, MN	59,827	8,300	100.0	%
Golden Hills Office Center - Golden Valley, MN	190,758	25,875	98.4	%
Granite Corporate Center - St. Cloud, MN	78,086	9,917	77.5	%
Great Plains - Fargo, ND	122,040	16,087	100.0	%

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Property Name and Location	Approximate Net Rentable Square Footage	(in thousands) Investment (initial cost plus improvements less impairment)	Occupancy as of April 30, 2015	
OFFICE - continued				
Highlands Ranch I - Highlands Ranch, CO	71,430	$ 11,747	100.0	%
Highlands Ranch II - Highlands Ranch, CO	81,173	12,887	98.4	%
Interlachen Corporate Center - Edina, MN	105,084	19,163	96.4	%
Intertech Building - Fenton, MO	65,320	7,819	93.7	%
Mendota Office Center I - Mendota Heights, MN	59,852	8,406	67.2	%
Mendota Office Center II - Mendota Heights, MN	88,398	13,303	87.3	%
Mendota Office Center III - Mendota Heights, MN	60,776	7,661	100.0	%
Mendota Office Center IV - Mendota Heights, MN	72,231	10,215	100.0	%
Minnesota National Bank - Duluth, MN	18,869	1,965	100.0	%
Minot 1400 31st Ave - Minot, ND	48,960	11,573	76.3	%
Minot 2505 16th Street SW - Minot, ND	15,000	2,318	100.0	%
Miracle Hills One - Omaha, NE	84,445	7,706	89.2	%
Northpark Corporate Center - Arden Hills, MN	145,439	19,115	48.9	%
Omaha 10802 Farnam Dr - Omaha, NE	58,574	7,228	98.6	%
Pacific Hills - Omaha, NE	143,075	10,743	78.5	%
Plaza 16 - Minot, ND	50,610	9,693	100.0	%
Plaza VII - Boise, ID	28,994	1,217	41.2	%
Plymouth 5095 Nathan Lane - Plymouth, MN	20,528	1,944	100.0	%
Prairie Oak Business Center - Eden Prairie, MN	36,421	7,123	77.2	%
Rapid City 900 Concourse Drive - Rapid City, SD	75,815	8,036	99.9	%
Riverport - Maryland Heights, MO	121,316	8,000	100.0	%
Spring Valley IV - Omaha, NE	18,055	1,154	0.0	%
Spring Valley V - Omaha, NE	24,171	1,586	100.0	%
Spring Valley X - Omaha, NE	24,000	1,284	30.0	%
Spring Valley XI - Omaha, NE	24,000	1,273	90.0	%
Superior Office Building - Duluth, MN	20,000	2,679	100.0	%
TCA Building - Eagan, MN	103,640	10,113	100.0	%
Three Paramount Plaza - Bloomington, MN	75,526	9,371	62.8	%
Timberlands - Leawood, KS	91,270	12,165	97.5	%
UHC Office - International Falls, MN	30,000	2,715	100.0	%
US Bank Financial Center - Bloomington, MN	153,311	18,490	78.3	%
Wells Fargo Center - St Cloud, MN	86,477	11,198	91.7	%
West River Business Park - Waite Park, MN	24,075	1,697	87.5	%
Westgate - Boise, ID	103,342	13,551	100.0	%
Woodlands Plaza IV - Maryland Heights, MO	61,820	6,841	100.0	%
TOTAL OFFICE	4,078,338	$ 480,980	83.2	%

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Property Name and Location	Approximate Net Rentable Square Footage	(in thousands) Investment (initial cost plus improvements less impairment)	Occupancy as of April 30, 2015	
HEALTHCARE				
2800 Medical Building - Minneapolis, MN	53,632	$ 9,831	81.7	%
2828 Chicago Avenue - Minneapolis, MN	56,239	17,672	100.0	%
Airport Medical - Bloomington, MN(1)	24,218	4,678	100.0	%
Barry Pointe Office Park - Kansas City, MO	18,502	2,976	87.4	%
Billings 2300 Grant Road - Billings, MT	14,705	1,865	100.0	%
Burnsville 303 Nicollet Medical (Ridgeview) - Burnsville, MN	53,896	9,881	100.0	%
Burnsville 305 Nicollet Medical (Ridgeview South) - Burnsville, MN	36,199	6,287	100.0	%
Casper 1930 E 12th Street (Park Place) - Casper, WY	65,160	6,391	100.0	%
Casper 3955 E 12th Street (Meadow Wind) - Casper, WY	57,822	11,458	100.0	%
Cheyenne 4010 N College Drive (Aspen Wind) - Cheyenne, WY	47,509	11,170	100.0	%
Cheyenne 4606 N College Drive (Sierra Hills) - Cheyenne, WY	54,072	8,200	100.0	%
Denfeld Clinic - Duluth, MN	20,512	3,099	100.0	%
Eagan 1440 Duckwood Medical - Eagan, MN	17,640	2,624	100.0	%
Edgewood Vista - Belgrade, MT	5,192	835	100.0	%
Edgewood Vista - Billings, MT	11,800	1,948	100.0	%
Edgewood Vista - Bismarck, ND	74,112	9,881	100.0	%
Edgewood Vista - Brainerd, MN	82,535	9,720	100.0	%
Edgewood Vista - Columbus, NE	5,194	891	100.0	%
Edgewood Vista - East Grand Forks, MN	18,488	1,701	100.0	%
Edgewood Vista - Fargo, ND	167,391	21,844	100.0	%
Edgewood Vista - Fremont, NE	6,042	600	100.0	%
Edgewood Vista - Grand Island, NE	5,185	857	100.0	%
Edgewood Vista - Hastings, NE	6,042	629	100.0	%
Edgewood Vista - Hermantown I, MN	119,349	11,920	100.0	%
Edgewood Vista - Hermantown II, MN	160,485	11,357	100.0	%
Edgewood Vista - Kalispell, MT	10,295	1,205	100.0	%
Edgewood Vista - Minot, ND	108,503	12,845	100.0	%
Edgewood Vista - Missoula, MT	10,150	1,057	100.0	%
Edgewood Vista - Norfolk, NE	5,135	786	100.0	%
Edgewood Vista - Omaha, NE	6,042	689	100.0	%
Edgewood Vista - Sioux Falls, SD	11,800	1,346	100.0	%
Edgewood Vista - Spearfish, SD	84,126	9,023	100.0	%
Edgewood Vista - Virginia, MN	147,183	12,382	100.0	%
Edina 6363 France Medical - Edina, MN(1)	70,934	15,581	91.3	%
Edina 6405 France Medical - Edina, MN(1)	55,478	12,242	100.0	%
Edina 6517 Drew Avenue - Edina, MN	12,140	1,542	100.0	%
Edina 6525 Drew Avenue - Edina, MN	3,431	505	73.4	%
Edina 6525 France SMC II - Edina, MN(1)	67,409	14,532	95.1	%
Edina 6545 France SMC I - Edina MN(1)	227,626	48,095	91.4	%
Fresenius - Duluth, MN	9,052	1,572	100.0	%
Garden View - St. Paul, MN(1)	43,404	8,306	100.0	%

Gateway Clinic - Sandstone, MN[1]	12,444	1,765	100.0	%
Healtheast St John & Woodwinds - Maplewood & Woodbury, MN	114,316	21,601	100.0	%
High Pointe Health Campus - Lake Elmo, MN	60,558	13,924	75.5	%
Laramie 1072 N 22nd Street (Spring Wind) - Laramie, WY	62,291	10,584	100.0	%
Legends at Heritage Place - Sartell, MN	98,174	10,890	100.0	%

Property Name and Location	Approximate Net Rentable Square Footage	(in thousands) Investment (initial cost plus improvements less impairment)	Occupancy as of April 30, 2015	
HEALTHCARE – continued				
Mariner Clinic - Superior, WI[1]	28,928	$ 3,871	100.0	%
Minneapolis 701 25th Avenue Medical - Minneapolis, MN[1]	57,212	9,439	100.0	%
Missoula 3050 Great Northern - Missoula, MT	14,640	1,971	100.0	%
Park Dental - Brooklyn Center, MN	9,998	2,952	100.0	%
Pavilion I - Duluth, MN[1]	45,081	10,174	100.0	%
Pavilion II - Duluth, MN	73,000	19,325	100.0	%
Ritchie Medical Plaza - St Paul, MN	52,116	13,077	88.5	%
Sartell 2000 23rd Street South - Sartell, MN[1]	59,760	12,715	0.0	%
Spring Creek-American Falls - American Falls, ID	17,273	4,015	100.0	%
Spring Creek-Boise - Boise, ID	16,311	5,004	100.0	%
Spring Creek-Eagle - Eagle, ID	15,559	4,038	100.0	%
Spring Creek-Fruitland - Fruitland, ID	39,500	7,115	100.0	%
Spring Creek-Meridian - Meridian, ID	31,820	7,148	100.0	%
Spring Creek-Overland - Overland, ID	26,605	6,629	100.0	%
Spring Creek-Soda Springs - Soda Springs, ID	15,571	2,223	100.0	%
Spring Creek-Ustick - Meridian, ID	26,605	4,300	100.0	%
St Michael Clinic - St Michael, MN	10,796	2,851	100.0	%
Trinity at Plaza 16 - Minot, ND	24,795	9,702	100.0	%
Wells Clinic - Hibbing, MN	18,810	2,661	100.0	%
TOTAL HEALTHCARE	2,986,792	$ 497,997	96.0	%

Property Name and Location	Approximate Net Rentable Square Footage	(in thousands) Investment (initial cost plus improvements less impairment)	Occupancy as of April 30, 2015	
INDUSTRIAL				
Bloomington 2000 W 94th Street - Bloomington, MN	101,567	$ 7,447	100.0	%
Lexington Commerce Center - Eagan, MN	90,260	6,782	100.0	%
Minot IPS - Minot, ND	27,698	6,368	100.0	%
Stone Container - Fargo, ND	195,075	7,141	100.0	%
Roseville 3075 Long Lake Road - Roseville, MN	220,557	11,698	8.0	%
Urbandale 3900 106th Street - Urbandale, IA	518,161	15,555	100.0	%
Woodbury 1865 Woodlane - Woodbury, MN	69,600	5,620	100.0	%
TOTAL INDUSTRIAL	1,222,918	$ 60,611	83.4	%

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Property Name and Location	Approximate Net Rentable Square Footage	(in thousands) Investment (initial cost plus improvements less impairment)	Occupancy as of April 30, 2015	
RETAIL				
17 South Main - Minot, ND	2,454	$ 287	100.0	%
Arrowhead First International Bank - Minot, ND	3,702	1,306	100.0	%
Burnsville 1 Strip Center - Burnsville, MN	8,526	1,181	100.0	%
Champlin South Pond - Champlin, MN	26,020	3,650	75.6	%
Chan West Village - Chanhassen, MN	137,572	21,779	99.2	%
Dakota West Plaza - Minot , ND	16,921	615	94.1	%
Duluth 4615 Grand - Duluth, MN	15,582	2,086	100.0	%
Duluth Denfeld Retail - Duluth, MN	37,770	5,160	70.4	%
Forest Lake Auto - Forest Lake, MN	6,836	509	0.0	%
Forest Lake Westlake Center - Forest Lake, MN	100,570	9,497	69.9	%
Grand Forks Carmike - Grand Forks, ND	28,528	2,546	100.0	%
Grand Forks Medpark Mall - Grand Forks, ND	59,117	5,720	33.9	%
Jamestown Buffalo Mall - Jamestown, ND	213,575	9,092	85.5	%
Jamestown Business Center - Jamestown, ND	103,049	2,632	88.0	%
Lakeville Strip Center - Lakeville, MN	9,488	2,143	100.0	%
Minot Arrowhead - Minot, ND	81,594	8,869	100.0	%
Minot Plaza - Minot, ND	11,003	658	100.0	%
Minot Southgate Wells Fargo Bank - Minot, ND	4,998	3,186	100.0	%
Monticello C Store - Monticello, MN	3,575	872	100.0	%
Omaha Barnes & Noble - Omaha, NE	26,985	3,699	100.0	%
Pine City C-Store - Pine City, MN	4,800	452	100.0	%
Pine City Evergreen Square - Pine City, MN	63,225	4,134	47.1	%
Rochester Maplewood Square - Rochester, MN	118,398	14,040	97.6	%
St. Cloud Westgate - St. Cloud, MN	105,446	7,816	78.8	%
TOTAL RETAIL	1,189,734	$ 111,929	83.3	%
SUBTOTAL	9,477,782	$ 2,098,037		

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Property Name and Location		(in thousands) Investment (initial cost plus improvements less impairment)
UNIMPROVED LAND		
Badger Hills - Rochester, MN		$ 1,050
Bismarck 4916 - Bismarck, ND		3,250
Bismarck 700 E Main - Bismarck, ND		879
Creekside Crossing - Bismarck, ND		4,286
Georgetown Square - Grand Chute, WI		1,860
Grand Forks - Grand Forks, ND		4,278
Isanti Unimproved - Isanti, MN		58
Legends at Heritage Place - Sartell, MN		537
Minot 1525 24th Ave SW - Minot, ND		1,262
Monticello - Monticello, MN		118
Monticello 7th Addition - Monticello, MN		1,734
Rapid City Unimproved- Rapid City, SD		1,376
Renaissance Heights - Williston, ND		3,810
River Falls - River Falls, WI		181
Spring Creek Fruitland - Fruitland, IA		339
TCA formerly Eagan - Eagan, MN		325
Urbandale - Urbandale, IA		114
Weston - Weston, WI		370
TOTAL UNIMPROVED LAND		$ 25,827
DEVELOPMENT IN PROGRESS		
71 France - Edina, MN		$ 35,137
Cardinal Point - Grand Forks, ND		26,450
Chateau II - Minot, ND		13,129
Deer Ridge - Jamestown, ND		15,355
Edina 6565 France SMC III - Edina, MN		22,549
Minot Southgate Retail - Minot, ND		2,164
PrairieCare Medical - Brooklyn Park, MN		19,457
Renaissance Heights - Williston, ND		13,135
Other		6,618
TOTAL DEVELOPMENT IN PROGRESS		$ 153,994
TOTAL UNITS - RESIDENTIAL SEGMENT	11,844	
TOTAL SQUARE FOOTAGE - COMMERCIAL SEGMENTS[(2)]	9,477,782	
TOTAL REAL ESTATE		$ 2,277,858

(1) Real estate not owned in fee; all or a portion is leased under a ground or air rights lease.

(2) Excludes properties classified as held for sale at April 30, 2015 (Thresher Square, 117,144 sq ft and Nebraska Orthopaedic Hospital, 61,758 sq ft).

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Mortgages Payable and Line of Credit

As of April 30, 2015, individual first mortgage loans on the above properties totaled $968.0 million. Of the $974.8 million total of mortgage indebtedness on April 30, 2015, $70.0 million, or 7.2%, is represented by variable rate mortgages on which the future interest rate will vary based on changes in the interest rate index for each respective loan. As of April 30, 2015, the management of the Company believes there are no defaults or material compliance issues in regards to any of these mortgages payable other than one $122.6 million non-recourse loan by a Company subsidiary, for which we've received a default notice from the special servicer on April 14, 2015 due to nonpayment on April 6, 2015. Principal payments due on our mortgage indebtedness are as follows:

Fiscal Year Ended April 30,	(in thousands) Mortgage Principal
2016	121,931
2017	202,612
2018	88,071
2019	130,875
2020	79,298
Thereafter	352,041
Total	$ 974,828

In addition to the individual first mortgage loans included in the Company's $974.8 million of mortgage indebtedness, the Company also has a revolving, multi-bank line of credit with First International Bank and Trust, Watford City, North Dakota, as lead bank. This line of credit had, as of April 30, 2015, lending commitments of $90.0 million. The facility has a maturity date of September 1, 2017, and is secured by mortgages on 15 properties; under the terms of the line of credit, properties may be added and removed from the collateral pool with the agreement of the lenders. Participants in this credit facility as of April 30, 2015 included, in addition to First International Bank, the following financial institutions: The Bank of North Dakota; First Western Bank and Trust; Dacotah Bank; United Community Bank; American State Bank & Trust Company; Town & Country Credit Union and Highland Bank. The line of credit has a current interest rate of 4.75% and a minimum outstanding principal balance requirement of $17.5 million, and as of April 30, 2015, the Company had borrowed $60.5 million. The facility includes covenants and restrictions requiring the Company to achieve on a calendar quarter basis a debt service coverage ratio on borrowing base collateral of 1.25x in the aggregate and 1.00x on individual assets in the collateral pool, and the Company is also required to maintain minimum depository account(s) totaling $6.0 million with First International, of which $1.5 million is to be held in a non-interest bearing account. As of April 30, 2015, the Company believes it is in compliance with the facility covenants.

Future Minimum Lease Receipts

The future minimum lease receipts to be received under leases for commercial properties in place as of April 30, 2015, assuming that no options to renew or buy out the leases are exercised, are as follows:

Fiscal Year Ended April 30,	(in thousands) Lease Payments
2016	112,320
2017	99,963
2018	84,455

2019	70,049
2020	52,576
Thereafter	130,313
Total	$ 549,676

Capital Expenditures

Each year we review the physical condition of each property we own. In order for our properties to remain competitive, attract new tenants, and retain existing tenants, we plan for a reasonable amount of capital improvements. For the year ended April 30, 2015, we spent approximately $31.7 million on capital improvements, tenant improvements and other capital expenditures.

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The following table shows total and weighted average per square foot/unit recurring and non-recurring capital expenditures (excluding capital expenditures recoverable from tenants and capital expenditures at properties sold or classified as held for sale during the period), and, for our same-store commercial segment properties, tenant improvements (excluding tenant-funded tenant improvements) and leasing costs for the three years ended April 30, 2015, 2014 and 2013. We define recurring capital expenditures as those made on a regular or recurring basis to maintain a property's competitive position within its market, generally with a depreciable life of 5 to 12 years, but excluding (a) capital expenditures made in the year of acquisition and in subsequent periods until the property is classified as same-store (i.e., excluding capital expenditures on non-same-store properties), (b) improvements associated with the expansion or re-development of a building, (c) renovations to a building which change the underlying classification of the building (for example, from industrial to office or Class C office to Class A office) or (d) capital improvements that represent the addition of something new to a property, rather than the replacement of an existing item. We believe that recurring capital expenditures is a useful measure of performance because it provides an indication of the expenses that we can expect to incur on an on-going basis. Non-recurring capital expenditures correspond to major capital expenditures for items such as roof replacements or items that result in something new being added to the property (for example, the addition of a new heating and air conditioning unit that is not replacing one previously there), generally with a depreciable life of 20 to 40 years, and include expenditures completed in the year of acquisition and in subsequent periods until the property is classified as same-store (i.e., including capital expenditures on non-same-store properties).

	(in thousands except per SF or Unit data)					
	Years Ended April 30,					
	2015		2014		2013	
	Amount	Rate/SF or Unit	Amount	Rate/SF or Unit	Amount	Rate/SF or Unit
Office Properties:						
Non-Recoverable Capital Expenditures						
Recurring capital expenditures	$0	0.00	$0	0.00	$0	0.00
Non-recurring capital expenditures	$1,160	0.28	$1,813	0.38	$754	0.15
Tenant improvements at same-store properties	$4,884	1.20	$6,238	1.31	$6,154	1.22
Leasing costs at same-store properties	$1,510	0.37	$2,549	0.54	$3,411	0.67
Healthcare Properties:						
Non-Recoverable Capital Expenditures						
Recurring capital expenditures	$691	0.24	$0	0.00	$49	0.02
Non-recurring capital expenditures	$821	0.28	$612	0.20	$356	0.12
Tenant improvements at same-store properties	$1,427	0.50	$3,235	1.11	$1,573	0.58
Leasing costs at same-store properties	$353	0.12	$518	0.18	$784	0.29
Industrial Properties:						
Non-Recoverable Capital Expenditures						
Recurring capital expenditures	$0	0.00	$0	0.00	$0	0.00
Non-recurring capital expenditures	$0	0.00	$127	0.10	$0	0.00
Tenant improvements at same-store properties	$173	0.17	$320	0.27	$777	0.26
Leasing costs at same-store properties	$40	0.04	$160	0.14	$658	0.22
Retail Properties:						

Non-Recoverable Capital Expenditures						
Recurring capital expenditures	$0	0.00	$0	0.00	$0	0.00
Non-recurring capital expenditures	$927	0.78	$635	0.49	$678	0.48
Tenant improvements at same-store properties	$1,105	0.93	$144	0.11	$1,335	0.96
Leasing costs at same-store properties	$387	0.33	$570	0.44	$275	0.20
Multi-Family Residential Properties:						
Recurring Capital Expenditures	$5,444	550	$4,956	589	$5,941	713
Non-Recurring Capital Expenditures	$9,663	815	$11,355	1,053	$6,737	655

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Contracts or Options to Purchase

We have granted options to purchase certain of our properties to tenants in these properties, under lease agreements. In general, these options grant the tenant the right to purchase the property at the greater of such property's appraised value or an annual compounded increase of a specified percentage of the initial cost to us. As of April 30, 2015, 15 of our properties were subject to purchase options, and the total investment cost, plus improvements, of all such properties was $114.9 million with total gross rental revenues in fiscal year 2015 of $10.2 million. The tenant in our Nebraska Orthopaedic Hospital property has exercised its option to purchase the property. We are currently engaged in an arbitration proceeding pursuant to the lease agreement to determine the purchase price and can give no assurance that the sale of the property pursuant to the purchase option will be completed.

Properties by State

The following table presents, as of April 30, 2015, the total amount of property owned, net of accumulated depreciation, by state of each of the five major segments of properties owned by us - multi-family residential, office, healthcare, industrial and retail:

State	(in thousands) Multi-Family Residential	Office	Healthcare	Industrial	Retail	All Segments	% of All Segments	
Minnesota	$240,936	$204,300	$235,564	$26,161	$55,189	$762,150	46.2	%
North Dakota	293,004	31,572	46,184	10,192	26,006	406,958	24.7	%
Nebraska	90,332	54,693	3,453	0	2,189	150,667	9.1	%
South Dakota	53,628	5,124	8,473	0	0	67,225	4.1	%
Kansas	48,591	11,924	0	0	0	60,515	3.7	%
Idaho	0	10,245	36,992	0	0	47,237	2.9	%
Wyoming	0	0	41,710	0	0	41,710	2.5	%
Montana	29,562	0	7,336	0	0	36,898	2.2	%
Iowa	10,053	0	0	13,002	0	23,055	1.4	%
Missouri	0	19,761	2,429	0	0	22,190	1.3	%
Colorado	0	19,031	0	0	0	19,031	1.2	%
Wisconsin	0	8,620	2,794	0	0	11,414	0.7	%
Total	$766,106	$365,270	$384,935	$49,355	$83,384	$1,649,050	100.0	%

Item 3. Legal Proceedings

In the ordinary course of our operations, we become involved in litigation. At this time, we know of no material pending or threatened legal proceedings, or other proceedings contemplated by governmental authorities, that would have a material impact upon us.

Item 4. Mine Safety Disclosures

Not Applicable

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PART II

Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Quarterly Share and Distribution Data

Our common shares of beneficial interest trade on the New York Stock Exchange (“NYSE”) under the symbol “IRET.” The following table shows the high and low sales prices for our common shares for the periods indicated, as reported by the NYSE, and the distributions per common share and limited partnership unit declared with respect to each period. On June 1, 2015, the last reported sales price per share of our common shares on the NYSE was $7.24.

Quarter Ended	High	Low	Distributions Declared (per share and unit)
Fiscal Year 2015			
April 30, 2015	$8.31	$7.09	$ 0.1300
January 31, 2015	8.60	8.05	0.1300
October 31, 2014	8.59	7.49	0.1300
July 31, 2014	9.21	8.52	0.1300

Quarter Ended	High	Low	Distributions Declared (per share and unit)
Fiscal Year 2014			
April 30, 2014	$9.06	$8.34	$ 0.1300
January 31, 2014	8.94	8.24	0.1300
October 31, 2013	9.03	8.05	0.1300
July 31, 2013	9.77	8.09	0.1300

It is our policy to pay quarterly distributions to our common shareholders and unitholders, at the discretion of our Board of Trustees, based on our funds from operations, financial condition and capital requirements, annual distribution requirements under the REIT provisions of the Internal Revenue Code and such other factors as our Board of Trustees deems relevant. Since July 1, 1971, we have paid quarterly cash distributions in the months of January, April, July and October.

Shareholders

As of June 1, 2015, we had 4,034 common shareholders of record, and 124,574,042 common shares of beneficial interest (plus 13,961,386 limited partnership units potentially convertible into 13,961,386 common shares) were outstanding.

Unregistered Sales of Shares

Sales of Unregistered Securities. During the fiscal years ended April 30, 2015, 2014 and 2013, respectively, we issued an aggregate of 471,800, 254,948 and 180,935 unregistered common shares to holders of limited partnership units of IRET Properties upon redemption and conversion of an aggregate of 471,800, 254,948 and 180,935 limited partnership units of IRET Properties on a one-for-one basis. All such issuances of our common shares were exempt from registration as private placements under Section 4(a)(2) of the Securities Act, including Regulation D promulgated thereunder. We have registered the resale of such common shares under the Securities Act.

Issuer Purchases of Equity Securities. We did not repurchase any of our equity securities during fiscal year 2015.

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Comparative Stock Performance

The information contained in this Comparative Stock Performance section shall not be deemed to be “soliciting material” or “filed” or incorporated by reference into our future filings with the SEC, or subject to the liabilities of Section 18 of the Exchange Act, except to the extent that we specifically incorporate it by reference into a document filed under the Securities Act or the Exchange Act.

Set forth below is a graph that compares, for the five fiscal years commencing May 1, 2010 and ending April 30, 2015, the cumulative total returns for our common shares with the comparable cumulative total return of two indexes, the Standard & Poor’s 500 Index (“S&P 500”) and the FTSE NAREIT Equity REITs Index, the latter of which is an index prepared by the FTSE Group for the National Association of Real Estate Investment Trusts, which includes all tax-qualified equity REITs listed on the NYSE, the American Stock Exchange and the NASDAQ Market.

The performance graph assumes that at the close of trading on April 30, 2010, the last trading day of fiscal year 2010, $100 was invested in our common shares and in each of the indexes. The comparison assumes the reinvestment of all distributions. Cumulative total shareholder returns for our common shares, the S&P 500 and the FTSE NAREIT Equity REITs Index are based on our fiscal year ending April 30.

	FY10	FY11	FY12	FY13	FY14	FY15
Investors Real Estate Trust	100.00	116.44	95.79	137.32	130.87	114.68
S&P 500	100.00	117.22	122.79	143.54	172.87	195.31
FTSE NAREIT Equity REITs	100.00	122.25	134.25	160.49	161.89	183.56

Source: SNL Financial LC

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Item 6. Selected Financial Data

Set forth below is selected financial data on a historical basis for the Company for the five most recent fiscal years ended April 30. This information should be read in conjunction with the consolidated financial statements and notes appearing elsewhere in this Annual Report on Form 10-K.

	(in thousands, except per share data)				
	2015	2014	2013	2012	2011
Consolidated Income Statement Data					
Revenue	$283,190	$267,109	$248,058	$228,671	$224,773
Impairment of real estate investments in continuing and discontinued operations	$6,105	$44,426	$305	$428	$0
Gain on sale of discontinued operations and real estate and other investments	$6,093	$6,948	$6,885	$349	$19,365
Income (loss) from continuing operations	$28,684	$(23,390)	$20,677	$8,644	$4,679
Income from discontinued operations	$0	$6,450	$9,295	$1,062	$19,672
Net income (loss)	$28,684	$(16,940)	$29,972	$9,706	$24,351
Net (income) loss attributable to noncontrolling interests – Operating Partnership	$(1,526)	$4,676	$(3,633)	$(1,359)	$(4,449)
Net income (loss) attributable to Investors Real Estate Trust	$24,087	$(13,174)	$25,530	$8,212	$20,082
Consolidated Balance Sheet Data					
Total real estate investments	$1,828,871	$1,699,216	$1,680,834	$1,557,108	$1,458,245
Total assets	$1,997,837	$1,869,221	$1,889,554	$1,714,367	$1,615,363
Mortgages payable	$974,828	$997,689	$1,049,206	$1,048,689	$993,803
Revolving lines of credit	$60,500	$22,500	$10,000	$39,000	$30,000
Total Investors Real Estate Trust shareholders' equity	$652,110	$592,184	$612,787	$432,989	$411,690
Consolidated Per Common Share Data (basic and diluted)					
Income (loss) from continuing operations - Investors Real Estate Trust	$.11	$(.28)	$.09	$.06	$.02
Income from discontinued operations - Investors Real Estate Trust	$.00	$.05	$.08	$.01	$.20
Net income (loss)	$.11	$(.23)	$.17	$.07	$.22
Distributions	$.52	$.52	$.52	$.56	$.69

CALENDAR YEAR	2014	2013	2012	2011	2010
Tax status of distributions					
Capital gain	23.09%	3.09%	2.41%	37.48%	0.00%
Ordinary income	25.74%	28.41%	23.17%	18.04%	28.53%
Return of capital	51.17%	68.50%	74.42%	44.48%	71.47%

For the fiscal year ended April 30, 2015, IRET recognized approximately $10.9 million of net capital gain for federal income tax purposes. IRET designates the entire $10.9 million of net capital gain as capital gain dividends.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following information is provided in connection with, and should be read in conjunction with, the consolidated financial statements included in this Annual Report on Form 10-K. We operate on a fiscal year ending on April 30. The following discussion and analysis is for the fiscal year ended April 30, 2015.

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Overview

We are a self-advised equity real estate investment trust, or REIT, engaged in owning and operating income-producing real properties. Our investments include multi-family residential properties and commercial properties located primarily in the upper Midwest states of Minnesota and North Dakota. Our commercial properties consist of office, healthcare, industrial and retail. Since January 2015, we have concentrated on multi-family residential and healthcare property acquisitions, and are exploring the potential sale of substantially all of our office and retail properties.

As of April 30, 2015, our real estate portfolio consisted of 100 multi-family residential properties containing 11,844 apartment units and having a total real estate investment amount net of accumulated depreciation of $766.1 million, and 149 commercial properties containing approximately 9.6 million square feet of leasable space and having a total real estate investment amount net of accumulated depreciation of $882.9 million.

Our primary source of income and cash is rents associated with multi-family residential and commercial leases. Our business objective is to increase shareholder value by employing a disciplined investment strategy. This strategy is implemented by growing income-producing assets in desired geographical markets in real estate classes we believe will provide a consistent return on investment for our shareholders. We have paid quarterly distributions continuously since our first distribution in 1971.

Critical Accounting Policies

Set forth below is a summary of the accounting policies that management believes are critical to the preparation of the consolidated financial statements included in this Annual Report on Form 10-K.

Real Estate. Real estate is carried at cost, net of accumulated depreciation, less an adjustment for impairment, if any. Depreciation requires an estimate by management of the useful life of each property as well as an allocation of the costs associated with a property to its various components. As described further below, the process of allocating property costs to its components involves a considerable amount of subjective judgments to be made by Company management. If the Company does not allocate these costs appropriately or incorrectly estimates the useful lives of its real estate, depreciation expense may be misstated. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets. The Company uses a 20-40 year estimated life for buildings and improvements and a 5-12 year estimated life for furniture, fixtures and equipment. Maintenance and repairs are charged to operations as incurred. Renovations and improvements that improve and/or extend the useful life of the asset are capitalized over their estimated useful life, generally five to ten years.

Upon acquisitions of real estate, the Company assesses the fair value of acquired tangible assets (including land, buildings and personal property), which is determined by valuing the property as if it were vacant, and considers whether there were significant intangible assets acquired (for example, above-and below-market leases, the value of acquired in-place leases, and tenant relationships) and assumed liabilities, and allocates the purchase price based on these assessments. The as-if-vacant value is allocated to land, buildings, and personal property based on management's determination of the relative fair value of these assets. Techniques used to estimate fair value include discounted cash flow analysis and reference to recent sales of comparable properties. Estimates of future cash flows are based on a number of factors including the historical operating results, known trends, and market/economic conditions that may affect the property. Land value is assigned based on the purchase price if land is acquired separately, or based on a relative fair value allocation if acquired in a merger or in a portfolio acquisition.

Other intangible assets acquired include amounts for in-place lease values that are based upon the Company's evaluation of the specific characteristics of the leases. Factors considered in the fair value analysis include an estimate of carrying costs and foregone rental income during hypothetical expected lease-up periods, considering current market conditions, and costs to execute similar leases. The Company also considers information about each property obtained during its pre-acquisition due diligence, marketing and leasing activities in estimating the relative fair value of the tangible and intangible assets acquired.

The Company follows the real estate project costs guidance in ASC 970, Real Estate – General in accounting for the costs of development and re-development projects. As real estate is undergoing development or redevelopment, all project costs directly associated with and attributable to the development and construction of a project, including interest expense and real estate tax expense, are capitalized to the cost of the real property. The capitalization period begins when development activities and expenditures begin and ends upon completion, which is when the asset is ready for its intended use. Generally, rental property is considered substantially complete and ready for its intended use upon completion of tenant improvements (in the case of commercial properties) or upon issuance of a certificate of occupancy (in the case of multi-family residential properties). General and administrative costs are expensed as incurred.

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Property sales or dispositions are recorded when title transfers and sufficient consideration is received by the Company and the Company has no significant continuing involvement with the property sold.

Real Estate Held For Sale. Properties are classified as held for sale when they meet the necessary criteria, which include: (a) management, having the authority to approve the action, commits to a plan to sell the asset and (b) the sale of the asset is probable and expected to be completed within one year. The Company generally considers these criteria met when the transaction has been approved by our Board of Directors, there are no known significant contingencies related to the sale and management believes it is probable that the sale will be completed within one year. Real estate held for sale is stated at the lower of its carrying amount or estimated fair value less disposal costs. Depreciation is not recorded on assets classified as held for sale.

Prior to February 1, 2014, the Company reported, in discontinued operations, the results of operations and the related gains or losses of properties that had either been disposed of or classified as held for sale and otherwise met the classification of a discontinued operation. Effective February 1, 2014 the Company adopted Accounting Standards Update (“ASU”) 2014-08, Presentation of Financial Statements (Topic 205) and Property, Plant, and Equipment (Topic 360): Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity. Under this standard, a disposal (or classification as held for sale) of a component of an entity or a group of components of an entity is required to be reported in discontinued operations if the disposal represents a strategic shift that has (or will have) a major effect on an entity’s operations and financial results.

As a result of the adoption of ASU No. 2014-08, results of operations and gains or losses on sale for properties that are disposed or classified as held for sale in the ordinary course of business on or subsequent to February 1, 2014 would generally be included in continuing operations on the Company’s consolidated statements of operations, to the extent such disposals did not meet the criteria for classification as a discontinued operation described above.

Impairment. The Company periodically evaluates its long-lived assets, including its investments in real estate, for impairment indicators. The impairment evaluation is performed on assets by property such that assets for a property form an asset group. The judgments regarding the existence of impairment indicators are based on factors such as operational performance, market conditions, expected holding period of each asset group and legal and environmental concerns. If indicators exist, the Company compares the expected future undiscounted cash flows for the long-lived asset group against the carrying amount of that asset group. If the sum of the estimated undiscounted cash flows is less than the carrying amount of the asset group, an impairment loss is recorded for the difference between the estimated fair value and the carrying amount of the asset group. If our anticipated holding period for properties, the estimated fair value of properties or other factors change based on market conditions or otherwise, our evaluation of impairment charges may be different and such differences could be material to our consolidated financial statements. The evaluation of anticipated cash flows is subjective and is based, in part, on assumptions regarding future occupancy, rental rates and capital requirements that could differ materially from actual results. Plans to hold properties over longer periods decrease the likelihood of recording impairment losses.

Allowance for Doubtful Accounts. The Company periodically evaluates the collectibility of amounts due from tenants and maintains an allowance for doubtful accounts (approximately $438,000 as of April 30, 2015) for estimated losses resulting from the inability of tenants to make required payments under their respective lease agreements. The Company also maintains an allowance for deferred rents receivable arising from the straight-lining of rents (approximately $718,000 as of April 30, 2015). The straight-lining of rents receivable arises from earnings recognized in excess of amounts currently due under lease agreements. Management exercises judgment in establishing these allowances and considers payment history and current credit status in developing these estimates. If estimates differ from actual results this would impact reported results.

Revenue Recognition. The Company has the following revenue sources and revenue recognition policies:

- Base Rents - income arising from tenant leases. These rents are recognized over the non-cancelable term of the related leases on a straight-line basis, which includes the effects of rent increases and abated rent under the leases. Certain leases provide for tenant occupancy during periods for which no rent is due or where minimum rent payments increase during the term of the lease. Rental revenue is recorded for the full term of each lease on a straight-line basis. Accordingly, the Company records a receivable from tenants for rents that it expects to collect over the remaining lease term as deferred rents receivable. When the Company acquires a property, the term of the existing leases is considered to commence as of the acquisition date for the purposes of this calculation. Revenue recognition is considered to be critical because the evaluation of the reliability of such deferred rents receivable involves management's assumptions relating to such tenant's viability.

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- Percentage Rents - income arising from retail tenant leases which are contingent upon the sales of the tenant exceeding a defined threshold. These rents are recognized only after the contingency has been removed (i.e., sales thresholds have been achieved).

- Expense Reimbursement Income – revenue arising from tenant leases, which provide for the recovery of all or a portion of the operating expenses and real estate taxes of the respective property. This revenue is accrued in the same periods as the expenses are incurred.

Income Taxes. The Company operates in a manner intended to enable it to continue to qualify as a REIT under Sections 856-860 of the Internal Revenue Code. Under those sections, a REIT which distributes at least 90% of its REIT taxable income as a distribution to its shareholders each year and which meets certain other conditions will not be taxed on that portion of its taxable income which is distributed to its shareholders. The Company intends to distribute to its shareholders 100% of its taxable income. Therefore, no provision for Federal income taxes is required. If the Company fails to distribute the required amount of income to its shareholders, it would fail to qualify as a REIT and substantial adverse tax consequences may result.

The Company has one TRS, acquired during the second quarter of fiscal year 2014, which is subject to corporate federal and state income taxes on its taxable income at regular statutory rates. For fiscal year 2015, the Company estimates that the TRS will have no taxable income. There were no income tax provisions or material deferred income tax items for our TRS for the fiscal years ended April 30, 2015 and 2014. The Company's TRS is the tenant in the Company's Legends at Heritage Place senior housing facility.

The Company's taxable income is affected by a number of factors, including, but not limited to, the following: that the Company's tenants perform their obligations under their leases with the Company and that the Company's tax and accounting positions do not change. These factors, which impact the Company's taxable income, are subject to change, and many are outside the control of the Company. If actual results vary, the Company's taxable income may change.

Recent Accounting Pronouncements

For disclosure regarding recent accounting pronouncements and the anticipated impact they will have on our operations, please refer to Note 2 to our consolidated financial statements appearing elsewhere in this Annual Report on Form 10-K.

Fiscal 2015 Significant Events and Transactions

During fiscal year 2015, the Company has successfully completed the following significant transactions, including acquisition, development, disposition, and financing transactions, and experienced the following significant events:

Acquisitions, Dispositions, and Development Projects Placed in Service:

During fiscal year 2015, the Company added approximately 1,027 apartment units to its multi-family residential portfolio, through its acquisition of four multi-family residential properties and the placement in service of five multi-family residential development projects. The Company sold one multi-family residential property, with a total of 83 units, for a net addition to the Company's multi-family residential portfolio in fiscal year 2015 of approximately 944 apartment units.

The Company also acquired a number of parcels of unimproved land in Minnesota and North Dakota for possible future development, for purchase prices totaling approximately $14.5 million, including the $4.7 million value of the land contributed by the Company's joint venture partner in a development project in Minnesota.

During fiscal year 2015, in addition to its sale of one multi-family residential project, the Company sold 19 industrial, retail, office and unimproved properties in Minnesota, North Dakota, Wisconsin and Montana for sales prices totaling approximately $71.6 million.

Development Projects in Progress:

During fiscal year 2015, the Company began construction of its 57,479 square foot expansion project at its Edina 6565 property in Edina, Minnesota; 72,895 square foot PrairieCare Medical project in Brooklyn Park, Minnesota; 7,963 square foot Minot Southgate Retail project in Minot, North Dakota; 163-unit Deer Ridge apartment project in Jamestown, North Dakota; and 241-unit 71 France apartment project in Edina, Minnesota, which is owned by a joint venture in which the Company is an approximately 52.6% partner.

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During fiscal year 2015 construction continued on the Company’s 251-unit Cardinal Point apartment project in Grand Forks, North Dakota and 288-unit Renaissance Heights I apartment project in Williston, North Dakota, which is owned by a joint venture in which the Company is an approximately 70.0% partner. The Company is also continuing to rebuild the two buildings at its Chateau apartments property that were destroyed by fire in December 2013.

Amendment to Credit Facility:

On October 29, 2014, the Company’s Operating Partnership entered into a First Amendment to Amended and Restated Loan Agreement with First International Bank & Trust as lead bank. Under this amendment, the commitment amount was increased from $72.0 million to $90.0 million initially, and may be increased up to $100.0 million upon meeting various conditions.

New Construction Loan:

On January 22, 2015, a joint venture entity in which the Company owns a 53% interest entered into a Construction Loan Agreement with a borrowing capacity of up to $50.75 million to construct a multi-family apartment facility with commercial retail space in Edina, Minnesota. The construction loan agreement has a maturity date of July 1, 2018, is interest-only until maturity, has a variable interest rate and includes a one year extension option. It is fully-recourse to and guaranteed by the Company’s Operating Partnership and IRET, Inc. The loan was placed with PNC Bank, NA as administrative agent for the lenders.

Non-Payment of Non-Recourse Loan

On April 14, 2015, the Company received a default notice regarding the $122.6 million non-recourse loan between a Company subsidiary as borrower and Citigroup Global Markets Realty Corp as lender due to a nonpayment on April 6, 2015. The aggregate estimated fair value of the assets securing this loan is less than the outstanding loan balance of $122.6 million. This loan matures in October 2016 and has an interest rate of 5.93%. The Company cannot predict the outcome of the discussions with the special servicer on this loan.

Update in Strategic Plan:

In January 2015, the Company announced an update of its strategic plan. The update includes exploring the potential sale of substantially all of its office and retail properties during the calendar year of 2015 and directing new investments primarily towards multi-family residential and healthcare properties.

Changes in Executive Officers and Board of Trustees:

On February 9, 2015, Mr. Thomas Wentz, Jr. resigned as Executive Vice President and Chief Operating Officer of the Company and from its Board of Trustees to pursue other opportunities.

On February 13, 2015, Diane K. Bryantt was promoted to Executive Vice President and Chief Operating Officer of the Company; Ted E. Holmes was promoted to Executive Vice President and Chief Financial Officer; Mark W. Reiling was promoted to Executive Vice President and Chief Investment Officer; and Nancy Andersen was promoted to Vice President and Principal Accounting Officer.

On February 25, 2015, Pamela J. Moret was appointed as a Trustee of the Company’s Board of Trustees.

Market Conditions and Outlook

The Company experienced improving trends in a majority of its apartment investments in fiscal year 2015. Same-store revenues for the portfolio outpaced same-store expenses and occupancy reached our target 95% at fiscal year end on same store-assets. Same-store revenues in the segment increased 3.4% over the prior fiscal year primarily driven by an increase in scheduled rent in all of our markets ranging from a 0.4% increase in Topeka, KS to 5.4% in Bismarck, ND. Demand was also strong for the 798 apartment units the Company placed in service during fiscal year 2015. However, the Company's ability to maintain occupancy levels and raise rents remains dependent on continued healthy employment and wage growth. The Company has continued to observe considerable multi-family development activity in the Company's markets, and as this new construction is completed and leased, the Company will experience increased competition for residents. However, based on information available to the Company, apartment developers in our markets are currently seeing increases in construction costs for potential new apartment developments, which may slow new developments in our markets. The U.S. economic outlook through 2017 is forecasted to be good according to U.S. Bureau of Labor Statistics and Moody's Analytics. Businesses are adding jobs and for the first time in this phase of the economic cycle we are seeing meaningful wage growth. There is an attitudinal shift also occurring toward renting by professional millennials and to lesser, although growing degree, by baby boomers. These trends are beneficial to apartment owners.

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The Company's office segment, mostly concentrated in Minnesota, continued to be affected by a number of adverse macro conditions. Demand for office space is mixed, with space absorption in the Minneapolis market in particular concentrated in prime locations, and suburban office properties continuing to lag in terms of occupancy. Businesses appear to be maintaining their goal of increasing the density of their work spaces by placing more employees in less total square footage. The demand is strongest for modern office buildings which are in short supply due the lack of new construction of this class of building. The Company's office buildings are mostly class B, which class has the greatest supply and only modest and selective demand. As a result, we have been unable to effectively compete for the limited number of tenant prospects in the market. The Company continues to expect a slow and uneven recovery in its office segment. Additionally, there is a movement by tenants to the urban cores to attract and retain the best workers. Most of IRET's office portfolio is suburban.

The Company's healthcare segment consists of medical office properties and senior housing facilities. The medical office sector remains stable with high occupancy and modest rent increases. The Company's senior housing assets continue to benefit from the strengthening recovery in the housing market, as occupancy trends are closely aligned with the ability of seniors to sell their homes in anticipation of moving to a senior care facility.

Both the industrial and retail property markets continue to improve. The Company's industrial properties are located primarily in the Minneapolis market, and all of these Minneapolis properties are 83.4% leased. The demand for bulk warehouse and manufacturing space in the Company's markets is healthy, with rents generally rising. The retail recovery is evident in regard to the Company's Minneapolis-metro and grocery-anchored retail properties, which are performing well. Locations outside the Minneapolis-metro area experience less demand, although improving. There is little new construction in our markets, which bodes well going forward.

The Company is in process of selling substantially all of its commercial office and retail properties. In an update to its strategic plan previously announced, the Company is narrowing its property focus. Sale proceeds are intended to be used toward portfolio deleveraging and investments in multi-family residential and healthcare.

Same-Store and Non-Same-Store Properties

Throughout this Annual Report on Form 10-K, we have provided certain information on a same-store and non-same-store properties basis. Information provided on a same-store properties basis includes the results of properties that we have owned and operated for the entirety of both periods being compared (except for properties for which significant redevelopment or expansion occurred during either of the periods being compared, and properties classified as discontinued operations), and which, in the case of development or re-development properties, have achieved a target level of occupancy of 90% for multi-family residential properties and 85% for office, healthcare, industrial and retail properties.

For the comparison of fiscal years 2015 and 2014, all or a portion of 39 properties were non-same-store, of which non-same-store properties 11 were redevelopment or in-service development properties. For the fiscal year 2015 to 2014 comparison, all or a portion of 29 properties were added to non-same-store and all or a portion of 14 properties were moved to same-store compared to the designations for the fiscal year 2014 to 2013 comparison. For the comparison of fiscal years 2014 and 2013, all or a portion of 24 properties were non-same-store, of which non-same-store properties 11 were redevelopment or in-service development properties.

While there are judgments to be made regarding changes in designation, we typically move properties from same-store to non-same-store when redevelopment has or is expected to have a significant impact on property net operating income within the fiscal year. Sold properties and properties designated as held for sale are moved to the non-same store category when so classified, and acquisitions are moved to same-store once we have owned the property for the entirety of comparable periods and the property is not under significant redevelopment or expansion. Our development projects in progress are not included in our non-same-store properties category until they are placed in-service, which occurs upon the substantial completion of a commercial property, and upon receipt of a certificate of occupancy, in the case of a multi-family residential development project. They are then subsequently moved from non-same-store to same-store when the property has been in-service for the entirety of both periods being compared and has reached the target level of occupancy specified above.

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RESULTS OF OPERATIONS

Consolidated Results of Operations

The discussion that follows is based on our consolidated results of operations for the fiscal years ended April 30, 2015, 2014 and 2013.

	(in thousands) Year Ended April 30,			2015 vs. 2014		2014 vs. 2013	
	2015	2014	2013	$ Change	% Change	$ Change	% Change
Real estate rentals	$235,852	$219,921	$204,719	$15,931	7.2 %	$15,202	7.4 %
Tenant reimbursement	43,818	45,561	43,339	(1,743)	(3.8 %)	2,222	5.1 %
TRS senior housing revenue	3,520	1,627	0	1,893	116.4 %	1,627	n/a
TOTAL REVENUE	283,190	267,109	248,058	16,081	6.0 %	19,051	7.7 %
Depreciation/amortization related to real estate investments	67,112	67,592	59,306	(480)	(0.7 %)	8,286	14.0 %
Utilities	20,881	21,864	18,792	(983)	(4.5 %)	3,072	16.3 %
Maintenance	30,924	31,158	28,340	(234)	(0.8 %)	2,818	9.9 %
Real estate taxes	33,945	32,982	32,182	963	2.9 %	800	2.5 %
Insurance	5,839	5,165	3,734	674	13.1 %	1,431	38.3 %
Property management expenses	18,502	16,961	15,003	1,541	9.1 %	1,958	13.1 %
Other property expenses	906	357	1,008	549	153.8 %	(651)	(64.6 %)
TRS senior housing expenses	2,997	1,331	0	1,666	125.2 %	1,331	n/a
Administrative expenses	11,824	10,743	8,494	1,081	10.1 %	2,249	26.5 %
Other expenses	2,010	2,132	2,173	(122)	(5.7 %)	(41)	(1.9 %)
Amortization related to non-real estate investments	3,495	3,326	3,027	169	5.1 %	299	9.9 %
Impairment of real estate investments	6,105	42,566	0	(36,461)	(85.7 %)	42,566	n/a
TOTAL EXPENSES	204,540	236,177	172,059	(31,637)	(13.4 %)	64,118	37.3 %
Gain on involuntary conversion	0	2,480	5,084	(2,480)	(100.0 %)	(2,604)	(51.2 %)
Operating income	78,650	33,412	81,083	45,238	135.4 %	(47,671)	(58.8 %)
Interest expense	(59,020)	(59,142)	(61,154)	122	(0.2 %)	2,012	(3.3 %)
Interest income	2,238	1,908	222	330	17.3 %	1,686	759.5 %
Other income	723	483	526	240	49.7 %	(43)	(8.2 %)
Income (loss) before income from sale of real estate and other investments and income from discontinued operations	22,591	(23,339)	20,677	45,930	(196.8 %)	(44,016)	(212.9 %)
Gain (loss) from sale of real estate and other investments	6,093	(51)	0	6,144	(12,047.1 %)	(51)	n/a
Income (loss) from continuing operations	28,684	(23,390)	20,677	52,074	(222.6 %)	(44,067)	(213.1 %)
Income from discontinued operations	0	6,450	9,295	(6,450)	(100.0 %)	(2,845)	(30.6 %)
NET INCOME (LOSS)	28,684	(16,940)	29,972	45,624	(269.3 %)	(46,912)	(156.5 %)
Net loss (income) attributable to noncontrolling interests – Operating Partnership	(1,526)	4,676	(3,633)	(6,202)	(132.6 %)	8,309	(228.7 %)

Net income attributable to noncontrolling interests – consolidated real estate entities	(3,071)	(910)	(809)	(2,161)	237.5	%	(101)	12.5 %
Net income (loss) attributable to Investors Real Estate Trust	24,087	(13,174)	25,530	37,261	(282.8	%)	(38,704)	(151.6 %)
Dividends to preferred shareholders	(11,514)	(11,514)	(9,229)	0	0.0	%	(2,285)	24.8 %
NET INCOME (LOSS) AVAILABLE TO COMMON SHAREHOLDERS	$12,573	$(24,688)	$16,301	37,261	(150.9	%)	(40,989)	(251.5 %)

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Revenues. Total revenues increased by 6.0% to $283.2 million in fiscal year 2015, compared to $267.1 million in fiscal year 2014. Total revenues increased by 7.7% to $267.1 million in fiscal year 2014, compared to $248.1 million in fiscal year 2013. These increases were primarily attributable to the addition of new income-producing real estate properties.

For fiscal year 2015, the increase in revenue of $16.1 million resulted from:

	(in thousands)
Rent fiscal year 2015 primarily from properties acquired and development projects placed in service in fiscal year 2015	$ 6,616
Rent in fiscal year 2015 primarily from properties acquired and development projects placed in service in fiscal year 2014 in excess of that received in fiscal year 2014 from the same properties	7,169
Increase in rent on same-store properties, excluding straight line rent[(1)]	4,790
Net change in straight line rent on same-store properties[(1)]	(2,333)
Decrease in rent from properties sold or classified as held for sale in fiscal years 2015 and 2014	(2,054)
TRS senior housing revenue in excess of that received in fiscal year 2014[(2)]	1,893
Increase in total revenue	$ 16,081

(1) See analysis of NOI by segment on pages 50-55 of the MD&A for additional information.
(2) See discussion in TRS Senior Housing Expenses paragraph below.

For fiscal year 2014, the increase in revenue of $19.1 million resulted from:

	(in thousands)
Rent primarily from properties acquired and development projects placed in service in fiscal year 2014	$ 4,488
Rent in Fiscal 2014 primarily from properties acquired and development projects placed in service in fiscal year 2013 in excess of that received in 2013 from the same properties	6,685
Increase in rent on same-store properties due primarily to increased rental revenue and tenant reimbursements in the office and healthcare segments and increased rental rates in the multi-family residential segment[(1)]	6,251
TRS senior housing revenue in excess of that received in fiscal year 2013[(2)]	1,627
Increase in total revenue	$ 19,051

(1) See analysis of NOI by segment on pages 50-55 of the MD&A for additional information.

As illustrated above, the majority of the increase in our gross revenue for fiscal years 2015 and 2014 resulted from the addition of new income-producing real estate properties to our portfolio. Rental revenue from same-store properties increased by $2.5 million and $6.3 million in fiscal years 2015 and 2014, respectively.

Depreciation/Amortization Related to Real Estate Investments. Depreciation/amortization related to real estate investments remained steady in fiscal year 2015 at $67.1 million compared to $67.6 million in fiscal year 2014.

Depreciation/amortization related to real estate investments increased by 14.0% to $67.6 million in fiscal year 2014, compared to $59.3 million in fiscal year 2013. This increase was primarily attributable to the addition of depreciable assets from acquisitions, development projects placed in service, capital improvements and tenant improvements and to a change in the lives of several intangible assets due to a change in lease terms.

Utilities. Utilities decreased by 4.5% to $20.9 million in fiscal year 2015, compared to $21.9 million in fiscal year 2014. The addition of new income-producing real estate properties accounted for an increase of $401,000 while utilities as same-store properties decreased by $1.4 million. The decrease in utilities at same-store properties was due to utility rate decreases and the effect of milder weather on heating costs.

Utilities increased by 16.3% to $21.9 million in fiscal year 2014, compared to $18.8 million in fiscal year 2013. The addition on new income-producing real estate properties accounted for $984,000 of this increase. Utilities at same-store properties increased by $2.1 million in fiscal year 2014 due to utility rate increases and the effect of colder weather on heating costs.

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Maintenance. Maintenance expenses decreased by 0.8% to $30.9 million in fiscal year 2015, compared to $31.2 million in fiscal year 2014. Same-store properties accounted for a decrease of $511,000 primarily due to decreased snow removal costs. The addition of new income-producing real estate properties accounted for an increase of $277,000 compared to the prior year.

Maintenance expenses increased by 9.9% to $31.2 million in fiscal year 2014, compared to $28.3 million in fiscal year 2013. The addition of new income-producing real estate properties accounted for $1.4 million of this increase. The balance of the increases was attributable to increased general maintenance items at same-store properties compared to the prior year.

Real Estate Taxes. Real estate taxes increased by 2.9% to $33.9 million in fiscal year 2015 compared to $33.0 million in fiscal year 2014. An increase of $136,000 was attributable to the addition of new income-producing real estate properties. An increase of $827,000 was realized at same-store properties compared to the prior year primarily due to increased property valuations in our North Dakota markets. A property tax relief credit was in effect in the State of North Dakota for both periods, but the higher property valuations more than offset the effect of the credit for fiscal year 2015.

Real estate taxes increased by 2.5% to $33.0 million in fiscal year 2014, compared to $32.2 million in fiscal year 2013. The addition of new income-producing real estate properties accounted for an increase of $1.4 million while the real estate taxes at same-store properties decreased by $547,000. This decrease was attributable to a state-paid property tax relief credit legislated by the state of North Dakota for calendar year 2013 real estate taxes.

Insurance. Insurance expense increased by 13.1% to $5.8 million in fiscal year 2015 compared to $5.2 million in fiscal year 2014. Approximately $341,000 of the increase was attributable to increased insurance premiums at same-store properties. While premium rates at same-store properties decreased, total premium costs rose due to an increase in insured values compared to the prior year. Deductibles paid on insurance claims at same-store properties increased by $46,000 when compared to the prior year and the addition of new income-producing real estate properties accounted for an increase of $287,000.

Insurance expense increased by 38.3% to $5.2 million in fiscal year 2014, compared to $3.7 million in fiscal year 2013. An increase in insurance premiums and the company’s self-insurance deductible accounted for $1.2 million of the increase while the balance of the increase was due to the addition of new income-producing real estate properties.

Property Management Expenses. Property management expenses increased by 9.1% to $18.5 million in fiscal year 2015, compared to $17.0 million in fiscal year 2014. An increase of $581,000 was attributable to internal property management expenses at same-store properties while the addition of new income-producing real estate properties accounted for an increase of $960,000.

Property management expenses increased by 13.1% to $17.0 million in fiscal year 2014, compared to $15.0 million in fiscal year 2013. The addition of new income-producing real estate properties accounted for $1.3 million of this increase. The remainder of the increase was primarily attributable to increased management labor and benefit costs at our same-store properties compared to the prior year. This increase was due to high labor costs in our energy-impacted markets as well as the hiring of additional employees at existing properties.

Other Property Expenses. Other property expense, consisting of bad debt provision expense, increased by 153.8% to approximately $906,000 in fiscal year 2015, compared to $357,000 in fiscal year 2014, due to an increase in estimated uncollectible accounts receivable.

Other property expense, consisting of bad debt provision expense, decreased by 64.6% to approximately $357,000 in fiscal year 2014, compared to $1.0 million of in fiscal year 2013, due to a decrease in estimated uncollectible accounts receivable.

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TRS Senior Housing Expenses. The Company has one TRS, acquired during the second quarter of fiscal year 2014, which is the tenant in the Company's Legends at Heritage Place senior housing facility. Property management expenses for the Heritage Place property are paid by the TRS, as the tenant in the property, and revenue from the Heritage Place facility is shown as TRS senior housing revenue on the Consolidated Statements of Operations. TRS senior housing expense increased to $3.0 million in fiscal year 2015 compared to $1.3 million in fiscal year 2014, primarily due to the TRS only being in operation during the last two quarters of fiscal year 2014.

Administrative Expenses. Administrative expenses increased by 10.1% to $11.8 million in fiscal year 2015, compared to $10.7 million in fiscal year 2014. This change was primarily due to an increase in share-based compensation expense.

Administrative expenses increased by 26.5% to $10.7 million in fiscal year 2014, compared to $7.9 million in fiscal year 2013. This change was primarily due to an increase of approximately $1.1 million in share-based compensation expense, an increase of approximately $740,000 in compensation expenses related to high labor costs in our energy-impacted markets and an increase of approximately $154,000 in health insurance costs as compared to the prior year.

Other Expenses. Other expenses decreased 5.7% to $2.0 million in fiscal year 2015, compared to $2.1 million in fiscal year 2014. Other expenses decreased 1.9% to $2.1 million in fiscal year 2014, compared to $2.2 million in fiscal year 2013.

Amortization Related to Non-Real Estate Investments. Amortization related to non-real estate investments increased 5.2% in fiscal year 2015 to $3.5 million, compared to $3.3 million in fiscal year 2014. Amortization related to non-real estate investments increased 9.9% in fiscal year 2014 to $3.3 million, compared to $3.0 million in fiscal year 2013, primarily due to the amortization of new leasing commissions.

Impairment of Real Estate Investments. During fiscal year 2015, the Company incurred a loss of $6.1 million due to the impairment of four commercial properties and two parcels of unimproved land. During fiscal year 2014, the Company incurred a loss of $42.6 million in continuing operations due to the impairment of ten office properties and one industrial property. No impairments were incurred in continuing operations in fiscal year 2013. See Note 2 to our consolidated financial statements contained in this Annual Report on Form 10-K for additional information.

Gain on Involuntary Conversion. No gains on involuntary conversion were recognized during fiscal year 2015. During fiscal years 2014 and 2013, the Company recognized gains on involuntary conversion of $2.5 million and $5.1 million, respectively. See Note 2 to our consolidated financial statements contained in this Annual Report on Form 10-K for additional information.

Interest Expense. Components of interest expense in fiscal years 2015, 2014 and 2013 were as follows.

	(in thousands)						
	Year Ended April 30			2015 vs. 2014		2014 vs. 2013	
	2015	2014	2013	$ Change	% Change	$ Change	% Change
Mortgage debt	$53,033	$56,087	$58,893	$(3,054)	(5.4%)	$(2,806)	(4.8%)
Line of credit	2,039	691	980	1,348	195.1%	(289)	(29.5%)
Other	3,948	2,364	1,281	1,584	67.0%	1,083	84.5%
Total interest expense	$59,020	$59,142	$61,154	$(122)	(0.2%)	$(2,012)	(3.3%)

Mortgage interest decreased by 5.4% to $53.0 million in fiscal year 2015, compared to $56.1 million in fiscal year 2014. Mortgages on properties newly acquired in fiscal years 2015 and 2014 added approximately $231,000 to our mortgage interest expense in fiscal year 2015, while mortgage interest on same-store properties decreased $3.3 million compared to fiscal year 2014, primarily due to loan payoffs.

Mortgage interest decreased by 4.8% to $56.1 million in fiscal year 2014, compared to $58.9 million in fiscal year 2013. Mortgages on properties newly acquired in fiscal years 2014 and 2013 added $1.2 million to our mortgage interest expense in fiscal year 2014, while mortgage interest on same-store properties decreased $4.0 million compared to fiscal year 2013, primarily due to loan payoffs.

Our overall weighted average mortgage interest rate was 5.16%, 5.37% and 5.55% as of April 30, 2015, 2014 and 2013, respectively, on total mortgages payable of $974.8 million, $997.7 million and $1.0 billion.

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Interest expense on our line of credit increased by 195.1% to $2.0 million in fiscal year 2015, compared to approximately $691,000 in fiscal year 2014, primarily due to a higher average outstanding balance during fiscal year 2015 compared to the prior year. Interest expense on our line of credit decreased by 29.5% to approximately $691,000 in fiscal year 2014, compared to approximately $980,000 in fiscal year 2013, primarily due to a lower average outstanding balance during fiscal year 2014 compared to the prior year.

Other interest consists of interest on the Company's construction loans, a financing liability, security deposits and special assessments, as well as amortization of loan costs, offset by capitalized construction interest. Other interest increased by 67.0% to $3.9 million in fiscal year 2015, compared to $2.4 million in fiscal year 2014, primarily due to interest on new construction loans net of capitalized interest, prepayment penalties and default interest. Other interest increased by 84.5% to $2.4 million in fiscal year 2014, compared to $1.3 million in fiscal year 2013, primarily due to interest on a new financing liability in fiscal year 2014

Interest Income and Other Income. The Company recorded interest income in fiscal years 2015, 2014 and 2013 of approximately $2.2 million, $1.9 million and $222,000, respectively. The increase in interest income from fiscal year 2013 to fiscal years 2014 and 2015 was primarily due to interest earned on a contract for deed that was in place for part of fiscal year 2014 and all of fiscal year 2015.

Other income consists of real estate tax appeal refunds and other miscellaneous income. The Company earned other income in fiscal years 2015, 2014 and 2013 of approximately $723,000, $483,000 and $526,000, respectively. The increase in other income from fiscal year 2014 to fiscal year 2015 was primarily due to an increase in real estate tax appeal and other refunds.

Gain on Sale of Real Estate and Other Investments. The Company recorded a gain on sale of real estate and other investments in continuing operations of $6.1 million in fiscal year 2015 and a loss of approximately $51,000 in fiscal year 2014.

Income from Discontinued Operations. Prior to February 1, 2014, the Company reported, in discontinued operations, the results of operations and the related gains or losses of properties that had either been disposed of or classified as held for sale and otherwise met the classification of a discontinued operation. Effective February 1, 2014 the Company adopted ASU No. 2014-08. Under this standard, a disposal (or classification as held for sale) of a component of an entity or a group of components of an entity is required to be reported in discontinued operations if the disposal represents a strategic shift that has (or will have) a major effect on an entity's operations and financial results. As a result of the adoption of ASU No. 2014-08, results of operations and gains or losses on sale for properties that are disposed or classified as held for sale in the ordinary course of business on or subsequent to February 1, 2014 would generally be included in continuing operations on the Company's consolidated statements of operations, to the extent such disposals did not meet the criteria for classification as a discontinued operation described above.

The Company reported no income from discontinued operations in fiscal year 2015. Income from discontinued operations in fiscal years 2014 and 2013 was $6.5 million and $9.3 million, respectively. The Company realized a gain on sale of discontinued operations for fiscal year 2014 of $7.0 million compared to $6.9 million in fiscal year 2013. See Note 12 of the Notes to Consolidated Financial Statements in this report for further information on discontinued operations.

Net Income. Net income available to common shareholders for fiscal year 2015 was $12.6 million, compared to a net loss of $24.7 million and net income of $16.3 million in fiscal years 2014 and 2013, respectively.

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Occupancy

Occupancy as of April 30, 2015 compared to April 30, 2014 increased in our multi-family residential and office segments, decreased in our healthcare and retail segments and remained stable in our industrial segment on a same-store basis. The 4.9% decrease in occupancy in our retail segment on a same-store basis was due to the expiration and nonrenewal of a lease for 37,849 square feet at Grand Forks MedPark Mall and the early termination of a lease for 22,394 square feet at St. Cloud Westgate. Occupancy represents the actual number of units or square footage leased divided by the total number of units or square footage at the end of the period.

Occupancy Levels on a Same-Store Property and All Property Basis:

	Same-Store Properties			All Properties		
	As of April 30,			As of April 30,		
Segments	2015	2014	2013	2015	2014	2013
Multi-Family Residential	94.7 %	93.4 %	95.3%	92.0%	93.0%	94.6%
Office	84.8 %	84.0 %	81.5%	83.2%	80.7%	80.8%
Healthcare	95.7 %	96.2 %	94.9%	95.8%	96.3%	94.7%
Industrial	100.0%	100.0%	95.7%	83.4%	87.8%	96.4%
Retail	83.3 %	88.2 %	86.9%	83.4%	87.4%	87.0%

Net Operating Income

Net Operating Income ("NOI") is a non-GAAP measure which we define as total real estate revenues and gain on involuntary conversion less real estate expenses (which consist of utilities, maintenance, real estate taxes, insurance, property management expenses and other property expenses). We believe that NOI is an important supplemental measure of operating performance for a REIT's operating real estate because it provides a measure of core operations that is unaffected by depreciation, amortization, financing and general and administrative expense. NOI does not represent cash generated by operating activities in accordance with GAAP and should not be considered an alternative to net income, net income available for common shareholders or cash flow from operating activities as a measure of financial performance.

The following tables show real estate revenues, real estate operating expenses, gain on involuntary conversion and NOI by reportable operating segment for fiscal years 2015, 2014 and 2013. For a reconciliation of net operating income of reportable segments to net income as reported, see Note 11 to our consolidated financial statements contained in this Annual Report on Form 10-K.

The tables also show net operating income by reportable operating segment on a same-store property and non-same-store property basis. Same-store properties are properties owned or in service for the entirety of the periods being compared, and, in the case of development or re-development properties, which have achieved a target level of occupancy of 90% for multi-family residential properties and 85% for office, healthcare, industrial and retail properties. This comparison allows the Company to evaluate the performance of existing properties and their contribution to net income. Management believes that measuring performance on a same-store property basis is useful to investors because it enables evaluation of how the Company's properties are performing year over year. Management uses this measure to assess whether or not it has been successful in increasing net operating income, renewing the leases of existing tenants, controlling operating costs and appropriately handling capital improvements. The discussion below focuses on the main factors affecting real estate revenue and real estate expenses from same-store properties, since changes from one fiscal year to another in real estate revenue and expenses from non-same-store properties are due to the addition of those properties to the Company's real estate portfolio, and accordingly provide less useful information for evaluating the ongoing operational performance of the Company's real estate portfolio.

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All Segments

The following table of selected operating data reconciles NOI to net income and provides the basis for our discussion of NOI by segment in fiscal years 2015, 2014 and 2013.

	(in thousands, except percentages) Years Ended April 30							
			2015 vs 2014				2014 vs 2013	
	2015	2014	$ Change	% Change	2014	2013	$ Change	% Change
All Segments								
Real estate revenue								
Same-store	$250,420	$247,963	$2,457	1.0 %	$237,865	$231,614	$6,251	2.7 %
Non-same-store(1)(2)	29,250	17,519	11,731	67.0 %	27,617	16,444	11,173	67.9 %
Total	$279,670	$265,482	$14,188	5.3 %	$265,482	$248,058	$17,424	7.0 %
Real estate expenses								
Same-store	$100,387	$99,972	$415	0.4 %	$97,442	$93,297	$4,145	4.4 %
Non-same-store(1)(2)	10,610	8,515	2,095	24.6 %	11,045	5,762	5,283	91.7 %
Total	$110,997	$108,487	$2,510	2.3 %	$108,487	$99,059	$9,428	9.5 %
Gain on involuntary conversion								
Same-store	$0	$0	$0	n/a	$0	$1,232	$(1,232)	(100.0 %)
Non-same-store(1)(2)	0	2,480	(2,480)	(100.0)%	2,480	3,852	(1,372)	(35.6 %)
Total	$0	$2,480	$(2,480)	(100.0)%	$2,480	$5,084	$(2,604)	(51.2 %)
Net operating income								
Same-store	$150,033	$147,991	$2,042	1.4 %	$140,423	$139,549	$874	0.6 %
Non-same-store(1)(2)	18,640	11,484	7,156	62.3 %	19,052	14,534	4,518	31.1 %
Total	$168,673	$159,475	$9,198	5.8 %	$159,475	$154,083	$5,392	3.5 %
TRS senior housing revenue	3,520	1,627			1,627	0		
TRS senior housing expenses	(2,997)	(1,331)			(1,331)	0		
Depreciation/amortization	(70,607)	(70,918)			(70,918)	(62,333)		
Administrative expenses	(11,824)	(10,743)			(10,743)	(8,494)		
Other expenses	(2,010)	(2,132)			(2,132)	(2,173)		
Impairment of real estate investments	(6,105)	(42,566)			(42,566)	0		
Interest expense	(59,020)	(59,142)			(59,142)	(61,154)		
Interest and other income	2,961	2,391			2,391	748		
Income (loss) before gain (loss) on sale of real estate and other investments and income from discontinued operations	22,591	(23,339)			(23,339)	20,677		
Gain (loss) on sale of real estate and other	6,093	(51)			(51)	0		

investments				
Income (loss) from continuing operations	28,684	(23,390)	(23,390)	20,677
Income from discontinued operations[3]	0	6,450	6,450	9,295
Net income (loss)	$28,684	$(16,940)	$(16,940)	$29,972

(1) Non-same-store properties consist of the following properties for the comparative periods of fiscal years 2015 and 2014 (re-development and in-service development properties are listed in bold type):

Multi-Family Residential - Arcata, Golden Valley, MN; Colonial Villa, Burnsville, MN; Commons at Southgate, Minot, ND; Cypress Court I and II, St. Cloud, MN; Dakota Commons, Williston, ND; Homestead Garden, Rapid City, SD; Landing at Southgate, Minot, ND; Legacy Heights, Bismarck, ND; Northridge, Bismarck, ND; Pinecone Villas, Sartell, MN; Red 20, Minneapolis, MN; Renaissance Heights, Williston, ND; River Ridge, Bismarck, ND; Silver Springs, Rapid City, SD and Southpoint, Grand Forks, ND. Total number of units, 1,949.

Healthcare - Spring Creek Fruitland, Fruitland, ID. Total rentable square footage, 39,500.

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Industrial - Roseville 3075 Long Lake Road, Roseville, MN.
Total rentable square footage, 220,557.

Retail - - Minot Southgate Wells Fargo Bank, Minot, ND.
Total rentable square footage, 4,998.

Held for Sale - Office - Thresher Square, Minneapolis, MN.
Total rentable square footage, 117,144.

Healthcare - Nebraska Orthopaedic Hospital, Omaha, NE.
Total rentable square footage, 61,758.

Total NOI for held for sale properties for the twelve months ended April 30, 2015 and 2014, respectively, $1,945 and $1,931.

Sold - *Multi-Family Residential -* Lancaster, St. Cloud, MN.

Office - 2030 Cliff Road, Eagan, MN; Burnsville Bluffs II, Burnsville, MN; Dewey Hill Business Center, Edina, MN; Northgate I, Maple Grove, MN; Northgate II, Maple Grove, MN; Plymouth I, Plymouth, MN; Plymouth II, Plymouth, MN; Plymouth III, Plymouth, MN; Plymouth IV-V, Plymouth, MN; Southeast Tech, Eagan, MN; Whitewater Plaza, Minnetonka, MN and Wirth Corporate Center, Golden Valley, MN.

Healthcare - Jamestown Medical Office Building, Jamestown, ND.

Industrial - Eagan 2785 & 2795 Hwy 55, Eagan, MN.

Retail - Fargo Express Community, Fargo, ND; Kalispell Retail Center, Kalispell, MT and Weston Retail and Walgreens, Weston, WI.

Total NOI for sold properties for the twelve months ended April 30, 2015 and 2014, respectively, $3,724 and $3,904.

(2) Non-same-store properties consist of the following properties for the comparative periods of fiscal years 2014 and 2013 (re-development and in-service development properties are listed in bold type):

Multi-Family Residential - Alps Park, Rapid City, SD; Chateau I, Minot, ND; Colonial Villa, Burnsville, MN; Colony, Lincoln, NE; Cypress Court, St. Cloud, MN; First Avenue, Minot, ND; Lakeside Village, Lincoln, NE; Landing at Southgate, Minot, ND; Pinecone Villas, Sartell, MN; Ponds at Heritage Place, Sartell, MN; Quarry Ridge II, Rochester, MN; Renaissance Heights I, Williston, ND; River Ridge, Bismarck, ND; Southpoint, Grand Forks, ND; Villa West, Topeka, KS; Whispering Ridge, Omaha, NE and Williston Garden, Williston, ND.
Total number of units, 2,369.

Office - Dewey Hill Business Center, Edina, MN.
Total rentable square footage, 73,338.

Healthcare - Jamestown Medical Office Building, Jamestown, ND; Legends at Heritage Place, Sartell, MN and Spring Creek Fruitland, Fruitland, ID.
Total rentable square footage, 182,896.

Industrial - Minot IPS, Minot, ND and Stone Container, Roseville, MN.
Total rentable square footage, 45,448.

Retail - Arrowhead First International Bank, Minot, ND.
Total rentable square footage, 3,702.

(3) Discontinued operations include gain on disposals and income from operations for:

2014 Dispositions – Anoka Strip Center, API Building, Bloomington Business Plaza, Bodycote Industrial Building, Brooklyn Park 7401 Boone Ave, Burnsville 2 Strip Center, Cedar Lake Business Center, Clive 2075 NW 94th Street, Dixon Avenue Industrial Park, Eagan Community, East Park, Fargo 1320 45th Street N, Lighthouse, Metal

Improvement Company, Minnetonka 13600 County Road 62, Nicollet VII, Pillsbury Business Center, Roseville 2929 Long Lake Road, Sycamore Village and Winsted Industrial Building.

An analysis of NOI by segment follows.

Multi-Family Residential

Real estate revenue from same-store properties in our multi-family residential segment increased by 3.4% or $3.2 million in the twelve months ended April 30, 2015 compared to the same period in the prior fiscal year. The ability to raise rents, which was the result of continued levels of high occupancy, accounted for an increase of $2.7 million while an increase of $311,000 was attributable to increased occupancy. Other fee items combined increased by $199,000.

Real estate expenses at same-store properties increased by 2.9% or $1.2 million in the twelve months ended April 30, 2015 compared to the same period in the prior fiscal year. The primary factors were increased real estate taxes of $880,000, and increased insurance expenses of $476,000. These increases were offset by a decrease in utilities expense of $580,000, while all other expenses combined increased by $463,000 when compared to the prior year. The increase in real estate taxes was primarily attributable to increased property valuations in our North Dakota markets. A property tax relief credit was in effect in the State of North Dakota both periods, but the higher property valuations more than offset the effect of the credit for fiscal year 2015. Insurance premium rates at same-store properties decreased, but total insurance premium costs rose due to an increase in insured values compared to the prior fiscal year. The decrease in utility costs was attributable to a decrease in utility rates and the effects of a milder weather on heating costs.

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Real estate revenue from same-store properties in our multi-family residential segment increased by 2.7% or $2.1 million in the twelve months ended April 30, 2014 compared to the same period in the prior fiscal year. The continued levels of high occupancy allowed for rental rate increases of approximately $2.5 million. This increase in revenue was offset by an increase in vacancy loss of $394,000.

Real estate expenses at same-store properties increased by 8.9% or $3.0 million in the twelve months ended April 30, 2014 compared to the same period in the prior fiscal year. Maintenance expenses increased by $1.0 million; utilities expense increased by $928,000; property management expenses increased by $898,000 and insurance expense increased by $636,000. These increases in expenses were offset by a decrease in real estate taxes of $485,000 and a decrease in other property expenses of $52,000. The increase in utility expenses was due to utility rate increases and increased heating costs due to the effects of colder weather when compared to the prior year. The increase in maintenance costs was due to more general maintenance items being completed in the current year while the increased property management costs were primarily due to increased labor and benefit costs. The decrease in real estate taxes was attributable to a state-paid property tax relief credit legislated by the state of North Dakota for calendar year 2013.

	(in thousands, except percentages)							
	Years Ended April 30							
			2015 vs 2014				2014 vs 2013	
	2015	2014	$ Change	% Change	2014	2013	$ Change	% Change
Multi-Family Residential								
Real estate revenue								
Same-store	$99,072	$95,831	$3,241	3.4 %	$77,447	$75,375	$2,072	2.7 %
Non-same-store	19,454	6,228	13,226	212.4 %	24,612	14,548	10,064	69.2 %
Total	$118,526	$102,059	$16,467	16.1 %	$102,059	$89,923	$12,136	13.5 %
Real estate expenses								
Same-store	$44,140	$42,901	$1,239	2.9 %	$36,106	$33,142	$2,964	8.9 %
Non-same-store	7,032	3,237	3,795	117.2 %	10,032	5,081	4,951	97.4 %
Total	$51,172	$46,138	$5,034	10.9 %	$46,138	$38,223	$7,915	20.7 %
Gain on involuntary conversion								
Same-store	$0	$0	$0	n/a	$0	$0	$0	n/a
Non-same-store	0	2,480	(2,480)	(100.0)%	2,480	3,852	(1,372)	(35.6 %)
Total	$0	$2,480	$(2,480)	(100.0)%	$2,480	$3,852	$(1,372)	(35.6 %)
Net operating income								
Same-store	$54,932	$52,930	$2,002	3.8 %	$41,341	$42,233	$(892)	(2.1 %)
Non-same-store	12,422	5,471	6,951	127.1 %	17,060	13,319	3,741	28.1 %
Total	$67,354	$58,401	$8,953	15.3 %	$58,401	$55,552	$2,849	5.1 %

Occupancy	2015	2014	2014	2013
Same-store	94.7%	93.4 %	94.5%	95.3%
Non-same-store	78.6%	100.0%	87.6%	91.2%
Total	92.0%	93.0 %	93.0%	94.6%

Number of Units	2015	2014	2014	2013
Same-store	9,895	9,896	8,410	8,410

Non-same-store	1,949	883	2,369	1,738
Total	11,844	10,779	10,779	10,148

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Office

Real estate revenue from same-store properties in our office segment decreased by $1.4 million in the twelve months ended April 30, 2015 compared to the same period from the prior fiscal year. The decrease in revenue was attributable to a decrease in the straight-line receivable of $1.4 million and a decrease in tenant reimbursements of $1.3 million which was primarily due to a decrease in recoverable operating expense. These decreases were offset by an increase in rental revenues which was primarily due to decreased tenant rent concessions and increased occupancy.

Real estate expenses at same-store properties decreased by $561,000 in the twelve months ended April 30, 2015 compared to the same period from the prior fiscal year. The primary factors were decreased utilities expense of $745,000 due to a decrease in utility rates and the effect of milder weather on heating costs and decreased maintenance costs of $529,000 which were due primarily to a decrease in snow removal costs. These decreases were offset by an increase in the bad debt provision of $352,000 and an increase in all other expenses combined of $361,000.

Real estate revenue from same-store properties in our office segment increased by $1.5 million in the twelve months ended April 30, 2014 compared to the same period from the prior fiscal year. Tenant reimbursements increased by $1.0 million and vacancy loss decreased by $816,000. These increases in revenue were offset by a decrease in other revenue items of $310,000. The increase in tenant reimbursements was due to an increase in occupancy and increased recoverable operating expenses.

Real estate expenses at same-store properties increased by $919,000 in the twelve months ended April 30, 2014 compared to the same period from the prior fiscal year. The increase was primarily due to an increase in utility expenses of $871,000. All other expenses combined increased by $48,000. The increase in utility expenses was due to utility rate increases and the effect of colder weather on heating costs.

	(in thousands, except percentages) Years Ended April 30							
			2015 vs 2014				2014 vs 2013	
	2015	2014	$ Change	% Change	2014	2013	$ Change	% Change
Office								
Real estate revenue								
Same-store	$69,990	$71,398	$(1,408)	(2.0)%	$77,202	$75,733	$1,469	1.9 %
Non-same-store	4,988	6,042	(1,054)	(17.4)%	238	229	9	3.9 %
Total	$74,978	$77,440	$(2,462)	(3.2)%	$77,440	$75,962	$1,478	1.9 %
Real estate expenses								
Same-store	$33,895	$34,456	$(561)	(1.6)%	$37,930	$37,011	$919	2.5 %
Non-same-store	2,596	3,734	(1,138)	(30.5)%	260	256	4	1.6 %
Total	$36,491	$38,190	$(1,699)	(4.4)%	$38,190	$37,267	$923	2.5 %
Net operating income								
Same-store	$36,095	$36,942	$(847)	(2.3)%	$39,272	$38,722	$550	1.4 %
Non-same-store	2,392	2,308	84	3.6 %	(22)	(27)	5	(18.5 %)
Total	$38,487	$39,250	$(763)	(1.9)%	$39,250	$38,695	$555	1.4 %

Occupancy	2015	2014	2014	2013
Same-store	84.8%	84.0%	81.4%	81.5%

Non-same-store	24.8%	62.9%	35.7%	35.7%
Total	83.2%	80.7%	80.7%	80.8%

Rentable Square Footage	2015	2014	2014	2013
Same-store	4,078,338	4,077,155	4,757,483	4,755,925
Non-same-store	117,144	753,666	73,338	73,338
Total	4,195,482	4,830,821	4,830,821	4,829,263

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Healthcare

Real estate revenue from same-store properties in our healthcare segment increased by $656,000 in the twelve months ended April 30, 2015 compared to the same period in the prior fiscal year. Percentage rent at our Edgewood Vista senior living facilities increased by $359,000 while all other real estate revenue items combined increased by $297,000.

Real estate expenses from same-store properties decreased by $2,000 in the twelve months ended April 30, 2015 when compared to the same period from the prior fiscal year. The decrease in expenses was due to a decrease in utilities expense of $48,000 which resulted from a decrease in utility rates. All other real estate expenses combined increased by $46,000.

Real estate revenue from same-store properties in our healthcare segment increased by $2.2 million in the twelve months ended April 30, 2014 compared to the same period from the prior fiscal year. The increase was due to an increase in tenant reimbursements of $999,000; an increase in real estate rental income of $438,000; an increase in percentage rent income of $399,000 at our Edgewood Vista assisted living portfolio and a decrease in vacancy of $402,000. The increase in tenant reimbursements was due to increased occupancy and an increase in recoverable operating expenses.

Real estate expenses from same-store properties increased by $128,000 in the twelve months ended April 30, 2014 compared to the same period from the prior fiscal year. The increase was due to an increase in utility expenses of $216,000; an increase in insurance expenses of $160,000 and an increase in all other property expenses combined of $174,000. These increases were offset by a decrease in property management expenses of $422,000. The decrease in property management expenses was the result of six properties that were previously managed by a third party fee manager being converted to internal property management effective March 1, 2013.

	(in thousands, except percentages) Years Ended April 30							
			2015 vs 2014				2014 vs 2013	
	2015	2014	$ Change	% Change	2014	2013	$ Change	% Change
Healthcare								
Real estate revenue								
Same-store	$62,406	$61,750	$656	1.1 %	$63,898	$61,661	$2,237	3.6 %
Non-same-store	3,824	3,508	316	9.0 %	1,360	314	1,046	333.1 %
Total	$66,230	$65,258	$972	1.5 %	$65,258	$61,975	$3,283	5.3 %
Real estate expenses								
Same-store	$16,556	$16,558	$(2)	(0.0)%	$16,799	$16,671	$128	0.8 %
Non-same-store	620	569	51	9.0 %	328	108	220	203.7 %
Total	$17,176	$17,127	$49	0.3 %	$17,127	$16,779	$348	2.1 %
Net operating income								
Same-store	$45,850	$45,192	$658	1.5 %	$47,099	$44,990	$2,109	4.7 %
Non-same-store	3,204	2,939	265	9.0 %	1,032	206	826	401.0 %
Total	$49,054	$48,131	$923	1.9 %	$48,131	$45,196	$2,935	6.5 %

Occupancy	2015	2014	2014	2013
Same-store	95.7 %	96.2 %	96.2 %	94.9 %

Non-same-store	100.0%	98.5%	98.0%	80.5%
Total	95.8 %	96.3%	96.3%	94.7%

Rentable Square Footage	2015	2014	2014	2013
Same-store	2,849,118	2,849,236	2,910,994	2,910,800
Non-same-store	101,258	244,654	182,896	45,222
Total	2,950,376	3,093,890	3,093,890	2,956,022

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Industrial

Real estate revenue from same-store properties in our industrial segment increased by $125,000 in the twelve months ended April 30, 2015 compared to the same period in the prior fiscal year. Tenant reimbursements increased by $84,000 primarily due to increased occupancy while rental revenue increased by $41,000.

Real estate expenses from same-store properties decreased by $31,000 in the twelve months ended April 30, 2015 compared to the same period in the prior fiscal year. The decrease was due to a decrease in real estate taxes of $59,000 while other real estate expenses combined increased by $28,000.

Real estate revenue from same-store properties in our industrial segment increased by 5.1% or $272,000 in the twelve months ended April 30, 2014 compared to the same period in the prior fiscal year. The increase was primarily due to increased occupancy of $152,000 and an increase in tenant reimbursements of $105,000. Other real estate rental revenue items increased by a combined $15,000. The increase in tenant reimbursements was attributable to increased occupancy and an increase in recoverable operating expenses.

Real estate expenses from same-store properties increased by $79,000 in the twelve months ended April 30, 2014 compared to the same period in the prior fiscal year. The increase was primarily due to an increase in insurance expenses of $62,000. Utility, maintenance, real estate tax, property management and other property expenses increased by a combined $17,000.

	(in thousands, except percentages) Years Ended April 30		2015 vs 2014				2014 vs 2013	
	2015	2014	$ Change	% Change	2014	2013	$ Change	% Change
Industrial								
Real estate revenue								
Same-store	$6,304	$6,179	$125	2.0 %	$5,630	$5,358	$272	5.1 %
Non-same-store	187	715	(528)	(73.8)%	1,264	1,342	(78)	(5.8 %)
Total	$6,491	$6,894	$(403)	(5.8)%	$6,894	$6,700	$194	2.9 %
Real estate expenses								
Same-store	$1,308	$1,339	$(31)	(2.3)%	$1,636	$1,557	$79	5.1 %
Non-same-store	228	704	(476)	(67.6)%	407	314	93	29.6 %
Total	$1,536	$2,043	$(507)	(24.8)%	$2,043	$1,871	$172	9.2 %
Net operating income								
Same-store	$4,996	$4,840	$156	3.2 %	$3,994	$3,801	$193	5.1