

Cambium Apartments, Springfield



Essex Place Apartments, Springfield

2020 First Quarter Report to Shareholders & Partners Quarter ended March 31, 2020

Dear Shareholders and Partners:

Greetings from your Management Team! As I write this report, we are in the middle of our battle with the coronavirus. As you are all aware, this virus has been extremely disruptive to our economy and our way of life. Although our path forward could be bumpy for the next few months, I am confident we will successfully overcome this insidious silent foe and at some point, in the not too distant future, our country will start to see a return to positive economic numbers.

We are pleased to report to you, our shareholders and partners, a solid first quarter with year-over-year increases in our earnings-per-share, as represented by funds from operation (“FFO”) and, also in funds available for distribution (“FAD”). FAD is a financial metric which is more representative of cash available for distribution. In computing FAD, the principal adjustments from FFO are to exclude the straight-line component embedded within net leases and also to reflect a deduction for landlord recurring capital expenditures. For Edgewood REIT, the difference between FFO and FAD on an annual basis has typically been about \$.20 per share. In our quarterly reports, in addition to FAD, we will continue to report FFO as this is the most common and accepted financial metric in the REIT industry, and a financial metric which is provided by all public and private REITs.

FAD for the first quarter of 2020 increased – on

a per share basis – 5% from the first quarter of 2019. We are pleased with this financial performance and continue to expect solid financial performance in 2020, notwithstanding Covid-19.

We feel our April numbers are reflective of the potential economic impact from the coronavirus. For the month of April, we showed a slight increase (approximately 2%) in delinquencies in our multifamily portfolio. We also entered into \$90,000 (on a monthly basis) rent forbearance arrangements with net lease tenants – primarily dentists and other medical providers. At this point, none of our tenants have asked for any rent forgiveness and once these businesses are back in operation, we expect rents will be immediately restored, including a payment of suspended rents. On the expense side, we are closely monitoring and reducing our operating and capital expenditures and the net effect in April is cash flow exceeding our original (pre-Covid-19) budget.

We remain vigilant in protecting your shareholder value, and remain cautiously optimistic the financial impact of Covid-19 will be minimal.

On another note, due to the coronavirus, we are postponing our Annual Shareholder Meeting from June until September. We will provide additional information on the Annual Shareholder Meeting at a later date.

As always, if you have any questions, please reach out to a member of your Management Team.

Income Statement Data

	YTD	First Quarter 2020
Revenues	\$26,897,132	\$26,897,132
Net Income	\$5,011,916	\$5,011,916
Funds from Operations (FFO)	\$12,207,434	\$12,207,434
Funds Available for Distribution (FAD)	\$10,765,405	\$10,765,405

Balance Sheet Data

	March 31, 2020
Current Assets	\$40,471,661
Current Liabilities	\$65,236,165
Total Real Estate Investments	\$1,014,148,046
Total Assets	\$1,079,392,658
Long Term Liabilities	\$607,477,278
Shareholder Equity	\$406,679,215

Per Share Data

	YTD	First Quarter 2020
Shares/ Partnership Units	28,889,788	28,889,788
Net Income	\$0.1735	\$0.1735
Funds from Operations (FFO)	\$0.4226	\$0.4226
Funds Available for Distribution (FAD)	\$0.3726	\$0.3726

Weighted Shares Outstanding

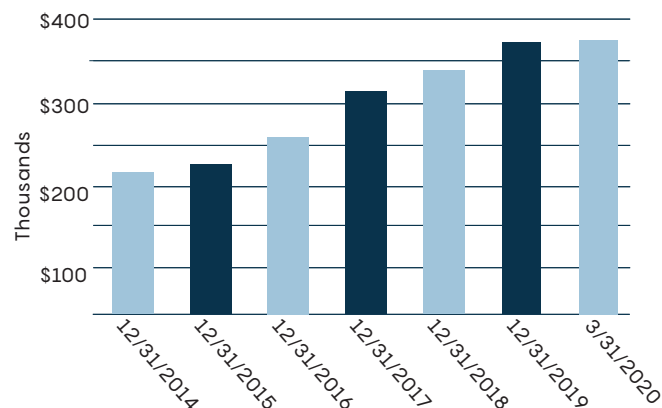
	YTD	First Quarter 2020
Weighted Shares/ Partnership Units	28,461,212	28,461,212
Net Income – Weighted Share	\$0.1761	\$0.1761
Funds from Operations (FFO)	\$0.4289	\$0.4289
Funds Available for Distribution (FAD)	\$0.3782	\$0.3782
Dividends Per Share	\$0.2625	\$0.2625
Total Dividends Paid	\$7,518,162	\$7,518,162

Dividend Coverage

	YTD	First Quarter 2020
FFO/Total Dividends Paid	162.37%	162.37%
FAD/Total Dividends Paid	143.19%	143.19%

Investment Performance

Calculations for the Investment Earnings Chart are based on an initial investment of \$100,000 with all quarterly dividends reinvested. An investment of \$100,000 on January 1, 2011 (inception) would be worth \$372,746.47 as of March 31, 2020.



Dividend Declaration

The Board of Trustees declared a dividend of 26.25 cents per share to shareholders and partners of record as of March 31, payable on April 15, 2020. This constitutes the 36th consecutive quarterly dividend paid to our shareholders and partners, for an annual dividend yield of 5.00%.

Dividend Reinvestment

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

Edgewood REIT Shares

The Trustees approved a private placement offering at \$21.00. If you are interested in purchasing additional shares, please contact your investment representative, Roger Domres at 701-240-3335 or Kari Opegard at 701-212-4800 for assistance.

Contact Edgewood REIT

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