INVESTORS REAL ESTATE TRUST
Form 424B5
June 02, 2009

PROSPECTUS Supplement

(To Prospectus dated October 10, 2008)

3,000,000 Common Shares of Beneficial Interest

We are a self-advised equity real estate investment trust that owns and operates commercial office, medical, industrial and retail properties and multi-family residential properties located primarily in the upper Midwest.

We are offering 3,000,000 common shares of beneficial interest, no par value. Our common shares are traded on the NASDAQ Global Select Market under the symbol "IRET." On June 1, 2009, the last reported sale price of our common shares, as reported on the NASDAQ Global Select Market, was $9.20 per share.

Investing in our common shares involves risks. See "Risk Factors" beginning on page S-14 of this prospectus supplement, page 8 of the accompanying prospectus, page 10 of our Annual Report on Form 10-K for the fiscal year ended April 30, 2008 and page 33 of our Quarterly Report on Form 10-Q for the three months ended January 31, 2009.

	Per Share	Total
Public offering price	$ 8.70	$ 26,100,000
Underwriting discount	$ 0.435	$ 1,305,000
Proceeds, before expenses, to us	$ 8.265	$ 24,795,000

The underwriters have a 30-day option to purchase up to an additional 450,000 common shares from us on the same terms set forth above, to cover over-allotments, if any.

In part so that we can continue to qualify as a real estate investment trust for federal income tax purposes, our declaration of trust generally does not permit anyone to own more than 9.8% of our outstanding common shares. See "Description of Common Shares" in the accompanying prospectus.

Delivery of the shares will be made on or about June 5, 2009.

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

Robert W. Baird & Co.
D.A. Davidson & Co.
J.J.B. Hilliard, W.L. Lyons, LLC

June 2, 2009

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Prospectus

Special Note Regarding Forward-Looking Statements

Certain statements included in this prospectus supplement, the accompanying prospectus and the documents incorporated into this prospectus supplement and the accompanying prospectus by reference are “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act. These forward-looking statements include statements about our intention to invest in properties that we believe will increase in income and value; our belief that the real estate markets in which we invest will continue to perform well; our belief that we have the liquidity and capital resources necessary to meet our known obligations and to make additional real estate acquisitions and capital improvements when appropriate to enhance long-term growth; and other statements preceded by, followed by or otherwise including words such as “believe,” “expect,” “intend,” “project,” “anticipate,” “potential,” “may,” “designed,” “estimate,” “should,” “continue” and other similar expressions. These statements indicate that we have used assumptions that are subject to a number of risks and uncertainties that could cause our actual results or performance to differ materially from those projected.

Although we believe that the expectations reflected in forward-looking statements are based on reasonable assumptions, you should not place undue reliance on our forward-looking statements because the matters they describe are subject to known and unknown risks, uncertainties and other unpredictable factors, many of which are beyond our control. Important factors that could cause our actual results to differ materially from the expectations reflected in our forward-looking statements are discussed in “Risk Factors” on page S-14 of this prospectus supplement and page 8 of the accompanying prospectus and include:

- the economic health of the markets in which we own and operate multi-family and commercial properties, in particular, the states of Minnesota and North Dakota, or other markets in which we may invest in the future;
- the economic health of our commercial tenants;
- market rental conditions, including occupancy levels and rental rates, for multi-family residential and commercial properties;
- our ability to identify and secure additional multi-family residential and commercial properties that meet our criteria for investment;
- the level and volatility of prevailing market interest rates and the pricing of our shares of beneficial interest;
- financing risks, such as our inability to obtain debt or equity financing on favorable terms, or at all;
- our ability to timely complete and lease-up properties under construction;
- compliance with applicable laws, including those concerning the environment and access by persons with disabilities;
- the availability and cost of casualty insurance for losses; and
- other factors discussed under the heading “Risk Factors” in this prospectus supplement and the accompanying prospectus, in our Annual Report on Form 10-K for the fiscal year ended April 30, 2008, in our Quarterly Report on Form 10-Q for the three months ended January 31, 2009 and other documents filed with the Securities and Exchange Commission, or SEC, and incorporated by reference into this prospectus supplement.

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

Documents Incorporated By Reference

The SEC allows us to incorporate by reference our publicly-filed reports into this prospectus supplement, which means that information included in those reports is considered part of this prospectus. Information that we file with the SEC after the date of this prospectus will automatically update and supersede the information contained in this prospectus supplement and in prior reports. We incorporate by reference the documents listed below and any future filings made with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act until all of the securities offered pursuant to this prospectus supplement have been sold. Unless expressly incorporated into this prospectus supplement, a report, or part of a report, furnished, but not filed, on Form 8-K under the Exchange Act shall not be incorporated by reference into this prospectus supplement. The following documents filed with the SEC are incorporated by reference in this prospectus supplement:

- Annual Report on Form 10-K for the year ended April 30, 2008 filed on July 14, 2008;
- Quarterly Report on Form 10-Q for the quarter ended July 31, 2008 filed on September 9, 2008;
- Quarterly Report on Form 10-Q for the quarter ended October 31, 2008 filed on December 10, 2008;
- Quarterly Report on Form 10-Q for the quarter ended January 31, 2009 filed on March 12, 2009;
- Current Report on Form 8-K/A filed on May 20, 2008;
- Current Report on Form 8-K filed on January 16, 2009;
- Current Report on Form 8-K filed on March 27, 2009;
- Current Report on Form 8-K filed on April 7, 2009;
- The description of our common shares of beneficial interest contained in our Registration Statement on Form 10 (File No. 0-14851), dated July 29, 1986, as amended by the Amended Registration Statement on Form 10, dated December 17, 1986, and the Second Amended Registration Statement on Form 10, dated March 12, 1987; and
- The description of our Series A Cumulative Redeemable Preferred Shares of Beneficial Interest contained in our registration statement on Form 8-A, dated April 21, 2004 and filed April 22, 2004.

You may request a copy of these documents, and any exhibits we have specifically incorporated by reference as an exhibit in this prospectus supplement, at no cost by writing to us at the following address or calling us at the telephone number listed below:

Investors Real Estate Trust
3015 16th Street SW, Suite 100
Minot, ND 58702-1988
Attn: Shareholder Relations
Telephone: (701) 837-4738
Facsimile: (701) 838-7785

You should rely only on the information provided or incorporated by reference in this prospectus supplement. We have not, and the underwriters have not, authorized anyone to provide you with additional or different information. You should not assume that the information in this prospectus supplement is accurate as of any date other than the date on the front cover of the document.

About this Prospectus Supplement
And the Accompanying Prospectus

We are providing information to you about this offering of our common shares in two parts. The first part is this prospectus supplement, which provides the specific details regarding this offering and the terms of the common shares. The second part is the accompanying base prospectus, which provides general information. Generally, when we refer to this "prospectus," we are referring to both documents combined. This prospectus supplement adds, updates and changes information contained in the accompanying prospectus and the information incorporated by reference. To the extent the information contained in this prospectus supplement differs or varies from the information contained in the accompanying prospectus or any document incorporated by reference, the information in this prospectus supplement shall control.

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

It is important for you to read and consider all of the information contained in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference in making your decision to invest in our common shares. You should also read and consider the information in the incorporated documents we have referred you to in "Where You Can Find More Information" in this prospectus supplement and the accompanying prospectus.

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

We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted.

As used in this prospectus supplement and the accompanying prospectus, references to "we," "our," "us," the "Company," "IRET" and similar references are to Investors Real Estate Trust and its consolidated subsidiaries, unless otherwise expressly stated or the context otherwise requires. References to "shares" and to "common shares" or "Shares" are to our common shares of beneficial interest, no par value. References to "Series A preferred shares" are to our 8.25% Series A Cumulative Redeemable Preferred Shares of Beneficial Interest, no par value. References to "shares of beneficial interest" are to all of our shares of beneficial interest including, without limitation, our common shares, our Series A preferred shares and any other shares of beneficial interest that we may issue in the future.

Prospectus Supplement Summary

This section summarizes information contained elsewhere in this prospectus supplement and the accompanying prospectus and does not contain all the information you should consider before investing in our common shares. You should read this summary together with the more detailed information appearing elsewhere in this prospectus supplement and the accompanying prospectus, or incorporated by reference into this prospectus supplement and the accompanying prospectus, including the sections of this prospectus supplement and the accompanying prospectus entitled “Risk Factors,” before making a decision to invest in our common shares. Unless otherwise stated or the context otherwise requires, the information contained in this prospectus supplement assumes that the underwriters do not exercise their option to purchase additional Shares to cover over-allotments.

Our Company

We are a self-advised real estate investment trust, or REIT, that owns and operates commercial office, medical, industrial and retail properties and multi-family residential properties located primarily in the upper Midwest. The charts below show, as of January 31, 2009, the geographic distribution of our properties and their classification by type, in both cases measured on the basis of our investment in our properties (original investment plus improvements, if any).

Geographic Distribution of Properties
Property Investments
(percentage by state, by investment amount, net of accumulated depreciation)

Classification of Properties by Type
Real Estate Portfolio Mix
(percentage by segment, by investment amount, net of accumulated depreciation)

As of January 31, 2009, our real estate portfolio consisted of:

- 78 multi-family residential properties, containing 9,645 apartment units and having a total real estate investment amount net of accumulated depreciation of $426.8 million; and
- 166 commercial properties, containing approximately 11.7 million square feet of leasable space, as follows:
  - 66 office properties containing approximately 5.0 million square feet of leasable space and having a total real estate investment amount net of accumulated depreciation of $500.7 million;
  - 49 medical properties (including senior housing/assisted living facilities) containing approximately 2.3 million square feet of leasable space and having a total real estate investment amount net of accumulated depreciation of $345.8 million;
  - 18 industrial properties containing approximately 2.9 million square feet of leasable space and having a total real estate investment amount net of accumulated depreciation of $94.3 million; and
  - 33 retail properties containing approximately 1.5 million square feet of leasable space and having a total real estate investment amount net of accumulated depreciation of $100.6 million.

Our commercial properties are typically leased to tenants under long-term lease arrangements, with no single tenant accounting for more than approximately 10.6% of our total annualized commercial rental revenues as of January 31, 2009. At January 31, 2009, the economic occupancy rates for our stabilized properties were as follows:

Property Type	Economic Occupancy
Multi-family Residential	94.5%
Commercial Office	88.6%
Commercial Medical	95.5%
Commercial Industrial	98.9%
Commercial Retail	87.4%

Economic occupancy represents actual rental revenues recognized for the period indicated as a percentage of scheduled rental revenues for the period. Percentage rents, tenant concessions, straightline adjustments and expense reimbursements are not considered in computing either actual revenues or scheduled revenues.

Our principal executive office is located at 3015 16th Street SW, Suite 100, Minot, North Dakota, 58702-1988, and our telephone number is (701) 837-4738.

Investment Strategy

We seek to employ a disciplined investment strategy focused on growing assets in our target geographical markets, achieving diversification by property type, adhering to targeted returns in acquiring properties, and regularly increasing funds from operations. We believe this investment strategy has enabled us to achieve our goal of regularly increasing distributions on our common shares. We have increased our distributions per common share every year since our inception 38 years ago and every quarter since 1988.

We attempt to concentrate our multi-family residential properties in communities with populations of approximately 50,000 to 500,000, and we attempt to concentrate our commercial properties in metropolitan areas with populations of approximately 100,000 to 3.0 million. We focus most of our investment activity in markets in the upper Midwest, due to our greater familiarity with these markets, our existing market presence and our belief that these markets attract less competition from other leading REITs and institutional investors.

We continually receive, evaluate and identify opportunities for the acquisition and development of commercial and multi-family residential properties, particularly in the states in which we currently own properties. These investment and development opportunities are sourced through various channels, including real estate brokers, property owners, property management firms and our own business development efforts. In evaluating commercial properties for acquisition, we consider such factors as market size, economic and market rental conditions, property type, property quality, existing occupancy and lease rates, tenant makeup and quality, lease rollover risk and current and prospective cash flow levels. In evaluating multi-family residential properties for acquisition, we consider such factors as market size and growth characteristics, demographics, apartment rental conditions and trends, market rent and occupancy levels, property quality, operating expense and maintenance considerations, property occupancy rates and current and prospective cash flow levels. Upon identifying properties that meet our investment criteria, we conduct financial analyses, perform property inspections, identify lending sources and terms and submit or negotiate acquisition proposals on terms that we expect will allow us, under reasonable assumptions, to meet our targeted investment returns. In evaluating multi-family residential and commercial development opportunities, we consider factors that include property site location, access, soil conditions and other physical characteristics of the site, market size and growth characteristics, demographics, existing property development adjacent or near the site, prospective tenants and cash flow levels.

Typically, we seek to acquire well-maintained properties with strong tenant bases and lease or rental revenues and terms that immediately support our return on investment objectives. Due to varying market conditions over time, this investment focus can lead to a greater concentration of acquisition activity in certain property types during particular market cycles. For instance, during the 12 months ended January 31, 2009, approximately 83.7% of our property acquisitions, based on investment amount, were commercial medical properties, due to the greater availability of these properties on terms that met our return on investment objectives. As market conditions evolve, however, this trend may be reversed and we may again purchase a greater percentage of multi-family residential properties, or other commercial properties. We typically seek to develop commercial properties when we have identified or secured an anchor tenant for the property. We typically seek to develop multi-family residential properties when we have identified a community with attractive economic and market rental conditions.

We generally use available cash or short-term floating rate debt to acquire real estate. We then replace the cash or short-term floating rate debt with fixed-rate secured debt. We generally finance development projects with available cash or short-term floating rate debt and re-finance with fixed-rate secured debt. In appropriate circumstances, we also may acquire one or more properties in exchange for our common shares or for limited partnership units, or LP units, of our operating partnership, IRET Properties, which typically are redeemable for our common shares on a one-to-one basis or, at our option, cash, after the expiration of a minimum one-year holding period.

Operations

We conduct our operations from offices in Minot, North Dakota and Minneapolis, Minnesota. We also have property management offices in St. Louis, Missouri, Omaha, Nebraska and Kansas City, Kansas. In Minot, our 46-person staff is engaged in activities that include management and planning, financial analysis and accounting, marketing, property sourcing and evaluation, legal and compliance, information management and investor relations. In Minneapolis, our 18-person staff is primarily engaged in sourcing, evaluating and managing commercial properties in the Minneapolis/St. Paul metropolitan area.

The day-to-day management of our commercial properties is carried out by our own employees and by third-party property management companies. In markets where the amount of rentable square footage we own does not justify self-management, when properties acquired have effective pre-existing property management in place, or when for other reasons particular properties are in our judgment not attractive candidates for self-management, we may utilize third-party professional management companies for day-to-day management. As of January 31, 2009, we have under internal management 96 commercial properties. The remaining 70 properties are managed by third parties. The management and leasing of most of our multi-family residential properties is handled by locally-based, third-party management companies.

We believe that our administrative, property management and corporate overhead expenses as a percentage of our revenues are among the lowest of all publicly-traded REITs. We believe that this serves the interests of the holders of our common shares by moderating the impact of cyclical downturns and enhancing funds available for distribution.

Properties

The tables set forth below present summary financial information regarding our commercial and multi-family residential properties.

Commercial and Multi-Family Residential Properties by State

The following table presents, as of January 31, 2009, an analysis by state of each of the five categories of properties owned by us — multi-family residential and commercial office, medical, industrial and retail:

Total Real Estate by Investment Amount

	As of January 31, 2009 (in thousands)						
	Multi-Family Residential	Commercial Office	Commercial Medical	Commercial Industrial	Commercial Retail	Total	Total %
Minnesota	$ 145,266	$ 362,339	$ 291,857	$ 72,156	$ 73,815	$ 945,433	55.0%
North Dakota	144,535	23,347	31,582	7,141	28,361	234,966	13.7%
Nebraska	36,191	79,859	24,820	0	3,699	144,569	8.4%
Colorado	43,512	22,542	0	0	0	66,054	3.8%
Kansas	43,380	14,859	0	0	0	58,239	3.4%
Montana	41,125	0	4,319	0	5,271	50,715	3.0%
South Dakota	34,292	7,088	7,448	0	0	48,828	2.8%
Texas	39,784	0	0	0	0	39,784	2.3%
All Other States	11,196	59,593	25,266	27,287	7,760	131,102	7.6%
Total	$ 539,281	$ 569,627	$ 385,292	$ 106,584	$ 118,906	$ 1,719,690	100.0%

Comparison of Results from Commercial and Residential Properties

The following table presents an analysis of the relative investment in (corresponding to "Property owned" on the balance sheet, i.e., cost), and the financial contribution of (i.e., the net operating income produced by), our commercial and multi-family residential properties over the past three fiscal years.

	Fiscal Years Ended April 30 (in thousands)					
	2008	%	2007	%	2006	%
Real Estate Investments – (cost)						
Multi-Family Residential	$ 510,697	31.0%	$ 489,644	32.9%	$ 452,251	35.6%
Commercial Office	556,712	33.8%	536,431	36.0%	383,280	30.2%
Commercial Medical	359,986	21.8%	274,779	18.4%	263,300	20.7%
Commercial Industrial	104,060	6.3%	75,257	5.1%	59,583	4.7%
Commercial Retail	116,804	7.1%	113,176	7.6%	111,009	8.8%
Total	$ 1,648,259	100.0%	$ 1,489,287	100.0%	$ 1,269,423	100.0%
Net Operating Income(1)						
Multi-Family Residential	$ 38,190	28.6%	$ 35,518	29.4%	$ 31,967	30.9%
Commercial Office	47,836	35.8%	43,128	35.6%	33,882	32.8%
Commercial Medical	28,656	21.4%	26,108	21.5%	23,356	22.6%
Commercial Industrial	9,162	6.8%	6,838	5.6%	5,120	5.0%
Commercial Retail	9,921	7.4%	9,614	7.9%	9,033	8.7%
Total	$ 133,765	100.0%	$ 121,206	100.0%	$ 103,358	100.0%

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1) We define net operating income as total revenues less property operating expenses and real estate taxes. We believe that net operating income is an important supplemental measure of operating performance for a REIT's operating real estate, because it provides a measure of core operations that is unaffected by depreciation, amortization, financing and general and administrative expense. Net operating income does not represent cash generated by operating activities in accordance with accounting principles generally accepted in the United States, or GAAP, and should not be considered as an alternative to net income, net income available to common

shareholders or cash flow from operating activities as a measure of financial performance. A reconciliation of net operating income to income before minority interest and discontinued operations and gain on sale of other investments is as follows:

(in thousands)

Year Ended April 30, 2008	Multi-Family Residential	Commercial -Office	Commercial-Medical	Commercial-Industrial	Commercial-Retail	Total
Real estate revenue	$ 72,827	$ 84,042	$ 38,412	$ 11,691	$ 14,198	$ 221,170
Real estate expenses	34,637	36,206	9,756	2,529	4,277	87,405
Net operating income	$ 38,190	$ 47,836	$ 28,656	$ 9,162	$ 9,921	$ 133,765
Interest						(63,439)
Depreciation/amortization						(51,518)
Administrative, advisory and trustee fees						(5,203)
Operating expenses						(1,344)
Non-operating income						2,760
Income before minority interest and discontinued operations and gain on sale of other investments						$ 15,021

(in thousands)

Year Ended April 30, 2007	Multi-Family Residential	Commercial -Office	Commercial-Medical	Commercial-Industrial	Commercial -Retail	Total
Real estate revenue	$ 66,972	$ 73,603	$ 34,783	$ 8,091	$ 14,089	$ 197,538
Real estate expenses	31,454	30,475	8,675	1,253	4,475	76,332
Net operating income	$ 35,518	$ 43,128	$ 26,108	$ 6,838	$ 9,614	$ 121,206
Interest						(58,424)
Depreciation/amortization						(45,501)
Administrative, advisory and trustee fees						(4,451)
Operating expenses						(1,240)
Non-operating income						2,665
Income before minority interest and discontinued operations and gain on sale of other investments						$ 14,255

(in thousands)

Year Ended April 30, 2006	Multi-Family Residential	Commercial -Office	Commercial-Medical	Commercial-Industrial	Commercial-Retail	Total
Real estate revenue	$ 61,669	$ 57,483	$ 31,670	$ 6,372	$ 12,977	$ 170,171
Real estate expenses	29,702	23,601	8,314	1,252	3,944	66,813
Net operating income	$ 31,967	$ 33,882	$ 23,356	$ 5,120	$ 9,033	$ 103,358
Interest						(50,677)
Depreciation/amortization						(37,639)
Administrative, advisory and trustee fees						(3,894)
Operating expenses						(1,269)
Non-operating income						1,240
Income before minority interest and discontinued operations and gain on sale of other investments						$ 11,119

Recent Developments

Acquisition and Disposition Activities

During the fiscal year ended April 30, 2009, we acquired or placed in-service properties with development and acquisition costs totaling approximately $32.0 million. In the fourth fiscal quarter we completed construction of a mixed-use project in Minot, North Dakota, consisting of 71 apartments, of which 58 were leased as of April 30, 2009, and approximately 50,360 rentable square feet of office and retail space. We occupy approximately 21,764 square feet of this office and retail space, having moved our Minot headquarters to this location. We had no material dispositions in fiscal year 2009.

We are actively reviewing non-core properties for potential selective sale based on our assessment of pricing and capital requirements. No assurance can be given that any of the properties currently under contract, being marketed or considered for sale will actually be sold, or will be sold on the terms currently contemplated.

We currently have no material pending acquisitions. In the fourth quarter of fiscal year 2009, we signed a purchase agreement to acquire a portfolio of office and retail properties located in the Minneapolis-St. Paul metropolitan area for a total of $29.7 million. We subsequently terminated this purchase agreement, but we are continuing to discuss this possible transaction with the sellers of the portfolio.

Financing Update

During fiscal year 2009, we financed or refinanced ten properties, placing new debt or refinancing existing debt totaling $68.8 million with five different lenders and generating cash-out proceeds totaling $36.8 million before closing costs. These loans have maturities ranging from three to ten years with fixed interest rates ranging from 5.50% to 6.50%. In addition, we entered into a $5.0 million line of credit maturing in November 2009 with Dacotah Bank in Minot, North Dakota. This line of credit is fully-drawn, and of the $5.0 million, we include $3.5 million in mortgages payable on our balance sheet, as secured by first mortgages on six small apartment properties owned by us, with the remaining $1.5 million included in revolving lines of credit. We expect to renew this line of credit prior to its expiration.

During the fourth quarter of fiscal year 2009, we (or, in one case, our joint venture partner) obtained approximately $48.5 million in secured debt commitments. These commitments were sourced from three different lenders and will be secured by eight individual properties. These loans are expected to have maturities ranging from seven to ten years with interest rates ranging from 6.41% to 7.30%, and we expect to receive cash-out proceeds from these refinancings totaling approximately $4.3 million. We expect to close these financings during the first and second quarters of fiscal year 2010.

As of April 30, 2009, we had $32.0 million available under our three unsecured revolving credit facilities with Bremer Bank, First Western Bank and Trust and First International Bank and Trust. These lines of credit expire in September 2009, December 2011, and December 2009, respectively; we expect to renew each of these lines of credit prior to its expiration. As of March 31, 2009, we had on hand consolidated cash and cash equivalents totaling $35.2 million.

During the fourth quarter of fiscal year 2009, we sold 632,712 newly-issued common shares under a continuous equity offering program with Robert W. Baird & Co. Incorporated as sales agent, for total proceeds to us (after sales commissions but before expenses) of approximately $6.0 million.

Distributions

We paid a distribution of $0.1700 per common share and limited partnership unit of IRET Properties in the fourth quarter of fiscal year 2009, on April 1, 2009, and we declared a distribution of $0.1705 per share and limited partnership unit to be paid in the first quarter of fiscal year 2010, on or about July 1, 2009. We currently expect to pay the final calendar-year 2009 (i.e., October 1, 2009) distribution payment fully in cash.

The Offering

Shares Offered	3,000,000 Shares(1)
Shares Outstanding After this Offering	63,421,023 Shares (1)(2)
Restriction on Ownership and Transfer	Our Shares are subject to certain restrictions on ownership and transfer designed to preserve our qualification as a REIT for federal income tax purposes. See "Description of Common Shares" in the accompanying prospectus.
Use of Proceeds	We estimate that the net proceeds we will receive from this offering (after payment of offering expenses) will be approximately $24,695,000, or approximately $28,414,250 if the underwriters exercise their over-allotment option in full. We intend to contribute the net proceeds to our operating partnership, IRET Properties, to use for general business purposes, including the acquisition, development, renovation, expansion or improvement of income-producing real estate properties and debt repayment.
NASDAQ trading symbol	IRET

(1) Excludes 450,000 common shares that we may issue upon exercise of the underwriters' over-allotment option.
(2) Based on 60,421,023 common shares outstanding as of April 30, 2009; excludes 20,838,197 common shares issuable upon redemption of outstanding limited partnership units of our operating partnership.

Summary Consolidated Financial and Other Data

The following table sets forth summary consolidated financial data, which should be read in conjunction with, and is qualified by reference to, the consolidated financial statements and related notes and Management's Discussion and Analysis of Financial Condition and Results of Operations in the documents filed with the SEC that are incorporated by reference into this prospectus supplement. Our summary consolidated financial data as of and for each of the fiscal years in the three-year period ended April 30, 2008 is derived from our consolidated financial statements, which have been audited by Deloitte & Touche LLP. Our summary consolidated financial data as of January 31, 2009, and for the nine-month periods ended January 31, 2009 and 2008, has been derived from our unaudited financial statements. Our unaudited financial statements have been prepared on the same basis as our audited financial statements and include all adjustments, consisting only of normal recurring adjustments, that we consider necessary for a fair presentation of our financial position and our results of operations for these periods. Operating results for the nine months ended January 31, 2009 are not necessarily indicative of the results that may be expected for the full year.

	Nine Months Ended January 31		Fiscal Year Ended April 30		
	2009	2008	2008	2007	2006
	(in thousands, except per share data)				
Operating Data:					
Revenue	$ 179,353	$ 162,208	$ 221,170	$ 197,538	$ 170,171
Operating expenses:					
Interest	51,307	46,969	63,439	58,424	50,677
Depreciation/Amortization	40,821	36,505	50,042	44,419	36,894
Utilities and maintenance	35,258	30,636	42,375	36,848	32,613
Property management	13,754	11,298	15,273	13,826	11,786
Taxes	22,406	19,635	27,133	23,281	19,757
Other operating expenses	8,756	7,828	10,647	9,150	8,565
Total operating expenses	$ 172,302	$ 152,871	$ 208,909	$ 185,948	$ 160,292
Non-operating income	688	2,089	2,760	2,665	1,240
Income before gain/loss on properties and minority interest	$ 7,739	$ 11,426	$ 15,021	$ 14,255	$ 11,119
(Loss) gain on sale of other investments	54	4	42	(38)	23
Minority interest portion of joint ventures	97	25	136	26	(484)
Minority interest portion of operating partnership income	(1,631)	(2,691)	(3,524)	(3,217)	(1,892)
Income from continuing operations	$ 6,259	$ 8,764	$ 11,675	$ 11,026	$ 8,766
Discontinued operations, net	0	36	413	3,084	2,801
Net income	$ 6,259	$ 8,800	$ 12,088	$ 14,110	$ 11,567
Dividends to preferred shareholders	(1,779)	(1,779)	(2,372)	(2,372)	(2,372)
Net income available to common shareholders	4,480	7,021	9,716	11,738	9,195
Other Data:					
Funds from operations(1)	$ 47,992	$ 47,114	$ 64,182	$ 56,994	$ 46,711
Cash distributions to holders of common shares and unitholders	32,215	28,007	38,372	31,927	28,271
Per Share Data:					
Net income from continuing and discontinued operations	$ .08	$ .14	$ .18	$ .24	$ .20
Funds from operations(1)	.60	.66	.87	.88	.79
Cash distributions	.5070	.5010	.6690	.6610	.6530
Balance Sheet Data:					
Total real estate investments, net	$ 1,474,053	$ 1,368,343	$ 1,456,178	$ 1,316,534	$ 1,126,400
Total assets	1,609,288	1,519,910	1,618,026	1,435,389	1,207,315
Total liabilities	1,110,538	1,006,377	1,098,593	981,030	797,139
Minority interest in consolidated partnerships	13,000	12,768	12,609	12,925	16,403

Minority interests in operating partnership	153,566	155,301	161,818	156,465	104,213
Total shareholders' equity	332,184	345,464	345,006	284,969	289,560

(1) We consider funds from operations, or FFO, a useful measure of performance for an equity REIT. We consider that FFO, by excluding depreciation costs, the gains or losses from the sale of operating real estate properties and extraordinary items as defined by GAAP, is useful to investors in providing an additional perspective on our operating results. Historical cost accounting for real estate assets in accordance with GAAP assumes, through depreciation, that the value of real estate assets decreases predictably over time. However, real estate asset values have historically risen or fallen with market conditions. FFO, by excluding depreciation costs, reflects the fact that real estate, as an asset class, generally appreciates over time and that depreciation charges required by GAAP may not reflect underlying economic realities. Additionally, the exclusion of gains and losses from the sales of previously depreciated operating real estate assets in calculating FFO allows our management and investors better to identify the operating results of the long-term assets that form the core of our investments, and assists in comparing those operating results between periods. FFO is used by our management to identify trends in occupancy rates, rental rates and operating costs. While FFO is widely used by REITs as a primary performance metric, not all real estate companies use the same definition of FFO or calculate FFO in the same way. Accordingly, FFO presented here is not necessarily comparable to FFO presented by other real estate companies. We use the definition of FFO adopted by the National Association of Real Estate Investment Trusts, or NAREIT, in 1991, as clarified in 1995, 1999 and 2002. NAREIT defines FFO to mean net income (computed in accordance with generally accepted accounting principles, or GAAP), excluding gains (or losses) from sales of depreciated property, plus depreciation and amortization, and after adjustments for unconsolidated partnerships and joint ventures. Adjustments for unconsolidated partnerships and joint ventures will be calculated to reflect FFO on the same basis.

A reconciliation of FFO to net income computed in accordance with GAAP is as follows:

	Nine Months Ended January 31		Fiscal Year Ended April 30		
	2009	2008	2008	2007	2006
	(in thousands, except per share data)				
Net income	$ 6,259	$ 8,800	$ 12,088	$ 14,110	$ 11,567
Less dividends to preferred shareholders	(1,779)	(1,779)	(2,372)	(2,372)	(2,372)
Net income available to common shareholders	4,480	7,021	9,716	11,738	9,195
Add back:					
Minority interest in earnings of holders of LP units	1,631	2,704	3,677	4,299	2,705
Depreciation and amortization(a)	41,935	37,393	51,303	45,559	38,104
(Gain) loss from depreciable property sales	(54)	(4)	(514)	(4,602)	(3,293)
Fully diluted FFO	47,992	47,114	64,182	56,994	46,711
Weighted averages shares outstanding:					
Common shares	58,373	51,214	53,060	47,672	45,717
Common shares issuable to holders of LP units(b)	21,269	20,406	20,417	17,017	13,329
Total	79,642	71,620	73,477	64,689	59,046
Net income per common share(c)	$ .08	$ .14	$ .18	$ .24	$ .20
FFO per common share(c)	$ .60	$ .66	$ .87	$ .88	$ .79

a) Real estate depreciation and amortization consists of the sum of depreciation/amortization related to real estate investments and amortization related to non-real estate investments, and depreciation/amortization from Discontinued Operations, less corporate-related depreciation and amortization on office equipment and other assets.
b) LP units of IRET Properties are redeemable at the option of the holder for cash or, at our option, common shares on a one-for-one basis.
c) Net income per common share is calculated using the number of outstanding common shares. FFO per common share is calculated using the number of common shares outstanding and the number of common shares issuable to holders of outstanding LP units.

While we use the NAREIT definition of FFO, the components of that definition in many cases require interpretation and, accordingly, we have made certain interpretations in applying the definition. In particular, in calculating FFO per share, we add back to net income computed in accordance with GAAP the allocations made to limited partners of IRET Properties, and divide this amount by the total outstanding number of our common shares and LP units of IRET Properties. Under the partnership agreement pursuant to which the LP units of IRET Properties are issued, holders of LP units effectively have the same claim on our earnings and assets as do the holders of our common shares and, therefore, we consider that the LP units of IRET Properties also should be included with the common shares in calculating FFO per share.

While FFO is widely used by REITs as a primary performance metric, not all real estate companies use the same definition of FFO or calculate FFO in the same way. Accordingly, FFO presented here is not necessarily comparable to FFO presented by other real estate companies.

FFO should not be considered as an alternative to net income as determined in accordance with GAAP as a measure of our performance, but rather should be considered as an additional, supplemental measure. FFO does not represent cash generated from operating activities in accordance with GAAP, and is not necessarily indicative of cash flow to fund our cash needs or our ability to service indebtedness or make distributions.

Price Range of Shares and Distribution History

Our common shares are traded on the NASDAQ Global Select Market, or NASDAQ, under the symbol “IRET.” At April 30, 2009, there were approximately 3,941 record holders of our common shares. The following table sets forth, for the periods indicated, the range of the high and low sales prices of our common shares on the NASDAQ and distributions per Share.

	High	Low	Distribution per Share
Fiscal Year 2007			
First Quarter	$ 9.50	$ 8.85	$ .1645
Second Quarter	10.15	9.22	.1650
Third Quarter	10.68	9.65	.1655
Fourth Quarter	11.00	9.66	.1660
Fiscal Year 2008			
First Quarter	$ 10.86	$ 9.40	$ .1665
Second Quarter	11.59	9.35	.1670
Third Quarter	10.55	8.84	.1675
Fourth Quarter	10.47	8.95	.1680
Fiscal Year 2009			
First Quarter	$ 10.68	$ 9.54	$ .1685
Second Quarter	11.19	7.66	.1690
Third Quarter	10.71	7.43	.1695
Fourth Quarter	10.43	8.60	.1700

The last reported sale price for our common shares on NASDAQ on June 1, 2009 was $9.20 per share.

We have paid regular quarterly distributions since July 1, 1971. Distributions are paid in January, April, July and October of each year. Our last quarterly distribution of $0.1700 per share was paid on April 1, 2009.

Risk Factors

An investment in our common shares involves various material risks. You should carefully consider the following risks, as well as those set forth under the caption "Risk Factors" on page 8 of the accompanying prospectus and in our most recent annual report on Form 10-K and quarterly reports on Form 10-Q incorporated by reference in this prospectus supplement and the accompanying prospectus, as updated by our subsequent filings under the Securities Exchange Act of 1934, as amended.

Adverse global market and economic conditions may continue to adversely affect us and could cause us to recognize additional impairment charges or otherwise harm our performance.

Recent market and economic conditions have been challenging with tighter credit conditions through the end of 2008 and continuing in 2009. Continued concerns about the availability and cost of credit, the U.S. mortgage market, inflation, unemployment levels, geopolitical issues and declining equity and real estate markets have contributed to increased market volatility and diminished expectations for the U.S. economy. The commercial real estate sector in particular has been negatively affected by these recent market and economic conditions. These conditions may result in our tenants delaying lease commencements, requesting rent reductions, declining to extend or renew leases upon expiration and/or renewing at lower rates. These conditions also have forced some weaker tenants, in some cases, to declare bankruptcy and/or vacate leased premises. We may be unable to re-lease vacated space at attractive rents or at all. We are unable to predict whether, or to what extent or for how long, these adverse market and economic conditions will persist. The continuation and/or intensification of these conditions may impede our ability to generate sufficient operating cash flow to pay expenses, maintain properties, pay distributions and repay debt.

The federal conservatorship of Fannie Mae and Freddie Mac and related efforts, along with any changes in laws and regulations affecting the relationship between Fannie Mae and Freddie Mac and the U.S. Government, may adversely affect our business.

We depend on the Federal National Mortgage Association (Fannie Mae) and the Federal Home Loan Mortgage Corporation (Freddie Mac) for financing for the majority of our multi-family residential properties. Fannie Mae and Freddie Mac are U.S. Government-sponsored entities, or GSEs, but their guarantees are not backed by the full faith and credit of the United States.

Since 2007, Fannie Mae and Freddie Mac have reported substantial losses and a need for substantial amounts of additional capital. In response to the deteriorating financial condition of Fannie Mae and Freddie Mac and the recent credit market disruptions, Congress and the U.S. Treasury have undertaken a series of actions to stabilize these GSEs and the financial markets generally. In September 2008 Fannie Mae and Freddie Mac were placed in federal conservatorship. The problems faced by Fannie Mae and Freddie Mac resulting in their being placed into federal conservatorship have stirred debate among some federal policy makers regarding the continued role of the U.S. Government in providing liquidity for the residential mortgage market. It is possible that each of Fannie Mae and Freddie Mac could be dissolved and the U.S. Government could decide to stop providing liquidity support of any kind to the multi-family residential mortgage market.

The effect of the actions taken by the U.S. Government remain uncertain, and the scope and nature of the actions that the U.S. Government will ultimately undertake are unknown and will continue to evolve. Future legislation could further change the relationship between Fannie Mae and Freddie Mac and the U.S. Government, and could also nationalize or eliminate such GSEs entirely. Any law affecting these GSEs may create market uncertainty and have the effect of reducing the credit available for financing multi-family residential properties. The loss or reduction of this important source of credit would be likely to result in higher loan costs for us, and could result in inability to borrow or refinance maturing debt, all of which could materially adversely affect our business, operations and financial condition.

Use of Proceeds

We estimate that the net proceeds from the sale of our common shares in this offering will be approximately $24,695,000, or approximately $28,414,250 if the underwriters exercise their over-allotment option in full. "Net proceeds" is what we expect to receive after deducting the underwriting discount and our estimated expenses. We currently plan to contribute the net proceeds of this offering to our operating partnership, IRET Properties, to use for general business purposes, including the acquisition, development, renovation, expansion or improvement of income-producing real estate properties and debt repayment. Pending such use, the net proceeds may be invested in short-term income-producing investments, such as U.S. treasury bonds with terms of six months or less.

Capitalization

The following table sets forth our capitalization as of January 31, 2009 on an actual basis, and on a pro forma basis to give effect to our receipt of approximately $24,695,000 in estimated net proceeds from our sale of 3,000,000 common shares in this offering. This table should be read in conjunction with the consolidated financial statements and related notes and Management's Discussion and Analysis of Financial Condition and Results of Operations in the documents filed with the SEC that are incorporated by reference into this prospectus supplement.

	January 31, 2009	
	Actual Consolidated	Pro Forma Consolidated
	(in thousands)	
Debt:		
Mortgages payable	$ 1,068,127	$ 1,068,127
Other	10,136	10,136
Total Debt	1,078,263	1,078,263
Shareholders' equity:		
Preferred Shares of Beneficial Interest (Cumulative redeemable preferred shares, no par value, 1,150,000 shares issued and outstanding at January 31, 2009 and April 30, 2008, aggregate liquidation preference of $28,750,000)	27,317	27,317
Common Shares of Beneficial Interest (Unlimited authorization, no par value, 59,127,397 shares issued and outstanding at January 31, 2009)(1)	452,440	477,135
Accumulated distributions in excess of net income	(147,573)	(147,573)
Total shareholders' equity	332,184	356,879
Total capitalization	$ 1,410,447	$ 1,435,142

1) Does not include up to 20,838,197 common shares issuable upon exchange of outstanding limited partnership units of our operating partnership.

Ratio of Earnings to Fixed Charges and
Earnings to Combined Fixed Charges
and Preferred Share Dividends

The following table sets forth our ratios of earnings to fixed charges and earnings to combined fixed charges and preferred share dividends for the periods indicated. The ratio of earnings to fixed charges was computed by dividing earnings by our fixed charges. The ratio of earnings to combined fixed charges and preferred share dividends was computed by dividing earnings by our combined fixed charges and preferred share dividends. For purposes of calculating these ratios, earnings consist of income from continuing operations before minority interest plus fixed charges. Fixed charges consist of interest charges on all indebtedness, whether expensed or capitalized, the interest component of rental expense and the amortization of debt discounts and issue costs, whether expensed or capitalized. Preferred share dividends consist of dividends on our Series A preferred shares.

	Fiscal Year ended April 30,					Nine Months ended January 31,
	2008	2007	2006	2005	2004	2009
Consolidated ratio of earnings to fixed charges	1.23x	1.24x	1.21x	1.20x	1.23x	1.13x
Consolidated ratio of earnings to combined fixed charges and preferred share dividends	1.19x	1.19x	1.16x	1.14x	1.23x	1.10x

Additional Material Federal Income Tax Considerations

The following discussion supplements the discussion under the heading “Material Federal Income Tax Considerations” in the accompanying prospectus. The following is a summary of certain additional material federal income tax considerations with respect to the acquisition, ownership and disposition of our common shares.

You should consult your own tax advisor regarding the specific tax consequences of the acquisition, ownership and disposition of our common shares.

Federal Income Taxation of Investors Real Estate Trust

We elected to be taxed as a REIT under the federal income tax laws commencing with our taxable year ended April 30, 1971. In the opinion of Hunton & Williams LLP, we qualified to be taxed as a REIT under the federal income tax laws for our taxable years ended April 30, 2006 through April 30, 2008, and our organization and current and proposed method of operation will enable us to continue to qualify as a REIT for our taxable year ended April 30, 2009 and in the future. You should be aware that Hunton & Williams LLP’s opinion is based on existing federal income tax law governing qualification as a REIT, which is subject to change, possibly on a retroactive basis, is not binding on the Internal Revenue Service, or IRS, or any court and speaks as of the date issued. In addition, Hunton & Williams LLP’s opinion is based on customary assumptions and is conditioned upon certain representations made by us as to factual matters, including representations regarding the nature of our assets and the future conduct of our business. Moreover, our continued qualification and taxation as a REIT depends on our ability to meet, on a continuing basis, through actual operating results, certain qualification tests in the federal income tax laws. Those qualification tests involve the percentage of our income that we earn from specified sources, the percentages of our assets that fall within specified categories, the diversity of share ownership and the percentage of earnings that we distribute. While Hunton & Williams LLP has reviewed those matters in connection with its opinion, Hunton & Williams LLP will not review our compliance with those tests on a continuing basis. Accordingly, no assurance can be given that the actual results of our operations for any particular taxable year will satisfy such requirements. For a discussion of the tax consequences of the failure to qualify as a REIT, see “Material Federal Income Tax Considerations—Federal Income Taxation of Investors Real Estate Trust—Failure to Qualify” in the accompanying prospectus.

Annual Distribution Requirements

The IRS recently issued Revenue Procedure 2009-15, which permits publicly-traded REITs to satisfy the annual distribution requirements by paying taxable dividends of cash and shares of stock or beneficial interest, at the election of each shareholder, for taxable years ending on or before December 31, 2009. Under Revenue Procedure 2009-15, up to 90% of any such taxable dividend could be payable in shares of stock or beneficial interests. Taxable shareholders receiving such dividends would be required to include the full amount of the dividend as ordinary income to the extent of current and accumulated earnings and profits for federal income tax purposes. As a result, a U.S. shareholder receiving such dividends may be required to pay income taxes with respect to such dividends in excess of the cash dividends received. If a U.S. shareholder sells the shares it receives as a dividend in order to pay this tax, the sales proceeds may be less than the amount included in income with respect to the dividend, depending on the market price of the shares at the time of distribution and the amount received upon sale of the shares. Furthermore, withholding of U.S. tax on such dividends paid to non-U.S. shareholders may be required. With respect to a shareholder who receives all or a portion of a dividend in common shares, such shareholder would have a tax basis in such shares equal to the amount of cash that could have been received instead of such shares as described above, and the holding period in such shares would begin on the day following the payment date of the dividend. We currently do not intend to make taxable distributions of our common shares or other securities in order to satisfy the annual distribution requirements. See “Material Federal Income Tax Considerations—Federal Income Taxation of

Investors Real Estate Trust—Annual Distribution Requirements" in the accompanying prospectus.

Underwriting

Robert W. Baird & Co. Incorporated is acting as representative of the underwriters named below. Subject to the terms and conditions stated in the underwriting agreement dated the date of this prospectus supplement, each underwriter named below has agreed to purchase, and we have agreed to sell to that underwriter, the number of common shares set forth opposite the underwriter's name.

Underwriter	Number of Shares
Robert W. Baird & Co. Incorporated	1,950,000
D.A. Davidson & Co.	750,000
J.J.B. Hilliard, W.L. Lyons, LLC	