BANK OF MONTREAL /CAN/
Form 424B2
November 29, 2018

Registration Statement No. 333-217200

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Pricing Supplement dated November 27, 2018 to the Prospectus dated April 27, 2017, the Prospectus Supplement dated September 23, 2018 and the Product Supplement dated May 1, 2017

US$1,683,000

Senior Medium-Term Notes, Series E

Buffered Bullish Enhanced Return Notes due May 29, 2020

Linked to the NASDAQ 100® Index

- The notes are designed for investors who seek a 150% leveraged positive return based on any appreciation in the level of the NASDAQ 100® Index (the "Underlying Asset"). Investors should be willing to accept a payment at maturity that does not exceed the Maximum Redemption Amount (as defined below), be willing to forgo periodic interest, and be willing to lose 1% of their principal amount for each 1% that the level of the Underlying Asset decreases by more than 10% from its level on the pricing date.
- Investors in the notes may lose up to 90% of their principal amount at maturity.
- The Maximum Redemption Amount is $1,173.00 for each $1,000 in principal amount (a 17.30% return).
- Any payment at maturity is subject to the credit risk of Bank of Montreal.

- The notes do not bear interest. The notes will not be listed on any securities exchange.
- The notes will be issued in minimum denominations of $1,000 and integral multiples of $1,000.
- The offering priced on November 27, 2018, and the notes will settle through the facilities of The Depository Trust Company on November 30, 2018.
- The notes are scheduled to mature on May 29, 2020.
- The CUSIP number of the notes is 06367WEX7.
- Our subsidiary, BMO Capital Markets Corp. (“BMOCM”), is the agent for this offering. See “Supplemental Plan of Distribution (Conflicts of Interest)” below.
- The notes will not be subject to conversion into our common shares or the common shares of any of our affiliates under subsection 39.2(2.3) of the Canada Deposit Insurance Corporation Act (the “CDIC Act”).

Investing in the notes involves risks, including those described in the “Selected Risk Considerations” section beginning on page P-4 of this pricing supplement, the “Additional Risk Factors Relating to the Notes” section beginning on page PS-5 of the product supplement, and the “Risk Factors” section beginning on page S-1 of the prospectus supplement and on page 8 of the prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these notes or passed upon the accuracy of this pricing supplement, the product supplement, the prospectus supplement or the prospectus. Any representation to the contrary is a criminal offense.

The notes will be our unsecured obligations and will not be savings accounts or deposits that are insured by the United States Federal Deposit Insurance Corporation, the Deposit Insurance Fund, the Canada Deposit Insurance Corporation or any other governmental agency or instrumentality or other entity.

On the date of this pricing supplement, the estimated initial value of the notes is $976.90 per $1,000 in principal amount. As discussed in more detail in this pricing supplement, the actual value of the notes at any time will reflect many factors and cannot be predicted with accuracy.

	Price to Public[1]	Agent’s Commission[1]	Proceeds to Bank of Montreal
Per Note	100% US$1,000	0.60% US$6.00	99.40% US$994.00
Total	US$1,683,000	US$10,098	US$1,672,902

[1] Certain dealers who purchased the notes for sale to certain fee-based advisory accounts may have foregone some or all of their selling concessions, fees or commissions. The public offering price for investors purchasing the notes in

these accounts was between $994.00 and $1,000 per $1,000 in principal amount.

BMO CAPITAL MARKETS

Key Terms of the Notes:

Underlying Asset:	The NASDAQ 100® Index (Bloomberg symbol: NDX). See the section below entitled "The Underlying Asset" for additional information about the Underlying Asset.
Payment at Maturity:	(i) If the Percentage Change multiplied by the Upside Leverage Factor is greater than or equal to the Maximum Return, the payment at maturity for each $1,000 in principal amount of the notes will equal the Maximum Redemption Amount. (ii) If the Percentage Change multiplied by the Upside Leverage Factor is positive but is less than the Maximum Return, then the payment at maturity for each $1,000 in principal amount of the notes will be calculated as follows: Principal Amount + [Principal Amount × (Percentage Change x Upside Leverage Factor)] (iii) If the Percentage Change is between 0% and -10% inclusive, then the payment at maturity will equal the principal amount of the notes. (iv) If the Percentage Change is less than -10%, then the payment at maturity will be calculated as follows: Principal Amount + [Principal Amount × (Percentage Change + Buffer Percentage)] *If the Percentage Change is less than -10%, investors will lose up to 90% of the principal amount of the notes.*
Upside Leverage Factor:	150%
Maximum Return:	17.30%
Maximum Redemption Amount:	The payment at maturity will not exceed the Maximum Redemption Amount of $1,173.00 per $1,000 in principal amount of the notes.
Initial Level:	6,701.036, which was the closing level of the Underlying Asset on the pricing date.

Final Level:	The closing level of the Underlying Asset on the valuation date.
Buffer Level:	6,030.932, which is 90% of the Initial Level (rounded to three decimal places).
Buffer Percentage:	10%. Accordingly, you will receive the principal amount of your notes at maturity only if the level of the Underlying Asset does not decrease by more than 10%. If the Final Level is less than the Buffer Level, you will receive less than the principal amount of your notes at maturity, and you could lose up to 90% of the principal amount of your notes.
Percentage Change:	$\frac{\text{Final Level} - \text{Initial Level}}{\text{Initial Level}}$, expressed as a percentage.
Pricing Date:	November 27, 2018
Settlement Date:	November 30, 2018
Valuation Date:	May 26, 2020
Maturity Date:	May 29, 2020
Automatic Redemption:	Not applicable.
Calculation Agent:	BMOCM
Selling Agent:	BMOCM

Payoff Example

The following table shows the hypothetical payout profile of an investment in the notes reflecting the 150% Upside Leverage Factor, reflecting the Buffer Level of 90%, and the Maximum Return of 17.30%. Please see the hypothetical examples below for more detailed examples.

Additional Terms of the Notes

You should read this pricing supplement together with the product supplement dated May 1, 2017, the prospectus supplement dated September 23, 2018 and the prospectus dated April 27, 2017. **This pricing supplement, together with the documents listed below, contains the terms of the notes and supersedes all other prior or contemporaneous oral statements as well as any other written materials including preliminary or indicative pricing terms, correspondence, trade ideas, structures for implementation, sample structures, fact sheets, brochures or other educational materials of ours or the agent.** You should carefully consider, among other things, the matters set forth in “Additional Risk Factors Relating to the Notes” in the product supplement, as the notes involve risks not associated with conventional debt securities. We urge you to consult your investment, legal, tax, accounting and other advisers before you invest in the notes.

You may access these documents on the SEC website at www.sec.gov as follows (or if such address has changed, by reviewing our filings for the relevant date on the SEC website):

- Product supplement dated May 1, 2017: http://www.sec.gov/Archives/edgar/data/927971/000121465917002865/c427172424b5.htm

- Prospectus supplement dated September 23, 2018: http://www.sec.gov/Archives/edgar/data/927971/000119312518280416/d624491d424b5.htm

- Prospectus dated April 27, 2017: http://www.sec.gov/Archives/edgar/data/927971/000119312517142728/d254784d424b2.htm

Please note that references in the product supplement to the prospectus supplement will be deemed to refer to the prospectus supplement dated September 23, 2018.

Our Central Index Key, or CIK, on the SEC website is 927971. As used in this pricing supplement, “we,” “us” or “our” refers to Bank of Montreal.

Selected Risk Considerations

An investment in the notes involves significant risks. Investing in the notes is not equivalent to investing directly in the Underlying Asset. These risks are explained in more detail in the "Additional Risk Factors Relating to the Notes" section of the product supplement.

- **Your investment in the notes may result in a loss.** — You may lose some or substantially all of your investment in the notes. The minimum percentage of your principal that you are entitled to receive under the terms of the notes is only 10.00%. The payment at maturity will be based on the Final Level, and whether the Final Level of the Underlying Asset on the valuation date has declined from the Initial Level to a level that is less than the Buffer Level. You will lose 1.00% of the principal amount of your notes for each 1.00% that the Final Level is less than the Buffer Level. **Accordingly, you could lose up to 90.00% of the principal amount of the notes.**

- **Your return on the notes is limited to the Maximum Redemption Amount, regardless of any appreciation in the level of the Underlying Asset.** — You will not receive a payment at maturity with a value greater than the Maximum Redemption Amount per $1,000 in principal amount of the notes. This will be the case even if the Percentage Change multiplied by the Upside Leverage Factor exceeds the Maximum Return.

- **Your investment is subject to the credit risk of Bank of Montreal.** — Our credit ratings and credit spreads may adversely affect the market value of the notes. Investors are dependent on our ability to pay the amount due at maturity, and therefore investors are subject to our credit risk and to changes in the market's view of our creditworthiness. Any decline in our credit ratings or increase in the credit spreads charged by the market for taking our credit risk is likely to adversely affect the value of the notes.

- **Potential conflicts.** — We and our affiliates play a variety of roles in connection with the issuance of the notes, including acting as calculation agent. In performing these duties, the economic interests of the calculation agent and other affiliates of ours are potentially adverse to your interests as an investor in the notes. We or one or more of our affiliates may also engage in trading securities included in the Underlying Asset on a regular basis as part of our general broker-dealer and other businesses, for proprietary accounts, for other accounts under management or to facilitate transactions for our customers. Any of these activities could adversely affect the level of the Underlying Asset and, therefore, the market value of the notes. We or one or more of our affiliates may also issue or underwrite other securities or financial or derivative instruments with returns linked or related to changes in the performance of the Underlying Asset. By introducing competing products into the marketplace in this manner, we or one or more of our affiliates could adversely affect the market value of the notes.

- **Our initial estimated value of the notes is lower than the price to public. —** Our initial estimated value of the notes is only an estimate, and is based on a number of factors. The price to public of the notes exceeds our initial estimated value, because costs associated with offering, structuring and hedging the notes are included in the price to public, but are not included in the estimated value. These costs include the

underwriting discount and selling concessions, the profits that we and our affiliates expect to realize for assuming the risks in hedging our obligations under the notes and the estimated cost of hedging these obligations.

Our initial estimated value does not represent any future value of the notes, and may also differ from the estimated value of any other party. — Our initial estimated value of the notes as of the date of this pricing supplement is derived using our internal pricing models. This value is based on market conditions and other relevant factors, which include volatility of the Underlying Asset, dividend rates and interest rates. Different pricing models and assumptions could provide values for the notes that are greater than or less than our initial estimated value. In addition, market conditions and other relevant factors after the pricing date are expected to change, possibly rapidly, and our assumptions may prove to be incorrect. After the pricing date, the value of the notes could change dramatically due to changes in market conditions, our creditworthiness, and the other factors set forth in this pricing supplement and the product supplement. These changes are likely to impact the price, if any, at which we or BMOCM would be willing to purchase the notes from you in any secondary market transactions. Our initial estimated value does not represent a minimum price at which we or our affiliates would be willing to buy your notes in any secondary market at any time.

The terms of the notes were not determined by reference to the credit spreads for our conventional fixed-rate debt. — To determine the terms of the notes, we used an internal funding rate that represents a discount from the credit spreads for our conventional fixed-rate debt. As a result, the terms of the notes are less favorable to you than if we had used a higher funding rate.

Certain costs are likely to adversely affect the value of the notes. — Absent any changes in market conditions, any secondary market prices of the notes will likely be lower than the price to public. This is because any secondary market prices will likely take into account our then-current market credit spreads, and because any secondary market prices are likely to exclude all or a portion of the underwriting discount and selling concessions, and the hedging profits and estimated hedging costs that are included in the price to public of the notes and that may be reflected on your account statements. In addition, any such price is also likely to reflect a discount to account for costs associated with establishing or unwinding any related hedge transaction, such as dealer discounts, mark-ups and other transaction costs. As a result, the price, if any, at which BMOCM or any other party may be willing to purchase the notes from you in secondary market transactions, if at all, will likely be lower than the price to public. Any sale that you make prior to the maturity date could result in a substantial loss to you.

- **You will not have any shareholder rights and will have no right to receive any shares of any company included in the Underlying Asset at maturity.** — Investing in your notes will not make you a holder of any shares of any company included in the Underlying Asset. Neither you nor any other holder or owner of the notes will have any voting rights, any right to receive dividends or other distributions or any other rights with respect to those securities.

- **Changes that affect the Underlying Asset will affect the market value of the notes and the amount you will receive at maturity.** — The policies of NASDAQ OMX Group, Inc. ("NASDAQ"), the sponsor of the Underlying Asset, concerning the calculation of the Underlying Asset, additions, deletions or substitutions of the components of the Underlying Asset and the manner in which changes affecting those components, such as stock dividends, reorganizations or mergers, may be reflected in the Underlying Asset and, therefore, could affect the level of the Underlying Asset, the amount payable on the notes at maturity, and the market value of the notes prior to maturity. The amount payable on the notes and their market value could also be affected if NADSAQ changes these policies, for example, by changing the manner in which it calculates the Underlying Asset, or if NASDAQ discontinues or suspends the calculation or publication of the Underlying Asset.

- **We have no affiliation with NASDAQ and will not be responsible for any actions taken by NASDAQ.** — NASDAQ is not an affiliate of ours and will not be involved in the offering of the notes in any way. Consequently, we have no control over the actions of NASDAQ, including any actions of the type that would require the calculation agent to adjust the payment to you at maturity. NASDAQ has no obligation of any sort with respect to the notes. Thus, NASDAQ has no obligation to take your interests into consideration for any reason, including in taking any actions that might affect the value of the notes. None of our proceeds from the issuance of the notes will be delivered to NASDAQ.

- **An investment in the notes is subject to risks associated with foreign securities markets.** — The NDX tracks the value of certain foreign equity securities. You should be aware that investments in securities linked to the value of foreign equity securities involve particular risks. The foreign securities markets comprising the NDX may have less liquidity and may be more volatile than U.S. or other securities markets and market developments may affect foreign markets differently from U.S. or other securities markets. Direct or indirect government intervention to stabilize these foreign securities markets, as well as cross-shareholdings in foreign companies, may affect trading prices and volumes in these markets. Also, there is generally less publicly available information about foreign companies than about those U.S. companies that are subject to the reporting requirements of the U.S. Securities and Exchange Commission, and foreign companies are subject to accounting, auditing and financial reporting standards and requirements that differ from those applicable to U.S. reporting companies.

Prices of securities in foreign countries are subject to political, economic, financial and social factors that apply in those geographical regions. These factors, which could negatively affect those securities markets, include the possibility of recent or future changes in a foreign government's economic and fiscal policies, the possible imposition of, or changes in, currency exchange laws or other laws or restrictions applicable to foreign companies or investments in foreign equity securities and the possibility of fluctuations in the rate of exchange between currencies, the possibility of outbreaks of hostility and political instability and the possibility of natural disaster or adverse public health developments in the region. Moreover, foreign economies may differ favorably or unfavorably from the U.S. economy in important respects such as growth of gross national product, rate of inflation, capital reinvestment, resources and self-sufficiency.

- **Lack of liquidity.** — The notes will not be listed on any securities exchange. BMOCM may offer to purchase the notes in the secondary market, but is not required to do so. Even if there is a secondary market, it may not provide enough liquidity to allow you to trade or sell the notes easily. Because other dealers are not likely to make a secondary market for the notes, the price at which you may be able to trade the notes is likely to depend on the price, if any, at which BMOCM is willing to buy the notes.

- **Hedging and trading activities.** — We or any of our affiliates may have carried out or may carry out hedging activities related to the notes, including purchasing or selling securities included in the Underlying Asset, or futures or options relating to the Underlying Asset, or other derivative instruments with returns linked or related to changes in the performance of the Underlying Asset. We or our affiliates may also engage in trading relating to the Underlying Asset from time to time. Any of these hedging or trading activities on or prior to the pricing date and during the term of the notes could adversely affect our payment to you at maturity.

- **Many economic and market factors will influence the value of the notes.** — In addition to the level of the Underlying Asset and interest rates on any trading day, the value of the notes will be affected by a number of economic and market factors that may either offset or magnify each other, and which are described in more detail in the product supplement.

- **You must rely on your own evaluation of the merits of an investment linked to the Underlying Asset.** — In the ordinary course of their businesses, our affiliates from time to time may express views on expected movements in the level of the Underlying Asset or the prices of the securities included in the Underlying Asset. One or more of our affiliates have published, and in the future may publish, research reports that express views on the Underlying Asset or these securities. However, these views are subject to change from time to time. Moreover, other professionals who deal in the markets relating to the Underlying Asset at any time may have significantly different views from those of our affiliates. You are encouraged to derive information concerning the Underlying Asset from multiple sources, and you should not rely on the views expressed by our affiliates.

Neither the offering of the notes nor any views which our affiliates from time to time may express in the ordinary course of their businesses constitutes a recommendation as to the merits of an investment in the notes.

- **Significant aspects of the tax treatment of the notes are uncertain.** — The tax treatment of the notes is uncertain. We do not plan to request a ruling from the Internal Revenue Service or from any Canadian authorities regarding the tax treatment of the notes, and the Internal Revenue Service or a court may not agree with the tax treatment described in this pricing supplement.

The Internal Revenue Service has issued a notice indicating that it and the Treasury Department are actively considering whether, among other issues, a holder should be required to accrue interest over the term of an instrument such as the notes even though that holder will not receive any payments with respect to the notes until maturity and whether all or part of the gain a holder may recognize upon sale or maturity of an instrument such as the notes could be treated as ordinary income. The outcome of this process is uncertain and could apply on a retroactive basis.

Please read carefully the section entitled "U.S. Federal Tax Information" in this pricing supplement, the section entitled "Supplemental Tax Considerations—Supplemental U.S. Federal Income Tax Considerations" in the accompanying product supplement, the section entitled "United States Federal Income Taxation" in the accompanying prospectus and the section entitled "Certain Income Tax Consequences" in the accompanying prospectus supplement. You should consult your tax advisor about your own tax situation.

Hypothetical Return on the Notes at Maturity

The following table and examples illustrate the hypothetical return at maturity on a $1,000 investment in the notes. The "return," as used in this section is the number, expressed as a percentage, which results from comparing the payment at maturity per $1,000 in principal amount of the notes to $1,000. The hypothetical total returns set forth below are based on a hypothetical Initial Level of 1,000.00, the Buffer Percentage of 10% (the Buffer Level is 90.00% of the Initial Level), the Upside Leverage Factor of 150%, the Maximum Return of 17.30% and the Maximum Redemption Amount of $1,173.00. The hypothetical returns set forth below are for illustrative purposes only and may not be the actual returns applicable to investors in the notes. The numbers appearing in the following table and in the examples below have been rounded for ease of analysis.

Hypothetical Final Level	Hypothetical Percentage Change	Hypothetical Return on the Notes
2,000.00	100.000%	17.30%
1,500.00	50.000%	17.30%
1,250.00	25.000%	17.30%
1,200.00	20.000%	17.30%
1,150.00	15.000%	17.30%
1,115.33	11.533%	17.30%
1,050.00	5.000%	7.50%
1,020.00	2.000%	3.00%
1,000.00	0.000%	0.00%
900.00	-10.000%	0.00%
800.00	-20.000%	-10.00%
700.00	-30.000%	-20.00%
500.00	-50.000%	-40.00%
300.00	-70.000%	-60.00%
0.00	-100.000%	-90.00%

Hypothetical Examples of Amounts Payable at Maturity

The following examples illustrate how the returns set forth in the table above are calculated.

Example 1: The level of the Underlying Asset decreases from the hypothetical Initial Level of 1,000.00 to a hypothetical Final Level of 500.00, representing a Percentage Change of -50%. Because the Percentage Change is negative and the hypothetical Final Level of 500.00 is less than the Initial Level by more than the Buffer Percentage of 10%, the investor receives a payment at maturity of $600 per $1,000 in principal amount of the notes, calculated as follows:

$1,000 + [$1,000 x (-50% + 10%)] = $600

Example 2: The level of the Underlying Asset decreases from the hypothetical Initial Level of 1,000.00 to a hypothetical Final Level of 900.00, representing a Percentage Change of -10%. Although the Percentage Change is negative, because the hypothetical Final Level of 900.00 is less than the Initial Level by not more than the Buffer Percentage of 10%, the investor receives a payment at maturity of $1,000 per $1,000 in principal amount of the notes.

Example 3: The level of the Underlying Asset increases from the hypothetical Initial Level of 1,000.00 to a hypothetical Final Level of 1,020.00, representing a Percentage Change of 2%. Because the hypothetical Final Level of 1,020.00 is greater than the Initial Level and the Percentage Change of 2% multiplied by the Upside Leverage Factor of 150% does not exceed the Maximum Return of 17.30%, the investor receives a payment at maturity of $1,030 per $1,000 in principal amount of the notes, calculated as follows:

$1,000 + [$1,000 x (2% x 150%)] = $1,030

Example 4: The level of the Underlying Asset increases from the hypothetical Initial Level of 1,000.00 to a hypothetical Final Level of 1,500.00, representing a Percentage Change of 50%. Because the hypothetical Final Level of 1,500.00 is greater than the Initial Level and the Percentage Change of 50% multiplied by the Upside Leverage Factor of 150% exceeds the Maximum Return of 17.30%, the investor receives a payment at maturity of $1,173.00 per $1,000 in principal amount of the notes, the Maximum Redemption Amount.

U.S. Federal Tax Information

By purchasing the notes, each holder agrees (in the absence of a change in law, an administrative determination or a judicial ruling to the contrary) to treat each note as a pre-paid cash-settled derivative contract for U.S. federal income tax purposes. However, the U.S. federal income tax consequences of your investment in the notes are uncertain and the Internal Revenue Service could assert that the notes should be taxed in a manner that is different from that described in the preceding sentence. Please see the discussion (including the opinion of our counsel Morrison & Foerster LLP) in the product supplement under "Supplemental Tax Considerations—Supplemental U.S. Federal Income Tax Considerations," which applies to the notes, except that the following disclosure supplements, and to the extent inconsistent supersedes, the discussion in the product supplement. The discussions below and in the accompanying product supplement do not apply to holders subject to special rules including holders subject to Section 451(b) of the Code.

Under current Internal Revenue Service guidance, withholding on "dividend equivalent" payments (as discussed in the product supplement), if any, will not apply to notes that are issued as of the date of this pricing supplement unless such notes are "delta-one" instruments. Based on our determination that the notes are not delta-one instruments, non-U.S. holders should not generally be subject to withholding on dividend equivalent payments, if any, under the notes.

Supplemental Plan of Distribution (Conflicts of Interest)

BMOCM will purchase the notes from us at a purchase price reflecting the commission set forth on the cover page of this pricing supplement. BMOCM has informed us that, as part of its distribution of the notes, it will reoffer the notes to other dealers who will sell them. Each such dealer, or each additional dealer engaged by a dealer to whom BMOCM reoffers the notes, will receive a commission from BMOCM, which will not exceed the commission set forth on the cover page. This commission includes a selling concession of up to 1.60% of the principal amount that we or one of our affiliates will pay to one or more dealers in connection with the distribution of the notes.

Certain dealers who purchase the notes for sale to certain fee-based advisory accounts may forego some or all of their selling concessions, fees or commissions. The public offering price for investors purchasing the notes in these accounts may be less than 100% of the principal amount, as set forth on the cover page of this document. Investors that hold their notes in these accounts may be charged fees by the investment advisor or manager of that account based on the amount of assets held in those accounts, including the notes.

We will deliver the notes on a date that is greater than two business days following the pricing date. Under Rule 15c6-1 of the Securities Exchange Act of 1934, trades in the secondary market generally are required to settle in two business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade the notes more than two business days prior to the issue date will be required to specify alternative settlement arrangements to prevent a failed settlement.

We own, directly or indirectly, all of the outstanding equity securities of BMOCM, the agent for this offering. In accordance with FINRA Rule 5121, BMOCM may not make sales in this offering to any of its discretionary accounts without the prior written approval of the customer.

You should not construe the offering of the notes as a recommendation of the merits of acquiring an investment linked to the Underlying Asset or as to the suitability of an investment in the notes.

BMOCM may, but is not obligated to, make a market in the notes. BMOCM will determine any secondary market prices that it is prepared to offer in its sole discretion.

We may use this pricing supplement in the initial sale of the notes. In addition, BMOCM or another of our affiliates may use this pricing supplement in market-making transactions in any notes after their initial sale. Unless BMOCM or we inform you otherwise in the confirmation of sale, this pricing supplement is being used by BMOCM in a market-making transaction.

For a period of approximately three months following issuance of the notes, the price, if any, at which we or our affiliates would be willing to buy the notes from investors, and the value that BMOCM may also publish for the notes through one or more financial information vendors and which could be indicated for the notes on any brokerage account statements, will reflect a temporary upward adjustment from our estimated value of the notes that would otherwise be determined at that time. This temporary upward adjustment represents a portion of (a) the hedging profit that we or our affiliates expect to realize over the term of the notes and (b) the underwriting discount and selling concessions paid in connection with this offering. The amount of this temporary upward adjustment will decline to zero on a straight-line basis over the three-month period.

No Prospectus (as defined in Directive 2003/71/EC (as amended, the “Prospectus Directive”)) will be prepared in connection with the notes. Accordingly, the notes may not be offered to the public in any member state of the European Economic Area (the “EEA”), and any purchaser of the notes who subsequently sells any of the notes in any EEA member state must do so only in accordance with the requirements of the Prospectus Directive, as implemented in that member state.

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The notes are not intended to be offered, sold or otherwise made available to, and should not be offered, sold or otherwise made available to, any retail investor in the EEA. For these purposes, the expression “offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the notes to be offered so as to enable an investor to decide to purchase or subscribe the notes, and a “retail investor” means a person who is one (or more) of: (a) a retail client, as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “MiFID II”); or (b) a customer, within the meaning of Insurance Distribution Directive 2016/97/EU, as amended, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (c) not a qualified investor as defined in the Prospectus Directive. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the “PRIIPs Regulation”) for offering or selling the notes or otherwise making them available to retail investors in the EEA has been prepared, and therefore, offering or selling the notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

Additional Information Relating to the Estimated Initial Value of the Notes

Our estimated initial value of the notes on the date of this pricing supplement equals the sum of the values of the following hypothetical components:

· a fixed-income debt component with the same tenor as the notes, valued using our internal funding rate for structured notes; and

· one or more derivative transactions relating to the economic terms of the notes.

The internal funding rate used in the determination of the initial estimated value generally represents a discount from the credit spreads for our conventional fixed-rate debt. The value of these derivative transactions are derived from our internal pricing models. These models are based on factors such as the traded market prices of comparable derivative instruments and on other inputs, which include volatility, dividend rates, interest rates and other factors. As a result, the estimated initial value of the notes on the pricing date was determined based on market conditions on the pricing date.

The Underlying Asset

The Nasdaq-100 Index (the "NDX") includes 100 of the largest U.S. and non-U.S. non-financial companies listed on The Nasdaq Stock Market based on market capitalization. The NDX reflects companies across major industry groups, including computer hardware and software, telecommunications, retail/wholesale trade and biotechnology. It does not contain securities of financial companies such as investment companies.

The NDX is calculated under a modified capitalization-weighted methodology. The methodology is expected to retain in general the economic attributes of capitalization-weighting while providing enhanced diversification. To accomplish this, Nasdaq will review the composition of the index on a quarterly basis and adjust the weightings of NDX components using a proprietary algorithm, if certain pre-established weight distribution requirements are not met. Additional information relating to the NDX and its method of calculation may be found on Nasdaq's website. However, information on that website is not deemed to be included or incorporated by reference in this document.

We encourage you to review recent levels of the NDX prior to making an investment decision.

Initial Eligibility Criteria

To be eligible for initial inclusion in the NDX, a security must meet the following criteria:

- the issuer of the security's primary U.S. listing must be exclusively listed on the Nasdaq Global Select Market or the Nasdaq Global Market (unless the security was dually listed on another U.S. market prior to January 1, 2004 and has continuously maintained such listing);
- the security must be issued by a non-financial company, as defined in the Nasdaq rules;
- the security may not be issued by an issuer currently in bankruptcy proceedings;
- a security must have average daily trading volume of at least 200,000 shares (measured annually during the ranking review process);
- if the issuer of the security is organized under the laws of a jurisdiction outside the U.S., then such security must have listed options on a recognized options market in the U.S. or be eligible for listed-options trading on a recognized options market in the U.S. (measured annually during the ranking review process);
- the issuer of the security may not have entered into a definitive agreement or other arrangement which would likely result in the security no longer being eligible for inclusion in the NDX;
- the issuer of the security may not have annual financial statements with an audit opinion that is currently withdrawn;
- the security must have "seasoned" on Nasdaq, NYSE or NYSE American. Generally, a company is considered to be seasoned if it has been listed on a market for at least three full months (excluding the first month of initial listing).

Detailed Initial Eligibility Criteria

Listings

For inclusion in the NDX, a security must be listed exclusively on the Nasdaq Global Select Market or Nasdaq Global Market (unless the security was dually listed on another U.S. market prior to January 1, 2004 and has continuously maintained such listing).

Security Types

Security types generally eligible for the NDX include common stocks, ordinary shares, ADRs, and tracking stocks. Security or company types not included in the NDX are closed-end funds, convertible debentures, exchange traded funds, limited liability companies, limited partnership interests, preferred stocks, rights, shares or units of beneficial interest, warrants, units and other derivative securities. The NDX does not contain securities of investment companies.

Market Capitalization

There is no minimum market capitalization requirement. Inclusion will be determined based on the top 100 largest issuers based on market capitalization meeting all other eligibility requirements. Market capitalization is determined by multiplying a security's “last sale price” by its total shares outstanding.

Liquidity

Each security must have a minimum three-month average daily trading volume (ADTV) of 200 thousand shares. The ADTV is determined by the average of the sum product of the security's daily trading volume for each day during the previous three month period.

Security Seasoning Criteria

The security must have been traded for at least full three months, not including month of initial listing, on Nasdaq, NYSE or NYSE American.

Continued Eligibility Criteria

To be eligible for continued inclusion in NDX, a security must meet the following criteria:

- the issuer of the security's primary U.S. listing must be exclusively listed on the Nasdaq Global Select Market or the Nasdaq Global Market
- the security must be issued by a non-financial company;
- the security may not be issued by an issuer currently in bankruptcy proceedings;
- the security must have average daily trading volume of at least 200,000 shares in the previous three month trading period (measured annually during the ranking review process);
- if the issuer of the security is organized under the laws of a jurisdiction outside the U.S., then such security must have listed options on a recognized options market in the U.S. or be eligible for listed-options trading on a recognized options market in the U.S.;
- the issuer must have an adjusted market capitalization equal to or exceeding 0.10% of the aggregate adjusted market capitalization of the NDX at each month-end. In the event a company does not meet this criterion for two consecutive month-ends, it is removed from the NDX, effective after the close of trading on the third Friday of the following month;
- and the issuer of the security may not have annual financial statements with an audit opinion that is currently withdrawn.

For the purposes of the eligibility criteria, if the security is a depositary receipt representing a security of a non-U.S. issuer, then references to the "issuer" are references to the issuer of the underlying security.

Index Evaluation

Except under extraordinary circumstances that may result in an interim evaluation, NDX composition is reviewed on an annual basis as follows. Issuer securities which meet the applicable eligibility criteria are ranked by market value. NDX-eligible securities which are already in the index and whose issuer is ranked in the top 100 eligible companies (based on market capitalization) are retained in the index. An issuer that is ranked 101 to 125 is also retained, provided that such issuer was ranked in the top 100 eligible issuers as of the previous ranking review or was added to the NDX subsequent to the previous ranking review. Issuers not meeting such criteria are replaced. The replacement securities chosen are those NDX-eligible securities not currently in the index whose issuers have the largest market capitalization. The data used in the ranking includes end of October market data and is updated for total shares outstanding submitted in a publicly filed SEC document through the end of November.

Replacements are made effective after the close of trading on the third Friday in December. Moreover, if at any time during the year other than the ranking review, an issuer no longer meets the continued eligibility criteria, or is otherwise determined to have become ineligible for continued inclusion in the Index, it is replaced with the largest market capitalization issuer not currently in the Index and meeting the initial eligibility criteria listed above. Ordinarily, a security will be removed from the Index at its last sale price. If, however, at the time of its removal, the security is halted from trading on its primary listing market and an official closing price cannot readily be determined, the security may, in Nasdaq's discretion, be removed at a zero price. The zero price will be applied to the security after the close of the market but prior to the time the official closing value of the NDX is disseminated.

License Agreement

The notes are not sponsored, endorsed, sold or promoted by Nasdaq, Inc. or its affiliates (NASDAQ, with its affiliates, are referred to as the “**Corporations**”). The Corporations have not passed on the legality or suitability of, or the accuracy or adequacy of descriptions and disclosures relating to, the notes. The Corporations make no representation or warranty, express or implied to the owners of the notes or any member of the public regarding the advisability of investing in securities generally or in the notes particularly, or the ability of the NDX to track general stock market performance. The Corporations' only relationship to the Issuer (“**Licensee**”) is in the licensing of the Nasdaq® the NASDAQ 100® Index, and certain trade names of the Corporations and the use of the NASDAQ 100® Index which is determined, composed and calculated by NASDAQ without regard to Licensee or the notes. NASDAQ has no obligation to take the needs of the Licensee or the owners of the notes into consideration in determining, composing or calculating the NASDAQ 100®Index. The Corporations are not responsible for and have no participated in the determination of the timing of, prices at, or quantities of the notes to be issued or in the determination or calculation of the equation by which the notes is to be converted into cash. The Corporations have no liability in connection with the administration, marketing or trading of the notes.

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Validity of the Notes

In the opinion of Osler, Hoskin & Harcourt LLP, the issue and sale of the notes has been duly authorized by all necessary corporate action of the Bank in conformity with the Senior Indenture, and when this pricing supplement has been attached to, and duly notated on, the master note that represents the notes, the notes will have been validly executed and issued and, to the extent validity of the notes is a matter governed by the laws of the Province of Ontario, or the laws of Canada applicable therein, and will be valid obligations of the Bank, subject to the following limitations (i) the enforceability of the Senior Indenture may be limited by the Canada Deposit Insurance Corporation Act (Canada), the Winding-up and Restructuring Act (Canada) and bankruptcy, insolvency, reorganization, receivership, moratorium, arrangement or winding-up laws or other similar laws affecting the enforcement of creditors' rights generally; (ii) the enforceability of the Senior Indenture may be limited by equitable principles, including the principle that equitable remedies such as specific performance and injunction may only be granted in the discretion of a court of competent jurisdiction; (iii) pursuant to the Currency Act (Canada) a judgment by a Canadian court must be awarded in Canadian currency and that such judgment may be based on a rate of exchange in existence on a day other than the day of payment; and (iv) the enforceability of the Senior Indenture will be subject to the limitations contained in the Limitations Act, 2002 (Ontario), and such counsel expresses no opinion as to whether a court may find any provision of the Senior Debt Indenture to be unenforceable as an attempt to vary or exclude a limitation period under that Act. This opinion is given as of the date hereof and is limited to the laws of the Provinces of Ontario and the federal laws of Canada applicable thereto. In addition, this opinion is subject to customary assumptions about the Trustee's authorization, execution and delivery of the Indenture and the genuineness of signatures and certain factual matters, all as stated in the letter of such counsel dated September 23, 2018, which has been filed as Exhibit 5.3 to Bank of Montreal's Form 6-K filed with the SEC and dated September 23, 2018.

In the opinion of Morrison & Foerster LLP, when the pricing supplement has been attached to, and duly notated on, the master note that represents the notes, and the notes have been issued and sold as contemplated by the prospectus supplement and the prospectus, the notes will be valid, binding and enforceable obligations of Bank of Montreal, entitled to the benefits of the Senior Indenture, subject to applicable bankruptcy, insolvency and similar laws affecting creditors' rights generally, concepts of reasonableness and equitable principles of general applicability (including, without limitation, concepts of good faith, fair dealing and the lack of bad faith). This opinion is given as of the date hereof and is limited to the laws of the State of New York. This opinion is subject to customary assumptions about the Trustee's authorization, execution and delivery of the Senior Indenture and the genuineness of signatures and to such counsel's reliance on the Bank and other sources as to certain factual matters, all as stated in the legal opinion dated September 23, 2018, which has been filed as Exhibit 5.4 to the Bank's Form 6-K dated September 23, 2018.

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Tenant reimbursement	10,728	11,317
TOTAL REVENUE	59,628	59,176
EXPENSES		
Depreciation/amortization related to real estate investments	14,166	13,914
Utilities	3,998	4,054
Maintenance	6,828	6,894
Real estate taxes	7,803	7,824
Insurance	877	451
Property management expenses	5,381	5,090
Administrative expenses	1,952	1,757
Advisory and trustee services	229	212
Other expenses	315	353
Amortization related to non-real estate investments	734	652
TOTAL EXPENSES	42,283	41,201
Interest expense	(15,925)	(16,071)
Interest income	53	54
Other income	100	83
Income from continuing operations before income taxes	1,573	2,041
Income tax expense	0	(19)
Income from continuing operations	1,573	2,022
Income from discontinued operations	0	310
NET INCOME	1,573	2,332
Net income attributable to noncontrolling interests – Operating Partnership	(178)	(370)
Net loss attributable to noncontrolling interests – consolidated real estate entities	26	24
Net income attributable to Investors Real Estate Trust		

	1,421	1,986
Dividends to preferred shareholders	(593)	(593)
NET INCOME AVAILABLE TO COMMON SHAREHOLDERS	$828	$1,393
Earnings per common share from continuing operations – Investors Real Estate Trust – basic and diluted	.01	.02
Earnings per common share from discontinued operations – Investors Real Estate Trust – basic and diluted	.00	.00
NET INCOME PER COMMON SHARE – BASIC AND DILUTED	$.01	$.02
DIVIDENDS PER COMMON SHARE	$.1715	$.1715

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

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INVESTORS REAL ESTATE TRUST AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF EQUITY (unaudited)
for the three months ended July 31, 2011 and 2010

(in thousands)

	NUMBER OF PREFERRED SHARES	PREFERRED SHARES	NUMBER OF COMMON SHARES	COMMON SHARES	ACCUMULATED DISTRIBUTIONS IN EXCESS OF NET INCOME	NONCONTROLLING INTERESTS	TOTAL EQUITY
Balance April 30, 2010	1,150	$ 27,317	75,805	$583,618	$ (201,412)	$ 145,592	$555,115
Net income attributable to Investors Real Estate Trust and nonredeemable noncontrolling interests					1,986	338	2,324
Distributions – common shares and units					(13,036)	(3,514)	(16,550)
Distributions – preferred shares					(593)		(593)
Distribution reinvestment plan			330	2,773			2,773
Shares issued			1,774	14,785			14,785
Redemption of units for common shares			249	1776		(1,776)	0
Adjustments to redeemable noncontrolling interests				393			393
Other				(1)		(300)	(301)
Balance July 31, 2010	1,150	$ 27,317	78,158	$603,344	$ (213,055)	$ 140,340	$557,946
Balance April 30, 2011	1,150	$ 27,317	80,523	$621,936	$ (237,563)	$ 132,600	$544,290
Net income attributable to Investors Real Estate Trust and nonredeemable					1,421	147	1,568

noncontrolling interests							
Distributions – common shares and units					(13,850)	(3,424)	(17,274)
Distributions – preferred shares					(593)		(593)
Distribution reinvestment plan			375	2,950			2,950
Shares issued			253	2,142			2,142
Redemption of units for common shares			109	999		(999)	0
Adjustments to redeemable noncontrolling interests				(298)			(298)
Other			(1)	(7)		(245)	(252)
Balance July 31, 2011	1,150	$ 27,317	81,259	$627,722	$ (250,585)	$ 128,079	$532,533

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

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INVESTORS REAL ESTATE TRUST AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited)
for the three months ended July 31, 2011 and 2010

	(in thousands) Three Months Ended July 31	
	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income	$1,573	$2,332
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	15,301	15,534
Bad debt expense	85	0
Changes in other assets and liabilities:		
Increase in receivable arising from straight-lining of rents	(419)	(453)
Increase in accounts receivable	(148)	(913)
Decrease (increase) in prepaid and other assets	354	(1,843)
Increase in tax, insurance and other escrow	(366)	(1,090)
Increase in deferred charges and leasing costs	(1,302)	(1,387)
Decrease in accounts payable, accrued expenses, and other liabilities	(4,733)	(3,570)
Net cash provided by operating activities	10,345	8,610
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from real estate deposits	381	433
Payments for real estate deposits	(510)	(219)
Increase in other investments	(2)	0
Decrease in lender holdbacks for improvements	436	0
Proceeds from sale of real estate and other investments	4	0
Insurance proceeds received	50	3
Payments for acquisitions and improvements of real estate investments	(12,240)	(8,887)
Net cash used by investing activities	(11,881)	(8,670)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from mortgages payable	21,445	12,975
Principal payments on mortgages payable	(14,286)	(11,468)
Principal payments on revolving lines of credit and other debt	0	(22)
Proceeds from revolving lines of credit and other debt	4,000	0
Principal payments on notes payable	(10)	0
Proceeds from sale of common shares, net of issue costs	1,699	14,532
Repurchase of fractional shares and partnership units	(7)	(1)
Distributions paid to common shareholders, net of reinvestment of $2,742 and $2,589, respectively	(11,108)	(10,447)
Distributions paid to preferred shareholders	(593)	(593)
Distributions paid to noncontrolling interests – Unitholders of the Operating Partnership, net of reinvestment of $208 and $184, respectively	(3,216)	(3,330)
Distributions paid to noncontrolling interests – consolidated real estate entities	(245)	(300)
Distributions paid to redeemable noncontrolling interests – consolidated real estate entities	(27)	0
Net cash (used) provided by financing activities	(2,348)	1,346
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(3,884)	1,286
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	41,191	54,791
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$37,307	$56,077

(continued)

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INVESTORS REAL ESTATE TRUST AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited, continued)
for the three months ended July 31, 2011 and 2010

	(in thousands) Three Months Ended July 31	
	2011	2010
SUPPLEMENTARY SCHEDULE OF NON-CASH INVESTING AND FINANCING ACTIVITIES FOR THE PERIOD		
Distribution reinvestment plan	$ 2,742	$ 2,589
Operating partnership distribution reinvestment plan	208	184
Operating partnership units converted to shares	999	1,776
Real estate investment acquired through assumption of indebtedness and accrued costs	0	4,288
Adjustments to accounts payable included within real estate investments	(1,843)	(1,352)
Fair value adjustments to redeemable noncontrolling interests	298	(393)
Involuntary conversion of assets due to flood damage	2,176	0
Construction debt reclassified to mortgages payable	2,000	0
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the period for:		
Interest on mortgages	14,751	16,365
Interest other	817	79
	$ 15,568	$ 16,444

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

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INVESTORS REAL ESTATE TRUST AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)
for the three months ended July 31, 2011 and 2010

NOTE 1 • ORGANIZATION

Investors Real Estate Trust ("IRET" or the "Company") is a self-advised real estate investment trust engaged in acquiring, owning and leasing multi-family and commercial real estate. IRET has elected to be taxed as a Real Estate Investment Trust ("REIT") under Sections 856-860 of the Internal Revenue Code of 1986, as amended. As a REIT, we are subject to a number of organizational and operational requirements, including a requirement to distribute 90% of ordinary taxable income to shareholders, and, generally, are not subject to federal income tax on net income, except for taxes on undistributed REIT taxable income and taxes on the income generated by our taxable REIT subsidiary ("TRS"). Our TRS is subject to corporate federal and state income tax on its taxable income at regular statutory rates. We have considered estimated future taxable income and have determined that there were no material income tax provisions or material net deferred income tax items for our TRS for the quarters ended July 31, 2011 and 2010. IRET's multi-family residential properties and commercial properties are located mainly in the states of North Dakota and Minnesota, but also in the states of Colorado, Idaho, Iowa, Kansas, Michigan, Missouri, Montana, Nebraska, South Dakota, Wisconsin and Wyoming. As of July 31, 2011, IRET owned 78 multi-family residential properties with 8,664 apartment units and 176 commercial properties, consisting of office, medical, industrial and retail properties, totaling 12.2 million net rentable square feet. IRET conducts a majority of its business activities through its consolidated operating partnership, IRET Properties, a North Dakota Limited Partnership (the "Operating Partnership"), as well as through a number of other consolidated subsidiary entities.

All references to IRET or the Company refer to Investors Real Estate Trust and its consolidated subsidiaries.

NOTE 2 • BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The accompanying condensed consolidated financial statements include the accounts of IRET and all subsidiaries in which it maintains a controlling interest. All intercompany balances and transactions are eliminated in consolidation. The Company's fiscal year ends April 30th.

The accompanying condensed consolidated financial statements include the accounts of IRET and its interest in the Operating Partnership. The Company's interest in the Operating Partnership was 80.3% and 80.1%, respectively, as of July 31, 2011 and April 30, 2011. The limited partners in the Operating Partnership have a redemption option that they may exercise. Upon exercise of the redemption option by the limited partners, IRET has the choice of redeeming the limited partners' interests ("Units") for IRET common shares of beneficial interest, on a one-for-one basis, or making a cash payment to the unitholder. The redemption generally may be exercised by the limited partners at any time after the first anniversary of the date of the acquisition of the Units (provided, however, that in general not more than two redemptions by a limited partner may occur during each calendar year, and each limited partner may not exercise the redemption for less than 1,000 Units, or, if such limited partner holds less than 1,000 Units, for all of the Units held by such limited partner). The Operating Partnership and some limited partners have contractually agreed to a holding period of greater than one year and/or a greater number of redemptions during a calendar year.

The condensed consolidated financial statements also reflect the ownership by the Operating Partnership of certain joint venture entities in which the Operating Partnership has a general partner or controlling interest. These entities are consolidated into IRET's other operations, with noncontrolling interests reflecting the noncontrolling partners' share of ownership and income and expenses.

UNAUDITED INTERIM FINANCIAL STATEMENTS

The interim condensed consolidated financial statements of IRET have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and the applicable rules and regulations of the Securities and Exchange Commission ("SEC"). Accordingly, certain disclosures accompanying annual financial statements prepared in accordance with accounting principles generally accepted in the United States of America are omitted. The year-end balance sheet data was derived from audited financial statements, but does not include all disclosures required by accounting principles generally accepted in the United States of America (GAAP). In the opinion of management, all adjustments,

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consisting solely of normal recurring adjustments, necessary for the fair presentation of the Company's financial position, results of operations and cash flows for the interim periods have been included.

The current period's results of operations are not necessarily indicative of results which ultimately may be achieved for the year. The interim condensed consolidated financial statements and notes thereto should be read in conjunction with the consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the fiscal year ended April 30, 2011, as filed with the SEC on July 14, 2011.

RECENT ACCOUNTING PRONOUNCEMENTS

In May 2011, the Financial Accounting Standard Board ("FASB") issued Accounting Standards Update ("ASU") 2011-04, Fair Value Measurement (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRS. ASU 2011-04 amended Accounting Standards Codification ("ASC") 820, Fair Value Measurements and Disclosures, to converge the fair value measurement guidance in U.S. GAAP and International Financial Reporting Standards ("IFRS"), and in some limited cases, changes some principles to achieve convergence between U.S. GAAP and IFRS. ASU 2011-04 results in a consistent definition of fair value and common requirements for measurement of and disclosure about fair value between U.S. GAAP and IFRS. ASU 2011-04 also expands the disclosures for fair value measurements that are estimated using significant unobservable (Level 3) inputs. The amendments are to be applied prospectively for annual periods beginning after December 15, 2011. The Company is evaluating the effect ASU 2011-04 will have on the Company's consolidated financial statements, but does not expect the adoption of ASU 2011-04 will have a material effect on the Company's operating results or financial position. To date, the Company has not had any transfers in and out of Level 1 and Level 2 fair value measurements, nor does it have any Level 3 fair value measurements.

In June 2011, the FASB issued ASU 2011-05, Presentation of Comprehensive Income, which requires an entity to present the total of comprehensive income, the components of net income, and the components of other comprehensive income either in a single continuous statement of comprehensive income, or in two separate but consecutive statements. ASU 2011-05 eliminates the option to present components of other comprehensive income as part of the statement of equity. ASU 2011-05 will be effective for the Company beginning after December 15, 2011. The Company does not expect the adoption of ASU 2011-05 to have a material effect on its operating results or financial position.

IMPAIRMENT OF LONG-LIVED ASSETS

The Company periodically evaluates its long-lived assets, including its investments in real estate, for impairment indicators. The judgments regarding the existence of impairment indicators are based on factors such as operational performance, market conditions, expected holding period of each asset and legal and environmental concerns. If indicators exist, the Company compares the expected future undiscounted cash flows for the long-lived asset against the carrying amount of that asset. If the sum of the estimated undiscounted cash flows is less than the carrying amount of the asset, an impairment loss is recorded for the difference between the estimated fair value and the carrying amount of the asset. If our anticipated holding period for properties, the estimated fair value of properties or other factors change based on market conditions or otherwise, our evaluation of impairment charges may be different and such differences could be material to our consolidated financial statements. The evaluation of anticipated cash flows is subjective and is based, in part, on assumptions regarding future occupancy, rental rates and capital requirements that could differ materially from actual results. Plans to hold properties over longer periods decrease the likelihood of recording impairment losses. During the three months ended July 31, 2011 and 2010, the Company incurred no losses due to impairment.

COMPENSATING BALANCES AND OTHER INVESTMENTS

The Company maintains compensating balances, not restricted as to withdrawal, with several financial institutions in connection with financing received from those institutions and/or to ensure future credit availability, as follows: Dacotah Bank, Minot, North Dakota, deposit of $350,000; United Community Bank, Minot, North Dakota, deposit of $275,000; Commerce Bank, A Minnesota Banking Corporation, deposit of $250,000; First International Bank, Watford City, North Dakota, deposit of $6.0 million; Peoples State Bank of Velva, North Dakota, deposit of $225,000; Equity Bank, Minnetonka, Minnesota, deposit of $300,000; Associated Bank, Green Bay, Wisconsin, deposit of $500,000; Town & Country Credit Union, Minot, North Dakota, deposit of $1,000, and Venture Bank, Eagan, Minnesota, deposit of $275,000. The deposits at United Community Bank and Equity Bank and a portion of the deposit at Dacotah Bank are held as certificates of deposit and comprise the $627,000 in Other investments on the Condensed Consolidated Balance Sheets. The certificates of deposit have remaining terms of less than three years and the Company intends to hold them to maturity.

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IDENTIFIED INTANGIBLE ASSETS AND INTANGIBLE LIABILITIES AND GOODWILL

Upon acquisition of real estate, the Company records the intangible assets and liabilities acquired (for example, if the leases in place for the real estate property acquired carry rents above the market rent, the difference is classified as an intangible asset) at their estimated fair value separate and apart from goodwill. The Company amortizes identified intangible assets and liabilities that are determined to have finite lives based on the period over which the assets and liabilities are expected to affect, directly or indirectly, the future cash flows of the real estate property acquired (generally the life of the lease). In the three months ended July 31, 2011, the Company added no new intangible assets or liabilities. In the three months ended July 31, 2010, the Company added approximately $1.4 million of new intangible assets and no new intangible liabilities. The weighted average life of the intangible assets acquired in the three months ended July 31, 2010 is 6.5 years. Amortization of intangibles related to above or below-market leases is recorded in Real estate rentals in the Condensed Consolidated Statements of Operations. Amortization of other intangibles is recorded in Depreciation/amortization related to real estate investments in the Condensed Consolidated Statements of Operations. Intangible assets subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized if the carrying amount of an intangible asset is not recoverable and its carrying amount exceeds its estimated fair value.

The Company's identified intangible assets and intangible liabilities at July 31, 2011 and April 30, 2011 were as follows:

	(in thousands)	
	July 31, 2011	April 30, 2011
Identified intangible assets (included in intangible assets):		
Gross carrying amount	$91,985	$ 91,986
Accumulated amortization	(43,877)	(42,154)
Net carrying amount	$48,108	$ 49,832
Indentified intangible liabilities (included in other liabilities):		
Gross carrying amount	$1,104	$ 1,104
Accumulated amortization	(925)	(900)
Net carrying amount	$179	$ 204

The effect of amortization of acquired below-market leases and acquired above-market leases on rental income was approximately $(26,000) and $(7,000) for the three months ended July 31, 2011 and 2010, respectively. The estimated annual amortization of acquired below-market leases, net of acquired above-market leases for each of the five succeeding fiscal years is as follows:

Year Ended April 30,	(in thousands)
2013	$ 31
2014	35
2015	18
2016	14
2017	6

Amortization of all other identified intangible assets (a component of depreciation and amortization expense) was $1.7 million and $2.0 million for the three months ended July 31, 2011 and 2010, respectively. The estimated annual amortization of all other identified intangible assets for each of the five succeeding fiscal years is as follows:

Year Ended April 30,	(in thousands)
2013	$ 4,598
2014	4,140
2015	3,783
2016	3,566
2017	3,097

The excess of the cost of an acquired business over the net of the amounts assigned to assets acquired (including identified intangible assets) and liabilities assumed is recorded as goodwill. The Company's goodwill has an indeterminate life and is not amortized, but is tested for impairment on an annual basis, or more frequently if events or changes in circumstances indicate that the asset might be impaired. Goodwill book value as of July 31, 2011 and April 30, 2011 was $1.1 million. The annual review at April 30, 2011 indicated no impairment and there was no indication of impairment at July 31, 2011.

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USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

RECLASSIFICATIONS

Certain previously reported amounts have been reclassified to conform to the current financial statement presentation. The Company reports, in discontinued operations, the results of operations of a property that has either been disposed of or is classified as held for sale and the related gains or losses, and as a result of discontinued operations, retroactive reclassifications that change prior period numbers have been made. This retrospective recast was completed previously as it relates to prior year discontinued operations; there were no discontinued operations in the current year.

INVOLUNTARY CONVERSION OF ASSETS

As we have previously reported, Minot, North Dakota, where our corporate headquarters are located, experienced significant flooding in June 2011, resulting in extensive damage to our Arrowhead Shopping Center and Chateau Apartments. Costs related to clean-up and redevelopment are insured to a limit that the Company believes will allow for full restoration of both properties, with loss of rents covered by business interruption insurance. The Company plans to restore the assets that were damaged by the flooding and expects that the costs of such restoration and rebuilding will be recoverable from insurance proceeds, subject to a $200,000 deductible. The financial and operational effect of the flooding in the first quarter of fiscal year 2012 is reflected in our financial statements through a write down of assets on the Condensed Consolidated Balance Sheets totaling approximately $2.2 million with an offsetting insurance receivable of $2.2 million recorded within Accounts receivable, and a $312,000 deduction to Net Income on the Condensed Consolidated Statements of Operations, of which $137,000 will be added back as income when insurance proceeds are received and gain contingencies are resolved, in accordance with GAAP.

NOTE 3 • EARNINGS PER SHARE

Basic earnings per share is computed by dividing net income available to common shareholders by the weighted average number of common shares outstanding during the period.   The following table presents a reconciliation of the numerator and denominator used to calculate basic and diluted earnings per share reported in the condensed consolidated financial statements for the three months ended July 31, 2011 and 2010:

	(in thousands, except per share data) Three Months Ended July 31	
	2011	2010
NUMERATOR		
Income from continuing operations – Investors Real Estate Trust	$ 1,421	$ 1,742
Income (loss) from discontinued operations – Investors Real Estate Trust	0	244
Net income attributable to Investors Real Estate Trust	1,421	1,986
Dividends to preferred shareholders	(593)	(593)
	828	1,393

Numerator for basic earnings per share – net income available to common shareholders				
Noncontrolling interests – Operating Partnership		178		370
Numerator for diluted earnings per share	$	1,006	$	1,763
DENOMINATOR				
Denominator for basic earnings per share weighted average shares		80,854		76,384
Effect of convertible operating partnership units		19,990		20,393
Denominator for diluted earnings per share		100,844		96,777
Earnings per common share from continuing operations – Investors Real Estate Trust – basic and diluted	$	.01	$	.02
Earnings per common share from discontinued operations – Investors Real Estate Trust – basic and diluted		.00		.00
NET INCOME PER COMMON SHARE – BASIC & DILUTED	$	.01	$	.02

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NOTE 4 • EQUITY

During the three months ended July 31, 2011 and 2010, respectively, approximately 109,000 Units and 249,000 Units were converted to common shares, with a total value of approximately $999,000 and $1.8 million included in equity. Approximately 13,000 common shares were issued under the Company's 401(k) plan during the three months ended July 31, 2011, with a total value of approximately $106,000 included in equity. No common shares were issued under the Company's 401(k) plan during the three months ended July 31, 2010. Under the Company's Distribution Reinvestment and Share Purchase Plan, approximately 562,000 common shares and 375,000 common shares were issued during the three months ended July 31, 2011 and 2010, respectively, with a total value of $4.5 million and $3.1 million included in equity.

NOTE 5 • SEGMENT REPORTING

IRET reports its results in five reportable segments: multi-family residential properties, commercial office, commercial medical (including senior housing), commercial industrial and commercial retail properties. The Company's reportable segments are aggregations of similar properties. The accounting policies of each of these segments are the same as those described in Note 2.

IRET measures the performance of its segments based on net operating income ("NOI"), which the Company defines as total real estate revenues less real estate expenses (which consist of utilities, maintenance, real estate taxes, insurance and property management expenses). IRET believes that NOI is an important supplemental measure of operating performance for a REIT's operating real estate because it provides a measure of core operations that is unaffected by depreciation, amortization, financing and general and administrative expense. NOI does not represent cash generated by operating activities in accordance with GAAP and should not be considered an alternative to net income, net income available for common shareholders or cash flow from operating activities as a measure of financial performance.

The revenues and net operating income for these reportable segments are summarized as follows for the three month periods ended July 31, 2011 and 2010, along with reconciliations to the condensed consolidated financial statements. Segment assets are also reconciled to Total Assets as reported in the condensed consolidated financial statements.

			(in thousands)			
Three Months Ended July 31, 2011	Multi-Family Residential	Commercial-Office	Commercial-Medical	Commercial-Industrial	Commercial-Retail	Total
Real estate revenue	$17,482	$ 18,815	$ 16,617	$ 3,435	$ 3,279	$59,628
Real estate expenses	8,366	8,944	5,518	966	1,093	24,887
Net operating income	$9,116	$ 9,871	$ 11,099	$ 2,469	$ 2,186	34,741
Depreciation/amortization						(14,900)
Administrative, advisory and trustee services						(2,181)
Other expenses						(315)
Interest expense						(15,925)
Interest and other income						153
Net income						$1,573

(in thousands)

Three Months Ended July 31, 2010	Multi-Family Residential	Commercial-Office	Commercial-Medical	Commercial-Industrial	Commercial-Retail	Total
Real estate revenue	$16,167	$ 19,893	$ 16,310	$ 3,389	$ 3,417	$59,176
Real estate expenses	8,058	8,943	5,308	964	1,040	24,313
Net operating income	$8,109	$ 10,950	$ 11,002	$ 2,425	$ 2,377	34,863
Depreciation/amortization						(14,566)
Administrative, advisory and trustee services						(1,969)
Other expenses						(353)
Interest expense						(16,071)
Interest and other income						137
Income tax expense						(19)
Income from continuing operations						2,022
Income from discontinued operations						310
Net income						$2,332

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Segment Assets and Accumulated Depreciation

Segment assets are summarized as follows as of July 31, 2011, and April 30, 2011, along with reconciliations to the condensed consolidated financial statements:

	(in thousands)					
As of July 31, 2011	Multi-Family Residential	Commercial-Office	Commercial-Medical	Commercial-Industrial	Commercial-Retail	Total
Segment Assets						
Property owned	$486,585	$ 597,015	$ 448,450	$ 118,208	$ 127,227	$1,777,485
Less accumulated depreciation/amortization	(120,579)	(108,861)	(68,506)	(18,421)	(22,926)	(339,293)
Total property owned	$366,006	$ 488,154	$ 379,944	$ 99,787	$ 104,301	1,438,192
Cash and cash equivalents						37,307
Marketable securities						627
Receivables and other assets						116,145
Development in progress						12,697
Unimproved land						6,550
Mortgage loans receivable, net of allowance						156
Total Assets						$1,611,674

	(in thousands)					
As of April 30, 2011	Multi-Family Residential	Commercial-Office	Commercial-Medical	Commercial-Industrial	Commercial-Retail	Total
Segment assets						
Property owned	$484,815	$ 595,491	$ 447,831	$ 117,602	$ 125,059	$1,770,798
Less accumulated depreciation/amortization	(117,718)	(104,650)	(65,367)	(17,713)	(23,504)	(328,952)
Total property owned	$367,097	$ 490,841	$ 382,464	$ 99,889	$ 101,555	1,441,846
Cash and cash equivalents						41,191
Marketable securities						625
Receivables and other assets						115,302
Development in progress						9,693
Unimproved land						6,550
Mortgage loans receivable, net of allowance						156
Total Assets						$1,615,363

NOTE 6 • COMMITMENTS AND CONTINGENCIES

Litigation. The Company is not a party to any legal proceedings which are expected to have a material effect on the Company's liquidity, financial position, cash flows or results of operations. The Company is subject to a variety of legal actions for personal injury or property damage arising in the ordinary course of its business, most of which are covered by liability insurance. Various claims of resident discrimination are also periodically brought, most of which also are covered by insurance. While the resolution of these matters cannot be predicted with certainty, management believes that the final outcome of such legal proceedings and claims will not have a material effect on the Company's

liquidity, financial position, cash flows or results of operations.

Insurance. IRET carries insurance coverage on its properties in amounts and types that the Company believes are customarily obtained by owners of similar properties and are sufficient to achieve IRET's risk management objectives.

Purchase Options. The Company has granted options to purchase certain IRET properties to tenants in these properties, under lease agreements. In general, the options grant the tenant the right to purchase the property at the greater of such property's appraised value or an annual compounded increase of a specified percentage of the initial cost of the property to IRET. As of July 31, 2011, the total property cost of the 28 properties subject to purchase options was approximately $209.4 million, and the total gross rental revenue from these properties was approximately $5.1 million for the three months ended July 31, 2011.

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Environmental Matters. Under various federal, state and local laws, ordinances and regulations, a current or previous owner or operator of real estate may be liable for the costs of removal of, or remediation of, certain hazardous or toxic substances in, on, around or under the property. While IRET currently has no knowledge of any material violation of environmental laws, ordinances or regulations at any of its properties, there can be no assurance that areas of contamination will not be identified at any of the Company's properties, or that changes in environmental laws, regulations or cleanup requirements would not result in material costs to the Company.

Restrictions on Taxable Dispositions. Approximately 107 of IRET's properties, consisting of approximately 6.2 million square feet of the Company's combined commercial segments' properties and 3,768 apartment units, are subject to restrictions on taxable dispositions under agreements entered into with some of the sellers or contributors of the properties. The real estate investment amount of these properties (net of accumulated depreciation) was approximately $771.1 million at July 31, 2011. The restrictions on taxable dispositions are effective for varying periods. The terms of these agreements generally prevent the Company from selling the properties in taxable transactions. The Company does not believe that the agreements materially affect the conduct of the Company's business or decisions whether to dispose of restricted properties during the restriction period because the Company generally holds these and the Company's other properties for investment purposes, rather than for sale. Historically, however, where IRET has deemed it to be in the shareholders' best interests to dispose of restricted properties, it has done so through transactions structured as tax-deferred transactions under Section 1031 of the Internal Revenue Code.

Redemption Value of UPREIT Units. The limited partnership units ("UPREIT Units") of the Company's operating partnership, IRET Properties, are redeemable at the option of the holder for cash, or, at our option, for the Company's common shares of beneficial interest on a one-for-one basis, after a minimum one-year holding period. All UPREIT Units receive the same cash distributions as those paid on common shares. UPREIT Units are redeemable for an amount of cash per Unit equal to the average of the daily market price of an IRET common share for the ten consecutive trading days immediately preceding the date of valuation of the Unit. As of July 31, 2011 and 2010, the aggregate redemption value of the then-outstanding UPREIT Units of the operating partnership owned by limited partners was approximately $164.0 million and $171.6 million, respectively.

Joint Venture Buy/Sell Options. Certain of IRET's joint venture agreements contain buy/sell options in which each party under certain circumstances has the option to acquire the interest of the other party, but do not generally require that the Company buy its partners' interests. As of July 31, 2011, IRET had one joint venture which allows IRET's unaffiliated partner, at its election, to require that IRET buy its interest at a purchase price to be determined by an appraisal conducted in accordance with the terms of the agreement, or at a negotiated price. The Company is not aware of any intent on the part of this partner to exercise its option.

Tenant Improvements. In entering into leases with tenants, IRET may commit itself to fund improvements or build-outs of the rented space to suit tenant requirements. These tenant improvements are typically funded at the beginning of the lease term, and IRET is accordingly exposed to some risk of loss if a tenant defaults prior to the expiration of the lease term, and the rental income that was expected to cover the cost of the tenant improvements is not received. As of July 31, 2011, the Company is committed to fund approximately $6.5 million in tenant improvements, within approximately the next 12 months.

Development, Expansion and Renovation Projects. The Company has several development, expansion and renovation projects currently underway, as follows:

Multi-Family Conversion, Minot, North Dakota: The Company is converting an existing approximately 15,000 square foot commercial office building in Minot, North Dakota to a 24-unit multi-family residential property, for an estimated total cost of $2.2 million. As of July 31, 2011, the Company had incurred approximately $319,000 of these project costs. Work on this project had been temporarily postponed as Company employees and other resources were

directed to the supervision of repairs at Company properties damaged by the extensive summer flooding in Minot, North Dakota, but this conversion project has now resumed.

Senior Housing Memory Care and Assisted Living Units,Casper, Wyoming: The Company is currently constructing an additional approximately 28 assisted living units and 16 memory care units at its existing Meadow Wind senior housing facility in Casper, Wyoming. The Company estimates that construction costs for this expansion project will total approximately $4.5 million and the project will be completed in the third quarter of fiscal year 2012. As of July 31, 2011, the Company had incurred approximately $814,000 of these project costs.

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Trinity Hospital Build-to-Suit, Minot, North Dakota: The Company has committed to construct an approximately 25,000 square foot, one-story medical clinic for Trinity Health, a non-profit healthcare organization based in Minot, North Dakota, on land owned by the Company adjacent to the Company's former headquarters building in Minot. Construction of this build-to-suit facility began in the second quarter of fiscal year 2011, with completion and occupancy by Trinity expected in the second quarter of fiscal year 2012. Estimated total project costs (excluding the value of the land) are $7.4 million, of which, as of July 31, 2011, the Company had incurred approximately $6.7 million.

Quarry Ridge Apartment Homes, Rochester, Minnesota: In June 2011, the Company commenced construction on an approximately 159-unit apartment project in Rochester, Minnesota, located adjacent to its existing Quarry Ridge Apartment Homes. The Company currently estimates that construction costs (excluding the value of the land) will total approximately $17.3 million, and that the project will be completed approximately 14 months from the start of construction. As of July 31, 2011, the Company had incurred approximately $495,000 of the estimated construction costs.

Construction interest capitalized for the three month periods ended July 31, 2011 and 2010, respectively, was approximately $75,000 and $24,000 for development projects completed and in progress.

Pending Acquisitions. As of July 31, 2011, the Company had signed purchase agreements for the acquisition of the following properties; all of these pending acquisitions are subject to various closing conditions and contingencies, and no assurances can be given that any of these acquisitions will be completed:

Montana Multi-Family Residential Property: Two multi-family residential projects in Billings, Montana with a total of 36 units, for a purchase price totaling approximately $2.1 million, currently expected to be paid in cash.

South Dakota Multi-Family Residential Property: Two multi-family residential properties in Sioux Falls, South Dakota, with 50 units and 24 units, respectively, for purchase prices of $4.7 million and $2.3 million, respectively, to be paid in cash.

Minnesota Medical Office Property: An approximately 2,990 square foot medical office property located in Edina, Minnesota, for a purchase price of $505,000. This property adjoins an existing medical office property owned by the Company.

North Dakota Vacant Land: An approximately 9.6 acre parcel of vacant land located in Minot, North Dakota, zoned for commercial development, with an expected purchase price of approximately $416,000.

Minnesota Multi-Family Property: A 36-unit multi-family residential property in Isanti, Minnesota, for a purchase price of approximately $3.5 million currently expected to be paid in cash.

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NOTE 7 • DISCONTINUED OPERATIONS

The Company reports in discontinued operations the results of operations of a property that has either been disposed of or is classified as held for sale. The Company also reports any gains or losses from the sale of a property in discontinued operations. There were no properties classified as discontinued operations during the three months ended July 31, 2011. There were no properties held for sale as of July 31, 2011 or 2010. The following information shows the effect on net income and the gains or losses from the sale of properties classified as discontinued operations for the three months ended July 31, 2010:

	(in thousands) Three Months Ended July 31 2010
REVENUE	
Real estate rentals	$ 2,826
Tenant reimbursement	19
TOTAL REVENUE	2,845
EXPENSES	
Depreciation/amortization related to real estate investments	568
Utilities	241
Maintenance	301
Real estate taxes	325
Insurance	54
Property management expenses	357
Amortization related to non-real estate investments	2
TOTAL EXPENSES	1,848
Interest expense	(691)
Interest income	4
INCOME FROM DISCONTINUED OPERATIONS	$ 310

NOTE 8 • ACQUISITIONS AND DISPOSITIONS

PROPERTY ACQUISITIONS

During the first quarter of fiscal year 2012, the Company substantially completed construction of a six-screen movie theater at its existing Buffalo Mall property in Jamestown, North Dakota, for a total cost of $2.2 million. The Company had no acquisitions during the first quarter of fiscal year 2012.

During the first quarter of fiscal year 2011, IRET acquired, on July 15, 2010, two medical office buildings located in, respectively, Billings, Montana and Missoula, Montana, for a total purchase price of approximately $5.2 million, consisting of cash of approximately $957,000 and the assumption of existing debt with an interest rate of 7.06% and a maturity date of December 31, 2016 in the amount of approximately $4.3 million. The two medical office buildings were each constructed in 2001, and contain approximately 14,705 square feet and 14,640 square feet of leasable space, respectively. During the first quarter of fiscal year 2011, the Company completed construction of a single-tenant office/warehouse facility in Fargo, North Dakota. The cost to construct the facility was approximately $3.9 million, including the cost of the land plus imputed construction interest.

The Company expensed approximately $0 and $52,000 of transaction costs related to acquisitions in the three months ended July 31, 2011 and 2010, respectively. The Company's acquisitions and development projects placed in service during the three months ended July 31, 2011 and 2010 are detailed below:

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Three Months Ended July 31, 2011

Acquisitions and Development Projects Placed in Service	Land	Building	(in thousands) Intangible Assets	Acquisition Cost
Commercial Retail				
19,037 sq. ft. Jamestown Buffalo Mall Theater- Jamestown, ND(1)	$0	$764	$ 0	$ 764
Total Property Acquisitions	$0	$764	$ 0	$ 764

(1) Construction project placed in service June 15, 2011. Additional costs incurred in fiscal year 2011 totaled $1.4 million, for a total project cost at July 31, 2011 of $2.2 million.

Three Months Ended July 31, 2010

Acquisitions and Development Projects Placed in Service	Land	Building	(in thousands) Intangible Assets	Acquisition Cost
Commercial Medical				
14,705 sq. ft. Billings 2300 Grant Road - Billings, MT	$649	$1,216	$ 657	$ 2,522
14,640 sq. ft. Missoula 3050 Great Northern - Missoula, MT	640	1,331	752	2,723
	1,289	2,547	1,409	5,245
Commercial Industrial				
42,244 sq. ft. Fargo 1320 45th St N - Fargo, ND(2)	0	1,616	0	1,616
Total Property Acquisitions	$1,289	$4,163	$ 1,409	$ 6,861

(2) Development property placed in service June 22, 2010. Additional costs incurred in fiscal year 2010 totaled $2.3 million, for a total project cost at July 31, 2010 of $3.9 million.

PROPERTY DISPOSITIONS

There were no dispositions in the first quarter of fiscal years 2012 and 2011.

NOTE 9 • MORTGAGES PAYABLE AND LINE OF CREDIT

The Company's mortgages payable and revolving lines of credit are collateralized by substantially all of its properties owned. The majority of the Company's mortgages payable are secured by individual properties or groups of properties, and are non-recourse to the Company, other than for standard carve-out obligations such as fraud, waste, failure to insure, environmental conditions and failure to pay real estate taxes. Interest rates on mortgages payable range from 2.82% to 8.25%, and the mortgages have varying maturity dates from the current fiscal year through June 9, 2035.

Of the mortgages payable, the balances of fixed rate mortgages totaled $996.3 million at July 31, 2011 and $992.3 million at April 30, 2011. The balances of variable rate mortgages totaled $6.7 million and $1.5 million as of July 31,

2011, and April 30, 2011, respectively. The Company does not utilize derivative financial instruments to mitigate its exposure to changes in market interest rates. Most of the fixed rate mortgages have substantial pre-payment penalties. As of July 31, 2011, the weighted average rate of interest on the Company's mortgage debt was 5.90%, compared to 5.92% on April 30, 2011. The aggregate amount of required future principal payments on mortgages payable as of July 31, 2011, is as follows:

Year Ended April 30,		(in thousands)
2012 (remainder)	$	46,456
2013		50,164
2014		65,421
2015		97,851
2016		77,822
Thereafter		665,248
Total payments	$	1,002,962

The Company's revolving, multi-bank line of credit with First International Bank and Trust, Watford City, North Dakota, as lead bank, had, as of July 31, 2011, lending commitments of $50.0 million, with the capacity to grow to $60.0 million. As of July 31, 2011, the line of credit was secured by mortgages on 23 properties; under the terms of the line of credit, properties may be added and removed from the collateral pool with the agreement of the lenders. Participants in this credit facility as of July 31, 2011 included, in addition to First International Bank, the following financial institutions: The Bank of North Dakota; First Western Bank and Trust; Dacotah Bank; United Community Bank; American State Bank & Trust Company and Town & Country Credit Union. The line of credit has a current interest rate of 5.65% and a minimum outstanding principal balance requirement of $10.0 million, and as of July 31, 2011, the Company had borrowed $34.0 million. The facility includes customary loan covenants including restrictions regarding minimum debt-service ratios to be maintained in the aggregate and individually on properties in the collateral pool, and the Company is also required to maintain minimum depository account(s) totaling $6.0 million with First International, of which $1.5 million is to be held in a non-interest bearing account. As of July 31, 2011, the Company believes it is in compliance with the facility covenants.

NOTE 10 • FAIR VALUE OF FINANCIAL INSTRUMENTS

The following methods and assumptions were used to estimate the fair value of each class of financial instruments.

Mortgage Loans Receivable. Fair values are based on the discounted value of future cash flows expected to be received for a loan using current rates at which similar loans would be made to borrowers with similar credit risk and the same remaining maturities. Terms are short term in nature and carrying value approximates the estimated fair value.

Cash and Cash Equivalents. The carrying amount approximates fair value because of the short maturity.

Other Investments. The carrying amount, or cost plus accrued interest, of the certificates of deposit approximates fair value.

Other Debt. The fair value of other debt is estimated based on the discounted cash flows of the loan using current market rates.

Line of Credit. The carrying amount approximates fair value because the variable rate debt re-prices frequently.

Mortgages Payable. For variable rate loans that re-price frequently, fair values are based on carrying values. The fair value of fixed rate loans is estimated based on the discounted cash flows of the loans using current market rates.

The estimated fair values of the Company's financial instruments as of July 31, 2011 and April 30, 2011, are as follows:

	(in thousands)			
	July 31, 2011		April 30, 2011	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
FINANCIAL ASSETS				
Mortgage loans receivable	$156	$156	$156	$156
Cash and cash equivalents	37,307	37,307	41,191	41,191
Other investments	627	627	625	625
FINANCIAL LIABILITIES				

Other debt	6,190	5,593	8,200	7,279
Line of credit	34,000	34,000	30,000	30,000
Mortgages payable	1,002,962	1,023,373	993,803	1,013,713

NOTE 11 • REDEEMABLE NONCONTROLLING INTERESTS

Redeemable noncontrolling interests on our Condensed Consolidated Balance Sheets represent the noncontrolling interest in a joint venture of the Company in which the Company's unaffiliated partner, at its election, can require the Company to buy its interest at a purchase price to be determined by an appraisal conducted in accordance with the terms of the agreement, or at a negotiated price. Redeemable noncontrolling interests are presented at the greater of their carrying amount or redemption value at the end of each reporting period. Changes in the value from period to period are charged to common shares of beneficial interest on our consolidated balance sheets. As of July 31, 2011 and April 30, 2011, the estimated redemption value of the redeemable noncontrolling interests was $1.3 million and $987,000, respectively. Below is a table reflecting the activity of the redeemable noncontrolling interests.

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	(in thousands)
Balance at April 30, 2010	$ 1,812
Net income	8
Distributions	0
Mark-to-market adjustments	(393)
Balance at July 31, 2010	$ 1,427

	(in thousands)
Balance at April 30, 2011	$ 987
Net income	5
Distributions	(27)
Mark-to-market adjustments	298
Balance at July 31, 2011	$ 1,263

NOTE 12 • SUBSEQUENT EVENTS

Common and Preferred Share Distributions. On September 2, 2011, the Company's Board of Trustees declared a regular quarterly distribution of 13.00 cents per share and unit on the Company's common shares of beneficial interest and limited partnership units of IRET Properties, payable October 1, 2011 to common shareholders and unitholders of record on September 12, 2011. Also on September 2, 2011, the Company's Board of Trustees declared a distribution of 51.56 cents per share on the Company's preferred shares of beneficial interest, payable September 30, 2011 to preferred shareholders of record on September 15, 2011.

Pending Development Project and Completed Acquisitions and Disposition. Subsequent to the end of the first quarter of fiscal year 2012, the Company formed a joint venture to construct a 145-unit multi-family residential property in Williston, North Dakota. Construction commenced in August 2011, and the Company currently estimates that the project will be completed by August 2012 at a total cost of approximately $19.5 million. The Company is the majority member of the joint venture, with a 60% interest; the remaining 40% interest is held by the Company's joint venture partner, a Minnesota limited liability company formed by a developer and a construction company based in St. Cloud, Minnesota. The Company's cash contribution to the project is approximately $3.3 million. In August 2011, the joint venture closed on a construction loan of $13.7 million from First International Bank and Trust, Watford City, North Dakota. First International is owned by Stephen Stenehjem, a trustee of the Company, and members of his family. On August 1, 2011, the Company closed on its acquisition of a 147-unit Regency Park Estates multi-family residential property in St. Cloud, Minnesota, for a purchase price totaling $10.9 million, of which approximately $7.2 million consisted of the assumption of existing debt, with the remaining approximately $3.7 million paid in cash (approximately $2.2 million) and in limited partnership units of the Operating Partnership valued at approximately $1.5 million. Subsequent to the end of the first quarter of fiscal year 2012, the Company entered into a 10-year, fully net lease with a provider of production enhancement services to the oil and gas industry, to construct and then lease an approximately 23,000 square foot industrial building to be located in Minot, North Dakota on an approximately 9-acre parcel of vacant land. The Company expects construction of the project to begin in the fall of 2011, with completion estimated in the summer of 2012. Total construction costs are currently estimated at $4.8 million, subject to tenant requested changes. This build-to-suit project is subject to a termination option if cost components exceed current budgeted projections, and accordingly no assurances can be given that this pending development project will be completed. On September 1, 2011, the Company closed on its acquisition of seven senior housing projects located in Boise, Idaho and towns surrounding Boise, with a total of approximately 261 beds, for a total purchase price of approximately $33.8 million. The Company placed mortgage debt of $9.5 million on these properties on September 1, 2011, and currently expects to close on an additional $6.6 million in mortgage loans by the end of September 2011.

The remainder of the acquisition price was paid in cash. Also subsequent to the end of the first quarter of fiscal year 2012, on August 1, 2011, the Company sold a retail property in Livingston, Montana for a sale price of approximately $2.2 million, with approximately $1.2 million of the sale proceeds applied to pay off the outstanding mortgage loan balance on the property.

The Company has no currently pending dispositions.

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ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis should be read in conjunction with the unaudited condensed consolidated financial statements included in this report, as well as the Company's audited financial statements for the fiscal year ended April 30, 2011, which are included in the Company's Form 10-K filed with the SEC on July 14, 2011.

Forward Looking Statements. Certain matters included in this discussion are forward looking statements within the meaning of the federal securities laws. Although we believe that the expectations reflected in the following statements are based on reasonable assumptions, we can give no assurance that the expectations expressed will actually be achieved. Many factors may cause actual results to differ materially from our current expectations, including general economic conditions, local real estate conditions, the general level of interest rates and the availability of financing and various other economic risks inherent in the business of owning and operating investment real estate.

Overview. IRET is a self-advised equity REIT engaged in owning and operating income-producing real estate properties. Our investments include multi-family residential properties and commercial office, commercial medical, commercial industrial and commercial retail properties located primarily in the upper Midwest states of Minnesota and North Dakota. Our properties are diversified by type and location. As of July 31, 2011, our real estate portfolio consisted of 78 multi-family residential properties containing 8,664 apartment units and having a total real estate investment amount net of accumulated depreciation of $366.0 million, and 176 commercial properties containing approximately 12.2 million square feet of leasable space. Our commercial properties consist of:

- 68 commercial office properties containing approximately 5.1 million square feet of leasable space and having a total real estate investment amount net of accumulated depreciation of $488.2 million;

- 56 commercial medical properties (including senior housing) containing approximately 2.7 million square feet of leasable space and having a total real estate investment amount net of accumulated depreciation of $379.9 million;

- 19 commercial 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 $99.8 million; and

- 33 commercial 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 $104.3 million.

Our primary source of income and cash is rents associated with multi-family residential and commercial leases. Our business objective is to increase shareholder value by employing a disciplined investment strategy. This strategy is focused on growing assets in desired geographical markets, achieving diversification by property type and location, and adhering to targeted returns in acquiring properties. We intend to continue to achieve our business objective by investing in multi-family residential properties and in commercial office, commercial medical, commercial industrial, and commercial retail properties that are leased to single or multiple tenants, usually for five years or longer, and are located throughout the upper Midwest. We operate mainly within the states of North Dakota and Minnesota, although we also have real estate investments in Colorado, Idaho, Iowa, Kansas, Michigan, Missouri, Montana, Nebraska, South Dakota, Wisconsin and Wyoming.

We compete with other owners and developers of multi-family and commercial properties to attract tenants to our properties, and we compete with other real estate investors to acquire properties. Principal areas of competition for tenants are in respect of rents charged and the attractiveness of location and quality of our properties. Competition for investment properties affects our ability to acquire properties we want to add to our portfolio, and the price we pay for acquisitions.

Physical occupancy as of July 31, 2011 compared to July 31, 2010 increased in all of our reportable segments except for commercial office, on an all-property basis. On a stabilized basis, physical occupancy increased in three of our segments, decreasing in commercial office and commercial medical, from the year-earlier period. Our overall level of tenant concessions increased in the three month period ended July 31, 2011, compared to the three months ended July 31, 2010.

We believe the decreased occupancy levels in our commercial office segment reflect the economic conditions in our markets, as recovery from the national economic recession has been slow and we continue to experience a challenging market environment. Our multi-family residential properties, however, continued to improve in occupancy and real estate revenue compared to the year-earlier period.

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During the first quarter of fiscal year 2012, as discussed below in the Property Acquisitions and Dispositions section of this Management's Discussion and Analysis of Financial Condition and Results of Operations, the Company substantially completed construction of a six-screen movie theater at its existing Buffalo Mall property in Jamestown, North Dakota. The Company had no acquisitions or dispositions during the first quarter of fiscal year 2012.

As we have previously reported, Minot, North Dakota, where our corporate headquarters are located, experienced significant flooding in June 2011, resulting in extensive damage to our Arrowhead Shopping Center and Chateau Apartments. Costs related to clean-up and redevelopment are insured to a limit that the Company believes will allow for full restoration of both properties, with loss of rents covered by business interruption insurance. The Company plans to restore the assets that were damaged by the flooding and expects that the costs of such restoration and rebuilding will be recoverable from insurance proceeds, subject to a $200,000 deductible. The financial and operational effect of the flooding in the first quarter of fiscal year 2012 is reflected in our financial statements through a write down of assets on the Condensed Consolidated Balance Sheets totaling approximately $2.2 million with an offsetting insurance receivable of $2.2 million recorded within Accounts receivable, and a $312,000 deduction to Net Income on the Condensed Consolidated Statements of Operations, of which $137,000 will be added back as income when insurance proceeds are received and gain contingencies are resolved, in accordance with GAAP.

Critical Accounting Policies. In preparing the condensed consolidated financial statements management has made estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates. A summary of the Company's critical accounting policies is included in the Company's Form 10-K for the fiscal year ended April 30, 2011, filed with the SEC on July 14, 2011, in Management's Discussion and Analysis of Financial Condition and Results of Operations. There have been no significant changes to those policies during the three months ended July 31, 2011.

RECENT ACCOUNTING PRONOUNCEMENTS

For disclosure regarding recent accounting pronouncements and the anticipated impact they will have on our operations, please refer to Note 2 to our condensed consolidated financial statements.

RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED JULY 31, 2011 AND 2010

REVENUES

Revenues for the three months ended July 31, 2011 were $59.6 million compared to $59.2 million in the three months ended July 31, 2010, an increase of $452,000 or 0.8%. The increase in revenue for the three months ended July 31, 2011 resulted primarily from properties acquired in Fiscal 2011, as shown in the table below.

	(in thousands) Increase in Total Revenue Three Months ended July 31, 2011
Rent in Fiscal 2012 primarily from 8 properties acquired in Fiscal 2011 in excess of that received in Fiscal 2011 from the same 8 properties	$ 1,130
Decrease in rental income on stabilized properties due to a decrease in tenant reimbursements in commercial segments related to the overall increase in commercial segments' vacancy	(485)
Increase in tenant concessions	(193)

Net increase in total revenue	$	452

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The increase in revenue in the three months ended July 31, 2011 compared to the same quarter in the prior fiscal year is shown by segment in the following table:

	Multi-Family Residential	Commercial Office	Commercial Medical	Commercial Industrial	Commercial Retail	All Segments
Non-stabilized real estate revenue	$ 152	$ 321	$ 476	$ 74	$ 107	$ 1,130
Stabilized real estate revenue	1,267	(1,425)	(183)	(1)	(143)	(485)
Concessions	(104)	26	14	(27)	(102)	(193)
Total real estate revenue	$ 1,315	$ (1,078)	$ 307	$ 46	$ (138)	$ 452

NET OPERATING INCOME

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

The following tables show real estate revenues, real estate expenses and NOI by reportable operating segment for the three months ended July 31, 2011 and 2010. For a reconciliation of net operating income of reportable segments to net income as reported, see Note 5 of the Notes to the condensed consolidated financial statements in this report.

The tables also show NOI by reportable operating segment on a stabilized property and non-stabilized property basis. Stabilized properties are properties owned and in operation for the entirety of the periods being compared (including properties that were redeveloped or expanded during the periods being compared, with properties purchased or sold during the periods being compared excluded from the stabilized property category), and, in the case of development or re-development properties, which have achieved a target level of occupancy. This comparison allows the Company to evaluate the performance of existing properties and their contribution to net income. Management believes that measuring performance on a stabilized property basis is useful to investors because it enables evaluation of how the Company's properties are performing year over year. Management uses this measure to assess whether or not it has been successful in increasing net operating income, renewing the leases of existing tenants, controlling operating costs and appropriately handling capital improvements.

			(in thousands)			
Three Months Ended July 31, 2011	Multi-Family Residential	Commercial-Office	Commercial-Medical	Commercial-Industrial	Commercial-Retail	All Segments
Real estate revenue	$ 17,482	$ 18,815	$ 16,617	$ 3,435	$ 3,279	$ 59,628
Real estate expenses						
Utilities	1,382	1,875	740	(92)	93	3,998
Maintenance	2,635	2,724	1,034	177	258	6,828

Real estate taxes	1,643	3,451	1,478	681	550	7,803
Insurance	396	236	139	57	49	877
Property management	2,310	658	2,127	143	143	5,381
Total expenses	$8,366	$ 8,944	$ 5,518	$ 966	$ 1,093	$ 24,887
Net operating income	$9,116	$ 9,871	$ 11,099	$ 2,469	$ 2,186	$ 34,741
Stabilized net operating income	$9,045	$ 9,666	$ 10,600	$ 2,361	$ 2,112	$ 33,784
Non-stabilized net operating income	71	205	499	108	74	957
Total net operating income	$9,116	$ 9,871	$ 11,099	$ 2,469	$ 2,186	$ 34,741

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Three Months Ended July 31, 2010	Multi-Family Residential	Commercial- Office	Commercial- Medical	Commercial- Industrial	Commercial- Retail	All Segments
	(in thousands)					
Real estate revenue	$16,167	$ 19,893	$ 16,310	$ 3,389	$ 3,417	$ 59,176
Real estate expenses						
Utilities	1,304	1,800	814	36	100	4,054
Maintenance	2,608	2,783	1,028	188	287	6,894
Real estate taxes	1,629	3,563	1,502	621	509	7,824
Insurance	250	101	48	38	14	451
Property management	2,267	696	1,916	81	130	5,090
Total expenses	$8,058	$ 8,943	$ 5,308	$ 964	$ 1,040	$ 24,313
Net operating income	$8,109	$ 10,950	$ 11,002	$ 2,425	$ 2,377	$ 34,863
Stabilized net operating income	$8,109	$ 10,954	$ 10,999	$ 2,390	$ 2,377	$ 34,829
Non-stabilized net operating income	0	(4)	3	35	0	34
Total net operating income	$8,109	$ 10,950	$ 11,002	$ 2,425	$ 2,377	$ 34,863

FACTORS IMPACTING NET OPERATING INCOME

Real estate revenue increased in three of our five reportable segments in the three month period ended July 31, 2011 compared to the three month period ended July 31, 2010, to $59.6 million compared to $59.2 million, primarily due to acquisitions in Fiscal 2011. Our overall level of tenant concessions increased in the three month period ended July 31, 2011 compared to the year-earlier period.

- Physical Occupancy. As of July 31, 2011, physical occupancy levels on an all property basis increased from the year earlier period in four of our reportable segments, decreasing in our commercial office segment. On a stabilized basis, physical occupancy increased in three of our segments, multi-family residential, commercial industrial and commercial retail. We attribute the decrease in commercial office occupancy primarily to difficult leasing conditions resulting from the continued economic downturn, as discussed above in the Overview section of this Management's Discussion and Analysis of Financial Condition and Results of Operations. Multi-family residential market conditions improved from the year earlier period. Physical occupancy rates on a stabilized property and all property basis for July 31, 2011, compared to the July 31, 2010, are shown below:

	Stabilized Properties July 31,		All Properties July 31,	
	2011	2010	2011	2010
Multi-Family Residential	91.5 %	85.8 %	91.5 %	85.8 %
Commercial Office	78.1 %	82.1 %	78.4 %	81.9 %
Commercial Medical	95.5 %	96.0 %	95.7 %	95.1 %
Commercial Industrial	94.6 %	88.9 %	94.7 %	89.1 %
Commercial Retail	86.6 %	84.1 %	85.2 %	84.1 %

- Increased Concessions. Our overall level of tenant concessions increased in the three month period ended July 31, 2011 compared to the year-earlier period. To maintain or increase physical occupancy levels at our properties, we

may offer tenant incentives, generally in the form of lower or abated rents, which results in decreased revenues and income from operations at our properties. Rent concessions offered during the three months ended July 31, 2011 will lower, over the lives of the respective leases, our operating revenues by approximately $1.3 million, as compared to an approximately $1.1 million reduction, over the lives of the respective leases, in operating revenues attributable to rent concessions offered in the three months ended July 31, 2010, as shown in the table below:

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	(in thousands)		
	Three Months Ended July 31,		
	2011	2010	Change
Multi-Family Residential	$478	$374	$104
Commercial Office	418	444	(26)
Commercial Medical	24	38	(14)
Commercial Industrial	205	178	27
Commercial Retail	155	53	102
Total	$1,280	$1,087	$193

- Decreased Utility Expense. Utility expense totaled $4.0 million for the three months ended July 31, 2011, compared to $4.1 million for the three months ended July 31, 2010, a decrease of 1.4% over the year-earlier period. Utility expenses at properties newly acquired in fiscal years 2012 and 2011 added $41,000 to the utility expense category for the three months ended July 31, 2011. Utility expenses at existing properties decreased by $97,000 resulting in a net decrease of $56,000 for the three months ended July 31, 2011. The decrease in utility costs at our stabilized properties is due primarily to the timing of payments for an electrical bill-back in our commercial industrial segment and a steam and chilled water adjustment in respect of properties in our commercial medical segment, offset by an increase in heating costs at our multi-family residential and commercial office segments.

Utility expenses by reportable segment for the three months ended July 31, 2011 and 2010 are as follows:

	(in thousands)					
Three Months Ended July 31,	Multi-Family Residential	Commercial Office	Commercial Medical	Commercial Industrial	Commercial Retail	Total
2011	$1,382	$1,875	$740	$(92)	$93	$3,998
2010	$1,304	$1,800	$814	$36	$100	$4,054
Change	$78	$75	$(74)	$(128)	$(7)	$(56)
% change	6.0%	4.2%	(9.1%)	(355.6%)	(7.0%)	(1.4%)
Stabilized	$66	$42	$(71)	$(128)	$(7)	$(98)
Non-stabilized	$12	$33	$(3)	$0	$0	$42
Change	$78	$75	$(74)	$(128)	$(7)	$(56)

- Decreased Maintenance Expense. Maintenance expenses totaled $6.8 million for the three months ended July 31, 2011 compared to $6.9 million for the three months ended July 31, 2010. Maintenance expenses at properties newly acquired in fiscal year 2012 and 2011 added $76,000 to the maintenance expenses category for the three months ended July 31, 2011. Maintenance expenses at existing properties decreased by $142,000 resulting in a decrease in maintenance expenses of $66,000, or 1.0% for the three months ended July 31, 2011 compared to the corresponding period in fiscal year 2011. The decrease in maintenance costs at our stabilized properties, commercial office, commercial industrial and commercial retail segments, is due primarily to increased vacancy and to a lesser extent, seasonal timing of maintenance repairs.

Maintenance expenses by reportable segment for the three months ended July 31, 2011 and 2010 are as follows:

	(in thousands)					
Three Months Ended July 31,	Multi-Family Residential	Commercial Office	Commercial Medical	Commercial Industrial	Commercial Retail	Total
2011	$2,635	$2,724	$1,034	$177	$258	$6,828
2010	$2,608	$2,783	$1,028	$188	$287	$6,894
Change	$27	$(59)	$6	$(11)	$(29)	$(66)
% change	1.0%	(2.1%)	0.6%	(5.9%)	(10.1%)	(1.0%)
Stabilized	$(5)	$(100)	$6	$(11)	$(32)	$(142)
Non-stabilized	$32	$41	$0	$0	$3	$76
Change	$27	$(59)	$6	$(11)	$(29)	$(66)

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- Decreased Real Estate Tax Expense. Real estate taxes on properties newly acquired in fiscal years 2012 and 2011 added $49,000 to real estate tax expense in the three months ended July 31, 2011, compared to the three months ended July 31, 2010. Real estate taxes on stabilized properties decreased by $70,000 in the three months ended July 31, 2011, resulting in a decrease of $21,000 or 0.3% for the three months ended July 31, 2011, compared to the three months ended July 31, 2010. The decrease in real estate taxes for our stabilized properties, despite our commercial industrial and commercial retail segments experiencing higher value assessments and increased tax levies, was a result of certain successful tax appeals in our commercial office segment.

Real estate tax expense by reportable segment for the three months ended July 31, 2011 and 2010 is as follows:

	(in thousands)					
Three Months Ended July 31,	Multi-Family Residential	Commercial Office	Commercial Medical	Commercial Industrial	Commercial Retail	Total
2011	$ 1,643	$ 3,451	$ 1,478	$ 681	$ 550	$ 7,803
2010	$ 1,629	$ 3,563	$ 1,502	$ 621	$ 509	$ 7,824
Change	$ 14	$ (112)	$ (24)	$ 60	$ 41	$ (21)
% change	0.9 %	(3.1 %)	(1.6 %)	9.7 %	8.1 %	(0.3 %)
Stabilized	$ (1)	$ (143)	$ (7)	$ 61	$ 20	$ (70)
Non-stabilized	$ 15	$ 31	$ (17)	$ (1)	$ 21	$ 49
Change	$ 14	$ (112)	$ (24)	$ 60	$ 41	$ (21)

- Increased Insurance Expense. Insurance expense totaled $877,000 for the three months ended July 31, 2011 compared to $451,000 for the three months ended July 31, 2010. Insurance expenses at properties newly acquired in fiscal years 2012 and 2011 added $6,000 to the insurance expense category, while insurance expense at existing properties increased by $420,000 resulting in a net increase in insurance expenses of $426,000 in the three months ended July 31, 2011, a 94.4% increase over insurance expenses in the three months ended July 31, 2010. The increase in insurance expense at stabilized properties is due to increased claims, primarily as a result of the flooding in North Dakota.

Insurance expense by reportable segment for the three months ended July 31, 2011 and 2010 is as follows:

	(in thousands)					
Three Months Ended July 31,	Multi-Family Residential	Commercial Office	Commercial Medical	Commercial Industrial	Commercial Retail	Total
2011	$ 396	$ 236	$ 139	$ 57	$ 49	$ 877
2010	$ 250	$ 101	$ 48	$ 38	$ 14	$ 451
Change	$ 146	$ 135	$ 91	$ 19	$ 35	$ 426
% change	58.4 %	133.7 %	189.6 %	50.0 %	250.0 %	94.4 %
Stabilized	$ 144	$ 133	$ 91	$ 19	$ 33	$ 420
Non-stabilized	$ 2	$ 2	$ 0	$ 0	$ 2	$ 6
Change	$ 146	$ 135	$ 91	$ 19	$ 35	$ 426

- Increased Property Management Expense. Property management expense totaled $5.4 million for the three months ended July 31, 2011 and compared to $5.1 million for the three months ended July 31, 2010. Property management expenses at properties newly acquired in fiscal years 2012 and 2011 added $28,000 to the property management expenses category in the three months ended July 31, 2011. Property management expenses at stabilized properties increased by $263,000 for the three months ended July 31, 2011 compared to the three months ended July 31, 2010, primarily as a result of increased operating expenses in the Wyoming TRS properties in the commercial medical segment and to a lesser extent increased bad debt provision in the commercial industrial segment, resulting in an increase of $291,000 or 5.7% in the three months ended July 31, 2011 compared to the year-earlier periods.

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Property management expense by reportable segment for the three months ended July 31, 2011 and 2010 is as follows:

	(in thousands)					
Three Months Ended July 31,	Multi-Family Residential	Commercial Office	Commercial Medical	Commercial Industrial	Commercial Retail	Total
2011	$2,310	$658	$2,127	$143	$143	$5,381
2010	$2,267	$696	$1,916	$81	$130	$5,090
Change	$43	$(38)	$211	$62	$13	$291
% change	1.9%	(5.5%)	11.0%	76.5%	10.0%	5.7%
Stabilized	$27	$(42)	$210	$61	$7	$263
Non-stabilized	$16	$4	$1	$1	$6	$28
Change	$43	$(38)	$211	$62	$13	$291

FACTORS IMPACTING NET INCOME

Net income decreased by approximately $759,000 for the three months ended July 31, 2011, compared to the three months ended July 31, 2010. The decrease in net income is due primarily to discontinued operations in the first quarter of fiscal year 2011 offset somewhat by an increase in revenues from properties acquired in Fiscal 2011 and 2010 in the three months ended July 31, 2011, compared to the three months ended July 31, 2010, as well as other factors shown by the following analysis:

	(in thousands) Increase in Net Income Three Months ended July 31, 2011
Net income for Fiscal 2011	$ 2,332
Decrease in NOI	(122)
Increase in depreciation/amortization due to depreciation of tenant and capital improvements	(334)
Increase in administrative, advisory and trustee fees due to additional corporate staff and overhead and increased trustee fees	(212)
Decrease in other expenses	38
Decrease in interest expense	146
Increase in interest and other income	16
Decrease in income tax expense	19
Decrease in income from discontinued operations	(310)
Net income for Fiscal 2012	$ 1,573

The following factors impacted net income in the three months ended July 2011:

- Decreased Mortgage Interest Expense. Our mortgage interest expense decreased approximately $898,000, or 5.7%, to approximately $14.7 million during the first quarter of fiscal year 2012, compared to $15.6 million in the first quarter of fiscal year 2011. The decrease in mortgage interest expense is due to refinancings in our stabilized properties portfolio. Our overall weighted average interest rate on all outstanding mortgage debt (excluding

borrowings under our secured line of credit) was 5.90% as of July 31, 2011 and 6.13% as of July 31, 2010. Our mortgage debt on July 31, 2011 increased approximately $9.2 million, or 0.9% from April 30, 2011.

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Mortgage interest expense by reportable segment for the three months ended July 31, 2011 and 2010 is as follows:

	(in thousands)					
Three Months Ended July 31,	Multi-Family Residential	Commercial Office	Commercial Medical	Commercial Industrial	Commercial Retail	Total
2011	$4,086	$5,097	$3,892	$887	$765	$14,727
2010	$4,199	$5,493	$4,188	$955	$790	$15,625
Change	$(113)	$(396)	$(296)	$(68)	$(25)	$(898)
% change	(2.7%)	(7.2%)	(7.1%)	(7.1%)	(3.2%)	(5.7%)
Stabilized	$(135)	$(471)	$(510)	$(68)	$(25)	$(1,209)
Non-stabilized	$22	$75	$214	$0	$0	$311
Change	$(113)	$(396)	$(296)	$(68)	$(25)	$(898)

In addition to IRET's mortgage interest expense, the Company incurs interest expense for lines of credit, amortization of loan costs, security deposits, and special assessments offset by capitalized construction interest. For the three months ended July 31, 2011 and 2010 these amounts were $1.2 million and $446,000, respectively, for a total interest expense in these categories for the three months ended July 31, 2011 and 2010 of $15.9 million and $16.1 million, respectively, a decrease of $146,000.

- Decreased Amortization Expense. The Company allocated a portion of the purchase price paid for properties to in-place lease intangible assets. The amortization period of these intangible assets is the term of the respective lease. Amortization expense related to in-place leases totaled $1.7 million in the three months ended July 31, 2011 compared to $2.0 million in the three months ended July 31, 2010.

CREDIT RISK

The following table lists our top ten commercial tenants on July 31, 2011, for all commercial properties owned by us, measured by percentage of total commercial segments' minimum rents as of July 31, 2011. Our results of operations are dependent on, among other factors, the economic health of our tenants. We attempt to mitigate tenant credit risk by working to secure creditworthy tenants that meet our underwriting criteria and monitoring our portfolio to identify potential problem tenants. We believe that our credit risk is also mitigated by the fact that no individual tenant accounts for more than approximately 10% of our total real estate rentals, although affiliated entities of Edgewood Vista together accounted for approximately 10.8% of our total commercial segments' minimum rents as of July 31, 2011.

Lessee	% of Total Commercial Segments' Minimum Rents as of July 31, 2011
Affiliates of Edgewood Vista	10.8%
St. Lukes Hospital of Duluth, Inc.	3.5%
Fairview Health Services	3.2%
Applied Underwriters	2.3%

Affiliates of Siemens USA	2.1%
HealthEast Care System	1.7%
Microsoft (NASDAQ: MSFT)	1.4%
Smurfit - Stone Container (NASDAQ: SSCC)	1.4%
Nebraska Orthopedic Hospital	1.3%
Arcadis Corporate Services, Inc.	1.2%
All Others	71.1%
Total Monthly Commercial Rent as of July 31, 2011	100.0%

PROPERTY ACQUISITIONS AND DISPOSITIONS

During the first quarter of fiscal year 2012, the Company substantially completed construction of a six-screen movie theater at its existing Buffalo Mall property in Jamestown, North Dakota, for a total cost of $2.2 million. The Company had no acquisitions or dispositions during the first quarter of fiscal year 2012.

See Note 8 of Notes to Condensed Consolidated Financial Statements above for a table detailing the Company's acquisitions and dispositions during the three month periods ended July 31, 2011 and July 31, 2010.

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FUNDS FROM OPERATIONS FOR THE THREE AND NINE MONTHS ENDED JULY 31, 2011 AND 2010

IRET considers Funds from Operations ("FFO") a useful measure of performance for an equity REIT. IRET uses the definition of FFO adopted by the National Association of Real Estate Investment Trusts, Inc. ("NAREIT"). NAREIT defines FFO to mean "net income (computed in accordance with generally accepted accounting principles), excluding gains (or losses) from sales of 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 funds from operations on the same basis." Because of limitations of the FFO definition adopted by NAREIT, IRET has made certain interpretations in applying the definition. IRET believes all such interpretations not specifically provided for in the NAREIT definition are consistent with the definition.

IRET management considers 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 IRET's 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. NAREIT's definition of 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, in NAREIT's definition of FFO, of gains and losses from the sales of previously depreciated operating real estate assets, assists IRET management and investors in identifying the operating results of the long-term assets that form the core of IRET's investments, and assists in comparing those operating results between periods. FFO is used by IRET management and investors 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. FFO should not be considered as an alternative to net income as determined in accordance with GAAP as a measure of IRET's performance, but rather should be considered as an additional, supplemental measure, and should be viewed in conjunction with net income as presented in the consolidated financial statements included in this report. FFO does not represent cash generated from operating activities in accordance with GAAP, and is not necessarily indicative of sufficient cash flow to fund all of IRET's needs or its ability to service indebtedness or make distributions.

FFO applicable to common shares and Units for the three months ended July 31, 2011 decreased to $15.8 million compared to $16.8 million for the comparable period ended July 31, 2010, a decrease of 5.9%.

RECONCILIATION OF NET INCOME ATTRIBUTABLE TO
INVESTORS REAL ESTATE TRUST TO FUNDS FROM OPERATIONS

(in thousands, except per share amounts)

Three Months Ended July 31,	2011			2010		
	Amount	Weighted Avg Shares and Units(2)	Per Share and Unit(3)	Amount	Weighted Avg Shares and Units(2)	Per Share And Unit(3)
Net income attributable to Investors Real Estate Trust	$1,421			$1,986		
Less dividends to preferred shareholders	(593)			(593)		

Net income available to common shareholders	828	80,854	$.01	1,393	76,384	$.02
Adjustments:						
Noncontrolling interest – Operating Partnership	178	19,990		370	20,393	
Depreciation and amortization(1)	14,823			15,060		
Funds from operations applicable to common shares and Units	$15,829	100,844	$.16	16,823	96,777	$.17

(1) 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 from the Condensed Consolidated Statements of Operations, totaling $14,900 and $14,566, and depreciation/amortization from Discontinued Operations of $0 and $570, less corporate-related depreciation and amortization on office equipment and other assets of $77 and $76, for the three months ended July 31, 2011 and 2010, respectively.

(2) UPREIT Units of the Operating Partnership are exchangeable for common shares of beneficial interest on a one-for-one basis.

(3) Net income attributable to Investors Real Estate Trust is calculated on a per share basis. FFO is calculated on a per share and unit basis.

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DISTRIBUTIONS

The following distributions per common share and unit were paid during the three months ended July 31 of fiscal years 2012 and 2011:

Month	Fiscal Year 2012	Fiscal Year 2011
July	$ .1715	$ .1715

LIQUIDITY AND CAPITAL RESOURCES

OVERVIEW

The Company's principal liquidity demands are maintaining distributions to the holders of the Company's common and preferred shares of beneficial interest and UPREIT Units, capital improvements and repairs and maintenance to the Company's properties, acquisition of additional properties, property development, tenant improvements and debt service and repayments.

The Company has historically met its short-term liquidity requirements through net cash flows provided by its operating activities, and, from time to time, through draws on its unsecured lines of credit. Management considers the Company's ability to generate cash from property operating activities, cash-out refinancing of existing properties and, from time to time, draws on its line of credit to be adequate to meet all operating requirements and to make distributions to its shareholders in accordance with the REIT provisions of the Internal Revenue Code. Budgeted expenditures for ongoing maintenance and capital improvements and renovations to our real estate portfolio are also generally expected to be funded from existing cash on hand, cash flow generated from property operations, cash-out refinancing of existing properties, and/or new borrowings. However, the commercial real estate market continues to experience significant challenges including reduced tenant demand, occupancies and rental rates. In the event of deterioration in property operating results, or absent the Company's ability to successfully continue cash-out refinancing of existing properties and/or new borrowings, the Company may need to consider additional cash preservation alternatives, including scaling back development activities, capital improvements and renovations and reducing the level of distributions to shareholders.

To the extent the Company does not satisfy its long-term liquidity requirements, which consist primarily of maturities under the Company's long-term debt, construction and development activities and potential acquisition opportunities, through net cash flows provided by operating activities and its credit facilities, the Company intends to satisfy such requirements through a combination of funding sources which the Company believes will be available to it, including the issuance of UPREIT Units, additional common or preferred equity, proceeds from the sale of properties, and additional long-term secured or short-term unsecured indebtedness.

SOURCES AND USES OF CASH

The sustainability of an economic recovery in the United States is still uncertain and economic growth has been sluggish and weak. While credit markets appear to have stabilized, and in our experience credit availability has improved compared to the recent recessionary period, underwriting on commercial real estate continues to be more conservative compared to the underwriting standards employed prior to the recessionary period. We continue to expect to be able to refinance our maturing debt, but we also expect lenders to continue to employ conservative underwriting regarding asset quality, occupancy levels and tenant creditworthiness, and accordingly we are cautious regarding our ability in fiscal year 2012 to rely on cash-out refinancing at levels we have achieved in recent years to provide funds for investment opportunities and other corporate purposes. Additionally, while to date there has been

no material negative impact on our ability to borrow in our multi-family segment, we continue to closely monitor proposals to modify the roles of the Federal Home Loan Mortgage Corporation (Freddie Mac) and the Federal National Mortgage Association (Fannie Mae) in financing multi-family residential properties. As we have previously noted, we consider that one of the consequences of a modification in the agencies' roles could potentially be a narrowing of their lending focus away from the smaller secondary or tertiary markets which we generally target, to multi-family residential properties in major metropolitan markets. IRET obtains a majority of its multi-family debt from primarily Freddie Mac. Our current plan is to refinance a majority of our maturing multi-family debt with these two entities, so any change in their ability or willingness to lend going forward will most likely result in higher loan costs or more constricted availability of financing for us; accordingly, we continue to closely monitor announcements regarding both firms. As of July 31, 2011, approximately 60.5%, or $9.6 million of our mortgage debt maturing in the second and third quarters of fiscal year 2012, is debt placed on multi-family residential assets, and approximately 39.5%, or $6.3 million, is debt placed on properties in our four commercial segments. Of this $15.9 million, we have to date loan applications or commitments to refinance approximately $8.9 million. As of July 31,

2011, approximately 34.5%, or $9.6 million of our mortgage debt maturing in the next twelve months is debt placed on multi-family residential assets, and approximately 65.5%, or $18.3 million, is debt placed on properties in our four commercial segments.

The Company's revolving, multi-bank line of credit with First International Bank and Trust, Watford City, North Dakota, as lead bank, had, as of July 31, 2011, lending commitments of $50.0 million, with the capacity to grow to $60.0 million. As of July 31, 2011, the line of credit was secured by mortgages on 23 properties; under the terms of the line of credit, properties may be added and removed from the collateral pool with the agreement of the lenders. Participants in this credit facility as of July 31, 2011 included, in addition to First International Bank, the following financial institutions: The Bank of North Dakota; First Western Bank and Trust; Dacotah Bank; United Community Bank; American State Bank & Trust Company and Town & Country Credit Union. The line of credit has a current interest rate of 5.65% and a minimum outstanding principal balance requirement of $10.0 million, and as of July 31, 2011, the Company had borrowed $34.0 million. The facility includes customary loan covenants including restrictions regarding minimum debt-service ratios to be maintained in the aggregate and individually on properties in the collateral pool, and the Company is also required to maintain minimum depository account(s) totaling $6.0 million with First International, of which $1.5 million is to be held in a non-interest bearing account. As of July 31, 2011, the Company believes it is in compliance with the facility covenants.

The Company maintains compensating balances, not restricted as to withdrawal, with several financial institutions in connection with financing received from those institutions and/or to ensure future credit availability, as follows: Dacotah Bank, Minot, North Dakota, deposit of $350,000; United Community Bank, Minot, North Dakota, deposit of $275,000; Commerce Bank, A Minnesota Banking Corporation, deposit of $250,000; First International Bank, Watford City, North Dakota, deposit of $6.0 million; Peoples State Bank of Velva, North Dakota, deposit of $225,000; Equity Bank, Minnetonka, Minnesota, deposit of $300,000; Associated Bank, Green Bay, Wisconsin, deposit of $500,000; Town & Country Credit Union, Minot, North Dakota, deposit of $1,000, and Venture Bank, Eagan, Minnesota, deposit of $275,000.

The issuance of UPREIT Units for property acquisitions continues to be an expected source of capital for the Company; however, in the first quarter of fiscal years 2012 and 2011, there were no Units issued in connection with property acquisitions.

The Company has a Distribution Reinvestment and Share Purchase Plan ("DRIP"). The DRIP provides common shareholders and UPREIT Unitholders of the Company an opportunity to invest their cash distributions in common shares of the Company, and purchase additional shares through voluntary cash contributions, at a discount (currently 5%) from the market price. During the first quarter of fiscal year 2012, the Company issued approximately 562,000 common shares under its DRIP, with a total value of $4.5 million.

Cash and cash equivalents on July 31, 2011 totaled $37.3 million, compared to $56.1 million on July 31, 2010, a decrease of $18.8 million. Net cash provided by operating activities for the three months ended July 31, 2011 increased by approximately $1.7 million, primarily due to a smaller increase in accounts receivable and a decrease in prepaid and other assets, net of a decrease in net income, compared to the three months ended July 31, 2010. Net cash used by investing activities was $11.9 million for the three months ended July 31, 2011 as compared to net cash used of $8.7 million for the three months ended July 31, 2010, an increase of approximately $3.2 million, primarily due to an increase in payments for acquisitions and improvements of real estate. Net cash used by financing activities was $2.3 million for the three months ended July 31, 2011, as compared to proceeds from financing activities of $1.3 million in the prior year. The decrease in funds provided from financing activity was primarily due to a decrease in proceeds from the sale of common shares and an increase in principal payments on mortgages, net of proceeds from both mortgages payable and a line of credit in the three months ended July 31, 2011 as compared to the three months

ended July 31, 2010.

FINANCIAL CONDITION

Mortgage Loan Indebtedness. Mortgage loan indebtedness increased by $9.2 million as of July 31, 2011, compared to April 30, 2011, due to new debt on existing and new properties, net of principal payments and loans that were paid off. As of July 31, 2011, approximately 99.3% of the Company's $1.0 billion of mortgage debt is at fixed rates of interest, with staggered maturities. This limits the Company's exposure to changes in interest rates, which minimizes the effect of interest rate fluctuations on the Company's results of operations and cash flows. As of July 31, 2011, the weighted average rate of interest on the Company's mortgage debt was 5.90%, compared to 5.92% on April 30, 2011.

Property Owned. Property owned was $1.8 billion at July 31, 2011 and April 30, 2011. During the three months ended July 31, 2011, the Company placed one construction project in service and had no acquisitions or dispositions, as described above in

the "Property Acquisitions and Dispositions" subsection of this Management's Discussion and Analysis of Financial Condition and Results of Operations.

Cash and Cash Equivalents. Cash and cash equivalents on hand on July 31, 2011 were $37.3 million, compared to $41.2 million on April 30, 2011.

Other Investments. Other investments, consisting of certificates of deposit held primarily for compensating balances, totaled approximately $627,000 and $625,000 on July 31, 2011 and on April 30, 2011, respectively.

Operating Partnership Units. Outstanding units in the Operating Partnership decreased slightly to 20.0 million Units at July 31, 2011 compared to 20.1 million Units outstanding at April 30, 2011. The decrease resulted primarily from the conversion of Units to common shares.

Common and Preferred Shares of Beneficial Interest. Common shares of beneficial interest outstanding on July 31, 2011 totaled 81.3 million, compared to 80.5 million outstanding on April 30, 2011. The Company issued common shares pursuant to our Distribution Reinvestment and Share Purchase Plan, consisting of approximately 562,000 common shares issued during the three months ended July 31, 2011, for a total value of $4.5 million. Conversions of approximately 109,000 UPREIT Units to common shares, for a total of approximately $999,000 in IRET shareholders' equity also increased the Company's common shares of beneficial interest outstanding during the three months ended July 31, 2011.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our exposure to market risk is limited primarily to fluctuations in the general level of interest rates on our current and future fixed and variable rate debt obligations.

Variable interest rates. Because approximately 99.3% and 99.8% of our debt, as of July 31, 2011 and April 30, 2011, respectively, is at fixed interest rates, we have little exposure to interest rate fluctuation risk on our existing debt, and accordingly interest rate fluctuations during the first quarter of fiscal year 2012 did not have a material effect on the Company. However, even though our goal is to maintain a fairly low exposure to interest rate risk, we are still vulnerable to significant fluctuations in interest rates on any future repricing or refinancing of our fixed or variable rate debt, and on future debt. We primarily use long-term (more than nine years) and medium term (five to seven years) debt as a source of capital. We do not currently use derivative securities, interest rate swaps or any other type of hedging activity to manage our interest rate risk. As of July 31, 2011, we had the following amount of future principal and interest payments due on mortgages secured by our real estate:

	(in thousands) Future Principal Payments							
Mortgages	Remaining Fiscal 2012	Fiscal 2013	Fiscal 2014	Fiscal 2015	Fiscal 2016	Thereafter	Total	Fair Value
Fixed Rate	$46,245	$49,984	$64,755	$92,529	$77,746	$664,997	$996,256	$1,016,667
Average Fixed Interest Rate	4.37 %	5.81 %	5.76 %	5.64 %	5.57 %			
Variable Rate	$211	$180	$666	$5,322	$76	$251	$6,706	$6,706
Average Variable Interest Rate	4.03 %	5.39 %	5.15 %	5.56 %	5.46 %			

$1,002,962	$1,023,373

(in thousands)
Future Interest Payments

Mortgages	Remaining Fiscal 2012	Fiscal 2013	Fiscal 2014	Fiscal 2015	Fiscal 2016	Thereafter	Total
Fixed Rate	$ 43,578	$ 55,171	$ 51,864	$ 47,103	$ 41,394	$ 106,414	$ 345,524
Variable Rate	270	350	325	95	18	24	1,082
							$ 346,606

The weighted average interest rate on our fixed rate and variable rate debt as of July 31, 2011, was 5.90%. Any fluctuations in variable interest rates could increase or decrease our interest expenses. For example, an increase of one percent per annum on our $6.7 million of variable rate indebtedness would increase our annual interest expense by $67,000.

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ITEM 4. CONTROLS AND PROCEDURES

IRET's management, with the participation of the Company's Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures (as such term is defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended) as of the end of the period covered by this report. Based on such evaluation, the Company's Chief Executive Officer and Chief Financial Officer have concluded that, as of July 31, 2011, such disclosure controls and procedures were effective to ensure that information required to be disclosed by IRET in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Commission's rules and forms, and is accumulated and communicated to management, including the Company's principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure.

Internal Control Over Financial Reporting: There have not been any changes in the Company's internal control over financial reporting (as such term is defined in Rule 13a-15(f) under the Securities and Exchange Act of 1934, as amended) during the fiscal quarter to which this report relates that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II — OTHER INFORMATION

Item 1. Legal Proceedings

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

Item 1A. Risk Factors

Important factors that could cause our actual results to be materially different from expectations expressed in forward-looking statements include the risk factors previously disclosed in our Annual Report on Form 10-K for the fiscal year ended April 30, 2011.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None

Item 3. Defaults Upon Senior Securities.

None

Item 4. Reserved.

Item 5. Other Information.

None

Item 6. Exhibits

Exhibit No.	Description
12	Calculation of Ratio of Earnings to Fixed Charges and Earnings to Combined Fixed Charges and Preferred Share Distributions
31.1	Certification by Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification by Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32	Certifications of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

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Signatures

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

INVESTORS REAL ESTATE TRUST
(Registrant)

/s/ Timothy P. Mihalick
Timothy P. Mihalick
President and Chief Executive Officer

/s/ Diane K. Bryantt
Diane K. Bryantt
Senior Vice President and Chief Financial Officer

Date: September 9, 2011

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