

INVESTORS REAL ESTATE TRUST

Form 10-Q

December 12, 2016

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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 the quarterly period ended October 31, 2016

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number 001-35624

INVESTORS REAL ESTATE TRUST

(Exact name of registrant as specified in its charter)

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North Dakota 45-0311232
(State or other jurisdiction of (I.R.S. Employer Identification No.)
incorporation or organization)

1400 31st Avenue SW, Suite 60
Post Office Box 1988
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.

YesNo

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).

YesNo

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

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).

YesNo

The number of common shares of beneficial interest outstanding as of December 5, 2016, was 121,748,585.

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PART I

ITEM 1. FINANCIAL STATEMENTS - SECOND QUARTER - FISCAL 2017

INVESTORS REAL ESTATE TRUST AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS (unaudited)

| | (in thousands, except share data) | |
|--|-----------------------------------|---------------------|
| | October 31, 2016 | April 30, 2016 |
| ASSETS | | |
| Real estate investments | | |
| Property owned | \$ 1,665,354 | \$ 1,681,471 |
| Less accumulated depreciation | (321,790) | (312,889) |
| | 1,343,564 | 1,368,582 |
| Development in progress | 20,921 | 51,681 |
| Unimproved land | 19,069 | 20,939 |
| Total real estate investments | 1,383,554 | 1,441,202 |
| Assets held for sale and assets of discontinued operations | 191,233 | 220,537 |
| Cash and cash equivalents | 68,729 | 66,698 |
| Other investments | — | 50 |
| Receivable arising from straight-lining of rents, net of allowance of \$299 and \$333, respectively | 7,660 | 7,179 |
| Accounts receivable, net of allowance of \$192 and \$97, respectively | 9,815 | 1,524 |
| Real estate deposits | 1,370 | — |
| Prepaid and other assets | 3,496 | 2,937 |
| Intangible assets, net of accumulated amortization of \$5,261 and \$6,230, respectively | 842 | 1,858 |
| Tax, insurance, and other escrow | 4,786 | 5,450 |
| Property and equipment, net of accumulated depreciation of \$1,051 and \$1,058, respectively | 928 | 1,011 |
| Goodwill | 1,645 | 1,680 |
| Deferred charges and leasing costs, net of accumulated amortization of \$3,603 and \$3,719, respectively | 5,261 | 4,896 |
| TOTAL ASSETS | \$ 1,679,319 | \$ 1,755,022 |
| LIABILITIES, REDEEMABLE NONCONTROLLING INTERESTS AND EQUITY | | |
| LIABILITIES | | |
| Liabilities held for sale and liabilities of discontinued operations | \$ 69,326 | \$ 77,488 |
| Accounts payable and accrued expenses | 40,382 | 39,727 |
| Revolving line of credit | 47,500 | 17,500 |