



2017

Second Quarter Report to Shareholders
and Partners

Quarter Ended June 30, 2017



Edgewood Spring Creek - Eagle, ID

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Grand Forks, ND 58201

edgewoodreit.com



Edgewood Spring Creek - Meridian, ID

Dear Shareholders and Partners:

We hope you are having a relaxing summer. Although the acquisition pace slowed from the \$200,000,000 pace of the first quarter, in the second quarter we completed the acquisitions of a medical office building located in Minnetonka, Minnesota and 103-unit independent living and assisted living facility located in Dickinson, North Dakota. Both of these assets are leased to tenants pursuant to triple net leases and as of the acquisition date, were accretive to our REIT on an earnings per share basis.

In the third quarter our pipeline consists of approximately \$60,000,000 of assets, including senior housing facilities in Helena, Montana; Mitchell, South Dakota and Hermantown, Minnesota. In addition, we continue to search for opportunities to acquire medical office buildings, multi-family and senior housing assets within our geographic footprint.

In the third quarter of 2016, when we entered into agreements to acquire 34 senior housing assets from IRET, we forecasted an increase in our earnings of \$.20 to \$.25 per share. The second quarter numbers reflect the increase in annual earnings resulting from these acquisitions. We are pleased to report earnings in the second quarter exceeded our forecast. In comparison to the second quarter of 2016 - where we reported MFFO per weighted share of .2639 - in the second quarter of 2017, we are pleased to report MFFO per weighted share of .4143. This reflects a \$.15 per share increase, on a quarterly basis, from the previous year. On an annualized basis, we are projecting MFFO per share of \$1.67 and funds available for distribution per share of \$1.37. We are pleased with our second quarter operating results and we expect continued increases in our earnings on a year-over-year basis.

Your management team is committed to continue the delivery of shareholder value, which includes regular dividend and share price increases.

If you have any questions, please contact us.

Income Statement Data

	<u>Second Quarter 2017</u>	<u>Year-to-date 2017</u>
Revenues	\$ 14,518,752	\$ 26,576,331
Net Income	\$ 3,169,061	\$ 4,913,227
Modified Funds from Operations (MFFO)	\$ 7,120,252	\$ 12,049,712

Balance Sheet Data

	<u>As of June 30, 2017</u>
Current Assets	\$ 32,935,397
Current Liabilities	\$ 29,460,544
Total Real Estate Investments	\$ 627,259,880
Total Assets	\$ 660,195,277
Long Term Liabilities	\$ 406,835,844
Shareholder Equity	\$ 223,898,889

Per Share Data

	<u>Second Quarter 2017</u>	<u>Year-to-date 2017</u>
Shares/Partnership Units	17,409,552	17,409,552
Net Income	\$.1820	\$.2822
Modified Funds From Operations (MFFO)	\$.4090	\$.6921

Weighted Shares Outstanding

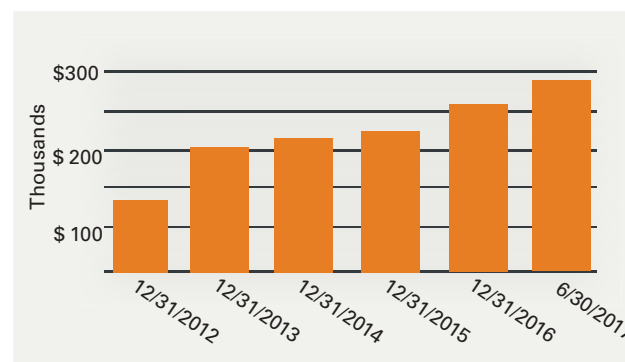
	<u>Second Quarter 2017</u>	<u>Year-to-date 2017</u>
Weighted Shares Outstanding	17,186,458	17,180,458
Net Income - Weighted Share	\$.1844	\$.2859
MFFO - Weighted Share	\$.4143	\$.7011
Dividends Per Share	\$.22	\$.44
Total Dividends Paid	\$3,817,669	\$7,562,461

Dividend Coverage

	<u>Year-to-date 2017</u>
MFFO/Total Dividends Paid	159.34%

Investment Performance

Calculations for the Investment Earnings Chart are based on an initial investment of \$100,000 with all quarterly dividends reinvested. An investment of \$100,000 on January 1, 2011 (inception) would be worth \$287,375.00 as of June 30, 2017.



Dividend Declaration

The Board of Trustees declared a dividend of 22 cents per share to shareholders and partners of record as of June 30, payable on July 15, 2017. This constitutes the 26th consecutive quarterly dividend paid to our shareholders and partners, for an annual dividend yield of 5.18%. Effective July 1, 2017, quarterly dividend increased to 23.75 cents per share.

Dividend Reinvestment

Our Dividend Reinvestment Plan allows for the purchase of additional shares at a 5% discount from the regular share price to those shareholders and partners who elect to participate in the Plan. The Plan allows flexible reinvestment options. If you are not currently participating in the Plan and would like to do so, please contact your investment representative or the Edgewood REIT office.

Edgewood REIT Shares

Effective July 1, 2017, Edgewood REIT commenced a new Private Placement Offering at \$19 per share. If you are interested in purchasing additional shares, please contact your investment representative or Kari Oppedgard for assistance.



Contact Edgewood REIT

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