



Ginkgo Residential



Why do we call ourselves Ginkgo? *We thought you might be wondering.*

The Ginkgo is an ancient tree known for its beauty, resilience and longevity. On first sight, the Ginkgo is a magnificent tree, growing 100 feet and higher. Its unique, fan-shaped leaves are green in the summer, then turn to a breathtaking gold in the fall, delighting its closer observers with streaks of green and gold as it transitions.

It's a tenacious tree, deep-rooted and resistant to damage from wind, snow, fire, pests, disease and urban pollution. It's happy in most types of soil, even in confined spaces. It's an eager plant, easy to propagate from seed and determined to live. After the 1945 atomic bomb explosion in Hiroshima, Japan, six Ginkgos were among the few living things to survive. Some trees are reported to be over 1,500 years old.

Its history is what truly sets the Ginkgo apart. It's known as a living fossil, the oldest tree in the world, the only survivor of an ancient family whose roots date back 200 million years. Buddhist monks in China cultivated the trees for their gardens, and Westerners eventually brought specimens overseas. Now, Ginkgos grace virtually every city in the United States.

The Ginkgo defines our ideal as a company: Attractive and strong, deep-rooted, adaptable, progressive, tenacious and far-reaching, with surprising benefits to offer a variety of individuals. As Ginkgo Residential strives to be a greener, more environmentally sensitive operation with every step we take, aligning ourselves with the Ginkgo seemed a natural choice.



Ginkgo Residential is an industry leader focusing on combining its core business of providing reasonably priced, high quality workforce housing with energy efficient improvements that are environmentally sensitive.

Ginkgo is a significant operator of apartment communities located primarily in the South, Southeast and Mid-Atlantic regions of the United States. Led by Philip Payne and Scott Wilkerson, our executive management team has over 100 years of combined experience in the property management industry and has worked together for nearly 20 years, most notably as the executive team at BNP Residential Properties, a successful multifamily REIT formerly listed on the American Stock Exchange. With over 700 employees, including professionals experienced in every aspect of multifamily development, rehabilitation, management and operation, as well as the formation, operation and sale of a public company, Ginkgo is well positioned to expand its operations and create superior returns.

Throughout our history, the management team has been dedicated to providing high quality workforce apartment homes to the middle market. The renter pool for these units typically includes teachers, policemen, firemen, office, healthcare, manufacturing and retail workers, along with other workers who provide essential services to the communities in which they live. Our unwavering commitment to these residents is at the very core of our philosophy.

Our proactive asset and property management programs and careful attention to resident needs significantly enhance occupancy levels, rental rates and, accordingly, the value of

the assets under our management. Senior management and property operations personnel develop a specific business plan for each asset under management. These plans include individualized marketing, maintenance, and capital improvement and investment programs designed to maximize the performance and value of each asset.

Ginkgo operates under two guiding principles:

- 1 | *To provide good quality, market rate housing for the middle market sector of the population*
- 2 | *Where economically feasible, to provide the option to integrate “green principles” into the apartment communities we manage, with a focus on responsible property investing*

For Ginkgo Residential, this means focusing on combining the benefits of pro-active management with the added value achieved through incorporating energy efficiency principles into the properties we manage. This includes a significant focus on utility savings, water conservation and ongoing reduction in maintenance fees with the goal of enhancing affordability to meet the housing needs of the workforce population while maximizing each asset’s performance and value. We have a highly disciplined approach to maintenance, leasing, operations and management. Our high standards of appearance, maintenance and service place our properties firmly at the top of the markets we serve.

At Ginkgo, we treat each community that we manage as though it were our own.

We believe our proactive asset and property management programs – along with careful attention to resident needs – significantly enhance occupancy levels, rental rates and, accordingly, the value of the assets under our management. Senior management and property operations personnel develop a specific business plan for each asset under management. These plans include individualized marketing, maintenance, and capital improvement and investment programs designed to maximize the marketability, performance and value of each asset. Management continuously monitors the operations of each asset and, where it is cost-effective, looks for opportunities to make focused upgrades and improvements that will strategically position the asset for exit at the maximum value.

Our management services encompass the following:

- Asset Management
- Property Management
- Construction Management
- Compliance
- Tax Revaluation
- Refinancing
- Acquisition and Disposition Strategy
- Market Studies
- Green Initiatives including Water Sub-Metering and Smoke-Free Living

Ginkgo has assembled a highly qualified property management team that employs focused and innovative management techniques for each of its properties. The property management team seeks to optimize each property's performance through aggressive asset and property management and pro-active customer-oriented service. The primary goal is to maximize NOI, appreciation and asset value. At each property, the property management team focuses on resident satisfaction and retention, asset preservation through high-quality, pro-active maintenance and maximum revenue generation through consistently maintaining high occupancy levels and strict management of expenses. Our asset managers monitor capital improvements, tax reductions, special projects, project management and budgeting programs. We implement revenue enhancement, cost containment and customer service programs. Key management programs are utilized to reduce resident turnover, increase occupancy and stimulate rental income growth.



ASSET MANAGEMENT

A key feature of Ginkgo's property management services is the asset management function.

Our asset management team will develop a business plan for each property and work to ensure that it is properly monitored and executed.

The primary responsibilities of asset management include the following areas:

- Understand the market where properties are located through market research and ongoing pricing reviews
- Conduct regular physical inspections of properties to become thoroughly knowledgeable about every aspect of condition, capital needs and operational tasks
- Monitor and control financial condition of properties, through review of leases and capital and operating expenses on a daily, weekly and monthly review process
- Create and oversee capital improvement programs as instructed or approved by owner
- Supervise the on-site management, leasing and marketing services to achieve a high level of occupancy and resident satisfaction
- Review, revise and approve the operating budgets and business plans prepared by the property managers with comparison to the asset plan, portfolio strategy, pro forma and industry norms
- Review and approve real estate tax concerns, including processes associated with tax revaluation
- Prepare financial management and accounting policies for property managers and monitor compliance including cash management, internal control, accounting methods, and reporting procedures
- Review property manager reports with emphasis on variances from budgets, accounts receivable, and compliance with the business plan to meet strategic business plan outlines
- Control the risk management process, ensuring adequate insurance coverage and processes leading to insurance optimization
- Continuously monitor property and market conditions relative to defined disposition strategy triggers and make disposition recommendations when appropriate
- A designated Resident Liaison in our corporate office assists residents in the resolution of issues that may arise while living in one of our communities

SUPPORT SERVICES

Due to our management team's prior history as the executive team for a publicly listed REIT, the Ginkgo organization has significant experience as a fiduciary and is well-versed in detailed financial reporting to investors, shareholders and clients.

Ginkgo's financial reporting adheres to Association for Management and Research ("AIMR"), National Council of Real Estate Investment Fiduciaries ("NCREIF"), and GAAP standards. In addition to issuing quarterly and annual financial statements, Ginkgo can provide periodic property updates to its clients including, upon request, internal valuations (semi-annually) and fair market value studies confirmed by third-party valuations.



In accordance with our accounting and 100% client reporting requirements, the property manager reports all accounting activity on a monthly basis. These reports and their supporting schedules are reviewed by the

corporate accounting team for errors, omissions, variances and compliance with the established requirements, policies and procedures. In accordance with our annual budget reporting, the property manager submits an annual budget to management. The approved budget is used as a basis of comparison with actual year-to-date financials for reporting purposes.

We pride ourselves on the thoroughness and flexibility of our reporting systems. In order to enhance productivity, efficiency and property performance, we have made a major resource commitment to high-level technological systems. With our integrated system, we have instant access to all property level information at any time of the day, any day of the month. There is never an information gap which could lead to inappropriate asset management decisions for our clients.



For Ginkgo Residential, we understand that the success of an investment cannot be completely judged until the apartment community is sold.

Therefore, it is imperative that an exit strategy be clearly defined initially, monitored by management and updated as conditions change so the disposition opportunity can be maximized.

The exit strategy is based on the recognition that real estate investment is cyclical and investment performance can be maximized by taking advantage of timing. We will work with an owner's specific target goals to buy at the bottom and sell at the top. Our research and experience have shown that the cycle does not move in a smooth linear fashion, but instead, it moves in a "stair step" manner. In periods of oversupply, rents and occupancies will be flat or decreasing. As supply

diminishes, rents and values will raise rapidly until new construction hits its peak. Then rents and values become flat or decrease and the cycle repeats. Therefore, it is optimal to sell at the peak of construction just prior to over-building. The length of these cycles can range from three to seven years. The property quality, physical age and financing are targeted for a holding period of usually one to two market cycles depending on the depth of the cycle of the specific market.

Our management team has significant experience in the disposition of real estate. Listed below are some of the major components of our marketing and disposition process:

- Interview, select, and monitor the real estate firm to act as listing broker, if one is required. The proper negotiation of a listing agreement is an important function in which we are experienced.
- Coordinate the preparation of a formal sales package that is sent to potential buyers. This contains pictures, aerial photographs, property descriptions, market descriptions, financial analysis, and expected returns. In those cases where brokers are involved, we supervise the preparation of these packages. Also included is Internet-based marketing.
- Evaluate offers and select the most appropriate potential buyer.
- Negotiate with the buyer for best possible pricing.
- Close the transaction.



Ginkgo's research process has two major components.

First, we use top-down market research techniques to target specific cities and states in which owners have an interest. Our management team then fine tunes this research by comparing and adding third party research information. The combination of the proprietary and public information becomes the basis for our macro-economic strategy. Secondly, we use a bottom-up process that acknowledges the importance of developing our own primary market research within the local real estate community. The success of integrating these processes distinguishes us from many of our industry competitors.

Macro-economic Research (Top-Down Approach)

The primary source of our macro-economic research is REIS, Inc. It allows our management team to have a clear understanding on specific areas of growth. In addition, macro-economic research is continually conducted by our team by gathering data and information from a variety of sources. We analyze certain macro-economic variables that relate to the supply and demand for real estate and rank cities and states in order of potential economic activity.

This information is used to develop broad-based investment strategies to include the following areas:

- Identify attractive cities and states in which to focus on for ownership and operation
- Determine the opportune time to sell individual properties in order to maximize investment

Micro-economic Research (Bottom-Up Approach)

Micro-economic research is conducted within the specific target market and sub-market by our asset management team to verify and detail the macro information. The micro research is utilized in property specific decision making, acquisition, asset management, and property management and disposition strategies.

The bottom-up or micro-economic method involves the analysis of supply and demand at the local market level. The supply side factors analyzed include building permits, occupancy levels, and availability of zoned land and rent levels. These factors are reviewed on both a long-term and short-term basis and are continuously updated. The demand side factors include vacancy rates, absorption, employment, job growth, and household formations. Based on this information, projections regarding current and future market conditions are evaluated. The bottom-up process provides the key information to make sub-market and property specific decisions.

Ginkgo Residential is committed to adhering to the principles of responsible property investment (RPI).

RPI emphasizes improving the energy efficiency of middle-market rental housing in a way that improves operating returns, marketability and economic value. It is important to note that RPI is a profit driven philosophy. Where it is economically feasible, our experience allows us to recommend value added green initiatives such as improving the overall building envelope by installing new HVAC systems, focusing on SEER upgrades and resizing in conjunction with replacing insulation, windows and roofs, which helps minimize heat gains and losses. In addition, we can add compact fluorescent lighting and Energy Star rated appliances and windows. All building material selections can incorporate low VOC paints, low flow fixtures and recycled materials. We have worked extensively to establish relationships with our vendors that allow us to maintain consistent, high standards with stable, reasonable and cost-effective pricing.

Another initiative we can offer that allows us to better protect the residents and the environment is instituting a smoke free living environment at the properties we manage. This policy protects residents from second hand smoke and protects the property from fire hazards caused by improper disposal of cigarette butts or smokers dropping cigarettes onto furniture. Designated smoking areas keep the property free from stray cigarette butts and allow residents to enter their apartment homes without walking through areas of concentrated smoke.

Finally, measuring the exact amount of electricity, gas, water and sewer used by residents allows owners to control expense levels and realize savings on overall utility costs. We have the experience to install state of the art meter reading technology for utility management on the properties we manage. This allows for the recovery of utility costs and an immediate increase in net operating income.



LETTER FROM OUR CEO

Dear prospective clients and colleagues,

Good property management is a matter of commitment: commitment to residents, commitment to the properties, and commitment to the investor. Our property management team seeks to optimize asset performance by focusing on resident satisfaction and retention, asset preservation through pro-active maintenance and targeted property improvements, and maximum revenue generation through consistently maintaining high occupancy levels and strict management of expenses.

For more than 20 years the management of Ginkgo Residential has provided high quality apartment homes to residents and superior returns to investors. During this time we have demonstrated that our asset and property management programs, combined with careful attention to resident needs, significantly enhance occupancy levels, rental rates and, ultimately, increase the value of the assets under our management.

We thank you for your interest in Ginkgo Residential and look forward to the opportunity to serve you.

Sincerely,



*Phillip S. Payne
Chief Executive Officer*

MANAGEMENT TEAM

Philip S. Payne, *Principal and Chief Executive Officer*



As CEO, Phil has primary responsibility for the overall strategic direction, growth and development of Ginkgo. From February 2007 until the formation of Ginkgo, he served as the CEO of Babcock & Brown Residential. Prior to Babcock's acquisition of BNP, Phil was the Chairman of BNP, spearheading its growth from a passive REIT in 1994 to an apartment REIT with approximately 9,000 apartment units by 2007. As BNP's Chairman, Phil led the sale of the company to Babcock & Brown Ltd. in 2007, at a valuation that represented a doubling in BNP's share price from the time he took over as Chairman. In addition to his duties at Ginkgo, Phil is a member of the Board of Directors of Ashford Hospitality Trust, a REIT focused on the hospitality industry, and serves as the Chairman of its Audit Committee. Phil received a BS degree and a JD degree, both from The College of William and Mary in Virginia, in 1973 and 1978, respectively. He is licensed to practice law in the State of Virginia. Phil is a member of both the National Multi Housing Council and the Urban Land Institute ("ULI"). He is the founding Chairman of ULI's Responsible Property Investing Council. Phil has written for various publications and spoken at numerous conferences on a variety of topics, including real estate investment trusts, securities regulations, finance and responsible property investing.

D. Scott Wilkerson, *Principal and Chief Operating Officer*



Scott is responsible for the overall operations of Ginkgo, including the direct day-to-day management of our apartment communities. His direct experience in the multifamily industry spans more than 23 years. During his tenure at BNP, Scott served in various officer-level positions, including Vice President of Administration and Finance and Vice President for Acquisitions and Development before becoming President in 1994 and a Director in 1997. While at BNP, he had primary responsibility for the acquisition, rehabilitation and repositioning of 36 apartment properties with over 8,000 units. From 1980 to 1986, Scott was with Arthur Andersen LLP, serving as tax manager from 1985 to 1986 and representing real estate investors, developers and management companies. He received a BS degree in accounting from the University of North Carolina. Scott is licensed in North Carolina as a Certified Public Accountant and is also a licensed real estate broker and the Principal Broker for Ginkgo. He serves on the Board of Directors of the National Multi Housing Council and the Board of Directors of the National Apartment Association, for which he serves as a Regional Vice President. He is a member of the National Apartment Association Budget and Finance Committee and formerly chaired the group's Membership Equity Task Force. He is also a past President of both the Apartment Association of North Carolina, of which he is still a Board member, and the Greater Charlotte Apartment Association.

Eric S. Rohm, *Principal and Chief Legal & Administrative Officer*



Eric oversees all legal functions at Ginkgo and is integrally involved in all strategic planning for the company. He also has responsibility for risk management and supervisory oversight of all human resources functions at Ginkgo. Prior to his time at Ginkgo and its predecessor companies, Eric was a Partner in the Real Estate Department of Kennedy Covington Lobbell & Hickman, LLP in Charlotte, North Carolina, where he practiced law from 1994 to 2002. His practice focused on all aspects of real estate acquisition/disposition, development and financing, as well as real estate private equity investment transactions. During his combined career in private practice and as in-house counsel for BNP, Eric was involved in the acquisition and/or financing of every property in BNP's portfolio. He earned his AB degree in Government, magna cum laude, from Georgetown University in 1991, and his JD degree from The Ohio State University College of Law in 1994, where he graduated summa cum laude and Order of the Coif. Eric is licensed to practice law in the State of North Carolina and is a member of the North Carolina State Bar, the North Carolina Bar Association and the Association of Corporate Counsel. Eric is a member of ULI where he is a member of the Responsible Property Investing Council.

Pamela B. Bruno, *Chief Financial Officer*



Pam is responsible for all financial reporting, tax compliance and reporting, accounting and internal control systems, cash management and banking relationships. She joined BNP in 1993 as Controller and became Chief Financial Officer in August 2005. Pam served as the primary author of all financial information for BNP's Securities and Exchange Commission filings. BNP's annual reports received several awards from the National Association of Real Estate Investment Trusts ("NAREIT") and American Business Communicators. From 1984 to 1993, Pam was with Ernst & Young LLP; areas of technical expertise included complex accounting for income taxes, mergers and acquisitions, consolidations, inventories and manufacturing systems and employee benefit plans. She received a BS degree in Accounting from the University of North Carolina at Charlotte in 1984. She is a licensed Certified Public Accountant and is a member of the North Carolina Association of Certified Public Accountants and NAREIT.

Alex S. Burris, *Director of Operations & Technology*



Alex joined BNP in June 2005 as Vice President of Operations. He has 16 years of multifamily REIT operations experience. His focus at Ginkgo is on creating and improving operating efficiencies. Alex is a Certified Public Accountant and holds undergraduate degrees in Accounting and Business Administration with a concentration in Management Information Systems from the University of North Carolina at Charlotte and an MBA from the Fuqua School of Business

at Duke University. He is an active member of ULI. Alex is a North Carolina licensed General Contractor and Real Estate Broker. He also holds a NAHB Green Building Certification.

Teresa M. Sandman, Director of Property Management



Teresa joined BNP in January 1991 and has over 18 years of progressive experience in various property management positions. She was named Vice President in 2004 and manages an asset and property management platform with over 650 employees. She holds real estate licenses in North Carolina and South Carolina. Teresa is responsible for overseeing the leadership and management of Ginkgo's operating properties and ensuring that day-to-day operations are consistent with the organization's mission statement. Her responsibilities include maximizing the value of Ginkgo's assets and focusing on creating growth in revenue opportunities. Teresa is a graduate of Louisiana Tech University with a degree in Marketing and holds various awards and designations, including Certified Apartment Manager, Certified Property Manager and Certified Apartment Property Supervisor. She is a member of the Institute of Real Estate Management.

Russell Woodward, General Counsel



Russell counsels company executives, regional managers, and on-site management teams regarding business disputes, litigation, governmental regulation and compliance matters, real estate law, and landlord tenant issues. He negotiates property-specific and enterprise-wide vendor agreements, oil and gas leases, and purchase and sale agreements. Russell regularly advises property management executives and employees regarding federal and state law compliance and emerging trends in multifamily property management. He represents the company regarding HUD, fair housing, and consumer protection claims; manages the company's litigation; and retains and supervises outside counsel. Russell received an AB degree in History, cum laude, from Duke University in 1986 and he received his JD degree from Emory University Law School in 1992. A former trial attorney, Russell was in the private practice of law for 12 years before becoming Vice President and Associate Counsel of Orleans Homebuilders. In 2007, Russell joined Ginkgo Residential. He is licensed to practice law in Maryland (currently inactive) and North Carolina. He is a member of the North Carolina Bar Association and the Association of Corporate Counsel.

Lindsay Dill, Director of Corporate Development



Lindsay joined Ginkgo Residential in October 2010 as Director of Corporate Development. She has 11 years experience in the financial services industry, with an extensive background in CMBS asset management. Prior to joining Ginkgo, Lindsay was a Vice President with Wells Fargo where she managed three teams within the Commercial Mortgage Servicing Platform. Based in Charlotte, her teams were responsible for leasing, special and primary servicing coordination for the \$301 billion legacy Wachovia CMBS portfolio. In previous roles with Wachovia, she served as a Senior Asset Manager and Assumption Manager responsible for a \$24.5 million assumption revenue pipeline. She received a BA degree from the University of North Carolina at Chapel Hill in 1996.

Phillip S. Foley, Director of Projects & Service



Phillip, a 25-year multifamily sector veteran, is responsible for the construction, maintenance and project management department at Ginkgo. He controls all aspects of training, coordinating, standardization, quality control and preventative maintenance. He also ensures a consistent quality of services across all properties owned or managed by Ginkgo. Phillip prepares the construction and design work specifications and oversees the coordination of renovation projects for Ginkgo. Phillip holds the national designation of Certified Apartment Maintenance Technician ("CAM-T") and is a certified instructor for the Charlotte Apartment Association, where he teaches CAM-T and Certified Apartment Manager courses.

Nazar Elwazir, Director of Acquisitions



Nazar joined Ginkgo Residential in June 2011 as Director of Acquisitions and spearheads our acquisition platform. He is responsible for the screening and selection of investment opportunities in the Southeast including all underwriting, structuring and execution of acquisitions. Prior to joining Ginkgo Residential, Nazar was an Investment Banker in both Bank of America's and Deutsche Bank's Real Estate Investment Banking Group where he worked on sell-side and buy-side advisory transactions, as well as equity and debt placements for both private and publicly listed real estate companies. Prior to his tenure as an Investment Banker, Nazar worked as a civil engineer focusing on ground stabilization techniques and mechanically stabilized earth structures. He received a Bachelor's Degree in Civil Engineering from Michigan State University and an MBA from the Fuqua School of Business at Duke University. Nazar is FINRA Series 7 and 63 licensed.

