

INVESTORS REAL ESTATE TRUST

Charter of the Compensation Committee of the Board of Trustees (adopted by the Board of Trustees on January 14, 2004)

Purpose

As provided in the Company's Bylaws, the Compensation Committee is appointed by the Board of Trustees to discharge the Board's responsibilities regarding the compensation of the Company's management.

Members

The Compensation Committee shall be comprised of at least three members of the Board who satisfy the independence requirements of the NASDAQ Stock Market, Inc. ("NASDAQ"). All Committee members shall also be "non-employee directors" as defined by Rule 16b-3 under the Securities Exchange Act of 1934. The members of the Compensation Committee shall be appointed by the Board at its annual organizational meeting and shall serve until their successors are duly appointed and qualified. The Board shall designate one member as Chair, or delegate authority to designate a Chair to the Compensation Committee.

Notwithstanding the foregoing, and subject to the Bylaws, the Board may appoint to the Compensation Committee one member of the Board who is not independent as defined in NASDAQ Rule 4200, if such member is not a current officer or employee of the Company or a family member (as defined in NASDAQ Rule 4200) of such officer or employee, and if the Board, under exceptional and limited circumstances, determines that such individual's membership on the Compensation Committee is required by the best interests of the Company and its shareholders. The Board shall disclose, in the proxy statement for the next annual meeting subsequent to such determination, the nature of the relationship and the reasons for the determination. A member appointed under this exception may not serve longer than two years.

Meetings

The Compensation Committee shall meet as often as its members deem necessary to carry out the Committee's duties and responsibilities, either in person or telephonically, and at such times and places as the Committee shall determine. The Committee shall report its activities to the Board regularly.

Duties and Responsibilities

On behalf of the Board, and subject to applicable law and the Bylaws, the Compensation Committee shall, among its duties and responsibilities:

1. Review and approve on an annual basis Company goals and objectives with respect to compensation for the Chief Executive Officer and Chief Operating Officer, evaluate the Chief Executive Officer's and Chief Operating Officer's performance in light of those goals and objectives, and approve the Chief Executive Officer's and Chief Operating Officer's compensation.

2. Review and approve on an annual basis the evaluation process for, and compensation of, the Company's executive officers (the Company's Chief Executive Officer and Chief Operating Officer may be present at the meeting deliberations on this subject, but may not vote).
3. Make recommendations to the Board with respect to incentive-compensation plans and equity-based plans.
4. Produce an annual report on executive compensation for inclusion in the Company's proxy statement as the Compensation Committee Report, in accordance with applicable rules and regulations.
5. Review trustee compensation levels and practices, and recommend, from time to time, changes in such compensation levels and practices to the Board.
6. Review this Charter annually and recommend any changes to the Board for approval.

Outside Advisors

The Compensation Committee shall have the resources and authority necessary to discharge its duties and responsibilities, including the authority to retain outside counsel or other consultants or advisors, as it deems appropriate to assist it in the performance of its functions, or to advise or inform the Compensation Committee.