

Orchid Island Capital, Inc.
Form CERTNYS
July 25, 2011

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/FONT>\$33,781,369 \$28,577,700

Basic earnings per share
\$0.38 \$0.42 \$.38

Diluted earnings per share
\$0.38 \$0.42 \$.38

Note 16 Retirement Plan

As part of the acquisition on July 1, 2000, of Odell-Wentz & Associates, LLC, IRET assumed a defined contribution profit sharing retirement plan and a defined contribution 401K retirement plan. Employees over the age of 21 and after completion of one year of service are eligible to participate in the profit sharing plan. Contributions to the profit sharing plan are at the discretion of the management. All employees are immediately eligible to participate in the 401K plan and may contribute up to 15% of their compensation subject to maximum levels. IRET matches up to 3% of participating employees' wages. Plan expenses to IRET for the years ended April 30, 2003, 2002, and 2001, were \$46,875, \$90,455, and \$45,301, respectively.

Note 17 Commitments and Contingencies

Insurance IRET's portfolio-wide general liability and property insurance policies renewed on May 1, 2002. Fiscal 2003 premium was \$1,992,668 for both commercial and residential properties. A portion of IRET's insurance costs is passed through to certain commercial tenants pursuant to the terms of the applicable lease agreement. Of IRET's total insurance costs, \$622,643 or 32.24% was billed back to IRET's commercial tenants. For Fiscal 2004, all of IRET's real estate properties are insured against the customary casualty and liability claims, including acts of terrorism. The additional cost for terrorism coverage will be \$79,224. IRET also carries Directors' and Officers' liability insurance. For Fiscal 2003 and 2002, this premium amount was \$79,584 and \$72,681, respectively. This amount will be \$99,875 for Fiscal 2004.

Purchase Options The Trust has granted options to purchase certain Trust assets to various parties. The options grant the parties the right to purchase certain Trust assets at the greater of its appraised value

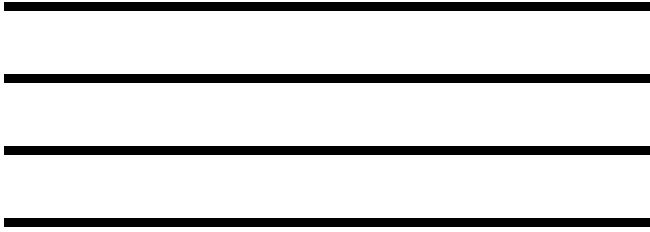
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INVESTORS REAL ESTATE TRUST AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

or an annual compounded increase of 2% to 2.5% of the initial cost to the Trust. The property cost and gross rental revenue on these properties are as follows:

| | | | | Gross Rental Receipts | | | |
|-----------------------|--------------------------|-----------|-----------|------------------------------|-------------|-------------|-------------|
| | | | | Property Cost | 2003 | 2002 | 2001 |
| East Grand Station | EGF, MN | | | \$ 1,392,251 | \$ 152,352 | \$ 152,352 | \$ 161,825 |
| Edgewood Vista | Belgrade, MT | | | | | | |
| 453,494 | 49,060 | 49,060 | 49,063 | | | | |
| Edgewood Vista | Billings, MT | | | | | | |
| 980,218 | 106,150 | 106,150 | 106,150 | | | | |
| Edgewood Vista | Columbus, NE | | | | | | |
| 455,626 | 49,060 | 49,060 | 49,063 | | | | |
| Edgewood Vista | Duluth, MN | | | | | | |
| 7,081,519 | 1,245,619 | 770,004 | 588,501 | | | | |
| Edgewood Vista | EGF, MN | | | | | | |
| 1,430,136 | 155,012 | 155,012 | 98,175 | | | | |
| Edgewood Vista | Fremont, NE | | | | | | |
| 552,172 | 58,911 | 58,911 | 19,637 | | | | |
| Edgewood Vista | Grand Island, NE | | | | | | |
| 455,626 | 49,060 | 49,060 | 49,063 | | | | |
| Edgewood Vista | Hastings, NE | | | | | | |
| 571,539 | 60,588 | 60,588 | 20,196 | | | | |
| Edgewood Vista | Kalispell, MT | | | | | | |
| 588,113 | 61,600 | 61,600 | 10,267 | | | | |
| Edgewood Vista | Minot, ND | | | | | | |
| 6,270,707 | 761,905 | 681,055 | 681,055 | | | | |
| Edgewood Vista | Missoula, MT | | | | | | |
| 962,428 | 120,175 | 113,644 | 104,500 | | | | |
| Edgewood Vista | Omaha, NE | | | | | | |
| 641,252 | 67,188 | 67,188 | 16,797 | | | | |
| Edgewood Vista | Sioux Falls, SD | | | | | | |
| 974,739 | 106,150 | 106,150 | 106,150 | | | | |
| Edgewood Vista | Virginia, MN | | | | | | |
| 7,070,369 | 759,000 | 0 | 0 | | | | |
| Excelsior Retail Ctr | Excelsior, MN | | | | | | |
| 900,000 | 22,346 | 0 | 0 | | | | |
| Great Plains Software | Fargo, ND | | | | | | |
| 15,375,154 | 1,875,000 | 1,875,000 | 1,875,000 | | | | |
| HealthEast | Woodbury & Maplewood, MN | | | | | | |
| 21,600,999 | 1,916,636 | 1,916,636 | 1,916,636 | | | | |
| TOTAL | | | | | | | |
| | | | | \$67,756,342 | \$8,529,407 | \$6,271,469 | \$5,852,079 |



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 property. Such laws often impose liability without regard to whether the owner or operator knew of, or was responsible for, the presence of such hazardous or toxic substances. The presence of such substances, or the failure to properly remediate any property containing such substances, may adversely affect the owner's or operator's ability to sell or rent the affected property or to borrow using such property as collateral. Persons who arrange for the disposal or treatment of hazardous or toxic substances may also be liable for the costs of removal of, or remediation of, such substances at a disposal or treatment facility, whether or not such facility is owned or operated by such person. Certain environmental laws impose liability for the release of asbestos-containing materials into the air, and third parties may also seek recovery from owners or operators of real properties for personal injury associated with asbestos-containing materials, as well as other hazardous or toxic substances. The operation and subsequent removal of certain underground storage tanks are also regulated by federal and state laws. In connection with the current or former ownership (direct or indirect), operation, management, development and/or control of real properties, IRET may be considered to be an owner or operator of such properties, or to have arranged for the disposal or treatment of hazardous or toxic substances. As such, IRET may be potentially liable for removal or remediation costs, as well as certain other costs, including governmental fines and claims for injuries to persons and property.

It is currently IRET's policy to obtain a Phase I environmental study on each property that IRET seeks to acquire. If the Phase I indicated any possible environmental problems, IRET's policy is to order a

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INVESTORS REAL ESTATE TRUST AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Phase II study, which involves testing the soil and ground water for actual hazardous substances. No assurance can be given that the Phase I or Phase II environmental studies, or any other environmental studies undertaken with respect to any of IRET's current or future properties, will reveal the full extent of potential environmental liabilities, that any prior owner or operator of a property did not create any material environmental condition unknown to IRET, that a material environmental condition does not otherwise exist as to any one or more of such properties or that environmental matters will not have a material adverse effect on IRET, IRET's ability to make distributions to shareholders and IRET's ability to pay amounts due on debt. IRET currently does not carry insurance for environmental liabilities.

Certain environmental laws impose liability on a previous owner of property to the extent that hazardous or toxic substances were present during the prior ownership period. A transfer of the property does not relieve an owner of such liability. As a result, in addition to any liability that IRET may have with respect to current properties, IRET may also have liability with respect to properties previously sold by IRET's predecessors or by IRET. To management's knowledge, as of April 30, 2003, IRET does not own and has not sold any properties that contain known material environmental liabilities.

Note 18 Fair Value of Financial Instruments

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate value:

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.

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

Marketable securities The fair values of these instruments are estimated based on quoted market prices for the security.

Notes payable The carrying amount approximates fair value because of the short maturity of such notes.

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.

Investment certificates issued The fair value is estimated using a discounted cash flow calculation that applies interest rates currently being offered on deposits with similar remaining maturities.

Accrued interest payable The carrying amount approximates fair value because of the short-term.

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The estimated fair values of the Trust's financial instruments are as follows:

| | <u>2003</u> | | <u>2002</u> | |
|--|-----------------|--------------|-----------------|--------------|
| | <u>Carrying</u> | <u>Fair</u> | <u>Carrying</u> | <u>Fair</u> |
| | <u>Amount</u> | <u>Value</u> | <u>Amount</u> | <u>Value</u> |
| Financial Assets | | | | |
| Mortgage loan receivable | | | | |
| \$1,182,940 | \$1,182,940 | \$3,952,762 | \$3,952,762 | |
| Cash | | | | |
| 15,564,714 | 15,564,714 | 12,333,426 | 12,333,426 | |
| Marketable securities available-for-sale | | | | |
| 3,077,260 | 3,077,260 | 10,500,000 | 10,500,000 | |
| Financial Liabilities | | | | |
| Notes payable | | | | |
| \$11,247,531 | \$11,247,531 | \$0 | \$0 | |
| Mortgages payable | | | | |
| 539,397,202 | 567,146,224 | 459,568,905 | 446,861,536 | |
| Investment certificates issued | | | | |
| 9,034,696 | 9,034,696 | 25,186,582 | 24,880,390 | |
| Accrued interest payable | | | | |
| 3,333,029 | 3,333,029 | 3,380,046 | 3,380,046 | |

Note 19 Advertising Costs

Advertising costs, which were expensed as incurred, total \$956,852 for the year ended April 30, 2003.

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INVESTORS REAL ESTATE TRUST AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

INDEPENDENT AUDITOR S REPORT ON ADDITIONAL INFORMATION

Board of Trustees

Investor Real Estate Trust
and Subsidiaries
Minot, North Dakota

Our report on our audit of the consolidated balance sheets of Investors Real Estate Trust and Subsidiaries as of April 30, 2003, and 2002, and the related consolidated statements of operations, shareholders' equity, and cash flows for the years ended April 30, 2003, 2002, and 2001, appears on page 1. Those audits were made for the purpose of forming an opinion on such consolidated financial statements taken as a whole. The information on pages 35 through 57 related to the consolidated balance sheets of Investors Real Estate Trust and Subsidiaries as of April 30, 2003, and 2002, and the related consolidated statements of operations, shareholders' equity, and cash flows for the years ended April 30, 2003, 2002, and 2001 is presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements. Such information, except for information on page 58 that is marked "unaudited" on which we express no opinion, has been subjected to the auditing procedures applied in the audits of the basic consolidated financial statements, and, in our opinion, the information is fairly stated in all material respects in relation to the consolidated balance sheets of Investors Real Estate Trust and Subsidiaries as of April 30, 2003, and 2002, and the related consolidated statements of operations, shareholders' equity, and cash flows for the years ended April 30, 2003, 2002, and 2001 taken as a whole.

We also have previously audited, in accordance with auditing standards generally accepted in the United States of America, the consolidated balance sheets of Investors Real Estate Trust and Subsidiaries as of April 30, 2001, 2000, and 1999, and the related consolidated statements of operations, shareholders' equity, and cash flows for each of the two years ended April 30, 2000, and 1999, none of which is presented herein, and we expressed unqualified opinions on those consolidated financial statements. In our opinion, the information on page 49 relating to the consolidated balance sheets of Investors Real Estate Trust and Subsidiaries as of April 30, 2001, 2000, and 1999, and the related consolidated statements of operations, shareholders' equity, and cash flows for each of the two years ended April 30, 2000, and 1999, is fairly stated in all material respects in relation to the basic consolidated financial statements from which it has been derived.

/s/ BRADY, MARTZ & ASSOCIATES, P.C.

BRADY, MARTZ & ASSOCIATES, P.C.

Minot, North Dakota, USA
May 22, 2003

Table of Contents**INVESTORS REAL ESTATE TRUST AND SUBSIDIARIES**

April 30, 2003

Schedule III**REAL ESTATE AND ACCUMULATED DEPRECIATION**

| | Apartments | Encumbrances | Initial Cost to Trust | | Cost Capitalization Subsequent to Acquisition | |
|--|---|--------------|-----------------------|--------------------------|---|----------------|
| | | | Land | Buildings & Improvements | Improvements | Carrying Costs |
| 408 1st Street SE Minot, ND | | \$ 0 | \$ 10,000 | \$ 36,907 | \$ 0 | \$ 0 |
| Applewood on the Green Omaha, NE | 7,558,068 706,200 10,009,570 1,018,804 94,656 | | | | | |
| Beulah Condos Beulah, ND | 0 6,360 481,964 1,537 0 | | | | | |
| Bison Properties Carrington, ND | 0 100,210 524,380 35,005 0 | | | | | |
| Candlelight Apts Fargo, ND | 338,683 80,040 951,819 50,645 0 | | | | | |
| Canyon Lake Apts Rapid City, SD | 2,951,857 304,500 3,902,939 16,290 72,681 | | | | | |
| Castle Rock Billings, MT | 3,755,711 736,000 5,092,773 261,521 0 | | | | | |
| Century Apts Williston, ND | 2,129,563 200,000 4,030,209 193,821 0 | | | | | |
| Chateau Apts Minot, ND | 1,964,256 122,000 2,400,589 118,184 0 | | | | | |
| Clearwater Boise, ID | 2,518,454 585,000 3,288,512 20,873 0 | | | | | |
| Colton Heights Minot, ND | 186,248 80,000 891,797 9,978 0 | | | | | |
| Cottonwood Lake Bismarck, ND | 7,980,695 1,055,862 12,681,459 33,381 114,352 | | | | | |
| Country Meadows Phase I Billings, MT | 2,422,608 245,624 4,004,971 6,247 120,821 | | | | | |
| Country Meadows Phase II Billings, MT | 2,444,847 245,624 4,119,348 5,035 0 | | | | | |
| Crestview Apts Bismarck, ND | 3,113,735 235,000 4,840,589 220,981 0 | | | | | |
| Crown Colony Topeka, KS | 7,098,300 620,000 10,261,547 226,167 0 | | | | | |
| Dakota Arms Minot, ND | 235,721 50,000 583,823 13,846 0 | | | | | |
| Dakota Hill at Valley Ranch Irving, TX | 24,794,645 3,650,000 34,164,473 282,775 0 | | | | | |
| East Park Apartments Sioux Falls, SD | 1,737,103 115,200 2,405,154 81,250 0 | | | | | |
| Eastgate Properties Moorhead, MN | 1,564,697 23,917 2,497,566 85,045 0 | | | | | |
| Forest Park Estates Grand Forks, ND | 7,141,333 810,000 6,830,288 232,236 0 | | | | | |

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Heritage Manor Rochester, MN
4,446,490 403,256 7,494,664 90,219 0

Ivy Club Vancouver, WA
7,928,730 1,274,000 10,622,204 1,394,628 0

Jenner Properties Grand Forks, ND
888,541 201,000 2,046,932 (254,560) 0

Kirkwood Apts Bismarck, ND
2,201,253 449,290 3,341,202 56,066 0

Lancaster Apts St Cloud, MN
1,607,769 289,000 2,971,739 26,750 0

Legacy Apts Grand Forks, ND
5,903,037 1,361,855 9,509,739 43,756 224,180

Legacy IV Grand Forks, ND
2,820,969 725,277 6,359,611 32,158 0

Lonetree Apts Harvey, ND
0 13,584 223,995 21,455 0

Magic City Apts Minot, ND
1,307,689 462,000 4,578,460 129,702 0

Meadows Phase I & II Jamestown, ND
1,933,833 111,550 3,647,763 4,715 0

Meadows Phase III Jamestown, ND
1,125,426 55,775 2,142,241 680 0

Miramont Fort Collins, CO
11,263,923 1,470,000 12,988,518 103,372 0

Neighborhood Apts Co. Springs, CO
6,756,308 1,033,592 10,522,644 142,602 0

North Pointe Bismarck, ND
1,596,416 143,500 2,182,708 8,877 123,687

Oakmont Apts Sioux Falls, SD
4,038,533 422,915 4,807,085 183,601 27,468

Olympic Village Billings, MT
8,235,347 1,164,000 10,819,207 107,604 0

Oxbow Sioux Falls, SD
4,163,275 404,072 4,658,972 117,674 0

Park East Apts Fargo, ND
3,292,341 83,000 5,113,596 79,265 0

Park Meadows Waite Park, MN
10,677,633 1,143,450 10,866,733 447,820 0

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April 30, 2003

Schedule III**REAL ESTATE AND ACCUMULATED DEPRECIATION (Continued)**

| | | Initial Cost to Trust | | Cost Capitalization Subsequent to Acquisition | | |
|----------------------------|------------------|-----------------------|----------|---|--------------|----------------|
| Apartments | | Encumbrance | Land | Buildings & Improvements | Improvements | Carrying Costs |
| Parkway Apts | Beulah, ND | \$ 0 | \$ 7,000 | \$ 174,421 | \$ 18,309 | \$ 0 |
| Pebble Springs | Bismarck, ND | | | | | |
| 427,822 | 7,200 | 789,599 | 8,469 | 0 | | |
| Pine Cone Apts | Fort Collins, CO | | | | | |
| 10,154,157 | 904,545 | 12,417,920 | 174,874 | 0 | | |
| Pinehurst Apts | Billings, MT | | | | | |
| 485,343 | 71,500 | 674,302 | 15,484 | 5,508 | | |
| Pointe West Apts | Minot, ND | | | | | |
| 2,197,931 | 240,000 | 4,074,422 | 250,752 | 0 | | |
| Prairie Winds Apts | Sioux Falls, SD | | | | | |
| 1,269,692 | 144,097 | 1,882,939 | 27,504 | 0 | | |
| Prairiewood Meadows | Fargo, ND | | | | | |
| 1,961,826 | 280,000 | 2,616,253 | 119,957 | 0 | | |
| Ridge Oaks Apts | Sioux City, IA | | | | | |
| 2,837,112 | 178,100 | 4,417,527 | 169,777 | 0 | | |
| Rimrock Apts | Billings, MT | | | | | |
| 2,512,691 | 329,708 | 3,657,610 | 16,352 | 0 | | |
| Rocky Meadows 96 | Billings, MT | | | | | |
| 3,570,667 | 655,985 | 6,013,148 | 11,084 | 103,378 | | |
| Rosewood/ Oakwood | Sioux Falls, SD | | | | | |
| 3,820,417 | 542,800 | 5,251,577 | 110,961 | 0 | | |
| Sherwood Apts | Topeka, KS | | | | | |
| 10,647,451 | 1,150,000 | 15,118,055 | 150,284 | 0 | | |
| South Pointe | Minot, ND | | | | | |
| 6,103,943 | 550,000 | 9,429,187 | 36,911 | 402,672 | | |
| Southview Apts | Minot, ND | | | | | |
| 0 | 185,000 | 548,498 | 18,397 | 0 | | |
| Southwind Apts | Grand Forks, ND | | | | | |
| 3,850,179 | 400,000 | 5,688,737 | 143,966 | 0 | | |
| Sunset Trail Phase I | Rochester, MN | | | | | |
| 4,267,783 | 168,188 | 7,604,646 | 15,618 | 0 | | |
| Sunset Trail Phse II & III | Rochester, MN | | | | | |
| 0 | 336,376 | 6,851,383 | (14,288) | 0 | | |
| Sweetwater Prop | Devils Lake, ND | | | | | |
| 0 | 90,767 | 1,614,417 | 42,096 | 0 | | |
| Sycamore Village Apts | Sioux Falls, SD | | | | | |
| 977,120 | 100,800 | 1,316,899 | 38,321 | 0 | | |
| Thomasbrook | Lincoln, NE | | | | | |
| 5,867,741 | 600,000 | 9,555,696 | 147,541 | 0 | | |
| Valley Park Manor | Grand Forks, ND | | | | | |
| 2,938,128 | 293,500 | 4,878,431 | 121,080 | 0 | | |

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Van Mall Woods Vancouver, WA
3,654,490 600,000 5,591,712 81,972 0
West Stonehill St. Cloud, MN
7,245,849 939,000 11,031,748 856,087 0
Westwood Park Bismarck, ND
1,144,680 161,114 2,092,638 115,435 0
Woodridge Apts Rochester, MN
3,663,780 370,000 6,479,155 132,322 0

Total Apartments

\$239,722,839 \$30,498,333 \$358,669,610 \$8,459,270 \$1,289,403

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April 30, 2003

Schedule III**REAL ESTATE AND ACCUMULATED DEPRECIATION (Continued)**

| Office Buildings | Initial Cost to Trust | | | | Cost |
|---------------------------------------|-----------------------|-----------|--------------------------|--------------|--|
| | Encumbrances | Land | Buildings & Improvements | Improvements | Capitalization Subsequent to Acquisition |
| | | | | | Carrying Costs |
| 17 South Main Minot, ND | \$ 0 | \$ 15,000 | \$ 75,000 | \$ 717 | \$ 0 |
| 1st Avenue Building Minot, ND | 0 | 30,000 | 507,189 | 2,751 | 0 |
| 2030 Cliff Road Eagan, MN | 619,363 | 145,900 | 836,863 | 0 | 0 |
| 401 South Main Minot, ND | 0 | 70,600 | 546,682 | 4,853 | 0 |
| 7901 Flying Cloud Dr Eden Prairie, MN | 3,760,343 | 1,062,000 | 4,098,600 | 590,237 | 0 |
| Blmngton Bus Plaza Bloomington, MN | 4,897,585 | 1,300,000 | 6,105,669 | 142,249 | 39,440 |
| Brenwood Minnetonka, MN | 8,691,536 | 1,762,100 | 12,251,985 | 192,338 | 0 |
| Burnsville Bluffs Burnsville, MN | 1,569,742 | 300,300 | 2,156,349 | (2,738) | 0 |
| Central Bank Office Eden Prairie, MN | 2,545,000 | 531,000 | 4,069,000 | 0 | 0 |
| Chiropractor Off Bldg Grnwood, MN | 230,533 | 189,000 | 141,000 | 0 | 0 |
| Cold Spring Center St. Cloud, MN | 5,044,833 | 588,000 | 7,809,336 | 96,933 | 0 |
| Interlachen Corp Center Eagan, MN | 11,283,875 | 1,650,000 | 14,850,000 | 0 | 191,307 |
| Lexington Commerce Ctr Eagan, MN | 3,278,320 | 453,400 | 5,036,323 | 334,355 | 0 |
| Mendota Ctr I Mendota Heights, MN | 4,451,469 | 1,570,253 | 5,433,880 | 0 | 0 |
| Mendota Ctr II Mendota Heights, MN | 7,122,241 | 1,073,951 | 10,132,661 | 332,117 | 0 |
| Mendota Ctr III Mendota Heights, MN | 4,011,183 | 1,500,986 | 5,202,970 | 0 | 0 |
| Mendota Ctr IV Mendota Heights, MN | 5,208,551 | 1,385,330 | 7,319,807 | 0 | 0 |
| Mendota Northland Ctr M. Hghts, MN | 11,223,715 | 1,331,383 | 16,329,038 | 0 | 0 |
| Nicollet VII Burnsville, MN | 4,646,355 | 429,400 | 6,931,270 | 20,000 | 0 |
| Northgate II Maple Grove, MN | 1,506,255 | 357,800 | 2,000,093 | 0 | 0 |
| Paul Larson Clinic Edina, MN | 0 | 351,282 | 661,680 | 0 | 0 |
| Pillsbury Business Center Edina, MN | | | | | |

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April 30, 2003

Schedule III**REAL ESTATE AND ACCUMULATED DEPRECIATION (Continued)**

| Commercial | Encumbrances | Initial Cost to Trust | | Subsequent to Acquisition Cost Capitalization | |
|--------------------------------------|--|-----------------------|--------------------------|--|----------------|
| | | Land | Buildings & Improvements | Improvements | Carrying Costs |
| Abbott Northwest Sartell, MN | \$ 8,644,277 | \$ 0 | \$ 12,993,496 | \$ 643,470 | \$ 0 |
| Airport Medical Bloomington, MN | 3,166,159 0 4,678,418 0 0 | | | | |
| Ameritrade Omaha, NE | 5,514,329 326,500 8,022,298 0 0 | | | | |
| Anoka Strip Center Anoka, MN | 252,518 123,200 601,800 0 0 | | | | |
| Arrowhead Shopping Center Minot, ND | 1,227,849 100,359 2,905,060 48,542 0 | | | | |
| Barnes & Noble Fargo, ND | 1,528,992 540,000 2,784,131 (49,135) 0 | | | | |
| Barnes & Noble Omaha, NE | 1,656,408 600,000 3,099,197 0 0 | | | | |
| Carmike Theatre Grand Forks, ND | 1,728,771 183,515 2,295,154 0 67,068 | | | | |
| Champion Auto Forest Lake, MN | 56,354 49,600 446,400 0 0 | | | | |
| Checkers Auto Faribault, MN | 120,246 83,400 256,600 0 0 | | | | |
| Checkers Auto Rochester, MN | 156,323 76,200 363,800 0 0 | | | | |
| Conseco Bldg Rapid City, SD | 4,305,143 285,000 6,759,870 1,956 0 | | | | |
| Dewey Hill Business Center Edina, MN | 3,027,115 985,000 3,884,054 21,123 0 | | | | |
| Dilly Lily St. Louis Park, MN | 120,246 168,000 172,000 0 0 | | | | |
| Dixon Ave Indust Park Des Moines, IA | 8,959,322 1,438,780 10,433,571 1,028,528 0 | | | | |
| Eagan PDQ Eagan, MN | 563,379 214,400 568,496 0 0 | | | | |
| Eagan Retail Center I Eagan, MN | 379,097 196,000 314,405 0 0 | | | | |
| Eagan Retail Center II Eagan, MN | 971,904 291,300 1,057,414 0 0 | | | | |
| East Grand Station E Grand Forks, ND | 823,935 150,000 1,242,251 0 0 | | | | |
| Edgewood Vista Billings, MT | 564,576 130,000 850,218 0 0 | | | | |
| Edgewood Vista Duluth, MN | 4,366,614 390,000 6,737,903 (46,384) 0 | | | | |
| Edgewood Vista Phse III Duluth, MN | 0 0 4,623,938 0 0 | | | | |

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| | | | | | | |
|-------------------------|----------------------|-----------|---------|------------|---------|--------|
| Edgewood Vista | Sioux Falls, SD | 575,028 | 130,000 | 844,739 | 0 | 0 |
| Edgewood Vista | Belgrade, MT | 255,421 | 14,300 | 439,194 | 0 | 0 |
| Edgewood Vista | Columbus, NE | 274,121 | 14,300 | 441,326 | 0 | 0 |
| Edgewood Vista | East Grand Forks, MN | 914,215 | 25,000 | 1,405,136 | 0 | 0 |
| Edgewood Vista | Fremont, ND | 341,908 | 56,000 | 496,172 | 0 | 0 |
| Edgewood Vista | Grand Island, NE | 274,121 | 14,300 | 441,326 | 0 | 0 |
| Edgewood Vista | Missoula, MT | 542,770 | 108,900 | 853,528 | 0 | 0 |
| Edgewood Vista | Omaha, NE | 408,083 | 88,567 | 552,685 | 0 | 0 |
| Edgewood Vista | Hastings, NE | 352,937 | 13,971 | 557,568 | 0 | 0 |
| Edgewood Vista | Kalispell, MT | 358,342 | 70,000 | 518,113 | 0 | 0 |
| Edgewood Vista | Minot, ND | 3,317,040 | 260,000 | 6,010,707 | 0 | 0 |
| Edgewood Vista | Virginia, MN | 4,723,662 | 246,370 | 6,653,630 | 111,986 | 58,383 |
| Ernst Home Center | Kalispell, MT | 1,091,815 | 250,000 | 2,250,000 | 0 | 0 |
| Evergreen Shopping Ctr | Pine City, MN | 1,639,522 | 154,200 | 2,645,800 | 2,229 | 0 |
| Excelsior Retail Center | Excelsior, MN | 0 | 274,500 | 625,500 | 0 | 0 |
| Express Shopping Center | Fargo, ND | 1,106,959 | 305,000 | 1,120,000 | 0 | 0 |
| Great Plains Software | Fargo, ND | 7,921,363 | 125,501 | 15,249,653 | 0 | 0 |

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April 30, 2003

Schedule III**REAL ESTATE AND ACCUMULATED DEPRECIATION (Continued)**

| Commercial | Encumbrances | Initial Cost to Trust | | Subsequent to Acquisition Cost Capitalization | |
|--|--|-----------------------|--------------------------|---|----------------|
| | | Land | Buildings & Improvements | Improvements | Carrying Costs |
| Healtheast Med Ctr Woodbury & St. Johns, MN | \$ 18,488,202 | \$ 3,238,275 | \$ 18,362,724 | \$ 0 | \$ 0 |
| Hospitality Associates Minnetonka, MN | 0 40,000 365,548 (4,650) 0 | | | | |
| Interstate Bakery Mounds View, MN | 108,162 47,100 242,900 0 0 | | | | |
| Interstate Bakery St. Paul, MN | 53,310 70,400 249,600 0 0 | | | | |
| Inver Grove Center PDQ Inver Grove Heights, MN | 207,839 220,700 719,300 0 0 | | | | |
| Jamestown Mall Jamestown, ND | 774,174 297,000 1,023,000 1,021 0 | | | | |
| Lindberg Bldg Eden Prairie, MN | 1,096,504 198,000 1,410,535 543,066 0 | | | | |
| Maplewood Square Rochester, MN | 6,451,857 3,275,000 8,631,217 0 0 | | | | |
| Med Park Mall Grand Forks, ND | 3,286,735 680,500 5,016,088 (47,989) 0 | | | | |
| Metal Improvement Co N. Brighton, MN | 1,482,490 240,000 2,185,000 20,246 3,810 | | | | |
| Minot Plaza Minot, ND | 0 50,000 469,615 1,735 0 | | | | |
| Pamida Ladysmith, WI | 664,894 89,100 1,410,900 0 0 | | | | |
| Pamida Livingston, MT | 594,242 226,950 1,573,050 0 0 | | | | |
| Park Dental Brooklyn, MN | 1,815,885 185,000 2,767,052 0 0 | | | | |
| PDQ Center Mound, MN | 0 100,000 260,000 0 0 | | | | |
| PDQ Center Prior Lake, MN | 966,400 202,120 768,626 0 0 | | | | |
| Petco Warehouse Fargo, ND | 720,031 324,148 927,541 0 27,245 | | | | |
| Pioneer Seed Moorhead, MN | 0 56,925 596,951 0 0 | | | | |
| Plaza Shopping Center Schofield, WI | 0 175,000 1,575,000 0 0 | | | | |
| Prior Lake Peak Prior Lake, MN | 0 47,880 430,920 0 0 | | | | |
| Sam Goody/ Musicland Willmar, MN | 0 170,400 229,600 0 0 | | | | |
| Sterner Lighting Winsted, MN | | | | | |

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0 100,000 900,789 0 0
Stone Container Roseville, MN
5,152,889 810,000 7,290,000 (15,124) 165,239
Stone Container Waconia, MN
0 165,000 1,501,518 0 0
Stone Container Fargo, ND
2,194,329 440,251 6,576,159 0 89,156
Strip Center I Burnsville, MN
372,084 207,500 772,500 3,424 0
Strip Center II Burnsville, MN
261,372 291,300 468,700 0 0
Thomasville Kentwood, MI
1,232,635 225,000 1,896,474 0 0
Tom Thumb Andover, MN
0 103,700 176,300 0 0
Tom Thumb Bethel, MN
0 32,000 478,000 0 0
Tom Thumb Blaine, MN
0 120,800 399,200 0 0
Tom Thumb Buffalo, MN
127,842 130,700 329,300 0 0
Tom Thumb Centerville, MN
191,466 78,000 252,000 0 0
Tom Thumb Glencoe, MN
0 52,300 477,700 0 0
Tom Thumb Ham Lake, MN
0 143,400 391,600 0 0
Tom Thumb Howard Lake, MN
144,296 22,000 358,000 0 0
Tom Thumb Lakeland, MN
264,406 85,900 354,100 0 0
Tom Thumb Lakeville, MN
102,339 121,000 1,141,945 98,063 0

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INVESTORS REAL ESTATE TRUST AND SUBSIDIARIES

April 30, 2003

Schedule III

REAL ESTATE AND ACCUMULATED DEPRECIATION (Continued)

| Commercial | Initial Cost to Trust | | | | Subsequent to Acquisition Cost Capitalization |
|------------------------------------|-----------------------|-----------|--------------------------|--------------|---|
| | Encumbrances | Land | Buildings & Improvements | Improvements | Carrying Costs |
| Tom Thumb Lindstrom, MN | \$ 0 | \$ 66,500 | \$ 253,500 | \$ 0 | \$ 0 |
| Tom Thumb Lino Lakes, MN | 114,634 | 120,800 | 319,200 | 0 | 0 |
| Tom Thumb Long Prairie, MN | 458,122 | 38,900 | 661,100 | 0 | 0 |
| Tom Thumb Monticello, MN | 0 | 85,500 | 769,500 | 0 | 0 |
| Tom Thumb Mora, MN | 0 | 55,000 | 245,000 | 0 | 0 |
| Tom Thumb Oakdale, MN | 187,635 | 351,000 | 379,000 | 1,155 | 0 |
| Tom Thumb Paynesville, MN | 0 | 30,800 | 334,200 | 0 | 0 |
| Tom Thumb Pine City, MN | 0 | 82,800 | 357,200 | 0 | 0 |
| Tom Thumb Sauk Rapids, MN | 0 | 25,000 | 225,000 | 0 | 0 |
| Tom Thumb Shoreview, MN | 0 | 63,300 | 266,700 | 0 | 0 |
| Tom Thumb Winsted, MN | 143,404 | 35,200 | 374,800 | 0 | 0 |
| U.H. Medical St. Paul, MN | 4,849,584 | 0 | 7,407,752 | 0 | 0 |
| Viromed Eden Prairie, MN | 2,575,827 | 666,000 | 4,197,634 | 0 | 0 |
| Wedgewood Sweetwater, GA | 1,326,222 | 334,346 | 3,637,532 | 0 | 0 |
| West Lake Center Forest Lake, MN | 3,975,973 | 2,396,600 | 5,610,507 | 0 | 0 |
| West Village Center Chanhassen, MN | 12,047,805 | 5,035,000 | 15,815,000 | 18,446 | 0 |
| Wilson s Leather Brooklyn Park, MN | 8,986,343 | 1,368,000 | 11,642,645 | 42,969 | 0 |

Total Commercial

\$153,650,796 \$32,300,258 \$241,671,273 \$2,424,677 \$410,901

Undeveloped Land

Andover, MN
\$0 \$150,000 \$0 \$0 \$0
Centerville, MN
0 100,000 0 0 0
Inver Grove, MN
100,014 560,000 0 0 0
Kalispell, MT
0 1,400,000 0 0 0
Libby, MT
0 150,000 0 0 0
Long Prairie, MN
0 150,000 0 0 0
Prior Lake, MN
0 50,000 0 0 0
River Falls, WI
0 200,000 0 0 0

Total Undeveloped Land

\$100,014 \$2,760,000 \$0 \$0 \$0

Totals

\$539,397,202 \$91,795,729 \$812,136,852 \$13,859,935 \$1,988,286

| Apartments | Land | Building & Improvements | Total | Accumulated Depreciation | Date Acquired | Life on Which Latest Income Statement is Computed |
|----------------------------------|---|-------------------------|-----------|--------------------------|---------------|---|
| 408 1st Street SE Minot, ND | \$ 10,000 | \$ 36,907 | \$ 46,907 | \$ 31,465 | 2001 | 40 years |
| Applewood on the Green Omaha, NE | 706,200 11,123,030 11,829,230 362,511 2001 40 | | | | | |
| years | | | | | | |
| Beulah Condos Beulah, ND | 6,360 483,501 489,861 338,077 1983 15-40 | | | | | |
| years | | | | | | |
| Bison Properties Carrington, ND | 100,210 559,385 659,595 390,487 1972 25-40 | | | | | |
| years | | | | | | |
| Candlelight Apts Fargo, ND | 80,040 1,002,464 1,082,504 244,007 1993 24-40 | | | | | |
| years | | | | | | |

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April 30, 2003

Schedule III**REAL ESTATE AND ACCUMULATED DEPRECIATION (Continued)**

| <u>Apartments</u> | | <u>Land</u> | | <u>Building & Improvements</u> | | <u>Total</u> | | <u>Accumulated Depreciation</u> | | <u>Date Acquired</u> | | <u>Life on Which Latest Income Statement is Computed</u> | |
|---------------------------|-----------------|-------------|-----------|------------------------------------|-----------|--------------|-----------|---------------------------------|---------|----------------------|--|--|--|
| Canyon Lake Apts | Rapid City, SD | \$ | 304,500 | \$ | 3,991,910 | \$ | 4,296,410 | \$ | 163,846 | 2001 | | 40 years | |
| Castle Rock | Billings, MT | | | | | | | | | | | | |
| 736,000 | 5,354,294 | 6,090,294 | 600,455 | 1999 | 40 | | | | | | | | |
| | | | | | | | | | | | | | |
| Century Apts | Williston, ND | | | | | | | | | | | | |
| 200,000 | 4,224,030 | 4,424,030 | 1,745,952 | 1986 | 35-40 | | | | | | | | |
| | | | | | | | | | | | | | |
| Chateau Apts | Minot, ND | | | | | | | | | | | | |
| 122,000 | 2,518,773 | 2,640,773 | 328,693 | 1997 | 12-40 | | | | | | | | |
| | | | | | | | | | | | | | |
| Clearwater | Boise, ID | | | | | | | | | | | | |
| 585,000 | 3,309,385 | 3,894,385 | 394,883 | 1999 | 40 | | | | | | | | |
| | | | | | | | | | | | | | |
| Colton Heights | Minot, ND | | | | | | | | | | | | |
| 80,000 | 901,775 | 981,775 | 469,256 | 1996 | 40 | | | | | | | | |
| | | | | | | | | | | | | | |
| Cottonwood Lake | Bismarck, ND | | | | | | | | | | | | |
| 1,055,862 | 12,829,192 | 13,885,054 | 1,384,242 | 1999 | 40 | | | | | | | | |
| | | | | | | | | | | | | | |
| Country Meadows Phs I | Billings, MT | | | | | | | | | | | | |
| 245,624 | 4,132,039 | 4,377,663 | 452,798 | 1984 | 33-40 | | | | | | | | |
| | | | | | | | | | | | | | |
| Country Meadows Phs II | Billings, MT | | | | | | | | | | | | |
| 245,624 | 4,124,383 | 4,370,007 | 452,798 | 1997 | 40 | | | | | | | | |
| | | | | | | | | | | | | | |
| Crestview Apts | Bismarck, ND | | | | | | | | | | | | |
| 235,000 | 5,061,570 | 5,296,570 | 1,126,379 | 1994 | 24-40 | | | | | | | | |
| | | | | | | | | | | | | | |
| Crown Colony | Topeka, KS | | | | | | | | | | | | |
| 620,000 | 10,487,714 | 11,107,714 | 956,063 | 2000 | 40 | | | | | | | | |
| | | | | | | | | | | | | | |
| Dakota Arms | Minot, ND | | | | | | | | | | | | |
| 50,000 | 597,669 | 647,669 | 114,633 | 1996 | 24-40 | | | | | | | | |
| | | | | | | | | | | | | | |
| Dakota Hill at Valley Rch | Irving, TX | | | | | | | | | | | | |
| 3,650,000 | 34,447,248 | 38,097,248 | 2,796,712 | 2000 | 40 | | | | | | | | |
| | | | | | | | | | | | | | |
| East Park Apts | Sioux Falls, SD | | | | | | | | | | | | |
| 115,200 | 2,486,404 | 2,601,604 | 50,426 | 2002 | 40 | | | | | | | | |
| | | | | | | | | | | | | | |
| Eastgate Properties | Moorhead, MN | | | | | | | | | | | | |
| 23,917 | 2,582,611 | 2,606,528 | 1,743,936 | 1970 | 33-40 | | | | | | | | |
| | | | | | | | | | | | | | |
| Forest Park Estates | G. Forks, ND | | | | | | | | | | | | |
| 810,000 | 7,062,524 | 7,872,524 | 1,768,291 | 1993 | 24-40 | | | | | | | | |
| | | | | | | | | | | | | | |
| Heritage Manor | Rochester, MN | | | | | | | | | | | | |
| 403,256 | 7,584,883 | 7,988,139 | 927,649 | 1999 | 40 | | | | | | | | |
| | | | | | | | | | | | | | |

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Ivy Club Vancouver, WA
1,274,000 12,016,832 13,290,832 1,191,887 1999 40
years

Jenner Properties Grand Forks, ND
201,000 1,792,372 1,993,372 270,995 1996 40
years

Kirkwood Apts Bismarck, ND
449,290 3,397,268 3,846,558 520,899 1997 12-40
years

Lancaster Apts St Cloud, MN
289,000 2,998,489 3,287,489 245,363 2000 40
years

Legacy Apts Grand Forks, ND
1,361,855 9,777,675 11,139,530 1,577,904 1996 24-40
years

Legacy IV Grand Forks, ND
725,277 6,391,769 7,117,046 549,681 2000 40
years

Lonetree Apts Harvey, ND
13,584 245,450 259,034 63,904 1991 24-40
years

Magic City Apts Minot, ND
462,000 4,708,162 5,170,162 701,329 1997 12-40
years

Meadows Phase I & II Jamestown, ND
111,550 3,652,478 3,764,028 319,414 2000 40
years

Meadows Phase III Jamestown, ND
55,775 2,142,921 2,198,696 86,970 2002 40
years

Miramont Fort Collins, CO
1,470,000 13,091,890 14,561,890 2,153,583 1996 40
years

Neighborhood APTS Co. Springs, CO
1,033,592 10,665,246 11,698,838 1,813,819 1996 40
years

North Pointe Bismarck, ND
143,500 2,315,272 2,458,772 427,488 1995 24-40
years

Oakmont Apts Sioux Falls, SD
422,915 5,018,154 5,441,069 130,021 2002 40
years

Olympic Village Billings, MT
1,164,000 10,926,811 12,090,811 765,069 2001 40
years

Oxbow Sioux Falls, SD
404,072 4,776,646 5,180,718 1,001,025 1994 24-40
years

Park East Apts Fargo, ND
83,000 5,192,861 5,275,861 660,354 1997 12-40
years

Park Meadows Waite Park, MN
1,143,450 11,314,553 12,458,003 2,063,587 1997 40
years

Parkway Apts Beulah, ND
7,000 192,730 199,730 42,074 1988 5-40
years

Pebble Springs Bismarck, ND
7,200 798,068 805,268 72,613 2000 40
years

Pine Cone Apts Fort Collins, CO
904,545 12,592,794 13,497,339 2,520,279 1994 40
years

Pinehurst Apts Billings, MT
71,500 695,294 766,794 21,123 2002 40
years

Pointe West Apts Minot, ND
240,000 4,325,174 4,565,174 965,125 1994 24-40
years

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April 30, 2003

Schedule III**REAL ESTATE AND ACCUMULATED DEPRECIATION (Continued)**

| Apartments | | Land | Building & Improvements | Total | Accumulated Depreciation | Date Acquired | Life on Which Latest Income Statement is Computed |
|---------------------------|-----------------|------------|-------------------------|--------------|--------------------------|---------------|---|
| Prairie Winds Apts | Sioux Falls, SD | \$ 144,097 | \$ 1,910,443 | \$ 2,054,540 | \$ 496,987 | 1993 | 24-40 years |
| Prairiewood Meadows | Fargo, ND | | | | | | |
| 280,000 | 2,736,210 | 3,016,210 | 195,895 | 2001 | 40 years | | |
| Ridge Oaks Apts | Sioux City, IA | | | | | | |
| 178,100 | 4,587,304 | 4,765,404 | 355,867 | 2001 | 40 years | | |
| Rimrock Apts | Billings, MT | | | | | | |
| 329,708 | 3,673,962 | 4,003,670 | 354,098 | 2000 | 40 years | | |
| Rocky Meadows 96 | Billings, MT | | | | | | |
| 655,985 | 6,127,610 | 6,783,595 | 1,023,304 | 1996 | 40 years | | |
| Rosewood/ Oakwood | Sioux Falls, SD | | | | | | |
| 542,800 | 5,362,538 | 5,905,338 | 1,202,790 | 1996 | 40 years | | |
| Sherwood Apts | Topeka, KS | | | | | | |
| 1,150,000 | 15,268,339 | 16,418,339 | 1,400,878 | 2000 | 40 years | | |
| South Pointe | Minot, ND | | | | | | |
| 550,000 | 9,868,770 | 10,418,770 | 1,733,096 | 1995 | 24-40 years | | |
| Southview Apts | Minot, ND | | | | | | |
| 185,000 | 566,895 | 751,895 | 129,218 | 1994 | 24-40 years | | |
| Southwind Apts | Grand Forks, ND | | | | | | |
| 400,000 | 5,832,703 | 6,232,703 | 1,077,782 | 1996 | 24-40 years | | |
| Sunset Trail Phs I | Rochester, MN | | | | | | |
| 168,188 | 7,620,264 | 7,788,452 | 489,616 | 2001 | 40 years | | |
| Sunset Trail Phs II & III | Rochester, MN | | | | | | |
| 336,376 | 6,837,095 | 7,173,471 | 274,573 | 2002 | 40 years | | |
| Sweetwater Prop | Devils Lake, ND | | | | | | |
| 90,767 | 1,656,513 | 1,747,280 | 1,018,723 | 1972 | 5-40 years | | |
| Sycamore Village Apts | Sioux Falls, SD | | | | | | |
| 100,800 | 1,355,220 | 1,456,020 | 27,603 | 2002 | 40 years | | |
| Thomasbrook | Lincoln, NE | | | | | | |
| 600,000 | 9,703,237 | 10,303,237 | 1,017,672 | 2000 | 40 years | | |
| Valley Park Manor | Grand Forks, ND | | | | | | |
| 293,500 | 4,999,511 | 5,293,011 | 506,962 | 2000 | 40 years | | |
| Van Mall Woods | Vancouver, WA | | | | | | |
| 600,000 | 5,673,684 | 6,273,684 | 654,354 | 1999 | 40 years | | |
| West Stonehill | St. Cloud, MN | | | | | | |
| 939,000 | 11,887,835 | 12,826,835 | 2,198,480 | 1995 | 40 years | | |
| Westwood Park | Bismarck, ND | | | | | | |
| 161,114 | 2,208,073 | 2,369,187 | 286,435 | 1999 | 40 years | | |
| Woodridge Apts | Rochester, MN | | | | | | |
| 370,000 | 6,611,477 | 6,981,477 | 1,100,155 | 1996 | 40 years | | |

Total Apartments

\$30,498,333 \$368,418,283 \$398,916,616 \$50,552,553

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April 30, 2003

Schedule III**REAL ESTATE AND ACCUMULATED DEPRECIATION (Continued)**

| Office Buildings | Building & Land Improvements | | Total | | Accumulated Date Depreciation | | Life on Which Latest Income Statement is Computed |
|---------------------------------------|------------------------------|------------|------------|-----------|-------------------------------|-------------|---|
| | Acquired | Cost | Cost | Cost | Acquired | Cost | |
| 17 South Main Minot, ND | | \$ 15,000 | \$ 75,717 | \$ 90,717 | \$ 5,274 | 2001 | 40 years |
| 1st Avenue Building Minot, ND | 30,000 | 509,940 | 539,940 | 432,438 | 1981 | 33-40 years | |
| 2030 Cliff Road Eagan, MN | 145,900 | 836,863 | 982,763 | 42,711 | 1986 | 19-40 years | |
| 401 South Main Minot, ND | 70,600 | 551,535 | 622,135 | 196,598 | 1987 | 24-40 years | |
| 7901 Flying Cloud Dr Eden Prairie, MN | 1,062,000 | 4,688,837 | 5,750,837 | 381,060 | 2000 | 40 years | |
| Blmngtn Bus Plaza Bloomington, MN | 1,300,000 | 6,287,358 | 7,587,358 | 243,351 | 2001 | 40 years | |
| Brenwood Minnetonka, MN | 1,762,100 | 12,444,323 | 14,206,423 | 177,474 | 2002 | 40 years | |
| Burnsville Bluffs Burnsville, MN | 300,300 | 2,153,611 | 2,453,911 | 109,924 | 2001 | 40 years | |
| Central Bank Office Eden Prairie, MN | 531,000 | 4,069,000 | 4,600,000 | 21,193 | 2003 | 40 years | |
| Chiropractor Off Bldg Grnwd, MN | 189,000 | 141,000 | 330,000 | 734 | 2003 | 40 years | |
| Cold Spring Center St. Cloud, MN | 588,000 | 7,906,269 | 8,494,269 | 403,208 | 2001 | 40 years | |
| Interlachen Corp Center Eagan, MN | 1,650,000 | 15,041,307 | 16,691,307 | 658,555 | 2001 | 40 years | |
| Lexington Commerce Ctr Eagan, MN | 453,400 | 5,370,678 | 5,824,078 | 425,082 | 2000 | 40 years | |
| Mendota Ctr I Mendota Heights, MN | 1,570,253 | 5,433,880 | 7,004,133 | 167,176 | 2002 | 40 years | |
| Mendota Ctr II Mendota Heights, MN | 1,073,951 | 10,464,778 | 11,538,729 | 295,190 | 2002 | 40 years | |
| Mendota Ctr III Mendota Heights, MN | 1,500,986 | 5,202,970 | 6,703,956 | 153,307 | 2002 | 40 years | |
| Mendota Ctr IV Mendota Heights, MN | 1,385,330 | 7,319,807 | 8,705,137 | 204,220 | 2002 | 40 years | |
| Mendota Northland Ctr M. Hgts, MN | 1,331,383 | 16,329,038 | 17,660,421 | 446,899 | 2002 | 40 years | |
| Nicollet VII Burnsville, MN | 429,400 | 6,951,270 | 7,380,670 | 354,895 | 2001 | 40 years | |
| Northgate II Maple Grove, MN | 357,800 | 2,000,093 | 2,357,893 | 167,092 | 2000 | 40 years | |
| Paul Larson Clinic Edina, MN | 351,282 | 661,680 | 1,012,962 | 8,400 | 2002 | 40 years | |
| Pillsbury Business Center Edina, MN | | | | | | | |

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284,400 1,558,201 1,842,601 79,529 2001 40 years
Plaza VII Boise, ID
300,000 3,093,162 3,393,162 22,480 2003 40 years
Plymouth IV & V Plymouth, MN
640,500 13,707,290 14,347,790 661,181 2001 40 years
Southdale Expansion Edina, MN
0 7,223,906 7,223,906 0 2003 40 years
Southdale Medical Center Edina, MN
3,500,000 29,596,379 33,096,379 1,569,405 2001 40 years
Southeast Tech Center Eagan, MN
559,500 5,556,354 6,115,854 470,660 2000 40 years
Three Paramount Plaza Blmngtn, MN
1,260,712 6,618,815 7,879,527 158,790 2002 40 years
Thresher Square East Mpls, MN
645,661 5,916,864 6,562,525 191,106 2002 40 years
Thresher Square West Mpls, MN
448,680 4,112,253 4,560,933 132,832 2002 40 years
Wayroad Minnetonka, MN
530,000 4,915,195 5,445,195 128,291 2002 40 years
Westgate Boise, ID
1,000,000 10,648,328 11,648,328 77,290 2003 40 years
Wirth Corp Center Golden Valley, MN
970,000 7,673,238 8,643,238 202,200 2002 40 years

Total Office Buildings

\$26,237,138 \$215,059,939 \$241,297,077 \$8,588,545

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Schedule III**REAL ESTATE AND ACCUMULATED DEPRECIATION (Continued)**

| <u>Commercial</u> | <u>Land</u> | <u>Building & Improvements</u> | <u>Total</u> | <u>Accumulated Depreciation</u> | <u>Date Acquired</u> | <u>Life on Which Latest Income Statement is Computed</u> |
|--------------------------------------|---|------------------------------------|---------------|---------------------------------|----------------------|--|
| Abbott Northwest Sartell, MN | \$ 0 | \$ 13,636,966 | \$ 13,636,966 | \$ 210,396 | 2002 | 40 years |
| Airport Medical Bloomington, MN | 0 4,678,418 4,678,418 73,100 | 2002 40 | | | | |
| years | | | | | | |
| Ameritrade Omaha, NE | 326,500 8,022,298 8,348,798 807,939 | 1999 40 | | | | |
| years | | | | | | |
| Anoka Strip Center Anoka, MN | 123,200 601,800 725,000 3,134 | 2003 40 | | | | |
| years | | | | | | |
| Arrowhead Shopping Ctr Minot, ND | 100,359 2,953,602 3,053,961 2,293,192 | 1973 15 1/2-40 | | | | |
| years | | | | | | |
| Barnes & Noble Fargo, ND | 540,000 2,734,996 3,274,996 585,589 | 1994 40 | | | | |
| years | | | | | | |
| Barnes & Noble Omaha, NE | 600,000 3,099,197 3,699,197 581,091 | 1995 40 | | | | |
| years | | | | | | |
| Carmike Theatre Grand Forks, ND | 183,515 2,362,222 2,545,737 501,909 | 1994 40 | | | | |
| years | | | | | | |
| Champion Auto Forest Lake, MN | 49,600 446,400 496,000 2,320 | 2003 40 | | | | |
| years | | | | | | |
| Checkers Auto Faribault, MN | 83,400 256,600 340,000 1,336 | 2003 40 | | | | |
| years | | | | | | |
| Checkers Auto Rochester, MN | 76,200 363,800 440,000 1,895 | 2003 40 | | | | |
| years | | | | | | |
| Conseco Building Rapid City, SD | 285,000 6,761,826 7,046,826 471,768 | 2001 40 | | | | |
| years | | | | | | |
| Dewey Hill Business Center Edina, MN | 985,000 3,905,177 4,890,177 225,632 | 2001 40 | | | | |
| years | | | | | | |
| Dilly Lily St. Louis Park, MN | 168,000 172,000 340,000 896 | 2003 40 | | | | |
| years | | | | | | |
| Dixon Ave Indust Park Des Moines, IA | 1,438,780 11,462,099 12,900,879 153,794 | 2002 40 | | | | |
| years | | | | | | |

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Eagan Pdq Eagan, MN
 214,400 568,496 782,896 2,425 2003 40
 years
 Eagan Retail Center I Eagan, MN
 196,000 314,405 510,405 1,271 2003 40
 years
 Eagan Retail Center Ii Eagan, MN
 291,300 1,057,414 1,348,714 4,577 2003 40
 years
 East Grand Station E Grnd Forks,
 ND
 150,000 1,242,251 1,392,251 107,273 2000 40
 years
 Edgewood Vista Billings, MT
 130,000 850,218 980,218 103,526 1999 40
 years
 Edgewood Vista Duluth, MN
 390,000 6,691,519 7,081,519 454,395 2000 40
 years
 Edgewood Vista Phse III Duluth,
 MN
 0 4,623,938 4,623,938 0 2003 40
 years
 Edgewood Vista Sioux Falls, SD
 130,000 844,739 974,739 102,912 1999 40
 years
 Edgewood Vista Belgrade, MT
 14,300 439,194 453,494 41,191 2000 40
 years
 Edgewood Vista Columbus, NE
 14,300 441,326 455,626 41,180 2000 40
 years
 Edgewood Vista E Grand Forks, MN
 25,000 1,405,136 1,430,136 155,760 1997 40
 years
 Edgewood Vista Fremont, ND
 56,000 496,172 552,172 29,352 2001 40
 years
 Edgewood Vista Grand Island, NE
 14,300 441,326 455,626 41,180 2000 40
 years
 Edgewood Vista Missoula, MT
 108,900 853,528 962,428 138,698 1997 40
 years
 Edgewood Vista Omaha, NE
 88,567 552,685 641,252 30,186 2001 40
 years
 Edgewood Vista Hastings, NE
 13,971 557,568 571,539 31,751 2001 40
 years
 Edgewood Vista Kalispell, MT
 70,000 518,113 588,113 28,454 2001 40
 years
 Edgewood Vista Minot, ND
 260,000 6,010,707 6,270,707 828,978 1997 40
 years
 Edgewood Vista Virginia, MN
 246,370 6,823,999 7,070,369 177,475 2002 40
 years
 Ernst Home Center Kalispell, MT
 250,000 2,250,000 2,500,000 11,719 2003 40
 years

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Evergreen Shopping Ctr Pine City,
MN

154,200 2,648,029 2,802,229 13,787 2003 40
years

Excelsior Retail Ctr Excelsior, MN

274,500 625,500 900,000 3,258 2003 40
years

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Table of Contents**INVESTORS REAL ESTATE TRUST AND SUBSIDIARIES**

April 30, 2003

Schedule III**REAL ESTATE AND ACCUMULATED DEPRECIATION (Continued)**

| <u>Commercial</u> | <u>Land</u> | <u>Building & Improvements</u> | <u>Total</u> | <u>Accumulated Depreciation</u> | <u>Date Acquired</u> | <u>Life on Which Latest Income Statement is Computed</u> |
|---|-------------|------------------------------------|--------------|---------------------------------|----------------------|--|
| Express Shopping Center Fargo, ND | \$ 305,000 | \$ 1,120,000 | \$ 1,425,000 | \$ 5,833 | 2003 | 40 years |
| Great Plains Software Fargo, ND | 125,501 | 15,249,653 | 15,375,154 | 1,413,624 | 2000 | 40 years |
| Healtheast Med Ctr Woodbury & St. Johns, MN | \$3,238,275 | \$18,362,724 | \$21,600,999 | \$1,357,963 | 2001 | 40 years |
| Hospitality Assoc Minnetonka, MN | 40,000 | 360,898 | 400,898 | 41,770 | 2001 | 40 years |
| Interstate Bakery Mounds View, MN | 47,100 | 242,900 | 290,000 | 1,265 | 2003 | 40 years |
| Interstate Bakery St. Paul, MN | 70,400 | 249,600 | 320,000 | 1,300 | 2003 | 40 years |
| Inver Grove Ctr PDQ Inver Grove Heights, MN | 220,700 | 719,300 | 940,000 | 3,746 | 2003 | 40 years |
| Jamestown Mall Jamestown, ND | 297,000 | 1,024,021 | 1,321,021 | 5,385 | 2003 | 40 years |
| Lindberg Building Eden Prairie, MN | 198,000 | 1,953,601 | 2,151,601 | 369,251 | 1992 | 40 years |
| Maplewood Square Rochester, MN | 3,275,000 | 8,631,217 | 11,906,217 | 820,744 | 2000 | 40 years |
| Med Park Mall Grand Forks, ND | 680,500 | 4,968,099 | 5,648,599 | 406,063 | 2000 | 40 years |
| Metal Improvement Co N. Brighton, MN | 240,000 | 2,209,056 | 2,449,056 | 57,338 | 2002 | 40 years |
| Minot Plaza Minot, ND | 50,000 | 471,350 | 521,350 | 122,574 | 1993 | 40 years |
| Pamida Ladysmith, WI | 89,100 | 1,410,900 | 1,500,000 | 7,349 | 2003 | 40 years |

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Pamida Livingston, MT
 226,950 1,573,050 1,800,000 8,193 2003 40
 years

Park Dental Brooklyn, MN
 185,000 2,767,052 2,952,052 43,235 2002 40
 years

PDQ Center Mound, MN
 100,000 260,000 360,000 1,354 2003 40
 years

PDQ Center Prior Lake, MN
 202,120 768,626 970,746 3,998 2003 40
 years

Petco Warehouse Fargo, ND
 324,148 954,786 1,278,934 202,158 1994 40
 years

Pioneer Seed Moorhead, MN
 56,925 596,951 653,876 166,802 1992 40
 years

Plaza Shopping Center Schofield,
 WI
 175,000 1,575,000 1,750,000 8,203 2003 40
 years

Prior Lake Peak Prior Lake, MN
 47,880 430,920 478,800 1,262 2003 40
 years

Sam Goody/ Musicland Willmar,
 MN
 170,400 229,600 400,000 1,196 2003 40
 years

Sterner Lighting Winsted, MN
 100,000 900,789 1,000,789 54,530 2001 40
 years

Stone Container Roseville, MN
 810,000 7,440,115 8,250,115 255,745 2001 40
 years

Stone Container Waconia, MN
 165,000 1,501,518 1,666,518 101,665 2001 40
 years

Stone Container Fargo, ND
 440,251 6,665,315 7,105,566 933,522 1995 40
 years

Strip Center I Burnsville, MN
 207,500 775,924 983,424 4,169 2003 40
 years

Strip Center II Burnsville, MN
 291,300 468,700 760,000 2,441 2003 40
 years

Thomasville Kentwood, MI
 225,000 1,896,474 2,121,474 307,297 1996 40
 years

Tom Thumb Andover, MN
 103,700 176,300 280,000 918 2003 40
 years

Tom Thumb Bethel, MN
 32,000 478,000 510,000 2,490 2003 40
 years

Tom Thumb Blaine, MN
 120,800 399,200 520,000 2,079 2003 40
 years

Tom Thumb Buffalo, MN
 130,700 329,300 460,000 1,715 2003 40
 years

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Tom Thumb Centerville, MN
78,000 252,000 330,000 1,313 2003 40
years
Tom Thumb Glencoe, MN
52,300 477,700 530,000 2,488 2003 40
years
Tom Thumb Ham Lake, MN
143,400 391,600 535,000 2,040 2003 40
years

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Table of Contents**INVESTORS REAL ESTATE TRUST AND SUBSIDIARIES**

April 30, 2003

Schedule III**REAL ESTATE AND ACCUMULATED DEPRECIATION (Continued)**

| Commercial | | | | | Building & | Accumulated Date | | Life on |
|------------------------------------|-----------|--------------|------------|--------------|---------------|------------------|-----------|---------|
| | Land | Improvements | Total | Depreciation | Acquired | Computed | Which | |
| Tom Thumb Howard Lake, MN | \$ 22,000 | \$ 358,000 | \$ 380,000 | \$ 1,865 | 2003 | 40 years | Latest | |
| Tom Thumb Lakeland, MN | 85,900 | 354,100 | 440,000 | 1,844 | 2003 | 40 years | Income | |
| Tom Thumb Lakeville, MN | 121,000 | 1,240,008 | 1,361,008 | 7,184 | 2003 | 40 years | Statement | |
| Tom Thumb Lindstrom, MN | \$66,500 | \$253,500 | \$320,000 | \$1,320 | 2003 | 40 years | is | |
| Tom Thumb Lino Lakes, MN | 120,800 | 319,200 | 440,000 | 1,663 | 2003 | 40 years | Computed | |
| Tom Thumb Long Prairie, MN | 38,900 | 661,100 | 700,000 | 3,443 | 2003 | 40 years | | |
| Tom Thumb Monticello, MN | 85,500 | 769,500 | 855,000 | 4,008 | 2003 | 40 years | | |
| Tom Thumb Mora, MN | 55,000 | 245,000 | 300,000 | 1,276 | 2003 | 40 years | | |
| Tom Thumb Oakdale, MN | 351,000 | 380,155 | 731,155 | 1,978 | 2003 | 40 years | | |
| Tom Thumb Paynesville, MN | 30,800 | 334,200 | 365,000 | 1,741 | 2003 | 40 years | | |
| Tom Thumb Pine City, MN | 82,800 | 357,200 | 440,000 | 1,860 | 2003 | 40 years | | |
| Tom Thumb Sauk Rapids, MN | 25,000 | 225,000 | 250,000 | 1,172 | 2003 | 40 years | | |
| Tom Thumb Shoreview, MN | 63,300 | 266,700 | 330,000 | 1,389 | 2003 | 40 years | | |
| Tom Thumb Winsted, MN | 35,200 | 374,800 | 410,000 | 1,952 | 2003 | 40 years | | |
| UH Medical St. Paul, MN | 0 | 7,407,752 | 7,407,752 | 115,746 | 2002 | 40 years | | |
| Viromed Eden Prairie, MN | 666,000 | 4,197,634 | 4,863,634 | 441,551 | 1999 | 40 years | | |
| Wedgewood Sweetwater, GA | 334,346 | 3,637,532 | 3,971,878 | 563,262 | 1996 | 40 years | | |
| West Lake Center Forest Lake, MN | 2,396,600 | 5,610,507 | 8,007,107 | 25,304 | 2003 | 40 years | | |
| West Village Center Chanhassen, MN | 5,035,000 | 15,833,446 | 20,868,446 | 77,405 | 2003 | 40 years | | |
| Wilson s Leather Brooklyn Park, MN | 1,368,000 | 11,685,614 | 13,053,614 | 255,354 | 2002 | 40 years | | |

Total Commercial

\$32,300,258 \$244,506,851 \$276,807,109 \$16,497,674

Undeveloped Land

| | | | | | | | | | | | |
|------------------|---|-----------|---|------|----------|------------|------|------------|------|------|----------|
| Andover, MN | | | | | | \$ 150,000 | \$ 0 | \$ 150,000 | \$ 0 | 2003 | 40 years |
| Centerville, MN | | | | | | | | | | | |
| 100,000 | 0 | 100,000 | 0 | 2003 | 40 years | | | | | | |
| Inver Grove, MN | | | | | | | | | | | |
| 560,000 | 0 | 560,000 | 0 | 2003 | 40 years | | | | | | |
| Kalispell, MT | | | | | | | | | | | |
| 1,400,000 | 0 | 1,400,000 | 0 | 2003 | 40 years | | | | | | |
| Libby, MT | | | | | | | | | | | |
| 150,000 | 0 | 150,000 | 0 | 2003 | 40 years | | | | | | |
| Long Prairie, MN | | | | | | | | | | | |
| 150,000 | 0 | 150,000 | 0 | 2003 | 40 years | | | | | | |
| Prior Lake, MN | | | | | | | | | | | |
| 50,000 | 0 | 50,000 | 0 | 2003 | 40 years | | | | | | |
| River Falls, WI | | | | | | | | | | | |
| 200,000 | 0 | 200,000 | 0 | 2003 | 40 years | | | | | | |

Total Undeveloped Land

\$2,760,000 \$0 \$2,760,000 \$0

Totals

\$91,795,729 \$827,985,073 \$919,780,802 \$75,638,772

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| | <u>2003</u> | <u>2002</u> | <u>2001</u> |
|--|---------------------|---------------------|---------------------|
| Balance at beginning of year | \$ 58,925,517 | \$ 44,093,145 | \$ 33,232,952 |
| Additions during year provisions for depreciation | 19,605,934 | 15,515,168 | 12,299,532 |
| Deduction during year accumulated depreciation on real estate sold | (2,892,679) | (682,796) | (1,439,339) |
| <hr/> | | | |
| <hr/> | | | |
| <hr/> | | | |
| Balance at close of year | | | |
| | \$75,638,772 | \$58,925,517 | \$44,093,145 |
| <hr/> | | | |
| <hr/> | | | |
| <hr/> | | | |

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| | | |
|-------------|-------------|-------------|
| \$4,977,288 | \$4,237,095 | \$1,650,284 |
| Collections | | |
| (3,794,348) | (284,333) | (613,189) |

Mortgage Loans Receivable, End of Year
\$1,182,940 \$3,952,762 \$1,037,095

Table of Contents**INVESTORS REAL ESTATE TRUST AND SUBSIDIARIES****SELECTED FINANCIAL DATA****INCLUDING DISCONTINUED OPERATIONS**

| | <u>2003</u> | <u>2002</u> | <u>2001</u> | <u>2000</u> | <u>1999</u> |
|---|---------------|---------------|---------------|---------------|-------------|
| Consolidated Income Statement Data | | | | | |
| Revenue | | | | | |
| \$120,766,665 | \$93,016,069 | \$75,767,150 | \$55,445,193 | \$39,927,262 | |
| Income before gain/loss on property and minority interest | | | | | |
| 15,486,435 | 13,865,934 | 10,187,812 | 8,548,558 | 6,401,676 | |
| Gain on repossession/ Sale of properties | | | | | |
| 1,594,798 | 546,927 | 601,605 | 1,754,496 | 1,947,184 | |
| Minority interest portion of operating partnership income | | | | | |
| (4,833,072) | (3,812,732) | (2,095,177) | (1,495,209) | (744,725) | |
| Net income | | | | | |
| 12,248,161 | 10,600,129 | 8,694,240 | 8,807,845 | 7,604,135 | |
| Consolidated Balance Sheet Data | | | | | |
| Total real estate investments | | | | | |
| \$845,324,970 | \$685,346,681 | \$548,580,418 | \$418,216,516 | \$280,311,442 | |
| Total assets | | | | | |
| 885,680,521 | 730,209,018 | 570,322,124 | 432,978,299 | 291,493,311 | |
| Shareholders' equity | | | | | |
| 214,761,105 | 145,578,131 | 118,945,160 | 109,920,591 | 85,783,294 | |
| Consolidated Per Share Data (basic and diluted) | | | | | |
| Net Income | | | | | |
| .38 | .42 | .38 | .42 | .44 | |
| Distributions | | | | | |
| .63 | .59 | .55 | .51 | .47 | |

| Calendar Year | <u>2002</u> | <u>2001</u> | <u>2000</u> | <u>1999</u> | <u>1998</u> |
|-----------------------------------|-------------|-------------|-------------|-------------|-------------|
| Tax status of distribution | | | | | |
| Capital gain | | | | | |
| 0.00% | 0.00% | .72% | 30.30% | 6.30% | |
| Ordinary income | | | | | |
| 68.29% | 65.98% | 86.76% | 69.70% | 76.00% | |
| Return of capital | | | | | |
| 31.71% | 34.02% | 12.52% | 0.00% | 17.70% | |

Table of Contents**INVESTORS REAL ESTATE TRUST AND SUBSIDIARIES**

April 30, 2003

MORTGAGE LOANS PAYABLE

| | <u>Interest Rate</u> | <u>Final Maturity Date</u> | <u>Periodic Payment Terms</u> | <u>Face Amount of Mortgage</u> | <u>Carrying Amount of Mortgage</u> | <u>Delinquent Principal or Interest</u> |
|------------------------------------|--------------------------|------------------------------------|---------------------------------------|--|--|---|
| 1112 32nd Ave SW Minot, ND | 4.25% | 07/01/10 | Monthly | \$ 425,000 | \$ 235,721 | \$ 0 |
| 2030 Cliff Road Eagan, MN | 7.40% | 04/01/11 | | | | |
| Monthly 650,000 619,363 0 | | | | | | |
| Abbott Northwestern Sartell, MN | 7.64% | 10/01/17 | | | | |
| Monthly 9,100,000 8,644,277 0 | | | | | | |
| Airport Medical Bloomington, MN | 7.90% | 10/01/17 | | | | |
| Monthly 3,233,317 3,166,159 0 | | | | | | |
| Ameritrade Omaha, NE | 7.25% | 05/01/19 | | | | |
| Monthly 6,150,000 5,514,329 0 | | | | | | |
| Anoka Strip Center Anoka, MN | 4.375% | 07/02/03 | | | | |
| Monthly 255,063 252,518 0 | | | | | | |
| Applewood on the Green Omaha, NE | 6.55% | 10/10/08 | | | | |
| Monthly 7,713,349 7,558,068 0 | | | | | | |
| Arrowhead Shopping Cntr Minot, ND | 8.25% | 01/01/20 | | | | |
| Monthly 1,325,000 1,227,849 0 | | | | | | |
| Barnes & Noble Fargo, ND/Omaha, NE | 7.98% | 12/01/10 | | | | |
| Monthly 4,900,000 3,185,400 0 | | | | | | |
| Bloomington Bus Plaza Blmngtn, MN | 7.05% | 12/01/11 | | | | |
| Monthly 5,000,000 4,897,585 0 | | | | | | |
| Brenwood Minnetonka, MN | 8.10% | 10/01/10 | | | | |
| Monthly 8,758,307 8,691,536 0 | | | | | | |
| Burnsville Bluffs Burnsville, MN | 8.25% | 12/01/20 | | | | |
| Monthly 1,644,551 1,569,742 0 | | | | | | |
| Candlelight Apts Fargo, ND | 7.50% | 12/05/04 | | | | |
| Monthly 578,000 338,683 0 | | | | | | |
| Canyon Lake Apts Rapid City, SD | 6.82% | 10/01/11 | | | | |
| Monthly 3,000,000 2,951,857 0 | | | | | | |
| Carmike Grand Forks, ND | 7.75% | 02/01/07 | | | | |
| Monthly 2,000,000 1,728,771 0 | | | | | | |
| Castle Rock Billings, MT | | | | | | |

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6.66% 03/01/09
 Monthly 3,950,000 3,755,711 0
 Central Bank Office Eden Prairie, MN
 5.010% 05/01/14
 Monthly 2,575,000 2,545,000 0
 Century Apts Williston, ND
 3.39% 04/01/06
 Monthly 2,700,000 2,129,563 0
 Champion Auto Forest Lake, MN
 9.250% 10/17/03 Monthly 65,036 56,354 0
 Chateau Apts Minot, ND
 7.11% 07/01/11
 Monthly 2,000,000 1,964,256 0
 Checkers Auto Faribault, MN
 4.375% 07/02/03
 Monthly 121,459 120,246 0
 Checkers Auto Rochester, MN
 4.375% 07/02/03
 Monthly 157,896 156,323 0
 Chiropractor Office Bldg Grnwd, MN
 8.750% 09/02/09
 Monthly 229,645 230,533 0
 Clearwater Apts Boise, ID
 6.47% 01/01/09
 Monthly 2,660,000 2,518,454 0
 Cold Springs Center St. Cloud, MN
 7.40% 04/01/11
 Monthly 5,250,000 5,044,833 0
 Colton Heights Minot, ND
 8.35% 06/01/07
 Monthly 730,000 186,248 0
 Conseco Rapid City, SD
 8.07% 08/01/15
 Monthly 4,795,000 4,305,143 0
 Cottonwood Phase I Bismarck, ND
 6.59% 01/01/09
 Monthly 2,800,000 2,654,062 0
 Cottonwood Phase II Bismarck, ND
 7.55% 11/01/09
 Monthly 2,850,000 2,752,402 0
 Cottonwood Phase III Bismarck, ND
 6.66% 01/01/09
 Monthly 2,600,000 2,574,231 0
 Country Meadows I Billings, MT
 7.51% 12/01/07
 Monthly 2,660,000 2,422,608 0
 Country Meadows II Billings, MT
 8.10% 07/31/20
 Monthly 2,600,000 2,444,847 0
 Crestview Apts Bismarck, ND
 6.91% 07/01/08
 Monthly 3,400,000 3,113,735 0
 Dakota Hill Irving TX
 7.88% 01/01/10
 Monthly 25,550,000 24,794,645 0
 Dewey Hill Edina, MN
 7.93% 12/01/10
 Monthly 3,125,000 3,027,115 0

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Dilly Lily St. Louis Park, MN
4.375% 07/02/03
Monthly 121,459 120,246 0
Dixon Ave Indust Park Des Moines, IA
5.75% 01/01/13
Monthly 9,000,000 8,959,322 0
Eagan PDQ Eagan, MN
8.870% 09/01/15
Monthly 553,048 563,379 0
Eagan Retail Center I Eagan, MN
8.870% 09/01/15
Monthly 368,699 379,097 0
Eagan Retail Center II Eagan, MN
8.870% 09/01/15
Monthly 952,472 971,904 0
East Grnd Station E Grnd Forks, MN
4.28% 08/01/15
Monthly 970,000 823,935 0
East Park Apts Sioux Falls, SD
5.86% 12/01/12
Monthly 1,744,000 1,737,103 0

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Table of Contents**INVESTORS REAL ESTATE TRUST AND SUBSIDIARIES**

April 30, 2003

MORTGAGE LOANS PAYABLE (Continued)

| | <u>Interest Rate</u> | <u>Final Maturity Date</u> | <u>Periodic Payment Terms</u> | <u>Face Amount of Mortgage</u> | <u>Carrying Amount of Mortgage</u> | <u>Delinquent Principal or Interest</u> |
|---------------------------------------|--------------------------|------------------------------------|---------------------------------------|------------------------------------|--|---|
| Eastgate Moorhead, MN | 7.19% | 09/01/09 | Monthly | \$ 1,627,500 | \$ 1,564,697 | \$ 0 |
| Edgewood Vista Billings, MT | 5.80% | 10/01/13 | | | | |
| Monthly 720,000 564,576 0 | | | | | | |
| Edgewood Vista Columbus/G. Island, NE | 4.710% | 07/01/15 | | | | |
| Monthly 624,000 548,242 0 | | | | | | |
| Edgewood Vista Duluth, MN | 7.24% | 05/01/15 | | | | |
| Monthly 4,821,000 4,366,614 0 | | | | | | |
| Edgewood Vista East Grand Forks, MN | 6.850% | 08/01/11 | | | | |
| Monthly 980,000 914,215 0 | | | | | | |
| Edgewood Vista Fremont, NE | 6.750% | 09/05/11 | | | | |
| Monthly 365,645 341,908 0 | | | | | | |
| Edgewood Vista Hastings, MT | 6.750% | 09/05/11 | | | | |
| Monthly 377,440 352,937 0 | | | | | | |
| Edgewood Vista Kalispell, MT | 5.98% | 10/01/11 | | | | |
| Monthly 383,000 358,342 0 | | | | | | |
| Edgewood Vista Minot, ND | 6.342% | 08/01/12 | | | | |
| Monthly 4,510,000 3,317,040 0 | | | | | | |
| Edgewood Vista Missoula/Belgrade, MT | 4.550% | 07/18/15 | | | | |
| Monthly 945,000 798,191 0 | | | | | | |
| Edgewood Vista Omaha, NE | 6.75% | 09/05/11 | | | | |
| Monthly 436,415 408,083 0 | | | | | | |
| Edgewood Vista Sioux Falls, SD | 6.02% | 10/01/13 | | | | |
| Monthly 720,000 575,028 0 | | | | | | |
| Edgewood Vista Virginia, MN | 6.94% | 05/01/12 | | | | |
| Monthly 4,900,000 4,723,662 0 | | | | | | |
| Ernst Home Center Kalispell, MT | 4.75% | 06/30/03 | | | | |
| Monthly 1,119,460 1,091,815 0 | | | | | | |
| Evergreen Shopping Cntr Pine City, MN | 8.130% | 01/01/10 | | | | |
| Monthly 1,665,841 1,639,522 0 | | | | | | |
| Express Shopping Center Fargo, ND | | | | | | |

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7.500% 09/01/14
 Monthly 1,122,169 1,106,959 0
 Flying Cloud Eden Prairie, MN
 8.61% 07/01/09
 Monthly 3,830,000 3,760,343 0
 Forest Park Estates Grand Forks, ND
 7.33% 08/01/09
 Monthly 7,560,000 7,141,333 0
 Great Plains Software Fargo, ND
 7.08% 10/01/13
 Monthly 9,500,000 7,921,363 0
 Health Investors Trust Woodbury & St. John s,
 MN
 7.94% 02/01/19
 Monthly 19,482,851 18,488,202 0
 Heritage Manor Rochester, MN
 6.80% 10/01/18
 Monthly 5,075,000 4,446,490 0
 Interlachen Corp Center Edina, MN
 7.09% 10/11/11
 Monthly 11,550,000 11,283,875 0
 Interstate Bakery Mounds View, MN
 6.50% 08/15/05
 Monthly 131,720 108,162 0
 Interstate Bakery St. Paul, MN
 8.750% 01/14/04 Monthly 54,593 53,310 0
 Inver Grove Cntr PDQ Inver Grove Heights, MN
 8.750% 02/10/09
 Monthly 215,978 207,839 0
 Inver Grove Undeveloped Land Inver Grove
 Heights, MN
 5.25% 06/01/06
 Monthly 110,368 100,014 0
 Ivy Club Apts Vancouver, WA
 6.980% 09/01/11
 Monthly 8,050,000 7,928,730 0
 Jamestown Mall Jamestown, ND
 8.000% 04/05/08
 Monthly 807,725 774,174 0
 Jenner Properties Grand Forks, ND
 4.25% 11/01/04
 Monthly 1,391,585 888,541 0
 Kirkwood Manor Bismarck, ND
 8.15% 05/01/10
 Monthly 2,293,900 2,201,253 0
 Lancaster Apts St. Cloud, MN
 7.04% 08/01/18
 Monthly 1,769,568 1,607,769 0
 Legacy Apts Phse I Grand Forks, ND
 7.07% 01/01/05
 Monthly 4,000,000 3,544,644 0
 Legacy Apts Phse II Grand Forks, ND
 7.07% 05/29/08
 Monthly 2,575,000 2,358,393 0
 Legacy IV Grand Forks, ND
 8.10% 07/31/20
 Monthly 3,000,000 2,820,969 0
 Lexington Commerce Center Eagan, MN

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8.09% 02/01/10
Monthly 3,431,750 3,278,320 0
Lindberg Building Eden Prairie, MN
7.625% 02/01/07
Monthly 1,200,000 1,096,504 0
Magic City Apartments Minot, ND
4.25% 10/10/10
Monthly 2,794,299 1,307,689 0
Maplewood Square Rochester, MN
6.90% 08/01/09
Monthly 7,670,000 6,451,857 0
Meadow I & II Jamestown, ND
8.155% 07/01/10
Monthly 1,975,000 1,933,833 0
Meadows Phase III Jamestown, ND
7.190% 11/01/11
Monthly 1,150,000 1,125,426 0

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April 30, 2003

MORTGAGE LOANS PAYABLE (Continued)

| | <u>Interest Rate</u> | <u>Final Maturity Date</u> | <u>Periodic Payment Terms</u> | <u>Face Amount of Mortgage</u> | <u>Carrying Amount of Mortgage</u> | <u>Delinquent Principal or Interest</u> |
|---|--------------------------|------------------------------------|---------------------------------------|------------------------------------|--|---|
| MedPark Mall Grand Forks, ND | 8.075% | 02/01/10 | Monthly | \$ 3,425,000 | \$ 3,286,735 | \$ 0 |
| Mendota I, II, & Northland M. Heights, MN | 7.900% | 11/01/09 | | | | |
| Monthly | 18,000,000 | 17,097,640 | 0 | | | |
| Mendota I, II, & Northland M. Heights, MN | 5.370% | 11/01/09 | | | | |
| Monthly | 5,746,096 | 5,699,785 | 0 | | | |
| Mendota III & IV Mendota Heights, MN | 7.120% | 11/01/09 | | | | |
| Monthly | 9,300,000 | 9,219,734 | 0 | | | |
| Metal Improvement Co N. Brighton, MN | 7.01% | 10/01/09 | | | | |
| Monthly | 1,500,000 | 1,482,490 | 0 | | | |
| Miramont Apts Ft. Collins, CO | 8.25% | 08/01/36 | | | | |
| Monthly | 11,582,472 | 11,263,923 | 0 | | | |
| Neighborhood Apts Ft. Collins, CO | 7.98% | 01/01/07 | | | | |
| Monthly | 7,525,000 | 6,756,308 | 0 | | | |
| Nicollet VII Burnsville, MN | 8.05% | 11/29/10 | | | | |
| Monthly | 4,784,880 | 4,646,355 | 0 | | | |
| North Pointe Bismarck, ND | 7.12% | 01/01/08 | | | | |
| Monthly | 1,700,000 | 1,596,416 | 0 | | | |
| Northgate II Maple Grove, MN | 8.09% | 02/01/10 | | | | |
| Monthly | 1,576,750 | 1,506,255 | 0 | | | |
| Oakmont Apts Sioux Falls, SD | 7.00% | 09/01/11 | | | | |
| Monthly | 4,070,001 | 4,038,533 | 0 | | | |
| Oakwood Estates Sioux Falls, SD | 6.67% | 06/01/11 | | | | |
| Monthly | 3,900,000 | 3,820,417 | 0 | | | |
| Olympic Village Billings, MT | 7.62% | 11/01/10 | | | | |
| Monthly | 8,400,000 | 8,235,347 | 0 | | | |
| Oxbow Sioux Falls, SD | 6.67% | 06/01/11 | | | | |
| Monthly | 4,250,000 | 4,163,275 | 0 | | | |
| Pamida Ladysmith, WI | 8.750% | 10/01/11 | | | | |
| Monthly | 684,357 | 664,894 | 0 | | | |
| Pamida Livingston, MT | | | | | | |

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7.500% 12/10/08
Monthly 613,368 594,242 0
Park Dental Brooklyn, MN
7.90% 10/01/17
Monthly 1,950,000 1,815,885 0
Park East Fargo, ND
6.82% 05/01/08
Monthly 3,500,000 3,292,341 0
Park Meadows II and III Waite Park, MN
5.00% 09/01/09
Monthly 7,800,000 7,771,767 0
Park Meadows I Waite Park, MN
7.19% 09/01/09
Monthly 3,022,500 2,905,866 0
PDQ Center Prior Lake, MN
8.870% 09/01/15
Monthly 1,013,922 966,400 0
Pebble Springs Bismarck, ND
8.10% 07/31/20
Monthly 455,000 427,822 0
PETCO Warehouse Fargo, ND
7.28% 09/01/08
Monthly 1,100,000 720,031 0
Pillsbury Bus Center Bloomington, MN
7.40% 04/01/11
Monthly 1,260,000 1,200,610 0
Pinecone Ft. Collins, CO
7.125% 12/01/33
Monthly 10,685,215 10,154,157 0
Pinehurst Apts Billings, MT
7.500% 05/24/17
Monthly 500,000 485,343 0
Plymouth IV & V Plymouth, MN
8.17% 01/01/11
Monthly 9,280,912 9,020,272 0
Pointe West Apts Minot, ND
6.91% 07/01/08
Monthly 2,400,000 2,197,931 0
Prairie Winds Apts Sioux Falls, SD
7.04% 07/01/09
Monthly 1,325,000 1,269,692 0
Prairiewood Meadows Fargo, ND
7.70% 11/01/20
Monthly 2,088,973 1,961,826 0
Ridge Oaks Apts Sioux Falls, SD
7.05% 01/01/11
Monthly 2,900,000 2,837,112 0
Rimrock Apts Billings, MT
7.33% 08/01/09
Monthly 2,660,000 2,512,691 0
Rocky Meadows Billings, MT
7.33% 08/01/09
Monthly 3,780,000 3,570,667 0
South Pointe Minot, ND
7.12% 01/01/08
Monthly 6,500,000 6,103,943 0
Southdale Medical Center Edina, MN

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7.80% 01/01/11
Monthly 24,000,000 23,577,208 0
Southeast Tech Center Eagan, MN
8.09% 02/01/10
Monthly 4,266,500 4,075,750 0
Southwind Apts Grand Forks, ND
7.12% 01/01/08
Monthly 4,100,000 3,850,179 0
Stone Container Fargo, ND
8.25% 02/01/11
Monthly 3,300,000 2,194,329 0
Stone Container Roseville, MN
7.05% 02/01/12
Monthly 5,300,000 5,152,889 0
Strip Center I Burnsville, MN
8.79% 07/02/03
Monthly 380,664 372,084 0
Strip Center II Burnsville, MN
4.375% 07/02/03
Monthly 267,209 261,372 0
Sunset Trail I Rochester, MN
7.80% 03/01/11
Monthly 4,350,000 4,267,783 0

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Table of Contents**INVESTORS REAL ESTATE TRUST AND SUBSIDIARIES**

April 30, 2003

MORTGAGE LOANS PAYABLE (Continued)

| | Interest | Final | Periodic | Face | Carrying | Delinquent |
|-----------------------|-----------------|-----------------|-----------------|-----------------|------------------|-------------------|
| | Rate | Maturity | Payment | Amount | Amount of | Principal |
| | | Date | Terms | of | Mortgage | or |
| | | | | Mortgage | | Interest |
| | | | | | | |
| Sycamore Village Apt | 5.86% | 12/01/12 | Monthly | \$ 981,000 | \$ 977,120 | \$ 0 |
| Sioux Falls, SD | | | | | | |
| Thomasbrook | 7.215% | 10/01/09 | Monthly | 6,200,000 | 5,867,741 | 0 |
| Lincoln, NE | | | | | | |
| Thomasville | 7.75% | 02/01/11 | Monthly | 1,565,361 | 1,232,635 | 0 |
| Kentwood, MI | | | | | | |
| Three Paramount Plaza | 6.95% | 08/01/09 | Monthly | 5,200,000 | 5,100,907 | 0 |
| Blmngton, MN | | | | | | |
| Thresher Square East | 6.750% | 05/01/15 | Monthly | 4,335,000 | 3,490,000 | 0 |
| Minneapolis, MN | | | | | | |
| Thresher Square West | 7.600% | 06/01/10 | Monthly | 3,805,000 | 2,365,000 | 0 |
| Minneapolis, MN | | | | | | |
| Tom Thumb | 9.870% | 09/10/05 | Monthly | 134,556 | 127,842 | 0 |
| Buffalo, MN | | | | | | |
| Tom Thumb | 5.25% | 10/10/03 | Monthly | 191,466 | 191,466 | 0 |
| Centerville, MN | | | | | | |
| Tom Thumb | 4.375% | 07/02/03 | Monthly | 145,750 | 144,296 | 0 |
| Howard Lake, MN | | | | | | |
| Tom Thumb | 5.25% | 10/10/03 | Monthly | 264,406 | 264,406 | 0 |
| Lakeland, MN | | | | | | |
| Tom Thumb | 7.490% | 11/01/06 | Monthly | 108,782 | 102,339 | 0 |
| Lakeville, MN | | | | | | |
| Tom Thumb | 8.250% | 07/02/03 | Monthly | 119,516 | 114,634 | 0 |
| Lino Lakes, MN | | | | | | |
| Tom Thumb | 7.500% | 09/01/07 | Monthly | 463,054 | 458,122 | 0 |
| Long Prairie, MN | | | | | | |
| Tom Thumb | 8.000% | 08/01/11 | Monthly | 186,403 | 187,635 | 0 |
| Oakdale, MN | | | | | | |
| Tom Thumb | 4.375% | 07/02/03 | Monthly | 145,750 | 143,404 | 0 |
| Winsted, MN | | | | | | |
| Sherwood/Crown Colony | 7.55% | 11/01/09 | Monthly | 18,375,000 | 17,745,751 | 0 |
| Topeka, KS | | | | | | |
| U.H. Medical | 8.10% | 08/01/15 | Monthly | 4,962,009 | 4,849,584 | 0 |
| St. Paul, MN | | | | | | |
| Valley Park Manor | 8.190% | 11/01/10 | Monthly | 3,000,000 | 2,938,128 | 0 |
| Grand Forks, ND | | | | | | |
| Van Mall Woods | 6.56% | 12/01/04 | Monthly | 4,070,426 | 3,654,490 | 0 |
| Vancouver, WA | | | | | | |
| Viro-Med | 6.98% | 04/01/14 | Monthly | 3,120,000 | 2,575,827 | 0 |
| Eden Prairie, MN | | | | | | |
| Wayroad Corp Center | 6.99% | 05/01/11 | Monthly | 3,626,993 | 3,533,599 | 0 |
| Minnetonka, MN | | | | | | |
| Wedgewd Retirement | | | | | | |
| Sweetwater, GA | | | | | | |

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| | | | | | |
|---------------------------------------|----------|---------|-----------|-----------|---|
| 3.6575% | 04/23/17 | Monthly | 1,566,720 | 1,326,222 | 0 |
| West Lake Center I Forest Lake, MN | | | | | |
| 10.500% | 05/01/09 | Monthly | 2,546,597 | 3,154,385 | 0 |
| West Lake Center II Forest Lake, MN | | | | | |
| 8.500% | 05/01/09 | Monthly | 712,611 | 821,588 | 0 |
| West Stonehill St. Cloud, MN | | | | | |
| 7.93% | 06/01/07 | Monthly | 8,232,569 | 7,245,849 | 0 |
| West Village Center I Chanhassen, MN | | | | | |
| 8.750% | 09/01/05 | Monthly | 7,972,382 | 9,074,490 | 0 |
| West Village Center II Chanhassen, MN | | | | | |
| 7.000% | 01/27/06 | Monthly | 3,000,907 | 2,973,315 | 0 |
| Westgate Boise, ID | | | | | |
| 5.85% | 04/01/08 | Monthly | 8,100,000 | 8,100,000 | 0 |
| Westwood Park Bismarck, ND | | | | | |
| 7.88% | 12/01/09 | Monthly | 1,200,000 | 1,144,680 | 0 |
| Wilson s Leather Brooklyn Park, MN | | | | | |
| 6.44% | 08/31/22 | Monthly | 9,100,000 | 8,986,343 | 0 |
| Wirth Corp Cntr Golden Valley, MN | | | | | |
| 6.90% | 02/01/12 | Monthly | 5,500,000 | 5,369,308 | 0 |
| Woodridge Apts Rochester, MN | | | | | |
| 7.875% | 12/01/16 | | | | |
| Monthly 4,410,000 3,663,780 0 | | | | | |

Total
\$572,784,184 \$539,397,202 \$0

Table of Contents**INVESTORS REAL ESTATE TRUST AND SUBSIDIARIES**

April 30, 2003

PROPERTY ACQUISITIONS

Acquisitions for cash, assumptions of mortgages, and issuance of units in the operating partnership.

| | Purchase Price |
|--|---------------------------|
| Residential | |
| East Park Apts Sioux Falls, SD | \$2,520,354 |
| Sycamore Village Sioux Falls, SD | 1,417,699 |
| <hr/> | |
| Total Residential | \$3,938,053 |
| <hr/> | |
| Commercial | |
| Chanhassen Retail Center Chanhassen, MN | \$20,850,000 |
| Brenwood Office Park Minnetonka, MN | 14,014,085 |
| Wilson's Leather Brooklyn Park, MN | 13,010,645 |
| Abbott Northwestern Sartell, MN | 12,993,496 |
| Dixon Industrial Park Des Moines, IA | 11,872,351 |
| Westgate Office Center North Boise, ID | 11,509,091 |
| Forest Lake Retail Center Forest Lake, MN | 8,007,107 |
| U.H. Medical St. Paul, MN | 7,407,752 |
| Three Paramount Plaza Edina, MN | 7,367,227 |
| Southdale Expansion Edina, MN | 7,056,438 |

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Airport Medical
Bloomington, MN
4,678,418
Edgewood Vista
Hermantown, MN
4,623,938
Central Bank Eden Prairie,
MN
4,600,000
Plaza VII Boise, ID
3,357,662
Park Dental Brooklyn
Center, MN
2,952,052
Evergreen Center Pine
City, MN
2,800,000
Pamida Kalispell, MT
2,500,000
Pamida Livingston, MT
1,800,000
Schofield Plaza Schofield,
MN
1,750,000
Pamida Ladysmith, WI
1,500,000
Express Center Fargo, ND
1,425,000
Eagan Strip Center II
Eagan, MN
1,348,714
Jamestown Mall
Jamestown, ND
1,320,000
Tom Thumb Lakeville,
MN
1,262,945
Paul Larson Clinic Edina,
MN
1,012,962
PDQ Burnsville, MN
980,000
PDQ Prior Lake, MN
970,746
Inver Grove Center PDQ
Inver Grove, MN
940,000
Excelsior Strip Center
Excelsior, MN
900,000
Tom Thumb Monticello,
MN
855,000
PDQ Eagan, MN
782,896
Burnsville Strip Center
Burnsville, MN
760,000
Tom Thumb Oakdale, MN
730,000
Anoka Strip Center Anoka,
MN

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725,000
Tom Thumb Long Prairie,
MN
700,000
Tom Thumb Ham Lake,
MN
535,000

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Table of Contents**INVESTORS REAL ESTATE TRUST AND SUBSIDIARIES****April 30, 2003****PROPERTY ACQUISITIONS (Continued)**

| | <u>Purchase Price</u> |
|--|-----------------------|
| Tom Thumb Glencoe, MN | \$ 530,000 |
| Tom Thumb Blaine, MN 520,000 | |
| Eagan Strip Center I Eagan, MN 510,405 | |
| Tom Thumb Bethel, MN 510,000 | |
| Champion Auto Center Forest Lake, MN 496,000 | |
| Prior Lake Peak Prior Lake, MN 478,800 | |
| Tom Thumb Buffalo, MN 460,000 | |
| Tom Thumb Lakeland, MN 440,000 | |
| Tom Thumb Lino Lakes, MN 440,000 | |
| Tom Thumb Pine City, MN 440,000 | |
| Checkers Auto Rochester, MN 440,000 | |
| Tom Thumb Winsted, MN 410,000 | |
| Sam Goody Willmar, MN 400,000 | |
| Tom Thumb Howard Lake, MN 380,000 | |
| Gas Plus More Paynesville, MN 365,000 | |
| PDQ Mound, MN 360,000 | |
| Checkers Auto Faribault, MN 340,000 | |
| Dily Lily St. Louis Park, MN 340,000 | |
| Tom Thumb Centerville, MN 330,000 | |
| Chiropractic Office Building Greenwood, MN 330,000 | |
| Tom Thumb Shoreview, MN 330,000 | |
| Tom Thumb Lindstrom, MN 320,000 | |

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Interstate Bakery St. Paul, MN
320,000
Tom Thumb Mora, MN
300,000
Interstate Bakery Mounds
View, MN
290,000
Tom Thumb Andover, MN
280,000
Tom Thumb Sauk Rapids, MN
250,000

Total Commercial
\$170,508,730

Undeveloped Land

Kalispell, MT
\$1,400,000
Inver Grove, MN
560,000
River Falls, MN
200,000
Andover, MN
150,000
Libby, MT
150,000
Long Prairie, MN
150,000
Centerville, MN
100,000
Prior Lake, MN
50,000

Total Undeveloped Land
\$2,760,000

Total
\$177,206,783

Table of Contents**INVESTORS REAL ESTATE TRUST AND SUBSIDIARIES****QUARTERLY RESULTS OF CONSOLIDATED OPERATIONS****INCLUDING DISCONTINUED OPERATIONS****(unaudited)**

| | Quarter Ended | | | |
|---|---------------|---------------|---------------|---------------|
| | 07-31-02 | 10-31-02 | 01-31-03 | 04-30-03 |
| Revenues | \$ 27,539,641 | \$ 30,432,693 | \$ 30,447,373 | \$ 32,346,958 |
| Income before gain on properties and minority interest | 3,947,600 | 4,187,296 | 3,604,658 | 3,746,881 |
| Net gain on sale of properties | 262,568 | 52,774 | (151,173) | 1,430,629 |
| Minority interest portion of operating partnership income | (1,282,167) | (1,171,848) | (1,002,162) | (1,376,895) |
| Net Income | 2,928,000 | 3,068,222 | 2,451,323 | 3,800,616 |
| Per share | | | | |
| Net Income | .10 | .10 | .08 | .10 |

| | Quarter Ended | | | |
|---|---------------|---------------|---------------|---------------|
| | 07-31-01 | 10-31-01 | 01-31-02 | 04-30-02 |
| Revenues | \$ 21,780,094 | \$ 23,175,041 | \$ 23,605,772 | \$ 24,455,162 |
| Income before gain on properties and minority interest | 3,250,866 | 3,743,415 | 3,642,689 | 3,228,964 |
| Net gain on sale of properties | 307,934 | 16,398 | 3,346 | 219,241 |
| Minority interest portion of operating partnership income | (783,073) | (813,898) | (1,405,783) | (809,976) |
| Net Income | 2,775,727 | 2,945,915 | 2,240,252 | 2,638,235 |
| Per share | | | | |
| Net Income | .11 | .12 | .09 | .10 |

| | Quarter Ended | | | |
|--|---------------|---------------|---------------|---------------|
| | 07-31-00 | 10-31-00 | 01-31-01 | 04-30-01 |
| Revenues | \$ 17,431,644 | \$ 18,404,260 | \$ 19,004,737 | \$ 20,926,509 |
| Income before gain(loss) on properties and minority interest | 2,565,131 | 2,707,811 | 2,719,679 | 2,195,191 |
| Net gain(loss) on sale of properties | 0 | 0 | 25,124 | 576,481 |
| Minority interest portion of operating partnership income | (425,667) | (538,618) | (426,316) | (704,576) |
| Net Income | 2,139,464 | 2,169,193 | 2,318,487 | 2,067,096 |

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Per share

Net Income

.09 .10 .10 .09

The above financial information is unaudited. In the opinion of management, all adjustments (which are of a normal recurring nature) have been included for a fair presentation.

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No dealer, sales representative or any other person has been authorized to give any information or to make any representations other than those contained in this prospectus in connection with the offer made by this prospectus and, if given or made, such information or representations must not be relied upon as having been authorized by the Company. This prospectus does not constitute an offer to sell, or the solicitation of any offer to buy, any security other than the securities offered by this prospectus, nor does it constitute an offer to sell or a solicitation of any offer to buy the securities offered hereby by anyone in any jurisdiction in which such offer or solicitation is not authorized, or in which the person making such offer or solicitation is not qualified to do so, or to any person to whom it is unlawful to make such offer or solicitation. Neither the delivery of this prospectus nor any sale made hereunder shall, under any circumstances, create any implication that information contained herein is correct as of any time subsequent to the date hereof.

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Experts
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4,500,000 Shares

INVESTORS

**REAL ESTATE
TRUST**

Shares of Beneficial Interest

PROSPECTUS

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PART II

INFORMATION NOT REQUIRED TO BE IN PROSPECTUS

Item 14. *Other Expenses of Issuance and Distribution*

The following table sets forth the various expenses of the Company in connection with the offer and sale of the Shares being registered pursuant to this Registration Statement on Form S-3. All of the amounts shown are estimates, except for the Securities and Exchange Commission registration fee and the NASDAQ listing fee. Unless otherwise indicated, all of such expenses will be paid by the Company.

| | |
|---|----------|
| Securities and Exchange Commission Fee | \$3,641 |
| NASD Fee | \$5,023 |
| Accounting Fees and Expenses | \$2,500 |
| Legal Fees and Expenses | \$40,000 |
| Advertising, Printing, Mailing and Promotion Expenses | \$40,000 |
| <hr/> | |
| TOTAL | \$91,164 |
| <hr/> | |

Item 15. *Indemnification of Directors and Officers*

Limitation of Liability and Indemnification. Our Second Restated Declaration of Trust provides that under certain circumstances we will indemnify the members of our Board of Trustees and employees against all claims, costs and liabilities incurred as a result of acting as a member of the Board or employee, provided that the following conditions have been satisfied:

The course of conduct that caused the loss was in the our best interests

The affected member of the Board of Trustees or the employee was acting on our behalf.

The loss was not the result of negligence or misconduct by a member of the Board of Trustees or an employee, or gross negligence or willful misconduct by an independent member of the Board of Trustees.

Any indemnification payment is only recoverable from our net assets and not from the shareholders.

Members of the Board of Trustees and employees will not be indemnified by us for any losses, liabilities or expenses arising from or out of an alleged violation of federal or state securities laws, unless one or more of the following conditions are met:

There has been a successful adjudication on the merits of each count involving alleged securities law violations.

Such claims have been dismissed with prejudice on the merits by a court of competent jurisdiction.

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A court of competent jurisdiction approves a settlement of the claims against, and finds that, indemnification of the settlement and the related costs should be made, and the court considering the request for indemnification has been advised of the position of the Securities and Exchange Commission and of the published position of any state securities regulatory authority in which our securities were offered or sold as to indemnification for violations of securities laws.

The advancement of our funds to a trustee or employee for legal expenses and other costs incurred for which indemnification is being sought is permissible only if all of the following conditions are satisfied:

The legal action relates to acts or omissions with respect to the performance of duties or services on our behalf.

The legal action is initiated by a third party who is not a shareholder, or the legal action is initiated by a shareholder acting in his or her capacity as such and a court of competent jurisdiction specifically approves such advancement.

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The member of the Board of Trustees or the employee undertakes to repay to us the advanced funds, together with the applicable legal rate of interest thereon, in cases in which such member of the Board or such employee is found not to be entitled to indemnification.

In addition to providing indemnification to members of our Board of Trustees and employees, under certain circumstances, we also maintain insurance covering members of the Board and officers against liability as a result of their actions or inactions on our behalf.

With the exception of indemnification and insurance provisions set forth above, there is currently no other statute, charter provision, by-law, contract or other arrangement under which a member of our Board of Trustees or an employee is insured or indemnified in any manner against liability that he or she may incur in his or her capacity as a member of our Board trustee or as an employee. At our Annual Meeting of Shareholders to be held on September 23, 2003, our shareholders may vote to approve Articles of Amendment and a Third Restated Declaration of Trust, which have modified provisions regarding indemnification and insurance. Our Board of Trustees has already unanimously approved the Third Restated Declaration of Trust.

If adopted, the Third Restated Declaration of Trust would provide that we will indemnify members of our Board of Trustees to the fullest extent permitted by law in connection with any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he or she was a member of our Board of Trustees or is or was serving at the our request as a director, trustee, officer, partner, manager, member, employee or agent of another foreign or domestic corporation, partnership, joint venture, trust, limited liability company, other enterprise or employee benefit plan, from all claims and liabilities to which such person may become subject by reason of service in such capacity, and further we will pay or reimburse reasonable expenses (including without limitation attorney's fees), as such expenses are incurred, of each member of our Board of Trustees in connection with any such proceedings.

The Third Restated Declaration of Trust would further provide that we will indemnify each of our officers and employees, and will have the power to indemnify each of our agents, to the fullest extent permitted by North Dakota law, as amended from time to time, in connection with any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he or she was our officer, employee or agent or is or was serving at our request as a director, trustee, officer, partner, manager, member, employee or agent of another foreign or domestic corporation, partnership, joint venture, trust, limited liability company, other enterprise or employee benefit plan, from all claims and liabilities to which such person may become subject by reason of service in such capacity and will pay or reimburse reasonable expenses, as such expenses are incurred, of each officer, employee or agent in connection with any such proceedings.

For purposes of providing indemnification for members of our Board of Trustees, and all of our officers, employees and agents, the Third Restated Declaration of Trust provides that we will have the authority to enter into insurance or other arrangements, with persons or entities that are regularly engaged in the business of providing insurance coverage, to indemnify all of the members of our Board of Trustees, and all of our officers, employees and agents against any and all liabilities and expenses incurred by them by reason of their being members of our Board of Trustees, or our officers, employees or agents, whether or not we would otherwise have the power to indemnify such persons against such liability. Without limiting our power to procure or maintain any kind of insurance or other arrangement, the Third Restated Declaration of Trust provides that we may, for the benefit of persons indemnified by us, (i) create a trust fund, (ii) establish any form of self-insurance, (iii) secure our indemnity obligation by grant of any security interest or other lien on our assets, or (iv) establish a letter of credit, guaranty or surety arrangement. Any such insurance or other arrangement may be procured, maintained or established within us or with any insurer or other person deemed appropriate by our Board of Trustees regardless of whether all or part of the stock or other securities thereof are owned in whole or in part by us. In the absence of fraud, the judgment of the Board of Trustees as to the terms and conditions of insurance or other arrangement and the identity of the insurer or other person participating in any arrangement will be

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conclusive, and such insurance or other arrangement will not be subject to voidability, nor subject the members of our Board of Trustees approving such insurance or other arrangement to liability, on any ground, regardless of whether the members participating in and approving such insurance or other arrangement will be beneficiaries thereof.

Item 16. Exhibits

| Exhibit Number | Description |
|----------------|--|
| 1 | Security Sales Agreement for All Broker-Dealers (filed herewith) |
| 3.1 | Second Restated Declaration of Trust, dated February 10, 1999(1) |
| 3.2 | IRET Properties Partnership Agreement, dated January 31, 1997(2) |
| 5 | Opinion of Pringle & Herigstad, P.C.* |
| 8 | Opinion of Pringle & Herigstad, P.C.* |
| 23.1 | Consent of Independent Auditors (filed herewith) |
| 23.2 | Consent of Pringle & Herigstad, P.C.* |
| 24 | Power of Attorney (filed herewith) |

* Filed on August 7, 2003.

- (1) Incorporated by reference to the Company's Registration Statement on Form S-11 (File No. 333-78223), filed with the SEC on May 11, 1999.
- (2) Incorporated by reference to the Company's Registration Statement on Form S-11 (File No. 333-21945), filed with the SEC on February 18, 1997.

Item 17. Undertakings

(a) The undersigned registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in the volume of securities offered (if the total dollar value of the securities offered would not exceed that which was registered) and any deviation of from the low or high end of the estimated maximum offering range may be reflected in the form of the prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than 20 percent change in the maximum aggregate offering price set forth in the Calculation of Registration Fee table in the effective registration statement.

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement;

provided, however, that paragraphs (a)(1)(i) and (a)(1)(ii) do not apply if the registration statement is on Form S-3, Form S-8 or Form F-3, and the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed with or furnished to the Commission by the registrant pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in the registration statement.

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(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered that remain unsold at the termination of the offering.

(b) The undersigned registrant hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, each filing of the registrant's annual report pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(c) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. If a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

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/s/ TIMOTHY P. MIHALICK*

Trustee, Senior Vice President and
Chief Operating Officer

August 29, 2003

Timothy P. Mihalick

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| Signature | Title | Date |
|--|--|-----------------|
| /s/ THOMAS A. WENTZ, SR.* _____ Thomas A. Wentz, Sr. | President and Chief Executive Officer | August 29, 2003 |
| /s/ DIANE K. BRYANTT* _____ Diane K. Bryantt | Senior Vice President and Chief Financial Officer | August 29, 2003 |
| /s/ MICHAEL A. BOSH* _____ Michael A. Bosh | Associate General Counsel and Secretary | August 29, 2003 |

* The undersigned, by signing his name hereto, does sign and execute this Amendment No. 1 to the Registration Statement on Form S-3 on behalf of the above-named Trustees and Officers of the Registrant pursuant to a Power of Attorney executed by each Trustee and Officer and filed herewith.

By: /s/ THOMAS A. WENTZ, JR.

Thomas A. Wentz, Jr.
As Attorney-in-fact

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**INVESTORS REAL ESTATE TRUST
FORM S-3 REGISTRATION STATEMENT**

INDEX TO EXHIBITS

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