

INVESTORS REAL ESTATE TRUST

Form 424B5

October 27, 2014

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Registration No. 333-189637

CALCULATION OF REGISTRATION FEE

Title of securities being registered	Amount being registered(1)	Proposed maximum offering price per share	Proposed maximum aggregate offering price	Amount of registration fee
Common Shares of Beneficial Interest, no par value	10,000,000	\$8.04(2)	\$80,400,000(2)	\$9,342.48(2)(3)

(1) Pursuant to Rule 416 under the Securities Act of 1933, as amended (the "Securities Act"), this registration statement also covers an indeterminate number of additional common shares as may be issued as a result of adjustment by reason of a share dividend, share split, recapitalization or other similar event.

(2) Estimated solely for the purpose of determining the registration fee. This amount was calculated in accordance with Rule 457(c) of the Securities Act and based on the average of the high and low sales prices of the registrant's common shares of beneficial interest as reported on the New York Stock Exchange on October 23, 2014.

(3) Calculated pursuant to Rule 457(r) under the Securities Act. The Company has previously paid \$1,670.05 in registration fees on 1,346,948 shares in connection with its prospectus supplement, filed with the SEC on July 18, 2013, to the base prospectus contained in an automatic shelf registration statement on Form S-3 (No. 333-189637) filed with the SEC on June 27, 2013.

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**Prospectus Supplement, dated October 27, 2014
(To prospectus dated June 27, 2013)**

**DISTRIBUTION REINVESTMENT AND SHARE PURCHASE PLAN
10,000,000 Common Shares of Beneficial Interest**

Investors Real Estate Trust's ("IRET") Distribution Reinvestment and Share Purchase Plan (the "plan") provides new investors and existing holders of IRET's common shares of beneficial interest (the "common shares"), and holders of the limited partnership units ("units") of IRET's operating partnership, IRET Properties, A North Dakota Limited Partnership ("IRET Properties"), a convenient way to purchase IRET common shares, by permitting participants in the plan to automatically reinvest cash distributions on all or a portion of their common shares and units (subject to a minimum reinvestment percentage of 10%), and to make monthly voluntary cash contributions under the terms of the plan. Participation in the plan is entirely voluntary, so that shareholders and unitholders may join the plan and terminate their participation in the plan at any time. If you choose not to participate in the plan you will continue to receive cash distributions on your common shares and units when, as and if declared, in the usual manner. Beneficial owners of our common shares whose shares are registered in names other than their own, by brokers, banks or other nominees, may join the plan by having the shares they wish to enroll in the plan transferred to their own names, or by arranging for the holder of record to join the plan.

Prior to this prospectus supplement, we sold 8,653,052 common shares under the plan pursuant to a prospectus supplement dated July 18, 2013 to the prospectus dated June 27, 2013, resulting in 1,346,948 common shares being previously registered but remaining unsold under the prospectus supplement dated July 18, 2013.

A summary of the plan is provided in this prospectus supplement in a question and answer format. We encourage you to read it carefully. If you have any additional questions, please call us at (701) 837-4738. We recommend that you retain this prospectus supplement for future reference.

You may purchase common shares under the plan by:

Having the cash distributions on all or part of your common shares and units automatically reinvested;

Receiving directly, as usual, cash distributions, if and when declared, on your common shares and units, and investing in the plan by making optional cash payments of \$250 to \$10,000 per month; or

Investing both your cash distributions and your voluntary cash contributions.

This prospectus supplement relates to 10,000,000 common shares registered for purchase under the plan and makes certain amendments to our existing plan. Current plan participants automatically will continue to participate in the plan.

Common shares purchased for your account under the plan will be issued by us or purchased from third parties on the open market or in privately negotiated transactions. We may, in our sole discretion, determine the source from which common shares will be purchased under the plan; however, we expect these shares to be primarily shares issued by us. Newly issued common shares generally will be purchased at a discount ("purchase price discount") of 0% to 5% (in our sole discretion) from the market price for our common shares at the time of purchase, and will provide us with additional capital for general corporate purposes.

Common shares purchased for plan accounts through open market or privately negotiated transactions are not eligible for the purchase price discount. The purchase price for common shares acquired for plan accounts through open market or privately negotiated transactions will be equal to the weighted average price (excluding brokerage commissions) of all common shares acquired through open market or privately negotiated transactions during the investment period. Common shares purchased directly from us pursuant to an approved request for waiver as described in this prospectus supplement will be at the volume weighted average price, rounded to four decimal places, of our common shares, as traded on the New York Stock Exchange ("NYSE") only during regular NYSE hours on the applicable trading days and may be priced at a

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discount ("waiver discount") ranging from 0% to 5%, as described in this prospectus supplement. We may change or eliminate any discount at any time in our sole discretion.

In part so that we can continue to qualify as a "real estate investment trust" (a "REIT") under the federal income tax laws, our declaration of trust generally does not permit anyone to own more than 9.8% (in value or number of shares, whichever is more restrictive) of our outstanding common shares.

To the extent required by applicable law in any jurisdiction, common shares offered under the plan to persons not presently common shareholders of record are offered only through a registered broker-dealer in such jurisdiction.

Our common shares are listed on the NYSE under the symbol "IRET." The last reported sale price of our common shares on the NYSE on October 23, 2014 was \$8.06 per share.

Investing in our common shares involves risks. See "Risk Factors" beginning on page S-1 of this prospectus supplement and beginning on page 11 of our Annual Report on Form 10-K for the fiscal year ended April 30, 2014, our periodic reports and other information that we file with the Securities and Exchange Commission, for certain factors that you should consider before purchasing our common shares.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR DETERMINED IF THIS PROSPECTUS SUPPLEMENT IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The date of this prospectus supplement is October 27, 2014

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ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of our Distribution Reinvestment and Share Purchase Plan and also adds to and updates information contained in the second part. The second part, which is the accompanying prospectus, provides general information about securities we may offer from time to time, including the common shares being offered hereby. Some of the information in the accompanying prospectus may not apply to the plan. If the information in this prospectus supplement is inconsistent with the information in the accompanying prospectus or the documents incorporated by reference on or prior to the date of this prospectus supplement, this prospectus supplement will supersede such other information. This prospectus supplement does not contain all of the information that is important to you. For further information, you should read the accompanying prospectus as well as the documents incorporated by reference after the date of this prospectus supplement and before the date that the offering of the securities by means of this prospectus supplement is terminated. Please read this prospectus supplement carefully, and, if you are a participant in the plan or if you decide to participate in the future, then please keep this prospectus supplement with your investment records, since it contains important information about the plan.

You should rely only on the information contained in or incorporated by reference into this prospectus supplement. We have not authorized anyone to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. This prospectus supplement may only be used where it is legal to sell these securities. You should not assume that the information contained in this prospectus supplement is accurate as of any date later than the date hereof.

IRET

IRET is a self-advised REIT that owns and operates commercial office, medical, industrial and retail properties and multi-family residential properties located primarily in the upper Midwest. We began operations in July 1970. We own our properties and conduct our business primarily through our operating partnership, IRET Properties. We are the sole general partner of, and owned as of July 31, 2014, an 86.5% interest in, IRET Properties. As of July 31, 2014, we owned 163 commercial properties with an aggregate of approximately 10.2 million square feet of leasable space, and 96 multi-family residential properties with a total of approximately 11,080 units. Our properties are located in 12 states.

Our principal corporate offices are located at 1400 31st Avenue SW, Suite 60, North Dakota 58701. Our telephone number is (701) 837-4738. Our website address is <http://www.iret.com>. The information on or connected to our website is not, and shall not be deemed to be, part of or incorporated by reference into this prospectus supplement.

RISK FACTORS

Investing in our common shares involves risks that could affect us and our business, as well as the real estate industry generally. Please see the risk factors in our Annual Report on Form 10-K for the year ended April 30, 2014, as well as the additional periodic reports we file with the SEC. Much of the business information and financial and operational data contained in our risk factors is updated in our periodic reports, which are also incorporated by reference into this prospectus supplement. We cannot assure you of a profit or protect you against a loss on the common shares that you purchase under the plan.

In addition, there are risks associated with participation in the plan.

You will not know the price of the shares you are purchasing under the plan at the time you authorize the investment or elect to have your distributions reinvested. Although we describe generally in this

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prospectus supplement how the price of any common shares you purchase under the plan will be determined, you will not know the price of those common shares at the time you authorize the investment or elect to have your distributions reinvested.

The price of our common shares may fluctuate between the time you decide to purchase shares under the plan and the time of the actual purchase. The price of our common shares may fluctuate between the time you decide to purchase our common shares under the plan and the time of the actual purchase. In addition, during this time period, you may become aware of additional information that might affect your investment decision. If you decide to withdraw from the plan, the market price of our common shares may decline between the time you decide to withdraw and the time your common shares are transferred or you receive a certificate evidencing your plan shares.

The market price of our common shares may be volatile due to numerous circumstances beyond our control. The trading prices of equity securities issued by REITs historically have been affected by changes in market interest rates. One of the factors that may influence the price of our common shares is the annual yield from distributions on our common shares as compared to yields on other financial instruments. An increase in market interest rates, which may lead prospective purchasers of our common shares to demand a higher annual yield, or a decrease in our distributions to shareholders, could reduce the market price of our common shares. Other factors that could affect the market price of our common shares include the following:

- actual or anticipated variations in our quarterly results of operations;
- changes in market valuations of companies in the real estate industry;
- changes in expectations of future financial performance or changes in estimates of securities analysts;
- fluctuations in stock market prices and volumes;
- our issuances of common shares or other securities in the future;
- the addition or departure of key personnel; and
- announcements by us or our competitors of acquisitions, investments or strategic alliances.

INCORPORATION OF CERTAIN INFORMATION BY REFERENCE

We incorporate information into this prospectus supplement and the accompanying prospectus by reference, which means that we disclose important information to you by referring you to another document filed separately with the SEC. The information incorporated by reference is deemed to be part of this prospectus supplement, except to the extent superseded by information contained herein or by information contained in documents filed with or furnished to the SEC after the date of this prospectus supplement. This prospectus supplement incorporates by reference the documents set forth below that have been previously filed with the SEC:

- our Annual Report on Form 10-K for the year ended April 30, 2014;
- our Quarterly Report on Form 10-Q for the quarter ended July 31, 2014, filed with the SEC on September 9, 2014;
- the information specifically incorporated by reference into our Annual Report on Form 10-K for the fiscal year ended April 30, 2014 from our Definitive Proxy Statement on Schedule 14A filed with the SEC on August 4, 2014; and

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our Current Reports on Form 8-K filed with the SEC on July 1, 2014 and September 19, 2014.

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We also incorporate by reference into this prospectus supplement additional documents that we may file (but not those that we furnish) with the SEC under Section 13(a), 13(c), 14, or 15(d) of the Securities Exchange Act of 1934, as amended, from the date of this prospectus supplement until we have sold all of the securities to which this prospectus supplement relates or the offering is otherwise terminated. We will provide, without charge, to each person to whom a copy of this prospectus supplement has been delivered, a copy of any of the documents referred to above as being incorporated by reference. You may request a copy of these filings by writing or telephoning us at the following address:

Investors Real Estate Trust
1400 31st Avenue SW, Suite 60
Minot, North Dakota, 58701
(701) 837-4738

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Some of the information in this prospectus supplement may contain forward-looking statements as described in Section 27A of the Securities Act and Section 21E of the Exchange Act. You can generally identify forward-looking statements by our use of forward-looking words such as "may," "will," "expect," "intend," "anticipate," "estimate," "believe," "continue" or other similar words that describe our expectation for the future. These forward-looking statements include, but are not limited to, those regarding possible acquisitions to our portfolio of properties; the sale of properties; the performance of our properties; our ability to enter into agreements with new tenants for vacant space; our occupancy rates; our ability to acquire, develop and manage properties; our tax status as a real estate investment trust; our ability to access capital markets or other sources of funds; our ability to make distributions to shareholders; our policies and plans regarding investments, financings and other matters; and our critical accounting policies.

You should not rely on our forward-looking statements because the matters they describe are subject to known and unknown risks, uncertainties and other unpredictable factors, many of which are beyond our control. These risks and uncertainties, including those described in our filings with the SEC from time to time, could cause our actual results to differ materially from those projected in any forward-looking statement we make. Various factors may cause our expected results to differ materially from our actual results, including, but not limited to, the status of the economy; the state of the capital markets, including availability and cost of capital; competition within the real estate industry; negative developments in the operating results or financial condition of our tenants, including their ability to pay rent; our ability to make new investments as and when anticipated; our ability to re-lease space at similar rates as vacancies occur; environmental laws affecting our properties; and legal and operational matters, including real estate investment trust qualification and key management personnel recruitment and retention. We are not obligated to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

HOW TO ENROLL IN THE DISTRIBUTION REINVESTMENT AND SHARE PURCHASE PLAN

If you do not currently own any common shares or units: You may join the plan by making an initial cash investment of at least \$250 and not more than \$10,000. You may enroll by completing and mailing to the Plan Administrator a new account Enrollment Form and a plan Authorization Form along with your check payable to Investors Real Estate Trust. A \$15 new account enrollment fee will be deducted from your initial investment. Participants may not send cash, money orders, travelers' checks or third-party checks. If the account will be registered in more than one name, all potential participants must sign the new account Enrollment Form. We reserve the right to limit or combine accounts with identical taxpayer identification numbers and/or legal registrations. Please allow approximately two weeks for your account to be established, initial shares to be purchased and a statement to be mailed to you. No interest will be paid on amounts held by us pending investment.

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You may obtain Authorization Forms and new account Enrollment Forms by writing to us at IRET, 1400 31st Avenue SW, Suite 60, Minot, ND 58701, Attention Investor Relations, or calling us at (701) 837-4738. The new account Enrollment Form and the Authorization Form are also available on our website, www.iret.com, at the Distribution Reinvestment and Share Purchase Plan section of the "Investor Relations" page. The information on our website does not constitute a part of this prospectus supplement. You may also visit American Stock Transfer and Trust Company, LLC's website, www.amstock.com, and enroll online and download plan documents. American Stock Transfer and Trust Company, LLC is the transfer agent for our shares of beneficial interest and is the administrator of the plan (the "Plan Administrator").

If you own common shares or units registered in your name: You may join the plan by completing and mailing to the Plan Administrator an Authorization Form (no enrollment fee is required). You may also enroll online at www.amstock.com by accessing your account.

If your common shares are held in a brokerage, bank or other intermediary account: To participate directly in the plan, you should direct your broker, bank or other intermediary to register some or all of your common shares directly in your name with American Stock Transfer & Trust Company, LLC, as the transfer agent for our common shares. You may then join the plan by completing and mailing an Authorization Form to the Plan Administrator.

If you are a current participant in the plan: You are automatically enrolled in the plan. No action is required unless you want to make a change in your election.

If you are a citizen or resident of a country other than the United States, you must first determine that participating will not violate local laws applicable to us, the plan and you as a participant.

DESCRIPTION OF THE DISTRIBUTION REINVESTMENT AND SHARE PURCHASE PLAN

The following questions and answers constitute the plan. **You should read this prospectus supplement carefully before electing to participate in the plan and retain it for future reference.**

Purpose and Participation

1. *What is the purpose of the plan?*

The purpose of the plan is to provide a convenient and economical way to purchase our common shares and to reinvest cash distributions paid on our common shares and units. Under the plan, common shares that are acquired for your account directly from us as newly issued common shares with reinvested distributions and/or voluntary cash contributions may be issued at a discount from the market price for our common shares at the time of purchase ranging from 0% to 5%. Common shares acquired with reinvested distributions and/or voluntary cash contributions through open market or privately negotiated transactions will not be eligible for a purchase price discount and will be priced at the weighted average cost (excluding brokerage commissions) of all common shares acquired through open market or privately negotiated transactions on the Distribution Payment Date (as defined below) and/or during the Investment Period (as defined below), as applicable. For a more extensive discussion regarding discounts and pricing of shares purchased under the plan for your account, see Questions 14-20.

The plan is primarily intended to benefit long-term investors who want to increase their investment in our common shares by investing all or a portion of their cash distributions in additional shares, and to allow our shareholders and new investors to purchase additional common shares. We reserve the right to modify, suspend or terminate participation in this plan by otherwise eligible investors in order to eliminate practices that are not consistent with the purposes of the plan.

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2.

What investment options are available under the plan?

The Authorization Form allows you to choose one of the options listed below regarding your participation in the plan. If not otherwise specified on the Authorization Form, your plan account will automatically be set up for full distribution reinvestment. You can change your reinvestment decision at any time by notifying us. Your options under the plan are:

Full Distribution Reinvestment: If you check the "Full Distribution Reinvestment" box, it means that you are instructing the Plan Administrator to purchase additional common shares for you using:

cash distributions on all common shares and/or units registered in your name;

cash distributions on all common shares credited to your plan account; and

any voluntary cash contributions received from you.

Partial Distribution Reinvestment: If you check the "Partial Distribution Reinvestment" box on the Authorization Form, it means that you are specifying on the Authorization Form the number of common shares and/or units registered in your name and/or the number of all common shares credited to your plan account on which you want cash distributions to be paid to you in the usual manner. It further means that you are instructing the Plan Administrator to purchase additional common shares for your plan account using the cash distributions on all of your remaining common shares and/or units, and any voluntary cash contributions you make under the plan.

The Internal Revenue Service (the "IRS") adopted regulations on broker reporting of sales of securities and on the cost basis of securities. Pursuant to those regulations, plan administrators of distribution reinvestment plans are required to retain and accurately report cost basis information to shareholders and to the IRS with respect to shares acquired in qualified distribution reinvestment plans. Under the regulations, the minimum distribution reinvestment that can occur in order for a plan to qualify as a distribution reinvestment plan is 10%. Accordingly, the plan requires you to reinvest a minimum of 10% of every distribution paid. If your account falls below the 10% threshold, you will be sent a notification outlining your alternatives for reinvesting distributions.

Under the regulations, the adjusted basis of stock in a qualified distribution reinvestment plan is determined by the plan administrator's default method, unless the participant elects another method. The common reporting method applicable to distribution reinvestment plans is the average basis method. The average basis method is elective in one of two ways. First, the plan administrator may adopt average basis as its default method. Alternatively, if the plan administrator chooses another default method, then a plan participant may elect the average basis method by submitting an election in writing (including electronic communication) to the plan administrator and the administrator must execute the average basis method for that participant.

Cash distributions will be reinvested in additional common shares on the distribution payment date (the "Distribution Payment Date"), which is generally on or about the first day of each April, July and October, and on or about the 15th day of each January.

Voluntary Cash Contributions: If you check the "Voluntary Cash Contributions" box, it means that you are instructing the Plan Administrator to purchase additional common shares for your plan account using the voluntary cash contributions received from you. Cash distributions paid on all shares credited to your plan account as a result of your purchase of shares using this voluntary cash contribution feature of the plan will be reinvested under one of the Distribution Reinvestment options summarized above, as directed by you (i.e., Full Distribution Reinvestment or Partial Distribution Reinvestment). To purchase common shares using this feature of the plan, you must invest at least \$250 at any one time, but you cannot invest more than \$10,000 monthly (unless the limit is waived by us). Any voluntary cash contribution of less than \$250 and the portion of any voluntary cash contribution or contributions totaling more than \$10,000 per

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month (unless the limit has been waived by us), will be returned to you without interest. You have no obligation to make any voluntary cash contributions under the plan.

Purchases of our common shares made with voluntary cash contributions within the plan limits will begin on an investment date (the "Investment Date") which will be the 5th of each month (if this date is not a trading day on the NYSE, then the Investment Date will be the next trading day) and which may extend through an investment period not to exceed 30 business days after such Investment Date (the "Investment Period"). Common shares purchased on the open market will be credited to your plan account as of the last day on which all purchases during the Investment Period are completed. Shares issued and sold by us will be credited on the Investment Date.

The Plan Administrator must receive voluntary cash contributions no later than three business days before the Investment Date for those contributions to be invested in our common shares beginning on the Investment Date. Otherwise, the Plan Administrator may hold those funds and invest them beginning on the next succeeding Investment Date. No interest will be paid on funds held by us pending investment. Accordingly, you may wish to transmit any voluntary cash contributions so that they reach the Plan Administrator shortly but not less than three business days before the Investment Date. This will minimize the time period during which your funds are not invested. Participants have an unconditional right to obtain the return of any voluntary cash contribution up to three business days prior to the Investment Date by sending a written request to the Plan Administrator.

If you wish to make regular monthly purchases, you can authorize an automatic withdrawal from your bank account by completing the applicable section of the Authorization Form and returning it to the Plan Administrator. This feature enables you to make ongoing investments without writing a check. Funds will be deducted from your bank account on the last business day of the month preceding each Investment Date. Please allow sufficient time (approximately three weeks) for the first automatic withdrawal to be initiated. You must notify the Plan Administrator in writing to change or terminate automatic withdrawal at least 10 business days before the next automatic withdrawal in order for the change or termination to be effective by that date.

For the purpose of the above limitations on the amount of voluntary cash contributions (no less than \$250 or more than \$10,000 monthly, unless the limit is waived by us), we may aggregate all initial and voluntary cash contributions for participants with more than one account using the same Social Security Number or Taxpayer Identification Number. For participants unable to supply a Social Security Number or Taxpayer Identification Number, their participation may be limited by us to only one plan account. Also for the purpose of such limitations, all plan accounts that we believe to be under common control or management or to have common ultimate beneficial ownership may be aggregated. Unless we have determined that investment of voluntary cash contributions for each such account would be consistent with the purposes of the plan, we will have the right to aggregate all such accounts and to instruct the Plan Administrator to return, without interest, within 30 days of receipt, any amounts in excess of the investment limitations applicable to a single account received in respect of all such accounts.

Under all of the above investment options, unless you instruct the Plan Administrator otherwise by choosing the Partial Distribution Reinvestment option on the Authorization Form, the Plan Administrator will automatically reinvest any and all subsequent distributions on the common shares credited to your plan account, until you specify otherwise by notice in writing delivered to the Plan Administrator, until you withdraw from the plan, or until the plan is terminated, as the case may be.

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Advantages and Disadvantages

3.

What are the advantages and disadvantages of the plan?

Before deciding whether to participate in the plan, you should consider the following advantages and disadvantages.

Advantages

You may have the opportunity to reinvest the cash distributions on all or a portion of your common shares and units (subject to a minimum reinvestment percentage of 10%) in additional common shares at a discount from the market price for our common shares when the common shares are issued and sold directly by us.

You may have the opportunity to make a voluntary cash contribution (subject to a minimum of \$250 and a maximum of \$10,000 per month or, with our approval, in excess of \$10,000) to purchase our common shares at a discount from the market price when the common shares are issued and sold directly by us.

You are not required to pay brokerage commissions or other expenses in connection with the purchase of common shares under the plan, including reinvested distributions or voluntary cash contributions that are applied to the purchase of our common shares on the open market.

The plan permits whole and fractional common shares to be purchased with the distributions. Distributions on all whole or fractional common shares and units credited to the distribution reinvestment portion of the account are automatically reinvested in additional whole or fractional common shares.

By participating in the plan, you avoid the necessity of safekeeping certificates representing the common shares credited to your account, and thus have increased protection against loss, theft or destruction of such certificates.

A regular statement for each account will provide you with a record of each transaction.

Disadvantages

You may not know the actual number of common shares purchased under the plan until after the Investment Date or Investment Period (as applicable for voluntary cash contributions) or the Distribution Payment Date for shares purchased with reinvested distributions.

You will have no control over the prices at which shares are purchased or sold for your account. Moreover, you will have no control over the source of the acquired shares (newly issued, open market purchases or privately negotiated transactions), and therefore may not know if the shares purchased for your account were eligible for the purchase price discount until after the Distribution Payment Date or, in the case of voluntary cash contributions, until after the Investment Period has concluded.

If you make a voluntary cash contribution but later change your mind and want it returned to you, we are obligated to do so only if the Plan Administrator receives your written request not less than three business days prior to the applicable Investment Date.

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You will not receive the purchase price discount on common shares acquired through open market or privately negotiated transactions with reinvested distributions or voluntary cash contributions.

Any discount from market prices at the time of investment in common shares purchased under the plan (as described in Question 16) may create additional taxable income to you and

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brokerage commissions or other trading expenses paid by us in connection with the reinvestment of distributions if common shares are purchased in the open market will be taxable income to you. See Question 41.

A common shareholder's reinvested distributions will generally be taxable as dividends to the extent of our earnings and profits and may give rise to a liability for the payment of income tax without providing the shareholder with the corresponding cash to pay the tax when due.

A unitholder's reinvested distributions that exceed the unitholder's adjusted tax basis in its units will be treated as an amount received on the taxable sale or exchange of its units and may give rise to income tax liability without providing the unitholder with the corresponding cash to pay the tax when due.

We will not pay interest on voluntary cash contributions while the Plan Administrator holds them pending investment.

The granting of a discount in any one month or quarter will not ensure the availability of a discount or the same discount in future months or quarters. Each month or quarter, we may, at our discretion, adjust or eliminate discounts after providing notice, at least 30 days prior to the next Investment Date, on our website, www.iret.com, in the Distribution Reinvestment and Share Purchase Plan section of the website.

You bear the risks of fluctuation in the market price of our common shares.

Administration

4.

Who administers the plan?

The plan is administered by the Plan Administrator, American Stock Transfer & Trust Company, LLC, or such successor plan administrator as we may designate. The Plan Administrator keeps records, sends statements of account to participants and performs other duties relating to the plan. They also act as the distribution disbursing agent, transfer agent and registrar for our common shares. Correspondence with the Plan Administrator should be sent to:

American Stock Transfer and Trust Company, LLC
Attention: Investors Real Estate Trust Distribution Reinvestment and Share Purchase Plan
P.O. Box 922
Wall Street Station
New York, NY 10269-0560
Telephone: 1-888-200-3167

Internet services of the plan:

You can obtain information about your account over the Internet. To gain access, you will be required to use your account number and tax ID number. You may request your account number and tax ID number by calling the Plan Administrator at the telephone number above.

Eligibility

5.

Who is eligible to participate in the plan?

- (a) All holders of record of our common shares are eligible to participate in the plan.
- (b)

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All holders of record of units are eligible to participate in the plan.

(c)

If you do not own any common shares or units, you may participate in the plan by making an initial cash investment of at least \$250 and not more than \$10,000 (unless this limit is waived by us). A \$15 new account enrollment fee will be deducted from your initial cash investment.

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(d)

Beneficial owners whose common shares are registered in names other than their own (for instance, in the name of a broker or bank nominee), may participate in the plan in respect of the reinvestment of cash distributions on such common shares only if their broker or nominee offers the option of participating in the plan. Shareholders should consult directly with the entity holding their common shares to determine if they can enroll in the plan. If not, the common shareholder will need to request his or her bank, broker or trustee to transfer all or some of his or her common shares into the beneficial owner's own name in order to participate in the plan.

6.

Are there any limitations on who is eligible to become a participant other than those described above?

Foreign law restrictions. If you are a citizen or resident of a country other than the United States, its territories and possessions, you should make certain that your participation does not violate local laws governing such things as taxes, currency and exchange controls, stock registration and foreign investments.

REIT Qualification Restrictions. In order to maintain our qualification as a REIT, not more than 50 percent in value of our outstanding shares of beneficial interest may be owned, directly or indirectly, by five or fewer individuals (as defined in the Code to include certain entities). As a result, our Declaration of Trust prohibits any shareholder from owning over 9.8% of the lesser of the number or value of our outstanding shares. If any shareholder acquires or is deemed to have acquired more than 9.8% of our outstanding shares, under the plan or otherwise, then (among other consequences) the number of shares owned by such shareholder that exceed the 9.8% ownership limit will be automatically transferred to a trust, the beneficiary of which will be a qualified charitable organization selected by us and the purported transferee will acquire no rights in the shares. At the direction of our board of trustees, the trust will thereafter sell the shares and remit to such shareholder the lesser of the price paid by such shareholder for the shares or the proceeds received by the trust for the shares, minus any expenses or compensation due to the trust. We reserve the right to invalidate any purchases made under the plan that we determine, in our sole discretion, may violate the 9.8% ownership limit. Any grant or request for a waiver of the maximum voluntary cash contribution will not be deemed a waiver of the 9.8% ownership limit.

Change of Eligibility. We reserve the right to modify, suspend or terminate participation in the plan, by otherwise eligible holders of common shares and units, in order to eliminate practices which we determine, in our sole discretion, are not consistent with the purposes or operation of the plan or which may adversely affect the market price of our common shares. If the number of shares on which distributions are reinvested falls below one share, your participation in the plan will be terminated automatically and a check will be sent to you for any fractional share remaining. In addition to the restrictions described above, we reserve the right to restrict your participation in the plan for any other reason. We have the sole discretion to exclude you from, or terminate your participation in, the plan.

Participating in the Plan

7.

How do interested investors and existing holders of common shares or units join the plan?

An interested investor may join the plan by making an initial cash investment of at least \$250 but not more than \$10,000 (unless such limit is waived by us). You may enroll by completing and mailing to the Plan Administrator a completed new account Enrollment Form and a plan Authorization Form along with your check payable to Investors Real Estate Trust. A \$15 enrollment fee will be deducted from your initial investment. Please allow approximately four weeks for your account to be established, initial shares to be purchased and a statement to be mailed to you. No interest will be paid on amounts held by us pending investment. A holder of record of common shares or units may join the plan at any time by completing the Authorization Form and returning it to us (See Question 4 for our address).

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When completing the Authorization Form, you should be careful to include your social security number or taxpayer identification number and complete the required certification. Failure to supply this information will result in backup withholding of a percentage (28%) of payments owed to you. If the common shares or units are registered in more than one name (e.g., joint tenants, trustees, minors, etc.), all registered holders must sign the Authorization Form. Beneficial owners of our common shares whose shares are registered in names other than their own by brokers, banks or other nominees may join the plan by having the shares they wish to enroll in the plan transferred to their own names and completing the Authorization Form, or by arranging for the holder of record to participate in the plan on their behalf. If you are a beneficial owner whose broker, bank or nominee participates in the DTC reinvestment service, you should be able to request that your broker code your shares for distribution reinvestment and your distributions should be automatically reinvested through the plan. Those beneficial owners whose broker, bank or nominee does not participate in the DTC reinvestment service will need to become registered shareholders in order to participate in the distribution reinvestment feature of the plan. You may also enroll in the plan online at www.amstock.com by logging into your account. First-time buyers may also purchase shares online.

If you are currently participating in our Distribution Reinvestment Plan, you are automatically enrolled in the plan without sending another Authorization Form. However, if you wish to change your participation in any way, please contact the Plan Administrator for instructions (see Question 4 for contact information).

8.

What does the Authorization Form provide?

By signing an Authorization Form, a common shareholder or unitholder may become a participant, and by checking the appropriate boxes on the Authorization Form may choose among the investment options described in Question 2. An Authorization Form is enclosed with this prospectus supplement. Additional Authorization Forms may be obtained by writing to the Plan Administrator at the address listed in Question 4 or calling us at (701) 837-4738. The Authorization Form is also available on our website, www.iret.com, at the Distribution Reinvestment and Share Purchase Plan section of the "Investor Relations" page. The information on our website does not constitute a part of this prospectus supplement.

9.

How does the voluntary cash contribution feature of the plan work?

The Plan Administrator must receive voluntary cash contributions no later than three business days before the Investment Date for those contributions to be invested in our common shares beginning on the Investment Date. Otherwise, the Plan Administrator may hold those funds and invest them beginning on the next Investment Date in the following month. No interest will be paid on funds held by the Plan Administrator pending investment. Accordingly, you may wish to transmit any voluntary cash contributions so that they reach the Plan Administrator shortly but not less than three business days before the Investment Date. This will minimize the time period during which your funds are not earning interest. Participants have the unconditional right to obtain the return of any cash payment up to three business days prior to the Investment Date by sending a written request to the Plan Administrator.

You do not need to contribute the same amount, or any amount, each Investment Date. The Plan Administrator will reinvest all of the cash distributions on common shares purchased with voluntary cash contributions in additional common shares on each Distribution Payment Date, unless you have specified on the Authorization Form the Partial Distribution Reinvestment option, in which case the Plan Administrator will apply the cash distributions on common shares purchased with voluntary cash contributions in accordance with those instructions.

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10.

How can a participant make a voluntary cash contribution?

You may make a voluntary cash contribution by enclosing with the Authorization Form a check made payable to Investors Real Estate Trust subject to a minimum monthly amount (initially \$250) and a maximum monthly amount (initially \$10,000). These limits may be changed at any time in our sole discretion. If you wish to make regular monthly purchases, you can authorize an automatic withdrawal from your bank account by completing the applicable section of the Authorization Form and returning it to the Plan Administrator. This feature enables you to make ongoing investments without writing a check each time you want to make an investment. Funds will be deducted from your bank account on the last business day of the month preceding each Investment Date. Please allow sufficient time (approximately three weeks) for the first automatic withdrawal to be initiated. You must notify the Plan Administrator in writing to change or terminate automatic withdrawal at least 10 business days before the next automatic withdrawal in order for the change or termination to be effective by that date. We also may, from time to time, authorize other methods of payment. In that event, you will be notified through a posting on our website of the changed investment limits and other payment methods.

11.

How do the Full Distribution Reinvestment feature and the Partial Distribution Reinvestment feature of the plan work?

If you mark "*Full Distribution Reinvestment*" on your Authorization Form, the Plan Administrator will purchase additional common shares for your plan account with:

all cash distributions on both the shares and units held in your name as registered holder (or held in street name on your behalf by brokers, banks or other nominees who have joined the plan) and on your plan shares; and

any voluntary cash contributions you make under the plan.

If you mark "*Partial Distribution Reinvestment*" on your Authorization Form, the Plan Administrator will continue to make cash payments of distributions on the number of the common shares and/or units held in your name as registered holder (or held in street name on your behalf by brokers, banks or other nominees who have joined the plan) and on the number of shares held in your plan account that you indicate on the Authorization Form (subject to a minimum reinvestment percentage of 10%). In addition, the Plan Administrator will apply to the purchase of additional common shares for your plan account:

all of the remaining cash distributions on your certificated common shares and/or units, and all of the remaining cash distributions on your plan shares; and

any voluntary cash contributions you make under the plan.

In order for the Plan Administrator to reinvest your cash distributions for that quarter, the Plan Administrator must receive your Authorization Form by the record date for a Distribution Payment Date (see Question 4 for the address). Any change of election concerning the reinvestment of distributions must also be received by the Plan Administrator at least three business days prior to the record date for a Distribution Payment Date in order for the change to become effective with that payment. If you return a properly executed Authorization Form without electing an investment option, you will be enrolled as having selected full distribution reinvestment.

The quarterly Distribution Payment Date is usually on or about the first day of each April, July and October, and on or about the 15th day of each January. The record date is approximately two to three weeks before the Distribution Payment Date. For example, if a distribution was paid on July 1 and the record date for such distribution was June 15, the Plan Administrator would have to receive your Authorization Form on or before June 15 in order for distributions paid on your common shares and/or units to be used for distribution reinvestment on July 1. If the Plan Administrator received your Authorization Form after June 15, the July 1 distribution would be paid to you in cash and your

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reinvestment of cash distributions would commence with the next distribution payment date, which should be on or about October 1.

12.

May I reinvest less than the full amount of my distributions?

By selecting the "Partial Distribution Reinvestment" option on your Authorization Form, you may direct the Plan Administrator to reinvest the distributions attributable to a lesser number of common shares and/or units than the full number of common shares and/or units registered in your name and/or held in your plan account (see Question 11 above for a more extensive discussion of the distribution reinvestment options). Cash distributions on the remaining common shares and/or units will continue to be paid to you.

Pursuant to IRS regulations, plan administrators of distribution reinvestment plans are required to retain and accurately report cost basis information to shareholders and to the IRS with respect to shares acquired in qualified distribution reinvestment plans. Under the regulations, the minimum distribution reinvestment that can occur in order for a plan to qualify as a distribution reinvestment plan is 10%. Accordingly, the Plan requires you to reinvest a minimum of 10% of every distribution paid. If your account falls below the 10% threshold, you will be sent a notification outlining your alternatives for reinvesting distributions.

Under the regulations, the adjusted basis of stock in a qualified distribution reinvestment plan is determined by the plan administrator's default method, unless the participant elects another method. The common reporting method applicable to distribution reinvestment plans is the average basis method. The average basis method is elective in one of two ways. First, the plan administrator may adopt average basis as its default method. Alternatively, if the plan administrator chooses another default method, then a plan participant may elect the average basis method by submitting an election in writing (including electronic communication) to the plan administrator and the administrator must execute the average basis method for that participant.

13.

How and when can I change the amount of distributions to be reinvested?

You may change the distribution reinvestment option at any time by submitting a newly executed Authorization Form to the Plan Administrator (see Questions 8 and 11). Any change in the number of common shares with respect to which the Plan Administrator is authorized to reinvest cash distributions must be received by the Plan Administrator by the record date for a distribution payment to permit the new amount to apply to that payment.

Purchases and Price of Shares Within Plan Limits and Distribution Reinvestments

14.

What is the source of common shares purchased for me under the plan?

Common shares purchased for your account under the plan will be issued by us from our authorized but unissued shares, or purchased from third parties on the open market or in privately negotiated transactions. We may, in our sole discretion, determine the sources from which common shares will be purchased under the plan; however, we expect shares to primarily be issued by us.

15.

When will the common shares be purchased for my account?

Voluntary Cash Contributions

Purchases of our common shares made with voluntary cash contributions in amounts that are within plan limits will begin on an Investment Date and may extend through the Investment Period. Common shares purchased on the open market or in privately negotiated transactions will be credited to your plan account as of the last day on which all purchases for the Investment Period are completed. Shares issued and sold by us will be credited on the Investment Date. See Question 9 for a more extensive discussion of the voluntary cash contribution feature.

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Distribution Reinvestments

Purchases will be made on the Distribution Payment Date, which is the quarterly distribution payment date for our common shares. The quarterly distribution payment is declared each quarter by our board of trustees. The distribution record date normally precedes the Distribution Payment Date by approximately two to three weeks. We historically have paid distributions on or about the first day of each April, July and October, and on or about the 15th day of each January. We pay distributions when and if declared by our Board of Trustees. We cannot assure you that we will declare or pay distributions in the future, and nothing contained in the plan obligates us to do so. However, we intend to continue to qualify as a REIT, and, as a REIT, we must distribute to our shareholders at least 90% of our taxable income each year. The plan does not represent a guarantee of future distributions.

No interest will be paid on cash distributions or voluntary cash contributions pending investment under the terms of the plan.

16.

What will be the price of the common shares purchased with voluntary cash contributions under the plan?

Original Issue Shares Acquired Directly from Us

We may issue and sell common shares under the plan. The purchase price of common shares issued by us may be at a discount from the market price for our common shares on the Investment Date. The market price will be the volume weighted average price, rounded to four decimal places, of our common shares, as traded on the NYSE only during regular NYSE hours on the Investment Date. We will obtain this pricing information from NYSE, or, if NYSE is no longer providing this information, another authoritative source. Currently, the discount is 3% of the market price for our common shares on the Investment Date. We may change the discount at any time, in our sole discretion, with notice to participants provided on our website, www.iret.com, at least 30 days prior to the next Investment Date. In no event will the purchase price (taking into account any applicable discount) be less than 95% of the market value of our common shares on the Investment Date.

Open Market Purchases or Privately Negotiated Transactions

Independent Agent. We, the Plan Administrator, or, if we so elect, an independent agent appointed by us, may buy our common shares for the plan in the open market or in privately negotiated transactions. Except for any limitations imposed by federal or state securities laws, we, the Plan Administrator or the independent agent, as the case may be, will have full discretion as to all matters relating to open market purchases for the plan. We, the Plan Administrator or the independent agent, as the case may be, will determine the number of shares, if any, to be purchased on any given day, the time of day, the price to be paid for shares, the markets in which the shares are to be purchased (which may include any securities exchange or over-the-counter market) and the persons (including brokers or dealers) from or through whom purchases are made.

Price. The purchase price of our common shares purchased on the open market or in privately negotiated transactions under the plan will be equal to the weighted average cost (excluding brokerage commissions) of all common shares acquired by the independent agent or by us or the Plan Administrator, as the case may be, during the Investment Period. Common shares purchased with voluntary cash contributions in the open market or in privately negotiated transactions will not be eligible for a purchase price discount.

Timing and Control. Purchases may be made over a number of days to meet the requirements of the plan. No interest will be paid on funds held by the Plan Administrator, pending investment. We, the Plan Administrator, or our independent agent, as the case may be, may commingle your funds with those of other participants in the plan for purposes of executing purchase transactions.

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No participant in the plan will have the authority or power to control either the timing or the pricing of the shares purchased on the open market. Therefore, you will not be able to precisely time your purchases through the plan, and you will bear the market risk associated with fluctuations in the price of our common shares. If you send in a voluntary cash contribution, it is possible that the market price for our common shares could go up or down before we, the Plan Administrator, or the independent agent, as the case may be, arrange to purchase shares with your funds. We, the Plan Administrator, or the independent agent, as the case may be, will use its best efforts to apply all funds to the purchase of shares during the Investment Period, subject to any applicable requirements of federal or state securities laws. We reserve the right to designate any exclusive broker to purchase the shares on the open market.

17. What will be the price of the common shares purchased with reinvested distributions under the plan?

Original Issue Shares Acquired Directly from Us

Common shares acquired directly from us under the plan with reinvested distributions may be purchased at a discount from the market price on the Distribution Payment Date. The market price will be the volume weighted average price, rounded to four decimal places, of our common shares as traded on the NYSE only during regular NYSE hours on the Distribution Payment Date. Currently, the discount is 3% of the market price for our common shares on the Distribution Payment Date. We may change the discount at any time, in our sole discretion, without notice to participants. In no event will the purchase price (taking into account any applicable discount) be less than 95% of the market price of our common shares on the Distribution Payment Date.

Open Market Purchases or Privately Negotiated Transactions

Common shares purchased with reinvested distributions in the open market or in privately negotiated transactions will not be eligible for a purchase price discount. Common shares acquired through open market or privately negotiated transactions under the plan with reinvested distributions will be purchased at a price equal to the weighted average cost (excluding brokerage commissions) of all common shares acquired by us, as Plan Administrator, or the independent agent, as the case may be, on the Distribution Payment Date.

18. How will the number of common shares purchased for my account be determined?

Voluntary cash contributions within plan limits

The number of common shares to be purchased for your account as of any Investment Date will be equal to the total dollar amount to be invested for you, divided by the applicable purchase price per share. The number of common shares will be computed to the third decimal place, and the applicable purchase price will be computed to the fourth decimal place. See Question 16 for more information regarding the applicable purchase price for voluntary cash contributions within plan limits.

Where voluntary cash contributions or reinvested distributions are applied to the purchase of our common shares through us, the Plan Administrator, or our independent agent, as the case may be, in open market transactions, such purchase will be made during the Investment Period; however, neither we, the Plan Administrator or our independent agent, as the case may be, nor any participant in the plan has the authority or power to control either the timing or the pricing of the shares purchased on the open market during the Investment Period.

Distribution Reinvestments

The number of common shares to be purchased for your account as of any Distribution Payment Date will be equal to the total dollar amount to be invested for you, divided by the applicable purchase price per share. The number of common shares will be computed to the third decimal place, and the

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applicable purchase price will be computed to the fourth decimal place. See Question 17 for more information regarding the applicable purchase price for shares purchased with reinvested distributions. The total dollar amount to be invested as of any Distribution Payment Date will be the cash distributions on all or a part of the common shares and/or units registered in your own name (or held in street name on your behalf by brokers, banks or other nominees who have joined the plan) and/or previously credited to your plan account, according to the option chosen by you (see Question 2). The amount to be invested will be reduced by any amount we are required to deduct for federal tax withholding purposes (see Question 41).

19. *Is the discount for shares purchased under the plan subject to change?*

The discount for shares issued by us is subject to change by us, in our sole discretion, from time to time (but will not exceed 5% of the market price for our common shares on the Investment Date or Distribution Payment Date) and is also subject to discontinuance at our discretion at any time based on a number of factors, including current market conditions, the level of participation in the plan and our current and projected capital needs. Initially, the discount for common shares issued by us under the plan is 3%, for purchases of shares within plan limits. See Questions 21 and 22 for information on discounts applicable to purchases of shares in excess of plan limits pursuant to a request for waiver.

20. *Are there any costs to me for my purchases under the plan?*

You will pay no brokerage commissions for purchases of common shares under the plan. We will pay any applicable brokerage fees on behalf of plan participants. All costs of administration of the plan will also be paid by us. However, those participants whose common shares are held by a broker or other nominee most likely will incur some fees and costs. Brokers and nominees may impose charges or fees in connection with their handling of participation in the plan by nominee and fiduciary accounts. Additionally, if a participant requests plan shares to be certificated, we may charge a handling fee, and we currently deduct a \$15 new account enrollment fee from initial investments under the Plan.

Purchases of Shares in Excess of Plan Limits: Waiver of Limitations

21.

May a participant make an initial investment or voluntary cash contribution over the maximum amount?

In our sole discretion, we may permit initial and voluntary cash contributions in excess of \$10,000 per month, pursuant to a written waiver of limitation by us for the total amount to be invested. The following discussion pertains only to initial or voluntary cash contributions for which a waiver of limitation has been obtained. Investments that do not exceed the plan limitations will not be subject to the terms discussed below. See "Purchases and Price of Shares Within Plan Limits and Distribution Reinvestments" above. The terms set forth below will apply to the full amount for which a waiver has been obtained. For example, if a waiver is obtained to make an initial investment or voluntary cash contribution of \$15,000, which is \$5,000 over the limit, the full \$15,000 will be subject to these terms. We reserve the right, in our sole discretion and without notice, to administer and approve any terms regarding the discount, threshold price or any other terms regarding investments exceeding the plan limitations as we deem necessary or desirable.

If you wish to make a voluntary cash contribution, including an initial cash payment, in excess of \$10,000 per month and be eligible for a potential waiver discount from the market price, you must obtain our prior written approval. A participant interested in obtaining such approval must submit a request for waiver form. This form may be obtained by contacting us at 701-837-4738. Completed request for waiver forms should be sent by facsimile to us at the number indicated on the form. We will notify you whether a request for waiver has been granted or denied, either in whole or in part, within three business days of the receipt of the request.

We have the sole discretion whether to approve any request to make a voluntary cash contribution or initial investment in excess of the maximum amount and to set the terms of any such voluntary cash

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contribution or initial investment. In deciding whether to approve a request for waiver, we will consider relevant factors, including but not limited to the following:

Whether the plan is then acquiring newly issued shares directly from us or acquiring shares in the open market or in privately negotiated transactions from third parties;

Our need for additional funds;

The desirability of obtaining additional funds through the sale of common shares as compared to other sources of funds;

The purchase price likely to apply to any sale of common shares;

The shareholder or new investor submitting the request;

The extent and nature of the shareholder's prior participation in the plan;

The number of common shares held of record by the shareholder; and

The aggregate number of voluntary cash contributions and initial investments in excess of \$10,000 for which requests for waiver have been submitted by all existing shareholders and new investors.

If requests for waiver are submitted for an aggregate amount in excess of the amount we are then willing to accept, we may honor such requests in order of receipt, pro rata or by any other method that we determine to be appropriate. The plan does not provide for a predetermined maximum amount that an existing shareholder or new investor may invest or a maximum number of shares that may be purchased pursuant to a request for waiver, except that no one may own more than 9.8% of our outstanding shares.

22.

If a request for waiver for voluntary cash contributions or initial investments over \$10,000 per month has been approved (see Question 21), how are shares priced and purchased?

Shares purchased pursuant to an approved request for waiver will be purchased directly from the Company. Vol