

# BUILDING OUR FUTURE

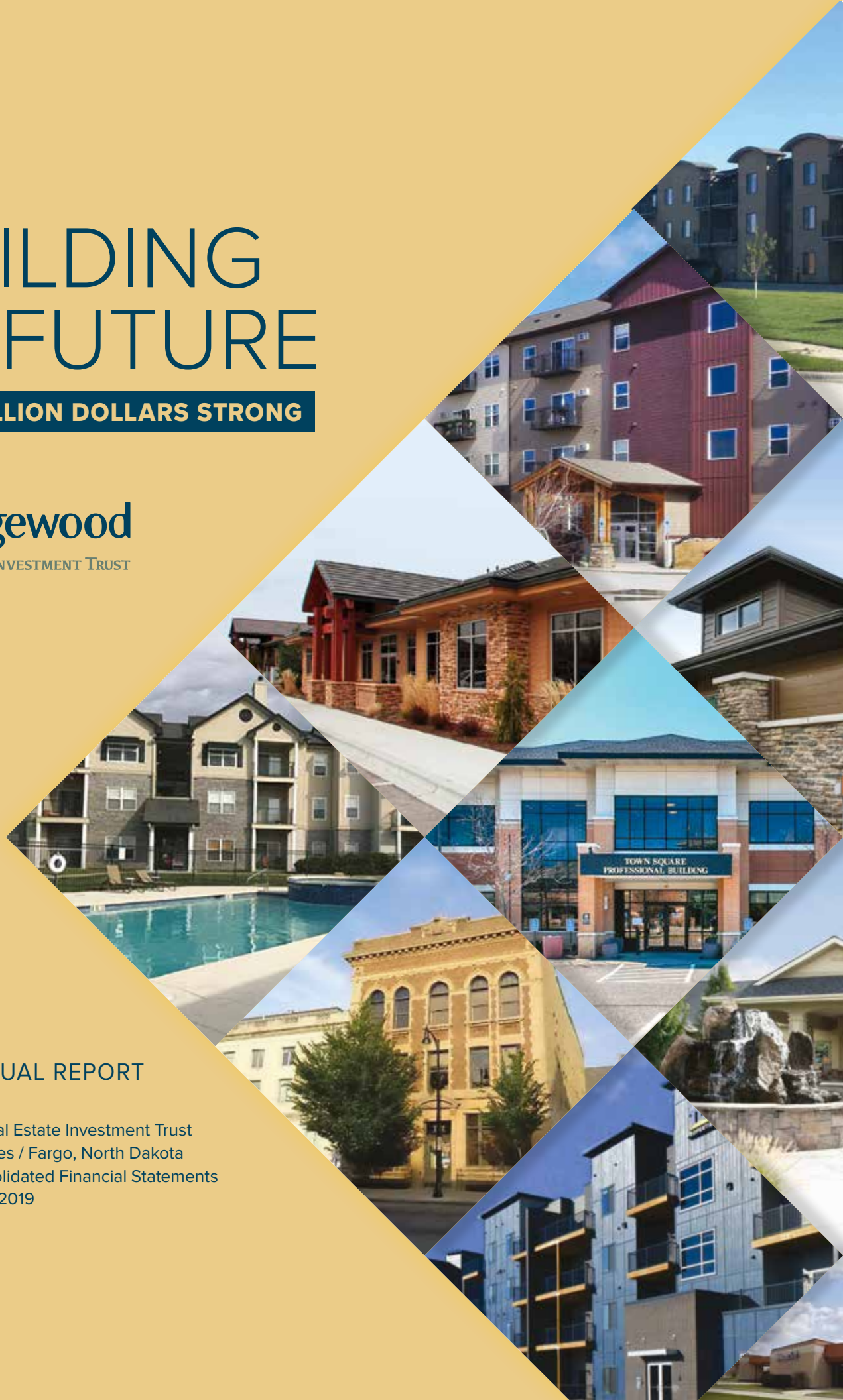
**ONE BILLION DOLLARS STRONG**



REAL ESTATE INVESTMENT TRUST

## 2019 ANNUAL REPORT

Edgewood Real Estate Investment Trust  
and Subsidiaries / Fargo, North Dakota  
Audited Consolidated Financial Statements  
December 31, 2019

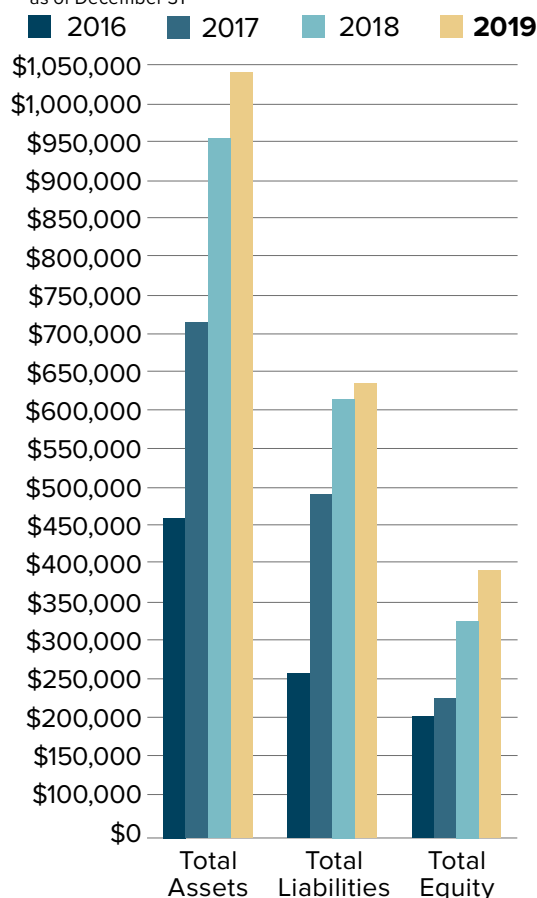


# Financial Highlights 2016-2019

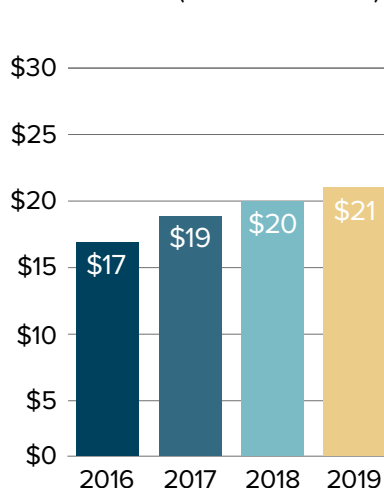
## Key Financial Metrics (in thousands, except share data)

	2019	2018	2017	2016
Total Assets	\$ 1,040,643	\$ 941,439	\$ 713,140	\$ 460,659
Total Liabilities	\$ 641,188	\$ 617,495	\$ 481,396	\$ 259,591
Total Equity	\$ 399,455	\$ 323,944	\$ 231,744	\$ 201,068
Net Operating Income	\$ 71,666	\$ 63,148	\$ 43,727	\$ 23,320
Funds from Operations (per weighted share)	1.771	1.663	1.465	1.124
Dividends Paid (per share)	1.025	.975	.915	.88

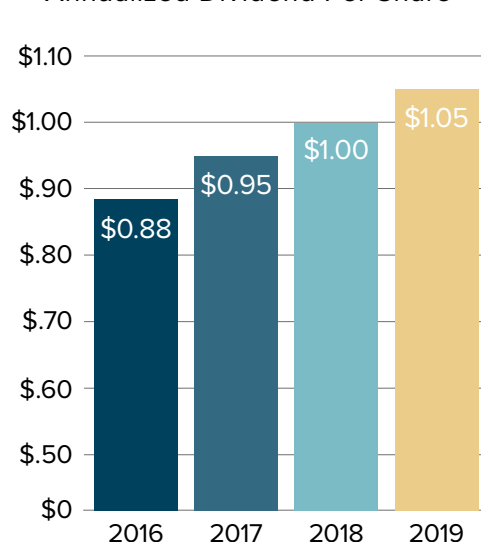
Balance Sheet Bar Graph (in thousands)  
as of December 31



Share Value (Issuance Price)



Annualized Dividend Per Share



Cautionary Language: Some of the information in this annual report constitutes forward-looking statements. Forward-looking statements are based upon Edgewood's present intent, beliefs or expectations, but forward-looking statements are not guaranteed to occur and may not occur. Edgewood's actual results may differ materially from those contained in Edgewood's forward-looking statements.

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Dan Mikkelsen  
Chairman



Jon Strinden  
President

## COVID-19 Update

### Shareholders and Partners:

In this annual report we have included two investor letters. This letter consists of our thoughts and observations as of April 30, 2020. On page 4 is the pre-COVID-19 shareholder letter prepared on March 1, 2020. As you will see from this annual report, we have continued to grow earnings-per-share, dividends, and share price on a year-over-year basis. We continue to acquire quality assets which provide a return on investment in excess of our weighted average cost of capital; we also continue to diversify our portfolio from an asset and credit concentration standpoint and geographically. Our primary focus on healthcare net lease and multi-family assets has provided us with a solid asset base which should enable us to provide exceptional shareholder returns for years to come.

Although we remain optimistic about our future, we do recognize the coronavirus has impacted all businesses and will undoubtedly have an impact on our REIT. Our performance in the first quarter has been strong, but we anticipate – and have planned for – some disruption, hopefully minimal, in the second and third quarters of this year. We are encouraged by the tremendous amount of federal – both monetary and fiscal – stimulus which has been provided to our tenants. This should significantly reduce multi-family delinquencies and also provide a tremendous benefit to our net lease tenants.

However, due to the nature of the pandemic, and lack of visibility pertaining to its duration and ultimate economic impact, it is very difficult for any company to provide 2020 guidance. The current impact to Edgewood REIT is a pause on our ground-up multi-family projects and acquisitions of stabilized assets. At this time, the prudent course of conduct is to preserve cash to prepare for an uncertain future as we combat this insidious virus. We also recognize that times of great uncertainty present opportunities to purchase quality assets from distressed sellers. Our intent is to maintain a strong cash position to take advantage of these opportunities.



During this pandemic, we will continue to be good stewards of the resources entrusted to us and become defensive in our management of REIT assets, but, at the same time, be in a position to move quickly if there are compelling value propositions on the acquisition front.

As always, we remain committed to operating in a transparent manner and keeping our shareholders and partners fully apprised of our activities.

In summary, we will remain focused on our task at hand which is to provide an attractive risk adjusted return to our shareholders. We have acquired over \$1 billion of quality real estate and are well positioned for continued success.

Thank you for your support and confidence.



Dan Mikkelsen, Chairman of the Board



Jon Strinden, President



Dan Mikkelsen  
Chairman



Jon Strinden  
President

## Letter to the Shareholders

### Shareholders and Partners:

We are pleased to present the 2019 Annual Report for Edgewood Real Estate Investment Trust. In this report we highlight the REIT's financial accomplishments, including regular increases in our share price and dividend payout, over the past 9 years. We ended 2019 with approximately \$1,041,000,000 (cost basis) in assets and are pleased to report a 6.5% per share year-over-year increase in our funds from operations ("FFO").

We continue to be pleased with the asset portfolio we accumulated over the past 9 years. These assets have produced a consistent and growing income stream which has resulted in annual increases in net asset value (share price) as well as annual dividend increases. In comparison to the Nareit all equity REIT index and the performance of the S&P 500, we exceeded both of these benchmarks with an annual 2.35% return in excess of the S&P 500 and an annual 5.15% return in excess of the Nareit all equity REIT index.

We feel one of the reasons for our success has been a balanced portfolio consisting of healthcare (senior housing and medical office buildings), multi-family and other net lease assets. Based on our 2020 operating budget, 60% of our projected Net Operating Income ("NOI") is from net lease healthcare assets consisting of senior housing and medical office buildings. These assets are subject to long-term leases with annual CPI escalators; in most of these leases we have established a minimum increase of 2% per year with a maximum of 3.5%. Multi-family constitutes 36.7% of the budgeted NOI with 3.3% from other miscellaneous assets. We feel this asset portfolio accomplishes our objective of generating consistent and growing earnings, while at the same time reducing risk. Edgewood REIT holds assets in 11 states accomplishing geographic diversification and we continue to diversify the source of NOI to reduce credit concentration risk. We feel we are well positioned for the future.

There is a maxim that *"you cannot predict, you can prepare."* We follow this maxim and will never speculate with our investors' money. As a Board and management team, we recognize we are stewards of the resources entrusted to us. To this end, we are focused on effectively managing the portfolio assets; being opportunistic in the acquisition and disposition of assets; and acquiring quality assets at ingoing cash yields which provide an adequate spread over our weighted average cost of capital.

As we focus on our financial performance, we look at a financial metric referred to as funds available for distribution (“FAD”). Many analysts refer to this metric as cash available for distribution (“CAD”). This metric consists of FFO reduced by the straight line component of triple net leases and further reduced by recurring capex. Our FAD in 2019 was \$1.52 per weighted average share; our forecasted FAD for 2020 is \$1.59. This increase in FAD is comprised of the following four items:

1. Approximately \$700,000 of lease escalators in our net lease assets;
2. \$640,000 reduction in interest expense related to approximately \$16,000,000 of annual principal payments;
3. \$500,000 increase in same store net operating income from our multi-family portfolio; and
4. \$200,000 generated from forecasted 2020 accretive acquisitions.

Our commitment is to deliver value to our shareholders and to provide consistent and growing net asset value and dividend payments. Although financial markets may swing wildly in one direction, and then another, we view Edgewood REIT as a stable holding which is not subject to the vagaries of the public equity market and over time will provide a stable return to our investors. Thank you for your continued confidence in Edgewood REIT and its management team. We look forward to seeing you at our annual meeting.



Dan Mikkelsen, Chairman of the Board



Jon Strinden, President

# Your Investment

## CREATING SHAREHOLDER VALUE

Edgewood REIT is a North Dakota based real estate investment trust organized in December of 2010. Edgewood REIT's primary investment objective is to acquire healthcare assets (comprised of senior housing and medical office buildings), multi-family assets and other net lease real estate, which will provide a strong risk-adjusted rate of return to its shareholder base.

Since its inception, Edgewood REIT has acquired quality real estate which has resulted in a 15.57% compounded annual rate of return to its shareholders. These real estate assets have produced year-over-year increases in net operating income which have resulted in year-over-year increases in earnings per share and share value.

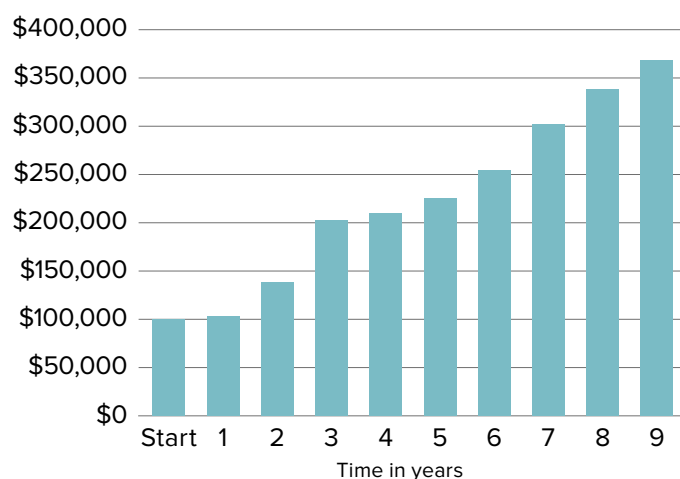
As of December 31, 2019, Edgewood REIT owns \$555,789,356 (cost basis) of healthcare assets; \$422,765,242 (cost basis) of multi-family assets; and an additional \$62,090,951 (cost basis) of commercial real estate and other investments.

Edgewood REIT continues to seek opportunities to grow its senior housing and multi-family portfolios and diversify into medical office buildings and other net lease properties as attractive opportunities arise. We will always be shareholder-focused and opportunistic in acquiring new assets. The goal is to continue to diversify our assets to reduce the overall risk of our investment portfolio without adversely impacting our earnings growth. Edgewood REIT is proud of its strong balance sheet and consistent history of earnings growth. The REIT enters 2020 with a strong foundation and a commitment to continue to grow its net asset value, earnings and shareholder dividends.

## DISTRIBUTION REINVESTMENT PLAN

A Distribution Reinvestment Plan is offered as a convenience to investors of record who wish to increase their holdings in the Company. Additional shares may be purchased, without a service or sales charge, through automatic reinvestment of quarterly cash dividends at a 5% discount off the current share price.

Investment Performance



## INVESTMENT PERFORMANCE

Calculations for the Investment Performance 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 \$367,905 as of December 31, 2019.



## EDGEWOOD REIT PROPERTIES

● HEALTHCARE

● MULTI-FAMILY

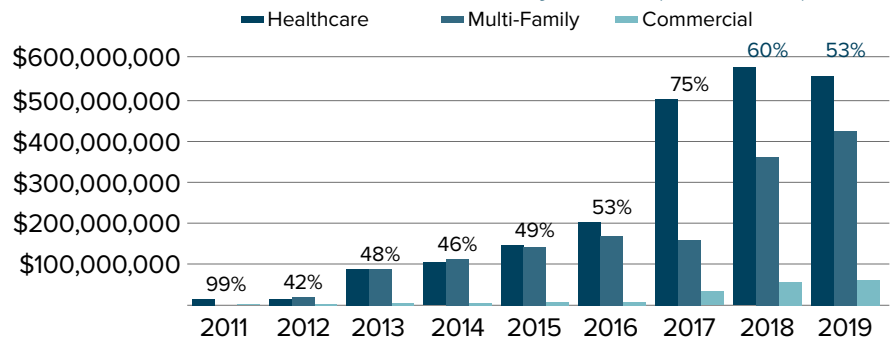
COMMERCIAL

**Arizona**Mesa  
Scottsdale**Idaho**American Falls  
Boise  
Eagle  
Fruitland  
Meridian  
Soda Springs**Iowa**

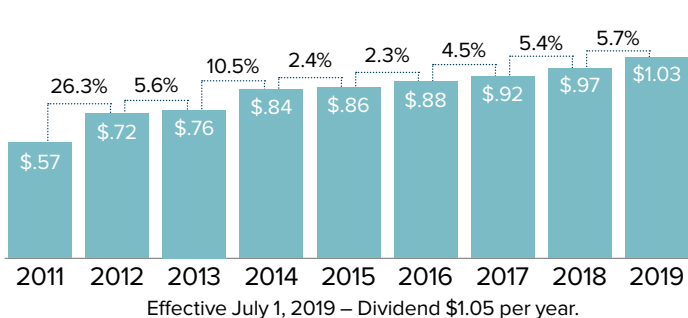
West Des Moines

**Kansas**Derby  
McPherson  
Wichita**Minnesota**Alexandria  
Baxter  
Blaine  
Brainerd  
East Grand Forks  
Hermantown  
Minnetonka  
Sartell  
St. Paul  
Virginia  
Walker**Missouri**  
Springfield**Montana**Belgrade  
Billings  
Helena  
Kalispell  
Missoula**Nebraska**Columbus  
Fremont  
Grand Island  
Hastings  
Norfolk  
Omaha**North Dakota**Bismarck  
Burlington  
Dickinson  
Fargo  
Grand Forks  
Jamestown  
Kindred  
Mandan  
Minot  
West Fargo**South Dakota**Brookings  
Flandreau  
Mitchell  
Pierre  
Rapid City  
Sioux Falls  
Sisseton  
Spearfish  
Watertown**Wyoming**Casper  
Cheyenne  
Laramie

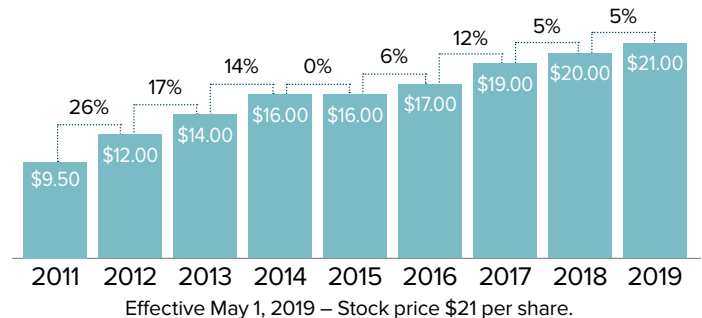
## Real Estate Investment By Sector (Cost Basis)



## Annual Dividend Growth



## Annual Share Price Growth



# Board of Trustees

## OUR BOARD

When Edgewood Real Estate Investment Trust was organized, we understood it was imperative we select board members who represent the interest of our investors with the highest degree of integrity. There are nine board members who meet those standards. These individuals are highly competent, ethical and understand their fiduciary responsibilities to the Company and its investors. We appreciate their hard work and the value they bring to Edgewood Real Estate Investment Trust.



Dan Mikkelson  
Chairman



Peggy Becker



Mark Dosch



Dennis J. Elbert



Philip Gisi



Dale Klein



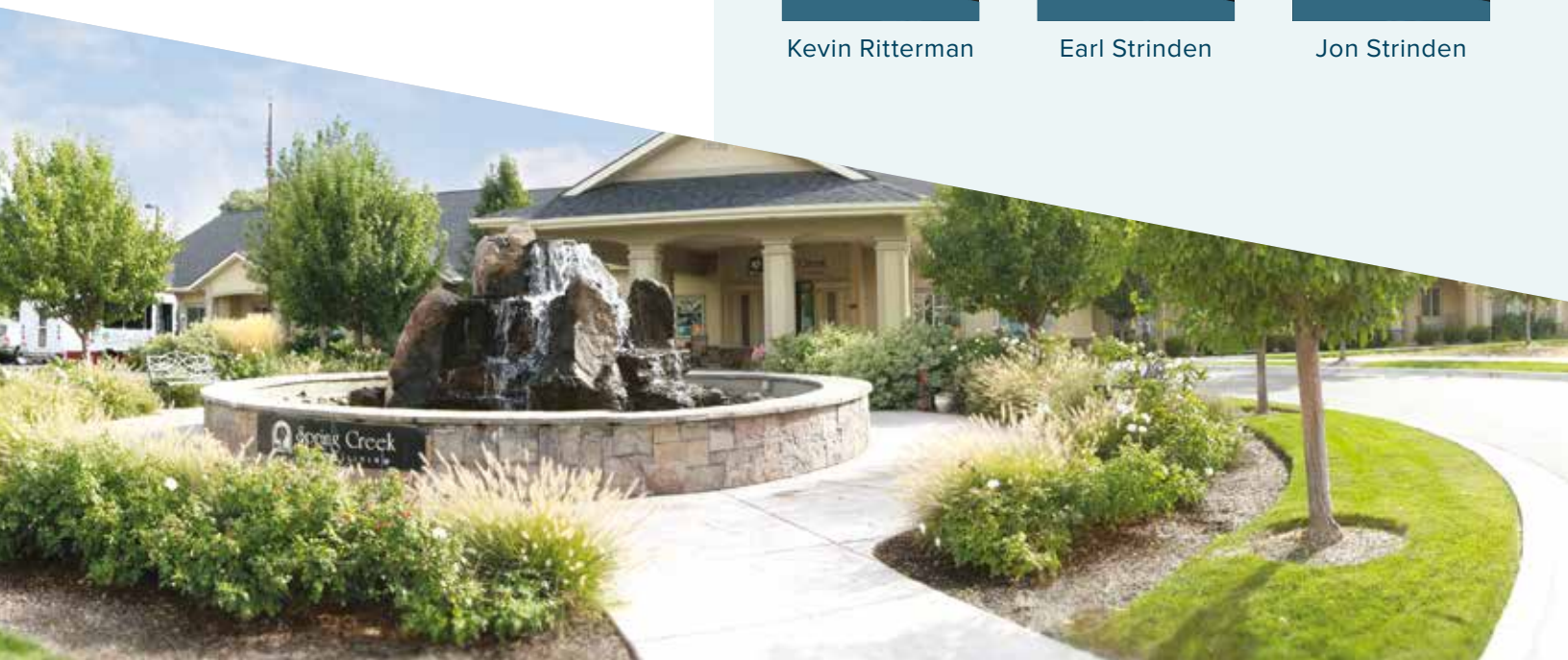
Kevin Ritterman



Earl Strinden



Jon Strinden



# Edgewood REIT Advisors

## EDGEWOOD PROPERTIES MANAGEMENT LLC (“EPM”)

EPM is the Advisor for Edgewood Real Estate Investment Trust. The team at EPM consists of a unique blend of seasoned professionals, with extensive experience in the following related areas:

- ▲ Multi-Family Development and Management;
- ▲ Senior Housing Development and Management;
- ▲ Commercial Real Estate Development and Management;
- ▲ Healthcare Administration, Accounting and Finance;
- ▲ Investment Expertise;
- ▲ Real Estate, Tax, Accounting and Finance, Legal;
- ▲ M&A, Commercial, Real Estate and Securities Law.

The Advisor is responsible for finding suitable acquisitions, obtaining financing, closing transactions and overseeing the management of each of the assets.



Rex Carlson



Roger Domres



Philip Gisi



Danny Hanson



Nola McNeally



Jon Strinden



Brad Williams

# Healthcare

Building & Location	Year Built	Year REIT Acquired	Total Units (Senior Housing)	Licensed Housing Capacity (Beds)*				Office Square Footage
				IL	AL	MC	Total	
Arizona								
Verve Wellness Center – Mesa, AZ	2006	2019	—	—	—	—	—	8,657
Verve Wellness Center II – Mesa, AZ	2006	2018	—	—	—	—	—	19,455
Idaho								
Edgewood Spring Creek – American Falls, ID	2000	2016	32	—	32	—	32	—
Edgewood Castle Hills – Boise, ID	1994	2019	55	—	55	—	55	—
Edgewood Plantation Place – Boise, ID	1996	2011	39	—	39	—	39	—
Edgewood Spring Creek – Boise, ID	2008	2016	37	—	—	38	38	—
Edgewood Spring Creek Overland – Boise, ID	2010	2016	45	—	47	—	47	—
Pioneer Family Medical Office – Boise, ID	2002	2018	—	—	—	—	—	4,140
All Care Medical Office – Eagle, ID	2007	2018	—	—	—	—	—	6,523
Edgewood Spring Creek – Eagle, ID	2000	2016	30	—	30	—	30	—
Edgewood Spring Creek Eagle Island – Eagle, ID	2014	2014	61	—	31	32	63	—
Edgewood Townhomes Eagle Island – Eagle, ID	2014	2014	49	49	—	—	49	—
Edgewood Spring Creek – Fruitland, ID	2013	2016	54	—	35	19	54	—
Edgewood Spring Creek – Meridian, ID	2006	2016	49	—	29	20	49	—
Edgewood Townhomes – Meridian, ID	2006	2016	26	26	—	—	26	—
Edgewood Spring Creek Ustick – Meridian, ID	2011	2016	47	—	47	—	47	—
Edgewood Soda Springs – Soda Springs, ID	1995	2016	27	—	27	—	27	—
Kansas								
Ascension Medical Building – Wichita, KS	2000	2019	—	—	—	—	—	30,474
Minnesota								
Arabella Manor – Alexandria, MN	2001	2014	74	74	—	—	74	—
Edgewood – Alexandria, MN	2001	2009	59	—	37	23	60	—
Edgewood – Baxter, MN	2002	2016	50	—	50	—	50	—
Edgewood – Blaine, MN	2014	2014	59	—	34	25	59	—
Town Square Professional Building – Blaine, MN	2008	2019	—	—	—	—	—	25,222
Edgewood – Brainerd, MN	2005	2017	98	—	49	53	102	—
Edgewood – East Grand Forks, MN	1996	2017	30	—	—	36	36	—
Edgewood – Hermantown, MN	2000	2017	257	88	144	61	293	—
South Lake Medical Building – Minnetonka, MN	1980	2017	—	—	—	—	—	15,629
Edgewood – Sartell, MN	2008	2017	47	—	47	—	47	—
Edgewood – Sartell, MN	2009	2017	50	—	—	50	50	—
Healtheast Rice Creek Clinic – St. Paul, MN	2004	2018	—	—	—	—	—	15,635
Edgewood – Virginia, MN	2001	2017	175	19	131	42	192	—
May Creek – Walker, MN	1999	2015	49	—	29	20	49	—
Montana								
Edgewood – Belgrade, MT	1999	2017	10	—	—	13	13	—
Edgewood – Billings, MT	1997	2017	24	—	—	28	28	—
Edgewood – Helena, MT	2017	2017	70	—	29	41	70	—
Edgewood – Kalispell, MT	2001	2017	19	—	—	24	24	—
Edgewood – Missoula, MT	1996	2017	20	—	—	25	25	—

\*IL: Independent Living AL: Assisted Living MC: Memory Care

Building & Location	Year Built	Year REIT Acquired	Total Units (Senior Housing)	Licensed Housing Capacity (Beds)*				Office Square Footage
				IL	AL	MC	Total	
Nebraska								
Edgewood – Columbus, NE	1999	2017	10	—	—	12	12	—
Edgewood – Fremont, NE	2000	2017	10	—	—	14	14	—
Edgewood – Grand Island, NE	1998	2017	10	—	—	14	14	—
Edgewood – Hastings, NE	2000	2017	10	—	—	14	14	—
Edgewood – Norfolk, NE	2000	2017	10	—	—	14	14	—
Edgewood – Omaha, NE	2001	2017	10	—	—	14	14	—

### North Dakota

Edgewood – Bismarck, ND	2009	2011	190	90	100	—	190	—
Edgewood Vista – Bismarck, ND	1998	2017	95	—	77	20	97	—
Horizon Medical Clinic – Bismarck, ND	2016	2018	—	—	—	—	—	17,796
Edgewood Hawks Point – Dickinson, ND	2017	2017	101	—	—	—	101	—
Edgewood – Fargo, ND	2007	2017	184	89	79	23	191	—
Med Park Mall – Grand Forks, ND	1989&1996	2018	—	—	—	—	—	59,117
Parkwood – Grand Forks, ND	1986	2015	165	75	90	—	165	—
Valley Bone and Joint Clinic – Grand Forks, ND	1988	2017	—	—	—	—	—	20,828
Edgewood – Jamestown, ND	2016	2016	68	—	33	42	75	—
Edgewood – Mandan, ND	2013	2013	143	—	129	22	151	—
Edgewood – Minot, ND	1993	2017	150	—	146	22	168	—
Edgewood Memory Care – Minot, ND	2002	2019	28	—	—	28	28	—
North Star Building – Minot, ND	2006	2018	—	—	—	—	—	13,094

### South Dakota

Edgewood – Brookings, SD	1997	2011	45	—	24	21	45	—
Edgewood – Flandreau, SD	1999	2011	23	—	26	—	26	—
Edgewood – Mitchell, SD	2017	2017	56	—	59	—	59	—
Edgewood – Mitchell, SD	1997	2013	33	—	—	36	36	—
Edgewood – Pierre, SD	2015	2015	68	—	48	24	72	—
Edgewood – Rapid City, SD	2004	2018	87	—	87	—	87	—
Edgewood Prairie Crossings – Sioux Falls, SD	1998	2013	54	—	58	—	58	—
Edgewood Assisted Living – Sioux Falls, SD	2003	2011	36	—	43	—	43	—
Edgewood Memory Care – Sioux Falls, SD	1998	2017	24	—	—	26	26	—
Edgewood – Sisseton, SD	1999	2011	23	—	25	—	25	—
Edgewood – Spearfish, SD	2004	2017	97	—	80	37	117	—
Edgewood – Watertown, SD	1994	2013	20	—	—	24	24	—
Edgewood Assisted Living – Watertown, SD	2001	2013	82	27	55	—	82	—

### Wyoming

Edgewood Meadow Wind – Casper, WY	1998	2017	95	—	59	38	97	—
Edgewood Park Place – Casper, WY	1984	2017	60	—	60	—	60	—
Edgewood Aspen Wind – Cheyenne, WY	1998	2017	69	—	30	39	69	—
Edgewood Sierra Hills – Cheyenne, WY	1998	2017	81	—	81	—	81	—
Edgewood Spring Wind – Laramie, WY	1999	2017	79	—	61	18	79	—



## Healthcare



### **VERVE WELLNESS CENTER**

4824 E Baseline Rd, Suites 137 & 138  
Mesa, AZ

#### **Medical Office**

- ▲ Built 2006
- ▲ Acquired 2019
- ▲ 8,657 square feet



### **VERVE WELLNESS CENTER II**

4838 E Baseline Rd, Bldg. 2 | Mesa, AZ

#### **Medical Office**

- ▲ Built 2006
- ▲ Acquired 2018
- ▲ 19,455 square feet



### **EDGEWOOD SPRING CREEK**

605 Hillcrest Ave | American Falls, ID  
208.226.1856

#### **Assisted Living**

- ▲ Opened 2000
- ▲ Acquired November 2016
- ▲ 32 Units, 32 Beds



### **EDGEWOOD CASTLE HILLS**

5955 Castle Dr | Boise, ID

#### **Assisted Living**

- ▲ Built 1994
- ▲ Addition 2002
- ▲ Acquired 2019
- ▲ 55 units



### EDGEWOOD PLANTATION PLACE

3921 Kessinger Ln | Boise, ID  
208.853.7300

#### Assisted Living

- ▲ Opened 1996
- ▲ Acquired September 2011
- ▲ 39 Units, 39 Beds



### EDGEWOOD SPRING CREEK

10681 W McMillan Rd | Boise, ID  
208.954.5660

#### Memory Care

- ▲ Opened 2008
- ▲ Acquired November 2016
- ▲ 37 Units, 38 Beds



### EDGEWOOD SPRING CREEK OVERLAND

10139 W Overland Rd | Boise, ID  
208.639.7000

#### Assisted Living

- ▲ Opened 2010
- ▲ Acquired November 2016
- ▲ 45 Units, 47 Beds



### PIONEER FAMILY MEDICAL OFFICE

13150 W Persimmon Ln | Boise, ID

#### Medical Office

- ▲ Built 2002
- ▲ Acquired 2018
- ▲ 4,140 square feet



## Healthcare



### **ALL CARE MEDICAL OFFICE**

815 S Bridgeway Place | Eagle, ID

#### **Medical Office**

- ▲ Built 2007
- ▲ Acquired 2018
- ▲ 6,523 square feet



### **EDGEWOOD SPRING CREEK**

653 N Eagle Rd | Eagle, ID  
208.938.5578

#### **Assisted Living**

- ▲ Opened 2000
- ▲ Acquired November 2016
- ▲ 30 Units, 30 Beds



### **EDGEWOOD SPRING CREEK EAGLE ISLAND**

77 N Fisher Park Way | Eagle, ID  
208.939.6499

#### **Assisted Living · Memory Care**

- ▲ Opened 2015
- ▲ Acquired October 2015
- ▲ 61 Units, 63 Beds



### **EDGEWOOD TOWNHOMES EAGLE ISLAND**

77 N Fisher Park Way | Eagle, ID  
208.939.6499

#### **Townhomes (Independent Living)**

- ▲ Opened 2014
- ▲ Acquired June 2014
- ▲ 49 Units, 49 Beds



## EDGEWOOD SPRING CREEK

1255 Allen Ave | Fruitland, ID  
208.452.5163

### Assisted Living · Memory Care

- ▲ Opened 2013
- ▲ Acquired November 2016
- ▲ 54 Units, 54 Beds



## EDGEWOOD SPRING CREEK

175 E Calderwood Dr | Meridian, ID  
208.884.6199

### Assisted Living · Memory Care

- ▲ Opened 2011
- ▲ Acquired November 2016
- ▲ 49 Units, 49 Beds



## EDGEWOOD TOWNHOMES

175 E Calderwood Dr | Meridian, ID  
208.884.6199

### Town Homes (Independent Living)

- ▲ Opened 2006
- ▲ Acquired November 2011
- ▲ 26 Units



## EDGEWOOD SPRING CREEK USTICK

3165 Meridian Rd | Meridian, ID  
208.287.2064

### Assisted Living

- ▲ Opened 2011
- ▲ Acquired November 2016
- ▲ 47 Units, 47 Beds



## Healthcare



### EDGEWOOD SODA SPRINGS

425 S Spring Creek Dr | Soda Springs, ID  
208.547.0257

#### Assisted Living

- ▲ Opened 1995
- ▲ Acquired November 2016
- ▲ 27 Units, 27 Beds



### ASCENSION MEDICAL BUILDING

9211 E 21st St | Wichita, KS

#### Medical Office

- ▲ Built 2000
- ▲ Addition 2004
- ▲ Acquired 2019
- ▲ 30,474 square feet



### ARABELLA MANOR

1810 Darling Ave E | Alexandria, MN  
320.759.2121

#### Independent Living

- ▲ Opened 2001 & 2014
- ▲ Acquired November 2014
- ▲ 74 Units (2 buildings)



### EDGEWOOD

1902 7th Ave E | Alexandria, MN  
320.759.2121

#### Assisted Living · Memory Care

- ▲ Opened 2001
- ▲ Acquired December 2010
- ▲ 59 Units, 60 Beds





## EDGEWOOD

14211 Firewood Dr | Baxter, MN  
218.828.4770

### Assisted Living

- ▲ Opened 2002
- ▲ Acquired December 2016
- ▲ 50 Units, 50 Beds



## EDGEWOOD

12450 Cloud Dr NE | Blaine, MN  
763.754.1723

### Assisted Living · Memory Care

- ▲ Opened January 2014
- ▲ Acquired January 2014
- ▲ 59 Units, 59 Beds



## TOWN SQUARE PROFESSIONAL BUILDING

10705 Town Square Dr NE | Blaine, MN

### Medical Office · Commercial

- ▲ Built 2008
- ▲ Acquired 2019
- ▲ 25,222 square feet



## EDGEWOOD

14890 Beaver Dam Rd | Brainerd, MN  
218.828.3691

### Assisted Living · Memory Care

- ▲ Opened 2005
- ▲ Acquired 2017
- ▲ 98 Units, 102 Beds

## Healthcare



### EDGEWOOD

608 5th Ave NW | East Grand Forks, MN  
218.773.6648

#### Memory Care

- ▲ Opened 1996
- ▲ Acquired 2017
- ▲ 30 Units, 36 Beds



### EDGEWOOD

4195 Westberg Rd | Hermantown, MN  
218.723.8905

#### Independent Living • Assisted Living Memory Care

- ▲ Opened 2000
- ▲ Acquired 2017
- ▲ 257 Units, 293 Beds



### SOUTH LAKE MEDICAL

17705 Hutchins Dr | Minnetonka, MN

#### Medical Office

- ▲ Built 1980
- ▲ Acquired 2017
- ▲ 15,629 square feet



### EDGEWOOD

673 Brianna Dr | Sartell, MN  
320.281.3343

#### Assisted Living

- ▲ Opened 2008
- ▲ Acquired 2017
- ▲ 47 Units, 47 Beds





## EDGEWOOD

677 Brianna Dr | Sartell, MN  
320.281.3343

### Memory Care

- ▲ Opened 2009
- ▲ Acquired 2017
- ▲ 50 Units, 50 Beds



## HEALTHEAST RICE CREEK CLINIC

964 & 980 Rice St | St. Paul, MN

### Medical Office

- ▲ Built 2004
- ▲ Addition 2014
- ▲ Acquired 2018
- ▲ 15,635 square feet



## EDGEWOOD

705 17th St N | Virginia, MN  
218.741.7106

### Independent Living • Assisted Living Memory Care

- ▲ Opened 2001
- ▲ Acquired 2017
- ▲ 175 Units, 192 Beds



## MAY CREEK

303 10th St S | Walker, MN  
218.547.4515

### Assisted Living • Memory Care

- ▲ Opened 1999
- ▲ Acquired December 2015
- ▲ 49 Units, 49 Beds

## Healthcare



### EDGEWOOD

1011 Cardinal Dr | Belgrade, MT  
406.388.9439

#### Memory Care

- ▲ Opened 1999
- ▲ Acquired 2017
- ▲ 10 Units, 13 Beds



### EDGEWOOD

1225 Wicks Ln | Billings, MT  
406.256.5398

#### Memory Care

- ▲ Opened 1997
- ▲ Acquired 2017
- ▲ 24 Units, 28 Beds



### EDGEWOOD

3207 Colonial Dr | Helena, MT  
406.502.1001

#### Assisted Living · Memory Care

- ▲ Opened 2017
- ▲ Acquired 2017
- ▲ 70 Units, 70 Beds



### EDGEWOOD

141 Interstate Ln | Kalispell, MT  
406.203.1129

#### Memory Care

- ▲ Opened 2001
- ▲ Acquired 2017
- ▲ 19 Units, 24 Beds





### **EDGEWOOD**

2815 Palmer St | Missoula, MT  
406.549.9660

#### **Memory Care**

- ▲ Opened 1996
- ▲ Acquired 2017
- ▲ 20 Units, 25 Beds



### **EDGEWOOD**

3386 53rd Ave | Columbus, NE  
402.564.3785

#### **Memory Care**

- ▲ Opened 1999
- ▲ Acquired 2017
- ▲ 10 Units, 12 Beds



### **EDGEWOOD**

2910 N Clarkson St | Fremont, NE  
402.753.8800

#### **Memory Care**

- ▲ Opened 2000
- ▲ Acquired 2017
- ▲ 10 Units, 14 Beds



### **EDGEWOOD**

214 N Piper St | Grand Island, NE  
308.384.0717

#### **Memory Care**

- ▲ Opened 1998
- ▲ Acquired 2017
- ▲ 10 Units, 14 Beds



## Healthcare



### EDGEWOOD

2400 W 12th St | Hastings, NE  
402.462.4633

#### Memory Care

- ▲ Opened 2000
- ▲ Acquired 2017
- ▲ 10 Units, 14 Beds



### EDGEWOOD

1109 Pasewalk Ave | Norfolk, NE  
402.371.0052

#### Memory Care

- ▲ Opened 2000
- ▲ Acquired 2017
- ▲ 10 Units, 14 Beds



### EDGEWOOD

17620 Poppleton Ave | Omaha, NE  
402.333.5749

#### Memory Care

- ▲ Opened 2001
- ▲ Acquired 2017
- ▲ 10 Units, 14 Beds



### EDGEWOOD

3124 Colorado Dr | Bismarck, ND  
701.751.5300

#### Independent Living • Assisted Living

- ▲ Opened August 2009
- ▲ Acquired April 2011
- ▲ 190 Units, 190 Beds



## EDGEWOOD VISTA ON DOMINION

3406 Dominion St | Bismarck, ND  
701.258.7489

### Assisted Living • Memory Care

- ▲ Opened 1998
- ▲ Acquired 2017
- ▲ 95 Units, 97 Beds



## HORIZON MEDICAL CLINIC

205 Durango Dr | Bismarck, ND

### Medical Office

- ▲ Built 2016
- ▲ Acquired 2018
- ▲ 17,796 square feet



## EDGEWOOD HAWKS POINT

1266 Signal Butte | Dickinson, ND  
701.225.9173

### Independent Living • Assisted Living

- ▲ Opened 2017
- ▲ Acquired 2017
- ▲ 101 Beds



## EDGEWOOD

4440 37th Ave S | Fargo, ND  
701.365.8200

### Independent Living • Assisted Living Memory Care

- ▲ Opened 2007
- ▲ Acquired 2017
- ▲ 184 Units, 191 Beds, 4 Homes



## Healthcare



### MED PARK MALL

1375 & 1395 S Columbia Rd  
Grand Forks, ND

#### Medical Office · Commercial

- ▲ Buildings constructed in 1989 and 1996
- ▲ Acquired 2018
- ▲ 59,117 square feet total



### PARKWOOD

749 S 30th St | Grand Forks, ND  
701.757.2727

#### Independent Living · Assisted Living

- ▲ Opened 1986
- ▲ Acquired December 2015
- ▲ 165 Units, 165 Beds



### VALLEY BONE AND JOINT CLINIC

3035 Demers Ave | Grand Forks, ND

#### Medical Office

- ▲ Built 1988
- ▲ 7,000 square foot addition in 2003
- ▲ Acquired 2017
- ▲ 20,828 square feet



### EDGEWOOD

1104 25th St SW | Jamestown, ND  
701.952.8750

#### Assisted Living · Memory Care

- ▲ Opened October 2016
- ▲ Acquired October 2016
- ▲ 68 Units, 75 Beds



## EDGEWOOD

2801 39th Ave SE | Mandan, ND  
701.663.5664

### Assisted Living · Memory Care

- ▲ Opened 74 beds September 2013
- ▲ Opened 75 beds February 2015
- ▲ 143 Units, 151 Beds



## EDGEWOOD

800 16th Ave SE | Minot, ND  
701.852.1399

### Assisted Living · Memory Care

- ▲ Opened 1993
- ▲ Acquired 2017
- ▲ 150 Units, 168 Beds



## EDGEWOOD MEMORY CARE

520 28th Ave SE | Minot, ND  
701.858.9767

### Memory Care

- ▲ Built 2002
- ▲ Addition 2006
- ▲ Acquired 2019
- ▲ 28 Beds



## NORTH STAR BUILDING

2615 Elk Dr | Minot, ND

### Medical Office

- ▲ Built 2006
- ▲ Acquired 2018
- ▲ 13,094 square feet



## Healthcare



### EDGEWOOD

2015 8th St S | Brookings, SD  
605.692.6311

#### Assisted Living • Memory Care

- ▲ Opened 1997
- ▲ Acquired June 2011 (Memory Care 2013)
- ▲ 45 Units, 45 Beds



### EDGEWOOD

800 S Wind St | Flandreau, SD  
605.997.2775

#### Assisted Living

- ▲ Opened 1999
- ▲ Acquired June 2011
- ▲ 23 Units, 26 Beds



### EDGEWOOD

501 E Spruce St | Mitchell, SD  
605.996.2730

#### Assisted Living

- ▲ Opened 2017
- ▲ Acquired 2017
- ▲ 56 Units, 59 Beds



### EDGEWOOD

2201 N Wisconsin St | Mitchell, SD  
605.996.2730

#### Memory Care

- ▲ Opened 1997
- ▲ South building opened 1999
- ▲ Acquired 2013
- ▲ 33 Units, 36 Beds





## EDGEWOOD

1950 E 4th St | Pierre, SD  
605.494.3400

### Assisted Living • Memory Care

- ▲ Opened March 2015
- ▲ Acquired March 2015
- ▲ 68 Units, 72 Beds



## EDGEWOOD

4001 Derby Ln | Rapid City, SD  
605.718.3600

### Assisted Living

- ▲ Built 2004
- ▲ Acquired 2018
- ▲ 87 Units
- ▲ 98,484 square feet



## EDGEWOOD PRAIRIE CROSSINGS

1810 S Dorothy Ave | Sioux Falls, SD  
605.361.0056

### Assisted Living

- ▲ Opened 1998
- ▲ Acquired August 2013
- ▲ 54 Units, 58 Beds



## EDGEWOOD ASSISTED LIVING

3409 E 5th St | Sioux Falls, SD  
605.275.0074

### Assisted Living

- ▲ Opened 2003
- ▲ Acquired June 2011
- ▲ 36 Units, 43 Beds

## Healthcare



### EDGEWOOD MEMORY CARE

3401 W Ralph Rogers Rd | Sioux Falls, SD  
605.367.9570

#### Memory Care

- ▲ Opened 1998
- ▲ Acquired 2017
- ▲ 24 Units, 26 Beds



### EDGEWOOD

308 Hillview Rd | Sisseton, SD  
605.698.3500

#### Assisted Living

- ▲ Opened 1999
- ▲ Acquired June 2011
- ▲ 23 Units, 25 Beds



### EDGEWOOD

540 Falcon Crest Dr | Spearfish, SD  
605.642.2977

#### Assisted Living · Memory Care

- ▲ Opened 2004
- ▲ Acquired 2017
- ▲ 97 Units, 117 Beds



### EDGEWOOD

420 9th St SE | Watertown, SD  
605.882.3084

#### Memory Care

- ▲ Opened 1994
- ▲ Acquired August 2013
- ▲ 20 Units, 24 Beds





### EDGEWOOD ASSISTED LIVING

901 14th Ave NE | Watertown, SD  
605.882.3084

#### Independent Living · Assisted Living

- ▲ Opened 2001
- ▲ Acquired August 2013
- ▲ 55 Units, 55 Beds - Assisted Living
- ▲ 27 Units - Independent Living



### EDGEWOOD MEADOW WIND

3955 E 12th St | Casper, WY  
307.577.3045

#### Assisted Living · Memory Care

- ▲ Opened 1998
- ▲ Acquired 2017
- ▲ 95 Units, 97 Beds



### EDGEWOOD PARK PLACE

1930 E 12th St | Casper, WY  
307.265.2273

#### Assisted Living

- ▲ Opened 1984
- ▲ Acquired 2017
- ▲ 60 Units, 60 Beds



### EDGEWOOD ASPEN WIND

4010 North College Dr | Cheyenne, WY  
307.778.9511

#### Assisted Living · Memory Care

- ▲ Opened 1998
- ▲ Acquired 2017
- ▲ 69 Units, 69 Beds

## Healthcare



### **EDGEWOOD SIERRA HILLS**

4606 N College Dr | Cheyenne, WY  
307.638.7798

#### **Assisted Living**

- ▲ Opened 1998
- ▲ Acquired 2017
- ▲ 81 Units, 81 Beds



### **EDGEWOOD SPRING WIND**

1072 N 22nd St | Laramie, WY  
307.755.5811

#### **Assisted Living · Memory Care**

- ▲ Opened 1999
- ▲ Acquired 2017
- ▲ 79 Units, 79 Beds







# Multi-Family Housing

Building & Location	Year Built	Year REIT Acquired	Sq. Ft. Commercial	Total Units
<b>Iowa</b>				
92 West Apartments – West Des Moines, IA	2002	2018	—	296
<b>Kansas</b>				
Springcreek Apartments – Derby, KS	1991	2018	—	122
Eastgate Apartments – Wichita, KS	1969	2018	—	108
High Point East Apartments – Wichita, KS	1974 – Phase I 2014 – Phase II	2018	—	216
Morgan's Landing Apartments – Wichita, KS	1972 – Phase I 2013 – Phase II	2018	—	182
Northridge Crossing Apartments – McPherson, KS	1996 – Phase I 2000 – Phase II	2018	—	68
<b>Minnesota</b>				
Minnesota Heights – East Grand Forks, MN	2013	2013	6,682	39
Northern Pacific – East Grand Forks, MN	2014	2014	—	36
Pinecone Townhome Villas – Sartell, MN	2009	2017	—	24
<b>Missouri</b>				
Cambium Apartments – Springfield, MO	2019	2019	8,920	127
Cambridge Park Apartments – Springfield, MO	2001 – Phase I 2006 – Phase II	2018	—	134
Coryell Crossings – Springfield, MO	2006	2018	—	176
Essex Place Apartments – Springfield, MO	1980	2018	—	192
Falcon at Southern Hills – Springfield, MO	2017	2018	—	106
Highland Park Apartments – Springfield, MO	2003	2018	—	97
Marion Park Apartments – Springfield, MO	2007	2018	—	128
Orchard Park Apartments – Springfield, MO	2008 & 2010	2019	—	416
Palm Village Apartments – Springfield, MO	2007	2018	—	83
Scenic Station Apartments – Springfield, MO	2001	2018	—	96
Sherwood Village Apartments East – Springfield, MO	2006	2018	—	56
Tera Vera Apartments – Springfield, MO	2016	2018	—	31
Trail's Bend Apartments – Springfield, MO	2018	2018	—	100
Watermill Park – Springfield, MO	2006	2018	—	164

Building & Location	Year Built	Year REIT Acquired	Sq. Ft. Commercial	Total Units
<b>North Dakota</b>				
Coulee Ridge Apartments – Bismarck, ND	2015	2016	—	246
Overlook Ridge Apartments – Bismarck, ND	2013	2013	—	124
Burlington Apartments – Burlington, ND	2010	2012	—	24
Burlington Apartments – Burlington, ND	2010	2012	—	12
Aspen Park – Grand Forks, ND	1999	2015	—	38
Briarwood – Grand Forks, ND	1995	2015	—	61
Campus Place I – Grand Forks, ND	2005	2013	9,766	6
Campus Place II – Grand Forks, ND	2005	2013	—	44
Campus Place III – Grand Forks, ND	2006	2013	—	74
Campus Place IV – Grand Forks, ND	2008	2013	—	26
Campus Place V – Grand Forks, ND	2009	2013	—	24
Campus Place VI – Grand Forks, ND	2009	2013	—	20
Gallery Apartments – Grand Forks, ND	1971	2014	—	143
Kensington Place – Grand Forks, ND	1993	2015	—	91
McEnroe Place I – Grand Forks, ND	2008	2013	—	44
McEnroe Place II – Grand Forks, ND	2008	2013	—	44
McEnroe Place III – Grand Forks, ND	2009	2013	—	67
McEnroe Place IV – Grand Forks, ND	2011	2013	—	34
McEnroe Place V – Grand Forks, ND	2013	2013	—	48
McEnroe Place VI – Grand Forks, ND	2014	2014	—	48
Northern Heights – Grand Forks, ND	2011	2013	7,500	53
Parkview Terrace – Grand Forks, ND	1992	2015	—	61
University Pointe – Grand Forks, ND	2007	2014	10,316	6
VRE Pines A & B – Grand Forks, ND	2004	2013	—	48
Westridge Apartments – Grand Forks, ND	2002	2019	—	167
Kindred Apartments – Kindred, ND	1999	2018	—	14
Collins Place – Mandan, ND	2014	2014	3,410	29
Lakewood Apartments – Mandan, ND	2015	2018	—	107
Mandan Place – Mandan, ND	2010	2013	6,642	28
Minot Place Apartments – Minot, ND	2011	2012	—	144
Westbrook Apartments – West Fargo, ND	1976 – Phase I 1977 – Phase II 1978 – Phase III	2018	—	119
Greenfield Apartments – Southeast ND	1999 – 2001	2018	—	140
<b>South Dakota</b>				
Highlands Ridge Apartments – Pierre, SD	2013	2019	—	57

## Multi-Family Housing



### 92 WEST APARTMENTS

1770 92nd St | West Des Moines, IA

- ▲ Built 2002
- ▲ Acquired 2018
- ▲ 296 Units



### SPRINGCREEK APARTMENTS

1804 E Osage Rd | Derby, KS

- ▲ Opened 1991
- ▲ Acquired 2018
- ▲ 122 Units



### EASTGATE APARTMENTS

604 Eastern St | Wichita, KS

- ▲ Opened 1969
- ▲ Acquired 2018
- ▲ 108 Units



### HIGH POINT EAST APARTMENTS

9400 E Lincoln St | Wichita, KS

- ▲ Opened 1974
- ▲ Acquired 2018
- ▲ 216 Units





### **MORGAN'S LANDING APARTMENTS**

3801 W 13th St N | Wichita, KS

- ▲ Opened 1972
- ▲ Acquired 2018
- ▲ 182 Units



### **NORTHRIDGE CROSSING APARTMENTS**

507 E Northview Rd | McPherson, KS

- ▲ Opened 1996
- ▲ Acquired 2018
- ▲ 68 Units



### **MINNESOTA HEIGHTS**

316 4th St NW | East Grand Forks, MN

- ▲ Built 2013
- ▲ Acquired 2013
- ▲ 39 Units
- ▲ 6,682 square feet - Commercial



### **NORTHERN PACIFIC**

525 Demers Ave | East Grand Forks, MN

- ▲ Built 2014
- ▲ Acquired 2014
- ▲ 36 Units

## Multi-Family Housing



### **PINECONE TOWNHOME VILLAS**

659-699 Brianna Dr | Sartell, MN  
320.258.6000

- ▲ Built 2009
- ▲ Acquired 2017
- ▲ 24 townhomes



### **CAMBIUM APARTMENTS**

3811 Weller Ave | Springfield, MO

- ▲ Opened 2019
- ▲ Acquired 2019
- ▲ 127 Units
- ▲ 8,920 square feet – Commercial



### **CAMBRIDGE PARK APARTMENTS**

2828 S Nettleton Ave | Springfield, MO

- ▲ Opened 2001
- ▲ Acquired 2018
- ▲ 134 Units



### **CORYELL CROSSINGS**

2015 W University St | Springfield, MO

- ▲ Built 2006
- ▲ Acquired 2018
- ▲ 176 Units





### **ESSEX PLACE APARTMENTS**

1131 West Battlefield | Springfield, MO

- ▲ Opened 1980
- ▲ Acquired 2018
- ▲ 192 Units



### **FALCON AT SOUTHERN HILLS**

2320 S Ingram Mill Rd | Springfield, MO

- ▲ Built 2017
- ▲ Acquired 2018
- ▲ 106 Units



### **HIGHLAND PARK APARTMENTS**

1625 S Marion Ave | Springfield, MO

- ▲ Opened 2003
- ▲ Acquired 2018
- ▲ 97 Units



### **MARION PARK APARTMENTS**

1725 S Marion Ave | Springfield, MO

- ▲ Opened 2007
- ▲ Acquired 2018
- ▲ 128 Units



## Multi-Family Housing



### ORCHARD PARK APARTMENTS

2601 N Cresthaven Ave | Springfield, MO

- ▲ Opened 2008 & 2010
- ▲ Acquired 2019
- ▲ 416 Units



### PALM VILLAGE APARTMENTS

2861 S Nettleton Ave | Springfield, MO

- ▲ Opened 2007
- ▲ Acquired 2018
- ▲ 83 Units



### SCENIC STATION APARTMENTS

1130 S Scenic Dr | Springfield, MO

- ▲ Opened 2001
- ▲ Acquired 2018
- ▲ 96 Units



### SHERWOOD VILLAGE APARTMENTS EAST

1634 S Marion Ave | Springfield, MO

- ▲ Opened 2006
- ▲ Acquired 2018
- ▲ 56 Units



### **TERA VERA APARTMENTS**

2715 S Kimbrough Ave | Springfield, MO

- ▲ Built 2016
- ▲ Acquired 2018
- ▲ 31 Units



### **TRAIL'S BEND APARTMENTS**

2621 S Jefferson Ave | Springfield, MO

- ▲ Under Construction
- ▲ Certificate of Occupancy May 2019
- ▲ 100 Units



### **WATERMILL PARK**

1730 E Valley Water Mill Rd | Springfield, MO

- ▲ Opened 2006
- ▲ Acquired 2018
- ▲ 164 Units



### **COULEE RIDGE APARTMENTS**

3009 43rd Ave NE | Bismarck, ND

- ▲ Built 2015/2016
- ▲ 246 Units



## Multi-Family Housing



### OVERLOOK RIDGE APARTMENTS

2200 Koch Dr | Bismarck, ND

- ▲ 55+ Apartments
- ▲ Acquired October 2013
- ▲ 124 Units



### BURLINGTON APARTMENTS

25 Robert St | Burlington, ND

- ▲ Built 2010
- ▲ Acquired 2012
- ▲ 24 Units



### BURLINGTON APARTMENTS

25 Robert St | Burlington, ND

- ▲ Built 2010
- ▲ Acquired 2012
- ▲ 12 Units



### ASPEN PARK

2450 S 27th Ave | Grand Forks, ND

- ▲ Built 1999
- ▲ Acquired 2015
- ▲ 38 Units





### **BRIARWOOD**

2650 S 26th Ave | Grand Forks, ND

- ▲ Built 1995
- ▲ Acquired 2015
- ▲ 61 Units



### **CAMPUS PLACE I**

415 N 42nd St | Grand Forks, ND

- ▲ Built 2005
- ▲ Acquired 2013
- ▲ 6 Units
- ▲ 9,766 square feet - Commercial



### **CAMPUS PLACE II**

4274 University Ave | Grand Forks, ND

- ▲ Built 2005
- ▲ Acquired 2013
- ▲ 44 Units



### **CAMPUS PLACE III**

4278 University Ave | Grand Forks, ND

- ▲ Built 2006
- ▲ Acquired 2013
- ▲ 74 Units

## Multi-Family Housing



### CAMPUS PLACE IV

4270 University Ave | Grand Forks, ND

- ▲ Built 2008
- ▲ Acquired 2013
- ▲ 26 Units



### CAMPUS PLACE V

411 N 42nd St | Grand Forks, ND

- ▲ Built 2009
- ▲ Acquired 2013
- ▲ 24 Units



### CAMPUS PLACE VI

425 N 42nd St | Grand Forks, ND

- ▲ Built 2009
- ▲ Acquired 2013
- ▲ 20 Units



### GALLERY APARTMENTS

615 & 815 N 39th St | Grand Forks, ND

- ▲ Built 1971
- ▲ Acquired 2014
- ▲ 143 Units





### **KENSINGTON PLACE**

2303 S 27th Ave | Grand Forks, ND

#### **55+ Community**

- ▲ Built 1993
- ▲ Acquired 2015
- ▲ 91 Units



### **MCENROE PLACE I**

3920 Garden View Dr | Grand Forks, ND

- ▲ Built 2008
- ▲ Acquired 2013
- ▲ 44 Units



### **MCENROE PLACE II**

3850 Garden View Dr | Grand Forks, ND

- ▲ Built 2008
- ▲ Acquired 2013
- ▲ 44 Units



### **MCENROE PLACE III**

3880 Garden View Dr | Grand Forks, ND

- ▲ Built 2009
- ▲ Acquired 2013
- ▲ 67 Units



## Multi-Family Housing



### **MCENROE PLACE IV**

3750 Garden View | Grand Forks, ND

- ▲ Built 2011
- ▲ Acquired 2013
- ▲ 34 Units



### **MCENROE PLACE V**

3841 Garden View | Grand Forks, ND

- ▲ Built 2013
- ▲ Acquired 2013
- ▲ 48 Units



### **MCENROE PLACE VI**

3941 Garden View | Grand Forks, ND

- ▲ Built 2014
- ▲ Acquired 2014
- ▲ 48 Units



### **NORTHERN HEIGHTS**

615 1st Ave N | Grand Forks, ND

- ▲ Built 2011
- ▲ Acquired 2013
- ▲ 53 Units
- ▲ 7,500 square feet - Commercial



### PARKVIEW TERRACE

2396 27th Ave S | Grand Forks, ND

#### 55+ Community

- ▲ Built 1992
- ▲ Acquired 2015
- ▲ 61 Units



### UNIVERSITY POINTE

2860 10th Ave N | Grand Forks, ND

- ▲ Built 2007
- ▲ Acquired 2014
- ▲ 6 Units
- ▲ 10,316 square feet - Commercial



### VRE PINES A & B

4297 5th Ave | Grand Forks, ND

- ▲ Built 2004
- ▲ Acquired 2013
- ▲ 48 Units



### WESTRIDGE APARTMENTS

2750 S 38th St & 2750 S 40th St  
Grand Forks, ND

- ▲ Opened 2002
- ▲ Acquired 2019
- ▲ 167 Units



## Multi-Family Housing



### KINDRED APARTMENTS

31 4th Ave S | Kindred, ND  
351 Linden St | Kindred, ND

- ▲ Opened 1999
- ▲ Acquired 2018
- ▲ 14 Units



### COLLINS PLACE

100 Collins Ave | Mandan, ND

- ▲ Built 2014
- ▲ Acquired 2014
- ▲ 29 Units
- ▲ 3,410 square feet - Commercial



### LAKEWOOD APARTMENTS

2303 Shoal Loop | Mandan, ND

- ▲ Built 2015
- ▲ Acquired 2018
- ▲ 107 Units



### MANDAN PLACE

200 Main Ave | Mandan, ND

- ▲ Built 2010
- ▲ Acquired 2013
- ▲ 28 Units
- ▲ 6,642 square feet - Commercial





### **MINOT PLACE APARTMENTS**

1710 13th Ave SE | Minot, ND

- ▲ Built 2011
- ▲ Acquired 2012
- ▲ 144 Units



### **WESTBROOK APARTMENTS**

901, 908 & 919 9th St W | West Fargo, ND

911 9th Ave W | West Fargo, ND

902 & 912 10th St W | West Fargo, ND

901 & 913 10th Ave W | West Fargo, ND

- ▲ Opened 1976
- ▲ Acquired 2018
- ▲ 119 Units



### **GREENFIELD APARTMENTS**

Southeast ND

- ▲ Opened 1999
- ▲ Acquired 2018
- ▲ 140 Units



### **HIGHLANDS RIDGE APARTMENTS**

2412 E 4th St | Pierre, SD

- ▲ Opened 2013
- ▲ Acquired 2019
- ▲ 57 Units

# Commercial

Building & Location	Year Built	Year REIT Acquired	Sq. Ft. Commercial
<b>Arizona</b>			
Princess & Perimeter Office Building – Scottsdale, AZ	2007	2018	85,527
<b>North Dakota</b>			
Tractor Supply Company – Dickinson, ND	2014	2019	19,094
EAPC Building – Fargo, ND	1905	2019	17,640
EAPC Building – Grand Forks, ND	1997	2017	14,361
Edgewood Corporate Plaza – Grand Forks, ND	1915	2012	44,129
University Real Estate – Grand Forks, ND	2004	2013	10,678
Bremer Bank – Minot, ND	1976 & 1979	2019	34,144 & 3,039



### **PRINCESS & PERIMETER OFFICE BUILDING**

17550 N Perimeter Dr | Scottsdale, AZ

- ▲ Built 2007
- ▲ Acquired 2018
- ▲ 85,527 square feet



### **TRACTOR SUPPLY COMPANY**

4544 West Ridge Dr | Dickinson, ND

- ▲ Built 2014
- ▲ Acquired 2019
- ▲ 19,094 square feet



### **EAPC BUILDING**

112 & 122 Roberts St | Fargo, ND

- ▲ Built 1905
- ▲ Acquired 2019
- ▲ 17,640 square feet



### **EAPC BUILDING**

3100 Demers Ave | Grand Forks, ND

- ▲ Built 1997
- ▲ Acquired 2017
- ▲ 14,361 square feet



## Commercial



### EDGEWOOD CORPORATE PLAZA

322 Demers Ave | Grand Forks, ND

- ▲ Built 1915
- ▲ Acquired 2012
- ▲ Edgewood Management Group Corporate Office
- ▲ 44,129 square feet



### UNIVERSITY REAL ESTATE

2855 10th Ave N | Grand Forks, ND

- ▲ Built 2004
- ▲ Acquired 2013
- ▲ 10,678 square feet - Commercial



### BREMER BANK

20 1st St SW | Minot, ND

- ▲ Built 1976
- ▲ Acquired 2019
- ▲ 34,144 square feet



### BREMER BANK

925 31st Ave SW | Minot, ND

- ▲ Built 1979
- ▲ Acquired 2019
- ▲ 3,039 square feet

**EDGEWOOD REAL ESTATE INVESTMENT TRUST  
AND SUBSIDIARIES**

**FARGO, NORTH DAKOTA**

CONSOLIDATED AUDITED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018



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## INDEPENDENT AUDITOR'S REPORT

To the Management and Board of Trustees  
Edgewood Real Estate Investment Trust  
Fargo, North Dakota

We have audited the accompanying consolidated financial statements of Edgewood Real Estate Investment Trust and Subsidiaries, which comprise the consolidated balance sheets as of December 31, 2019 and 2018, and the related consolidated statements of operations, other comprehensive income, stockholders' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Edgewood Real Estate Investment Trust and Subsidiaries as of December 31, 2019 and 2018, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## Emphasis of Matter

As discussed in Note 1 to the consolidated financial statements, the Company has adopted new accounting guidance Accounting Standards Codification (ASC) Topic 230, *Statement of Cash Flows: Restricted Cash*. Our opinion is not modified with respect to this matter.



**BRADY, MARTZ & ASSOCIATES, P.C.**  
**MINOT, NORTH DAKOTA**

March 24, 2020



**EDGEWOOD REAL ESTATE INVESTMENT TRUST AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2019 AND 2018**

**ASSETS**

	2019	2018
REAL ESTATE INVESTMENTS	\$ 1,070,623,226	946,759,796
Less accumulated depreciation	(82,030,995)	(57,234,871)
Total real estate investments	<u>988,592,231</u>	<u>889,524,925</u>
OTHER ASSETS		
Cash and cash equivalents	12,556,666	17,317,755
Land held for investment	6,102,594	4,213,041
Accounts receivable, net	5,939,709	5,513,439
Related party receivable	645,850	560,386
Related party notes receivable	8,024,980	8,024,980
Straight-line rent receivable	11,407,201	8,329,937
Prepaid expenses	2,140,653	804,640
Other assets	124,666	149,156
Restricted cash	5,108,355	7,000,938
Total other assets	<u>52,050,674</u>	<u>51,914,272</u>
TOTAL ASSETS	<u><u>\$ 1,040,642,905</u></u>	<u><u>\$ 941,439,197</u></u>

**LIABILITIES AND EQUITY**

LIABILITIES		
Accounts payable	\$ 5,721,365	\$ 5,787,415
Advance rents and security deposits	1,776,902	1,572,624
Accrued expenses and other liabilities	8,420,511	3,154,942
Distributions payable	7,127,383	5,858,889
Related party payable	1,754,436	1,233,627
Line of credit	5,500,000	3,500,000
Notes payable	618,398,862	597,632,893
Less: unamortized debt issuance costs	(7,511,147)	(8,854,435)
TOTAL LIABILITIES	<u>641,188,312</u>	<u>609,885,955</u>
NON-CONTROLLING INTERESTS IN PARTIALLY OWNED PROPERTIES	<u>2,473,043</u>	<u>7,608,916</u>
EQUITY		
Common shares of beneficial interest (No par value, 10,327,819 and 8,818,609 shares issued and outstanding as of December 31, 2019 and 2018, respectively)	155,699,855	128,040,571
Retained earnings (accumulated deficit)	(16,271,601)	(12,614,556)
Accumulated other comprehensive income (loss)	(6,539,368)	(1,327,833)
Non-controlling interests in operating partnership (17,641,585 and 14,797,231 units outstanding at December 31, 2019 and 2018, respectively)	264,092,664	209,846,144
Total equity	<u>396,981,550</u>	<u>323,944,326</u>
TOTAL LIABILITIES, NON-CONTROLLING INTERESTS IN PARTIALLY OWNED PROPERTIES, AND EQUITY	<u><u>\$ 1,040,642,905</u></u>	<u><u>\$ 941,439,197</u></u>

SEE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**EDGEWOOD REAL ESTATE INVESTMENT TRUST AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
**FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
<b>REVENUE</b>		
Real estate rentals	\$ 94,902,077	\$ 84,056,889
Other operating income	<u>3,652,756</u>	<u>3,326,086</u>
Total revenue	<u>98,554,833</u>	<u>87,382,975</u>
<b>EXPENSES</b>		
Interest expense	29,467,137	28,684,766
Depreciation/amortization on real estate investments	24,830,643	21,420,106
Acquisition fees	-	271,047
Management fees	7,875,152	6,651,923
Repairs and maintenance	3,965,038	3,388,956
Property taxes	5,133,958	4,295,114
Utilities	4,340,927	4,278,042
Insurance	1,788,897	1,300,525
Professional services	250,194	223,207
Outside services	453,951	371,893
General and administrative	4,081,699	3,383,614
Advertising	746,815	631,133
Supplies	555,896	487,030
Bad debt expense	352,762	302,126
Miscellaneous	<u>112,890</u>	<u>95,045</u>
Total operating expenses	<u>83,955,959</u>	<u>75,784,527</u>
<b>INCOME FROM OPERATIONS</b>	14,598,874	11,598,448
<b>OTHER INCOME (EXPENSE)</b>		
Other non-operating income	484,081	-
Other non-operating expense	(11,921)	-
Gain on sale of real estate	39,254	2,354,712
Interest income	<u>2,257,858</u>	<u>1,169,507</u>
Total other income	<u>2,769,272</u>	<u>3,524,219</u>
<b>NET INCOME</b>	17,368,146	15,122,667
<b>NET (INCOME) LOSS ATTRIBUTABLE TO NON-CONTROLLING INTERESTS IN PARTIALLY OWNED PROPERTIES</b>	170,605	(28,314)
<b>NET INCOME ATTRIBUTABLE TO NON-CONTROLLING INTERESTS IN OPERATING PARTNERSHIP</b>	<u>(11,062,528)</u>	<u>(9,714,252)</u>
<b>NET INCOME AVAILABLE TO COMMON SHAREHOLDERS</b>	<u>\$ 6,476,223</u>	<u>\$ 5,380,101</u>

SEE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**EDGEWOOD REAL ESTATE INVESTMENT TRUST AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
OTHER COMPREHENSIVE INCOME (LOSS)		
Net income	\$ 17,368,146	\$ 15,122,667
Other comprehensive income (loss)		
Unrealized gain (loss) from derivative instrument	<u>(5,211,535)</u>	<u>(1,273,797)</u>
Total comprehensive income (loss)	12,156,611	13,848,870
 COMPREHENSIVE INCOME ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	 <u>(7,672,955)</u>	 <u>(8,942,144)</u>
 COMPREHENSIVE INCOME AVAILABLE TO COMMON SHAREHOLDERS	 <u><u>\$ 4,483,656</u></u>	 <u><u>\$ 4,906,726</u></u>

SEE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS



**EDGEWOOD REAL ESTATE INVESTMENT TRUST AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

	Number of Common Shares	Common Stock	Retained Earnings (Deficit)	Accumulated Other Comprehensive Income (Loss)	Non-Controlling Interests in Operating Partnership	Total Equity
BALANCE JANUARY 1, 2018	6,678,776	\$ 88,154,329	\$ (10,000,304)	\$ (54,036)	\$ 153,644,065	\$ 231,744,054
Net income	-	-	5,380,101	-	9,714,252	15,094,353
Other comprehensive income (loss)	-	-	-	(1,273,797)	-	(1,273,797)
Common shares issued (net of commissions)	1,955,223	36,404,253	-	-	-	36,404,253
Operating partnership units issued	-	-	-	-	62,330,477	62,330,477
Distributions - common shares	-	-	(7,994,353)	-	-	(7,994,353)
Distribution reinvested	281,943	5,233,978	-	-	-	5,233,978
Net redemptions	(97,333)	(1,751,989)	-	-	(2,521,306)	(4,273,295)
Distributions - non-controlling interests	-	-	-	-	(13,321,344)	(13,321,344)
BALANCE DECEMBER 31, 2018	8,818,609	128,040,571	(12,614,556)	(1,327,833)	209,846,144	323,944,326
Net income	-	-	6,476,223	-	11,062,528	17,538,751
Other comprehensive income (loss)	-	-	-	(5,211,535)	-	(5,211,535)
Common shares issued (net of commissions)	1,243,946	25,275,258	-	-	-	25,275,258
Operating partnership units issued	-	-	-	-	72,024,516	72,024,516
Distributions - common shares	-	-	(10,133,268)	-	-	(10,133,268)
Distributions reinvested	500,807	6,835,801	-	-	-	6,835,801
Net redemptions	(235,543)	(4,451,775)	-	-	(12,867,658)	(17,319,433)
Distributions - non-controlling interests	-	-	-	-	(15,972,866)	(15,972,866)
BALANCE DECEMBER 31, 2019	<u>10,327,819</u>	<u>\$ 155,699,855</u>	<u>\$ (16,271,601)</u>	<u>\$ (6,539,368)</u>	<u>\$ 264,092,664</u>	<u>\$ 396,981,550</u>

SEE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**EDGEWOOD REAL ESTATE INVESTMENT TRUST AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income	\$ 17,368,146	\$ 15,122,667
Adjustments to reconcile net income to net cash provided (used) by operating activities:		
Depreciation/amortization on real estate investments	24,830,643	21,420,106
Amortization on finance fees	1,343,288	2,599,338
Gain on sale of real estate	(39,254)	(2,354,712)
Net (income) loss attributable to non-controlling interests in partially owned properties	170,605	(28,314)
Net other non-cash (revenues)/expenses incurred related to acquisitions	-	1,304,001
Effects on operating cash flows due to change in:		
Accounts receivable	(426,270)	(1,778,028)
Straight-line rent receivable	(3,077,264)	(3,671,317)
Prepaid expenses	(1,336,013)	(485,666)
Accounts payable	(66,050)	2,337,094
Accrued expenses	5,265,569	1,701,330
Advance rents and security deposits	204,278	711,885
Net cash provided (used) by operating activities	<u>44,237,678</u>	<u>36,878,384</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds on sale of property and equipment	340,000	568,645
Purchase of property and equipment	(28,540,543)	(110,441,119)
Proceeds on sale of land held for investment	1,288,449	-
Purchase of land held for investment	(3,178,002)	(2,015,824)
Payments (advances) on related party receivable/payable	435,345	(1,185,204)
Payments (advances) on related party notes receivable	-	4,877,007
Net cash provided (used) by investing activities	<u>(29,654,751)</u>	<u>(108,196,495)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Distributions paid to non-controlling interests	(15,210,773)	(10,217,840)
Distributions paid to common shareholders	(2,791,060)	(1,204,449)
Repurchase of non-controlling interests	(12,867,658)	(2,521,306)
Repurchase of common shares	(4,293,028)	(1,751,989)
Brokerage commissions paid on shares issued	(526,288)	(1,002,729)
Proceeds from common shares issued	25,801,546	17,286,802
Net advances (payments) on line of credit	2,000,000	-
Advances on notes payable	10,661,641	148,478,926
Payments on notes payable	(24,010,979)	(80,856,054)
Net cash provided (used) by financing activities	<u>(21,236,599)</u>	<u>68,211,361</u>
<b>CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED DEPOSITS</b>	<u>(6,653,672)</u>	<u>(3,106,750)</u>
<b>CASH, CASH EQUIVALENTS, AND RESTRICTED DEPOSITS, BEGINNING OF YEAR</b>	<u>24,318,693</u>	<u>27,425,443</u>
<b>CASH, CASH EQUIVALENTS, AND RESTRICTED DEPOSITS, END OF YEAR</b>	<u><u>\$ 17,665,021</u></u>	<u><u>\$ 24,318,693</u></u>
 Cash and Cash Equivalents	 \$ 12,556,666	 \$ 17,317,755
Restricted Deposits	5,108,355	7,000,938
Total Cash, Cash Equivalents, and Restricted Deposits	<u><u>\$ 17,665,021</u></u>	<u><u>\$ 24,318,693</u></u>
 Cash paid during the year for interest	 <u><u>\$ 29,373,487</u></u>	 <u><u>\$ 25,544,556</u></u>

SEE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**EDGEWOOD REAL ESTATE INVESTMENT TRUST AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS - CONTINUED**  
**FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

**SUPPLEMENTAL SCHEDULE OF NON-CASH INVESTING  
AND FINANCING ACTIVITIES**

Real estate investments acquired through issuance of notes payable	\$ 34,115,307	\$ 54,341,473
Real estate investments acquired through issuance of non-controlling interests and common shares	72,024,516	82,034,378
Distributions on non-controlling interests declared and not paid	4,416,330	3,654,237
Distributions on common shares declared and not paid	2,711,052	2,204,652

SEE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS



**EDGEWOOD REAL ESTATE INVESTMENT TRUST AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2019 AND 2018**

**NOTE 1 NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES**

**Nature of operations**

Edgewood Real Estate Investment Trust ("The Company" or "Edgewood REIT") is a real estate investment trust engaged in acquiring, owning and leasing senior housing facilities, commercial real estate, and multi-family and other housing-related real property in North Dakota, South Dakota, Minnesota, Montana, Nebraska, Wyoming, Idaho, Missouri, Iowa, Arizona, and Kansas. REITs are subject to a number of organizational and operational requirements, including a requirement to distribute 90% of REIT taxable income to shareholders and, generally, are not subject to federal income tax on net income. The Company was formed during 2010. The Company conducts a majority of its business activities through its consolidated operating partnership, Edgewood Properties LLLP, a North Dakota Limited Liability Limited Partnership (the "Operating Partnership"), and through several wholly-owned subsidiaries, which are listed in Note 15.

**Basis of presentation**

The consolidated financial statements include the accounts of Edgewood Real Estate Investment Trust and its subsidiaries, as noted above, in which it maintains a controlling interest. All material inter-company transactions and balances have been eliminated in the consolidated financial statements. Edgewood Properties is a 100% owner of the above-listed LLC entities. The Company's interest in the Operating Partnership was 38% as of December 31, 2019 which includes 100% of the general partnership interest. The limited partners own units in the Operating Partnership which have a conversion option they may exercise for Edgewood REIT common shares of beneficial interest, on a one-for-one basis. The limited partners have no voting rights in Edgewood REIT.

**Use of estimates**

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Real estate investments**

Real estate investments held for rental are stated at the lower of cost less accumulated depreciation or fair value if impairment is identified. Real estate investments held for sale are reported at the lower of their carrying amount or fair value less cost to sell. Buildings and land improvements are depreciated on the straight-line method over their estimated life not to exceed 40 and 20 years, respectively. Furniture, fixtures, and equipment are depreciated on the straight-line method over their estimated life not to exceed 9 years. All direct and indirect costs, including interest and real estate taxes associated with the development, construction, leasing or expansion of real estate investments, are capitalized as a cost of the property. Expenditures for repairs and improvements which significantly add to the productive capacity or extend the useful life of an asset are capitalized. Expenditures for routine maintenance and repairs, which do not add to the value or extend the useful life of an asset, are charged to expense as incurred.

SEE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**EDGEWOOD REAL ESTATE INVESTMENT TRUST AND SUBSIDIARIES**  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED  
DECEMBER 31, 2019 AND 2018

The Company recognizes acquisition fees at the point of purchase (disposal) in accordance with ASU No. 2017-01. The Company allocates the purchase price based on the relative fair values of the tangible and intangible assets of an acquired property (including the land, building, and personal property) which are determined by valuing the property as if it were vacant and to the fair value of the intangible assets (including in-place leases.) The as-if-vacant value is allocated to land, buildings, and personal property based on management's determination of the relative fair values of these assets. The estimated fair value of the property is the amount which would be recoverable upon the disposition of the property. Techniques used to estimate fair value include discounted cash flow analysis and reference to recent sales of comparable properties. A land value is assigned based on the purchase price if land is acquired separately or based on estimated fair value if acquired in a merger or in a single or portfolio acquisition.

Acquired above and below-market lease values are recorded as the difference between the contractual amounts to be paid pursuant to the in-place leases and management's estimate of fair market value lease rates for the corresponding in-place leases. The capitalized above and below-market lease values are amortized and included as part of rent expense over the remaining terms of the respective leases, which include fixed rate renewal options for below-market leases if it is determined probable the tenant will execute a bargain renewal option. The REIT currently does not have any allocations to above or below- market lease values.

Other intangible assets acquired include amounts for in-place lease values which are based on the Company's evaluation of the specific characteristics of the leases. Factors considered in the fair value analysis include an estimate of carrying costs and foregone rental income during hypothetical expected lease-up periods, considering current market conditions, and costs to execute similar leases. The Company also considers information about each property obtained during its pre-acquisition due diligence, marketing and leasing activities in estimating the relative fair value of the tangible and intangible assets acquired. The in-place lease allocations are included in real estate investments and amortized over the lease terms, including extensions, no greater than 20 years.

At least annually, or upon the occurrence of significant changes in the operations, Edgewood REIT evaluates its real estate investments to assess whether any impairment indications are present, including recurring operating losses and significant adverse changes in legal factors or business climate which affect the recovery of the recorded value. If any real estate investment is considered impaired, a loss is provided to reduce the carrying value of the property to its estimated fair value.

### **Cash and cash equivalents**

Highly liquid investments with a maturity of three months or less when purchased are classified as cash equivalents.

### **Restricted deposits**

Pursuant to the terms of certain mortgages and management policy, the Company establishes and maintains real estate tax and insurance escrow accounts to pay real estate taxes and insurance. The Company contributes to the account a monthly amount equaling 1/12<sup>th</sup> of the estimated annual real estate taxes and insurance premiums.

**EDGEWOOD REAL ESTATE INVESTMENT TRUST AND SUBSIDIARIES**  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED  
DECEMBER 31, 2019 AND 2018

Pursuant to the terms of certain mortgages and management policy, the Company establishes and maintains replacement reserve accounts. The Company makes monthly deposits into the replacement reserve accounts to be used for repairs and maintenance on the properties. Certain replacement reserve accounts require authorization of the mortgage company for withdrawals.

**Notes receivable**

Notes receivable are recorded at cost.

**Straight-line rent receivable**

Rental revenue is recognized on a straight-line basis, which averages minimum required rents to be received over the terms of the leases. Rent recognized in advance of collection is reflected as a receivable arising from straight-lining rents, net of allowance for doubtful accounts. Rent concessions, including free rent, are reflected as a payable and are amortized over the terms of the related leases.

**Receive-variable, pay-fixed interest rate swaps**

The Company has adopted the alternative offered to nonpublic entities in FASB ASC 815-20 for certain variable rate borrowings involving receive-variable, pay-fixed interest rate swaps. In accordance with this alternative, the Company assumes there is no hedge ineffectiveness and applies the simplified hedge accounting approach for all interest rate swaps meeting those criteria. In addition, the Company measures the swap using settlement value rather than fair value.

**Other assets**

Other assets consist of earnest money deposits and other nonmarketable investments recorded at cost.

**Allowance for doubtful accounts**

Accounts receivable are considered past due if any portion of the receivable balance is outstanding more than 90 days. Interest is charged on accounts receivable which are past stated terms and recognized as it is charged. The accrual of interest is discontinued when management believes the receivables are impaired or collection of interest is doubtful. There were no significant nonaccrual accounts receivable at December 31, 2019 and 2018.

Management evaluates the allowance for doubtful accounts by assessing the recoverability of rent and other receivables, and comparing the carrying value with the estimated realizable value. Management considers the tenant's financial condition and credit history as well as current economic conditions.

**Distributions payable**

Distributions payable represent distributions declared to common shareholders and unit holders in the operating partnership of record on December 31, 2019 payable on January 15, 2020.

SEE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS



**EDGEWOOD REAL ESTATE INVESTMENT TRUST AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2019 AND 2018**

**Federal income taxes**

Edgewood REIT operates in a manner intended to qualify as a Real Estate Investment Trust under Sections 856-860 of the Internal Revenue Code of 1986, as amended. Under those sections, a REIT which distributes at least 90% of its taxable income as a dividend to its shareholders each year and which meets certain other conditions will not be taxed on that portion of its taxable income. For the year ended December 31, 2019, the Company distributed in excess of 90% of its taxable income within the prescribed time limits; accordingly, no provision has been made for federal income taxes in the accompanying consolidated financial statements. If the Company fails to qualify as a REIT in any taxable year, the Company will be subject to federal income tax on its taxable income at regular corporate rates (including any alternative minimum tax) and may not be able to qualify as a REIT for the four subsequent taxable years. Even as a REIT, the Company may be subject to certain state and local income and property taxes, and to federal income and excise taxes on undistributed taxable income. In general, however, if the Company qualifies as a REIT, no provisions for federal income taxes are necessary except for taxes on undistributed REIT taxable income.

Edgewood REIT conducts its business activity as an Umbrella Partnership Real Estate Investment Trust ("UPREIT") through its Operating Partnership. UPREIT status allows Edgewood REIT to accept the contribution of real estate in exchange for operating partnership units. Generally, such a contribution to a limited partnership allows for the deferral of gain by an owner of appreciated real estate.

Distributions were characterized, for federal income tax purposes, as 77% ordinary income and 23% return of capital for the year ended December 31, 2019, and 60% ordinary income and 40% return of capital for the year ended December 31, 2018.

The Company's policy is to evaluate the likelihood its uncertain tax positions will prevail upon examination based on the extent to which those positions have substantial support within the Internal Revenue Code and Regulations, Revenue Rulings, court decisions, and other evidence.

There were no uncertain tax positions as of December 31, 2019.

**Non-controlling interests**

Ownership interests in the Operating Partnership held by limited partners are represented by operating partnership units. The Operating Partnership's income is allocated to holders of units based upon the ratio of their unit holdings to the total common shares and operating partnership units outstanding during the period. Capital contributions, distributions, and profits and losses are allocated to limited partners in accordance with the terms of the Operating Partnership agreement. Limited partners as of December 31, 2019 and 2018, were considered non-controlling interests.

**Non-controlling interests in partially owned properties**

Non-controlling interests in partially owned properties represent minority shares in real estate held as tenants-in-common.

**EDGEWOOD REAL ESTATE INVESTMENT TRUST AND SUBSIDIARIES**  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED  
DECEMBER 31, 2019 AND 2018

**Variable interest entity**

The Company has determined the Operating Partnership, Edgewood Properties, LLLP, is a variable interest entity (VIE). The limited partners lack voting rights and substantive participating rights. The Company is the primary beneficiary of the VIE, and the partnership is required to be consolidated on the Company's balance sheet because it has a controlling financial interest in the VIE and has both the power to direct the activities of the VIE which most significantly impact the VIE's economic performance and the obligation to absorb losses or the right to receive benefits from the VIE which could be significant to the VIE. Because the Operating Partnership is a VIE, substantially all of its assets and liabilities are held through a VIE.

**Reclassifications**

Certain reclassifications have been made to the 2018 financial statements to conform to the 2019 financial presentation. Such reclassifications had no effect on net income previously reported.

**Recently adopted accounting pronouncement**

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*. This ASU provides additional guidance related to transfers between cash and restricted cash and how entities present, in their statements of cash flows, the cash receipts and cash payments that directly affect the restricted cash accounts. The Company has retrospectively adopted the provisions of the ASU in the accompanying consolidated financial statements.

**NOTE 2 RESTRICTED DEPOSITS**

Restricted cash consists of the following as of December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Real Estate Tax Escrow	1,585,342	1,446,803
Insurance Escrow	616,109	314,253
Reserve Escrow	2,800,068	2,012,345
Other Escrow	106,836	3,227,537
Total Restricted Deposits	<u><u>5,108,355</u></u>	<u><u>7,000,938</u></u>

SEE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**EDGEWOOD REAL ESTATE INVESTMENT TRUST AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2019 AND 2018**

**NOTE 3    PROPERTY**

Property, consisting principally of real estate owned and leased to tenants, is stated at cost less accumulated depreciation and is summarized as follows:

	2019	2018
Land	\$ 84,905,038	\$ 72,109,035
Buildings	947,170,878	848,144,620
In-place leases	4,072,500	4,072,500
Furniture, fixtures, and equipment	26,506,018	14,888,463
Construction in progress	7,968,792	7,545,178
Total property	1,070,623,226	946,759,796
Less accumulated depreciation/amortization	(82,030,995)	(57,234,871)
Total property, net	<u>\$ 988,592,231</u>	<u>\$ 889,524,925</u>

Depreciation expense for the years ended December 31, 2019 and 2018 was \$24,830,643 and \$21,420,106, respectively.

The Company has entered into long-term operating leases for commercial properties. The terms and payment amounts vary among the properties, many of which are managed by related parties, see Note 10.

The future minimum lease revenue under non-cancellable leases for commercial properties (assuming no options to renew or buy-out the leases are exercised) are as follows:

<u>For the year ending December 31:</u>	
2020	\$ 47,426,419
2021	46,627,205
2022	46,122,291
2023	45,331,189
2024	42,199,832
Thereafter	223,073,914
Total	<u>\$ 450,780,850</u>

Rent revenues under the leases which were in-place for the years ended December 31, 2019 and 2018 were \$48,022,305 and \$44,597,665, respectively.



**EDGEWOOD REAL ESTATE INVESTMENT TRUST AND SUBSIDIARIES**  
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The effect of amortization of acquired in-place lease allocations was approximately \$101,813 and \$101,813 for the years ended December 31, 2019 and 2018, respectively. This amount was included in depreciation/amortization expense related to real estate investments. The estimated amortization of acquired in-place leases for each of the five succeeding fiscal years is as follows:

<u>For the year ending December 31,</u>		
2020	\$	101,813
2021		101,813
2022		101,813
2023		101,813
2024		101,813

**NOTE 4 PROPERTY ACQUISITIONS AND DISPOSITIONS**

For the year ended December 31, 2019

<u>Acquisition</u>	<u>Location</u>	<u># of units</u>	<u>Date Acquired</u>	<u>Acquisition Cost</u>
<b><u>Assisted Living</u></b>				
EWB Boise Castle Hills	Boise, ID	54	Jun-19	\$ 1,900,000
EWB Minot Emerald Court	Minot, ND	87	Jan-19	3,100,000
Total Assisted Living				<u>5,000,000</u>
<b><u>Commercial Property</u></b>				
EWB Blaine MOB	Blaine, MN		Sep-19	7,150,000
EWB Boise Persimmon	Boise, ID		May-19	1,000,000
EWB Dickinson TSC	Dickinson, ND		Nov-19	4,440,000
EWB Fargo EAPC	Fargo, ND		Sep-19	2,769,748
EWB Mesa MOB	Mesa, AZ		Mar-19	5,800,000
EWB Mesa MOB II	Mesa, AZ		Jul-19	2,993,900
EWB Minot Office Building	Minot, ND		Jun-19	1,000,000
EWB Wichita MOB	Wichita, KS		Oct-19	8,100,000
Total Commercial Property				<u>33,253,648</u>
<b><u>Multi-Family Residential</u></b>				
EWB Grand Forks Westridge	Grand Forks, ND	164	Dec-19	12,400,000
EWB Orchard Park Apartments	Springfield, MO	416	Aug-19	31,400,000
EWB Pierre Highlands Ridge	Pierre, SD	57	Oct-19	5,120,000
EWB Pierre Land	Pierre, SD	N/A	Oct-19	400,000
EWB Springfield Cambium (Phase I)	Springfield, MO	130	Jan-19	13,573,332
EWB Springfield Trails Bend	Springfield, MO	100	Oct-19	2,109,516
Total Multi-Family Residential				<u>65,002,848</u>
<b>Total Acquisitions</b>				<u><u>\$ 103,256,496</u></u>

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**EDGEWOOD REAL ESTATE INVESTMENT TRUST AND SUBSIDIARIES**  
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For the year ended December 31, 2018:

<b>Acquisition</b>	<b>Location</b>	<b># of units</b>	<b>Date Acquired</b>	<b>Acquisition Cost</b>
<b><u>Assisted Living</u></b>				
Edgewood Rapid City	Rapid City, SD	87	Dec-18	\$ 6,873,350
Total Assisted Living				<u>6,873,350</u>
<b><u>Commercial Property</u></b>				
Bismarck Horizon Clinic	Bismarck, ND		Aug-18	6,253,767
Grand Forks Medical Park	Grand Forks, ND		Sep-18	5,575,000
St. Paul Rice Street	St. Paul, MN		Jun-18	5,590,000
Minot Dental Office	Minot, ND		Nov-18	3,350,000
Scottsdale P & P	Scottsdale, AZ		Oct-18	17,250,000
Edgewood Boise AC	Eagle, ID		Jun-18	1,566,000
Total Commercial Property				<u>39,584,767</u>
<b><u>Multi-Family Residential</u></b>				
Cambridge Park Apartments	Springfield, MO	134	Jan-18	8,700,000
Essex Place Apartments	Springfield, MO	192	Jan-18	8,600,000
Falcon Apartments	Springfield, MO	106	Feb-18	7,821,433
Greenfield Apartments	Various*	140	Jan-18	5,692,500
Highland Park Apartments	Springfield, MO	97	Jan-18	5,796,000
Kindred	Kindred, ND	14	Jan-18	354,000
Marion Park Apartments	Springfield, MO	128	Jan-18	8,900,000
Westlake Apartments	Des Moines, IA	296	Sep-18	32,000,000
Mandan Lakewood	Mandan, ND	107	May-18	12,500,000
Springfield Coryell Crossings	Springfield, MO	176	Nov-18	8,140,000
Springfield Tera Vera	Springfield, MO	31	Aug-18	8,588,957
Palm Village	Springfield, MO	83	Jan-18	7,245,000
Scenic Station Apartments	Springfield, MO	96	Jan-18	8,000,000
Sherwood Village East	Springfield, MO	56	Jan-18	4,300,000
Springcreek	Derby, KS	122	Jan-18	6,680,000
Watermill Park	Springfield, MO	164	Jan-18	11,700,000
Westbrook	West Fargo, ND	119	Jan-18	3,900,000
Eastgate	Wichita, KS	108	Jan-18	5,536,660
High Point East	Wichita, KS	216	Jan-18	12,326,903
Morgan's Landing	Wichita, KS	182	Jan-18	8,566,153
Northridge Crossing	Wichita, KS	68	Jan-18	3,812,983
Total Multi-Family Residential				<u>179,160,589</u>
<b>Total Acquisitions</b>				<u><u>\$ 225,618,706</u></u>

\* Enderlin, Forman, Gwinner, Lisbon, Milnor, and Oakes, North Dakota

SEE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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**Dispositions**

The following property was sold during the year ending December 31, 2019 to unrelated third-parties:

The remaining units of EVI Legacy Storage.

The following properties were sold during the year ending December 31, 2018 to unrelated third-parties:

EVI Winterland  
EVI Winterland II  
EVI Gazebo Apartments  
EVI Maple Garden Apartments

In addition to the properties listed above, EVI Legacy Storage sold multiple units to unrelated parties and EVI Fargo sold two twin-homes to unrelated parties.

**NOTE 5 NOTES RECEIVABLE**

Notes receivable of \$8,000,000 at December 31, 2019 and 2018 consists of a loan receivable from Edgewood Group, LLC (a related party) secured by the preferred stock of Edgewood OpCo, LLC (a related party). The loan receivable carries an interest rate of 9% and is due on demand (see Note 10).

Notes receivable of \$24,980 at December 31, 2019 and 2018 consist of a loan, secured by real estate, to Bismarck Land Company, LLC (a related party). As of December 31, 2019 and 2018, this note carried an interest rate of 6%.

**NOTE 6 COMMITMENTS AND CONTINGENCIES**

**Risk of uninsured property losses**

Edgewood REIT maintains, at management's discretion, adequate insurance against property damage, fire loss, and liability insurance. However, there are certain types of losses (generally of a catastrophic nature) which may be either uninsurable or not economically insurable. Such excluded risks may include war, earthquakes, hurricanes, certain environmental hazards, and floods. Should such events occur, (i) Edgewood REIT might suffer a loss of capital invested, (ii) tenants may suffer losses and may be unable to pay rent for the spaces, and (iii) Edgewood REIT may suffer a loss of profits.

**Litigation**

Edgewood REIT is subject to a variety of legal actions for personal injury or property damage arising in the ordinary course of business, most of which are covered by liability insurance. Various claims of resident discrimination are also periodically brought, most of which are covered by insurance. While resolution of these matters cannot be predicted with certainty, management believes that the final outcome of these claims and legal proceedings will not have a material effect on liquidity, financial position, cash flows, or results of operations.

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**EDGEWOOD REAL ESTATE INVESTMENT TRUST AND SUBSIDIARIES**  
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**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 the property. While management currently has no knowledge of any material violation of environmental laws, ordinances, or regulations at any properties, there can be no assurance the areas of contamination will not be identified at the properties or changes in environment laws, regulations, or cleanup requirements would not result in material costs.

**Cash deposits held**

The Company maintains its cash and cash equivalents in bank deposit accounts which, at times, may exceed the federally insured limits as guaranteed by the Federal Deposit Insurance Corporation (FDIC). The Company maintains its cash deposits in large, well-capitalized financial institutions. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

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**NOTE 7 NOTES PAYABLE**

Details pertaining to the Company's debt and assets assigned as collateral thereon as of December 31, 2019 and 2018 are as follows:

<b>Lender</b>	<b>Maturity Date</b>	<b>Current Note Rate</b>	<b>Current Portion</b>	<b>Balance Dec 31, 2019</b>	<b>Balance Dec 31, 2018</b>
Alerus Financial	2024 - 2030	3.76% - 5.04%	\$ 854,451	\$ 33,214,574	\$ 22,290,596
American Federal Bank	2039	4.60% - 4.75%	118,901	3,775,390	3,889,838
Americo	2028 - 2033	4.18% - 4.63%	1,184,742	47,765,840	48,898,726
Ameritas Life Insurance	2026	4.25%	66,097	2,298,874	2,362,225
Assurity Life	2024	4.75%	193,001	4,024,088	4,208,153
BankWest	2022 - 2040	4.25% - 4.60%	381,180	10,771,209	11,136,928
Bell State Bank	2024 - 2029	4.10% - 4.55%	601,010	24,912,471	25,484,737
Black Ridge Bank	2022	4.45%	136,013	2,944,382	3,072,910
Bremer Bank	2020 - 2031	3.98% - 4.72%	3,978,544	76,826,607	84,531,751
Cornerstone Bank	2028	4.74%	96,384	4,169,422	4,261,459
EGF Economic Development	2023	3.10%	26,917	95,512	121,608
Everbank	2025	4.17%	104,244	3,345,228	3,445,221
First International Bank & Trust	2042	4.00%	295,582	10,734,102	10,994,094
First National Bank	2020 - 2026	4.25% - 4.40%	2,545,809	4,273,260	4,448,585
First State Bank	2021 - 2038	4.07% - 5.15%	974,156	25,843,061	26,766,801
First Western Bank & Trust	2024 - 2025	4.25%	260,714	8,152,586	8,403,259
FNMA	2030 - 2031	4.73% - 4.78%	471,874	29,531,298	29,736,202
Forethought	2025	4.35%	786,251	17,517,809	18,270,651
Genworth Life	2036	4.28%	134,877	6,599,402	6,728,638
Gershman Investment Corp	2048	3.32%	114,616	5,395,236	5,506,114
Grand Bridge	2033	4.71%	80,719	5,057,388	5,135,003
Greystone	2026	4.12%	99,638	4,951,549	5,047,676
Key Bank	2052	4.10%	739,293	44,275,154	44,989,412
Morgan Stanley	2023	5.04% - 5.13%	400,449	21,413,428	21,787,167
NDHFA	2029	-	73,333	733,333	806,667
Protective Life	2030 - 2032	4.13% - 4.50%	3,891,838	175,717,942	179,460,483
Red Capital Group	2047	3.80%	432,831	21,945,154	-
Southern Bank	2043	4.25%	223,633	8,826,770	8,948,514
Starion Bank	2027	4.75%	256,160	6,654,927	6,899,475
TIAA Bank	2029	3.40%	120,125	4,650,000	-
Western Bank	2029	3.53%	50,839	1,982,868	-
<b>Total</b>			<b>\$ 19,694,221</b>	<b>618,398,862</b>	<b>597,632,893</b>
Less: unamortized debt issuance costs				(7,511,147)	(8,854,435)
<b>Net notes payable</b>				<b>\$ 610,887,715</b>	<b>\$ 588,778,458</b>

All of the notes payable are secured by the acquired real property.

Interest expense for the years ended December 31, 2019 and 2018 includes amortization of loan fees of \$1,976,657 and \$2,599,338, respectively.

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**EDGEWOOD REAL ESTATE INVESTMENT TRUST AND SUBSIDIARIES**  
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Future principal payments due for the above long-term debt as of December 31, 2019 are as follows:

<u>December 31,</u>		
2020	\$	19,694,221
2021		16,176,828
2022		21,830,983
2023		37,015,970
2024		31,705,241
Thereafter		<u>491,975,619</u>
Total	\$	<u><u>618,398,862</u></u>

**NOTE 8 LINE OF CREDIT**

On August 1, 2019, the Company entered into a revolving credit line agreement with Bremer Bank, N.A., with a limit of \$25,000,000. The note matures when it is paid in full, with interest payable monthly at a variable rate based on 30-day LIBOR plus 2%. As of December 31, 2019, the line of credit carried an interest rate of 3.80% and had an outstanding balance of \$5,500,000.

On October 21, 2019, the Company entered into a revolving operating credit line agreement with Bremer Bank, N.A., with a limit of \$10,000,000. The note matures when it is paid in full, with interest payable monthly at a variable rate based on 30-day LIBOR plus 2%. As of December 31, 2019, the line of credit carried an interest rate of 3.80% and had an outstanding balance of \$0.

**NOTE 9 RECEIVE-VARIABLE, PAY-FIXED INTEREST RATE SWAPS**

As disclosed in Note 7, the Company has multiple notes outstanding with Bremer Bank which total \$76,826,607 and \$84,531,751 as of December 31, 2019 and 2018, respectively. As of December 31, 2019, the Company had entered into interest rate swap contracts with eleven of these notes, which mature when the debt matures, to effectively convert these variable-rate borrowings into fixed-rate borrowings with interest rates ranging from 3.98% to 4.72%.

In addition, the Company has multiple notes outstanding with Alerus Financial which total \$33,214,574 and \$22,290,596 as of December 31, 2019 and 2018, respectively. As of December 31, 2019, the Company had entered into interest rate swap contracts with six of these notes, which mature when the debt matures, to effectively convert these variable-rate borrowings into fixed-rate borrowings with interest rates ranging from 3.76% to 5.04%.

Lastly, the Company has a note outstanding with Cornerstone Bank which totals \$4,169,422 and \$4,261,459 as of December 31, 2019 and 2018, respectively. As of December 31, 2019, the Company had entered into an interest rate swap contract with this note, which matures when the debt matures, to effectively convert the variable-rate borrowings into fixed-rate borrowings with an interest rate of 4.74%.



**EDGEWOOD REAL ESTATE INVESTMENT TRUST AND SUBSIDIARIES**  
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The swap contracts qualify for the simplified hedge accounting alternative offered to nonpublic entities and are measured at settlement value. As of December 31, 2019, and 2018, the Company has cumulative unrealized losses from changes in the swap contract's settlement value of \$6,539,368 and \$1,327,833, respectively, in other comprehensive income (loss). This cumulative amount is included in accrued expenses and other liabilities as of December 31, 2019 and 2018.

**NOTE 10 TRANSACTIONS WITH RELATED PARTIES**

Edgewood REIT and Subsidiaries (the Company) is routinely involved in transactions with other entities within the Edgewood Group of companies (Edgewood OpCo, LLC (the operating companies), Edgewood Group, Edgewood Development Group, and Edgewood Management Group, et al). Mr. Philip Gisi and his family, on an as converted basis, control approximately 10% of the outstanding voting shares of the Company. Mr. Gisi currently serves as an "at large" member of the Board of Trustees of Edgewood REIT. Prior to March 20, 2018, Mr. Gisi served as President of the Company's Board of Trustees. Mr. Gisi and his family also control a majority ownership of the Edgewood Group of companies. As a result, Edgewood REIT and the Edgewood Group of companies are related parties. See below for a summary of the entities, the amount receivable or payable to each as of December 31, 2019 and 2018, and the revenue or expenses incurred to each of the years ended December 31, 2019 and 2018.

The Company receives rental income from the various Edgewood operating companies. Total rental revenues for the years ended December 31, 2019 and 2018 were \$48,022,305 and \$44,838,218, with \$52,042 and \$296,131 included in related party receivable, respectively. Also see Note 3 for related party leases and Note 5 for related party notes receivable.

The Company receives rental income on its undeveloped land from Edgewood Development Group. Total rental revenues for the years ended December 31, 2019 and 2018 were \$190,287 and \$112,732, respectively.

Edgewood Management Group, LLC rents office space in Edgewood Corporate Plaza. Total rental revenue for the years ended December 31, 2019 and 2018 was \$238,576 and \$178,112, with \$0 outstanding receivable as of December 31, 2019 and 2018, respectively.

The Company has accounts receivable from various operating Companies which amount to \$1,090,048 and \$749,966 as of December 31, 2019 and 2018, respectively.

As of December 31, 2019 and 2018, the Company had total amounts receivable from Edgewood Development Group of \$91,693 and \$19,053, respectively. These amounts were advanced, with board approval, to support construction projects which will be acquired by the REIT upon completion.

As of December 31, 2019 and 2018, the Company had amounts receivable from Edgewood OpCo of \$181,479 and \$181,479, respectively.

**EDGEWOOD REAL ESTATE INVESTMENT TRUST AND SUBSIDIARIES**  
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The Company has notes receivable from Edgewood Group, LLC in the amount of \$8,000,000 as of December 31, 2019 and 2018. As of December 31, 2019, under the terms of the note, Edgewood Group, LLC is allowed to borrow up to \$8,000,000 at an interest rate of 9%, which is secured by the preferred stock of Edgewood OpCo, LLC. The note receivable and related interest are both due on demand with interest paid quarterly. The Company also has notes receivable from Bismarck Land Company in the amount of \$24,980 and \$24,980 as of December 31, 2019 and 2018, respectively. The note carried an interest rate of 6% as of December 31, 2019 and 2018, and is due on demand. Interest income of \$2,243,660 and \$1,010,676 was earned on the outstanding balances of the notes receivable during the years ended December 31, 2019 and 2018, respectively.

The Company has accounts payable to various operating Companies which amount to \$2,132,345 and \$1,297,748 as of December 31, 2019 and 2018, respectively.

The Company pays management, acquisition, and finance fees to Edgewood Properties Management, LLC (the Advisor) for its work in acquiring properties, negotiating financing, and providing management services. The Advisor is partially owned by individuals who have positions on the Board of Trustees of the Company, including Jon Strinden (the Board President) and Philip Gisi (an at-large member of the Board). All owners of the Advisor are also investors in Edgewood REIT and, on an as converted basis, the owners of the Advisor control 22.69% of the outstanding voting shares. Total costs incurred for management and acquisition fees for the years ended December 31, 2019 and 2018 were \$4,542,830 and \$4,746,843, respectively. In addition, finance fees in the amount of \$3,967,443 and \$3,784,365 were capitalized during the years ended December 31, 2019 and 2018. As of December 31, 2019 and 2018, \$1,779,067 and \$1,240,450 were owed to Edgewood Properties Management, LLC, respectively.

As of December 31, 2019, the beneficial ownership of common shares of the Trust and of limited partnership units of the Operating Partnership controlled by advisors and directors, on an as converted basis, totaled approximately 7,139,615 or 47% of the total outstanding shares.

#### **NOTE 11 MAJOR CUSTOMERS**

The Company derived 10% or more of its revenue for the years ended December 31, 2019 and 2018 from the following customer:

The Company had rental income from the various Edgewood operating companies totaling \$48,022,305 and \$44,597,665, with \$1,090,048 and \$719,227 included in related party receivables, respectively, for years ended December 31, 2019 and 2018 .

#### **NOTE 12 ADVERTISING COSTS**

Advertising costs totaling \$746,815 and \$631,133 for the years ended December 31, 2019 and 2018, respectively, were expensed as incurred.

**EDGEWOOD REAL ESTATE INVESTMENT TRUST AND SUBSIDIARIES**  
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**NOTE 13 INCOME TAXES**

It is the opinion of management the Company has no significant uncertain tax positions which would be subject to change upon examination. The federal income tax returns of the Company are subject to examination by the IRS, generally for three years after they are filed. All required filings with tax authorities are up-to-date.

**NOTE 14 FUTURE ACCOUNTING PRONOUNCEMENTS**

**ASU 2016-02, Leases (Topic 842)**

During 2016, the Financial Accounting Standards board (FASB) issued guidance to change the accounting for leases. The main provision of ASU 2016-02 requires lessees to recognize lease assets and lease liabilities for most long-term leases, including those classified as operating leases under GAAP. The ASU is effective for the Company for fiscal years beginning after December 15, 2020. The FASB has issued an exposure draft that delays the implementation of this standard for private companies until January 2021.

**ASU 2017-12, Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities**

This ASU makes several targeted improvements to the accounting for hedging activities. For the Company, the ASU is effective for fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020.

Management has not yet determined what effect these pronouncements will have on the Company's financial statements.

With the exception of the new standards discussed above, management has not identified any other new accounting pronouncements that may have potential significance to the Company's consolidated financial statements.

**NOTE 15 WHOLLY-OWNED SUBSIDIARIES**

As disclosed in Note 1, the Company conducts a majority of its business activities through its consolidated operating partnership, Edgewood Properties LLLP, a North Dakota Limited Liability Limited Partnership and through several wholly owned subsidiaries as follows:

EVI Alexandria, LLC - a Minnesota Limited Liability Company

EVI Plantation Place, LLC - an Idaho Limited Liability Company

EVI Greenleaf, LLC - a South Dakota Limited Liability Company

EVI Meridian, LLC - an Idaho Limited Liability Company

KCR Investments, LLC - dba Minot Place Apartments - a North Dakota Limited Liability Company

Rowan Apartments, LLC - dba Burlington Apartments - a North Dakota Limited Liability Company

Edgewood Corporate Plaza, LLC - a North Dakota Limited Liability Company

EVI Mandan, LLC - a North Dakota Limited Liability Company



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EVI Bismarck Senior Apartments, LLC - a North Dakota Limited Liability Company  
EVI Minnesota Heights, LLC - a Minnesota Limited Liability Company  
EVI Prairie Crossings, LLC - a South Dakota Limited Liability Company  
EVI Civic Place, LLC - a North Dakota Limited Liability Company  
EVI Mandan Apartments, LLC - a North Dakota Limited Liability Company  
EVI Campus Place, LLC - a North Dakota Limited Liability Company  
EVI Campus Place II, LLC - a North Dakota Limited Liability Company  
EVI McEnroe Apartments, LLC - a North Dakota Limited Liability Company  
EVI McEnroe Apartments ND 4, LLC - a North Dakota Limited Liability Company  
EVI McEnroe Apartments ND 5, LLC - a North Dakota Limited Liability Company  
EVI Bismarck Village, LLC - a North Dakota Limited Liability Company  
EVI Blaine, LLC - a Minnesota Limited Liability Company  
EVI Collins Place, LLC - a North Dakota Limited Liability Company  
EVI Gallery Apartments, LLC - a North Dakota Limited Liability Company  
EVI McEnroe Apartments ND 6, LLC - a North Dakota Limited Liability Company  
EVI Northern Pacific, LLC - a Minnesota Limited Liability Company  
EVI University Real Estate, LLC - a North Dakota Limited Liability Company  
EVI Legacy Storage, LLC - a North Dakota Limited Liability Company  
Marston Development, LLC - a Minnesota Limited Liability Company  
EVI Pierre, LLC - a South Dakota Limited Liability Company  
EVI Spring Creek Eagle Island AL, LLC - an Idaho Limited Liability Company  
EVI May Creek, LLC - a Minnesota Limited Liability Company  
EVI GF 55+, LLC - a North Dakota Limited Liability Company  
EVI Parkwood Place, LLC - a North Dakota Limited Liability Company  
EVI Spring Creek Eagle Island IL, LLC - an Idaho Limited Liability Company  
EVI Jamestown, LLC - a North Dakota Limited Liability Company  
EVI American Falls, LLC - an Idaho Limited Liability Company  
EVI Boise, LLC - an Idaho Limited Liability Company  
EVI Overland, LLC - an Idaho Limited Liability Company  
EVI Soda Springs, LLC - an Idaho Limited Liability Company  
EVI Ustick, LLC - an Idaho Limited Liability Company  
EVI Eagle, LLC - an Idaho Limited Liability Company  
EVI Baxter, LLC - a Minnesota Limited Liability Company  
EVI Coulee Ridge, LLC - a North Dakota Limited Liability Company  
EVI Meridian, LLC - an Idaho Limited Liability Company  
EVI Aspen Wind, LLC - a Wyoming Limited Liability Company  
EVI Belgrade, LLC - a Montana Limited Liability Company

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EVI Billings Memory Care, LLC - a Montana Limited Liability Company  
EVI Brainerd, LLC - a Minnesota Limited Liability Company  
EVI Columbus, LLC - a Nebraska Limited Liability Company  
EVI Dickinson, LLC - a North Dakota Limited Liability Company  
EVI Dominion, LLC - a North Dakota Limited Liability Company  
EVI East Grand Forks, LLC - a Minnesota Limited Liability Company  
EVI Fargo, LLC - a North Dakota Limited Liability Company  
EVI Fremont, LLC - a Nebraska Limited Liability Company  
EVI Grand Island, LLC - a Nebraska Limited Liability Company  
EVI Hastings, LLC - a Nebraska Limited Liability Company  
EVI Helena, LLC - a Montana Limited Liability Company  
EVI Hermantown I, LLC - a Minnesota Limited Liability Company  
EVI Hermantown II, LLC - a Minnesota Limited Liability Company  
EVI Kalispell, LLC - a Montana Limited Liability Company  
EVI Laramie, LLC - a Wyoming Limited Liability Company  
EVI Meadow Wind, LLC - a Wyoming Limited Liability Company  
EVI Minot, LLC - a North Dakota Limited Liability Company  
EVI Missoula, LLC - a Montana Limited Liability Company  
EVI Mitchell, LLC - a South Dakota Limited Liability Company  
EVI Norfolk, LLC - a Nebraska Limited Liability Company  
EVI Omaha, LLC - a Nebraska Limited Liability Company  
EVI Park Place, LLC - a Wyoming Limited Liability Company  
EVI Sartell AL, LLC - a Minnesota Limited Liability Company  
EVI Sartell IL, LLC - a Minnesota Limited Liability Company  
EVI Sierra Hills, LLC - a Wyoming Limited Liability Company  
EVI Sioux Falls Memory Care, LLC - a South Dakota Limited Liability Company  
EVI South Lake Medical, LLC - a Minnesota Limited Liability Company  
EVI Spearfish, LLC - a South Dakota Limited Liability Company  
EVI Virginia, LLC - a Minnesota Limited Liability Company  
EREIT Grand Forks Medical Office, LLC - a North Dakota Limited Liability Company  
EREIT Grand Forks NNN, LLC - a North Dakota Limited Liability Company  
EVI Cambridge Park Apartments, LLC - a Missouri Limited Liability Company  
EVI Essex Place Apartments, LLC - a Missouri Limited Liability Company  
EVI Gazebo Apartments, LLC - a Missouri Limited Liability Company  
EVI Greenfield Apartments, LLC - a North Dakota Limited Liability Company  
EVI Highland Park Apartments, LLC - a Missouri Limited Liability Company  
EVI Maple Garden Apartments, LLC - a Missouri Limited Liability Company

SEE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**EDGEWOOD REAL ESTATE INVESTMENT TRUST AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2019 AND 2018**

EVI Marion Park Apartments, LLC - a Missouri Limited Liability Company  
EVI Falcon Apartments, LLC - a Missouri Limited Liability Company  
EVI Kindred, LLC - a North Dakota Limited Liability Company  
EVI Westlake Apartments, LLC - an Iowa Limited Liability Company  
EWR Bismarck Horizon Clinic, LLC - a North Dakota Limited Liability Company  
EWR Grand Forks Medical Park, LLC - a North Dakota Limited Liability Company  
EWR Mandan Lakewood, LLC - a North Dakota Limited Liability Company  
EWR Minot Dental Office, LLC - a North Dakota Limited Liability Company  
EWR Rapid City, LLC - a South Dakota Limited Liability Company  
EWR Scottsdale P & P, LLC - an Arizona Limited Liability Company  
EWR St. Paul Rice Street, LLC - a Minnesota Limited Liability Company  
EWR Springfield Coryell Crossing Apartments, LLC - a Missouri Limited Liability Company  
EWR Springfield Tera Vera, LLC - a Missouri Limited Liability Company  
MV Scenic Station Apartments, LLC - a Missouri Limited Liability Company  
MV Sherwood Village East, LLC - a Missouri Limited Liability Company  
MV Springcreek, LLC - a Kansas Limited Liability Company  
MV Watermill Park, LLC - a Missouri Limited Liability Company  
MV Wichita 1, LLC - a Kansas Limited Liability Company  
MV Palm Village, LLC - a Missouri Limited Liability Company  
MV Westbrook, LLC - a North Dakota Limited Liability Company  
EWR Wichita Medical Office Building, LLC - a Kansas Limited Liability Company  
EWR Pierre Land, LLC - a South Dakota Limited Liability Company  
EWR Blaine Medical Office Building, LLC - a Minnesota Limited Liability Company  
EWR Fargo EAPC Building, LLC - a North Dakota Limited Liability Company  
EWR Minot Emerald Court, LLC - a North Dakota Limited Liability Company  
EWR Boise Castle Hills, LLC - an Idaho Limited Liability Company  
EWR Springfield Trails Bend, LLC - a Missouri Limited Liability Company  
EWR Orchard Park Apartments, LLC - a Missouri Limited Liability Company  
EWR Minot Office Building, LLC - a North Dakota Limited Liability Company  
EWR Dickinson TSC, LLC - a North Dakota Limited Liability Company  
EWR Mesa Medical Office Building, LLC - an Arizona Limited Liability Company  
EWR Mesa Medical Office Building II, LLC - an Arizona Limited Liability Company  
EWR Pierre Highlands Ridge, LLC - a South Dakota Limited Liability Company  
EWR Boise Persimmon, LLC - an Idaho Limited Liability Company  
EWR Springfield Cambium, LLC - a Missouri Limited Liability Company  
EWR Grand Forks Westridge, LLC - a North Dakota Limited Liability Company

SEE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**EDGEWOOD REAL ESTATE INVESTMENT TRUST AND SUBSIDIARIES**  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED  
DECEMBER 31, 2019 AND 2018

**NOTE 16 SUBSEQUENT EVENTS**

Subsequent to December 31, 2019, the Company completed the following acquisitions:

The acquisition of Hawk Pointe Apartments in Bismarck, ND for \$17,750,000 with assumed HUD financing of approximately \$9,700,000.

The acquisition of a Grand Forks, ND medical office building and senior housing project for \$5,047,000.

No other significant events have occurred subsequent to the Company's year-end. Subsequent events have been evaluated through March 24, 2020, the date these financial statements were available to be issued.

SEE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS









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