

INVESTORS REAL ESTATE TRUST

Form DEF 14A

August 03, 2009

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

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities  
Exchange Act of 1934

Filed by the Registrant   
Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
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Investors Real Estate Trust

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1) Amount Previously Paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

Investors Real Estate Trust  
3015 16th Street SW, Suite 100  
PO Box 1988  
Minot, ND 58702-1988

August 3, 2009

Dear Shareholder:

It is a pleasure to invite you to attend our 39th Annual Meeting of Shareholders to be held on Tuesday, September 15, 2009, at 7:00 p.m., CDT, at the Grand International, 1505 North Broadway, Minot, North Dakota.

We are pleased this year to be furnishing proxy materials to our shareholders primarily over the Internet instead of through delivery by mail. We believe that electronic delivery should expedite shareholders' receipt of proxy materials, significantly lower the costs of our annual meeting, and conserve natural resources. On August 3, 2009, we mailed our shareholders a Notice of Internet Availability of Proxy Materials containing instructions on how to access our 2009 Proxy Statement and 2009 Annual Report and vote online. The notice also included instructions on how to receive a paper copy of the annual meeting materials, including the notice of annual meeting, proxy statement and proxy card. Other shareholders, in accordance with their prior requests, have received e-mail notification of how to access our proxy materials and vote via the Internet, or have been mailed, beginning August 3, 2009, paper copies of our proxy materials and a proxy card or voting form. If you received your annual meeting materials via e-mail, the e-mail contained voting instructions and links to the annual report and the proxy statement on the Internet, both of which are available at [www.proxyvote.com](http://www.proxyvote.com). If you received your annual meeting materials by mail, the notice of annual meeting, proxy statement and proxy card from our Board of Trustees were enclosed.

Information about the annual meeting and the formal business to be acted on by the shareholders is included in the Notice of Annual Meeting and Proxy Statement that follow.

At the annual meeting, you will be asked to vote on the following items: (i) the election as trustees of the Company of the ten (10) nominees named in this Proxy Statement, each for a term of one year and until their successors are duly elected and qualified, (ii) the ratification of Deloitte & Touche LLP as the Company's independent auditors for the current fiscal year, and (iii) such other matters as may properly come before the annual meeting or any adjournment(s) or postponement(s) thereof. The annual meeting will also feature a report on the operations of your Company, followed by a question and answer period. After the annual meeting, you will have the opportunity to speak informally with the trustees and officers of the Company.

The Board of Trustees unanimously recommends that you vote to elect the ten (10) trustee nominees named in this Proxy Statement and to ratify the appointment of Deloitte & Touche LLP as the Company's independent auditors.

Please refer to the proxy statement for detailed information on each of the proposals and the annual meeting. Your shareholder vote is important, and I encourage you to vote promptly. I look forward to seeing you at the annual meeting.

Sincerely,

Investors Real Estate Trust

Thomas A. Wentz, Sr.  
President and Chief Executive Officer

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NOTICE OF ANNUAL MEETING OF SHAREHOLDERS  
To Be Held on Tuesday, September 15, 2009, at 7:00 p.m. (CDT)

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Notice is hereby given that the Annual Meeting of Shareholders of Investors Real Estate Trust (the "Company") will be held on Tuesday, September 15, 2009, at 7:00 p.m., CDT, at the Grand International, 1505 North Broadway, Minot, North Dakota, 58703, for the following purposes:

1. To elect as trustees of the Company the ten (10) nominees named in this proxy statement, each for a term of one year expiring at the 2010 Annual Meeting of Shareholders and until their successors are duly elected and qualified,
2. To ratify Deloitte & Touche LLP as the Company's independent auditors for the current fiscal year, and
3. To transact such other business as may properly come before the annual meeting or any adjournment(s) or postponement(s) thereof.

These items are described in the proxy statement, which is part of this notice. We have not received notice of other matters that may properly be presented at the annual meeting.

The Company's Board of Trustees has fixed the close of business on July 20, 2009, as the record date for determining the shareholders entitled to receive notice of and to vote at the annual meeting or any adjournment(s) or postponement(s) thereof.

Important Notice Regarding the Availability of Proxy Materials for the  
Investors Real Estate Trust 2009 Annual Meeting of Shareholders  
to be held on September 15, 2009

The 2009 proxy materials and 2009 Annual Report are available at  
[www.proxyvote.com](http://www.proxyvote.com)

By Order of the Board of Trustees,

Michael A. Bosh  
Secretary and General Counsel

Minot, North Dakota  
August 3, 2009

It is important that your shares be represented and voted at the Annual Meeting. You can vote your shares by one of the following methods: vote by proxy over the Internet, by telephone or, if you received your annual meeting



materials by mail, by using the instructions on your proxy card. Any proxy may be revoked in the manner described in the accompanying proxy statement at any time prior to its exercise at the Annual Meeting.

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Investors Real Estate Trust  
3015 16th Street SW, Suite 100  
PO Box 1988  
Minot, ND 58702-1988  
Telephone: (701) 837-4738  
Fax: (701) 838-7785

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PROXY STATEMENT  
August 3, 2009

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Proxies are solicited by the Board of Trustees (the "Board") of Investors Real Estate Trust, a North Dakota Real Estate Investment Trust (the "Company"), for use at the 2009 Annual Meeting of Shareholders of the Company (the "Annual Meeting") to be held on Tuesday, September 15, 2009, at 7:00 p.m. CDT. The Annual Meeting will be held at the Grand International, 1505 North Broadway, Minot, North Dakota, 58703. Only the holders of record of the Company's common shares of beneficial interest, no par value ("Shares" or "common shares") at the close of business on July 20, 2009 (the "Record Date"), are entitled to vote at the Annual Meeting. The holders of the Company's 8.25% Series A Cumulative Redeemable Preferred Shares of Beneficial Interest, no par value (the "Preferred Shares"), are not entitled to vote at the Annual Meeting. As of the close of business on July 20, 2009, the Company had 63,787,522 Shares issued and outstanding, each of which is entitled to one vote at the Annual Meeting. Thirty-three and one-third percent (33 1/3%) of the Shares outstanding on the Record Date must be present in person or by proxy to have a quorum.

The cost of soliciting proxies will be borne by the Company. Trustees, officers and employees of the Company may, without additional compensation, solicit proxies by mail, internet, personal interview, telephone and/or telecopy.

The Company is furnishing proxy materials to its shareholders primarily via the Internet. On August 3, 2009, we mailed to our shareholders a Notice of Internet Availability of Proxy Materials containing instructions on how to access the Company's proxy materials, including the 2009 Proxy Statement and the 2009 Annual Report. The Notice of Internet Availability also instructs shareholders on how to access the proxy card to be able to vote through the Internet or by telephone. Certain shareholders, in accordance with their prior requests or by decision of the Company, have received e-mail notification of how to access the proxy materials and vote via the Internet, or, beginning August 3, 2009, have been mailed paper copies of the Company's proxy materials and a proxy card or voting form.

Internet distribution of the Company's proxy materials is designed to expedite receipt by shareholders, lower the cost of the annual meeting, and conserve natural resources. However, if you would prefer to receive printed proxy materials, please follow the instructions included in the Notice of Internet Availability. If you have previously elected to receive the Company's proxy materials electronically, you will continue to receive these materials via e-mail unless you elect otherwise.

The Company will request banks, brokerage houses and other institutions, nominees or fiduciaries to forward the soliciting material to the beneficial owners of Shares and to obtain authorization for the execution of proxies. The Company will, upon request, reimburse banks, brokerage houses and other institutions, nominees and fiduciaries for their reasonable expenses in forwarding proxy materials to the beneficial owners. If a shareholder is a participant in the Company's Distribution Reinvestment and Share Purchase Plan (the "Plan"), the proxy represents a voting instruction as to the number of full Shares in such shareholder's Plan account, as well as any Shares held directly by the

shareholder.

You may vote your Shares at the Annual Meeting in person. If you cannot attend the Annual Meeting in person, or you wish to have your shares voted by proxy even if you do attend the Annual Meeting, you may vote by duly authorized proxy on the Internet, by telephone or by mail. North Dakota law applicable to the Company does not prohibit proxies submitted by Internet. In order to vote on the Internet, you must first go to

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www.proxyvote.com, have your Notice of Internet Availability of Proxy Materials, proxy card or voting instruction form in hand and follow the instructions.

In order to vote by telephone, you must call 1-800-690-6903, have your Notice of Internet Availability of Proxy Materials, proxy card or voting instruction form in hand and follow the instructions.

To vote by mail using a proxy card, you must sign, date and mail the proxy card in the envelope provided. You may request a proxy card from us as instructed in the Notice of Internet Availability of Proxy Materials.

To vote in person, you must attend the Annual Meeting and obtain and submit a ballot, which will be provided at the meeting.

All properly executed or authorized proxies delivered pursuant to this solicitation and not revoked will be voted at the Annual Meeting as specified in such proxies. If no vote is specified on a proxy, the Shares represented by such proxy will be voted FOR the election of each of the ten (10) nominees for trustee, and FOR the ratification of the selection of Deloitte & Touche LLP as the Company's independent auditors. If other matters are properly presented for voting at the Annual Meeting, the persons named as proxies will vote on such matters in accordance with their best judgment. We have not received notice of other matters that may properly be presented for voting at the Annual Meeting.

Shares which are entitled to vote but which, at the direction of the beneficial owner, are not voted on one or more matters ("abstentions") will be counted for the purpose of determining whether there is a quorum for the transaction of business at the 2009 Annual Meeting. Shares held by brokers who do not have discretionary authority to vote on a particular matter and who have not received voting instructions from their customers ("broker non-votes") are counted as present for the purpose of determining the existence of a quorum at the Annual Meeting.

The affirmative vote of a majority of the votes entitled to be cast by the shareholders present in person or by proxy at the Annual Meeting, provided a quorum is present, is required to elect each of the ten (10) nominees for trustee (Proposal 1).

The affirmative vote of a majority of the votes entitled to be cast by the shareholders present in person or by proxy at the Annual Meeting, provided a quorum is present, is required to ratify the selection of Deloitte & Touche as the Company's independent auditors (Proposal 2).

Both broker non-votes and abstentions are counted in determining whether the shareholders have approved these proposals. As such, if brokers and banks vote on their clients' behalf, such votes will affect the proposal as voted (either for or against). If brokers and banks do not vote on their clients' behalf, such broker non-votes will have the effect of a vote against the proposals. Abstentions also have the effect of a vote against the proposals.

Any proxy given pursuant to this solicitation may be revoked by the person giving it at any time before its use at the Annual Meeting by delivering to Michael A. Bosh, the Secretary and General Counsel of the Company, a written notice of revocation or a duly executed proxy bearing a later date, by authorizing a subsequent proxy by telephone or through the designated Internet site, or by attending the Annual Meeting and voting in person. If your shares are held on your behalf by a broker, bank or other nominee, you must contact them to receive instructions on how to revoke your proxy.

The Company's principal executive offices are located at 3015 16th Street SW, Suite 100, Minot, North Dakota, 58702-1988. The Company's telephone number is (701) 837-4738, and facsimile number is (701) 838-7785.

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## PROPOSAL 1: ELECTION OF TRUSTEES

## General

The Articles of Amendment and Third Restated Declaration of Trust of the Company (the “Third Restated Declaration of Trust”) provides that the Board of Trustees shall be comprised of not less than five (5) nor more than fifteen (15) trustees. The Board currently consists of nine (9) trustees.

At the Annual Meeting, ten (10) trustees are to be elected for a term of one year (expiring at the 2010 Annual Meeting of Shareholders) or until the election and qualification of their successors. The persons proposed for election as trustees of the Company are Patrick G. Jones, Timothy P. Mihalick, Jeffrey L. Miller, C.W. “Chip” Morgan, John T. Reed, Edward T. Schafer, W. David Scott, Stephen L. Stenehjem, John D. Stewart and Thomas A. Wentz, Jr., each of whom, with the exception of Mr. Schafer, is presently a member of the Board. Mr. Schafer previously served as a trustee of the Company from September 2006 through December 2007; he resigned from the Board effective January 1, 2008 upon his nomination by President Bush as Secretary of Agriculture.

In the unanticipated event that any nominee should become unavailable for election or, upon election, should be unable to serve, the proxies will be voted for the election of such other person or persons as shall be determined by the persons named in the proxy in accordance with their judgment or, if none, the size of the Board will be reduced.

## Vote Required

The affirmative vote of a majority of the votes entitled to be cast by the shareholders present in person or by proxy at the Annual Meeting, provided a quorum is present, is required to elect each of the ten (10) nominees. The Board unanimously recommends that the shareholders vote FOR Messrs. Patrick G. Jones, Timothy P. Mihalick, Jeffrey L. Miller, C.W. “Chip” Morgan, John T. Reed, Edward T. Schafer, W. David Scott, Stephen L. Stenehjem, John D. Stewart and Thomas A. Wentz, Jr.

## Nominees

The following table sets forth certain information regarding each of the nominees, including their age as of July 1, 2009, principal business experience during the past five years, the year they each first became a trustee and their current Board committee membership, if applicable. With the exception of Mr. Reed, who is a director of Level 3 Communications, Inc., a NASDAQ-listed communications company, no nominee currently serves as a trustee or board member for any other company that has a class of securities registered pursuant to Section 12 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”) or subject to the requirements of Section 15(d) of the Exchange Act or any company registered as an investment company under the Investment Company Act of 1940, as amended.

| Nominee          | Principal Business Experience<br>During Past Five Years  | Age | Trustee<br>Since | Board<br>Committee<br>Membership<br>Compensation<br>& Nominating<br>(Chair) |
|------------------|--|-----|------------------|---|
| Patrick G. Jones | Private Investor;<br>Former General Manager of the<br>Minot Daily News;<br>Former President of Central<br>Venture Capital Inc., an | 61  | 1986             |   |

investment firm

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| Nominee                       | Principal Business Experience<br>During Past Five Years  | Age | Trustee<br>Since | Board<br>Committee<br>Membership                      |
|-------------------------------|--|-----|------------------|---|
| Timothy P. Mihalick           | Senior Vice President & Chief Operating Officer of the Company;<br>Board Member of Trinity Health Group;<br>Former Vice President of Odell-Wentz & Associates, LLC<br>Private Investor;<br>Former President of M&S Concessions, Inc.; a food service and facility management company;  | 50  | 1999             | Executive   |
| Jeffrey L. Miller<br>Chairman | Managing Partner of Miller Properties, LLP;<br>Managing Partner of K&J Miller Holdings LLP<br>President and Chief Executive Officer of Northwest Respiratory Services, LLC, a home medical company   | 65  | 1985             | Compensation,<br>Executive<br>(Chair) &<br>Nominating |
| C.W. "Chip" Morgan            | Private Investor;<br>Former Chairman of HMG Properties, a real estate investment company (2000 to February 2005);<br>Former Chairman of McCarthy & Co., an investment bank (1997 to 2000);<br>Former Partner, Arthur Andersen LLP, an accounting firm;<br>Board member of Level 3 Communications, Inc., Tetrad Corporation, and First National of Nebraska | 61  | 2006             | Audit,<br>Compensation<br>& Nominating                |
| John T. Reed                  |  | 66  | 2008             | Audit,<br>Compensation<br>& Nominating                |

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| Nominee                               | Principal Business Experience<br>During Past Five Years  | Age | Trustee<br>Since   | Board<br>Committee<br>Membership                                |
|---------------------------------------|--|-----|--|---|
| Edward T. Schafer                     | Private Investor;<br>Former Chief Executive Officer<br>of Extend America, a<br>telecommunications company;<br>Former Governor of North<br>Dakota;<br>Former Secretary of the U.S.<br>Department of Agriculture<br>Chief Executive Officer of<br>Tetrad Corporation (fka<br>Magnum Resources, Inc.) a real<br>estate services and investment<br>firm  | 61  | Former<br>Trustee,<br>September<br>2006<br>through<br>December<br>2007 | N/A   |
| W. David Scott                        | President & Chief Executive<br>Officer of Watford City<br>BancShares, Inc., a bank<br>holding company;<br>President & Chairman of First<br>International Bank & Trust,<br>Watford City, North Dakota, a<br>state banking and trust<br>association  | 48  | 2006   | None  |
| Stephen L. Stenehjem<br>Vice Chairman | President & Chief Executive<br>Officer of Watford City<br>BancShares, Inc., a bank<br>holding company;<br>President & Chairman of First<br>International Bank & Trust,<br>Watford City, North Dakota, a<br>state banking and trust<br>association  | 54  | 1999   | Audit,<br>Executive,<br>Compensation<br>(Chair) &<br>Nominating |
| John D. Stewart                       | President & Director of Fisher<br>Motors, Inc., Minot, North<br>Dakota, an automobile<br>dealership;<br>President of Glacial Holdings,<br>Inc. and Glacial Holdings LLC,<br>multi-family residential and<br>commercial real estate holding<br>companies;<br>President of Glacial Holdings<br>Property Management, Inc., a<br>property management<br>company;<br>Chairman of Bank of North<br>Dakota Advisory Board;<br>Former Certified Public<br>Accountant and Partner, Brady,<br>Martz and Associates, P.C. | 52  | 2004   | Audit (Chair)<br>&<br>Compensation                              |

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| Nominee                  | Principal Business Experience<br>During Past Five Years   | Age | Trustee<br>Since | Board<br>Committee<br>Membership |
|--------------------------|---|-----|------------------|----------------------------------|
| Thomas A. Wentz, Jr. (1) | Senior Vice President of the Company;<br>Director of SRT<br>Communications, Inc.;<br>Sole General Partner of Wenco,<br>Ltd. | 43  | 1996             | None                             |

(1) Mr. Wentz is the son of Thomas A. Wentz, Sr., the President and Chief Executive Officer of the Company.

### INFORMATION CONCERNING THE BOARD OF TRUSTEES

#### Attendance at Board, Committee and Annual Shareholders' Meetings

During the fiscal year ended April 30, 2009, the Board held eight regular meetings and one special meeting. All trustees are expected to attend each meeting of the Board and the committees on which they serve, and are also expected to attend each annual meeting of shareholders. No trustee attended fewer than 75% of the meetings of the Board and the committees on which they served during the past fiscal year. All trustees attended the 2008 Annual Meeting of Shareholders.

#### Trustee Independence

The Board of Trustees has determined that each of Patrick G. Jones, Jeffrey L. Miller, C.W. "Chip" Morgan, John T. Reed, Edward T. Schafer, Stephen L. Stenehjem and John D. Stewart qualify as "independent directors" in accordance with the listing standards of the NASDAQ. Under the NASDAQ listing standards (the "Standards"), in order to be considered independent, a trustee of the Company must have no relationship that, in the opinion of the Board, would interfere with the exercise of independent judgment in carrying out the responsibilities of a Company trustee. The Standards specify certain relationships that are deemed to impair independence; including, for example, employment by the Company, or engaging in certain business dealings with the Company. In making these determinations, the Board reviewed and discussed information provided by the trustees and the Company with regard to each trustee's business and personal activities as they may relate to the Company and the Company's management. In the event the ten (10) nominees for trustee of the Company are elected at the Annual Meeting, the Board will consist of seven (7) trustees who are independent as defined by the Standards (Messrs. Jones, Miller, Morgan, Reed, Schafer, Stenehjem and Stewart), and three (3) trustees who are not independent under the Standards (Timothy Mihalick and Thomas Wentz, Jr., who are employees of the Company, and W. David Scott, who is a controlling shareholder and executive officer of an entity to which the Company made payments for property and services within the past three fiscal years that exceed 5% of the recipient's consolidated gross revenues for that year). The Company accordingly will be in compliance with the Standards.

In addition, as required by the Standards, the members of the Company's Audit Committee each qualify as "independent" under the Standards and under special standards established by the Securities and Exchange Commission ("SEC") for members of audit committees. The Audit Committee also consists of four independent members (Messrs. Morgan, Reed, Stenehjem and Stewart) who have been determined by the Board to meet the qualifications of an "audit committee financial expert" in accordance with SEC rules.

## Committees

The Board has created four committees in order to more effectively direct and review the Company's operations and strategic outlook. In addition, the committees allow management to timely respond to factors affecting the ongoing operations of the Company. Management regularly consults with committee chairmen to review possible

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actions and seek counsel. Where appropriate, the Board delegates authority to committees (within specified parameters) to finalize the execution of various Board functions. While the committee structure has improved the level of Board oversight, it has also greatly increased the effort and time required of Board members who serve on the various committees.

The Board has established the following committees: Audit, Compensation, Executive and Nominating. The present members of these committees are indicated in the preceding section of this proxy statement. During the fiscal year ended April 30, 2009, the Audit Committee of the Board met four times, the Compensation Committee met five times, and the Nominating Committee met once. The Executive Committee did not meet in fiscal year 2009.

The Audit Committee is composed of four trustees, all of whom are independent as that term is defined by the NASDAQ, and are independent as defined in the rules of the SEC. Information regarding the functions performed by the Audit Committee is set forth in the "Report of the Audit Committee," beginning on page 22 of this proxy statement. The Audit Committee is governed by a written charter that has been approved by both the Audit Committee and the Board. The Audit Committee annually reviews and assesses the adequacy of its charter. The most recent such review was carried out at the Audit Committee's meeting in March 2009. Committee members recommended to the full Board of Trustees certain revisions to the Audit Committee Charter, which revisions were approved, and the Audit Committee Charter, as amended, was adopted at the Board of Trustees' regular meeting in April 2009. A copy of the Audit Committee Charter is included in this proxy statement as Appendix A, and is available on the Company's website at [www.iret.com](http://www.iret.com).

The Compensation Committee approves the compensation of the executive officers of the Company and the Company's management succession plan and attends to other matters relating to executive retention and compensation. The Compensation Committee is composed of six trustees, all of whom are independent as defined by the NASDAQ. For more information, see the "Compensation Discussion and Analysis" beginning on page 13 of this proxy statement.

The Executive Committee, which is composed of four trustees, two of whom are independent as defined by the NASDAQ, has all of the powers of the Board with respect to the management and affairs of the Company, subject to limitations prescribed by the Board and by North Dakota law, and may exercise the authority of the Board between Board meetings, except to the extent that the Board has delegated authority to another committee.

The Nominating Committee, composed of four trustees, all of whom are independent as defined by the NASDAQ, identifies individuals qualified to become Board members and approves the nominees to stand for election and re-election to the Board. The Nominating Committee is responsible for reviewing the appropriate skills and characteristics required of Board members. This assessment includes consideration of the factors specified in the Nominating Committee's charter and the trustee qualification requirements of the Company's Bylaws. These factors include age (at least 21 years of age and less than 74 years of age, in accordance with the Company's Bylaws); broad leadership experience in business, government, education, public service or in other management or administrative positions; willingness and ability to apply sound and independent business judgment; loyalty to the Company and commitment to its success; commitment to enhancing shareholder value; personal integrity; and independence, as defined in applicable laws and regulations.

Consideration of new Board candidates typically involves a series of internal discussions, review of information concerning candidates and informal interviews with selected candidates. In general, candidates for nomination to the Board are suggested by Board members or by Company employees. In fiscal year 2009, the Company did not employ a search firm or pay fees to other third parties in connection with seeking or evaluating Board candidates.

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In accordance with the Company's Bylaws and with procedures adopted by the Nominating Committee in January 2004, the Nominating Committee will consider nominations from shareholders. Shareholders who wish to recommend individuals for consideration by the Nominating Committee to become nominees for election to the Board may do so by submitting a written recommendation addressed to both the Chairman of the Nominating Committee and to the Company's Secretary at the following address: Investors Real Estate Trust, PO Box 1988, Minot, North Dakota, 58702-1988. Submissions must be received by the Chairman and the Secretary in writing on or before the first day of June of each year for consideration for nomination for election at the next annual meeting of shareholders. Submissions must include biographical information concerning the recommended individual,

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including age and a five-year employment history with employer names and a description of the employer's business, and must be accompanied by a written consent of the individual to stand for election if nominated by the Board and to serve if elected by the shareholders. The Nominating Committee will not alter the manner in which it evaluates candidates, including consideration of the factors set forth in its charter, based on whether the candidate was recommended by a shareholder or was identified by other means.

All committees of the Board operate under written charters approved by the Board. Copies of each charter are posted on the Company's Investor Relations website at [www.iret.com](http://www.iret.com) under the "Corporate Governance" heading.

In addition to the above four committees of the Board, the membership of each of which consists entirely of trustees, the Board, in recognition of the growth of the Company and the consequent increase in capital expenditures and asset acquisition and disposition activity, has also established an Investment Committee. The membership of the Investment Committee may consist of trustees and/or employees of the Company. The Investment Committee may act on behalf of the Board in the best interests of the Company and its shareholders to consider, approve and effect investment plans, capital expenditures and the purchase and sale, transfer or other acquisition or disposition of property and assets, in accordance with the delegation of investment authority conferred by the Board and subject to approval levels established by the Board from time to time. Members of the Investment Committee are appointed by the Board. The Investment Committee did not meet during fiscal year 2009.

#### Communications from Shareholders to the Board

The Board recommends that shareholders initiate any communications with the Board in writing and send them in care of the Company's Secretary. Shareholders may send written communications to the Board, the Audit, Compensation and Nominating Committees of the Board or to any individual trustee *c/o* the Secretary, Investors Real Estate Trust, PO Box 1988, Minot, North Dakota, 58702-1988, or via e-mail to [trustees@iret.com](mailto:trustees@iret.com). All communications will be compiled by the Secretary and forwarded to the Board, the specified Board Committee or to individual trustees, as the case may be, not less frequently than monthly. This centralized process will assist the Board in reviewing and responding to shareholder communications in an appropriate manner. The name of any specific intended board recipient should be noted in the communication.

### CORPORATE GOVERNANCE

#### Code of Conduct and Code of Ethics for Senior Financial Officers

All of the Company's trustees and employees, including our Chief Executive Officer and other senior executives, are required to comply with a Code of Conduct adopted by the Board in January 2004. The Board adopted the Code of Conduct to codify and formalize certain of the Company's long-standing policies and principles that help ensure our business is conducted in accordance with the highest standards of moral and ethical behavior. Our Code of Conduct covers all areas of professional conduct, including conflicts of interest, insider trading and confidential information, as well as requiring strict adherence to all laws and regulations applicable to our business. Employees are required to bring any violations and suspected violations of the Code of Conduct to the attention of the Company, through management or Company legal counsel. Additionally, our Chief Executive Officer, Chief Operating Officer and Chief Financial Officer are also subject to a Code of Ethics for Senior Financial Officers, which contains certain specific policies in respect of internal controls, the public disclosures of the Company, violations of the securities or other laws, rules or regulations and conflicts of interest.

The full text of the Code of Conduct and Code of Ethics for Senior Financial Officers is published on our website, at [www.iret.com](http://www.iret.com), under the "Corporate Governance" heading. The Company intends to disclose any future amendments to,

or waivers of, the Code of Conduct and Code of Ethics for Senior Financial Officers on our website promptly following the date of any such amendment or waiver, and, to the extent required by the NASDAQ Standards, on a current report on Form 8-K.

#### Executive Sessions

The Board holds regular executive sessions at which our independent trustees meet without Company management or employees present. Executive sessions are held not fewer than four times per year.

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## Complaint Procedure

The Sarbanes-Oxley Act of 2002 requires companies to maintain procedures to receive, retain and treat complaints received regarding accounting, internal accounting controls or auditing matters and to allow for the confidential and anonymous submission by employees of concerns regarding questionable accounting or auditing matters. The Company's Audit Committee has adopted a complaint procedure that requires the Company to forward to the Audit Committee any complaints that it has received regarding financial statement disclosures, accounting, internal accounting controls or auditing matters. Any employee of the Company may submit, on a confidential, anonymous basis if the employee so chooses, any concerns on accounting, internal accounting controls, auditing matters or violations of the Company's Code of Conduct or Code of Ethics for Senior Financial Officers. All such employee concerns are to be forwarded in a sealed envelope to the chairman of the Audit Committee, in care of the Company's General Counsel, who will forward any such envelopes promptly and unopened. The Audit Committee will investigate any such complaints submitted.

## Audit Committee Financial Expert

The Board has determined that Mr. John D. Stewart, the Chair of the Audit Committee, and Mr. John T. Reed, Mr. Stephen L. Stenehjem and Mr. C.W. "Chip" Morgan, members of the Audit Committee, are "audit committee financial experts," as that term is defined in rules of the SEC. Mr. Stewart, Mr. Morgan, Mr. Reed and Mr. Stenehjem are also independent as defined by the NASDAQ Standards and special standards established by the SEC for Audit Committee members.

## Audit Committee Pre-Approval Policies

Rules adopted by the SEC in order to implement requirements of the Sarbanes-Oxley Act of 2002 require public company audit committees to pre-approve audit and non-audit services provided by their independent auditors. The Company's Audit Committee has adopted detailed pre-approval policies and procedures pursuant to which audit, audit-related and tax services, and all permissible non-audit services, are pre-approved. During the year, in the event it becomes necessary to engage the independent auditor for additional services not contemplated in the original pre-approval, the Company will obtain the specific pre-approval of the Audit Committee before engaging the independent auditor. The pre-approval policy requires the Audit Committee to be informed of each service performed by the independent auditor, and the policy does not include any delegation of the Audit Committee's responsibilities to management. The Audit Committee may delegate pre-approval authority to one or more of its members. The member to whom such authority is delegated will report any pre-approval decisions to the Audit Committee as a whole at its next scheduled meeting.

## SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table lists, as of June 30, 2009, the beneficial ownership of common shares of the Company and of limited partnership units of IRET Properties, a North Dakota Limited Partnership and a subsidiary of the Company, which are convertible into common shares on a one-to-one basis, or cash, at the option of the Company ("Units"), by (i) each trustee and nominee for trustee of the Company, (ii) the named executive officers of the Company and (iii) all trustees and executive officers of the Company as a group. The amounts shown are based on information provided by the individuals named, and Company records. Except as otherwise indicated, the persons listed have sole voting and investment power.

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| Name of Beneficial Owner   | Common Shares (1) | Units (2)     | Total Common Shares and Units As of June 30, 2009 | Percent of Class(3) of Common Shares and Units |
|--|-------------------|---------------|---|--|
| Michael A. Bosh<br>Senior Vice President &<br>General Counsel                      | 7,293             | 0             | 7,293   | *  |
| Diane K. Bryantt<br>Senior Vice President & Chief<br>Financial Officer             | 21,545            | 0             | 21,545  | *  |
| Patrick G. Jones<br>Trustee  | 412,271           | 0             | 412,271   | *  |
| Timothy P. Mihalick<br>Trustee, Senior Vice President &<br>Chief Operating Officer | 52,135            | 0             | 52,135  | *  |
| Jeffrey L. Miller<br>Trustee & Chairman of the Board                               | 453,799           | 6,725         | 460,524   | *  |
| C.W. "Chip" Morgan<br>Trustee  | 4,902             | 0             | 4,902   | *  |
| John T. Reed<br>Trustee  | 6,000             | 0             | 6,000   | *  |
| Edward T. Schafer<br>Trustee Nominee   | 0                 | 0             | 0   | --   |
| W. David Scott<br>Trustee  | 38,551            | 5,886,949 (4) | 5,925,500   | 7.1 %  |
| Stephen L. Stenehjem<br>Trustee  | 188,880           | (5) 0         | 188,880   | *  |
| John D. Stewart<br>Trustee   | 46,628            | 0             | 46,628  | *  |
| Thomas A. Wentz, Sr.<br>President & Chief Executive Officer                        | 331,208           | 129,572 (6)   | 460,780   | *  |
| Thomas A. Wentz, Jr.<br>Trustee & Senior Vice President                            | 260,658           | (7) 0         | 260,658   | *  |
| Trustees and executive officers as a group<br>(12 individuals)                     | 1,823,870         | 6,023,246     | 7,847,116   | 9.4 %  |

(1)The amounts of common shares beneficially owned are reported on the basis of regulations of the SEC governing the determination of beneficial ownership of securities.

(2)The Units do not have voting rights but are exchangeable for common shares or cash, at the option of the Company, upon expiration of an initial mandatory holding period.

(3)Percentage of class is based on a total of 83,196,466 common shares and Units (eligible for redemption) outstanding as of June 30, 2009.

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- (4) Entities in which Mr. Scott has an ownership and/or control interest hold 5,886,949 Units.
  - (5) Mr. Stenehjem disclaims beneficial ownership of all but 152,566 of these common shares.
  - (6) The Units are pledged as security against a line of credit.
  - (7) Includes approximately 220,692 common shares owned by Wenco, Ltd., a partnership of which Mr. Wentz is the general partner. Mr. Wentz disclaims beneficial ownership of these shares except to the extent of his pecuniary interest in the partnership. Includes 100,000 common shares pledged as security against a line of credit.
- \* Represents less than 1% of the total of common shares and Units outstanding as of June 30, 2009.

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## Principal Shareholder Beneficial Ownership

The following table identifies each person or group known to the Company to beneficially own as of June 30, 2009, more than five percent (5%) of the outstanding common shares of the Company, the only class of security entitled to vote at the 2009 Annual Meeting.

| Name of Shareholder  | Beneficial Ownership | Percent of Class |   |
|--|----------------------|------------------|---|
| The Vanguard Group, Inc.(1)<br>100 Vanguard Blvd. Malvern, PA 19355                                    | 4,515,180            | 7.68             | % |
| Barclays Global Investors, NA and affiliated entities(2)<br>400 Howard Street, San Francisco, CA 94105 | 3,626,492            | 6.17             | % |

- 1) Based on information of beneficial ownership as of December 31, 2008, included in a Schedule 13G filed on February 13, 2009. The Vanguard Group, Inc. reports sole voting power with respect to 79,511 shares and sole dispositive power with respect to 4,515,180 shares.
- 2) Based on information of beneficial ownership as of December 31, 2008, included in a Schedule 13G filed on February 5, 2009. Barclays Global Investors, NA and its affiliated entities report sole voting power with respect to 3,402,484 shares and sole dispositive power with respect to 3,626,492 shares.

## EXECUTIVE COMPENSATION AND OTHER INFORMATION

## Compensation Discussion and Analysis

## Named Executive Officers

The following Compensation Discussion and Analysis describes the material elements of compensation for the following individuals, collectively referred to as the “named executive officers”: Thomas A. Wentz, Sr., President and Chief Executive Officer; Diane K. Bryantt, Senior Vice President and Chief Financial Officer; Timothy P. Mihalick, Senior Vice President and Chief Operating Officer; Thomas A. Wentz, Jr., Senior Vice President; and Michael A. Bosh, Senior Vice President and General Counsel.

## Executive Compensation Philosophy

The Compensation Committee of the Board (the “Committee”), composed entirely of trustees who are independent under the listing standards of the NASDAQ, operates under a written charter adopted in January 2004 and amended in July 2007, and is responsible for establishing the terms of the compensation of the Company’s named executive officers. The Committee believes that the Company’s compensation program for executive officers should:

- attract and retain highly qualified executives;
- motivate these executives to improve the Company’s financial position and increase shareholder value;
- provide total compensation that is competitive with compensation provided by other employment opportunities potentially available to Company executives;
- provide total compensation with reference to compensation provided by other real estate investment trusts with comparable total assets and annual revenues;

- provide a total compensation pay mix that includes both base salary and incentive components; and
- promote teamwork and cooperation throughout the Company and within the management group.

The Committee applies these philosophies in establishing each of the elements of executive compensation. The Committee reviews peer company market data (salary information for companies that are similar to the Company is obtained by reference to the public disclosures made in the Securities and Exchange Commission filings of such companies), and considers internal equity among executive officers, individual and Company performance, and cost to the Company, when determining levels of compensation. The current executive compensation program is policy only and may be changed by the Committee at any time without notice to or approval by the shareholders. The

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Company is in a very competitive industry where success is based largely on the ability of senior management to identify, acquire and manage real estate properties. Therefore, to continue to properly manage and grow the Company, it may be necessary to increase the amounts payable under the Company's base salary and incentive bonus programs in order to attract and retain qualified executives.

#### Executive Officer Compensation Processes

The Committee meets in executive session without management present to discuss various compensation matters, including the compensation of the Company's Chief Executive Officer. In addition, the Committee annually reviews all elements of executive compensation and benefit programs for reasonableness and cost-effectiveness. Pursuant to the Company's Third Restated Declaration of Trust, the Board may form and delegate the authority of the Compensation Committee to subcommittees composed entirely of independent trustees, when appropriate, to take any of the actions that the Compensation Committee is empowered to take. To date the Board has not made provision for the Compensation Committee to delegate any of its authority. While the Committee has authority under its Charter to engage the services of outside consultants to advise it on matters relating to executive compensation, through fiscal year 2008 the Committee had never hired outside advisors. In fiscal year 2009, however, the Committee engaged Riley, Dettmann & Kelsey LLC, a management consulting firm specializing in compensation strategies, to advise the Committee and the Board in regard to the Company's 2008 Incentive Award Plan. The 2008 Incentive Award Plan, which was approved by the Company's shareholders in September 2008, permits the Compensation Committee and/or the Company's Board of Trustees to grant incentive awards in the form of restricted stock, cash bonuses, stock bonuses or other performance or incentive awards that are paid in cash, common stock or a combination thereof. Previously, all incentive awards granted to officers or employees were paid in cash. The Company's Board of Trustees considers that paying incentive awards in common shares of the Company will contribute to an alignment of the interests of management, employees and trustees with those of the Company and its shareholders, as the value of equity awards is directly linked to the market value of the Company's shares.

#### Role of Management in Executive Compensation Decisions

Company management is involved in the following executive compensation processes:

- the Chief Operating Officer ("COO"), General Counsel and/or the Company's Director of Human Resources, as requested by the Committee, develop or oversee the creation of written background and supporting materials for distribution to the Committee prior to its meetings.
- at the request of the Committee, certain employees of the Company (generally the Director of Human Resources and/or the Associate General Counsel) have collected data for the Committee on compensation levels and programs at comparable companies.
- at the end of each calendar year, the CEO and COO provide the Committee with comments and recommendations regarding salary levels and salary increases for members of management, including the named executive officers (other than themselves); increases in base salary are generally effective as of January 1 each year.

#### Components of the Executive Compensation Program

The primary elements of the Company's executive compensation program are:

- Base salary
- Annual Incentive Award

Health and Retirement Programs  
Executive Benefits and Perquisites

Base Salary

Base salaries for the executive officers of the Company, including the Chief Executive Officer, are designed to compensate such individuals for their sustained performance. Base salaries are established by evaluating the

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responsibilities of the position held, the experience of the particular individual, a comparison of salaries paid for comparable positions by other companies in the real estate industry, and the Committee's desire to achieve the appropriate mix between fixed compensation and incentive compensation.

It is currently the Company's practice that base salaries of the executive officers, including the Chief Executive Officer, are generally increased on January 1 of each year at the discretion of the Committee, based on, among other things, the individual's performance over the past year, changes in the individual's responsibility and/or necessary adjustments to maintain base salaries that are competitive with industry practices and similar companies. For the calendar year beginning January 1, 2009, the base salaries of Thomas A. Wentz, Sr., President and Chief Executive Officer, Timothy P. Mihalick, Senior Vice President and Chief Operating Officer, and Thomas A. Wentz, Jr., Senior Vice President, were not increased; the base salaries of Diane K. Bryantt, Senior Vice President and Chief Financial Officer, and Michael A. Bosh, Senior Vice President and General Counsel, were increased by approximately 2%.

#### Annual Incentive Awards

Incentive awards are structured to further motivate the named executive officers, including the Chief Executive Officer, by linking incentive compensation to the Company's performance. During fiscal year 2009, the Compensation Committee revised the Company's incentive bonus program to provide for a potential total bonus pool of \$750,000 for fiscal year 2009. The bonus pool is to be divided, proportionately to the individual's base salary, among Company officers specified by the Committee; the officers eligible to receive a bonus for fiscal year 2009 are the named executive officers and two additional members of the Company's senior management team. The Committee determined that half of the bonus pool amount would be awarded on the basis of Funds From Operations (FFO) per share/unit reported at fiscal year end, and half would be awarded at the discretion of the Committee, based on the Committee's assessment of the Company's general financial and operating results and management effort during fiscal year 2009. The Committee further determined that, of the bonus amount awarded, half would be paid in cash, and half would be paid in common shares of beneficial interest of the Company. For purposes of determining the number of shares that will be deemed to constitute half of any such bonus awarded, the Committee determined that the formula to be used should be the average of the high and low price of an IRET common share on a specified date; the date chosen by the Committee was September 17, 2008. The shares issued as part of each such bonus award will be issued at the closing price of IRET common shares on the NASDAQ Global Select Market on the date of grant.

The Company's incentive bonus program is the only form of executive compensation that is tied to the performance of the Company. If the Company does not achieve the specified level of FFO per share/unit, the Committee will not fund that portion of the bonus pool. The Committee may, however, still decide fully to fund the discretionary portion of the bonus pool. In regard to fiscal year 2009, the Committee has determined that incentive bonuses were earned by the named executive officers and two additional members of the Company's senior management. In making this determination, the Committee reviewed the Company's FFO per share/unit for fiscal year 2009. The Company reported FFO of \$0.81 per share/unit for the fiscal year ended April 30, 2009. The Committee had previously established FFO per share/unit of \$0.90 as the threshold to be achieved for payment of 100% of this portion of the bonus pool, with \$0.86 per share/unit established as the lowest level at which part of this portion of the bonus pool would be funded. The Committee determined that the Company's performance did not meet this benchmark, and that this component of the bonus should accordingly not be funded. The Committee determined, however, to fully fund the discretionary portion of the bonus pool.

The cash portion of the incentive bonus amount earned by each individual named executive officer is set forth in the "Bonus" column of the Summary Compensation Table included in this proxy statement. The dollar value recognized for financial statement reporting purposes in accordance with FAS 123R in fiscal year 2009 for the portion of the incentive award paid in shares is set forth in the "Share Awards" column of the Summary Compensation Table. The

Committee directed that the incentive bonuses be paid to the eligible named executive officers as soon as practicable, and such bonuses were paid in June 2009.

#### Health, Retirement and Other Benefits

In an effort to attract, retain and fairly compensate talented employees, the Company offers various benefit plans to its employees, including a profit-sharing retirement plan that is intended to be a qualified retirement plan under the Internal Revenue Code of 1986, as amended, a 401(k) benefit plan, and health, life insurance and

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disability plans. These benefit plans are part of the Company's broad-based employee benefits program, and none of these plans are offered to the named executive officers either exclusively or with terms different from those offered to other eligible Company employees.

#### Executive Benefits and Perquisites

As noted above, the Company's named executive officers are generally offered the same employee benefits and perquisites offered to all employees. The only benefits or perquisites offered to any named executive officer either exclusively or with terms different from those offered to other eligible Company employees are the following: payment of annual country club membership dues and the associated minimum meal purchase requirement and other expenses for Mr. Timothy Mihalick, the Company's COO, the provision of a Company-purchased vehicle to Mr. Mihalick, the provision of Northwest Airlines World Club memberships to Mr. Mihalick and to Mr. Thomas Wentz, Jr., a Senior Vice President of the Company, and the payment of service club dues on behalf of Mr. Wentz, Jr. The Company provides executive benefits and perquisites to retain executive talent.

#### Stock-based Awards, Severance and Change-in-Control

The Company has not entered into any employment or severance agreements with any officer or employee. During fiscal year 2009, the Company's Board of Trustees, and the shareholders of the Company, approved an Incentive Award Plan which permits the Committee and/or the Board to grant employees, officers, trustees and consultants of the Company incentive awards in the form of restricted stock, cash bonuses, stock bonuses or other performance or incentive awards that are paid in cash, common stock or a combination thereof. Previously all incentive awards granted to officers or employees were paid in cash. No incentive awards were paid in restricted stock or stock during fiscal year 2009. The dollar values recognized in fiscal year 2009 for financial statement reporting purposes in accordance with FAS 123R for incentive bonus awards paid in shares during fiscal year 2010 but awarded with reference to fiscal year 2009 are reported in the Summary Compensation Table included in this proxy statement.

#### Tax Implications of Executive Compensation

Section 162(m) of the Internal Revenue Code places a limit of \$1 million in compensation per year on the amount that the Company may deduct with respect to each of its named executive officers (excluding compensation that qualifies as "performance-based compensation"). The Company does not compensate any executive officer or employee at a level that exceeds this available deduction.

#### Report of the Compensation Committee

The Compensation Committee of the Board has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K with management, and based on such review and discussions, the Compensation Committee recommended to the Board that the Compensation Discussion and Analysis be included in this Proxy Statement.

Stephen L. Stenehjem (Chair)  
Patrick G. Jones  
Jeffrey L. Miller  
C.W. "Chip" Morgan  
John T. Reed  
John D. Stewart

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## Summary Compensation Table For Fiscal Year 2009

The table below summarizes the total compensation paid to or earned by the Chief Executive Officer (“CEO”), Chief Financial Officer (“CFO”) and our three most highly compensated executive officers serving at the end of fiscal year 2009 (collectively “Named Executive Officers”; individually a “Named Executive Officer”), based on total compensation for the fiscal year ended April 30, 2009. (The format of the following table differs from the specified format included in SEC rules; columns for Option Awards and Change in Pension Value and Non-Qualified Deferred Compensation Earnings are not applicable and have been omitted.)

| Name and<br>Principal<br>Position   | Year | Salary<br>(\$) | Share<br>Awards(1)<br>(\$) | Bonus(2)<br>(\$) | Non-equity<br>Incentive<br>Plan<br>Compensation(3)<br>(\$) | All Other<br>Compensation(*)<br>(\$) | Total<br>(\$) |
|---|------|----------------|----------------------------|------------------|--|--------------------------------------|---------------|
| Thomas A.<br>Wentz, Sr.<br>President and<br>Chief<br>Executive<br>Officer                               | 2009 | 275,244        | 33,392                     | 33,392           | -  | 25,139                               | 367,167       |
|   | 2008 | 238,333        | -                          | -                | 35,597   | 25,714                               | 299,644       |
|   | 2007 | 213,333        | -                          | -                | 60,453   | 20,830                               | 294,616       |
| Diane K.<br>Bryantt<br>Senior Vice<br>President and<br>Chief Financial<br>Officer                       | 2009 | 176,411        | 21,675                     | 21,675           | -  | 23,589                               | 243,350       |
|   | 2008 | 159,667        | -                          | -                | 23,848   | 23,268                               | 206,783       |
|   | 2007 | 144,656        | -                          | -                | 41,768   | 19,024                               | 205,448       |
| Timothy P.<br>Mihalick<br>Senior Vice<br>President and<br>Chief<br>Operating<br>Officer, and<br>Trustee | 2009 | 345,244        | 41,892                     | 41,892           | -  | 29,304                               | 458,332       |
|   | 2008 | 315,000        | -                          | -                | 47,049   | 29,764                               | 391,813       |
|   | 2007 | 283,999        | -                          | -                | 82,436   | 30,919                               | 397,354       |
| Thomas A.<br>Wentz, Jr.<br>Senior Vice<br>President and<br>Trustee                                      | 2009 | 287,500        | 34,910                     | 34,910           | -  | 18,998                               | 376,318       |
|   | 2008 | 262,500        | -                          | -                | 39,207   | 19,959                               | 321,666       |
|   | 2007 | 233,333        | -                          | -                | 68,697   | 18,389                               | 320,419       |
| Michael A.<br>Bosh<br>Senior Vice<br>President,<br>General<br>Counsel and<br>Secretary                  | 2009 | 159,297        | 19,569                     | 19,569           | -  | 22,130                               | 220,565       |
|   | 2008 | 144,000        | -                          | -                | 21,508   | 21,783                               | 187,291       |
|   | 2007 | 129,666        | -                          | -                | 37,646   | 17,899                               | 185,211       |

- (1) The amounts included in this column represent the dollar amounts recognized for financial statement reporting purposes with respect to fiscal year 2009 in accordance with FAS 123R, for shares awarded at the discretion of the Company's compensation committee under the Company's 2008 Incentive Award Plan approved by shareholders on September 16, 2008. See the Compensation Discussion and Analysis in this proxy statement for further information on the 2008 Incentive Award Plan. The shares were granted on June 24, 2009; the full grant date fair values of the awards (i.e., the closing sales price (\$8.47) of our common shares on the grant date of June 24, 2009) are as follows: Mr. Wentz, Sr.: \$26,681; Ms. Bryantt: \$17,321; Mr. Mihalick: \$33,473; Mr. Wentz, Jr.: \$27,892; and Mr. Bosh: \$15,636.
  - (2) The amounts included in this column represent cash payments awarded at the discretion of the Company's compensation committee, with reference to fiscal year 2009 performance. See the Compensation Discussion and Analysis in this proxy statement for further information on the Company's incentive awards for executive officers.
  - (3) The amounts included in this column represent cash payments awarded under the Company's annual incentive plan for executive officers, with reference to financial and operational targets achieved during fiscal years 2008 and 2007, respectively. No non-equity incentive plan awards were made with reference to fiscal year 2009 performance, since the established performance target was not met.
- (\*) All Other Compensation for the fiscal years ended April 30, 2009, 2008 and 2007 consists of the following:

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| Years                       | 401(k)<br>Company<br>Contribution<br>(\$) | Health and<br>Dental<br>Coverage<br>(\$) | Company<br>Contribution<br>to<br>Profit-Sharing<br>Plan<br>(\$) | Life<br>Insurance<br>&<br>Long-term<br>Disability<br>Coverage<br>(\$) | Other<br>(\$) | Total<br>(\$) |
|-----------------------------|---|--|---|---|---------------|---------------|
| <b>Thomas A. Wentz, Sr.</b> |   |  |   |   |               |               |
| 2009                        | 6,900                                     | 7,889                                    | 10,350  | 0   | 0             | 25,139        |
| 2008                        | 7,300                                     | 7,464                                    | 10,950  | 0   | 0             | 25,714        |
| 2007                        | 6,400                                     | 4,830                                    | 9,600   | 0   | 0             | 20,830        |
| <b>Diane K. Bryantt</b>     |   |  |   |   |               |               |
| 2009                        | 6,008                                     | 7,655                                    | 9,012   | 914   | 0             | 23,589        |
| 2008                        | 6,043                                     | 7,246                                    | 9,065   | 914   | 0             | 23,268        |
| 2007                        | 4,340                                     | 7,260                                    | 6,510   | 914   | 0             | 19,024        |
| <b>Timothy P. Mihalick</b>  |   |  |   |   |               |               |
| 2009                        | 6,900                                     | 7,655                                    | 10,350  | 914   | 3,485 (a)     | 29,304        |
| 2008                        | 7,180                                     | 7,246                                    | 10,770  | 914   | 3,654 (b)     | 29,764        |
| 2007                        | 6,870                                     | 7,260                                    | 10,305  | 914   | 5,570 (c)     | 30,919        |
| <b>Thomas A. Wentz, Jr.</b> |   |  |   |   |               |               |
| 2009                        | 6,900                                     | 0  | 10,350  | 914   | 834 (d)       | 18,998        |
| 2008                        | 7,125                                     | 0  | 10,687  | 915   | 1,232 (e)     | 19,959        |
| 2007                        | 6,850                                     | 0  | 10,275  | 914   | 350 (f)       | 18,389        |
| <b>Michael A. Bosh</b>      |   |  |   |   |               |               |
| 2009                        | 5,424                                     | 7,655                                    | 8,136   | 915   | 0             | 22,130        |
| 2008                        | 5,449                                     | 7,246                                    | 8,174   | 914   | 0             | 21,783        |
| 2007                        | 3,890                                     | 7,260                                    | 5,835   | 914   | 0             | 17,899        |

- a) Consists of \$1,236 for personal use of a Company-supplied car (calculated using approximately 8% of the annual insurance, depreciation, gasoline and maintenance costs; it is estimated that personal use comprises approximately 8% of the mileage for the company-owned car) and \$2,249 for country club dues and associated personal meal and other expenses.
- b) Consists of \$572 for personal use of a Company-supplied car (calculated using approximately 8% of the annual insurance, depreciation, gasoline and maintenance costs; it is estimated that personal use comprises approximately 8% of the mileage for the company-owned car), \$895 for a three-year Northwest Airlines World Club membership and \$2,187 for country club dues and associated personal meal and other expenses.
- c) Consists of \$558 for personal use of a Company-supplied car (calculated using approximately 8% of the annual insurance, depreciation, gasoline and maintenance costs; it is estimated that personal use comprises approximately 8% of the mileage for the company-owned car), \$400 for Northwest Airlines World Club membership and \$4,612 for country club dues and associated personal meal and other expenses.

d) Annual service club dues.

e) Consists of \$882 for annual service club dues, and \$350 for Northwest Airlines World Club membership.

f) Northwest Airlines World Club membership.

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## Retirement and 401(k) Plans

The Company's profit-sharing retirement plan is intended to be a qualified retirement plan under the Internal Revenue Code of 1986, as amended. All full-time employees of the Company over the age of 21 and with one year of service are eligible to participate in the retirement plan. Contributions to the retirement plan by the Company are at the discretion of the Company's management. The Company currently contributes an amount equal to 4.5% of the salary of each employee participating in the retirement plan. All employees over the age of 21 are immediately eligible to participate in the Company's 401(k) plan, and may contribute up to maximum levels established by the Internal Revenue Service. The Company currently contributes an amount equal to 3% of the wages of each employee participating in the 401(k) plan.

## Compensation Committee Interlocks and Insider Participation

During fiscal year 2009, Messrs. Jones, Miller, Morgan, Reed, Stenehjem and Stewart served as members of the Compensation Committee of the Company's Board of Trustees. None of the members of the Company's Compensation Committee currently is, or was formerly, an officer or employee of the Company. During fiscal year 2009, none of the Company's executive officers served on the compensation committee or any similar committee of any other entity and none of the executive officers served as a director for any other entity whose executive officers served on the Company's compensation committee.

The Company maintains a \$14 million unsecured line of credit with First International Bank and Trust, Watford City, North Dakota. Borrowings under this line of credit bear interest at 50 basis points above the Wall Street Journal Prime Rate. During fiscal year 2009, the largest amount outstanding under this line of credit was \$5 million, and the interest paid by the Company on this line of credit totaled approximately \$91,000. The Company also has two mortgage loans outstanding with First International, in the amounts of \$450,000 and \$2,400,000, respectively, bearing interest at 7.25% and 7.63% per annum. The Company paid interest on these loans of approximately \$33,000 and \$171,000, respectively, in fiscal year 2009. The Company also maintains a number of checking accounts with First International. In fiscal year 2009, the Company paid less than \$500 in total in various wire transfer and other fees charged on these checking accounts. Stephen L. Stenehjem, a member of the Company's Compensation Committee, is the President and Chief Executive Officer of First International, and the bank is owned by Mr. Stenehjem and members of his family. Mr. Stenehjem's son, Peter Stenehjem, is an officer and director of the bank.

## TRUSTEE COMPENSATION

During the fiscal year ended April 30, 2009, trustees not employed by the Company received annual fees of \$36,000, plus reimbursement of actual travel expenses and \$1,000 for each Board meeting they attended in person or via conference call. Additionally, the Chairman of the Board received an additional \$5,000 for serving as the Chairman, and the Vice Chairman of the Board received an additional \$2,500 for serving as the Vice Chairman. The Chairman of the Audit Committee received an additional \$5,000 per year for serving as Audit Committee Chairman, and other Audit Committee members received an additional \$2,500 per year for service on the Audit Committee. Audit committee members also received \$1,000 for each Audit committee meeting they attended in person or via conference call. Members of other committees received \$250 for each committee meeting attended in person or via conference call. Trustees who are employees of the Company do not receive any separate compensation or other consideration, direct or indirect, for service as a trustee.

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## Trustee Compensation Table for Fiscal Year Ended April 30, 2009

The following table summarizes the total compensation paid to or earned by the non-employee members of the Company's Board of Trustees for the fiscal year ended April 30, 2009. (The format of the following table differs from the specified format included in SEC rules; columns for Stock Awards, Option Awards and Change in Pension Value and Nonqualified Deferred Compensation Earnings are not applicable and have been omitted.)

| Name                 | Fees                      |        |
|----------------------|---------------------------|--------|
|                      | Earned or Paid in Cash(1) | Total  |
|                      | (\$)                      | (\$)   |
| Patrick G. Jones     | 46,250                    | 46,250 |
| Jeffrey L. Miller    | 51,250                    | 51,250 |
| C.W. "Chip" Morgan   | 52,750                    | 52,750 |
| John T. Reed         | 34,125                    | 34,125 |
| W. David Scott       | 44,250                    | 44,250 |
| Stephen L. Stenehjem | 56,000                    | 56,000 |
| John D. Stewart      | 56,000                    | 56,000 |

- 1) Includes annual fees, meeting attendance fees and additional amounts paid to the Board Chairman, Vice-Chairman, Audit Committee Chair and Audit Committee members; does not include reimbursed expenses.

## RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

## Related Employee

During fiscal year 2009, Karin M. Wentz, daughter of Thomas A. Wentz, Sr., the Company's President and Chief Executive Officer, and sister of Thomas A. Wentz, Jr., a Trustee and Senior Vice President of the Company, was employed by the Company as Associate General Counsel. Ms. Wentz was paid a salary totaling \$151,244 for her services during fiscal year 2009, and an incentive award of \$20,413. Ms. Wentz also received in fiscal year 2009 the standard benefits provided to other Company employees.

## Banking Services

The Company maintains a \$14 million unsecured line of credit with First International Bank and Trust, Watford City, North Dakota. During fiscal year 2009, the Company's interest charges were approximately \$91,000 for borrowings under this line of credit. The largest amount outstanding under this line of credit during fiscal year 2009 was \$5 million. The Company had no borrowings under this line of credit in fiscal year 2008, and incurred no interest charges. During fiscal year 2007, the Company's interest charges were \$71,000 for borrowings under the First International line of credit. During fiscal year 2007, the Company entered into two loans with First International in the amounts of \$450,000 and \$2,400,000, respectively, paying a total of \$34,000 in origination fees and loan closing costs for these two loans, and paying interest on the loans of \$26,000 and \$69,000, respectively, during fiscal year 2007, \$34,000 and \$174,000, respectively, during fiscal year 2008, and \$33,000 and \$171,000, respectively, during fiscal year 2009. The interest rates on these loans are 7.25% and 7.63%, respectively. The Company also maintains a number of checking accounts with First International. In each of fiscal years 2009, 2008 and 2007, IRET paid less than \$500 in total in various wire transfer and other fees charged on these checking accounts. Stephen L. Stenehjem, a member of the Company's Board of Trustees and Audit Committee, is the President and Chief Executive Officer of

First International, and the bank is owned by Mr. Stenehjem and members of his family. Mr. Stenehjem's son, Peter Stenehjem, is an officer and director of the bank.

#### Related Party Transactions Policy

In February 2007 the Company's Board of Trustees adopted a written related party transactions approval policy, which sets forth the Company's policies and procedures for the review, approval or ratification of any transaction required to be reported in Company filings with the Securities and Exchange Commission. The policy applies to any transaction, arrangement or relationship or series of similar transactions, arrangements or relationships in which the Company (or any of its subsidiaries) is a participant, in which the aggregate amount involved will or may be expected to exceed \$120,000 in any fiscal year, and in which a related party has a direct or indirect interest (other than solely as a result of being a director or a less than 10 percent beneficial owner of another entity).

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The Audit Committee of the Board of Trustees must approve any related party transaction subject to this policy before commencement of the transaction, or, if it is not practicable to wait until the next Audit Committee meeting, the transaction may be submitted to the Chair of the Audit Committee, who has the delegated authority to act between Audit Committee meetings to pre-approve, or ratify, as applicable, any related party transaction in which the aggregate amount involved is expected to be less than \$250,000. Related party transactions that are identified as such subsequent to their commencement will promptly be submitted to the Audit Committee or the chair of the Audit Committee, which shall, if they determine it to be appropriate, ratify the transaction. The Audit Committee will annually review all ongoing related party transactions and assess whether they remain appropriate. Under the policy, the Audit Committee or its Chair shall approve only those related party transactions that are in, or are not inconsistent with, the best interests of the Company and its shareholders, as determined by the Committee or the Chair in good faith.

#### SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934, as amended (“Section 16(a)”) requires that the trustees and executive officers of the Company file with the SEC, within specified due dates, initial reports of ownership of the Company’s shares of beneficial interest and Units and Preferred Shares, and reports of changes in ownership of Shares, Units and Preferred Shares. As a matter of practice, the Company’s administrative staff assists our trustees and executive officers with these reporting requirements, and typically files these reports on their behalf. The Company is required to disclose whether it has knowledge that any person required to file such reports may have failed to do so in a timely manner. Based solely on a review of the copies of the fiscal year 2009 reports in the Company’s possession, and on written representations from the Company’s reporting persons that no other reports were required during the year ended April 30, 2009, the Company believes that all of the trustees and executive officers of the Company have timely satisfied their Section 16(a) reporting obligations for the fiscal year ended April 30, 2009, except for a late Form 4 filing arising from the sale of 5,000 common shares of beneficial interest by Mr. Kelly Walters, a former Senior Vice President of the Company, on April 2, 2009, notice of which was filed on Form 4 on April 9, 2009, or 3 business days late.

#### PROPOSAL 2: RATIFICATION OF SELECTION OF INDEPENDENT AUDITORS

The Audit Committee has approved Deloitte & Touche LLP (“Deloitte & Touche”) as the Company’s independent auditors for the current fiscal year ending April 30, 2010. Deloitte & Touche completed the audits for the Company’s last six fiscal years, ended April 30, 2009, 2008, 2007, 2006, 2005 and 2004. The Company’s fiscal year 2004 was the first year that Deloitte & Touche audited the Company’s financial statements. As a matter of good corporate governance, the Audit Committee has determined to submit its selection to shareholders for ratification. In the event that this selection of auditors is not ratified by a majority of the voting power of the shareholders present in person or by proxy at the Annual Meeting, the Audit Committee will review its future selection of independent auditors.

The Company expects that a representative of Deloitte & Touche will be present at the Annual Meeting. The representative will have the opportunity to make a statement if he or she so desires. The representative will also be available to respond to questions from shareholders.

#### Fees Paid to the Company’s Principal Independent Accountants

The following table shows the aggregate fees billed to date for the audit and other services provided by Deloitte & Touche LLP, the Company’s independent registered public accounting firm, for fiscal years 2009 and 2008. These amounts exclude reimbursed expenses.

| 2009 | 2008 |
|------|------|
|------|------|

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|                    |           |           |
|--------------------|-----------|-----------|
| Audit Fees         | \$359,500 | \$315,600 |
| Audit-Related Fees | 0         | 0         |
| Tax Fees           | 0         | 0         |
| All Other Fees     | 0         | 0         |
| TOTAL              | \$359,500 | \$315,600 |

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**Audit Fees:** This category includes the audit of the Company's annual financial statements, review of financial statements included in the Company's quarterly reports on Form 10-Q, and services that are normally provided by the independent accountant in connection with regulatory filings, such as comfort letters and consents and assistance with and reviews of documents filed with the SEC.

**Audit-Related Fees:** This category consists of assurance and related services provided by the independent accountant that are reasonably related to the performance of the audit or review of the Company's financial statements and are not reported above under "Audit Fees." The services for the fees disclosed under this category generally include fees for stand-alone audits of subsidiaries, due diligence associated with acquisitions, benefit plan audits, other accounting consulting, and Sarbanes-Oxley Section 404 pre-implementation assistance. The Company's independent registered public accounting firm performed no services in this category during fiscal years 2009 and 2008.

**Tax Fees:** This category consists of professional services rendered by the independent accountant primarily in connection with the Company's tax compliance activities, including the preparation of tax returns and technical tax advice related to the preparation of tax returns. The Company's independent registered public accounting firm performed no services in this category during fiscal years 2009 and 2008.

**All Other Fees:** This category consists of fees for other permissible services that do not meet the above category descriptions. The Company's independent registered public accounting firm performed no services in this category during fiscal years 2009 and 2008.

#### Vote Required

The affirmative vote of a majority of the voting power of the shareholders present in person or by proxy, provided a quorum is present, at the Annual Meeting, is required to approve Proposal 2. The Board unanimously recommends that you vote FOR the ratification of the selection of Deloitte & Touche LLP as the Company's independent auditors for fiscal year 2010.

#### REPORT OF THE AUDIT COMMITTEE

The Audit Committee of the Board of Trustees (the "Audit Committee") oversees the accounting and financial reporting processes of the Company and the audits of the Company's annual financial statements. The Audit Committee is made up solely of independent trustees, as defined in the applicable NASDAQ and SEC rules, and it operates under a written charter adopted by the Board, a copy of which is included in this proxy statement as Appendix A, and is also available on the Company's investor relations website at [www.iret.com](http://www.iret.com), under the "Corporate Governance" caption. The Audit Committee reviews and assesses the adequacy of its charter on an annual basis. The Company's Board of Trustees has determined that each of John D. Stewart, the Chair of the Audit Committee, and John T. Reed, Stephen L. Stenehjem and C.W. "Chip" Morgan, members of the Audit Committee, is an audit committee financial expert as defined by the rules of the SEC.

The Audit Committee held four meetings during fiscal year 2009. The Audit Committee met quarterly with representatives of Deloitte & Touche LLP, the Company's independent registered public accounting firm (the "independent auditors"), during fiscal year 2009, and met with the independent auditors subsequent to the fiscal year end as well, in respect of the year-end audit. Among other matters, the Audit Committee has discussed with the independent auditors the matters required to be discussed by auditing standards of the Public Company Accounting Oversight Board (United States) (hereinafter referred to as "the PCAOB standards"), in particular Statement on Auditing Standards No. 61, Communication with Audit Committees, as amended by Statement on Auditing Standards No. 90, Audit Committee Communications. The Audit Committee has received the written disclosures and the letter from the independent auditors required by Independence Standards Board Standard No. 1, Independence Discussions with

Audit Committees, as currently in effect. The Audit Committee has also discussed with the independent auditors their independence. The independent auditors have free access to the Audit Committee to discuss any matters they deem appropriate.

As described more fully in its Charter, the Audit Committee represents and assists the Board of Trustees in its oversight of the integrity of the Company's financial reporting, the independence, qualifications and performance of the Company's independent auditors, and the Company's compliance with legal and regulatory requirements.

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Company management has the primary responsibility for the financial statements and the reporting process. The Company's independent auditing firm is responsible for performing an independent audit of the consolidated financial statements in accordance with the PCAOB standards. In accordance with law, the Audit Committee has the ultimate authority and responsibility to select, compensate, evaluate and, when appropriate, replace the Company's independent auditors. The Audit Committee has the authority to engage its own outside advisors as it determines appropriate, apart from counsel or advisors hired by management.

In accordance with law, the Audit Committee has established procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, including the confidential, anonymous submission by Company employees of concerns regarding accounting or auditing matters. Further, the Audit Committee has pre-approved all audit and audit-related services provided by the independent auditors to the Company, and the related fees for such services, and has concluded that all such services are compatible with the auditors' independence. No non-audit services were provided to the Company by the independent auditors in fiscal year 2009. See "Proposal 2: Ratification of Selection of Independent Auditors" for more information regarding fees paid to the Company's independent auditors for services in fiscal years 2008 and 2009.

The Audit Committee reviewed and discussed with management its assessment and report on the effectiveness of the Company's internal control over financial reporting as of April 30, 2009, which management made using the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control-Integrated Framework. The Audit Committee also reviewed and discussed with Deloitte & Touche LLP its report on the Company's internal control over financial reporting. The Company published these reports in its Annual Report on Form 10-K for the fiscal year ended April 30, 2009.

The Audit Committee has reviewed and discussed the consolidated financial statements for fiscal year 2009 with management and the independent auditors. This review included a discussion with management of the quality of the Company's accounting principles, the reasonableness of significant estimates and judgments, and the clarity of disclosure in the Company's financial statements, including the disclosures related to critical accounting estimates. Following these discussions and the Audit Committee's review of the report of the independent auditors, the Audit Committee recommended to the Board, and the Board approved, the inclusion of the audited financial statements in the Company's Annual Report on Form 10-K for the year ended April 30, 2009, for filing with the SEC.

The Audit Committee has selected Deloitte & Touche LLP as the Company's independent registered public accounting firm for fiscal year 2010. The Board of Trustees has concurred in that selection and has presented the matter to the shareholders of the Company for ratification.

John D. Stewart (Chair)  
John T. Reed  
Stephen L. Stenehjem  
C.W. "Chip" Morgan

#### SHAREHOLDER PROPOSALS

We did not receive a request from any shareholder that a matter be submitted to a vote at the 2009 Annual Meeting. Shareholders who wish to submit a proposal for presentation at the annual meeting of shareholders to be held in 2010 must submit the proposal to the Company at PO Box 1988, Minot, ND, 58702-1988, Attention: Secretary. Such proposal must be received by the Company no later than April 5, 2010, in order to be included in the Company's proxy statement and form of proxy relating to that meeting. Such proposals must comply with the requirements as to form and substance established by the SEC and set forth in Rule 14a-8 of the Securities Exchange Act in order to be included in the proxy statement.



Shareholders who wish to make a proposal at the 2010 Annual Meeting of Shareholders without having the proposal included in the Company's proxy statement and form of proxy relating to that meeting must notify the Company by June 19, 2010. If the shareholder fails to give notice by this date, then such notice will be considered untimely under Rule 14a-4(c)(1) of the Securities Exchange Act, and the persons named as proxies in the proxies

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solicited by the Board for the 2010 Annual Meeting may exercise discretionary voting power with respect to any such proposal.

The Company reserves the right to reject, rule out of order or take other appropriate action with respect to any proposal that does not comply with these and other applicable requirements.

For information on recommending individuals for consideration as nominees to IRET's Board of Trustees, see the discussion under the subheading "Committees" in the section of this proxy statement entitled "Information Concerning the Board of Trustees."

#### SHAREHOLDERS WITH THE SAME LAST NAME AND ADDRESS

In accordance with notices that we sent to certain shareholders, we are sending only a single copy of our annual report and proxy statement or Notice of Availability of Proxy Materials, as applicable, to shareholders who share the same last name and address, unless they have notified us that they want to continue receiving multiple copies. This practice, known as "householding," is designed to reduce duplicate mailings and save significant printing and postage costs as well as natural resources.

Householding for bank and brokerage accounts is limited to accounts within the same bank or brokerage firm. For example, if you and your spouse share the same last name and address, and you and your spouse each have two accounts containing IRET common shares at two different brokerage firms, your household will receive two copies of the Company's annual meeting materials - one from each brokerage firm.

If you received a householded mailing this year and you would like to have separate proxy materials mailed to you, or you would like to opt out of this practice for future mailings, please submit your request to our Investor Relations department by fax to (701) 838-7785, by mail to the Company at Investor Relations, PO Box 1988, Minot, ND 58702-1988 or by calling Investor Relations between 8:30 a.m. and 5:00 p.m. CT at 1-888-478-4738. Similarly, you may also contact us if you received multiple copies of the proxy materials and would prefer to receive a single copy in the future.

#### COMMUNICATING WITH IRET

If you would like to receive information about Investors Real Estate Trust, you may use one of the following methods:

1. The Company's Internet site, located at [www.iret.com](http://www.iret.com), contains information about the Company and its properties. The Company's Investor Relations site contains press releases, earnings releases, financial information and stock quotes, as well as corporate governance information and links to the Company's SEC filings. This proxy statement and our 2009 Annual Report on Form 10-K are both available on the Internet at [www.iret.com](http://www.iret.com).
2. To have information such as our latest Form 10-Q or annual report mailed to you, please call us at 1-888-478-4738 or send a fax with your request to (701)-838-7785.

If you would like to contact us, call IRET Investor Relations at 1-888-478-4738, or send correspondence to IRET, Attn: Investor Relations, PO Box 1988, Minot, North Dakota 58702-1988.

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OTHER MATTERS

It is not expected that any matters other than those described in this proxy statement will be brought before the Annual Meeting. If any other matters are properly presented at the meeting for action, the persons named in the accompanying proxy will vote upon them in accordance with their best judgment.

By Order of the Board of Trustees

Michael A. Bosh  
Secretary and General Counsel

August 3, 2009  
Minot, North Dakota

Upon written request of any shareholder entitled to receive this proxy statement, the Company will provide, without charge, a copy of its Annual Report on Form 10-K, including the consolidated financial statements, the notes thereto and financial statement schedules, as filed with the Securities and Exchange Commission. Any such request should be addressed to Michael A. Bosh, Secretary and General Counsel of the Company, at PO Box 1988, Minot, ND 58702-1988. This request must include a representation by the shareholder that as of July 20, 2009, the shareholder was entitled to vote at the Annual Meeting.

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INVESTORS REAL ESTATE TRUST

Charter of the  
Audit Committee of the Board of Trustees  
(adopted by the Board of Trustees on January 14, 2004;  
revised April 29, 2009)

Purpose

The purpose of the Audit Committee is to assist the Board in its oversight of the accounting and financial reporting processes of the Company and the audits of the financial statements of the Company. The Audit Committee shall provide assistance to the members of the Board of Trustees in fulfilling their responsibility to the stockholders, potential stockholders and investment community relating to corporate accounting, reporting practices of the Company and the quality and integrity of financial reports of the Company. In so doing, it is the responsibility of the Audit Committee to maintain free and open communications between the trustees, the independent auditors, the Company's internal audit department and the financial management of the Company. It is the expectation of the Audit Committee that the financial management will fulfill its responsibility of bringing any significant items to the attention of the Audit Committee.

Members

The Audit Committee shall be comprised of at least three members of the Board who satisfy the independence and financial literacy requirements of the NASDAQ Stock Market, Inc. ("NASDAQ") and applicable federal law, and at least one member of the Audit Committee shall satisfy the finance or accounting experience or background requirements of NASDAQ, as such requirements are interpreted by the Board in its business judgment. The members of the Audit Committee shall be appointed by the Board at its annual organizational meeting and shall serve until their successors are duly appointed and qualified. The Board shall designate one member as Chair, or delegate authority to designate a Chair to the Audit Committee.

Notwithstanding the foregoing, the Board may appoint to the Audit Committee one member of the Board who is not independent as defined in NASDAQ Rule 5605(a)(2), if such member otherwise meets the independence criteria set forth in Rule 10A(m)(3) under the Securities Exchange Act of 1934 and the rules thereunder, and is not a current officer or employee of the Company or a family member (as defined in NASDAQ Rule 5605(a)(2) of such officer or employee, and if the Board, under exceptional and limited circumstances, determines that membership on the committee by the individual is required by the best interests of the Company and its shareholders. The Board shall disclose, in the next annual proxy statement subsequent to such determination, the nature of the relationship and the reasons for that determination. A member appointed under this exception may not serve longer than two years and may not chair the Audit Committee.

Meetings

The Audit Committee shall meet at least four times per year, with authority to convene additional meetings as circumstances dictate, either in person or telephonically, and at such times and places as the Audit Committee shall determine. The Audit Committee shall meet periodically with management, the independent auditor and the director of the internal audit department in separate executive sessions. The Audit Committee shall report its activities to the

Board regularly.

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## Duties and Responsibilities

On behalf of the Board, the Audit Committee shall, among its duties and responsibilities:

1. Review the annual audited financial statements with management and the independent auditor, including the Company's disclosures under Management's Discussion and Analysis of Financial Condition and Results of Operations, significant issues and judgments regarding accounting and auditing principles and practices, and the effect of regulatory and accounting initiatives on the Company's financial statements, and recommend to the Board whether the financial statements should be included in the Form 10-K.
  2. Review and discuss with management and the independent auditor the Company's quarterly financial statements prior to filing the Form 10-Q, including the results of the independent auditor's review of the financial statements and the Company's disclosures under Management's Discussion and Analysis of Financial Conditions and Results of Operations.
3. Review major changes to the Company's auditing and accounting principles and practices as suggested by the independent auditor, internal auditors or management.
4. Meet periodically with management to review the Company's major financial and business risk exposures and the steps management has taken to monitor and control such exposures.
5. Be directly responsible, in its capacity as a committee of the Board, for the appointment, compensation and oversight of the work of the independent auditor for the purpose of preparing or issuing an audit report or related work. In this regard, the Audit Committee shall appoint and retain, compensate, evaluate and terminate (when appropriate), the independent auditor, which shall report directly to the Audit Committee.
6. Preapprove all auditing services and permitted non-audit services (including the fees and terms thereof) to be performed for the Company by its independent auditor, and establish policies and procedures for the engagement of the independent auditor to provide auditing and permitted non-audit services.
7. Receive at least annually and discuss with the independent auditor the auditor's report regarding its independence.
  8. Meet with the independent auditor prior to the audit to review the scope and planning of the audit.
9. Review with the independent auditor the results of the annual audit examination, and any issues the auditor may have encountered in the course of its audit work and management's response. This review should include, among other things, any management letter, any restrictions on the scope of activities or access to required information, and changes required in the planned scope of the internal audit. Inquire as to the auditor's views about whether management's choices of accounting principles are conservative, moderate or aggressive from the perspective of income, asset and liability recognition, and whether those principles are common practices or are minority practices.
10. Discuss with management the Company's earnings press releases and corporate policies with respect to earnings releases and financial information and earnings guidance provided to analysts and rating agencies.
11. Review and discuss with management, the independent auditor and the internal auditor the adequacy and effectiveness of the Company's internal controls, including any significant deficiencies in internal controls and significant changes in such controls reported to the Audit Committee by the independent auditor, the internal auditor or management, and review the adequacy and effectiveness of the Company's disclosure controls and



procedures.

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12. Review with the independent auditor and the internal auditor the scope and results of the internal audit program, including responsibilities and staffing, and review the appointment and replacement of internal audit personnel.
13. Review and approve all related-party transactions (as defined in applicable NASDAQ rules).
14. Review procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission of concerns regarding questionable accounting or auditing matters.
15. Advise the Board with respect to the Company's policies and procedures regarding compliance with applicable laws and regulations and with the Company's Code of Conduct.
16. Review with the Company's General Counsel and independent auditor (1) legal matters that may have a material impact on the financial statements, (2) accounting or compliance policies, and (3) any material reports or inquiries received from regulators, governmental agencies or employees that raise material issues regarding the Company's financial statements and accounting or compliance policies.
17. Review this Charter annually and recommend any changes to the Board for approval.

#### Outside Advisors

The Audit Committee shall have the authority to retain such outside legal, accounting or other consultants or advisors as it determines appropriate to assist it in the performance of its functions, or to advise or inform the Audit Committee. The Audit Committee may request any officer or employee of the Company or the Company's outside counsel or independent auditor to attend a meeting of the Audit Committee or to meet with any members of, or consultants to, the Audit Committee. The Company shall provide for appropriate funding, as determined by the Audit Committee, for payment of compensation to the independent auditor and to any advisors retained by the Audit Committee.

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INVESTORS REAL ESTATE TRUST

3015 16TH ST SW SUITE 100  
MINOT, ND 58701

VOTE BY INTERNET - [www.proxyvote.com](http://www.proxyvote.com)

Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 P.M. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

ELECTRONIC DELIVERY OF FUTURE PROXY MATERIALS

If you would like to reduce the costs incurred by our company in mailing proxy materials, you can consent to receiving all future proxy statements, proxy cards and annual reports electronically via e-mail or the Internet. To sign up for electronic delivery, please follow the instructions above to vote using the Internet and, when prompted, indicate that you agree to receive or access proxy materials electronically in future years.

VOTE BY PHONE - 1-800-690-6903

Use any touch-tone telephone to transmit your voting instructions up until

11:59 P.M. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you call and then follow the instructions.

VOTE BY MAIL

Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

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TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS: KEEP THIS PORTION FOR YOUR RECORDS

THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.

DETACH AND RETURN THIS PORTION ONLY

|   |         |              |                |   |
|---|---------|--------------|----------------|---|
| INVESTORS REAL ESTATE TRUST<br>Vote on Trustees | For All | Withhold All | For All Except | To withhold authority to vote for any individual nominee(s), mark "For All Except" and write the number(s) of the nominee(s) on the line below. |
|---|---------|--------------|----------------|---|

|                         |   |   |
|-------------------------|---|---|
| 1. ELECTION OF TRUSTEES | 0 | 0 |
|-------------------------|---|---|

Trustees  
 Recommend a vote  
 FOR all nominees.

NOMINEES ARE:

- |                           |                            |
|---------------------------|----------------------------|
| 01) — Patrick G. Jones    | 06) — Edward T. Schafer    |
| 02) — Timothy P. Mihalick | 07) — W. David Scott       |
| 03) — Jeffrey L. Miller   | 08) — Stephen L. Stenehjem |
| 04) — C.W. "Chip" Morgan  | 09) — John D. Stewart      |
| 05) — John T. Reed        | 10) — Thomas A. Wentz, Jr. |

Vote on Proposal

|  |          |              |              |
|--|----------|--------------|--------------|
| 2. RATIFICATION OF SELECTION OF DELOITTE & TOUCHE LLP AS THE COMPANY'S INDEPENDENT AUDITORS FOR THE FISCAL YEAR ENDING APRIL 30, 2010. | For<br>0 | Against<br>0 | Abstain<br>0 |
|--|----------|--------------|--------------|

Trustees Recommend a vote FOR this proposal.

(Signature(s) should be exactly as name or names appear(s) on this proxy. If shares are held in two or more names, all should sign. If signing is by attorney, executor, administrator, personal representative, trustee, guardian, custodian, partner or corporate officer, please include full title.)

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Signature [PLEASE SIGN WITHIN BOX]

Date

Signature (Joint Owners)

Date

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Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting:

The Notice and Proxy Statement and Annual Report are available at [www.proxyvote.com](http://www.proxyvote.com).

## PROXY

The Investors Real Estate Trust 39th Annual Meeting of Shareholders will be held on September 15, 2009, at 7:00 p.m. CDT at the Grand International 1505 North Broadway, Minot, North Dakota, 58703

This Proxy is Solicited on Behalf of the Board of Trustees.

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The undersigned holder of Common Shares of Beneficial Interest of INVESTORS REAL ESTATE TRUST, a North Dakota Real Estate Investment Trust ("IRET"), hereby appoints Jeffrey L. Miller, Michael A. Bosh and John D. Stewart, and each of them (the "Representatives"), the true and lawful proxies of the undersigned, with full power of substitution, to vote on behalf of the undersigned all Common Shares of Beneficial Interest of IRET which the undersigned is entitled to vote at the 2009 Annual Meeting of Shareholders of IRET to be held at the Grand International, 1505 North Broadway, Minot, North Dakota, on September 15, 2009, at 7:00 p.m., CDT, or at any adjournment thereof, in the manner hereafter indicated. In their discretion, the Representatives are authorized to vote upon such other matters as may properly come before the meeting.

THE SHARES REPRESENTED BY THIS PROXY WILL BE VOTED IN ACCORDANCE WITH THE INSTRUCTIONS GIVEN HEREIN, BUT IF SUCH INSTRUCTIONS ARE NOT MARKED HEREIN, THIS PROXY WILL BE VOTED FOR ALL NOMINEES LISTED FOR ELECTION AS TRUSTEES, AND FOR RATIFICATION OF THE SELECTION OF DELOITTE & TOUCHE LLP AS THE COMPANY'S INDEPENDENT AUDITORS AND, WITH RESPECT TO ANY OTHER MATTERS PROPERLY COMING BEFORE THE MEETING, IN THE DISCRETION OF THE PROXY HOLDERS, ALL IN ACCORDANCE WITH THE ACCOMPANYING PROXY STATEMENT OF IRET, RECEIPT OF WHICH IS HEREBY ACKNOWLEDGED.

This proxy may be revoked at any time before it is voted at the meeting by delivering written notice of revocation to IRET.

Please date, sign and return this proxy promptly using the enclosed envelope.

CONTINUED AND TO BE SIGNED ON REVERSE

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