



2025 Semi-Annual Report

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

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GINKGO REIT

Ginkgo REIT is a private, non-traded multifamily Real Estate Investment Trust (“REIT”) focused on acquiring, operating, and enhancing established communities that remain affordable for working households in North and South Carolina.

We seek to provide investors with stable, tax-advantaged income and the potential for long-term capital appreciation. Additionally, the REIT offers a hedge against inflation with minimal correlation to public market volatility.

With exposure to a resilient asset class in some of the fastest-growing MSAs in the U.S., coupled with the potential for outsized returns from its joint-venture exposure, Ginkgo REIT is well-positioned for strong long-term performance.

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This report spotlights Ginkgo REIT's key achievements for the six months ended June 30, 2025. For investment opportunities, whitepapers, webinars, and corporate updates, scan the QR code to explore GinkgoVest.



Letter to Our Shareholders and Unit Holders

The first half of 2025 marked a period of strong performance and meaningful progress for Ginkgo REIT. Our disciplined investment approach and focus on resilient Carolina multifamily housing positioned the portfolio to outperform despite persistent capital markets volatility.

- **Acquisition Activity:** We have exceeded \$145 million in acquisitions this year, representing over 956 units. This marks our first acquisition activity since 2022, as interest rates and sales pricing have finally converged.
- **Operating Performance:** Net Operating Income (NOI) rose more than 15% year-over-year, primarily driven by higher occupancy and controlled expense management. Adjusted Funds from Operations (AFFO) per share increased 19.7% year-to-date through Q2 2025.
- **Balance Sheet Strength:** Loan-to-value (LTV) remains conservative at 61.7% (compared to 63% at YE 2024), and our weighted average interest rate declined 10bps since year-end to 4.87%.
- **Capital Markets:** We are on track to complete more than \$200 million of refinances in 2025, focused on addressing maturing debt and converting variable-rate loans to fixed-rate. As a result, nearly 70% of total debt is now fixed-rate, with a portfolio-wide average rate below 5% (including Ginkgo Notes Program).
- **New JV Partnerships:** Forged \$71M in new joint venture equity commitments, including from J.P. Morgan Real Estate Income Trust, Inc. (JPMREIT), reflecting confidence in our track record and favorable multifamily housing fundamentals in the Carolinas.

These results highlight our ability to deliver on both growth and risk management initiatives, ensuring sustainable value creation for our shareholders.

All figures and metrics in this shareholder letter are presented based on the Company's proportional ownership interest (unless noted) in its property investments, including both wholly owned assets and unconsolidated joint ventures, and reflect the Company's share attributable to REIT shareholders. As of June 30, 2025, the Company's proportional ownership includes 100% of 2,167 wholly owned units and a 28% interest in 4,696 units held through joint ventures, for a total portfolio of 6,863 units. The proportional ownership results shown are representative of the Company's economic interest in the portfolio.

Capitalization Summary

We continue to proactively manage our balance sheet to support growth while mitigating interest rate risk. As of June 30, 2025:

- **Weighted Avg. Interest Rate:** 4.87% (down from 4.97% at YE 2024)
- **Debt Composition:** 69% fixed-rate (compared to 64% at YE 2024)
- **Weighted Avg. Maturity:** 4.1 years

Our refinancing program remains a central focus, ensuring well-laddered maturities and reducing exposure to variable-rate debt. These actions provide greater predictability of cash flows and support long-term liquidity.

Financial Summary (as of June 30, 2025)

Strong revenue growth and margin expansion drove double-digit increase in NOI and AFFO.

<u>Metric</u>	<u>1H 2025</u>	<u>1H 2024</u>	<u>% Change</u>
Total Revenues	\$26.4M	\$24.0M	+10.0%
Net Operating Income (NOI)	\$14.3M	\$12.4M	+15.3%
AFFO	\$3.7M	\$2.9M	+27.6%
AFFO per Share	\$2.87	\$2.40	+19.7%
AFFO Payout Ratio*	95%	112%	

Year-to-date results demonstrate both top-line growth and improved operating leverage. Revenues increased 10%, while NOI and AFFO grew at faster rates of 15% and 28%, respectively, driven by effective operating expense control. Importantly, AFFO per share rose nearly 20% and the payout ratio improved to 95%, highlighting stronger dividend coverage.

* Net of dividend reinvestment

Recent Investment Activity

As of the date of issuance of this Semi-Annual Report, Ginkgo REIT expanded into Wilmington with the acquisition of The Preserve at Pine Valley (219-units), re-entered Charleston at scale with a five-property (647-units) portfolio and co-invested alongside a new joint-venture partner in Four Seasons Townhomes (90-units) located in Greensboro. The Wilmington and Charleston transactions were completed in partnership with J.P. Morgan Real Estate Income Trust, reflecting the strength of our institutional relationships and our continued focus on high-growth Carolina markets.

The acquisitions are located in many of the fastest-growing metros in the Southeast, supported by strong population and job growth that drive sustained housing demand. These fundamentals make them ideal markets for Ginkgo REIT's strategy of investing in resilient, income-producing multifamily communities.

We are encouraged by the pace of acquisitions as interest rates move lower and cap rates converge, creating opportunities to deliver compelling in-place cash-on-cash returns for our investors. With disciplined execution and strategic partnerships, Ginkgo REIT is well-positioned to capture these tailwinds and drive long-term shareholder value.

Together, these acquisitions represent a record level of third-party investment activity for the REIT since its inception in July 2019.

1H 2025 Performance

Ginkgo REIT delivered a strong first half of 2025, generating a total gross return of 5.56% annualized, fully supported by dividend distributions. Since inception in July 2019, dividends have increased 26% to \$0.63 per share (4% average dividend increase since inception), reflecting our commitment to stable and growing income for shareholders.

The Board of Directors evaluates Net Asset Value (NAV) on a quarterly basis, considering projected cash flows, capitalization rates, and broader market conditions. In 2025, NAV remained steady at \$136 per share, as strong rent growth and operating performance were offset by capital markets headwinds.

Ginkgo REIT benchmarks its performance against 17 publicly traded and 6 non-traded, public-filing REITs. Since inception, we have outperformed all peer platforms, delivering substantial returns across nearly all interval periods.

From inception through June 2025, Ginkgo REIT has achieved an average annualized total return of 11.3%, significantly outperforming both the NAREIT Equity Apartments Public Index (5.3%) and the NFI-ODCE Private Index (2.2%).**

** NAREIT REIT Industry Fact Sheet, NCREIF Data

Joint Venture (GP) Strategy

Our joint venture investments remain a central component of the REIT's strategy, representing 68% of the units and 39% of our NAV as of June 30, 2025. By holding equity in the general partner (GP) position, we are able to deploy less capital while maintaining meaningful influence over investment decisions and positioning the REIT for potential outsized returns. A key benefit of this structure is the ability to participate in "promote" economics, where the REIT earns a disproportionate share of profits once certain return thresholds are met. This approach enhances potential shareholder returns and converses capital for new opportunities.

The following summarizes our joint venture portfolio by market, including the REIT's total investment value and identifies the current promote status.

<u>Units</u>	<u>Promote Status</u>	<u>Investment Value</u>	<u>Notes</u>
714	In Promote	\$13.3M	Currently receiving promote cashflow
1,349	At Liquidation	\$24.7M	Would achieve promote at NAV realization
2,414	Not in Promote	\$50.1M	Neither at NAV nor actual distribution levels
219	N/A	\$3.4M	Units owned for less than 1 year
4,696		\$91.5M	Reconciles to NAV investment in unconsolidated real estate ventures

The new investments acquired subsequent to June 30, 2025, will be added to this table in the next reporting period. This represents 737 newly acquired units.

Market Environment and Outlook

Following a surge in new apartment supply during the pandemic fueled by cheap debt, nearly all our Carolina markets are now at or past peak deliveries while demand continuing to run well above long-term averages. Additional pressure from tariffs is further tightening the construction pipeline, creating favorable conditions for existing assets as population migration shows no signs of slowing down.

At the same time, the cost of homeownership has reached record highs, making it roughly 50% more expensive to own than rent, while first-time homebuyers in 2024 fell to nearly half their historical average. Against this backdrop, rental housing is positioned to benefit from powerful, sustained tailwinds.

With record-high stock market valuations and the recent Federal Reserve rate cut on September 17th, many investors are turning to Ginkgo Notes for stable, short-term contractual returns. Since launching in June 2024, Notes has quickly become our most popular investment vehicle and is on pace to surpass \$25 million raised since inception of the program in June 2024.

Closing Remarks

The first half of 2025 has reaffirmed the strength of our strategy, anchored in disciplined acquisitions, operational improvement and prudent capital markets execution. With NOI and AFFO growth meaningfully outpacing expectations and acquisition momentum accelerating, Ginkgo REIT is well-positioned to deliver durable, risk-adjusted returns while maintaining a focus on downside protection.

Thank you for your continued support as we execute our mission to create long-term value.

Sincerely,



William C. Green
Co-Chief Executive Officer and President

A handwritten signature in green ink, appearing to read "WCG".



Eric S. Rohm
Co-Chief Executive Officer and Secretary

A handwritten signature in blue ink, appearing to read "ESR".

At a Glance

2025 Portfolio Statistics

(as of June 30, 2025)

Commencement: July 2019

Total Asset Value: \$538.3M

Net Asset Value: \$202.1M

Wtd-Avg Interest Rate: 4.87%

Occupancy: 94.9%

Average Rent per Unit: \$1,241

Leverage Ratio: 61.7% (LTV)

6,863

Units

44

Communities

6

Carolina Regions

Charlotte, NC



Research Triangle, NC



Columbia, SC



Piedmont Triad, NC



Charleston, SC



Wilmington, NC



Capitalization Summary

Ginkgo REIT maintains a well-structured and diversified capitalization profile, with total capitalization of nearly \$550 million. Our balance sheet metrics reflect disciplined leverage, with a debt-to-capitalization ratio of 61.7% and a fixed charge coverage ratio of 1.28x, supporting our ability to meet debt obligations.

Our total debt is strategically allocated to primarily fixed-rate financing (68%), and complemented by our Notes Program which replaced an underutilized bank line of credit. This mix provides both stability and flexibility in our capital structure while optimizing our weighted average interest rate of 4.87% and average maturity of 4.1 years.

Overall, the REIT's capitalization strategy reflects a balanced capital structure, positioning us to continue delivering stable, income-driven returns while preserving long-term shareholder value.

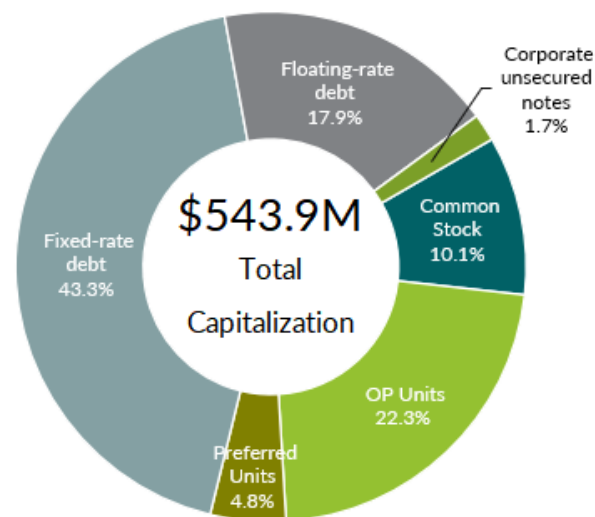
Balance Sheet Metrics

(In \$ millions)

Total Assets:

GAAP (Cost Basis)	\$259.9M
Market Value	\$538.3M
Total Debt	\$341.7M
Total Equity:	
Book Equity	\$178.4M
NAV (\$136/share price)	\$202.1M
Debt-to-Capitalization (LTV)	61.7%
Debt Service Coverage	1.59x
Debit Yield	8.4%
Fixed Charge Coverage Ratio	1.28x
Debt-to-EBITDA Ratio	13.21x

Capitalization



Weighted Average Interest Rate 4.87%

Weighted Average Maturity 4.1 Years

All figures and metrics presented above are based on the Company's proportional ownership interest in its investments, including both wholly owned assets and unconsolidated joint ventures, and reflect the Company's share attributable to REIT shareholders. As of June 30, 2025, the Company's proportional ownership includes 100% of 2,167 wholly owned units and a 28% interest in 4,696 units held through joint ventures, for a total portfolio of 6,863 units. The proportional ownership results shown are representative of the Company's economic interest in the portfolio.

Portfolio Financial Summary

We focus our reporting on the presentation of the Combined Portfolio and Ginkgo REIT's proportional ownership, rather than the GAAP restricted presentation (consolidated investments), which we believe provides a clearer view of our economic interest in property-level performance. It also allows for more meaningful comparisons of portfolio-wide metrics such as NOI growth, operating expense trends and interest expense expansion.

The following financial summary comparison provides a side-by-side comparison of the portfolio's scale, financial performance, and economic interest, bridging GAAP reporting with the Company's actual ownership and investment strategy

As of and for the six months ended June 30, 2025	Combined Portfolio	Consolidated Investments	Unconsolidated Investments	Proportional Ownership
Apartment units owned	6,863	2,167	4,696	3,433
Percentage owned		100.0%	28.6%	49.6%
<u>Operating Performance:</u>				
Total Revenue	\$49.1M	\$16.5M	\$32.5M	\$26.4M
Operating expenses	(21.2M)	(7.8M)	(13.4M)	(12.1M)
Net Operating Income	\$27.9M	\$8.7M	\$19.2M	\$14.3M
Gross profit %	56.8%	52.6%	58.9%	54.1%
Debt Service	(17.9M)	(4.3M)	(13.6M)	(8.1M)
Recurring capital expenditures	(1.0M)	(0.4M)	(0.5M)	(0.6M)
Interest and other non-operating income	0.4M	0.1M	0.3M	0.1M
Net Recurring Cash Flow	\$9.3M	\$4.0M	\$5.3M	\$5.7M
<u>Operating Metrics:</u>				
Occupancy	94.0%	95.7%	93.3%	94.9%
Rent per occupied unit	\$1,248	\$1,202	\$1,269	\$1,241
<u>Debt:</u>				
Fixed-Rate Mortgages	\$371.4M	\$189.2M	\$182.2M	\$235.3M
Variable-Rate Mortgages	296.7M	0.0M	296.7M	97.0M
Unsecured Corporate Notes Program	\$9.4M	\$9.4M	\$0.0M	\$9.4M
Total Debt	\$677.5M	\$198.6M	\$478.9M	\$341.7M
Loan-to-Value	62.2%	60.4%	62.9%	61.7%
Weighted-average interest rate	4.98%	4.64%	6.09%	4.87%
Weighted-average maturity date	Jan-2029	Sep-2030	May-2028	Aug-2029

Board and Governance

Our Board of Directors have relevant yet diverse backgrounds and expertise to best serve 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.

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

ROBERT J. SULLIVAN

INDEPENDENT DIRECTOR

- Counsel to Movement Mortgage, a fast-growing mortgage bank with over 775 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.

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, and is engaged in the investment management business and other strategic roles with a focus on overseeing Rialto's process of sourcing, underwriting, executing and managing investments.
- 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).

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 Securities.

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.

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 properties, 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. As of June 30, 2025, 100% of our consolidated mortgage-related debt is fixed rate. Our unconsolidated joint venture properties have historically been primarily financed with variable-rate debt due to the nature of the transactions; however, over the past year, we have been actively working to refinance these loans with fixed-rate debt to better manage our exposure to interest rate fluctuations. As of June 30, 2025, 38% of our joint venture debt is fixed rate. Our joint ventures 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 properties 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 had maturities that commenced between August 2025 and June 2027. 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 properties to pay distributions to the Company may be limited or curtailed during periods of higher interest rates. The distributions from the properties owned by these ventures, \$1.1 million for the six months ended June 30, 2025, are a meaningful source of our liquidity and cash flow.

While we have paid consecutive monthly distributions to our shareholders and unitholders since inception, funded primarily 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 prepared in accordance with U.S. generally accepted accounting principles ("GAAP").

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.

SECTION 1: COMMON EQUITY AND ISSUANCES OF EQUITY SECURITIES

Offering of Common Stock and Operating Partnership Units

Common Stock

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, 2025, we had 429 shareholders with shares of common stock.

During 2023 and 2024, the Company offered for sale shares of common stock, par value \$0.01 per share, with warrants attached to purchase shares of common stock upon the terms and conditions set forth in Private Placement Offering Memorandum. The common stock offering comprised of one share of common stock and one warrant exercisable for 1/10 of a share of common stock, subject to certain limitations. The warrants will be exercisable during the 3-month period beginning on the third anniversary of issuance at an exercise price of \$0.01 per warrant. Holders of the warrants will not receive dividends on the warrants issued. As of June 30, 2025, we have 42 shareholders with warrants exercisable into 4,433 shares of common stock. The warrant offering expired on December 31, 2024.

The following details the warrants outstanding and exercisable years as of June 30, 2025:

Year Exercisable	Number of Warrants Outstanding⁽¹⁾	Common Stock Value at Current Price
2026	26,458	\$ 359,835
2027	17,873	243,068
	44,331	\$ 602,903

(1) Each outstanding warrant is exercisable for 1/10 of a share of common stock (4,443 shares of common stock).

Operating Partnership Units

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, 2025, we have 127 unitholders with Common OP Units.

NAV per Share/Unit

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	Monthly 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
May 22, 2024	141.00	0.63
November 19, 2024	136.00	0.63

Offering of Convertible Preferred Equity

On July 1, 2021, the Operating Partnership entered into an offering of \$25,000,000 Convertible Preferred Operating Partnership Units (“Preferred OP Units”), under which the Operating Partnership may offer and sell or exchange 250,000 Preferred OP Units, with a par value of \$100. Each Preferred OP Unit will be convertible at the option of the Limited Partner who has owned its Preferred OP Units for at least 2 years into shares of common stock. The offering ended on September 1, 2022, when the Operating Partnership completed the sale of the 250,000 Preferred OP Units.

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, 2025, we have 69 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, 2025:

	Preferred OP Units	Common Stock Price at Issuance	Conversion Ratio	Common Stock Issuable at Conversion	Earliest Open Conversion Date
	40,750	\$ 111.00	0.833	33,958	6/30/2023
	156,520	\$ 116.00	0.784	122,665	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	247,500		0.773	191,313	11/3/2023

As of June 30, 2025, 2,500 Preferred OP Units have been converted into 2,083 shares of common stock.

Net Asset Value and NAV per Share Calculation

We calculate NAV per share in accordance with GAAP ASC 820, *Fair Value Measurement*, guidelines, which values 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 current 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, 2025:

Components of NAV	June 30, 2025	Per Share
Investments in real estate	\$ 314,089,600	\$ 211.33
Investments in unconsolidated real estate ventures	91,453,700	61.53
Cash and cash equivalents	5,422,820	3.65
Restricted cash	3,085,747	2.08
Other assets	2,714,445	1.83
Debt obligations	(196,584,537)	(132.27)
Other liabilities	(5,912,243)	(3.98)
Tax indemnification liability	(12,141,600)	(8.17)
Net Asset Value	\$ 202,127,932	\$ 136.00
Number of outstanding shares/units, diluted ⁽¹⁾	1,486,222	
NAV per Share/Unit	\$ 136.00	

(1) Assumes conversion of (i) all outstanding Preferred OP Units (247,500) into shares of common stock at the respective conversion ratios (191,313) and (ii) the exercise of all outstanding warrants, in connection with the warrant offering, into shares of common stock (4,433).

The following table reconciles total equity per our consolidated balance sheet to our NAV as of June 30, 2025:

Reconciliation of Total Equity to NAV	June 30, 2025	Per Share
Total equity under GAAP	\$ 85,863,567	\$ 57.77
Adjustments:		
Unrealized real estate appreciation from investments in real estate	54,169,885	36.45
Accumulated depreciation	44,038,011	29.63
Unrealized fair value changes from unconsolidated real estate ventures	30,467,429	20.50
Unamortized debt acquisition costs	(2,283,360)	(1.54)
Debt obligations marked to fair value	2,014,000	1.36
Tax indemnification liability	(12,141,600)	(8.17)
Net Asset Value	\$ 202,127,932	\$ 136.00

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.
- 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 property contributed by such Common OP holder(s). Under 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 these indemnification agreements is included in the assumption of a complete liquidation of the Company in a single sale of all assets, free and clear. While the Company may be able to employ tax-deferral strategies in the event of periodic, individual asset sales, the whole-portfolio methodology applied in our NAV calculation reflects the potential cost of complying with the indemnity agreements. The estimated liability included in NAV is based on management's best judgment and has been reviewed by the Company's tax advisor for reasonableness. Certain individual tax assumptions, such as timing, character of gain, and applicable state rates, may differ from those used in our calculation. Accordingly, our NAV remains inherently subjective, and the actual impact of the potential tax indemnifications may differ from the amount reflected.

The following table details the scheduled expirations of our potential tax indemnification liability as of June 30, 2025:

Year	Tax Indemnification Liability
2029	\$ -
2030	2,924,504
2031	1,073,274
2032	7,102,623
2033	1,041,174
	\$ 12,141,575

The following table provides a reconciliation of the fair value of the Company's investments in unconsolidated real estate to the amount reported on our NAV as of June 30, 2025:

	June 30, 2025	
	Total Combined	Proportionate Share
Assets		
Real estate assets, at fair value	\$ 781,605,509	\$ 222,957,050
Cash and cash equivalents	15,887,269	4,651,150
Restricted cash	7,947,047	2,326,574
Accounts receivable, prepaid expenses and other assets	2,243,925	656,930
Interest rate caps, at fair value	2,461,780	629,948
Total assets	\$ 810,145,530	\$ 231,221,652
Liabilities		
Mortgage notes payable, at fair value	\$ 480,435,152	\$ 143,624,319
Other liabilities	7,657,269	2,241,739
Total liabilities	\$ 488,092,421	\$ 145,866,058
Net Asset Value	\$ 322,053,109	\$ 85,355,594
Fair Value of Unrealized Promote Income		6,098,106
Investments in unconsolidated real estate ventures		\$ 91,453,700

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 for the six months ended June 30, 2025 and 2024. 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, 2025 and 2024:

Declaration Month	2025	2024
January	\$ 0.63	\$ 0.63
February	0.63	0.63
March	0.63	0.63
April	0.63	0.63
May	0.63	0.63
June	0.63	0.63
	\$ 3.78	\$ 3.78

The following table summarizes our distributions paid during the six months ended June 30, 2025 and 2024:

	2025		2024	
Dividends and Distributions	Amount	Percentage	Amount	Percentage
Payable in cash	\$ 3,527,064	72%	\$ 3,235,047	71%
Reinvested into common shares	1,349,520	28%	1,338,619	29%
Total dividends and distributions	<u>\$ 4,876,584</u>	<u>100%</u>	<u>\$ 4,573,666</u>	<u>100%</u>
Sources of Dividends and Distributions				
Cash flows from operating activities	\$ 3,527,064	100%	\$ 3,235,047	100%
Cash flow from investing/financing activities	-	0%	-	0%
Total sources of dividends and distributions	<u>\$ 3,527,064</u>	<u>100%</u>	<u>\$ 3,235,047</u>	<u>100%</u>
	Dividend Coverage		Dividend Coverage	
	Amount	Total Cash	Amount	Total Cash
Cash flows from operating activities – GAAP	\$ 6,628,392	1.36x 1.88x	\$ 3,309,261	0.72x 1.02x
Funds from Operations – non-GAAP	\$ 3,074,770	0.63x 0.87x	\$ 2,351,286	0.51x 0.73x
Adjusted Funds from Operations – non-GAAP	\$ 3,711,632	0.76x 1.05x	\$ 2,908,934	0.64x 0.90x

SECTION 2: RESULTS OF OPERATIONS AND NON-GAAP FINANCIAL MEASURES

Results of Operations

As of June 30, 2025, our portfolio consisted of 44 multifamily properties, all located in North and South Carolina, comprising 6,863 apartment homes that was 93.9% leased with a weighted average monthly effective rent per occupied apartment unit of \$1,248. See Section 3 of this Supplemental Financial Information for a listing of our real estate investments.

The following financial information reflects the property-level results of our portfolio on a proportionate ownership basis and is presented to highlight the operational performance of our properties. This is a supplemental, non-GAAP measure of our property operating results that we believe is meaningful because it enables management to evaluate the impact of occupancy, rents, leasing activity, and other controllable property operating results at our real estate. All corporate-level expenses, including general and administrative costs, asset management fees, and other overhead items are eliminated as they do not reflect the continuing operating costs of the property owner.

Combined Property Results (Proportionate Ownership)

The following table reflects the revenues, operating expenses, NOI, and property-level net earnings for our proportionate share of the properties in which we held an ownership interest for the six months ended June 30, 2025 and 2024.

Proportionate results adjust each line item to include the full results of our wholly-owned, consolidated properties and reflect only our ownership percentage in unconsolidated joint ventures. We believe this presentation provides a clearer view of our economic interest in property-level performance.

As of June 30, 2025, the Company's proportional ownership includes 100% of 2,167 wholly owned units and a weighted average interest of 28% in 4,696 units held through joint ventures, for a total portfolio of 6,863 units. The proportional ownership results shown are representative of the Company's economic interest in the portfolio.

	June 30,			
	2025	2024	\$ Change	% Change
Revenues				
Rental income	\$ 23,597,098	\$ 21,363,476	\$ 2,233,622	10.5%
Other tenant income	2,793,344	2,624,404	168,940	6.4%
Total Revenue	26,390,442	23,987,880	2,402,562	10.0%
Operating expenses				
Property operating expenses	7,961,435	7,830,355	131,080	1.7%
Real estate taxes and insurance	3,106,653	2,798,717	307,936	11.0%
Property management fees	1,037,629	966,500	71,129	7.4%
Total Operating Expenses	12,105,717	11,595,572	510,145	4.4%
Net Operating Income	14,284,725	12,392,308	1,892,417	15.3%
Other expenses (income)				
Depreciation and amortization	9,058,828	8,641,818	417,010	4.8%
Mortgage interest	8,145,544	7,228,168	917,376	12.7%
Other expenses	1,064,400	584,360	480,040	82.1%
Interest income	(150,872)	(145,884)	(4,988)	3.4%
Total Other Expenses	18,117,900	16,308,462	1,809,438	11.1%
Property-Level Net Loss	\$ (3,833,175)	\$ (3,916,154)	\$ 82,979	-2.1%

Unconsolidated Joint Ventures Results (Proportionate Ownership)

The Company has entered into various joint venture agreements whereby it owns partial ownership interests in multifamily communities. These joint ventures represent a significant portion of our real estate portfolio, accounting for approximately 39% of our net asset value and 68% of our apartment homes. The Company generally serves as the managing partner in these joint ventures, establishing a minority equity ownership but allowing for potential profit participation rights paid to us if certain investment returns are achieved for the joint venture. The allocation and distribution of cash and profits to us after these investment return achievements is generally more than that implied by our ownership interest in the joint venture as a result of the distribution provisions pursuant to the joint venture operating agreements.

Our joint venture investments are accounted for under the equity method of accounting in accordance with GAAP. Under the equity method, the Company's equity and proportionate share of the joint venture investments net income or loss is presented as a single financial statement line item in the accompanying Consolidated Balance Sheets and Consolidated Statement of Operations. The Company's ownership percentage in each unconsolidated joint venture ranges from 5% - 46% and is disclosed in the accompanying consolidated financial statements.

We believe presenting the results of operations for our joint ventures provides important information about how the operating results of our joint venture investments contributes to the overall financial performance of the Company, which may not be as apparent in the single financial statement line item as presented in the current GAAP reporting.

The following table provides the condensed income statements of our unconsolidated properties included in Note 7 of our consolidated financial statements for the six months ended June 30, 2025 and 2024. Each of the line items in the chart below reflects only our proportionate share of results based on our ownership percentage in these joint ventures, rather than the full results of the underlying properties. Our equity interests in these properties currently range from 5% to 46%.

	June 30,			
	2025	2024	\$ Change	% Change
Revenues				
Rental income	\$ 8,907,636	\$ 8,260,542	\$ 647,094	7.8%
Other tenant income	957,520	889,277	68,243	7.7%
Total Revenue	9,865,156	9,149,819	715,337	7.8%
Operating expenses				
Property operating expenses	2,897,675	2,879,376	18,299	0.6%
Real estate taxes and insurance	1,071,296	1,042,460	28,836	2.8%
Property management fees	306,141	295,497	10,644	3.6%
Total Operating Expenses	4,275,112	4,217,333	57,779	1.4%
Net Operating Income	5,590,044	4,932,486	657,558	13.3%
Other expenses (income)				
Depreciation and amortization	4,109,595	3,646,882	462,713	12.7%
Mortgage interest	3,837,348	3,188,679	648,669	20.3%
Other expenses	624,351	351,736	272,615	77.5%
Interest income	(94,188)	(62,301)	(31,887)	51.2%
Total Other Expenses	8,477,106	7,124,996	1,352,110	19.0%
Property-Level Net Loss	\$ (2,887,062)	\$ (2,192,510)	\$ (694,552)	31.7%

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 or investments in unconsolidated real estate ventures, (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, (iv) unrealized (gains) losses from changes in fair value of derivative instruments, and (v) 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, 2025 and 2024:

	June 30,	
	2025	2024
Net loss including noncontrolling interests	\$ (5,401,172)	\$ (5,552,040)
Adjustments to arrive at Funds from Operations (FFO):		
Depreciation	4,949,233	4,994,936
Amount attributable to unconsolidated properties for depreciation	4,109,595	3,646,882
Loss on early debt extinguishment	-	213,999
Casualty (gain) loss on rental property	-	(130,880)
Preferred distributions	(866,250)	(866,250)
Amount attributable to unconsolidated properties for above adjustments, excluding depreciation	283,364	44,639
FFO	3,074,770	2,351,286
Adjustments to arrive at Adjusted Funds from Operations (AFFO):		
Non-cash stock compensation to Board of Directors	75,000	75,000
Amortization of debt acquisition costs	218,911	271,508
Realized gain on sale of derivative instrument	-	(140,597)
Amount attributable to unconsolidated properties for above adjustments	342,951	351,737
AFFO	\$ 3,711,632	\$ 2,908,934
Weighted Average Shares Outstanding	1,294,484	1,214,126
FFO Per Unit	2.38	1.94
AFFO per Unit	2.87	2.40
Distribution Per Share	3.78	3.78
Distribution Per Share after Dividend Reinvestment	2.72	2.69
Distribution as a Percentage of FFO	159.1%	195.2%
Distribution as a Percentage of AFFO	131.8%	157.8%
Cash Distribution as a Percentage of FFO	114.5%	138.9%
Cash Distribution as a Percentage of AFFO	94.8%	112.3%

SECTION 3: REAL ESTATE PROPERTIES

Real Estate Portfolio

Generally, our multifamily communities are garden apartment, mid-rise or townhome style communities that provide residents with amenities, such as a clubhouse, swimming pool, fitness center and laundry facilities. Residential leases are typically for a one-year term and may require security deposits upon lease signing. Substantially all of the units at our communities are leased at market rates.

We generally acquire and own properties with (i) strong and stable cashflows in Carolina markets where we believe there exists opportunity for rental growth and further value creation, (ii) properties that offer significant potential for capital appreciation through repositioning or rehabilitating the asset to drive rental growth, or (iii) properties available at opportunistic prices providing an opportunity for a significant appreciation in value. We often acquire properties with a joint venture partner to access opportunities for a profits interest and to contribute a significantly lesser percent of the equity than if we acquired the property directly (i.e., wholly owned and without joint venture partners). As of June 30, 2025, our portfolio consisted of 44 communities representing 6,863 units in North Carolina and South Carolina.

The following table provides a summary of the communities in our portfolio as of June 30, 2025:

Community	Location	Acquisition Date	Ownership Interest ⁽¹⁾	Number of Units	Occupancy Rate ⁽²⁾
<i>Consolidated real estate⁽³⁾:</i>					
Brookford Place	Winston Salem, NC	Aug. 2019	100%	108	96.3%
Glendare Park	Winston Salem, NC	Aug. 2019	100%	600	96.1%
Salem Ridge	Winston Salem, NC	Sep. 2019	100%	120	93.3%
501 Towns	Durham, NC	Oct. 2019	100%	236	97.2%
Bridges at Quail Hollow	Charlotte, NC	Feb. 2020	100%	90	95.2%
Matthews Lofts	Charlotte, NC	Mar. 2020	100%	81	96.0%
Pepperstone	Greensboro, NC	April 2020	100%	108	92.9%
Woodcreek Farms	Columbia, SC	April 2020	100%	176	98.1%
Lexington Street	Durham, NC	June 2020	100%	16	93.6%
Savannah Place	Winston Salem, NC	Sep. 2020	100%	172	97.9%
Gardens at Country Club	Winston Salem, NC	Nov. 2020	100%	137	96.3%
Town324 Apartments	Charlotte, NC	June 2021	100%	24	100.0%
East Park	Charlotte, NC	Nov. 2021	100%	71	90.3%
Spencer Crossing	Greensboro, NC	Dec. 2021	100%	63	100.0%
Swathmore Court	High Point, NC	Dec. 2021	100%	104	95.6%
The Arden & The Davy	Charlotte, NC	Nov. 2022	100%	35	88.3%
Cedar Oaks	Charlotte, NC	Apr. 2023	100%	17	94.5%
Sharon Lakes	Charlotte, NC	Dec. 2024	100%	9	100.0%
Total consolidated real estate ⁽³⁾				2,167	96.0%
<i>Unconsolidated real estate⁽⁴⁾:</i>					
Forest at Chasewood	Charlotte, NC	Oct. 2020	19%	220	91.4%
Kimmerly Glen	Charlotte, NC	Oct. 2020	40%	260	93.3%
Croasdaile Farms	Durham, NC	Nov. 2020	30%	272	89.0%
The Cedars	Charlotte, NC	Nov. 2020	25%	40	92.2%
The Cove	Winston Salem, NC	June 2021	5%	213	93.7%
The Station on Pineview	Winston Salem, NC	June 2021	5%	177	96.2%
Cedar Ridge	Winston Salem, NC	June 2021	5%	112	90.9%
Arbor Creek	Durham, NC	Aug. 2021	28%	347	92.0%
Boundary Village	Durham, NC	Sep. 2021	37%	186	92.6%
Yorkshire	Rock Hill, SC	Sep. 2021	36%	183	97.6%
The Flats at Salem	Winston Salem, NC	Oct. 2021	38%	259	94.7%
Weyland	Charlotte, NC	Oct. 2021	13%	200	95.2%
The Preserve	Durham, NC	Oct. 2021	15%	137	92.2%
Country Club	Charlotte, NC	Dec. 2021	25%	110	96.7%
Fieldbrook	Charlotte, NC	Mar. 2022	25%	110	96.2%

Parkwood East	Charlotte, NC	Apr. 2022	27%	128	96.2%
Bridgewood & Ridgecrest Manor	Winston Salem, NC	Apr. 2022	18%	72	93.8%
Olde North Village	Winston Salem, NC	Apr. 2022	18%	48	89.4%
Biscayne	Charlotte, NC	June 2022	25%	54	81.4%
Aurora	Charlotte, NC	Aug. 2022	38%	486	93.9%
Central Pointe	Charlotte, NC	Aug. 2022	46%	336	93.3%
Hickory Woods	Charlotte, NC	Nov. 2022	30%	202	91.8%
North Main Village	Charlotte, NC	Mar. 2023	12%	72	95.2%
Willowdaile	Durham, NC	Aug. 2023	34%	201	93.4%
Lakeside	Charlotte, NC	Sep. 2023	14%	52	87.4%
Preserve at Pine Valley	Wilmington, NC	Feb. 2025	10%	219	86.7%
Total unconsolidated real estate ⁽⁴⁾				4,696	92.9%

Total Investments in Real Estate

6,863 **93.9%**

- (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, 2025.
- (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.

Market Concentration

The following table provides certain operating information, presented by our primary market segments, related to our portfolio of real estate communities as of June 30, 2025:

Market Segment	Number of Units	Monthly Rent per Occupied Unit ⁽¹⁾	Occupancy Rate
Charlotte Region	2,780	\$ 1,329	93.7%
Piedmont Triad	2,293	1,035	95.2%
Research Triangle	1,395	1,407	92.6%
Columbia Region	176	1,330	98.1%
Wilmington Region	219	1,374	86.7%
Portfolio	6,863	\$ 1,248	93.9%

- (1) Monthly Rent per Occupied Unit is the weighted average of the leased rents in place as of June 30, 2025, divided by the number of units occupied as of June 30, 2025.

Portfolio Ownership and Purchase Structure

The following table provides summary information regarding the date of ownership, purchase structure and investment class of units acquired for our portfolio of real estate communities as of June 30, 2025:

	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	262	1,924	2,186
2022	587	884	1,471	35	1,436	1,471
2023	141	201	342	17	325	342
2024	0	9	9	9	0	9
2025	219	0	219	0	219	219
Total Portfolio	2,462	4,401	6,863	2,167	4,696	6,863
% of Portfolio	36%	64%	100%	32%	68%	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

June 30, 2025

Ginkgo REIT Inc. and Subsidiaries

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
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 (collectively, the "Company"), which comprise the consolidated balance sheet, and the related consolidated statements of operations, changes in equity, and cash flows, as of June 30, 2025 and for the six-month periods ended June 30, 2025 and 2024, and the related notes (collectively referred to as the "interim financial information").

Based on our review, 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 review 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, 2024

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, 2024, 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 13, 2025. In our opinion, the accompanying consolidated balance sheet of the Company as of December 31, 2024, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Grant Thornton LLP

Charlotte, North Carolina
September 25, 2025

Gingko REIT Inc. and Subsidiaries
Consolidated Balance Sheets

	June 30, 2025	December 31, 2024
	(Unaudited)	
Assets		
Investments in real estate, net	\$ 215,881,704	\$ 219,396,896
Investments in unconsolidated real estate ventures	60,986,271	62,582,775
Cash and cash equivalents	5,419,333	7,422,769
Restricted cash	3,085,747	1,603,549
Rental accounts receivable, net of allowance	471,197	457,540
Prepaid expenses and other assets	1,613,905	1,221,257
Notes receivable	629,343	503,316
	<u>629,343</u>	<u>503,316</u>
Total assets	<u>\$ 288,087,500</u>	<u>\$ 293,188,102</u>
Liabilities and Equity		
Liabilities		
Mortgage notes payable, net	\$ 186,869,177	\$ 187,416,611
Unsecured notes payable	9,446,000	5,536,000
Financing obligation	860,887	865,657
Accounts payable, accrued expenses and other liabilities	5,051,356	2,489,582
Total liabilities	<u>202,227,420</u>	<u>196,307,850</u>
Equity		
Stockholders' equity		
Common stock, \$0.01 par value; 900,000,000 shares authorized, 399,098 and 390,641 issued and outstanding as of June 30, 2025 and December 31, 2024, respectively	3,991	3,906
Additional paid-in capital	48,833,712	47,656,372
Accumulated deficit and cumulative distributions	(22,653,196)	(19,689,565)
Total stockholders' equity	<u>26,184,507</u>	<u>27,970,713</u>
Noncontrolling interests	<u>59,675,573</u>	<u>68,909,539</u>
Total equity	<u>85,860,080</u>	<u>96,880,252</u>
Total liabilities and equity	<u>\$ 288,087,500</u>	<u>\$ 293,188,102</u>

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

Ginkgo REIT Inc. and Subsidiaries
Consolidated Statements of Operations (Unaudited)
For the Six Months Ended June 30, 2025 and 2024

	2025	2024
Revenues		
Rental income	\$ 14,689,462	\$ 13,102,934
Other tenant income	1,835,824	1,735,127
Total revenues	<u>16,525,286</u>	<u>14,838,061</u>
Property Expenses		
Property operating expenses	5,063,760	4,950,979
Real estate taxes and insurance	2,035,357	1,756,257
Property management fees	731,488	671,003
Total property expenses	<u>7,830,605</u>	<u>7,378,239</u>
Other operating expenses		
Depreciation	4,949,233	4,994,936
Director and professional fees	386,335	419,770
Asset management fees	1,069,911	1,084,072
Total other operating expenses	<u>6,405,479</u>	<u>6,498,778</u>
Operating income	2,289,202	961,044
Other expenses (income)		
Interest:		
Interest expense	4,507,005	4,039,489
Amortization of debt acquisition costs	222,398	271,508
Realized gain on sale of derivative instrument	-	(140,597)
Loss from unconsolidated real estate ventures	2,977,065	2,346,305
Loss on early debt extinguishment	-	213,999
Casualty gain on real estate	-	(130,880)
Interest and other income	(96,378)	(145,884)
Other expenses, net	83,771	59,144
Total other expenses	<u>7,693,861</u>	<u>6,513,084</u>
Net loss	(5,404,659)	(5,552,040)
Net loss attributable to noncontrolling interests	<u>(3,933,486)</u>	<u>(4,078,742)</u>
Net loss attributable to Ginkgo REIT Inc.	<u><u>\$ (1,471,173)</u></u>	<u><u>\$ (1,473,298)</u></u>

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

Gingko REIT Inc. and Subsidiaries
Consolidated Statements of Changes in Equity (Unaudited)

	Common Stock, par value	Additional Paid-in Capital	Accumulated Deficit and Cumulative Distributions	Total Stockholders' Equity	Noncontrolling Interests	Total Equity
Balance, December 31, 2023	\$ 3,551	\$ 42,540,312	\$ (11,265,414)	\$ 31,278,449	\$ 86,798,862	\$ 118,077,311
Issuance of common stock	327	4,737,497	-	4,737,824	-	4,737,824
Issuance of Operating Partnership units for contributed properties	-	-	-	-	1,749,379	1,749,379
Common stock/units repurchased	(59)	(813,787)	-	(813,846)	-	(813,846)
Exchange of Operating Partnership units for common stock	7	99,993	-	100,000	(100,000)	-
Dividends and distributions	-	-	(1,371,953)	(1,371,953)	(4,067,963)	(5,439,916)
Purchase of noncontrolling interests in consolidated joint venture	-	-	-	-	(2,894,211)	(2,894,211)
Net loss	-	-	(1,473,298)	(1,473,298)	(4,078,742)	(5,552,040)
Balance, June 30, 2024	\$ 3,826	\$ 46,564,015	\$ (14,110,665)	\$ 32,457,176	\$ 77,407,325	\$ 109,864,501
	Common Stock, par value	Additional Paid-in Capital	Accumulated Deficit and Cumulative Distributions	Total Stockholders' Equity	Noncontrolling Interests	Total Equity
Balance, December 31, 2024	\$ 3,906	\$ 47,656,372	\$ (19,689,565)	\$ 27,970,713	\$ 68,909,539	\$ 96,880,252
Issuance of common stock	175	2,385,407	-	2,385,582	-	2,385,582
Offering costs	-	(4,164)	-	(4,164)	-	(4,164)
Common stock/units repurchased	(98)	(1,303,896)	-	(1,303,994)	(950,103)	(2,254,097)
Exchange of Operating Partnership units for common stock	8	99,993	-	100,001	(100,001)	-
Dividends and distributions	-	-	(1,492,458)	(1,492,458)	(4,250,376)	(5,742,834)
Net loss	-	-	(1,471,173)	(1,471,173)	(3,933,486)	(5,404,659)
Balance, June 30, 2025	\$ 3,991	\$ 48,833,712	\$ (22,653,196)	\$ 26,184,507	\$ 59,675,573	\$ 85,860,080

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

Gingko REIT Inc. and Subsidiaries
Consolidated Statements of Cash Flows (Unaudited)
For the Six Months Ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities:		
Net loss	\$ (5,404,659)	\$ (5,552,040)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation	4,949,233	4,994,936
Director fees	75,000	75,000
Amortization of debt acquisition costs	222,398	271,508
Realized gain on sale of derivative instrument	-	(140,597)
Operating distributions from unconsolidated real estate ventures	1,108,215	659,876
Loss from unconsolidated real estate ventures	2,977,065	2,346,305
Loss on early debt extinguishment	-	213,999
Casualty gain on real estate	-	(130,880)
Changes in operating assets and liabilities:		
Rental accounts receivable, net of allowance	(13,657)	192,393
Prepaid expenses and other assets	(322,648)	(646,560)
Accounts payable, accrued expenses and other liabilities	3,037,445	1,025,321
Net cash provided by operating activities	<u>6,628,392</u>	<u>3,309,261</u>
Cash flows from investing activities:		
Capital improvements to real estate	(1,434,041)	(1,356,354)
Insurance proceeds received from casualty loss	-	130,880
Proceeds received from settlement of derivative instrument	-	189,931
Contributions to investments in unconsolidated real estate ventures	(5,315,176)	(1,056,231)
Non-operating distributions from unconsolidated real estate ventures	2,826,400	-
Issuance of notes receivable	(184,227)	(665,895)
Collection on notes receivable	58,200	-
Deposits on real estate acquisitions	(70,000)	(72,500)
Net cash used in investing activities	<u>(4,118,844)</u>	<u>(2,830,169)</u>
Cash flows from financing activities:		
Proceeds from issuance of common stock	534,109	335,085
Offering costs paid	(4,164)	-
Dividends and distributions paid	(3,527,064)	(3,235,047)
Preferred distributions paid	(866,250)	(866,250)
Repurchase of common stock/units	(2,254,097)	(813,846)
Borrowings from mortgage notes payable	-	30,233,000
Repayments of mortgage notes payable—scheduled	(769,832)	(651,319)
Repayments of secured revolving credit facility	-	(21,218,300)
Borrowings from unsecured notes payable	3,961,282	3,750,000
Repayments of unsecured notes payable	(100,000)	-
Repayments of financing obligation	(4,770)	-
Payments for early debt extinguishment	-	(23,053)
Debt acquisition costs paid	-	(1,088,993)
Purchase of noncontrolling interests in consolidated joint venture	-	(1,144,832)
Net cash (used in) provided by financing activities	<u>(3,030,786)</u>	<u>5,276,445</u>
Net (decrease) increase in cash and cash equivalents and restricted cash	(521,238)	5,755,537
Cash and cash equivalents and restricted cash, beginning of year	9,026,318	6,844,524
Cash and cash equivalents and restricted cash, end of year	<u><u>\$ 8,505,080</u></u>	<u><u>\$ 12,600,061</u></u>

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 Advisor 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, 2025, the Operating Partnership owned or held ownership interests in 44 multifamily rental communities, comprising 6,863 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 by the Operating Partnership and consolidated in the accompanying consolidated financial statements as of June 30, 2025:

Community Name	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	100.0%
Lexington Street	Durham, NC	June 2020	16	100.0%
Savannah Place	Winston-Salem, NC	September 2020	172	100.0%
Gardens at Country Club	Winston Salem, NC	November 2020	137	100.0%
Town324 ⁽¹⁾	Charlotte, NC	June 2021	24	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%
The Arden and The Davy ⁽²⁾	Charlotte, NC	November 2022	35	100.0%
Cedar Oaks	Charlotte, NC	April 2023	17	100.0%
Sharon Lakes	Charlotte, NC	December 2024	9	100.0%
			<u>2,167</u>	<u>100.0%</u>

(1) This property was consolidated on November 1, 2024, when the Operating Partnership acquired 100% of the ownership interests.

(2) This property was consolidated on December 1, 2024, when the Operating Partnership acquired 100% of the ownership interests.

Ginkgo REIT Inc. and Subsidiaries

UPREIT Structure

The structure of the Operating Partnership to hold substantially all of the Company's assets is referred to as an Umbrella Partnership Real Estate Investment Trust ("UPREIT"). By using an UPREIT structure, individuals and/or entities who desire to defer taxable gains on the disposition of their properties may contribute their properties, or ownership interests in properties, to the Operating Partnership in exchange for Operating Partnership units and defer taxation until the limited partnership interests are disposed of in a taxable transaction. The Company is the sole general partner of the Operating Partnership and owns a minority interest. As of June 30, 2025 and 2024, the Company owned 26% 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, 2025 and 2024, the Limited Partners owned 74% 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, 2024 and notes thereto included in that annual report.

The accompanying consolidated financial statements include the accounts of the Company and the Company's subsidiaries, including the Operating Partnership and its subsidiaries. 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. Certain prior period items within the accompanying Consolidated Statements of Operations have been reclassified to conform to the current period presentation, with no effect on the change to net income.

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 has the ability to direct the Operating Partnership's most significant activities of the entities such as purchases, dispositions, financings, budgets and overall operating plans. Such rights, along with the obligation to absorb losses and receive benefits, requires the Company to consolidate the Operating Partnership. 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 is 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.

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.

Ginkgo REIT Inc. and Subsidiaries

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 expected credit losses was \$429,879 and \$300,571 as of June 30, 2025 and December 31, 2024, respectively.

Notes Receivable

The Company issued related party notes receivable to its various joint venture investments to partially fund working capital needs and interest rate cap replacements. These notes receivable represent unpaid principal balances on promissory notes, with payment terms extending over a 12-month period. The notes are presented net of an allowance, if any, for expected credit losses.

The notes receivable bear interest at a rate of 6%, which is recognized as interest income over the life of the note. The notes receivable may be prepaid in full or part at any time without penalty. The principal and all accrued but unpaid interest are due and payable in full on August 31, 2025. As of June 30, 2025, no allowance for expected credit losses has been recorded against the outstanding notes receivable balances.

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.

Ginkgo REIT Inc. and Subsidiaries

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, 2025 and 2024.

Investments in Unconsolidated Real Estate Ventures

Investments in unconsolidated real estate 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, 2025 and 2024.

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

Ginkgo REIT Inc. and Subsidiaries

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. 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 previously held a 67.9% ownership interest in a joint venture that owned Woodcreek Farms, a 176-unit apartment community in Columbia, South Carolina ("Woodcreek"). This joint venture has been consolidated by the Operating Partnership in the accompanying consolidated financial statements as the joint venture was a VIE and the Operating Partnership was the primary beneficiary.

On January 1, 2024, the Operating Partnership acquired the remaining 32.1% interests in the joint venture for total consideration of \$2,894,211. The remaining interest was acquired through a combination of (i) issuance of 12,065 Operating Partnership units to individuals who contributed their ownership interests in the property, representing a contribution value of \$1,749,379, (ii) cash consideration of \$1,112,589 and (iii) \$32,243 in transaction-related costs. As a result of this interest acquisition, Woodcreek is now a wholly owned subsidiary of the Operating Partnership.

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

Ginkgo REIT Inc. and Subsidiaries

determined that no additional provision or liability for income taxes is necessary. The Company's tax years subject to examination by the IRS generally remain open for three years from the date of filing.

On July 4, 2025, the legislation commonly referred to as the One Big Beautiful Bill Act ("OBBBA") was enacted. The OBBBA amended and extended certain provisions of the provisions of the 2017 Tax Cuts and Jobs Act. At this time, the Company does not believe the OBBBA will have a material impact on the Company's income taxes, but we are still evaluating the potential impacts.

Interest Rate Swap

On January 6, 2023, the Company entered into an interest rate swap agreement with KeyBank National Association ("KeyBank") to manage its interest rate risks. The Company's objective in using derivatives was to add stability to interest expense and to manage its exposure to interest rate movements or other identified risks.

The interest rate swap agreement was 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 was determined using contractual cash flows and observable inputs such as yield curves and credit spreads (Level 2 inputs).

On March 5, 2024, the Company and KeyBank terminated the interest rate swap for proceeds of \$189,931, resulting in a realized gain of \$140,597 on the settlement of the derivative and is recorded in interest expense on the accompanying Consolidated Statements of Operations. Following the sale, the Company no longer holds any interest rate derivatives as all of the Company's long-term debt obligations are fixed rate upon retirement of the secured revolving credit facility with KeyBank (See Note 8).

Share Value Determination

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 reviewed at least quarterly, 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.

Ginkgo REIT Inc. and Subsidiaries

As of June 30, 2025 and December 31, 2024, the Share NAV was \$136.00.

Stock-Based Compensation

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, 2025 and 2024 were \$75,000 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 \$4,254,626 and \$4,030,056 for the six months ended June 30, 2025 and 2024, 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:

	2025	2024
Cash and cash equivalents	\$ 5,422,820	\$ 9,835,859
Restricted cash	3,085,747	2,764,202
Total cash and cash equivalents and restricted cash	<u>\$ 8,508,567</u>	<u>\$ 12,600,061</u>

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:

	2025	2024
Issuance of Operating Partnership units as consideration for purchase of noncontrolling interests in consolidated joint venture	\$ -	\$ 1,749,379
Common stock issued under Company's dividend reinvestment plan	\$ 1,349,520	\$ 1,338,619
Common stock issued as settlement of performance fee allocation	\$ -	\$ 2,989,120
Common stock issued as settlement of asset management fees	\$ 426,953	\$ -
Exchange of Operating Partnership units for common stock	\$ 100,001	\$ 100,000
Issuance of unsecured notes payable in exchange for maturing unsecured notes payable	\$ 1,465,000	\$ -
Issuance of unsecured notes payable for accrued interest on maturing unsecured notes payable	\$ 48,718	\$ -

4. Acquisitions of Real Estate

Investments in Real Estate

During the six months ended June 30, 2025 and 2024, the Company had no wholly owned acquisitions or acquisitions where a controlling financial interest was acquired.

Investments in Unconsolidated Real Estate Ventures

During the six months ended June 30, 2025, the Company acquired partial interest in one real estate investment, comprising 219 units, and accounts for this investment using the equity method of accounting (see Note 7).

Ginkgo REIT Inc. and Subsidiaries

The following table provides further details of the investment acquired during the six months ended June 30, 2025:

Investment	Location	Ownership Percentage	Date Acquired	Units	Capital Contributed ⁽¹⁾
Preserve at Pine Valley Venture LLC	Wilmington, NC	10.0%	February 2025	219	\$ 3,396,946
				219	\$ 3,396,946

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

During the six months ended June 30, 2024, the Company had no joint venture investment acquisitions.

5. Dispositions of Real Estate

There were no dispositions during the six months ended June 30, 2025 and 2024.

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, 2025 and December 31, 2024:

	June 30, 2025	December 31, 2024
Land	\$ 27,267,493	\$ 27,267,493
Land Improvements	18,939,583	18,789,007
Buildings and building improvements	196,849,858	196,266,392
Fixtures, furniture and equipment	16,862,781	16,162,782
	259,919,715	258,485,674
Less - accumulated depreciation	(44,038,011)	(39,088,778)
Investments in real estate, net	<u>\$ 215,881,704</u>	<u>\$ 219,396,896</u>

Depreciation expense was \$4,949,233 and \$4,994,936 for the six months ended June 30, 2025 and 2024, respectively.

Casualty Loss

In October 2022, as a result of a fire, the Company's Savannah Place community experienced damage to one building, impacting 8 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 expenses (income), net in the accompanying Consolidated Statements of Operations for the six months ended June 30, 2023. During the six months ended June 30, 2024, the Company recognized a casualty gain of \$130,880 for additional insurance proceeds received in relation to this casualty loss.

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.

Ginkgo REIT Inc. and Subsidiaries

The following table details the changes in the Company's investments in unconsolidated real estate ventures for the six months ended June 30, 2025:

	2025
Balance, beginning of year	<u>\$ 62,582,775</u>
Contributions to investments	5,315,176
Distributions from investments	(3,934,615)
Loss from unconsolidated real estate ventures	<u>(2,977,065)</u>
Balance, end of period	<u><u>\$ 60,986,271</u></u>

Ginkgo REIT Inc. and Subsidiaries

The carrying values and ownership percentages of the Company's investments in unconsolidated real estate ventures are as follows as of June 30, 2025 and December 31, 2024:

Investment	Ownership Percentage	June 30, 2025	December 31, 2024
Forest at Chasewood Apartments LLC	18.6%	\$ 1,848,592	\$ 1,866,400
Ginkgo Kimmerly DE LLC	40.0%	4,321,206	4,702,668
CROJV Manager LLC	30.3%	3,313,266	3,701,741
Ginkgo Cedars LLC	25.0%	(170,729)	(143,470)
ST-GS Holding LLC	5.0%	1,143,569	1,146,958
Ginkgo Arbor Creek LLC	27.8%	5,899,053	5,898,911
Boundary Village JV LLC	36.6%	4,231,289	3,241,378
Yorkshire Apartments LLC	36.3%	(547,824)	2,694,134
Ginkgo Towergate LLC	25.0%	3,344,251	3,333,518
WeyMar Holding LLC	12.7%	2,054,804	2,037,056
Northwoods Townhomes Partners LLC	15.0%	1,291,851	1,393,131
Ginkgo Country Club LLC	25.0%	1,860,724	1,521,844
Ginkgo Fieldbrook LLC	25.0%	1,329,803	1,390,122
Parkwood JV LLC	26.5%	2,023,677	2,144,062
Phoenix Dragon Real Assets Fund LLC	17.7%	801,013	836,007
Ginkgo Biscayne II LLC	25.0%	756,521	837,833
Aurora JV LLC	38.1%	6,388,296	7,193,622
Central Pointe JV LLC	45.5%	7,675,576	8,317,378
Axiom Apartment Partners LLC	30.0%	3,864,015	3,991,062
Ginkgo North Main LLC	12.1%	877,559	912,662
WDLJV Manager LLC	33.7%	4,271,948	4,456,122
Ginkgo Lakeside II LLC	14.4%	1,098,159	1,109,636
Preserve at Pine Valley Venture LLC	10.0%	3,309,652	-
		<u>\$ 60,986,271</u>	<u>\$ 62,582,775</u>

Ginkgo REIT Inc. and Subsidiaries

Combined summarized financial statement information as of June 30, 2025 and December 31, 2024, and for the six months ended June 30, 2025 and 2024 for the Company's investments in unconsolidated real estate ventures is as follows:

	June 30, 2025	December 31, 2024 ⁽¹⁾
Combined balance sheets:		
Assets		
Investments in real estate, net	\$ 587,170,569	\$ 607,842,762
Other assets	45,180,415	44,767,586
Total assets	<u>\$ 632,350,984</u>	<u>\$ 652,610,348</u>
Liabilities and Equity		
Long-term debt	\$ 461,655,928	\$ 475,343,806
Other liabilities	9,658,440	6,277,091
Equity	161,036,616	170,989,451
Total liabilities and equity	<u>\$ 632,350,984</u>	<u>\$ 652,610,348</u>
For the Six Months Ended June 30,		
	2025	2024
Combined statements of operations:		
Total revenues	\$ 32,533,323	\$ 33,447,258
Total operating expenses	13,361,059	14,936,943
Net operating income	19,172,264	18,510,315
Depreciation	12,490,949	11,619,128
Interest expense	12,453,733	11,413,915
Other expenses, net	2,854,283	2,219,859
Net loss	<u>\$ (8,626,701)</u>	<u>\$ (6,742,587)</u>

(1) The December 31, 2024 balances presented in the table are unaudited.

8. Debt Obligations

Mortgage Notes Payable

Mortgage notes payable (“Mortgage Note”, and collectively, “Mortgage Notes”) are collateralized by the respective real estate community and consist of the following:

<u>Operating Properties</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Principal Balance Outstanding</u>	
			<u>June 30, 2025</u>	<u>December 31, 2024</u>
Glendare Park ⁽¹⁾	April 2028	5.22%	\$ 44,445,376	\$ 44,788,555
Matthews Lofts	March 2029	5.70%	11,306,000	11,306,000
Swathmore	March 2029	5.70%	8,322,000	8,322,000
Town324 Apartments ⁽²⁾	May 2029	3.69%	3,137,492	3,166,908
East Park ⁽³⁾	July 2029	5.84%	4,127,858	4,127,858
Cates ⁽³⁾	July 2029	5.84%	1,447,142	1,447,142
Bridges at Quail Hollow	March 2030	3.47%	10,801,682	10,908,030
Brookford Place ⁽⁴⁾	September 2030	4.99%	9,123,952	9,183,852
Gardens at Country Club	December 2030	3.03%	11,085,000	11,085,000
Lexington Street Annex	July 2031	5.81%	1,204,000	1,204,000
501 Towns	October 2031	3.72%	28,298,000	28,298,000
Savannah Place	April 2032	3.58%	18,595,000	18,595,000
Pepperstone	May 2032	3.48%	8,380,639	8,464,539
Woodcreek Farms ⁽⁵⁾	May 2032	4.13%	15,314,396	15,461,485
The Arden and The Davy	January 2035	5.79%	4,153,000	4,153,000
Salem Ridge	January 2035	5.53%	9,411,000	9,411,000
			189,152,537	189,922,369
Unamortized debt acquisition costs			(2,283,360)	(2,505,758)
Mortgage notes payable, net			<u>\$ 186,869,177</u>	<u>\$ 187,416,611</u>

- (1) The outstanding principal balance includes two supplemental mortgages. The stated interest rate reflects the weighted average interest rate of the three loans.
- (2) The mortgage was assumed upon acquisition of the property in 2024 and the outstanding balance at acquisition approximated the fair value.
- (3) These properties are financed under a single mortgage agreement and are cross-collateralized. The outstanding principal balance allocated to each property reflects its pro rata share at the time of issuance.
- (4) The outstanding principal balance includes a supplemental mortgage. The stated interest rate reflects the weighted average interest rate of the two loans.
- (5) The outstanding principal balance includes a supplemental mortgage. The stated interest rate reflects the weighted average interest rate of the two loans.

For each Mortgage Note, interest payments are required monthly with principal payments commencing between March 2020 and March 2029. 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 \$4,308,196 and \$3,531,189 for the six months ended June 30, 2025 and 2024, 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 \$222,398 and \$143,530 is included in interest expense in the accompanying Consolidated Statements of Operations for the six months ended June 30, 2025 and 2024, respectively. Upon the early

Ginkgo REIT Inc. and Subsidiaries

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, 2025 and 2024, the Company did not expense any unamortized debt acquisition costs related to the Mortgage Notes.

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, 2025 and 2024, there were no prepayment premiums incurred by the Company.

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 allowed 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 was guaranteed by the Company, the Operating Partnership and certain subsidiaries of the Operating Partnership. The Revolving Credit Facility had an original maturity date of November 2024. The facility bore interest at a rate of one-month SOFR plus 2.40%.

On May 16, 2024, the Company paid off the outstanding balance of the Revolving Credit Facility in its entirety and the facility was retired in connection with the payoff. The Company incurred a loss on early debt extinguishment of \$213,999, which loss resulted from the expense of unamortized debt acquisition costs and transaction-related costs incurred in terminating the facility. Interest expense related to the Revolving Credit Facility amounted \$508,300 for the six months ended June 30, 2024.

Unsecured Notes Payable

During 2024, the Company issued unsecured notes (“Unsecured Note”, and collectively, “Unsecured Notes”) through multiple series of private placement offerings of short-term and medium-term notes with maturities ranging from 6 to 12 months, as outlined in the respective issuance agreements.

Unsecured Notes are the Company’s direct, unsecured debt obligations and consist of the following as of June 30, 2025 and December 31, 2024:

Unsecured Note Series	Maturity Date	Interest Rate	Balance Outstanding	
			June 30, 2025	December 31, 2024
Short-term notes due 2025	June 2025	6.83%	\$ -	\$ 1,485,000
Medium-term notes due 2025	September 2025	6.93%	4,051,000	4,051,000
Medium-term notes due 2025	March 2026	6.48%	395,000	-
Short-term notes due 2025	December 2025	6.81%	3,000,000	-
Short-term notes due 2025	July 2025	9.00%	2,000,000	-
			<u>\$ 9,446,000</u>	<u>\$ 5,536,000</u>

The Unsecured Notes are not secured, collateralized or guaranteed by the Company, the Advisor, or any other party and are not backed by any real estate or other assets of the Company, including any interests in unconsolidated real estate ventures, and rely solely on the creditworthiness of the Company. The Company has covenanted not to incur unsecured indebtedness with a senior priority to the Unsecured Notes without the consent of the noteholders.

The Company may redeem at any time some or all the Unsecured Notes at an amount equal to the outstanding principal amount, plus a “make whole” premium specified in the respective private placement memorandum, along with accrued and unpaid interest, up to the maturity date. Interest expense related to the Unsecured Notes amounted to \$198,809 and \$0 for the six months ended June 30, 2025 and 2024, respectively. The outstanding principal balance, along with all accrued and unpaid interest, is due at maturity date.

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Proceeds from the issuance of the Unsecured Notes will be used to fund new acquisitions, improvements to existing real estate, capital calls for unconsolidated real estate ventures, working capital or other general corporate needs, as specified in the respective issuance agreements.

As of June 30, 2025 and December 31, 2024, a portion of the outstanding Unsecured Notes were held by related parties of the Company. These notes were issued on the same terms and conditions as those held by unaffiliated third parties.

Financing Obligation

In October 2024, the Company completed a transaction involving the sale of 9 units within Spencer Crossing, a wholly owned 63-unit condominium community located in Greensboro, North Carolina, for total proceeds of \$873,240, net of transaction costs. Simultaneously, the Company entered into a master lease agreement with the buyer to lease back the units for a two-year term. Based on the evaluation of the transaction under applicable accounting guidance, including ASC 842, *Leases*, and ASC 606, *Revenue from Contracts with Customers*, it was determined that the buyer did not obtain control of the units at the inception of the agreement. As a result, the transaction did not meet the criteria for sale recognition and has been accounted for as a financing arrangement.

The proceeds received from the transaction have been recognized as a financing obligation on the Company's Consolidated Balance Sheets, reflecting the nature of the transaction as a borrowing arrangement. The financing obligation bears an implicit interest rate of 4% and is being amortized over the two-year lease term using the effective interest method. The monthly lease payments under the master lease agreement include both principal and interest components, which will reduce the outstanding obligation over the lease term. As of June 30, 2025 and December 31, 2024, the outstanding balance of the financing obligation was \$860,887 and \$865,657, respectively.

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, 2025:

<u>Year</u>	<u>Unsecured Notes</u>	<u>Mortgage Notes</u>	<u>Total</u>
2025 (remaining)	\$ 9,051,000	\$ 959,877	\$ 10,010,877
2026	395,000	2,353,383	2,748,383
2027	-	2,677,261	2,677,261
2028	-	44,717,266	44,717,266
2029	-	30,239,803	30,239,803
Thereafter	-	108,204,947	108,204,947
	<u>\$ 9,446,000</u>	<u>\$ 189,152,537</u>	<u>\$ 198,598,537</u>

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9. Other Assets and Other Liabilities

The following table summarizes the components of prepaid expenses and other assets as of June 30, 2025 and December 31, 2024:

	June 30, 2025	December 31, 2024
Prepaid expenses	\$ 948,251	\$ 625,907
Acquisition deposits	665,654	595,350
	<u>\$ 1,613,905</u>	<u>\$ 1,221,257</u>

The following table summarizes the components of accounts payable, accrued expenses and other liabilities as of June 30, 2025 and December 31, 2024:

	June 30, 2025	December 31, 2024
Trade payables and accrued expenses	\$ 2,451,039	\$ 1,381,998
Advanced rental receipts	57,104	95,128
Accrued real estate taxes payable	1,373,833	-
Accrued interest payable	838,282	683,339
Tenant security deposits	319,295	313,579
Other	11,803	15,538
	<u>\$ 5,051,356</u>	<u>\$ 2,489,582</u>

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, 2025 and 2024 was \$731,488 and \$671,003, respectively, and is included in property management fees in the accompanying Consolidated Statements of Operations. The Company had an outstanding payable of \$122,002 and \$10,956 related to the property management fees as of June 30, 2025 and December 31, 2024, respectively, and is included in accounts payable, accrued expenses and other liabilities in the accompanying Consolidated Balance Sheets.

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 to the Company, the Advisor is compensated as provided by the advisory agreement and as summarized in the sections below.

Asset Management Fee

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, 2025 and 2024 was \$1,069,911 and \$1,084,072, 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, 2025 and 2024 was 1.22% and 1.23%, respectively. The Company has an outstanding payable

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of \$539,512 and \$794,354 related to the asset management fees as of June 30, 2025 and December 31, 2024, respectively, and is included in accounts payable, accrued expenses and other liabilities in the accompanying Consolidated Balance Sheets.

On March 1, 2025, the Company issued 3,139 shares of common stock, representing a total share value of \$426,953, to the Advisor and its affiliates as remaining payment for the accrued 2024 asset management fee.

Acquisition Fee

Acquisition fee 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, 2025 and 2024 were \$0 and \$310,511, respectively, and were capitalized as part of the purchase price. No amounts were outstanding related to the acquisition fees as of June 30, 2025 and December 31, 2024.

Disposition Fee

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, 2025 and 2024.

Guarantee Fee

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, 2025 and 2024.

Performance Fee Allocation

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 performance fee allocation may be paid in shares of common stock or cash, at the election of the Advisor. To date, the Advisor has elected to be paid in shares of common stock, resulting in a non-cash expense.

During the six months ended June 30, 2025 and 2024, the Company did not recognize any performance fee allocation expense in the Company's accompanying Consolidated Statements of Operations.

On March 1, 2024, the Company issued 5,320 shares of common stock, representing a total share value of \$750,085, 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, 2024. On May 1, 2024, the Company issued 15,880 shares of common stock, representing a total share value of \$2,239,035, to the Advisor and its affiliates as remainder payment of the 2022 performance fee allocation. Such shares were issued at the respective Share NAV as of May 1, 2024.

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.

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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, 2025 and 2024, the Company exchanged 735 and 690 units of Common OP Units for shares of common stock, respectively, representing a total share value of \$100,001 and \$100,000, 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

On July 1, 2021, the Operating Partnership entered into an offering of its Preferred OP Units, under which the Operating Partnership may offer and sell or exchange 250,000 Preferred OP Units, with a par value of \$100. Each Preferred OP Unit will be convertible at the option of the Limited Partner who has owned its Preferred OP Units for at least 2 years into shares of common stock. The perpetual offering ended on September 1, 2022, when the Operating Partnership completed its offering of the 250,000 Preferred OP Units. As of June 30, 2025 and December 31, 2024, there were 247,500 Preferred OP Units outstanding.

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 and is payable monthly. 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 forfeit the 2% Distribution for the Preferred OP Units which have been converted into shares of common stock of the Company.

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. Since issuance of the Preferred OP Units, no Preferred OP Units have been redeemed by Operating Partnership.

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. During the six months ended June 30, 2025 and 2024, no Preferred OP Units were converted into shares of common stock.

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. Since issuance of the Preferred OP Units, no Limited Partner has requested the Operating Partnership to repurchase its Preferred OP Units.

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 holders of shares of common stock and Common OP Units, subject to certain limitations. The DRP allows stockholders and unitholders to elect to have their 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 made payable. As of June 30, 2025 and December 31, 2024, there were 72,721 and 62,798 shares of common stock, respectively, issued and outstanding under the DRP.

14. Share and Unit Repurchase Plans

The Company and the Operating Partnership each have a share and unit 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.

Shares and 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, 2025, the Company repurchased 9,820 shares of common stock for a total of \$2,254,097. For the six months ended June 30, 2024, the Company repurchased 5,882 shares of common stock for a total of \$813,846. For the six months ended June 30, 2025, the Operating Partnership repurchased 6,341 Common OP Units for a total of \$950,103. No Common OP Units were repurchased by the Operating Partnership for the six months ended June 30, 2024.

During six months ended June 30, 2025, the Company had unfulfilled repurchased requests due to Company reaching the maximum number of shares allowed to be repurchased under the share repurchase agreement. The Operating Partnership did not have any unfulfilled repurchase requests during the six months ended June 30, 2025. Neither the Company nor the Operating Partnership had any unfulfilled repurchase requests during the six months ended June 30, 2024.

15. Subsequent Events

The Company has evaluated subsequent events through September 25, 2025, 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.

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During the period of July 1, 2025 through September 1, 2025, the Company raised \$877,899 through monthly equity closings, inclusive of reinvestments through the Company's DRP.

On July 7, 2025, the Company's unconsolidated joint venture sold Weyland Apartments, a 200-unit multifamily community located in Charlotte, NC, for a gross sales price of \$29.3 million. The Company holds a 12.7% interest in the joint venture and expects to recognize a small gain from the sale. Proceeds from the sale were used to repay the mortgage debt, closing costs and other prorations, and a distribution to the partners, with the Company receiving a distribution at closing of approximately \$2.2 million.

On July 28, 2025, the Company repaid in full the unsecured short-term notes due July 2025, together with all accrued interest.

On August 21, 2025, the Company acquired a 10% interest in an unconsolidated real estate venture that owns a five-property, 647-unit apartment portfolio located in North Charleston, South Carolina. The portfolio was acquired in partnership with JPMorgan Asset Management for a total purchase price of approximately \$86.25 million. The acquisitions were financed with five separate mortgage loans totaling approximately \$59.7 million. The Company's investment totaled approximately \$3.1 million, inclusive of transaction-related costs, for its 10% ownership interest.

On August 28, 2025, the Company obtained a \$4,000,000 mortgage loan secured by its wholly owned, previously unencumbered property, Spencer Crossing. The loan has a 12-month term and bears interest at a rate of SOFR plus 3.25%.

On August 29, 2025, the Company and its joint venture partner agreed to extend the maturity date of the notes receivable to October 31, 2025. All other terms of the notes remain unchanged.



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