GINKGOREIT

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2023

SEMI-ANNUAL REPORT

GINKGO REIT INC.
PRIVATE, NON-TRADED
PERPETUAL LIFE OFFERING

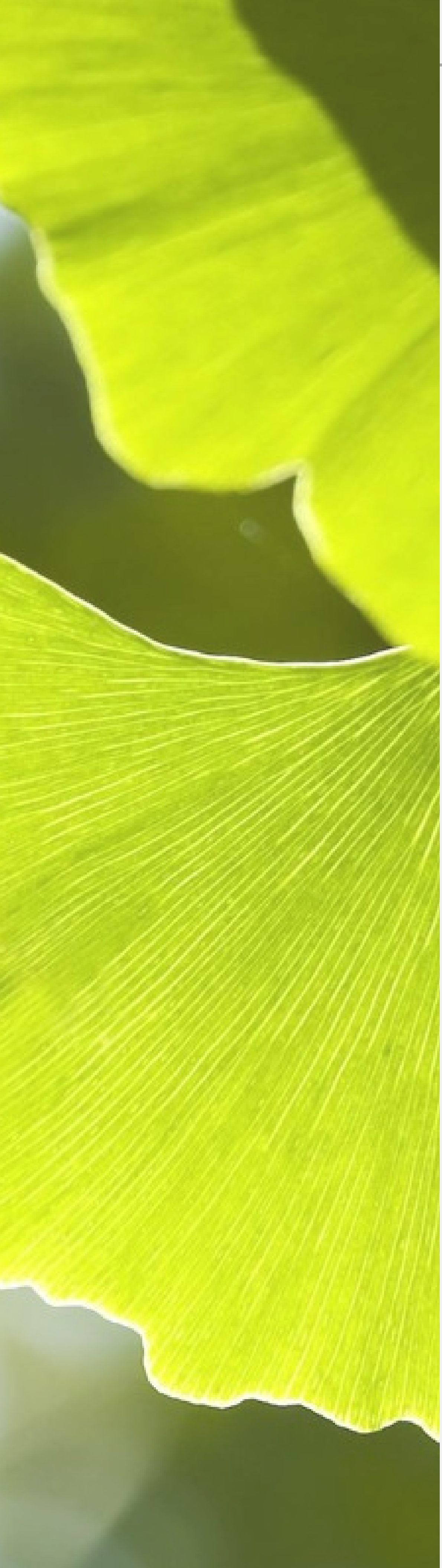
200 S College St, Suite 200
Charlotte NC, 28202
www.ginkgoreit.com

The Preserve Townhomes

Ginkgo REIT is a private, non-traded, multifamily Real Estate Investment Trust (REIT) focused on acquiring, improving and operating established communities that are affordable to the working households of North and South Carolina.

Our hybrid investment model includes direct and indirect investment in wholly owned and joint venture communities. Through joint ventures, shareholders may earn enhanced returns through our General Partnership (GP) position when certain economic thresholds are achieved.

Yorkshire Apartment Homes



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GINKGOREIT

August 31, 2023

Dear Shareholders and Unitholders,

We are pleased to provide you with this 2023 mid-year report on Ginkgo REIT. Despite facing ongoing challenges in the broader economic environment, we are happy to report that our portfolio has continued to perform well. Year-to-date through the second quarter of 2023, the REIT delivered a 2.6% total return[1], and since inception four years ago, generated an 81.1% total return[1]. We continue our focus on maximizing the total return to our investors by providing both tax-efficient dividends and long-term capital appreciation. Since inception, all dividends have been treated as return of capital ("ROC")[2], with those dividends qualifying for tax deferral until each individual shareholder's redemption. This unique tax advantage provides our investors with a meaningful after-tax yield advantage compared to other taxable investments. The ROC dividends reduce the cost basis of your investment, effectively converting ordinary income into long-term capital gains at the time of your individually selected redemption.

Corporate and Performance Highlights (as of and for the six months ended June 30, 2023):

- $395M in total asset value[3], consisting of direct and indirect investments in 40 communities, comprising 6,382 units, located across 4 Carolina regions.
- 89 apartment homes acquired (two communities), through both an UpREIT contribution and cash purchase.
- **2.6% total return[1] year-to-date and 81.1% total return[1] since inception (July 1, 2019)**
- Dividends and distributions have continued to be treated as 100% return of capital[2] (tax deferred) since formation.

Portfolio and Results Update

11%
NOI Growth
Year-over-Year

The REIT's communities generated an 11% year-over-year net operating income growth through June. Much of this growth comes from the same-community[4] operations, demonstrating the REIT's capacity to foster organic growth via stabilized occupancy, gradual rent appreciation, and returns on strategic capital investments. Our commitment to maintaining and enhancing the quality of our communities has contributed to our consistent cash flow growth and strong occupancy levels. Our value-add programs and initiatives have also continued to add to our outsized performance. During the first half of 2023, we completed renovations on 282 units across our portfolio and leased 263 upgraded units, achieving an average monthly rent premium of $317/unit. The portfolio's occupancy[5] for the six months ended June 30, 2023 was 93%, with 2% of the REIT's vacancy attributed to units being temporarily taken offline to complete interior renovations.

Year-to-date (through June 2023), we experienced a $1.47 decrease in Adjusted Funds from Operations (AFFO) per unit/share compared to the prior year. This per unit reduction equates to approximately a $1.5 million decrease in AFFO for the six months ended 2023 compared to 2022 when extrapolating the per unit share difference over the weighted-average shares outstanding. This decrease is directly related to the current market environment, specifically the impact of rising interest rates and inflation. *Despite our continued efforts to maintain strong operational performance, these external influences have presented challenges to our joint-venture (unconsolidated) assets operating cash flows.* The increased interest rates and required lender escrows for interest rate cap replacements have led to higher borrowing costs, impacting the joint venture communities' ability to achieve the same level of results as in 2022.

To mitigate the effects of rising interest rates, we proactively employed interest rate hedges to help protect our balance sheet and cash flows. These hedges were implemented to minimize the potential risks associated with interest rate volatility on our debt obligations. Nevertheless, even with our in-place hedging instruments, our interest expense and loan amortization have increased by a staggering 200% from the prior year. Despite material top-line level growth, the unprecedented pace of interest rate increases, along with the effects of inflation on operating expenses, have adversely affected our cash flows. However, as the economic landscape continues to evolve, we remain optimistic that our risk mitigation strategies and sector positioning will prove to be beneficial in containing costs despite this market shift. Furthermore, we are actively exploring additional strategies to further mitigate market-related volatility, specifically focused on our financing and hedging activities.

Balance Sheet Management

We are committed to maintaining a proactive approach to managing our balance sheet. One of our key strategies is to look for opportunities to finance with fixed-rate debt. In a rising interest rate environment, fixed-rate debt offers a significant advantage as it provides protection against future rate hikes. By locking in long-dated fixed-rate financing, we can mitigate the risk of interest rate volatility and create greater predictability of our interest expense over time.

For the consolidated assets, our total financing (including our line-of-credit) is 95% fixed-rate with a 6.1-year weighted average maturity and a weighted average interest rate[6] of 4.3% (inclusive of our interest rate swap). All consolidated property mortgages are fixed-rate, with over a 7-year average remaining maturity. The REIT's variable-rate, secured line-of-credit has $50 million in borrowing capacity to fund acquisitions, working capital or other corporate needs. In anticipation of further rate hikes, we proactively swapped $20 million of the line-of-credit in January 2023. This interest rate swap effectively converts a portion of the variable-rate credit facility debt to fixed rate. This swap is expected to provide the consolidated portfolio with $200,000 in interest expense savings in 2023.

Due to the nature of the joint venture transactions, we have historically elected to finance the unconsolidated assets (off-balance sheet assets and debt) primarily through variable-rate mortgages, generally with interest rate caps. We constantly evaluate our existing debt portfolio to identify opportunities for refinancing at more favorable terms. Refinancing existing variable-rate loans into fixed-rate loans can further shield us from interest rate volatility and free up additional capital for investment or debt paydowns. During Q2, we refinanced $50 million of the floating-rate unconsolidated debt (8%) to fixed rate to eliminate high interest rates when no cap was in place or the maturity of the rate cap was approaching. Average interest rates on this newly refinanced debt decreased from 7.5%+ to 5.65%. For the unconsolidated assets, 85% of the debt is variable-rate with a total weighted average interest rate[6] of 4.5% (inclusive of hedging instruments). For the majority of the variable-rate debt, rate cap or swap agreements are in place, with strike rates ranging from 0.75%-4.55% per annum, limiting our exposure to interest rate movements. Most of our rate caps will expire over the next 24 months.

Since close of the second quarter, we have refinanced an additional $37 million of the variable-rate debt to fixed rate and financed all new acquisitions with favorable fixed-rate debt. We are continuously focused on maintaining our strong balance sheet, with ample liquidity, and a balanced debt maturity schedule.

Valuation Overview

Throughout 2023, we have closely monitored capitalization rates, which are instrumental in aiding the determination of property valuations. Despite the volatility and uncertainties in the market, capitalization rates in the multifamily sector have shown signs of stabilizing. This stability is a testament to the strong demand for rental housing and the resilience of the multifamily sector during times of market turbulence.

Considering the changing interest rate environment, we have taken a proactive approach to ensure that the valuation of our portfolio reflects these elevated capitalization rates. Our management team has conducted thorough evaluations and adjustments to our cap rates to align with the higher interest rate environment. We have increased our cap rates by more than 25-50bps points since mid-year 2022, resulting in a moderated valuation multiple for our communities.

Based on our valuation process, we believe that the REIT's performance and price is more closely tied with the underlying asset values when compared to publicly traded REITs, whose value. One significant attribute of the non-traded stock valuation model is that the stock price is less volatile and better reflects the real-world value, compared to the daily swings often observed in the public market.

The Board completed its second quarter valuation of the NAV in August 2023 and concluded based on (i) current appraised values, (ii) 1st half cash flow results and 2nd half cash flow assumptions and (iii) higher cap rates, that no change to the Share NAV is warranted and the current price of $145 per share accurately reflects the current value and position of the REIT. The net effect of increased asset level cash flow but lower valuation multiples (due to higher cap rates) has been neutral to the share price so far in 2023.

Capital Allocation and Equity Updates

The REIT raised $6.1 million in equity year-to-date in 2023, comprising common shares, common OP Units and dividend reinvestment. These funds were allocated to finance acquisitions, capital improvements to upgrade existing communities and debt reductions. The REIT has also continued to distribute a monthly dividend that is solely funded by cash flow from operations.

Launched
New Equity Offering in 2023

During Q2, Ginkgo REIT launched a new investment offering to both existing and new investors, with the goal of expanding our capital sources and potential to capitalize on accretive acquisition opportunities over the next 18 months. To achieve this fundraising objective, the Board approved a new unit offering of "penny" warrants attached to the next $50 million of qualified stock sales. Under this offering, current and prospective shareholders will receive one warrant (equivalent to a share of stock) for every 10 shares of stock purchased. The warrants will be exercisable in three years and equate to a 10% bonus equity issued on qualifying new purchases. We believe that these warrants serve as a cost-effective alternative to hiring a broker-dealer or other external fundraiser to raise these funds, except our shareholders earn that 10% instead.

If we do not identify acquisition opportunities that align with our investment objectives in the short term, we will utilize this capital raise to (i) support our ongoing interior renovation programs and (ii) paydown outstanding advances on our line of credit. Although we swapped the line of credit to an all-in fixed rate of approximately 6% in January 2023, the swap agreement allows the REIT to benefit in receiving the difference of SOFR + 2.4% (7.45% as of June 30, 2023) on $20 million, which provides immediate benefits to our shareholders.

Please reach out to our investor relations team for questions or additional information on this new offering (investors@ginkgomail.com).

Acquisitions Update

We have remained active in the market and continue to believe there will be attractive purchase opportunities in the near-term. Our acquisitions team continues to source new deals that align with our investment criteria, and we have made offers on communities that adhere to those standards. In the first half of the year, we acquired two communities that added 89 units to our portfolio.

In April, the REIT made an exciting acquisition, obtaining a 12% interest (potential for an additional 20% of the cash flows if certain performance hurdles are met) in North Main Village, a 72-unit apartment community located in a thriving suburb of Charlotte. This property, built in 2019, is the youngest addition to the REIT's portfolio and requires minimal capital investment due to its recent construction. As a result, the REIT can profit from the community's stabilized cash flows. Furthermore, during the community's lease-up phase, operational oversight from the prior owner led to below-market rents, creating an exciting opportunity for this new joint venture. The acquisition was financed with favorable terms, as we assumed the sellers' fixed-rate debt with 7.5 years remaining and a low interest rate of 3.12%.

We will continue to maintain our presence in the market and remain excited about new opportunities. The REIT's strong balance sheet, new investment offering and access to capital will allow us to fund such opportunities and further our footprint in the Carolinas.

Looking Ahead

We remain optimistic about the remainder of the year but are aware of adverse impacts that inflation and rate increases may have on our results. While we acknowledge that certain risks and uncertainties persist, we are confident in our valuation processes, balance sheet management, and proactive risk mitigation strategies. Inflation has experienced notable declines over the past months, which has somewhat helped stabilize long-term interest rates. In turn, we're seeing a stabilization of cap rates. As this recent major global market shift gradually subsides, we believe our sector positioning and markets will continue to drive strong cash flow growth.

We extend our gratitude to all of our shareholders for your continued support and trust in Ginkgo REIT. Our unwavering commitment to prudently manage our portfolio, leverage favorable interest rates, and capitalize on opportunities that align with our long-term objectives will remain at the core of our strategy. Please reach out to us at any time should you have questions, comments or feedback.

Sincerely,

William C. Green
Co-Chief Executive Officer

Eric S. Rohm
Co-Chief Executive Officer and Secretary

PORTFOLIO STATISTICS & RESULTS OF OPERATIONS

As of and for the six months ended June 30,	2023	2022	Percent Change
Apartment units owned:			
Consolidated investments	2,099	2,094	0.2%
Unconsolidated joint ventures	4,283	3,140	36.4%
Total	6,382	5,234	21.9%
Total assets (at estimated fair market values):			
Consolidated investments	$ 303,206,000	$ 287,665,456	5.4%
Unconsolidated joint ventures	80,949,000	45,036,000	79.7%
Cash and other assets	10,438,043	6,495,008	60.7%
Total assets	$ 394,593,043	$ 339,196,464	16.3%
Consolidated result of operations:			
Total revenue	$ 14,677,696	$ 12,571,648	16.8%
Total NOI	$ 7,869,429	$ 6,739,534	16.8%
Gross profit %	54%	54%	0.0%
Same-community[4] result of operations:			
Total revenue	$ 32,878,860	$ 29,333,630	12.1%
Total NOI	$ 18,521,336	$ 16,630,833	11.4%
Gross profit %	56%	57%	-0.4%
Financial Measures (GAAP and non-GAAP):			
Cash flows from operating activities – GAAP	$ 4,444,425	$ 5,215,989	-14.8%
Funds from Operations – non-GAAP	$ 3,430,019	$ 3,425,968	0.1%
Adjusted Funds from Operations – non-GAAP	$ 3,732,370	$ 3,743,973	-0.3%
Capital Improvements to Real Estate:			
Consolidated investments	$ 3,443,376	$ 2,009,382	71.4%
Unconsolidated joint ventures	12,045,742	7,783,397	54.8%
Total portfolio	$ 15,489,118	$ 9,792,779	58.2%
Per Share Data:			
FFO	$ 3.17	$ 4.51	-29.6%
AFFO	$ 3.45	$ 4.93	-29.9%
Cash dividends paid	$ 2.65	$ 2.60	1.9%
Dividends reinvested	1.13	1.00	13.0%
Total dividends paid	$ 3.78	$ 3.60	5.0%
Portfolio occupancy[5]	92.6%	94.6%	-2%
Portfolio rent per occupied unit	$ 1,145	$ 1,004	14%

Key Highlights

Returns built from the foundation fostered by our hybrid operating model

Investor Returns

8.3% 1YR Return[1]

Capitalization

$395M Total Asset[3] Value

$188M NAV[7]

Performance

12.1% Same-Community[4] Revenue Growth

11.4% Same-Community[4] NOI Growth

100% of Cash Dividends Funded by Operations

Capital Investment

$15M Invested Capital for Improvements[8]

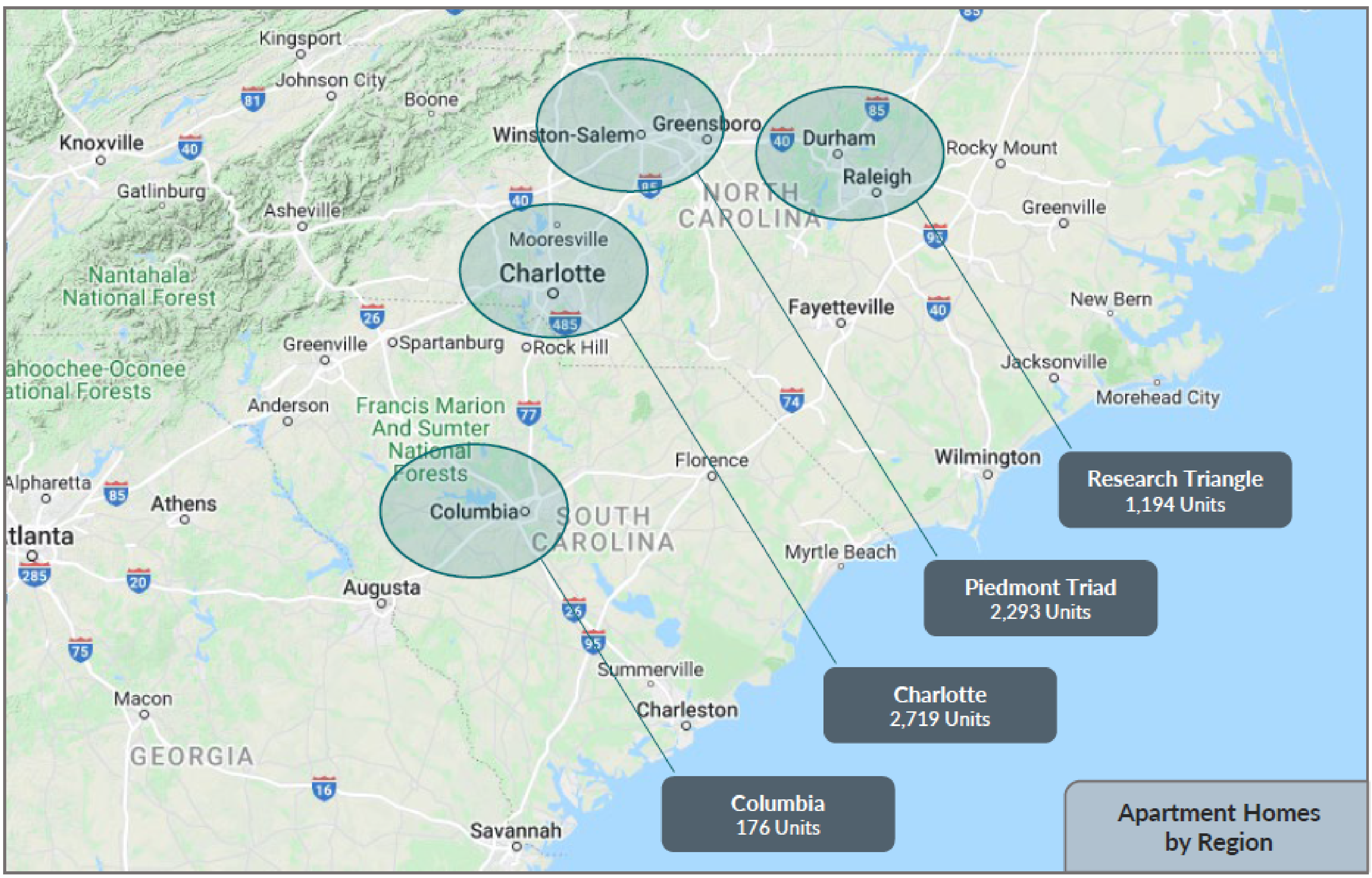
282 Units Renovated[8]

$317 Average Rent Increase per Renovation[8]

1.9% Vacancy Attributed to Renovations[8]

Current Portfolio (as of June 30, 2023)

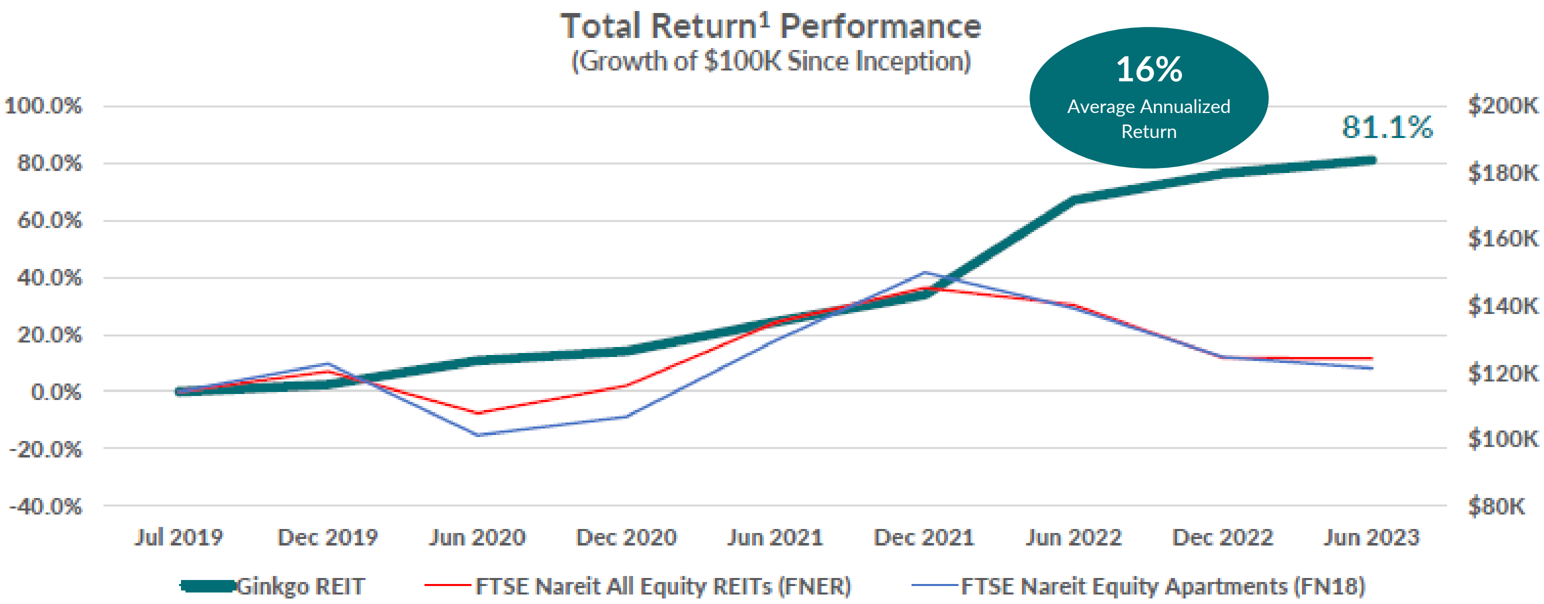
6,382 UNITS – 40 COMMUNITIES – 4 CAROLINA REGIONS



Performance Summary

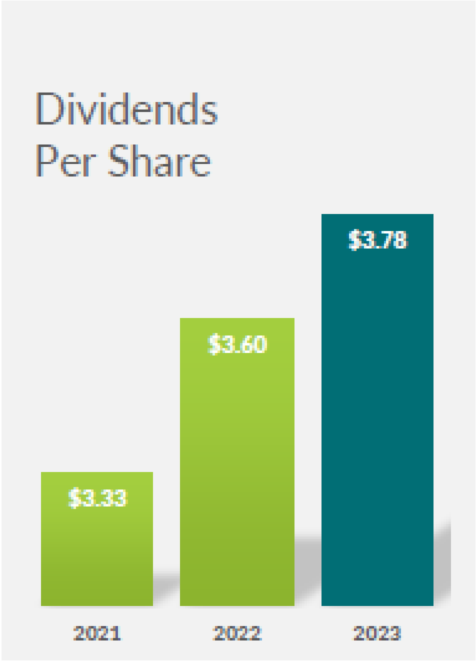
Ginkgo REIT seeks to provide superior long-term total shareholder returns, by maximizing on capital appreciation and dividends paid. Our monthly, tax-advantaged income, has been 100% return of capital (tax deferred) since inception in July 2019.

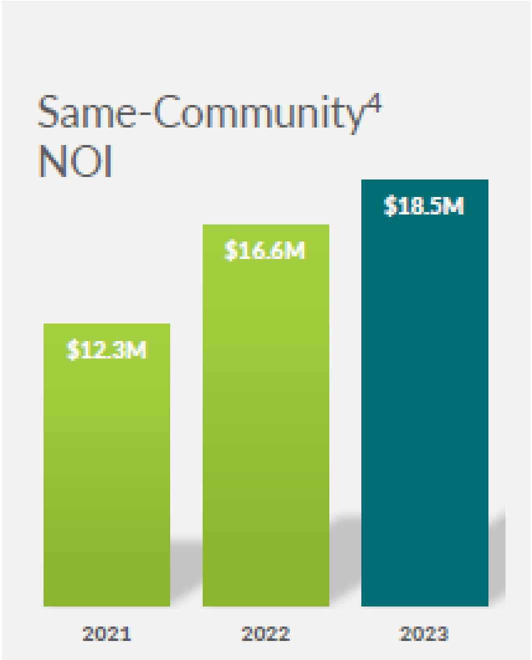
Total Returns[1] Inception Date	1-Year	2-Year	3-Year	Since Inception	Curent Annualized Distribution Rate
July 1, 2019	8.3%	45.5%	63.3%	81.1%	5.2%

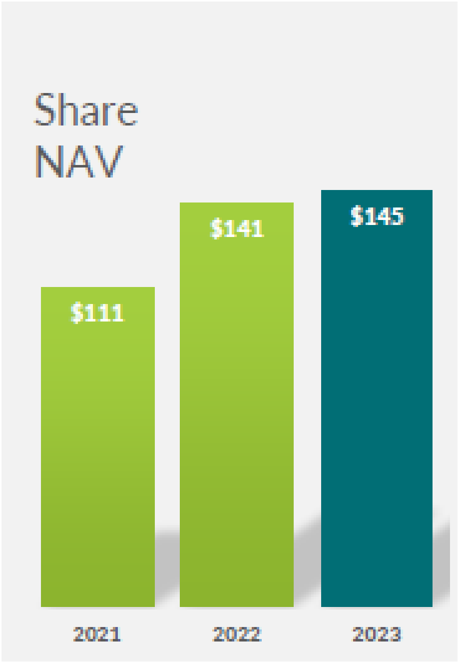


Earnings & Dividend Growth

(as of and for the six-month period ended)

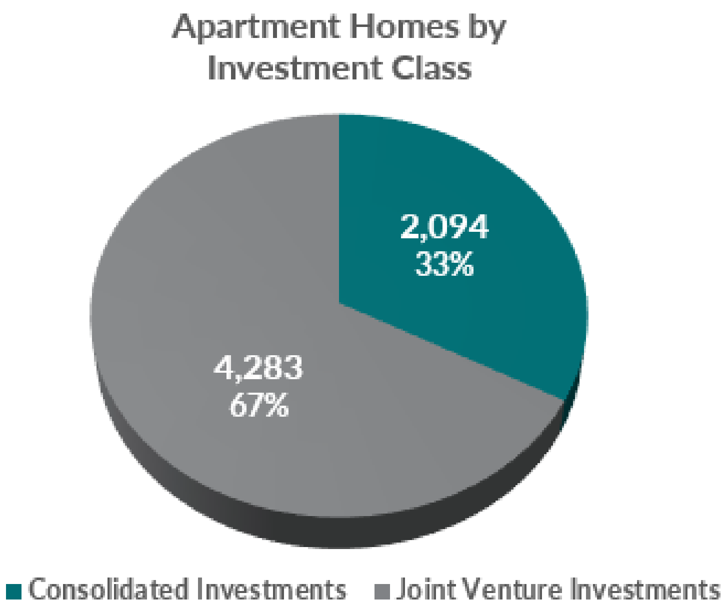


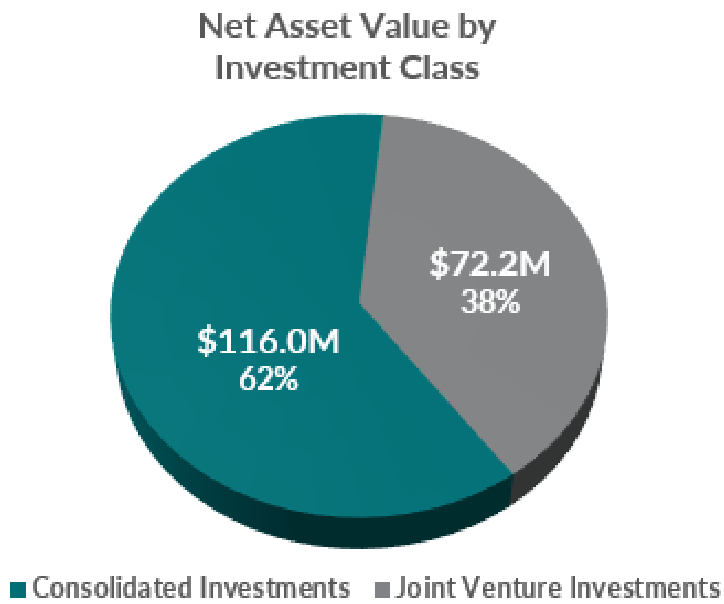




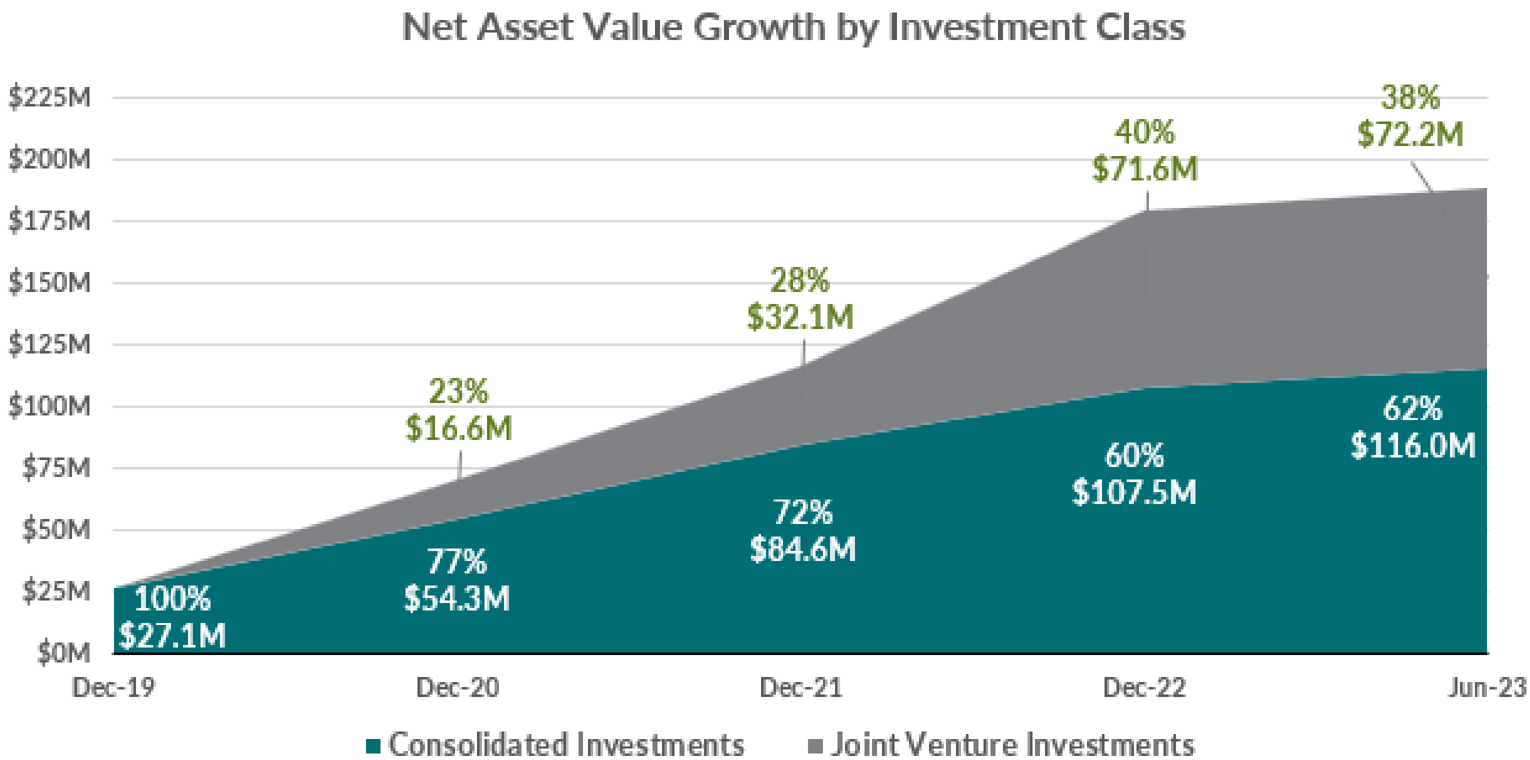
Investment Strategy & Allocation

Our investment strategy involves owning the portfolio of multifamily communities through a unique hybrid model, comprising wholly owned or majority-owned (consolidated) communities and joint venture arrangements (unconsolidated).





We target the portfolio to own 60%+ of our physical apartment homes in joint venture arrangements, but which only represent 40% of our net asset value (equity).



Capitalization

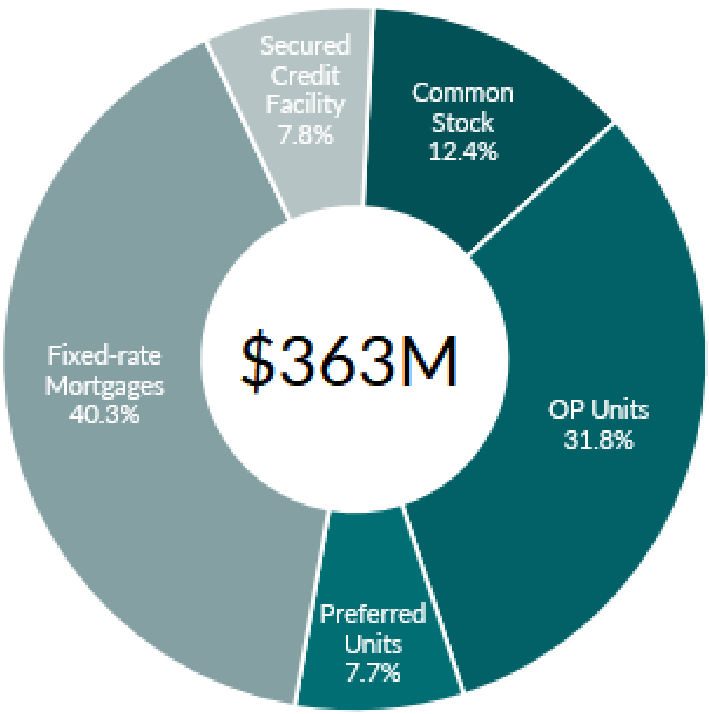
Our strong balance sheet is designed to support continued growth. We proactively manage our debt structuring, focused on a fixed-rate balance sheet to mitigate interest rate risk. We target to leverage our portfolio between 60-70% and stagger our debt maturities, minimizing exposure to liquidity risk.

Total Equity

$188M

Total Debt[9]

$174M



EQUITY		
Shares of Common Stock		310,079
OP Units		794,518
Preferred Units (fully diluted)		193,396
Total Outstanding Shares / Units		1,297,993
NAV per Share / Unit at June 30, 2023	$	145.00
TOTAL EQUITY CAPITALIZATION / NAV	**$**	**188,213,800**
% of Total Capitalization		51.9%
DEBT		
Fixed Rate Mortgages	$	144,077,824
Secured Revolving Credit Facility		28,250,000
Mark-to-Market Debt Adjustment		2,113,000
TOTAL DEBT	**$**	**174,440,824**
% of Total Capitalization		48.1%
% of Fixed-Rate Debt		95.2%
% of Variable-Rate Debt		4.8%
TOTAL CAPITLIZATION	**$**	**362,654,624**

Board of Directors

We believe a balanced Board of Directors with diverse backgrounds and expertise best serves the interests of our management, the Company and our shareholders. Our Board helps guide our long-term investment strategy along with our policies on valuations, risk management and governance.

PHILIP S. PAYNE
CHAIRMAN OF THE BOARD, INDEPENDENT DIRECTOR

- Founded The Lotus Campaign, a not-for-profit enterprise focused on increasing the availability of housing for people experiencing homelessness by engaging the private, for-profit real estate community.
- Retired principal from Ginkgo Residential LLC.
- Previously served as the Chairman of the Board of BNP Residential Properties, Inc., a publicly traded real estate investment trust.

CORY M. OLSON
INDEPENDENT DIRECTOR

- Serves as the Chief Operating Officer of Rialto Capital Group Holdings LLC, an integrated commercial real estate investment and asset management firm
- Previously served as President, Chief Operating Officer and Chief Financial Officer of LNR Property LLC, the Real Estate Investing and Servicing Segment of Starwood Property Trust (NYSE:STWD).

LAWRENCE A. BROWN
INDEPENDENT DIRECTOR

- Serves as Chairman of Starwood Mortgage Capital, one of the leading commercial real estate lenders in the United States.
- Co-founder, and previously served as Managing Director and Chief Operating Officer of AllBridge Investments, an investor in the commercial real estate capital markets.
- Founded Deutsche Bank Mortgage Capital, a wholly owned subsidiary of Deutsche Bank

WILLIAM C. GREEN
DIRECTOR AND CO-CHIEF EXECUTIVE OFFICER

- Principal of Ginkgo Residential LLC.
- Serves as the Lead Independent Director of Arbor Realty Inc., a publicly traded REIT (NYSE:ABR).
- Serves on the Board of Directors of Royal Oak Realty Trust Inc., a privately held REIT.
- Previously served as Global Head of Real Estate Capital Markets at Wachovia Securities and as head of Commercial Mortgage Securitization at Banc of America Capital Markets.

ROBERT J. SULLIVAN
INDEPENDENT DIRECTOR

- Counsel to Movement Mortgage, one of the fastest growing mortgage banks in the country with over 650 locations in 50 States. He is active in all aspects of Movement Mortgage with an emphasis on financing lines.
- Retired partner from the law firm Alston & Bird LLP, where he practiced law and focused on commercial real estate and corporate finance transactions, including loan workout and restructuring, structured products, special servicing, CLO origination and servicing, and commercial lending transactions.

ERIC S. ROHM
DIRECTOR AND CO-CHIEF EXECUTIVE OFFICER

- Principal of Ginkgo Residential LLC.
- Previously served as Chief Legal & Administrative Officer of Babcock & Brown Residential LLC.
- Previously practiced law in the Real Estate Department of Kennedy Covington Lobdell & Hickman, LLP, focusing on all aspects of real estate acquisitions, dispositions, development and financing, as well as real estate private equity investment transactions.

End Notes

All figures are approximate and as of June 30, 2023, unless otherwise indicated. The terms “we”, “us” and “our” refer collectively to Ginkgo REIT Inc. and Ginkgo Multifamily OP LP with reference to the entirety of this report. Past performance does not guarantee future results.

1. Returns shown reflect the percentage change in the NAV per share from the beginning of the applicable noted period, plus the amount of any distribution per share declared in the period. All returns shown assume reinvestment of distributions.

2. Since inception (July 1, 2019), 100% of dividends have been characterized as Return of Capital ("ROC"). ROC distributions reduce the investor's tax basis in the year the distribution is received, and generally defer taxes on that portion until redemption. Upon redemption, the investor may be subject to higher capital gains taxes as a result of a lower cost basis due to the return of capital distributions. This information is not tax advice and each investor’s personal tax situation varies. Investors should consult their own tax advisors in order to understand any applicable tax treatment and consequences of an investment.

3. Total assets is measured as (i) the asset value of real estate investments (based on fair value), plus (ii) the value of unconsolidated real estate investments (based on fair value and inclusive of unrealized promote or other incentive fee profit as part of the arrangement of the joint venture) and (iii) cash and cash equivalents and other assets as reported on the accompanying Consolidated Balance Sheet. This represents a non-GAAP measurement as the assets are measured at fair-value.

4. Same-Community is defined as communities owned for the entirety of the periods being presented or compared. Same-Community is inclusive of both consolidated communities and unconsolidated investments. This represents 4,810 residential units as of June 30, 2023.

5. Occupancy is weighted by the total real estate asset value against all real estate communities. Occupancy represents the percentage of all leased units divided by the total unit count for the six months ended June 30, 2023. Unless otherwise noted, Occupancy is inclusive of both consolidated and unconsolidated communities.

6. Weighted Average Interest Rate is weighted by the the total outstanding debt against all real estate communities (in each respective investment class). Interest rates are inclusive of derivative instruments, consisting of interest rate caps and swaps (strike rates ranging from 0.75% to 3.93% per annum against the respective floating-rate index). The term "S" refers to the relevant floating benchmark rate, which includes 30-day SOFR and 1- month BSBY.

7. NAV is calculated in accordance with the valuation guidelines approved by our board of directors. Please refer to the Supplementary Financial Information section of this report for a breakdown of the major components of our NAV and a reconciliation of GAAP equity to our NAV.

8. Invested Capital for Improvements, Units Renovated, Average Rent Increase per Renovation and Vacancy Attributed to Renovation is inclusive of both consolidated and unconsolidated communities. For unconsolidated communities, this represents the dollar amount and metrics for the joint venture entity, not the Company or Company's pro-rata share. Capital improvements spent by the Company for the consolidated communities are included in the accompanying consolidated financial statements.

9 Total Debt is inclusive of fair market value adjustments, which for the consolidated portfolio represents prepayment penalties on early debt reitrement.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Any statements contained in this report that do not describe historical facts may constitute "forward-looking statements" as that term is defined in the Private Securities Litigation Reform Act of 1995, including statements with respect to the expected financial results of the Company. These may include our financial projections and estimates and their underlying assumptions, statements about plans, objectives and expectations with respect to future operations, statements with respect to acquisitions and statements regarding future performance. The forward-looking statements are subject to a number of risks, trends and uncertainties that could cause actual performance to differ materially from these forward-looking statements. A number of those risks, trends and uncertainties are discussed within both Ginkgo REIT Inc.'s Private Placement Offering Memorandum and Ginkgo Multifamily OP LP's Private Placement Preferred Offering Memorandum. Any forward-looking statements should be evaluated in light of these important risk factors. We disclaim any obligation to update or revise these forward-looking statements. Additionally, this report does not constitute an offer to sell any securities.

GENERAL RISKS OF INFLATION AND INTEREST RATES TO OUR BUSINESS

We have relied primarily on fixed-rate financing for our consolidated investments, locking in what we believe were favorable spreads between leverage, income yields and interest rates, and have tried to maintain a balanced schedule of debt maturities. Our joint venture, unconsolidated investments are primarily financed with variable-rate debt due to the nature of the transactions. We also use interest rate derivatives to manage our exposure to interest rate movements of the variable-rate debt, such as interest rate caps and swaps. However, we are subject to market risk associated with changes in interest rates in terms of our variable-rate debt and the price of acquiring new fixed-rate debt or refinancing of existing debt. Certain unconsolidated investments mortgage loans with lender requirements for maintaining interest rate hedging instruments may materially affect several of the joint ventures financial condition due to transaction costs in purchasing replacements. The hedge instruments have maturities commencing between October 2023 and November 2026. The escrow reserves for the replacement of these hedge instruments poses a significant burden to the cash flows of the unconsolidated investments. The ability for the unconsolidated investments to pay distributions to the Company may be limited or curtailed during periods of higher interest rates and inverted yield curve.

While we have paid consecutive monthly distributions to our shareholders and unitholders since inception, funded solely from cash flows generated from operations, we face liquidity and market risks that could hinder our ability to continue to declare distributions or to pay those distributions solely from operating cash flow. These risks, which may be outside of our control resulting from changes in global, national, regional, or local economic and real estate market conditions, could negatively impact our communities' ability to generate cash flows and burden the Company's cash position. We may not generate sufficient cash flow from operations to fully fund distributions to our shareholders and unitholders, and may fund distributions from sources other than cash flow from operations, including, without limitation, capital raising proceeds (including from sales of our common stock or Operating Partnership units), dividend reinvestment, new borrowings or refinances and the sale of our assets. We continue to carefully monitor our dividend coverage and deploy risk mitigation strategies to limit the impact of both internal and external risk factors.

The timing, source and amounts of cash flows generated by the Company are inherently related to changes in interest rates, inflation, insurance costs, and other fluctuations in the capital markets environment, which can affect the Company's plans for acquisitions, redevelopment activities and paying distributions. Historically, the residential sector has provided a somewhat natural protection to inflation as with shorter lease durations, rents can be increased to current market rates as leases roll. However, inflation may impact our labor force, cost structure and target sector, which remain outside of our control and the risk management procedures implemented by us may not be adequate. As such, these risk factors could adversely impact our ability to pay distributions in future periods.

SUPPLEMENTARY FINANCIAL INFORMATION

We present the following supplementary financial information as a supplement to the consolidated interim financial statements. We encourage you to read the consolidated interim financial statements and the notes accompanying the consolidated interim financial statements included within this Interim Report in conjunction with this supplementary information. This information is not intended to be a replacement for the Company’s consolidated interim financial statements.

References herein to “Company,” “we,” “us,” or “our” refer to Ginkgo REIT, Inc. and Subsidiaries, including Ginkgo Multifamily OP LP (the “Operating Partnership”). References herein to “Shareholder” refers to both Ginkgo REIT, Inc. shareholders and Operating Partnership unitholders.

Funds from Operations and Adjusted Funds from Operations

We believe funds from operations (“FFO”) is a meaningful supplemental, non-GAAP operating metric. Our consolidated financial statements are presented under historical cost accounting which, among other things, requires depreciation of real estate investments to be calculated on a straight-line basis. As a result, our operating results imply that the value of our real estate investments will decrease evenly over a set time period. However, we believe that the value of real estate investments will fluctuate over time based on market conditions and as such, depreciation under historical cost accounting may be less informative. FFO is a standard REIT industry metric defined by the National Association of Real Estate Investment Trusts (“NAREIT”). Pursuant to the updated guidance for FFO provided by the Board of Governors of NAREIT and as determined by the Board of Directors of the Company, we define FFO as net income or loss (computed in accordance with GAAP), excluding (i) depreciation from real property, (ii) gains or losses from sales of depreciable real property, (iii) impairment write downs on depreciable real property, (iv) performance fee allocation to our Advisor paid, or to be paid, in shares of common stock, (v) extraordinary items, and (vi) similar adjustments for noncontrolling interests and unconsolidated entities.

We also believe that adjusted funds from operations (“AFFO”) is a meaningful supplemental, non-GAAP disclosure of our operating results. AFFO further adjusts FFO in order for our operating results to reflect the specific characteristics of our business by adjusting for items we believe are not related to our core operations. Our adjustments to FFO to arrive at AFFO include removing the impact of (i) non-cash stock compensation to the Board of Directors, (ii) amortization of debt acquisition costs, (iii) non-cash asset management fees included in earnings from unconsolidated real estate ventures from the Company's position in certain unconsolidated investments, and (iv) similar adjustments for noncontrolling interests and unconsolidated entities.

The following table presents a reconciliation of net (loss) income to FFO and AFFO for the six months ended June 30, 2023 and 2022:

	Six Months Ended June 30, 2023	Six Months Ended June 30, 2022
Net (loss) income including noncontrolling interests	$ (3,305,364)	$ 306,375
Adjustments to arrive at Funds from Operations (FFO):		
Depreciation	4,696,339	3,921,508
Adjustment for depreciation in unconsolidated real estate ventures	2,766,359	1,128,192
Adjustment for M.I. in consolidated joint venture	14,111	37,509
Non-cash performance fee allocation	-	1,377,441
Loss on early debt extinguishment	-	382,179
Gain on consolidation of real estate joint venture	-	(3,039,885)
Gain on sale of rental property	(1,503)	-
Casualty loss on rental property	135,077	-
Preferred distributions	(875,000)	(687,351)
FFO	**3,430,019**	**3,425,968**
Adjustments to arrive at Adjusted Funds from Operations (AFFO):		
Amortization of debt acquisition costs	229,908	178,862
Unrealized change in fair value of derivative instrument	(272,693)	-
Non-cash stock compensation to Board of Directors	65,625	50,625
Amounts above attributable to unconsolidated real estate ventures	279,511	88,518
AFFO	**$ 3,732,370**	**$ 3,743,973**
Weighted Average Shares Outstanding	**1,080,476**	**759,846**
FFO Per Unit	3.17	4.51
AFFO per Unit	3.45	4.93
Distribution Per Share	3.78	3.60
Distribution as a Percentage of FFO	119.1%	79.8%
Distribution as a Percentage of AFFO	109.4%	73.1%

The following table presents a reconciliation of net loss to FFO and AFFO for the years ended December 31, 2022 and 2021:

	Year Ended December 31, 2022	Year Ended December 31, 2021
Net loss including noncontrolling interests	$ (7,389,361)	$ (3,521,433)
Adjustments to arrive at Funds from Operations (FFO):		
Depreciation	8,252,244	6,086,968
Adjustment for depreciation in unconsolidated real estate ventures	3,461,029	1,418,851
Adjustment for M.I. in consolidated joint venture	73,997	61,564
Non-cash performance fee allocation	5,989,119	1,448,245
Loss on early debt extinguishment	382,179	467,888
Gain on consolidation of real estate joint venture	(3,039,885)	(787,617)
Preferred distributions	(1,557,976)	(204,754)
FFO	**6,171,346**	**4,969,712**
Adjustments to arrive at Adjusted Funds from Operations (AFFO):		
Amortization of debt acquisition costs	380,286	185,183
Non-cash stock compensation to Board of Directors	106,875	82,500
Amounts above attributable to unconsolidated real estate ventures	267,477	-
AFFO	**$ 6,925,984**	**$ 5,237,395**
Weighted Average Shares Outstanding	**856,556**	**682,647**
FFO Per Unit	7.20	7.28
AFFO per Unit	8.09	7.67
Distribution Per Share	7.36	6.71
Distribution as a Percentage of FFO	102.2%	92.1%
Distribution as a Percentage of AFFO	91.0%	87.4%

Common Stock and Operating Partnership Units

The common stock offering, as outlined in Ginkgo REIT Inc.'s Private Placement Offering Memorandum, consists of shares of common stock with $0.01 par value per share. As of June 30, 2023, we had 336 shareholders with shares of common stock.

Operating Partnership units ("Common OP Units") are issued to unitholders as part of the contributions of properties or ownership in properties to the Operating Partnership. As of June 30, 2023, we have 101 unitholders with Common OP Units.

As a privately-held REIT, shares of our common stock are not listed for trading on a stock exchange or other securities market. The purchase price per share for our common stock is equal to our Net Asset Value ("NAV") per share, as determined by the Board of Directors of the Company (the "Board") and reviewed at least annually. Common OP Units are economically equivalent to shares of our common stock and accordingly, prices for our common stock apply to Common OP Units equally.

The following table presents our changes to our NAV per share and dividend per share since inception:

As of:	NAV per Share	Dividend per Share
July 1, 2019	$ 100.00	$ 0.50
January 1, 2020	105.00	0.53
January 1, 2021	111.00	0.55
August 18, 2021	116.00	0.57
January 21, 2022	131.00	0.60
May 18, 2022	141.00	0.62
August 16, 2022	145.00	0.63

Convertible Preferred Equity

The Operating Partnership completed the offering of $25,000,000 Convertible Preferred Operating Partnership Units ("Preferred OP Units"), with $100 par value per unit, during the second quarter of 2022. Pursuant to Ginkgo Multifamily OP LP's Private Placement Preferred Offering Memorandum, the offering ended on May 31, 2022. The cash purchase price for the Preferred OP Units is equal to the par value of $100.

The Preferred OP Units pay an annual distribution yield of 7% (payable monthly), with the first distribution paid August 1, 2021. Holders of Preferred OP Units may be entitled to receive a 2% cumulative distribution at redemption, should the unitholder not elect to convert. It should be noted that changes in the common dividend have no impact of the Preferred OP Unit distribution.

As of June 30, 2023, we have 30 unitholders with Preferred OP Units.

After 2 years from issuance and at the option of the unitholder, each Preferred OP Unit is convertible into shares of common stock of the Company. The number of shares of common stock to be issued upon conversion is dependent upon the issuance date and price of the underlying stock. The common shares to be issued in a conversion election is equal to the number of Preferred OP Units offered for conversion multiplied by the conversion ratio (as determined by the respective NAV per share at the time of issuance).

The following table provides a summary of the conversion option for the Preferred OP Units issued and outstanding as of June 30, 2023:

	Preferred OP Units	Common Stock Price at Issuance	Conversion Ratio	Common Stock Issuable at Conversion	Earliest Open Conversion Date
	43,250	$ 111.00	0.833	36,042	6/30/2023
	156,520	$ 116.00	0.784	122,664	10/18/2023
	47,730	$ 131.00	0.694	33,123	3/31/2024
	2,500	$ 145.00	0.627	1,567	8/31/2024
Total/Wtd Average	**250,000**		**0.774**	**193,396**	**11/2/2023**

Net Asset Value

We calculate NAV per share in accordance with the valuation guidelines that are approved by our Board. The Company's NAV must be determined at least annually, but the Board's practice is to review the NAV quarterly to review and identify if any significant changes in the property portfolio warrant a change to the NAV per share. Since inception, the Board's valuation process has involved utilizing external property appraisals, rather than relying solely on management's in-house estimates. Management augments the third-party valuations by performing its own calculation of the properties fair market values by using the direct capitalization method (of the income approach), which includes using the property's net operating income and an applicable cap rate based on the market, age and other characteristics of the property. Management also includes all non-real estate assets, liabilities and contingent liabilities of the balance sheet of the Company in its calculation. Management's valuation calculation and comparison to the external appraised values are provided to the Board for their consideration. Differences in assumptions are evaluated and valuations are reconciled where necessary, as determined by the Board. At any time, the Board may, in its sole discretion, also engage other consultants, appraisers or real estate investment professionals to assist in the valuations and determinations of the Company's NAV.

Our total NAV per share/unit presented in the following tables includes the NAV of our common stock, Common OP Units and Preferred OP Units (diluted).

The following table provides a breakdown of the major components of our NAV as of June 30, 2023:

Components of NAV	**June 30, 2023**	**Per Share**
Investments in real estate	$ 303,206,000	$ 233.60
Investments in unconsolidated real estate ventures	80,949,000	62.36
Cash and cash equivalents	5,675,617	4.37
Restricted cash	2,744,304	2.11
Other assets	2,018,122	1.55
Debt obligations	(172,327,824)	(132.76)
Prepayment penalties and/or defeasance costs	(2,113,000)	(1.63)
Other liabilities	(6,296,541)	(4.85)
Tax indemnification liability	(22,838,176)	(17.59)
Noncontrolling interests in consolidated joint venture	(2,803,702)	(2.16)
Net Asset Value	**$ 188,213,800**	**$ 145.00**
Number of outstanding shares/units, diluted[(1)]	1,297,993	
NAV per Share/Unit	**$ 145.00**	

(1) Assumes conversion of all outstanding Preferred OP Units (250,000) into shares of common stock at the respective conversion ratios (193,396).

The following table reconciles total equity per our consolidated balance sheet to our NAV as of June 30, 2023:

Reconciliation of Total Equity to NAV	June 30, 2023	Per Share
Total equity under GAAP	$ 116,498,801	$ 89.75
Adjustments:		
Unrealized real estate appreciation from investments in real estate	63,609,660	49.01
Accumulated depreciation	24,378,949	18.78
Unrealized fair value changes from investments in unconsolidated real estate ventures	12,715,674	9.79
Unamortized debt acquisition costs	(1,234,406)	(0.95)
Debt obligations marked to fair value	(2,113,000)	(1.63)
Tax indemnification liability	(22,838,176)	(17.59)
Noncontrolling interests in consolidated joint venture	(2,803,702)	(2.16)
Net Asset Value	**$ 188,213,800**	**$ 145.00**

The following details the adjustments to reconcile GAAP total equity to our NAV:

- Our investments in real estate are presented under historical cost in our GAAP consolidated financial statements. Additionally, our debt obligations ("Debt") are recorded at their carrying value in our consolidated financial statements. As such, any increases or decreases in the fair market value of our investments in real estate or our Debt are not recorded in our GAAP results. For purposes of determining our NAV, our investments in real estate and our Debt are recorded at fair value. Debt marked to fair value is inclusive of prepayment penalties and/or defeasance costs on loans with lower leverage.

- Our investments in unconsolidated real estate ventures are initially recorded at cost using the equity method of accounting. As such, any fluctuations in the fair value of these investments due to appreciation in value, depreciation in value or fair value of expected promote income are not recorded in our GAAP results.

- We depreciate our investments in real estate in accordance with GAAP. Such depreciation is excluded for purposes of determining our NAV.

- We report our unamortized debt acquisition costs as a direct reduction to the carrying value of our Debt in accordance with GAAP. Such costs are excluded for purposes of determining our NAV as these costs are expensed as incurred when our Debt is marked to fair value.

- The Operating Partnership has indemnified each holder of Common OP Units against certain tax consequences in the event of a taxable sale of the Common OP holder(s) contributed property. As defined in the respective tax indemnification agreements, the Operating Partnership agrees to pay to the holder(s) of Common OP Units the aggregate income tax payable under applicable federal and state law in effect at the time of the sale, up to a period of 10 years. For purposes of determining our NAV, the estimated potential tax liability in accordance with the tax indemnification agreements is included assuming complete liquidation of the Company in a single sale of all the assets, free and clear. While the Company may have the ability to employ further tax deferral strategies in the case of periodic, individual asset sales of these contributed properties, the whole portfolio methodology in calculating the Company's NAV reflects the potential cost of complying with the indemnity agreements. It should be noted that this liability is the Company's management's best estimate. Management has not performed detailed tax analyses or engaged a professional tax advisor to calculate, assess, review or audit this estimate. Accordingly, our NAV calculation is inherently subjective, and our NAV may not accurately reflect the impact of the potential tax indemnifications.

- Total equity includes the economic interest of the Company's various classes of capital, comprising common stock, Common OP Units and Preferred OP Units, as well as third party interests in a joint venture that is consolidated in the accompanying consolidated financial statements. The Operating Partnership has consolidated the joint venture as the accounting requirements for consolidation are met. For purposes of determining our NAV, the non-controlling interest in the consolidated joint venture is removed. The non-controlling interest is reported at fair value in this calculation.

The following table further provides condensed financial information of our NAV as of June 30, 2023:

Condensed Financial Information of NAV	June 30, 2023	December 31, 2021
Assets		
Investments in real estate	$ 303,206,000	$ 266,810,956
Investments in unconsolidated real estate ventures	80,949,000	33,914,169
Cash and other assets	10,438,043	6,605,008
Total assets	**394,593,043**	**307,330,133**
Liabilities		
Debt obligations	(174,440,824)	(166,640,391)
Other liabilities	(6,296,541)	(3,819,595)
Tax indemnification liability	(22,838,176)	(17,000,000)
Total liabilities	**(203,575,541)**	**(187,459,986)**
Noncontrolling interests in consolidated joint venture	(2,803,702)	(3,153,125)
Net Asset Value	**$ 188,213,800**	**$ 116,717,022**
Stockholders' equity	$ 44,961,420	$ 25,095,790
Operating Partnership unitholders	$ 143,252,380	$ 91,621,232

Dividends and Distributions

Beginning July 1, 2019, we declared monthly distributions for our common stock and Common OP Units, which are generally paid one to three days after month-end. We have paid distributions consecutively each month since such time. Both our common stock and Common OP Units receive the same distribution per share, which was declared at $3.78 and $3.60 per share for the six months ended June 30, 2023 and 2022, respectively. It should be noted that declared dividends are paid one month in arrears, making cash receipts lag by a month when comparing to dividends declared.

The following table details the distributions declared for the six months ended June 30, 2023 and 2022:

Declaration Month	2023	2022
January	$ 0.63	$ 0.60
February	0.63	0.60
March	0.63	0.60
April	0.63	0.60
May	0.63	0.60
June	0.63	0.60
	$ 3.78	**$ 3.60**

The following table summarizes our distributions paid during the six months ended June 30, 2023 and 2022:

	2023		2022	
Dividends and Distributions	**Amount**	**Percentage**	**Amount**	**Percentage**
Payable in cash	$ 2,845,880	70%	$ 1,931,349	72%
Reinvested into common shares	1,198,605	30%	738,312	28%
Total dividends and distributions	**$ 4,044,485**	**100%**	**$ 2,669,661**	**100%**
Sources of Dividends and Distributions				
Cash flows from operating activities	$ 2,845,880	100%	$ 1,931,349	100%
Offering proceeds	-	0%	-	0%
Total sources of dividends and distributions	**$ 2,845,880**	**100%**	**$ 1,931,349**	**100%**

	2023			2022		
		Dividend Coverage			**Dividend Coverage**	
	Amount	**Total**	**Cash**	**Amount**	**Total**	**Cash**
Cash flows from operating activities – GAAP	$ 4,444,425	1.56x	1.1x	$ 5,215,989	1.95x	1.95x
Funds from Operations – non-GAAP	$ 3,430,019	1.21x	.85x	$ 3,425,968	1.28x	1.28x
Adjusted Funds from Operations – non-GAAP	$ 3,732,370	1.31x	.92x	$ 3,743,973	1.4x	1.4x

Real Estate Portfolio

The following table provides information regarding our portfolio of real estate communities as of June 30, 2023:

Communities	Location	Acquisition Date	Ownership Interest[(1)]	Units	Occupancy[(2)]
Consolidated real estate[(3)]*:*					
Brookford Place	Winston Salem, NC	Aug. 2019	100%	108	93.0%
Glendare Park	Winston Salem, NC	Aug. 2019	100%	600	92.6%
Salem Ridge	Winston Salem, NC	Sep. 2019	100%	120	96.9%
501 Towns	Durham, NC	Oct. 2019	100%	236	94.9%
Bridges at Quail Hollow	Charlotte, NC	Feb. 2020	100%	90	100.0%
Matthews Lofts	Charlotte, NC	Mar. 2020	100%	81	96.4%
Pepperstone	Greensboro, NC	April 2020	100%	108	96.2%
Woodcreek Farms	Columbia, SC	April 2020	67%	176	95.8%
Lexington Street	Durham, NC	June 2020	100%	16	100.0%
Savannah Place	Winston Salem, NC	Sep. 2020	100%	172	89.5%
Gardens at Country Club	Winston Salem, NC	Nov. 2020	100%	137	93.8%
East Park	Charlotte, NC	Nov. 2021	100%	71	96.7%
Spencer Crossing	Greensboro, NC	Dec. 2021	100%	63	93.8%
Swathmore Court	High Point, NC	Dec. 2021	100%	104	95.1%
Cedar Oaks	Charlotte, NC	Apr. 2023	100%	17	100.0%
Total consolidated real estate[(3)]				2,099	
Unconsolidated real estate[(4)]*:*					
Forest at Chasewood	Charlotte, NC	Oct. 2020	15%	220	94.5%
Kimmerly Glen	Charlotte, NC	Oct. 2020	40%	260	84.9%
Croasdaile Farms	Durham, NC	Nov. 2020	32%	272	97.9%
The Cedars	Charlotte, NC	Nov. 2020	25%	40	87.6%
Town 324	Charlotte, NC	June 2021	6%	24	85.3%
The Cove	Winston Salem, NC	June 2021	5%	213	88.9%
The Station on Pineview	Winston Salem, NC	June 2021	5%	177	91.3%
Cedar Ridge	Winston Salem, NC	June 2021	5%	112	89.2%
Arbor Creek	Durham, NC	Aug. 2021	15%	347	91.3%
Boundary Village	Durham, NC	Sep. 2021	37%	186	95.1%
Yorkshire	Rock Hill, SC	Sep. 2021	36%	183	90.5%
The Flats at Salem	Winston Salem, NC	Oct. 2021	38%	259	93.9%
Weyland	Charlotte, NC	Oct. 2021	5%	200	92.1%
The Preserve	Durham, NC	Oct. 2021	15%	137	95.0%
Country Club	Charlotte, NC	Dec. 2021	25%	110	94.3%
Fieldbrook	Charlotte, NC	Mar. 2022	25%	110	81.8%
Parkwood East	Charlotte, NC	Apr. 2022	27%	128	91.1%
Bridgewood & Ridgecrest Manor	Winston Salem, NC	Apr. 2022	18%	72	71.9%
Olde North Village	Winston Salem, NC	Apr. 2022	18%	48	100.0%
Biscayne	Charlotte, NC	June 2022	25%	54	90.4%

Aurora	Charlotte, NC	Aug. 2022	38%	486	85.0%
Central Pointe	Charlotte, NC	Aug. 2022	46%	336	90.9%
The Arden & The Davy	Charlotte, NC	Nov. 2022	5%	35	93.9%
Hickory Woods	Charlotte, NC	Nov. 2022	30%	202	81.9%
North Main Village	Charlotte, NC	Mar. 2023	11%	72	87.2%
Total unconsolidated real estate(4)				4,283	
Total Investments in Real Estate				**6,382**	

(1) Certain of our joint venture agreements provide the Company with a profits interest based upon achieving certain investment return thresholds. For investments that have achieved such returns, the Ownership Interest in this table is representative of the Company's current profit participation.
(2) Occupancy rate is defined as the percentage of leased units divided by the total unit count for the month ended June 30, 2023.
(3) Consolidated investments refer to wholly owned or majority-owned communities, where the Company holds a controlling financial interest (generally owned 50% or more or the Company owns a super-majority voting interest).
(4) Unconsolidated investments refer to communities owned through joint venture arrangements where the Company owns (i) partial interest in the real estate and (ii) the Company does not have financial control (generally owned 50% or less). These investments are classified as investments in unconsolidated real estate ventures under GAAP.

Portfolio Ownership and Purchase Structure

The following table provides summary information regarding the ownership, purchase structure and timeline of acquisitions for our portfolio of real estate communities as of June 30, 2023:

	Purchased(1) Units	**Contributed(2) Units**	**Total Units**	**Consolidated Units**	**Unconsolidated Units**	**Total Units**
2019	236	828	1,064	1,064	0	1,064
2020	455	1,117	1,572	780	792	1,572
2021	824	1,362	2,186	238	1,948	2,186
2022	587	884	1,471	0	1,471	1,471
2023	89	0	89	17	72	89
Current Portfolio	**2,191**	**4,191**	**6,382**	**2,099**	**4,283**	**6,382**
% of Portfolio	34%	66%	100%	33%	67%	100%

(1) Purchased Units refer to communities acquired from third-party sellers for cash consideration.
(2) Contributed Units refer to communities acquired from individuals and/or entities who contributed their properties or ownership interests in properties to the Operating Partnership in exchange for Operating Partnership units. Generally, these acquisitions are non-cash to the Company except in limited circumstances where Operating Partnership units and cash are exchanged for purchase.

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Consolidated Financial Statements and
Report of Independent Certified Public
Accountants

Ginkgo REIT Inc. and Subsidiaries

Interim Report
June 30, 2023

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT

To the Board of Directors of Ginkgo REIT Inc.

Results of review of interim financial information
We have reviewed the accompanying consolidated interim financial information of Ginkgo REIT Inc. (a Maryland corporation) and subsidiaries (the "Company"), which comprise the consolidated balance sheet as of June 30, 2023, and the related consolidated statements of operations, changes in equity, and cash flows, as of and for the six-month periods ended June 30, 2023 and 2022, and the related notes (collectively referred to as the "interim financial information").

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying interim financial information for it to be in accordance with accounting principles generally accepted in the United States of America.

Basis for review results
We conducted our reviews in accordance with auditing standards generally accepted in the United States of America (US GAAS) applicable to reviews of interim financial information. A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. A review of interim financial information is substantially less in scope than an audit conducted in accordance with US GAAS, the objective of which is an expression of an opinion regarding the financial information as a whole, and accordingly, we do not express such an opinion. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our review. We believe that the results of the review procedures provide a reasonable basis for our conclusion.

Responsibilities of management for the interim financial information
Management is responsible for the preparation and fair presentation of the interim financial information in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of interim financial information that is free from material misstatement, whether due to fraud or error.

Report on consolidated balance sheet as of December 31, 2022
We have previously audited, in accordance with auditing standards generally accepted in the United States of America, the consolidated balance sheet of the Company as of December 31, 2022, and the related consolidated statements of operations, changes in equity, and cash flows for the year then ended (not presented herein); and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated March 3, 2023. In our opinion, the

accompanying consolidated balance sheet of the Company as of December 31, 2022, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Grant Thornton LLP

Charlotte, North Carolina
August 31, 2023

Consolidated Balance Sheets

	June 30, 2023 (Unaudited)	December 31, 2022
Assets		
Investments in real estate, net	$ 215,217,391	$ 215,458,670
Investments in unconsolidated real estate ventures	68,233,327	70,123,509
Cash and cash equivalents	5,675,617	5,108,810
Restricted cash	2,744,304	917,882
Rental accounts receivable, net of allowance	707,110	576,464
Prepaid expenses and other assets	1,311,012	1,358,915
Total assets	**$ 293,888,761**	**$ 293,544,250**
Liabilities and Equity		
Liabilities		
Mortgage notes payable, net	$ 142,843,419	$ 143,031,268
Secured revolving credit facility	28,250,000	25,950,000
Accounts payable, accrued expenses and other liabilities	6,296,541	8,862,173
Total liabilities	177,389,960	177,843,441
Equity		
Stockholders' equity		
Common stock, $0.01 par value; 900,000,000 shares authorized, 310,081 and 269,874 issued and outstanding as of June 30, 2023 and December 31, 2022, respectively	3,101	2,699
Additional paid-in capital	36,063,866	30,231,427
Accumulated deficit and cumulative distributions	(8,632,200)	(6,776,578)
Total stockholders' equity	27,434,767	23,457,548
Noncontrolling interests	89,064,034	92,243,261
Total equity	116,498,801	115,700,809
Total liabilities and equity	**$ 293,888,761**	**$ 293,544,250**

Consolidated Statements of Operations
For the Six Months Ended June 30, 2023 and 2022

	2023	2022
Revenues		
Rental income	$ 13,022,683	$ 11,114,972
Other tenant income	1,655,013	1,456,676
Total revenues	14,677,696	12,571,648
Property Expenses		
Property operating expenses	6,173,567	5,298,529
Property management fees	634,700	533,585
Total property expenses	6,808,267	5,832,114
Other operating expenses (income)		
Depreciation	4,696,339	3,921,508
Director and professional fees	380,199	252,405
Asset management fees	970,877	637,087
Performance fee allocation	-	1,377,441
Gain on consolidation of real estate venture	-	(3,039,885)
Total other operating expenses	6,047,415	3,148,556
Operating income	1,822,014	3,590,978
Other expenses (income)		
Interest:		
Interest expense incurred	3,626,007	2,909,652
Amortization of debt acquisition costs	229,908	178,862
Unrealized change in fair value of derivative instrument	(272,693)	-
Loss (income) from unconsolidated real estate ventures	1,412,944	(263,437)
Loss on early debt extinguishment	-	382,179
Gain on sale of rental property	(1,503)	-
Casualty loss on rental property	135,077	-
Interest and other income	(187)	(160)
Other (income) expenses, net	(2,175)	77,507
Total other expenses	5,127,378	3,284,603
Net (loss) income	(3,305,364)	306,375
Net (loss) income attributable to noncontrolling interests	(2,547,693)	211,970
Net (loss) income attributable to Ginkgo REIT Inc.	**$ (757,671)**	**$ 94,405**

Consolidated Statements of Changes in Equity
For the Six Months Ended June 30, 2023 and 2022

	Common Stock, par value	Additional Paid-in Capital	Accumulated Deficit and Cumulative Distributions	Total Stockholders' Equity	Noncontrolling Interests	Total Equity
Balance, December 31, 2021	**$ 1,916**	**$ 19,970,714**	**$ (3,470,788)**	**$ 16,501,842**	**$ 63,815,157**	**$ 80,316,999**
Issuance of common stock	566	7,120,936	-	7,121,502	-	7,121,502
Issuance of convertible preferred Operating Partnership units	-	-	-	-	7,065,850	7,065,850
Issuance of Operating Partnership units for contributed properties	-	-	-		2,477,511	2,477,511
Common stock/units repurchased	(10)	(130,914)	-	(130,924)	(174,670)	(305,594)
Dividends and distributions	-	-	(787,931)	(787,931)	(2,569,081)	(3,357,012)
Distributions to noncontrolling interests in consolidated joint venture	-	-	-	-	(43,346)	(43,346)
Net income	-	-	94,405	94,405	211,970	306,375
Balance, June 30, 2022 (Unaudited)	**$ 2,472**	**$ 26,960,736**	**$ (4,164,314)**	**$ 22,798,894**	**$ 70,783,391**	**$ 93,582,285**

	Common Stock, par value	Additional Paid-in Capital	Accumulated Deficit and Cumulative Distributions	Total Stockholders' Equity	Noncontrolling Interests	Total Equity
Balance, December 31, 2022	**$ 2,699**	**$ 30,231,427**	**$ (6,776,578)**	**$ 23,457,548**	**$ 92,243,261**	**$ 115,700,809**
Issuance of common stock	400	5,799,415	-	5,799,815	-	5,799,815
Issuance of Operating Partnership units for contributed properties	-	-	-	-	3,290,000	3,290,000
Common stock/units repurchased	(5)	(66,969)	-	(66,974)	-	(66,974)
Exchange of Operating Partnership units for comonn stock	7	99,993	-	100,000	(100,000)	-
Dividends and distributions	-	-	(1,097,951)	(1,097,951)	(3,821,534)	(4,919,485)
Net loss	-	-	(757,671)	(757,671)	(2,547,693)	(3,305,364)
Balance, June 30, 2023 (Unaudited)	**$ 3,101**	**$ 36,063,866**	**$ (8,632,200)**	**$ 27,434,767**	**$ 89,064,034**	**$ 116,498,801**

Consolidated Statements of Cash Flows
For the Six Months Ended June 30, 2023 and 2022

	2023	2022
Cash flows from operating activities:		
Net (loss) income	$ (3,305,364)	$ 306,375
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation	4,696,339	3,921,508
Director fees	65,625	50,625
Preformance fee allocation	-	1,377,441
Gain on consolidation of real estate venture	-	(3,039,885)
Amortization of debt acquisition costs	229,908	178,862
Unrealized change in fair value of derivative instrument	(272,693)	-
Operating distributions from unconsolidated real estate ventures	1,004,264	1,596,905
Loss (income) from unconsolidated real estate ventures	1,412,944	(263,437)
Loss on early debt extinguishment	-	382,179
Gain on sale of rental property	(1,503)	-
Casualty loss on rental property	135,077	-
Changes in operating assets and liabilities:		
Rental accounts receivable, net of allowance	(130,646)	40,834
Prepaid expenses and other assets	201,687	192,500
Accounts payable, accrued expenses and other liabilities	408,787	472,082
Net cash provided by operating activities	4,444,425	5,215,989
Cash flows from investing activities:		
Cash and cash equivalents and restricted cash received in acquisition of real estate through UpREIT transaction:	26,585	-
Acquisitions of investments in real estate, net	-	(6,340,684)
Acquisition fees paid	(37,900)	(160,593)
Proceeds from sale of rental property	1,469,774	-
Insurance proceeds received from casualty loss	711,864	-
Capital improvements to real estate	(3,443,376)	(2,009,382)
Contributions to investments in unconsolidated real estate ventures	(965,000)	(3,483,448)
Non-operating distributions from unconsolidated real estate ventures	437,974	509,123
Deposits on real estate acquisitions	118,596	(12,000)
Net cash used in investing activities	(1,681,483)	(11,496,984)
Cash flows from financing activities:		
Proceeds from issuance of common stock	1,535,585	4,884,320
Proceeds from issuance of convertible preferred Operating Partnership units	-	5,725,837
Dividends and distributions paid	(2,845,880)	(1,931,349)
Preferred distributions paid	(875,000)	(687,351)
Repurchase of common stock/units	(66,974)	(305,594)
Proceeds from mortgage notes payable	-	21,091,000
Repayments of mortgage notes payable	(286,549)	(16,144,368)
Borrowings from secured revolving credit facility	4,900,000	1,300,000
Repayments of secured revolving credit facility	(2,600,000)	(7,000,000)
Payments for early debt extinguishment	-	(161,300)
Debt acquisition costs paid	(130,895)	(324,776)
Distributions to noncontrolling interests in consolidated joint venture	-	(43,346)
Net cash (used) provided by financing activities	(369,713)	6,403,073
Net increase in cash and cash equivalents and restricted cash	2,393,229	122,078
Cash and cash equivalents and restricted cash, beginning of period	6,026,692	4,822,499
Cash and cash equivalents and restricted cash, end of period	**$ 8,419,921**	**$ 4,944,577**

The accompanying notes are an integral part of these consolidated financial statements.

Notes to Consolidated Financial Statements

1. Organization

Ginkgo REIT Inc. (the "Company" or "we"), a Maryland corporation that has elected to be taxed as a real estate investment trust ("REIT") under the Internal Revenue Code, was formed and commenced operations on January 22, 2019. The Company was formed to be the sole general partner of Ginkgo Multifamily OP LP (the "Operating Partnership"), which was formed primarily for the purpose of acquiring, through purchase or contribution, direct or indirect ownership interests in a portfolio of income-producing multifamily rental communities located primarily in North Carolina and South Carolina. Substantially all of the Company's business is conducted through the Operating Partnership. The Company and the Operating Partnership are externally managed by Ginkgo Residential LLC (the "Advisor"), a related party to the Company. The Adviser conducts substantially all of the Company's and Operating Partnership's operations and provides asset management services for its real estate investments in accordance with the advisory agreement.

As of June 30, 2023, the Operating Partnership owned or held ownership interests in 40 multifamily rental communities, comprising 6,382 units. The ownership of the Operating Partnership's real estate investments is through a combination of wholly owned subsidiaries and joint venture arrangements.

The following table represents the rental communities wholly owned, or controlled, by the Operating Partnership and consolidated in the accompanying consolidated financial statements:

Operating Community		Location	Date Acquired	Units	Ownership Percentage
Glendare Park		Winston Salem, NC	August 2019	600	100.0%
Brookford Place		Winston Salem, NC	August 2019	108	100.0%
Salem Ridge		Winston Salem, NC	September 2019	120	100.0%
501 Towns		Durham, NC	October 2019	236	100.0%
Bridges at Quail Hollow		Charlotte, NC	February 2020	90	100.0%
Matthews Lofts		Charlotte, NC	March 2020	81	100.0%
Pepperstone		Greensboro, NC	April 2020	108	100.0%
Woodcreek Farms		Columbia, SC	April 2020	176	66.9%
Lexington Street		Durham, NC	June 2020	16	100.0%
Savannah Place	(1)	Winston-Salem, NC	September 2020	172	100.0%
Gardens at Country Club		Winston Salem, NC	November 2020	137	100.0%
East Park		Charlotte, NC	November 2021	71	100.0%
Spencer Crossing		Greensboro, NC	December 2021	63	100.0%
Swathmore Court		High Point, NC	December 2021	104	100.0%
Cedar Oaks		Charlotte, NC	April 2023	17	100.0%

(1) Savannah Place was consolidated on April 1, 2022, when the Operating Partnership acquired 100% of the interests in the property. The Company's partial interest prior to consolidation was held using the equity method of accounting.

UpREIT Structure

The Company is structured as an umbrella partnership real estate investment trust ("UpREIT"). The Company is the sole general partner and owns a minority interest in the Operating Partnership, through which the Company conducts substantially all of its operations. As of June 30, 2023 and December 31, 2022, the Company owned 24% and 21%, respectively, of the ownership interests of the Operating Partnership.

The Company refers to the limited partners of the Operating Partnership (the "Limited Partners") as the majority unitholders or the Operating Partnership's noncontrolling interest (see Note 11). Limited Partners will generally be able to redeem their units for cash (see Note 14). UpREITs are generally structured so that distributions of cash from the Operating Partnership are allocated between the Company and the limited partners based on their respective unit ownership. As of June 30, 2023 and December 31, 2022, the Limited Partners owned 76% and 79%, respectively, of the ownership interests of the Operating Partnership.

2. Summary of Significant Accounting Policies

Principals of Consolidation and Basis of Accounting

The accompanying consolidated interim financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”). The unaudited information included in this interim report should be read in conjunction with the Company’s audited consolidated financial statements for the year ended December 31, 2022 and notes thereto included in that annual report.

The accompanying consolidated financial statements include the accounts of the Company, the Company’s subsidiaries, including the Operating Partnership and its subsidiaries, and a joint venture in which the Company has a controlling interest. For the consolidated joint venture, the noncontrolling partner’s share of the assets, liabilities and operations of the joint ventures is included in noncontrolling interests as equity of the Company. The noncontrolling partner’s interest is generally computed as the joint venture partner’s ownership percentage. All intercompany accounts and transactions have been eliminated in the consolidated financial statements.

In determining whether the Company has a controlling financial interest in a partially owned entity and the requirement to consolidate the accounts of that entity, the Company considers whether the entity is a variable interest entity (“VIE”) and whether it is the primary beneficiary. The Company is the primary beneficiary of a VIE when it has (i) the power to direct the most significant activities impacting the economic performance of the VIE and (ii) the obligation to absorb losses or receive benefits significant to the VIE. The Operating Partnership is considered to be a VIE. The Company consolidates the Operating Partnership because it has the ability to direct the most significant activities of the entities such as purchases, dispositions, financings, budgets and overall operating plans. Where the Company does not have the power to direct the activities of the VIE that most significantly impact its economic performance, the Company's interest for those partially owned entities are accounted for using the equity method of accounting.

Use of Estimates

The preparation of the consolidated financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers cash and investment instruments purchased with a maturity of three months or less to be cash and cash equivalents. The Company maintains cash on deposit with banks that, at times, exceed federally insured amounts.

Reclassifications

The Company updated the prior year presentation of the accompanying consolidated Statements of Cash Flows to conform to the current year presentation with no changes to total operating, financing, or investing cash flows previously presented.

Restricted Cash

Restricted cash primarily consists of amounts in escrow related to real estate taxes, insurance and other lender escrows in connection with certain mortgage notes and tenant security deposits.

Rental Accounts Receivable, Net of Allowance

Tenant rent charges for the current month are due on the first of the month. Tenants who are evicted or move out are charged with any damages or cleaning fees as applicable. The Company accounts for all past due rents at the contract rate and recognizes other tenant charges on the date assessed at the actual amount due. The Company does not accrue interest on these accounts. Tenant receivables are charged to bad debt expense and an allowance created based upon a periodic review of the accounts by management or after 30 days.

When a resident moves out, any balance on their account is immediately written off as uncollectible. The allowance for doubtful accounts was $233,834 and $235,515 as of June 30, 2023 and December 31, 2022, respectively.

Debt Acquisition Costs

Debt acquisition costs include legal, structuring, and other loan costs incurred by the Company from obtaining its debt obligations. Debt acquisition costs related to the Company's mortgage notes payable are recorded as an offset from the carrying amount of the debt to which they relate and amortized over the term of the applicable mortgage agreement. Debt acquisition costs related to the Company's secured revolving credit facility are recorded as a component of other assets on the Company's Consolidated Balance Sheets and amortized over the term of the credit facility agreement.

Investments in Real Estate

In accordance with Financial Accounting Standards Board ('FASB") Accounting Standards Codification ("ASC") 805, *Business Combinations*, the Company determines whether the acquisition of a property qualifies as a business combination, which requires that the assets acquired and liabilities assumed constitute a business. If the property acquired does not constitute a business, the Company accounts for the transaction as an asset acquisition. The guidance for business combinations states that when substantially all of the fair value of the gross assets to be acquired is concentrated in a single identifiable asset or group of similar identifiable assets, the asset or set of assets is not a business. All property acquisitions to date have been accounted for as asset acquisitions.

The Company capitalizes acquisition-related costs associated with asset acquisitions as part of the allocated purchase price. The fair value of rental property acquired is allocated to tangible assets, consisting of land, buildings and improvements and identifiable intangible assets, such as amounts related to in-place leases and acquired "above-market" and "below-market" leases. Estimated fair value determinations are based on management's judgment, which is based on various factors including market conditions, the characteristics of the real estate, and/or real estate appraisals.

The fair value of the tangible assets of an acquired property considers the value of the property as if it were vacant. The Company also considers an allocation of other acquired intangibles such as, in-place leases and acquired "above market" and "below-market" leases. Based on the Company's acquisitions to date, we have not allocated any amounts to intangible assets.

Rental property is carried at cost and presented net of accumulated depreciation on the accompanying Consolidated Balance Sheets. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives by use of straight-line methods for financial reporting purposes. The estimated lives used in determining depreciation are as follows:

Buildings and improvements	15 - 39 years
Land improvements	7 - 10 years
Fixtures, furniture and equipment	3 - 7 years

Maintenance and ordinary repairs of property and equipment are charged to property operating expense as incurred. Improvements which extend the life, increase the capacity, or improve the safety or the efficiency of an asset are capitalized. When properties are sold, their costs and related accumulated depreciation are removed from the accounts with the resulting gains or losses reflected in net income or loss for the period.

The Company assesses its real estate properties for impairment periodically or when there is an event or change in circumstances that indicates an impaired value. The evaluation for impairment is based on a number of factors, including market conditions, capitalization rates and performance of the property including net operating income, future occupancy and rental rates. If the Company determines that the carrying amount of a real estate property is not fully recoverable, the carrying amount is evaluated. The Company evaluates the recoverability of its real estate properties based on estimated future undiscounted cash flows and the estimated liquidation value, and provides for impairment if such undiscounted cash flows are insufficient to recover the carrying amount of the real estate property. If impaired, the Company will recognize an impairment loss equal to the excess of the carrying amount over the fair value of the real estate property. No impairment was recorded for the six months ended June 30, 2023 and 2022.

Investments in Unconsolidated Real Estate Ventures

Investments in unconsolidated real estate joint ventures are accounted for using the equity method and are initially recorded at cost using a cost accumulation model, in which such investments are recognized based on the cost to the Company, including transaction costs, and subsequently adjusted for equity in earnings and cash contributions and distributions. These investments are generally owned 50% or less by the Company or the Company does not have control but is able to exercise substantial influence. Under the equity method of accounting, the net equity investment is reflected within the accompanying Consolidated Balance Sheets, and the Company's share of earnings from investments in unconsolidated real estate ventures is included within the accompanying Consolidated Statements of Operations. The joint venture agreements may designate different percentage allocations among investors for profits and losses; however, the Company's recognition of joint venture income or loss generally follows the joint venture's distribution priorities, which may change upon the achievement of certain internal rate of return hurdles.

Upon the acquisition of a controlling financial interest of an unconsolidated real estate venture, the real estate venture is consolidated, and a gain or loss is recognized upon the remeasurement of unconsolidated real estate venture in the Consolidated Statements of Operations equal to the amount by which the fair value of the Company's previously owned unconsolidated real estate venture interest exceeds its carrying value.

On a periodic basis, the Company assesses whether there are any indicators that the value of the Company's investments in unconsolidated real estate ventures may be impaired. An investment is impaired only if the fair value of the investment is less than the carrying value of the investment, and such decline in value is deemed to be other-than-temporary. The ultimate realization of impairment is dependent on a number of factors, including the performance of each investment and market conditions. No impairment was recorded for the six months ended June 30, 2023 and 2022.

Revenue Recognition

The Company's primary sources of revenue and the related revenue recognition policies are as follows:

Rental revenue consists of base rent arising from tenant leases at the Company's apartment communities. Revenue is recorded when due from residents and is recognized monthly as it is earned. Tenant leases for the rental of an apartment unit are generally year-to-year and are renewable upon consent of both parties on an annual basis. Advanced receipts of rental income are deferred and classified as liabilities until earned.

Other tenant income primarily consists of utility reimbursements, late fees, pet fees, lease application fees and other one-time fees, which are recognized when earned.

Leases

The Company derives revenue pursuant to its lease agreements with tenants. At the inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. At the lease inception, the Company determines whether each lease is a sales-type, direct financing or operating lease. Such classification is based on whether:

- The lessee gains control of the underlying asset and the lessor therefore relinquishes control to the lessee under certain criteria (sales-type or direct-financing); or

- All other leases that do not meet the conditions of either a sales-type lease or a direct financing lease is an operating lease.

The Company's leases are classified as operating leases in accordance with relevant accounting guidelines, and the related revenue is recognized on a straight-line basis.

Noncontrolling Interests

Noncontrolling interests reported in the accompanying Consolidated Balance Sheets includes the economic interest in the Operating Partnership held outside of the Company, as well as third party interests in a joint venture that is consolidated in the accompanying consolidated financial statements. Noncontrolling interests are reported as a separate component of equity.

Noncontrolling interests are subsequently adjusted for additional contributions, distributions to noncontrolling interest holders and the noncontrolling interest holders' proportional share of the net income or loss of each respective entity.

Consolidated Joint Venture

The Operating Partnership holds a 66.9% ownership interest in a joint venture owning Woodcreek Apartments, a 176-unit apartment community in Columbia, South Carolina. The Operating Partnership has consolidated this joint venture in the accompanying consolidated financial statements as the joint venture is considered to be a VIE and the Operating Partnership is the primary beneficiary as it is the manager of the joint venture and the noncontrolling members do not have substantive participating rights. Control over this joint venture is further demonstrated by the Operating Partnership's ability to unilaterally make significant operating decisions in the ordinary course of business. In addition, there is the inability of the noncontrolling members to remove the Operating Partnership from its role as the manager of the joint venture.

Income Taxes

The Company has elected to be taxed as a REIT under the Internal Revenue Code. The Company believes it is organized and operates in such a manner as to qualify for treatment as a REIT and intends to operate in the foreseeable future in such a manner so that it will remain qualified as a REIT for federal income tax purposes. To maintain REIT status and not be subject to federal income taxation at the corporation level, the Company is generally required to distribute at least 90% of its adjusted taxable income to its stockholders and satisfy certain other organizational and operating requirements.

The Operating Partnership is treated as a partnership for income tax purposes and is not subject to income taxes. The taxable income or loss is reported on the individual income tax returns of its partners based upon the percentage of ownership. No provision for income taxes is required in the accompanying consolidated financial statements.

The Company is required to evaluate each of its tax positions to determine if they are more likely than not to be sustained if the taxing authority examines the respective position. The Company has evaluated each of its tax positions and has determined that no additional provision or liability for income taxes is necessary. The 2019-2022 tax years remain open to examination by respective tax jurisdictions to which the Company and its subsidiaries are subject.

Interest Rate Swap

On January 6, 2023, the Company entered into an interest rate swap agreement with KeyBank National Association to manage its interest rate risks. The Company's objective in using derivatives is to add stability to interest expense and to manage its exposure to interest rate movements or other identified risks. The Company assesses the effectiveness of the interest rate swap agreement in achieving its risk management objectives on a quarterly basis.

The interest rate swap agreement is accounted for at fair value in accordance with ASC 820, *Fair Value Measurement*. The FASB guidance for fair value measurement and disclosure states that fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Authoritative guidance establishes a three-tier fair value hierarchy, which prioritizes observable inputs used in measuring fair value as follows:

- *Level 1*—quoted prices (unadjusted) in active markets as of the measurement date for identical assets or liabilities.

- *Level 2*—Observable inputs, other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly, as of the measurement date. Level 2 inputs are those in markets for which there are few transactions, the prices are not current, little public information exists or instances where prices vary substantially over time or among brokered market makers.

- *Level 3*—Unobservable inputs for the asset or liability. Unobservable inputs are those that include instances where there is minimal, if any, market activity for the investment and market participants would use the best available information to price the asset. These inputs require significant judgment or estimation by management or third parties when determining fair value and generally represent anything that does not meet the criteria of Levels 1 and 2.

The fair value of the Company's interest rate swap agreement is based on contractual cash flows and observable inputs comprising yield curves and credit spreads (Level 2 inputs).

We record our interest rate swap on the accompanying Consolidated Balance Sheets at fair value in prepaid expenses and other assets or accounts payable and other accrued expenses. Changes in the fair value of our interest rate swap are recorded in interest expense in the accompanying Consolidated Statements of Operations as we have not designated our interest rate swap as hedges as defined within ASC 815, *Derivatives and Hedging*.

The fair value of our interest rate swap represents an asset of $272,693 as of June 30, 2023.

The following table provides further details of the interest rate swap related to managing our interest rate risk as of June 30, 2023:

Counterparty	**Notional Amount**	**Maturity Date**	**Strike Rate**
KeyBank National Association	$ 20,000,000	January 2027	3.93%

<u>Share Value Determination</u>
Shares of common stock and common Operating Partnership units (see Note 11) are offered or issued at an amount equal to the Company's net asset value ("NAV") divided by the number of outstanding shares (the "Share NAV"). Any change to the Company's NAV will require the approval of a majority of the Company's board of directors (the "Board"), including approval of a majority of the independent directors of the Board. The Company's NAV will be made at least annually, but the Board may review the NAV more frequently if there is a significant change in the property portfolio, or material events that may affect the value of a particular property or otherwise affect the value of the common stock, or if the Board determines, in its sole discretion, that a more frequent valuation is warranted. The Board may, but is not required to, engage consultants, appraisers and other real estate or investment professionals to assist in the valuations and determinations of the Company's NAV.

As of June 30, 2023 and December 31, 2022, the Share NAV was $145.00.

<u>Stock-Based Compensation</u>
The Company recognizes costs related to all stock-based payments based on their fair value on the grant date. Such costs are expensed at the time of issuance.

Members of the Board, excluding the Co-Chief Executive Officers of the Company, receive shares of common stock each quarter as partial compensation for serving on the Board. Stock-based compensation cost for stock is issued to the Board members at the Share NAV at the respective grant date. Compensation costs related to stock issued to the Board members for the six months ended June 30, 2023 and 2022 were $65,625 and $50,625, respectively, and are included in director and professional fees in the accompanying Consolidated Statements of Operations.

3. Supplemental Cash Flow Disclosures

Cash paid for interest, net of cash received from interest rate swap payments, was $3,641,330 and $2,838,541 for the six months ended June 30, 2023 and 2022, respectively.

The following table provides a reconciliation of cash and cash equivalents and restricted cash reported in the accompanying Consolidated Balance Sheets to amounts reported in the accompanying Consolidated Statements of Cash Flows for the six months ended June 30:

	2023	2022
Cash and cash equivalents	$ 5,675,617	$ 3,392,436
Restricted cash	2,744,304	1,552,141
Total cash and cash equivalents and restricted cash	$ 8,419,921	$ 4,944,577

The following table provides the noncash balances resulting from UpREIT transactions and the cash and cash equivalents and restricted cash received in acquisition of real estate through UpREIT transactions reported on the accompanying Consolidated Statements of Cash Flows for the six months ended June 30:

	2023	2022
Noncash:		
Investments in real estate	$ 3,288,996	$ -
Current liabilities assumed	$ 25,581	$ -
Issuance of Operating Partnership units for contributed properties	$ 3,290,000	$ -
Cash:		
Cash and cash equivalents and restricted cash received in acquisition of real estate through UpREIT transaction:	$ 26,585	$ -

The following table provides a reconciliation to acquisitions of investments in real estate, net reported on the accompanying Consolidated Statements of Cash Flows for the six months ended June 30:

	2023	2022
Investments in real estate	$ -	$ (28,612,306)
Current assets acquired	-	(67,812)
Current liabilities assumed	-	133,776
Mortgage notes payable, net assumed	-	15,879,121
Issuance of Operating Partnership units for contributed properties	-	738,402
Issuance of convertible preferred Operating Partnership units for contributed properties	-	626,832
Remeasurement of previously unconsolidated real estate venture to fair value	-	4,961,303
Acquisitions of investments in real estate, net	$ -	$ (6,340,684)

The following are noncash investing and financing activities that have been excluded from the accompanying Consolidated Statements of Cash Flows for the six months ended June 30:

	2023	2022
Common stock issued under Company's dividend reinvestment plan	$ 1,198,605	$ 738,312
Common stock issued as settlement of performance fee allocation included in accounts payable, accrued expenses and other liabilities	$ 3,000,000	$ 1,448,245
Issuance of Operating Partnership units for ownership interests in investments in unconsolidated real estate ventures	$ -	$ 1,739,109
Issuance of convertible preferred Operating Partnership units for ownership interests in investments in unconsolidated real estate ventures	$ -	$ 713,181
Exchange of Operating Partnership units for common stock	$ 100,000	$ -
Write-off of assets due to casualty losses	$ 846,941	$ -

4. Acquisitions of Real Estate

Investments in Real Estate

During the six months ended June 30, 2023, the Company acquired controlling financial interests in one apartment community, comprising 17 units.

The following table provides further details of the apartment community acquired during the six months ended June 30, 2023:

Community Name		Location	Ownership Percentage	Date Acquired	Units	Purchase Price (1)
Cedar Oaks	(2)	Charlotte, NC	100.0%	April 2023	17	$ 3,326,896
					17	$ 3,326,896

(1) Purchase price is inclusive of acquisition-related costs.
(2) Apartment community acquired through UpREIT transaction where Operating Partnership units were issued for the contributed property. The purchase price is representative of the contribution value in the UpREIT transaction, inclusive of acquisition-related costs.

During the six months ended June 30, 2022, the Company acquired controlling financial interest in two apartment communities, comprising 172 units.

The following table provides further details of the apartment communities acquired during the six months ended June 30, 2022:

Community Name		Location	Ownership Percentage	Date Acquired	Units	Purchase Price (1)
Savannah Place	(2)	Charlotte, NC	100.0%	April 2022	172	$ 27,815,336
STP Annex		Kernersville, NC	100.0%	April 2022	12	$ 957,563
					172	$ 27,815,336

(1) Purchase price is inclusive of acquisition-related costs.
(2) The Operating Partnership consolidated this entity, effective April 1, 2022, when it acquired the remaining 74.6% interests. The prior interest holders elected to sell their membership units for cash or in exchange for Operating Partnership Units or convertible preferred Operating Partnership units (see Note 12), or a combination thereof. The purchase price is representative of the agreed upon offering price, inclusive of acquisition-related costs. Prior to obtaining the remaining 74.6% ownership interests, the Company held its interests using the equity method of accounting and a gain on consolidation of $3,039,885 was recorded in the accompanying Consolidated Statements of Operations upon consolidation.

Investments in Unconsolidated Real Estate Ventures

During the six months ended June 30, 2023, the Company acquired a partial interest in one real estate investment, comprising 72 units, and accounts for this investment using the equity method of accounting (see Note 7).

The following table provides further details of the partial interest acquired during the six months ended June 30, 2023:

Investment	Location	Ownership Percentage	Date Acquired	Units	Capital Contributed (1)
Ginkgo North Main LLC	Charlotte, NC	11.5%	March 2023	72	$ 965,000
				72	$ 965,000

(1) Capital contributed is inclusive of acquisition-related costs.

During the six months ended June 30, 2022 the Company acquired partial interests in four real estate investments, comprising 412 units, and accounts for these investments using the equity method of accounting (see Note 7).

The following table provides further details of the investments acquired during the six months ended June 30, 2022:

Investment		Location	Ownership Percentage	Date Acquired	Units	Capital Contributed (1)
Ginkgo Fieldbrook LLC		Charlotte, NC	5.5%	March 2022	110	$ 1,780,675
Parkwood JV LLC	(2)	Winston-Salem, NC	5.0%	April 2022	128	2,452,560
Phoenix Dragon Real Assets Fund LLC	(3)	Raleigh, NC	14.5%	April 2022	120	928,000
Ginkgo Biscayne II LLC		Cary, NC	36.6%	June 2022	54	1,093,750
					412	$ 6,254,985

(1) Capital contributed is inclusive of acquisition-related costs.
(2) Partial interest acquired through UpREIT transaction where Operating Partnership units were issued for ownership interests in the contributed property. Capital contributed is representative of the contribution value of the Operating Partnership units issued, inclusive of transaction-related costs.
(3) Phoenix Dragon Real Assets Fund LLC owns a 120-unit apartment portfolio from two apartment communities.

5. Dispositions of Real Estate

In June 2023, the Company sold STP Annex, a 12-unit apartment community located in Winston Salem, North Carolina, for a total contract price of $1,475,000. The apartment community was sold to ST-GS Holding LLC, a related party of the Company as it holds a 5% ownership interest in the entity and accounts for its investment in the entity using the equity method of accounting (see Note 7). The Company received net cash proceeds of $1,469,774, after consideration for certain closing costs, prorations and adjustments typical in such real estate transactions, and recognized a gain on sale of $1,503.

The following table provides further details of the apartment community sold during the six months ended June 30, 2023:

Community Name	Location	Date Sold	Sales Price	Net Cash Proceeds (1)	Gain on Sale
STP Annex	Charlotte, NC	June 2023	$ 1,475,000	$ 1,469,774	$ 1,503
			$ 1,475,000	$ 1,469,774	$ 1,503

(1) Net cash proceeds represents the sales price, net of closing costs and other prorations and/or adjustments.

There were no dispositions during the six months ended June 30, 2022.

6. Investments in Real Estate

The following is a summary of the Company's investment in real estate, at cost, less accumulated depreciation, as of June 30, 2023 and December 31, 2022:

	June 30, 2023	December 31, 2022
Land	$ 25,567,493	$ 24,667,493
Land Improvements	17,143,811	16,832,499
Buildings and building improvements	183,629,057	181,896,705
Fixtures, furniture and equipment	13,255,979	11,791,025
	239,596,340	235,187,722
Less - accumulated depreciation	(24,378,949)	(19,729,052)
Investments in real estate, net	$ 215,217,391	$ 215,458,670

Depreciation expense was $4,696,339 and $3,921,508 for the six months ended June 30, 2023 and 2022, respectively.

Casualty Loss
In October 2022, as a result of a fire, the Company's Savannah Place community experienced damage to one building, impacting 7 units. In relation to this casualty, the Company wrote-off real estate assets of $846,941 at Savannah Place during the six months ended June 30, 2023. During the six months ended June 30, 2023, the Company received insurance proceeds in the amount of $711,864 related to this claim that are held by the property's lender. The insurance proceeds and casualty loss result in a net casualty loss in the accompanying Consolidated Statements of Operations of $135,077 during the six months ended June 30, 2023. Also, the Company filed a business interruption insurance claim and received $16,324 for the lost rent, which is included in other income (expenses) in the accompanying Consolidated Statements of Operations for the six months ended June 30, 2023.

7. Investments in Unconsolidated Real Estate Ventures

The Company holds ownership interests in various limited partnerships and limited liability companies, which are accounted for using the equity method of accounting, and were formed for the primary purpose of investing in and managing a multifamily apartment community.

The following table presents a summary of changes to the Company's investments in unconsolidated real estate ventures for the six months ended June 30, 2023:

	2023
Balance at beginning of period	$ 70,123,509
Contributions to investments	965,000
Distributions from investments	(1,442,238)
Loss from unconsolidated real estate ventures	(1,412,944)
Balance at end of period	$ 68,233,327

The carrying values and ownership percentages of the Company's investments in unconsolidated real estate ventures are as follows as of June 30, 2023 and December 31, 2022:

Investment	Ownership Percentage	June 30, 2023	December 31, 2022
Forest at Chasewood Apartments LLC	14.6%	1,220,847	1,573,075
Ginkgo Kimmerly DE LLC	40.0%	4,915,937	5,095,087
Ginkgo Croasdaile LLC	22.6%	3,713,850	3,560,636
Ginkgo Cedars LLC	25.0%	(93,300)	(42,971)
Town324	5.5%	71,380	74,617
ST-GS Holding LLC	5.0%	1,246,737	1,288,878
Ginkgo Arbor Creek LLC	14.5%	3,495,794	3,476,153
Boundary Village JV LLC	36.6%	3,605,085	3,880,591
Yorkshire Apartments LLC	36.3%	2,840,529	2,863,015
Ginkgo Towergate LLC	25.0%	3,171,748	3,096,061
WeyMar Holding LLC	5.0%	1,336,195	1,339,377
Northwoods Townhomes Partners LLC	15.0%	1,642,271	1,744,768
Ginkgo Country Club LLC	25.0%	1,650,276	1,721,918
Ginkgo Fieldbrook LLC	25.0%	1,454,646	1,524,963
Parkwood JV LLC	26.5%	2,122,554	2,256,579
Phoenix Dragon Real Assets Fund LLC	17.7%	893,395	926,737
Ginkgo Biscayne II LLC	25.0%	995,547	1,046,679
Aurora JV LLC	38.1%	15,799,286	16,669,754
Central Pointe JV LLC	45.5%	12,568,649	13,298,041
The Arden & The Davy	4.8%	199,072	204,256
Axiom Apartment Partners LLC	30.0%	4,401,799	4,525,295
Ginkgo North Main LLC	11.5%	981,030	-
		$ 68,233,327	$ 70,123,509

Combined summarized financial statement information as of June 30, 2023 and December 31, 2022, and for the six months ended June 30, 2023 and 2022 for investments in unconsolidated real estate ventures, and as prorated for period under ownership, is as follows:

	June 30, 2023	December 31, 2022
Combined balance sheets:		
Assets		
Investments in real estate, net	$ 547,737,989	$ 532,550,831
Other assets	35,858,433	36,725,871
Total assets	$ 583,596,422	$ 569,276,702
Liabilities and Equity		
Long-term debt	$ 426,695,263	$ 409,400,934
Other liabilities	7,761,870	6,597,592
Equity	149,139,289	153,278,176
Total liabilities and equity	$ 583,596,422	$ 569,276,702

	For the Six Months Ended June 30,	
	2023	2022
Combined statements of operations:		
Total revenues	$ 28,479,878	$ 17,571,137
Total operating expenses	12,440,348	7,420,960
Net operating income	16,039,530	10,150,177
Depreciation	9,091,630	3,915,915
Interest expense	9,460,456	3,984,357
Other expenses, net	1,349,282	909,239
Net (loss) income	$ (3,861,838)	$ 1,340,666

8. Debt Obligations

Mortgage Notes Payable

Mortgage notes payable (“Mortgage Note”, and collectively, “Mortgage Notes”) are collateralized by the real estate community and consist of the following as of June 30, 2023 and December 31, 2022:

				Principal Balance Outstanding	
Operating Community	**Maturity Date**	**Interest Rate**	**Commencement of Loan Amortization**	**June 30, 2023**	**December 31, 2022**
Salem Ridge	January 2027	4.63%	March 2020	$ 4,357,447	$ 4,396,987
Salem Ridge	January 2027	5.87%	March 2020	969,965	977,316
Salem Ridge	January 2027	5.93%	July 2022	2,467,056	2,481,950
Glendare Park	March 2028	4.45%	April 2023	29,175,729	29,250,000
Glendare Park	March 2028	4.42%	April 2023	8,179,387	8,200,000
Bridges at Quail Hollow	March 2030	3.47%	March 1, 2024	11,062,000	11,062,000
Brookford Place	September 2030	4.78%	October 2024	7,400,000	7,400,000
Gardens at Country Club	December 2030	3.03%	January 2026	11,085,000	18,595,000
501 Towns	October 2031	3.72%	November 2025	28,298,000	11,085,000
Pepperstone	May 2032	3.48%	December 2023	8,640,000	28,298,000
Woodcreek Farms	May 2032	3.54%	December 2022	13,848,241	8,640,000
Savannah Place	October 2030	3.58%	October 2025	18,595,000	13,978,121
				144,077,825	144,364,374
	Unamortized debt acquisition costs			(1,234,406)	(1,333,106)
	Mortgage notes payable, net			$ 142,843,419	$ 143,031,268

For each Mortgage Note interest payments are required monthly with principal payments commencing between March 2020 and January 2026. Balloon payments are due on the maturity date. The Mortgage Notes generally require monthly payments into escrow accounts for real estate taxes, insurance and replacement reserves. Interest expense related to the Mortgage Notes amounted to $2,768,681 and $2,650,043 for the six months ended June 30, 2023 and 2022, respectively.

Debt acquisition costs incurred in obtaining the Mortgage Notes are capitalized and presented as a direct deduction from the carrying amount of the debt to which they relate. The debt acquisition costs are being amortized to interest expense using the straight-line method, which approximates the effective interest method over the terms of the related notes. Amortization of debt acquisition costs of $98,763 and $83,868 is included in interest expense in the accompanying Consolidated Statements of Operations for the six months ended June 30, 2023 and 2022, respectively. Upon the early repayment of a Mortgage Note, any unamortized costs are expensed and included in loss of early debt extinguishment. During the six months ended June 30, 2023 and 2022, the Company expensed unamortized debt acquisition costs of $0 and $220,879, respectively, which is included in loss of early debt extinguishment in the accompanying Consolidated Statements of Operations.

Certain Mortgage Note agreements are subject to prepayment premiums and may be terminated by the lender under certain events of default as defined under the related agreements. During the six months ended June 30, 2023 and 2022, prepayment premiums of $0 and $161,300, respectively, were incurred and included in loss of early debt extinguishment in the accompanying Consolidated Statements of Operations. These costs were associated with a debt refinancing and extinguishment of the prior Mortgage Note.

Secured Revolving Credit Facility

On November 30, 2021, the Operating Partnership entered into a secured revolving credit facility (the “Revolving Credit Facility”) with KeyBank National Association, as administrative agent and sole lender. The Revolving Credit Facility allows the Company to borrow, subject to compliance with borrowing base requirements and other conditions, up to $50,000,000 to finance the acquisition of multifamily rental communities and for working capital funding or other general corporate needs. The Revolving Credit Facility is guaranteed by the Company, the Operating Partnership and certain subsidiaries of the Operating Partnership. The Revolving Credit Facility matures November 2024, with a provision that allows for a one-year extension. The facility bears interest at a rate of one-month SOFR plus 2.40%. The interest rate in effect as of June 30, 2023 and December 31, 2022 was 7.45% and 6.71%, respectively. There is an unused facility fee of 0.25% per annum on the difference between the outstanding loan balance and maximum amount available under the Revolving Credit Facility.

The outstanding balance on the Revolving Credit Facility was $28,250,000 and $25,950,000 as of June 30, 2023 and December 31, 2022, respectively. Interest expense related to the Revolving Credit Facility amounted to $857,326 and $259,609 for the six months ended June 30, 2023 and 2022, respectively.

Debt acquisition costs and unused facility fees incurred in connection with the Revolving Credit Facility are recorded in other assets on the Consolidated Balance Sheets. The debt acquisition costs are being amortized to interest expense using the straight-line method. Amortization of debt acquisition costs of $131,145 and $94,994 is included in interest expense in the accompanying Consolidated Statements of Operations for the six months ended June 30, 2023 and 2022.

The Company may repay the outstanding balances under the Revolving Credit Facility at any time, without penalty. The Company is subject to various financial and non-financial covenants under the Revolving Credit Facility. These covenants require the Company to maintain certain financial ratios, which may include leverage, debt yield, and debt service coverage, among others. As of June 30, 2023 and December 31, 2022, the Company was in compliance with all of its debt covenants.

Other Indebtedness

The Company and/or the Operating Partnership is a guarantor on various mortgage notes payable in connection with its interests in investments in unconsolidated real estate ventures. These loans are generally non-recourse to the real estate venture, subject to customary nonrecourse carve-outs and springing recourse events for the guarantor(s).

The following table details the aggregate scheduled maturities, including amortizing principal payments, of total debt due over the next five years and thereafter as of June 30, 2023:

Year	Mortgage Notes	Revolving Credit Facility	Total
2023 (remaining)	$ 493,983	$ -	$ 493,983
2024	1,346,506	28,250,000	29,596,506
2025	1,724,532		1,724,532
2026	2,345,876	-	2,345,876
2027	9,839,129	-	9,839,129
Thereafter	128,327,799	-	128,327,799
	$ 144,077,825	$ 28,250,000	$ 172,327,825

9. Other Assets and Other Liabilities

The following table summarizes the components of prepaid expenses and other assets as of June 30, 2023 and December 31, 2022:

	June 30, 2023	December 31, 2022
Prepaid expenses	$ 574,147	$ 768,526
Acquisition deposits	62,000	180,596
Debt acquisition costs, net	402,172	402,484
Interest rate swap	272,693	-
Other	-	7,309
	$ 1,311,012	$ 1,358,915

The following table summarizes the components of accounts payable, accrued expenses and other liabilities as of June 30, 2023 and December 31, 2022:

	June 30, 2023	December 31, 2022
Trade payables and accrued expenses	$ 4,326,979	$ 7,963,865
Advanced rental receipts	79,662	109,559
Accrued real estate taxes payable	1,110,521	-
Accrued interest payable	472,237	487,560
Tenant security deposits	281,326	271,947
Other	25,816	29,242
	$ 6,296,541	$ 8,862,173

10. Related Party Transactions

Each of the Company's multifamily rental communities executed a property management agreement with the Advisor. The Advisor is wholly owned by the Co-Chief Executive Officers of the Company. The current management agreements provide for a property management fee of 3.0% to 4.5% of monthly cash receipts, as defined in the respective management agreement. The amount of fees charged to operations for the six months ended June 30, 2023 and 2022 was $634,700 and $533,585 respectively, and is included in property management fees in the accompanying Consolidated Statements of Operations.

The Company has an advisory agreement with the Advisor. Under the terms of the advisory agreement, the Advisor is responsible for managing, operating, directing and supervising the operations and administration of the Company and its assets. They are also responsible for providing suitable investment opportunities, determining acquisition and disposition strategies, managing financing activities and providing support to the Company's officers and directors to assist in their governance function and responsibilities.

In exchange for services provided under the advisory agreement, the Advisor is compensated as follows:

1. Annual asset management fee payable on quarterly basis in arrears equal to the sum of (i) 1.5% of the Company's NAV up to $50,000,000, (ii) 0% of the Company's NAV from $50,000,001 to $60,000,000, (iii) 1.25% of the Company's NAV from $60,000,001 to $500,000,000, (iv) 0% of the Company's NAV from $500,000,000.01 to $625,000,000, and (v) 1% of the Company's NAV in excess of $625,000,000. The amount of fees charged to operations for the six months ended June 30, 2023 and 2022 was $970,877 and $637,087, respectively, and is

included in asset management fees in the accompanying Consolidated Statements of Operations. The weighted average rate for the fees incurred during the six months ended of June 30, 2023 and 2022 was 1.19% and 1.15%, respectively.

2. Acquisition fees equal to 1% of the gross purchase price paid for each multi-family community acquired, including any property contributed to the Operating Partnership in exchange for Operating Partnership units or ownership interests purchased in properties and/or other ventures for cash. Total fees incurred for the six months ended June 30, 2023 and 2022 was $37,900 and $160,593, respectively, of which $37,900 and $236,500 were capitalized as part of the purchase price. Acquisition fees not capitalized as part of the purchase price relate to fees incurred on either (i) purchases of noncontrolling interests in consolidated joint ventures or (ii) contributed properties that is not consolidated in the accompanying consolidated financial statements and such interests are held using the equity method of accounting. These fees are included in the initial cost basis of the respective investment.

3. Disposition fee equal to 1% of the gross sales price for each multi-family community sold. No disposition fees were incurred for the six months ended June 30, 2023 and 2022.

    - No fee was realized on the sale of the STP Annex community in June 2023, as the Advisor, in its discretion, waived its right to compensation for its disposition services due to the nature of the transaction as the property was sold to a related party of the Company.

4. Guarantee fee equal to 0.5% of any principal amount guaranteed by the Advisor and/or the Advisor's principals (excluding customary non-recourse carveout guarantees). No guarantee fees were incurred for the six months ended June 30, 2023 and 2022.

1. Performance fee allocation equal to 20% of the Company's total return when compared to an annually re-established hurdle rate as defined in the advisory agreement. The total return is defined as (i) the dividend percentage paid or accrued during the year plus (ii) the rate of return calculated by the percentage change in the Share NAV from the start of the year until the end of the period. The total performance fee allocation incurred for the six months ended June 30, 2023 and 2022 was $0 and $1,377,441, respectively, and is included in performance fee allocation in the accompanying Consolidated Statements of Operations. The performance fee allocation will be paid in shares of common stock or cash, at the election of the Advisor.

    - On March 1, 2023, the Company issued 20,670 shares of common stock, totaling $3,000,000, to the Advisor and its affiliates as partial payment of the 2022 performance fee allocation. Such shares were issued at the respective Share NAV as of March 1, 2023. The Company has an outstanding payable of $2,989,119 related to the 2022 performance fee allocation as of June 30, 2023.

    - On April 1, 2022, the Company issued 11,055 shares of common stock to the Advisor as full payment of the 2021 performance fee allocation. Such shares were issued at the respective Share NAV as of April 1,2022.

11. Noncontrolling Interests in the Operating Partnership

Interests in the Operating Partnership that are not held by the Company are referred to as Operating Partnership units and are held by the Limited Partners. The Limited Partners are the Operating Partnership's noncontrolling interest.

Operating Partnership units include common Operating Partnership units ("Common OP Units") and convertible preferred Operating Partnership units ("Preferred OP Units") (see Note 12). The Limited Partners consist of (i) individuals and/or entities that contributed their properties or ownership interests in properties to the Operating Partnership in exchange for Common OP Units, (ii) investors who purchased Preferred OP Units and (iii) individuals and/or entities that contributed their properties or ownership interests in properties for Preferred OP Units. Holders of Preferred OP Units participate in the Operating Partnership's net income or loss only to the extent of their preferred distributions. Net income or loss of the Operating Partnership is allocated to the holders of Common OP Units based on ownership percentage, calculated by dividing units owned by the total number of outstanding units.

The Common OP Units can only be exchanged if certain future events occur with the most significant being that the Company's common stock is registered with the Securities and Exchange Commission and listed on a national securities exchange, or if the Company elects to purchase directly and acquire such Limited Partnership Units by paying to the unitholder either (i) cash or (ii) in exchange for shares of its common stock, as elected by the Company and in its sole discretion. For the six months ended June 30, 2023 and 2022, the Company exchanged 690 and 0 units of Common OP Units for shares of its common stock, respectively, representing a total share value of $100,000 and $0, respectively.

The Limited Partners have the right to request repurchase of the Common OP Units, which the general partner may do in its sole discretion (see Note 14). The Operating Partnership has entered into tax indemnity agreements with the Limited Partners that requires the Operating Partnership to pay a penalty to the impacted Limited Partners to the extent the Operating Partnership violates such tax indemnity agreements.

12. Convertible Preferred Operating Partnership Units

The Operating Partnership has classified 250,000 of its Operating Partnership units as Preferred OP Units with a par value of $100. The Preferred OP Units have a priority over the other Operating Partnership units with respect to distributions and rights in the event of a liquidation of the Operating Partnership.

Distributions

The holders of Preferred OP Units are entitled to receive a preferred distribution equal to a 7% cumulative but not compounded annual return on the purchase price of each Preferred OP Unit (the "Preferred Distribution"). The Preferred Distribution accrues daily.

In addition to the Preferred Distribution, holders of Preferred OP Units may be entitled to receive an accrued distribution equal to a 2% cumulative but not compounded annual return on the purchase price of each Preferred OP Unit (the "2% Distribution"). The 2% Distribution will accrue daily beginning on the date the Preferred OP Units are issued and will become payable only in the event that the Operating Partnership (i) exercises its right to redeem any Preferred OP Units that have been held for at least 4 years or (ii) repurchases any Preferred OP Units upon the request of a Preferred OP Unit holder who has held its Preferred OP Units for at least 5 years. If a Preferred OP Unit holder elects to exercise its conversion right with respect to its Preferred OP Units, such holder will not receive the 2% Distribution for the Preferred OP Units which have been converted into shares of common stock of the Company.

Redemption

At any time beginning 4 years after a Limited Partner acquired its Preferred OP Units, the Operating Partnership may, at its sole discretion, redeem all or any portion of the Limited Partner's Preferred OP Units for a cash price per Preferred OP Unit equal to $100 plus an amount equal to all accrued and unpaid Preferred Distributions and the 2% Distribution.

Conversion Right

At any time beginning 2 years after a Limited Partner acquired its Preferred OP Units, the Limited Partner may request the conversion of its Preferred OP Units into shares of common stock of the Company. The number of shares of common stock to be issued upon conversion will be equal to the number of Preferred OP Units offered for conversion multiplied by the conversion ratio, determined by the underlying Share NAV per Unit at the time of subscription.

Repurchase Right

In the event that any Preferred OP Units have not been redeemed or converted into shares of common stock of the Company after 5 years from the date a Limited Partner acquired its Preferred OP Units, the Limited Partner will have the right to require the Operating Partnership to purchase all of its Preferred OP Units for a cash price per Preferred OP Unit equal to the purchase price plus an amount equal to all accrued and unpaid Preferred Distributions and the 2% Distribution.

13. Dividend Reinvestment Plan and Distribution Investment Plan

The Company has a Dividend Reinvestment Plan and the Operating Partnership has a Distribution Investment Plan (collectively, the "DRP") available to any holder of shares of common stock or Common OP Units, respectively. The DRP allows stockholders and unitholders to elect to have their cash dividends and distributions reinvested or invested into shares of common stock. The per share purchase price for shares purchased pursuant to the DRP will be equal to the Share NAV at the time the distribution is payable. As of June 30, 2023 and December 31, 2022, there were 35,242 and 26,975 shares of common stock, respectively, issued and outstanding under the DRP.

14. Share Repurchase Plans

The Company and the Operating Partnership each have a share repurchase plan whereby, subject to certain limitations, stockholders and unitholders may request that the Company or Operating Partnership repurchase all or a portion of their common stock or Common OP Units, respectively. The Company or Operating Partnership may choose to repurchase all, some or none of the shares/units that have been requested to be repurchased, in the Company's discretion, subject to any limitations in the respective share repurchase plan. Further, the Board may, in its sole discretion, reject any request for repurchase and may, upon notice to the stockholders and unitholders, amend, suspend or terminate the repurchase of shares/units at any time. The Company will limit the total shares/units repurchased in a calendar quarter to no more than 1.25% of the total number of shares/units outstanding as of the beginning of the calendar quarter. This limitation is separate between the Company's outstanding common stock and Operating Partnership's outstanding Common OP Units. Shares/units are repurchased at a price equal to the Share NAV on the applicable repurchase date, subject to any early repurchase deduction. Shares/units that have not been outstanding for at least one year are not eligible for repurchase.

The shares/units held by stockholders and unitholders will be repurchased as follows:

(1) Beginning one year after the date a stockholder or unitholder acquired its shares (the "Share Acquisition Date") and continuing for one year thereafter, the purchase price for the repurchased shares will be equal to 95% of the Share NAV;
(2) Beginning two years after the Share Acquisition Date and continuing for one year thereafter, the purchase price for the repurchased shares will be equal to 96% of the Share NAV;
(3) Beginning three years after the Share Acquisition Date and continuing for one year thereafter, the purchase price for the repurchased shares will be equal to 97% of the Share NAV;
(4) Beginning four years after the Share Acquisition Date and continuing for one year thereafter, the purchase price for the repurchased shares will be equal to 98% of the Share NAV; and
(5) Beginning five years after the Share Acquisition Date and thereafter, the purchase price for the repurchase shares will be equal to 100% of the Share NAV.

For the six months ended June 30, 2023 and 2022, the Company repurchased 481 and 2,271 shares of its common stock, respectively, for a total cost of $66,974 and $305,594 , respectively. For the six months ended June 30, 2023 and 2022, the Operating Partnership repurchased 0 and 1,304 shares of its Common OP Units, respectively, for a total cost of $0 and $174,670 , respectively. Neither the Company nor the Operating Partnership had any unfulfilled repurchase requests during the six months ended June 30, 2023 and 2022.

15. Subsequent Events

The Company has evaluated subsequent events through August 31, 2023, the date the accompanying consolidated financial statements were available to be issued. All subsequent events requiring recognition or disclosure have been incorporated into the accompanying consolidated financial statements.

During the period of July 1, 2023 through August 1, 2023, the Company raised $2,452,335 through monthly equity closings, inclusive of reinvestments through the Company's DRP.

In August 2023, the Company acquired a 33.7% interest in Willowdaile JV LLC ("Willowdaile") in an UpREIT transaction. Willowdaile owns a 201-unit apartment community in Durham, North Carolina. 35,168 Common OP Units were issued to individuals who contributed their ownership interests in the property, representing a total contribution value of $5,099,365. The partial interest acquisition of Willowdaile is recorded using the equity method of accounting.

In August 2023, the Company entered into a transaction involving the recapitalization of Ginkgo Croasdaile LLC, an unconsolidated investment, which owns Croasdaile Apartments, a 272-unit apartment community in Durham, North Carolina ("Croasdaile"). The recapitalization established a new joint venture arrangement, Croasdaile JV LLC ("Croasdaile JV"), acquiring 100% of the ownership interests in Ginkgo Croasdaile LLC and the refinancing of Croasdaile's mortgage note. Pursuant to the terms of Croasdaile JV's operating agreement, the Company retained a 30.4% ownership interest and an unaffiliated third-party purchased a 61.1% majority ownership interest. Related parties of the Company hold the remaining 8.5% ownership interest. The Company, through a combination of (i) its previous ownership interest in Ginkgo Croasdaile LLC and (ii) issuance of 6,321 Common OP Units to individuals who contributed their ownership interests in the property, contributed an equity value of $7,141,672 for its 30.4% ownership interest in Croasdaile JV. As a result of this new joint venture formation, the Company's previously held ownership interest in Ginkgo Croasdaile LLC was remeasured. The recapitalization and refinance aim to enhance the operational and financial performance of Croasdaile.


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