

INVESTORS REAL ESTATE TRUST

Form 10-Q

December 10, 2009

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

Form 10-Q

Quarterly Report Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

For Quarter Ended October 31, 2009

Commission File Number 0-14851

INVESTORS REAL ESTATE TRUST
(Exact name of registrant as specified in its charter)

North Dakota
(State or other jurisdiction of
incorporation or organization)

45-0311232
(I.R.S. Employer Identification No.)

Post Office Box 1988
3015 16th Street SW, Suite 100
Minot, ND 58702-1988
(Address of principal executive offices) (Zip code)

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

N/A
(Former name, former address, and former fiscal year, if changed since last report.)

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

Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

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

Large accelerated filer

Accelerated filer

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Non-accelerated filer

Smaller Reporting Company

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

Yes

No

Registrant is a North Dakota Real Estate Investment Trust. As of December 7, 2009, it had 73,535,728 common shares of beneficial interest outstanding.

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PART I

ITEM 1. FINANCIAL STATEMENTS - SECOND QUARTER - FISCAL 2010
 INVESTORS REAL ESTATE TRUST AND SUBSIDIARIES
 CONDENSED CONSOLIDATED BALANCE SHEETS (unaudited)

	(in thousands, except share data)	
	October 31, 2009	April 30, 2009
ASSETS		
Real estate investments		
Property owned	\$ 1,749,489	\$ 1,729,585
Less accumulated depreciation	(286,555)	(262,871)
	1,462,934	1,466,714
Unimproved land	5,966	5,701
Mortgage loans receivable, net of allowance of \$3 and \$3, respectively	159	160
Total real estate investments	1,469,059	1,472,575
Other assets		
Cash and cash equivalents	102,732	33,244
Marketable securities – available-for-sale	420	420
Receivable arising from straight-lining of rents, net of allowance of \$873 and \$842, respectively	16,588	16,012
Accounts receivable, net of allowance of \$367 and \$286, respectively	4,830	2,738
Real estate deposits	635	88
Prepaid and other assets	2,750	1,051
Intangible assets, net of accumulated amortization of \$49,449 and \$44,887, respectively	48,118	52,173
Tax, insurance, and other escrow	6,661	7,261
Property and equipment, net of accumulated depreciation of \$1,109 and \$957, respectively	1,450	1,015
Goodwill	1,392	1,392
Deferred charges and leasing costs, net of accumulated amortization of \$12,243 and \$11,010, respectively	17,273	17,122
TOTAL ASSETS	\$ 1,671,908	\$ 1,605,091
LIABILITIES AND EQUITY		
LIABILITIES		
Accounts payable and accrued expenses	\$ 29,760	\$ 32,773
Revolving lines of credit	6,594	5,500
Mortgages payable	1,060,131	1,070,158
Other	1,421	1,516
TOTAL LIABILITIES	1,097,906	1,109,947
COMMITMENTS AND CONTINGENCIES (NOTE 6)		
REDEEMABLE NONCONTROLLING INTERESTS – CONSOLIDATED REAL ESTATE ENTITIES	1,943	1,737
EQUITY		
Investors Real Estate Trust shareholders' equity	27,317	27,317

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Preferred Shares of Beneficial Interest (Cumulative redeemable preferred shares, no par value, 1,150,000 shares issued and outstanding at October 31, 2009 and April 30, 2009, aggregate liquidation preference of \$28,750,000)		
Common Shares of Beneficial Interest (Unlimited authorization, no par value, 73,502,152 shares issued and outstanding at October 31, 2009, and 60,304,154 shares issued and outstanding at April 30, 2009)	566,395	461,648
Accumulated distributions in excess of net income	(176,580)	(155,956)
Total Investors Real Estate Trust shareholders' equity	417,132	333,009
Noncontrolling interests – Operating Partnership (20,962,061 units at October 31, 2009 and 20,838,197 units at April 30, 2009)	143,260	148,199
Noncontrolling interests – consolidated real estate entities	11,667	12,199
Total equity	572,059	493,407
TOTAL LIABILITIES AND EQUITY	\$ 1,671,908	\$ 1,605,091

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 OPERATIONS (unaudited)
 for the three and six months ended October 31, 2009 and 2008

	Three Months Ended October 31		Six Months Ended October 31	
	(in thousands, except per share data)			
	2009	2008	2009	2008
REVENUE				
Real estate rentals	\$48,592	\$48,857	\$97,622	\$96,514
Tenant reimbursement	11,004	10,716	22,795	21,905
TOTAL REVENUE				