

REFINITIV

DELTA REPORT

10-Q

ELME - ELME COMMUNITIES

10-Q - MARCH 31, 2024 COMPARED TO 10-Q - SEPTEMBER 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS 682

█ **CHANGES** 183

█ **DELETIONS** 313

█ **ADDITIONS** 186

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For quarterly period ended **September 30, 2023** **March 31, 2024**

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.

COMMISSION FILE NO. 1-6622

ELME COMMUNITIES

(Exact name of registrant as specified in its charter)

Maryland

(State of incorporation)

53-0261100

(IRS Employer Identification Number)

7550 WISCONSIN AVE, SUITE 900, BETHESDA, MD 20814

(Address of principal executive office) (Zip code)

Registrant's telephone number, including area code: (202) 774-3200

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Shares of Beneficial Interest	ELME	NYSE

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (\$232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer	<input checked="" type="checkbox"/>	Accelerated Filer	<input type="checkbox"/>
Non-accelerated Filer	<input type="checkbox"/>	Smaller Reporting Company	<input type="checkbox"/>
		Emerging Growth Company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of **October 24, 2023** **April 29, 2024**, **87,832,608** **88,004,082** common shares were outstanding.

ELME COMMUNITIES

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PART I
FINANCIAL INFORMATION

ITEM 1: FINANCIAL STATEMENTS

The information furnished in the accompanying unaudited Consolidated Balance Sheets, Condensed Consolidated Statements of Operations, Condensed Consolidated Statements of Comprehensive Income (Loss), Consolidated Statements of Equity and Consolidated Statements of Cash Flows reflects all adjustments, consisting of normal recurring items, which are, in the opinion of management, necessary for a fair presentation of the financial position, results of operations and cash flows for the interim periods. The accompanying financial statements and notes thereto should be read in conjunction with the financial statements and notes for the three years ended **December 31, 2022** **December 31, 2023** included in our **2022** **2023** Annual Report on Form 10-K filed on **February 17, 2023** **February 16, 2024**.

ELME COMMUNITIES AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS, EXCEPT PER SHARE DATA)

		September			
		30, 2023 (Unaudited)	December 31, 2022		
		March 31, 2024 (Unaudited)		March 31, 2024	
				December 31, 2023	
Assets	Assets				
Assets	Assets				
Land	Land	\$ 384,097	\$ 373,171		
Land					
Land					
Income producing property	Income producing property	1,941,663	1,897,835		
		2,325,760	2,271,006		
		2,350,220			
Accumulated depreciation and amortization	Accumulated depreciation and amortization	(506,298)	(481,588)		
Net income producing property	Net income producing property	1,819,462	1,789,418		
Properties under development or held for future development	Properties under development or held for future development	31,095	31,260		
Total real estate held for investment, net	Total real estate held for investment, net	1,850,557	1,820,678		
Cash and cash equivalents	Cash and cash equivalents	8,079	8,389		
Cash and cash equivalents					
Cash and cash equivalents					
Restricted cash	Restricted cash	2,104	1,463		
Rents and other receivables	Rents and other receivables	15,300	16,346		
Prepaid expenses and other assets	Prepaid expenses and other assets	34,233	25,730		
Total assets	Total assets	\$1,910,273	\$1,872,606		
Total assets					
Total assets					
Liabilities	Liabilities				
Notes payable, net	Notes payable, net	\$ 522,150	\$ 497,359		
Notes payable, net					
Notes payable, net					
Line of credit					
Line of credit					
Line of credit	Line of credit	149,000	55,000		
Accounts payable and other liabilities	Accounts payable and other liabilities	40,666	34,386		
Dividend payable	Dividend payable	15,868	14,934		
Advance rents	Advance rents	3,365	1,578		
Tenant security deposits	Tenant security deposits	6,171	5,563		

Total liabilities	Total liabilities	737,220	608,820
Total liabilities			
Total liabilities			
Equity	Equity		
Shareholders' equity	Shareholders' equity		
Shareholders' equity			
Shareholders' equity			
Preferred shares; \$0.01 par value; 10,000 shares authorized; no shares issued or outstanding	Preferred shares; \$0.01 par value; 10,000 shares authorized; no shares issued or outstanding	—	—
Shares of beneficial interest, \$0.01 par value; 150,000 shares authorized; 87,832 and 87,534 shares issued and outstanding, as of September 30, 2023 and December 31, 2022, respectively		878	875
Preferred shares; \$0.01 par value; 10,000 shares authorized; no shares issued or outstanding			
Preferred shares; \$0.01 par value; 10,000 shares authorized; no shares issued or outstanding			
Shares of beneficial interest, \$0.01 par value; 150,000 shares authorized; 88,003 and 87,867 shares issued and outstanding, as of March 31, 2024 and December 31, 2023, respectively			
Additional paid in capital	Additional paid in capital	1,734,657	1,729,854
Distributions in excess of net income	Distributions in excess of net income	(550,442)	(453,008)
Accumulated other comprehensive loss	Accumulated other comprehensive loss	(12,332)	(14,233)
Total shareholders' equity	Total shareholders' equity	1,172,761	1,263,488
Noncontrolling interests in subsidiaries	Noncontrolling interests in subsidiaries	292	298
Total equity	Total equity	1,173,053	1,263,786
Total liabilities and equity	Total liabilities and equity	\$1,910,273	\$1,872,606

See accompanying notes to the consolidated financial statements.

ELME COMMUNITIES AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (IN THOUSANDS, EXCEPT PER SHARE DATA) (UNAUDITED)

	Revenue	Three Months Ended		Nine Months Ended	
		September 30,		September 30,	
		2023	2022	2023	2022
Revenue	Revenue				
Revenue					

Revenue					
Real estate rental revenue					
Real estate rental revenue					
Real estate rental revenue	Real estate rental revenue	\$ 56,651	\$ 54,603	\$169,059	\$153,787
Expenses					
Expenses					
Expenses					
Property operating and maintenance					
Property operating and maintenance					
Property operating and maintenance	Property operating and maintenance	12,747	13,092	38,510	35,404
Real estate taxes and insurance	Real estate taxes and insurance	7,050	6,469	21,066	19,893
Real estate taxes and insurance					
Real estate taxes and insurance					
Property management					
Property management					
Property management	Property management	1,935	1,916	5,882	5,462
General and administrative	General and administrative	6,370	6,403	19,891	20,998
General and administrative					
General and administrative					
Transformation costs					
Transformation costs					
Transformation costs	Transformation costs	985	2,399	6,339	6,645
Depreciation and amortization	Depreciation and amortization	21,904	23,632	64,855	69,871
Real estate impairment		41,860	—	41,860	—
Depreciation and amortization					
Depreciation and amortization					
		92,851	53,911	198,403	158,273
Real estate operating (loss) income		(36,200)	692	(29,344)	(4,486)
		55,076			
		55,076			
		55,076			
Real estate operating income					
Real estate operating income					
Real estate operating income					
Other income (expense)	Other income (expense)				
Other income (expense)					
Other income (expense)					
Interest expense					
Interest expense					

Interest expense	Interest expense	(7,418)	(6,582)	(21,043)	(18,388)
Loss on extinguishment of debt	Loss on extinguishment of debt	—	(4,917)	(54)	(4,917)
Loss on extinguishment of debt					
Loss on extinguishment of debt					
Other income					
Other income	Other income	—	68	569	454
		(8,084)			
		(7,418)	(11,431)	(20,528)	(22,851)
		(8,084)			
		(8,084)			
Net loss					
Net loss					
Net loss	Net loss	\$(43,618)	\$(10,739)	\$(49,872)	\$(27,337)
Basic net loss per common share	Basic net loss per common share	\$ (0.50)	\$ (0.12)	\$ (0.57)	\$ (0.32)
Basic net loss per common share					
Basic net loss per common share					
Diluted net loss per common share					
Diluted net loss per common share					
Diluted net loss per common share	Diluted net loss per common share	\$ (0.50)	\$ (0.12)	\$ (0.57)	\$ (0.32)
Weighted average shares outstanding – basic	Weighted average shares outstanding – basic	87,759	87,453	87,717	87,354
Weighted average shares outstanding – basic					
Weighted average shares outstanding – basic					
Weighted average shares outstanding – diluted	Weighted average shares outstanding – diluted	87,759	87,453	87,717	87,354
Weighted average shares outstanding – diluted					
Weighted average shares outstanding – diluted					

See accompanying notes to the consolidated financial statements.

ELME COMMUNITIES AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) (IN THOUSANDS) (UNAUDITED)

	Net loss	Three Months Ended September 30,		Nine Months Ended September 30,	
		2023	2022	2023	2022
Net loss	Net loss	\$ (43,618)	\$ (10,739)	\$ (49,872)	\$ (27,337)

Net loss					
Net loss					
Other comprehensive income:	Other comprehensive income:				
Unrealized (loss) gain on interest rate hedges		(149)	442	372	3,284
Other comprehensive income:					
Other comprehensive income:					
Unrealized gain (loss) on interest rate hedges					
Unrealized gain (loss) on interest rate hedges					
Unrealized gain (loss) on interest rate hedges					
Reclassification of unrealized loss on interest rate derivatives to earnings	Reclassification of unrealized loss on interest rate derivatives to earnings	510	509	1,529	1,529
Reclassification of unrealized loss on interest rate derivatives to earnings					
Reclassification of unrealized loss on interest rate derivatives to earnings					
Comprehensive loss					
Comprehensive loss	Comprehensive loss	\$ (43,257)	\$ (9,788)	\$ (47,971)	\$ (22,524)

See accompanying notes to the consolidated financial statements.

ELME COMMUNITIES AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF EQUITY

(IN THOUSANDS)

(UNAUDITED)

	Shares Issued and Out-standing	Shares Issued	Shares of Beneficial Interest at Par Value	Additional Capital	Distributions in Excess of Net Income	Other Loss	Total	Shareholders' Equity	Noncontrolling Interests in Subsidiaries	Accumulated Distributions in Paid in Capital	Excess of Net Income	Comprehe- nitive Loss
Shares Issued and Out-standing												
Balance, December 31, 2023												
	Shares Issued and Out-standing	Shares Issued	Shares of Beneficial Interest at Par Value	Additional Capital	Distributions in Excess of Net Income	Other Loss	Total	Shareholders' Equity	Noncontrolling Interests in Subsidiaries	Accumulated Distributions in Paid in Capital	Excess of Net Income	Comprehe- nitive Loss
Balance, December 31, 2022	87,534	\$ 875	\$1,729,854	\$ (453,008)	\$ (14,233)	\$ 1,263,488	\$ 298	\$ 1,263,786				
Net loss												
Net loss	Net loss	—	—	—	(49,872)	—	(49,872)	—	(49,872)			
Unrealized gain on interest rate hedges	Unrealized gain on interest rate hedges	—	—	—	—	372	372	—	372			
Amortization of swap settlements	Amortization of swap settlements	—	—	—	—	1,529	1,529	—	1,529			
Amortization of swap settlements												
Amortization of swap settlements												

Distributions to noncontrolling interests	Distributions to noncontrolling interests	—	—	—	—	—	—	(6)	(6)
Dividends (\$0.54 per common share)		—	—	—	(47,562)	—	(47,562)	—	(47,562)
Dividends (\$0.18 per common share)									
Dividends (\$0.18 per common share)									
Dividends (\$0.18 per common share)									
Shares issued under Dividend Reinvestment Program		28	—	497	—	—	497	—	497
Share grants, net of forfeitures and tax withholdings	Share grants, net of forfeitures and tax withholdings	270	3	4,306	—	—	4,309	—	4,309
Balance, September 30, 2023		87,832	\$ 878	\$1,734,657	\$ (550,442)	\$ (12,332)	\$ 1,172,761	\$ 292	\$1,173,053
Share grants, net of forfeitures and tax withholdings									
Share grants, net of forfeitures and tax withholdings									
Balance, March 31, 2024									

	Shares Issued	Shares of Beneficial Interest	Additional Paid in Capital	Distributions in Excess of Net Income	Other Loss	Accumulated Comprehensive Loss	Shareholders' Equity	Noncontrolling Interests in Subsidiaries	Accumulated Total Equity
Balance, December 31, 2021	86,261	\$ 863	\$1,697,477	\$ (362,494)	\$ (19,091)	\$ 1,316,755	\$ 307	\$1,317,062	
Shares Issued and Out-standing									
Balance, December 31, 2022									
Net loss	Net loss	—	—	—	(27,337)	—	(27,337)	—	(27,337)
Unrealized gain on interest rate hedges		—	—	—	—	3,284	3,284	—	3,284
Net loss									
Net loss									
Unrealized loss on interest rate hedges									
Amortization of swap settlements	Amortization of swap settlements	—	—	—	—	1,529	1,529	—	1,529
Amortization of swap settlements									
Amortization of swap settlements									

Distributions to noncontrolling interests	Distributions to noncontrolling interests	—	—	—	—	—	—	(6)	(6)
Dividends (\$0.51 per common share)		—	—	—	(44,708)	—	(44,708)	—	(44,708)
Equity issuances, net of issuance costs		1,032	10	26,841	—	—	26,851	—	26,851
Dividends (\$0.18 per common share)									
Shares issued under Dividend Reinvestment Program									
Shares issued under Dividend Reinvestment Program									
Shares issued under Dividend Reinvestment Program	Shares issued under Dividend Reinvestment Program	32	—	777	—	—	777	—	777
Share grants, net of forfeitures and tax withholdings	Share grants, net of forfeitures and tax withholdings	179	2	3,745	—	—	3,747	—	3,747
Balance, September 30, 2022		87,504	\$ 875	\$ 1,728,840	\$ (434,539)	\$ (14,278)	\$ 1,280,898	\$ 301	\$ 1,281,199
Balance, March 31, 2023									

See accompanying notes to the consolidated financial statements.

ELME COMMUNITIES AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF EQUITY

(IN THOUSANDS)

(UNAUDITED)

	Shares of							Noncontrolling		
	Shares		Beneficial		Distributions in			Interests in		
	Issued and Out-standing	Interest at Par Value	Additional Paid in Capital	Excess of Net Income	Accumulated Other Comprehensive Loss	Total Shareholders' Equity	Subsidiaries	Total Equity		
Balance, June 30, 2023	87,809	\$ 878	\$ 1,733,388	\$ (490,939)	\$ (12,693)	\$ 1,230,634	\$ 294	\$ 1,230,928		
Net loss	—	—	—	(43,618)	—	(43,618)	—	(43,618)		
Unrealized loss on interest rate hedges	—	—	—	—	(149)	(149)	—	(149)		
Amortization of swap settlements	—	—	—	—	510	510	—	510		
Distributions to noncontrolling interests	—	—	—	—	—	—	—	(2)	(2)	
Dividends (\$0.18 per common share)	—	—	—	(15,885)	—	(15,885)	—	(15,885)		
Share grants, net of share grant amortization and forfeitures	23	—	1,269	—	—	1,269	—	1,269		
Balance, September 30, 2023	87,832	\$ 878	\$ 1,734,657	\$ (550,442)	\$ (12,332)	\$ 1,172,761	\$ 292	\$ 1,173,053		

	Shares of							Noncontrolling		
	Shares		Beneficial		Distributions in			Interests in		
	Issued and Out-standing	Interest at Par Value	Additional Paid in Capital	Excess of Net Income	Accumulated Other Comprehensive Loss	Total Shareholders' Equity	Subsidiaries	Total Equity		
Balance, June 30, 2022	87,392	\$ 874	\$ 1,727,031	\$ (408,882)	\$ (15,229)	\$ 1,303,794	\$ 302	\$ 1,304,096		

Net loss	—	—	—	(10,739)	—	(10,739)	—	(10,739)
Unrealized gain on interest rate hedges	—	—	—	—	442	442	—	442
Amortization of swap settlements	—	—	—	—	509	509	—	509
Distributions to noncontrolling interests	—	—	—	—	—	—	(1)	(1)
Dividends (\$0.17 per common share)	—	—	—	(14,918)	—	(14,918)	—	(14,918)
Shares issued under Dividend Reinvestment Program	12	—	259	—	—	259	—	259
Share grants, net of forfeitures and tax withholdings	100	1	1,550	—	—	1,551	—	1,551
Balance, September 30, 2022	87,504	\$ 875	\$ 1,728,840	\$ (434,539)	\$ (14,278)	\$ 1,280,898	\$ 301	\$ 1,281,199

See accompanying notes to the consolidated financial statements.

ELME COMMUNITIES AND SUBSIDIARIES			
CONSOLIDATED STATEMENTS OF CASH FLOWS			
(IN THOUSANDS)			
(UNAUDITED)			
		Nine Months Ended September 30,	
		2023	2022
Cash flows from operating activities			
Net loss		\$ (49,872)	\$ (27,337)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Depreciation and amortization		64,855	69,871
Credit losses on lease related receivables		2,876	1,816
Real estate impairment		41,860	—
Share-based compensation expense		4,031	6,157
Net amortization of debt premiums, discounts and related financing costs		3,160	3,084
Loss on extinguishment of debt		54	4,917
Changes in operating other assets		(10,591)	(952)
Changes in operating other liabilities		5,443	(6,100)
Net cash provided by operating activities		61,816	51,456
Cash flows from investing activities			
Real estate acquisitions, net		(107,595)	(204,433)
Capital improvements to real estate		(22,293)	(19,046)
Development in progress		—	(671)
Insurance proceeds		—	2,224
Non-real estate capital improvements		(395)	(1,322)
Net cash used in investing activities		(130,283)	(223,248)
Cash flows from financing activities			
Line of credit repayments, net		94,000	43,000
Dividends paid		(48,495)	(44,440)
Repayments of mortgage notes payable		—	(76,598)
Repayments of unsecured term loan debt		(100,000)	—
Proceeds from term loan		125,000	—
Payment of financing costs		(844)	(39)
Distributions to noncontrolling interests		(6)	(6)
Proceeds from dividend reinvestment program		497	777
Net proceeds from equity issuances		—	26,851
Payment of tax withholdings for restricted share awards		(1,354)	(2,100)

Net cash provided by (used in) financing activities	68,798	(52,555)
Net decrease in cash, cash equivalents and restricted cash	331	(224,347)
Cash, cash equivalents and restricted cash at beginning of period	9,852	234,220
Cash, cash equivalents and restricted cash at end of period	\$ 10,183	\$ 9,873

ELME COMMUNITIES AND SUBSIDIARIES			CONSOLIDATED STATEMENTS OF CASH FLOWS		
CONSOLIDATED STATEMENTS OF CASH FLOWS			CONSOLIDATED STATEMENTS OF CASH FLOWS		
(IN THOUSANDS)			(UNAUDITED)		
	Three Months Ended March 31,				
	Three Months Ended March 31,				
	Three Months Ended March 31,				
	2024		2024	2023	
Cash flows from operating activities					
Net loss					
Net loss					
Net loss					
Adjustments to reconcile net loss to net cash provided by operating activities:					
Depreciation and amortization					
Depreciation and amortization					
Depreciation and amortization					
Credit losses on lease related receivables					
	Nine Months Ended September 30,				
	2023	2022			
Share-based compensation expense					
Share-based compensation expense					
Share-based compensation expense					
Net amortization of debt premiums, discounts and related financing costs					
Net amortization of debt premiums, discounts and related financing costs					
Net amortization of debt premiums, discounts and related financing costs					
Loss on extinguishment of debt					
Loss on extinguishment of debt					
Loss on extinguishment of debt					

Gain on land easements
Changes in operating other assets
Changes in operating other liabilities
Net cash provided by operating activities
Cash flows from investing activities
Capital improvements to real estate
Capital improvements to real estate
Capital improvements to real estate
Non-real estate capital improvements
Non-real estate capital improvements
Non-real estate capital improvements
Payments received for land easements
Net cash used in investing activities
Cash flows from financing activities
Line of credit borrowings (repayments), net
Line of credit borrowings (repayments), net
Line of credit borrowings (repayments), net
Dividends paid
Repayments of unsecured term loan debt
Repayments of unsecured term loan debt
Repayments of unsecured term loan debt
Proceeds from term loan
Payment of financing costs
Payment of financing costs
Payment of financing costs
Distributions to noncontrolling interests
Proceeds from dividend reinvestment program
Payment of tax withholdings for restricted share awards
Payment of tax withholdings for restricted share awards
Payment of tax withholdings for restricted share awards

Net cash used in financing activities			
Net decrease in cash, cash equivalents and restricted cash			
Cash, cash equivalents and restricted cash at beginning of period			
Cash, cash equivalents and restricted cash at end of period			
Supplemental disclosure of cash flow information:	Supplemental disclosure of cash flow information:		
Supplemental disclosure of cash flow information:			
Supplemental disclosure of cash flow information:			
Cash paid for interest, net of amounts capitalized			
Cash paid for interest, net of amounts capitalized			
Cash paid for interest, net of amounts capitalized	Cash paid for interest, net of amounts capitalized	\$20,066	\$18,386
Change in accrued capital improvements and development costs	Change in accrued capital improvements and development costs	7,343	2,510
Dividend payable	Dividend payable	15,868	14,919
Mortgage notes payable assumed in connection with the acquisition of real estate		—	76,554
Reconciliation of cash, cash equivalents and restricted cash:			
Reconciliation of cash, cash equivalents and restricted cash:			
Reconciliation of cash, cash equivalents and restricted cash:	Reconciliation of cash, cash equivalents and restricted cash:		
Cash and cash equivalents	Cash and cash equivalents	\$ 8,079	\$ 8,436
Cash and cash equivalents			
Cash and cash equivalents			
Restricted cash	Restricted cash	2,104	1,437

Cash, cash equivalents and restricted cash	Cash, cash equivalents and restricted cash
	\$10,183 \$ 9,873

See accompanying notes to the consolidated financial statements.

ELME COMMUNITIES AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2023 **March 31, 2024**

(UNAUDITED)

NOTE 1: NATURE OF BUSINESS

Elme Communities, a Maryland real estate investment trust, is a self-administered equity real estate investment trust ("REIT"), and successor to a trust organized in 1960. Our business primarily consists of the ownership of apartment communities in the greater Washington, DC metro and Sunbelt regions. Within these notes to the financial statements, we refer to the three months ended **September 30, 2023** **March 31, 2024** and **September 30, 2022** **March 31, 2023** as the **"2023" "2024" Quarter** and the **"2022" "2023" Quarter**, respectively, and the nine months ended **September 30, 2023** and **September 30, 2022** as the **"2023 Period"** and the **"2022 Period"**, respectively.

Federal Income Taxes

We believe that we qualify as a REIT under Sections 856-860 of the Internal Revenue Code of 1986, as amended (the "Code"), and intend to continue to qualify as such. To maintain our status as a REIT, we are, among other things, required to distribute 90% of our REIT taxable income (determined before the deduction for dividends paid and excluding net capital gains to our shareholders) on an annual basis. When selling a property, we generally have the option of (a) reinvesting the sales proceeds of property sold in a way that allows us to defer recognition of some or all taxable gain realized on the sale, (b) distributing gains to the shareholders with no tax to us or (c) treating net long-term capital gains as having been distributed to our shareholders, paying the tax on the gain deemed distributed and allocating the tax paid as a credit to our shareholders.

Generally, and subject to our ongoing qualification as a REIT, no provisions for income taxes are necessary except for taxes on undistributed taxable income and taxes on the income generated by our taxable REIT subsidiary ("TRS"). Our TRS is subject to corporate federal and state income tax on its taxable income at regular statutory rates. As of both **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**, our TRS had a deferred tax asset of \$1.4 million that was fully reserved.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATIONS

Significant Accounting Policies

We have prepared our consolidated financial statements using the accounting policies described in our Annual Report on Form 10-K for the year ended **December 31, 2022** **December 31, 2023**.

Recent Accounting Pronouncements

In March 2020, the Financial Accounting Standards Board issued Accounting Standards Update ("ASU" "ASU") 2020-04, Reference Rate Reform ("Topic 848" "848"), which was amended in December 2022 by ASU 2022-06, Reference Rate Reform (Topic 848). Topic 848 contains practical expedients for reference rate reform related activities that impact debt, leases, derivatives and other contracts. The guidance in Topic 848 is optional and may be elected through December 31, 2024 as reference rate reform activities occur. During the **first quarter of 2023** **Quarter**, we executed an amendment to the \$700.0 million unsecured revolving credit facility ("Revolving Credit Facility") to convert the benchmark interest rate from LIBOR to an adjusted SOFR ("Secured Overnight Financing Rate"). We elected to apply the optional expedients in Topic 848 to (i) assert that the hedged interest payments remain probable regardless of any expected modification in terms related to reference rate reform, and (ii) continue the method of assessing effectiveness as documented in the original hedge documentation so that the reference rate on the hypothetical derivative matches the reference rate on the hedging instrument. Application of these expedients preserves the presentation of derivatives consistent with past presentation. The impact of this guidance did not have a material impact on our consolidated financial statements.

In November 2023, the FASB issued an amendment to the segment reporting standards which requires disclosure for each reportable segment, on an interim and annual basis, the significant expense categories and amounts that are regularly provided to the chief operating decision maker and included in each reported measure of a segment's profit or loss. Additionally, it requires a disclosure of the title and position of the individual or the name of the group or committee identified as the chief operating decision maker. The new standard will be effective for annual periods beginning on January 1, 2024 and interim periods beginning on January 1, 2025 on a retrospective basis. We are currently evaluating the impact of adopting the standard on our consolidated financial statements.

In March 2024, the Securities and Exchange Commission ("SEC") issued its final rule that requires registrants to provide climate disclosures in their annual reports and registration statements, beginning with annual reports for the year ending December 31, 2025. On April 4, 2024, the SEC voluntarily stayed the final rule pending the completion of judicial review of cases pending in the Eighth Circuit. We are continuing to evaluate the disclosure impact of the final rule.

Principles of Consolidation and Basis of Presentation

The accompanying unaudited consolidated financial statements include the consolidated accounts of Elme Communities and our subsidiaries and entities in which Elme Communities has a controlling financial interest. All intercompany balances and transactions have been eliminated in consolidation.

We have prepared the accompanying unaudited financial statements pursuant to the rules and regulations of the **Securities and Exchange Commission ("SEC")** **SEC**. Certain information and note disclosures normally included in annual financial statements prepared in accordance with Generally Accepted Accounting Principles ("GAAP") have been condensed or omitted pursuant to those rules and regulations, although we believe that the disclosures made are adequate to make the information presented not misleading. In

addition, in the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation of the results for the periods presented have been included. These unaudited financial statements should be read in conjunction with the financial statements and notes included in our Annual Report on Form 10-K for the year ended **December 31, 2022** **December 31, 2023**.

Lessee Accounting

For leases where we are the lessee, primarily our corporate office operating lease, we recognize a right-of-use asset and a lease liability in accordance with Accounting Standards Codification ("ASC") Topic 842. The right-of-use asset and associated liability is equal to the present value of the minimum lease payments, applying our incremental borrowing rate. Our borrowing rate is computed based on observable borrowing rates taking into consideration our credit quality and adjusting to a secured borrowing rate for similar assets and term.

Lease expense for the operating lease is recognized on a straight-line basis over the expected lease term and is included in "General and administrative expense."

Restricted Cash

Restricted cash includes funds held in escrow for tenant security deposits.

Transformation Costs

Transformation costs include costs related to the strategic shift away from the commercial sector to the residential sector, including the allocation of internal costs, consulting, advisory and termination benefits.

Use of Estimates in the Financial Statements

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

NOTE 3: REAL ESTATE

Acquisitions

We acquired the following community during the 2023 Quarter (the "2023 Acquisition"):

Acquisition Date	Community	Type	Number of Homes	Ending Occupancy as of September 30, 2023	Contract Purchase Price (In thousands)
September 29, 2023	Elme Druid Hills	Residential	500	93.4 %	\$ 108,000

The results of operations from the acquired operating property for our period of ownership is included in the condensed consolidated statements of operations as of its acquisition date and was as follows (in thousands):

Three and Nine Months Ended September 30, 2023		
Real estate rental revenue	\$	53
Net loss		(403)

We accounted for the 2023 Acquisition as an asset acquisition. We measured the value of the acquired physical assets (land and building) and in-place leases (absorption costs) by allocating the total cost of the acquisition on a relative fair value basis.

The total cost of the 2023 Acquisition was as follows (in thousands):

Contract purchase price	\$	108,000
Capitalized acquisition costs		190
Total	\$	108,190

We have recorded the 2023 Acquisition as follows (in thousands):

Land	\$	25,249
Building		79,281
Absorption costs		3,660
Total carrying amount recorded	\$	108,190

The weighted remaining average life for the absorption costs is seven months.

The difference in the total acquisition cost of \$108.2 million for the 2023 Acquisition and the cash paid for the acquisition per the consolidated statements of cash flows of \$107.6 million is due to net credits received at settlement totaling \$0.6 million.

Development/Redevelopment

We have properties under development/redevelopment and held for current or future development. As of **September 30, 2023** **March 31, 2024**, we have invested \$30.4 million, including the cost of acquired land, in a residential development adjacent to Riverside Apartments. During the second quarter of 2022, we paused development activities at the aforementioned property and ceased associated capitalization of interest on spending and real estate taxes. However, we continue to capitalize qualifying costs on several other projects with minor development activity necessary to ready each project for its intended use.

Properties Sold and Held for Sale

We intend to hold our properties for investment with a view to long-term appreciation, to engage in the business of acquiring, developing and owning our properties and to make occasional sales of properties that no longer meet our long-term strategy or return objectives and where market conditions for sale are favorable. The proceeds from the sales may be reinvested into other properties, used to fund development operations or to support other corporate needs or distributed to our shareholders. Depreciation on these properties is discontinued at the time they are classified as held for sale, but operating revenues, operating expenses and interest expense continue to be recognized until the date of sale.

We did not sell or classify any properties as held for sale during the **2023 Period** **2024 Quarter** or in **2022, 2023**.

Real Estate Impairment

During the **2023 Quarter**, **As of March 31, 2024**, we **recognized** an impairment charge of \$41.9 million on Watergate 600 in order to reduce its carrying value to its estimated fair value, which declined due to changes in market conditions in the Washington DC metro region office market. The estimated fair value is inherently subjective because there are few observable market transactions for similar office properties. This fair valuation fell into Level 3 in the fair value hierarchy due to its reliance on significant unobservable inputs (see note 7). In accordance with ASC 820, we estimated the fair value using a discounted cash flow model which required certain significant assumptions, including a discounted cash flow term of 5 years, an average economic occupancy of 80.5%, and a terminal capitalization rate of 7.5%.

No other **assessed** our properties, including assets held for development, **had** for impairment and **did not recognize** any **recognized** impairment charges during the **2023** **2024** Quarter. We applied reasonable estimates and judgments in evaluating each of the properties as of March 31, 2024. Should external or internal circumstances change requiring the need to shorten holding periods or adjust future estimated cash flows from our properties, we could be required to record impairment charges in the future.

NOTE 4: UNSECURED LINE OF CREDIT PAYABLE

During the third quarter of 2021, we entered into an amended and restated credit agreement ("Credit Agreement") which provides for the Revolving Credit Facility and the continuation of an existing \$250.0 million unsecured term loan ("2018 Term Loan"). The Revolving Credit Facility has a four-year term ending in August 2025, with two six-month extension options. The Credit Agreement has an accordion feature that allows us to increase the aggregate facility to \$1.5 billion, subject to the lenders' agreement to provide additional revolving loan commitments or term loans.

During the **first quarter of 2023** **Quarter**, we executed an amendment to the Revolving Credit Facility to convert the benchmark interest rate from LIBOR to an adjusted SOFR, with no change in the applicable interest rate margins. The Revolving Credit Facility bears interest at a rate of **daily** **adjusted** SOFR plus 0.10% plus a margin ranging from 0.70% to 1.40%. In addition, the Revolving Credit Facility requires the payment of a facility fee ranging from 0.10% to 0.30% (**depending** **in each case**, **depending** on Elme Communities' credit rating) on the \$700.0 million committed revolving loan capacity, without regard to usage. As of **September 30, 2023** **March 31, 2024**, the interest rate on the Revolving Credit Facility is **based on an adjusted daily** SOFR (inclusive of the 0.10% credit spread adjustment) plus 0.85% **applicable** margin, the daily SOFR is **5.31%** **5.34%** and the facility fee is 0.20%.

All outstanding advances for the Revolving Credit Facility are due and payable upon maturity in August 2025, unless extended pursuant to one or both of the two six-month extension options. Interest only payments are due and payable generally on a monthly basis.

The amount of the Revolving Credit Facility's unsecured line of credit unused and available at **September 30, 2023** **March 31, 2024** was as follows (in thousands):

Committed capacity	\$	700,000
Borrowings outstanding		(149,000) (160,000)
Unused and available	\$	551,000 540,000

We executed borrowings and repayments on the Revolving Credit Facility during the **2023 Period** **2024 Quarter** as follows (in thousands):

Balance, December 31, 2022 December 31, 2023	\$	55,000 157,000
Borrowings		294,000 37,000
Repayments		(200,000) (34,000)
Balance, September 30, 2023 March 31, 2024	\$	149,000 160,000

NOTE 5: NOTES PAYABLE

During the **first quarter of 2023 Quarter**, we entered into a \$125.0 million unsecured term loan ("2023 Term Loan") with an interest rate of **adjusted** SOFR (subject to a credit spread adjustment of 10 basis points) plus a margin of 95 basis points (subject to adjustment depending on Elme Communities' credit rating). The 2023 Term Loan has a two-year term ending in January 2025, with two one-year extension options. We used the proceeds to prepay the \$100.0 million 2018 Term Loan in full and a portion of our borrowings under our Revolving Credit Facility.

NOTE 6: DERIVATIVE INSTRUMENTS

We had an interest rate swap arrangement with a notional amount of \$100.0 million that had effectively fixed the remaining \$100.0 million portion of the 2018 Term Loan prior to the prepayment. During the **first quarter of 2023** we prepaid the 2018 Term Loan using proceeds from the \$125.0 million 2023 Term Loan (see note 5). Subsequent to this transaction, the interest swap arrangement effectively fixed the interest rate on a \$100.0 million portion of the 2023 Term Loan through the interest rate swap arrangement's expiration date of **July 21, 2023**.

During the **first quarter of 2023**, we entered into two interest rate swap arrangements with an aggregate notional amount of \$125.0 million that effectively fixed the interest at 4.73% for the 2023 Term Loan beginning on **July 21, 2023** through the 2023 Term Loan's maturity date of **January 10, 2025**.

Subsequent to the end of the **2024 Quarter**, we entered into two forward interest rate swap arrangements with an aggregate notional amount of \$150.0 million beginning on **January 10, 2025** through **January 10, 2026**. These forward interest rate swap arrangements will effectively fix a portion of our variable rate debt based on an adjusted daily SOFR at 4.72% (subject to applicable interest rate margins).

The interest rate swap arrangements are recorded at fair value in accordance with GAAP, based on discounted cash flow methodologies and observable inputs. We record the effective portion of changes in fair value of the cash flow hedges in Other comprehensive income (loss). We assess the effectiveness of a cash flow hedge both at inception and on an ongoing basis. If a cash flow hedge is no longer expected to be effective, hedge accounting is discontinued. Hedge ineffectiveness of our cash flow hedges is recorded in earnings.

The fair values of the interest rate swaps as of **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**, were as follows (in thousands):

Derivative Instrument	Fair Value					Fair Value				
	Derivative Assets					Derivative Instrument	Aggregate Notional Amount	Effective Date	Maturity Date	Derivative Assets
	Fair Value					Derivative Assets				
Aggregate										
Derivative Instrument	Notional Amount	Effective Date	Maturity Date	September 30, 2023	December 31, 2022					
Interest rate swap	\$100,000	2017	2023	\$ —	\$ 1,998					
Interest rate swap	75,000	2023	2025	1,422	—					
Interest rate swap	50,000	2023	2025	948	—					
				\$ 2,370	\$ 1,998					
Interest rate swap										
				\$						

We record interest rate swaps on our consolidated balance sheets within Prepaid expenses and other assets when in a net asset position and within Accounts payable and other liabilities when in a net liability position. The net unrealized gains and losses on the effective swaps were recognized in Other comprehensive income (loss), as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Unrealized (loss) gain on interest rate hedges	\$ (149)	\$ 442	\$ 372	\$ 3,284
Three Months Ended March 31,				
	2024	2023		

Unrealized gain (loss) on interest rate hedges	\$	83	\$	(33)
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Amounts reported in Accumulated other comprehensive loss related to effective cash flow hedges will be reclassified to interest expense as interest payments are made on our variable-rate debt. During the next twelve months, we estimate that an additional ~~\$2.0~~ \$1.3 million related to our two outstanding interest rate swap arrangements will be reclassified as a decrease to interest expense.

The losses reclassified from Accumulated other comprehensive loss into interest expense for the three and nine months ended ~~September 30, 2023~~ March 31, 2024 and ~~2022~~, 2023, were as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Loss reclassified from accumulated other comprehensive loss into interest expense	\$ 510	\$ 509	\$ 1,529	\$ 1,529

	Three Months Ended March 31,	
	2024	2023
Loss reclassified from accumulated other comprehensive loss into interest expense	\$ 510	\$ 510

During the next twelve months, we estimate that an additional \$2.0 million related to the previously settled interest rate swap arrangements will be reclassified as an increase to interest expense.

We have agreements with each of our derivative counterparties that contain a provision whereby we could be declared in default on our derivative obligations if repayment of the underlying indebtedness is accelerated by the lender due to our default on the indebtedness. As of ~~September 30, 2023~~ March 31, 2024, the fair value of derivative assets, including accrued interest, was ~~\$2.4 million~~ \$1.3 million and we did not have any derivatives in a liability position. As of ~~September 30, 2023~~ March 31, 2024, we have not posted any collateral related to these agreements.

Derivative instruments expose us to credit risk in the event of non-performance by the counterparty under the terms of the interest rate hedge agreements. We believe that we minimize our credit risk on these transactions by dealing with major, creditworthy financial institutions. We monitor the credit ratings of counterparties and our exposure to any single entity, thus minimizing our credit risk concentration.

NOTE 7: FAIR VALUE DISCLOSURES

Assets and Liabilities Measured at Fair Value on a Recurring Basis

For assets and liabilities measured at fair value on a recurring basis, quantitative disclosures about the fair value measurements are required to be disclosed separately for each major category of assets and liabilities, as follows:

Level 1: Quoted prices in active markets for identical assets

Level 2: Significant other observable inputs

Level 3: Significant unobservable inputs

The only assets or liabilities we had at ~~September 30, 2023~~ March 31, 2024 and ~~December 31, 2022~~ December 31, 2023 that are recorded at fair value on a recurring basis are the assets held in the Supplemental Executive Retirement Plan ("SERP"), which primarily consist of investments in mutual funds, and the interest rate derivatives (see note 6).

We base the valuations related to the SERP on ~~assumptions derived from significant other observable inputs~~ quoted prices in active markets and accordingly these valuations fall into Level ~~2~~ 1 in the fair value hierarchy.

The valuation of the interest rate derivatives is determined using widely accepted valuation techniques, including discounted cash flow analysis on the expected cash flows of each interest rate derivative. This analysis reflects the contractual terms of the interest rate derivatives, including the period to maturity, and uses observable market-based inputs, including interest rate curves and implied volatilities. The fair values of interest rate derivatives are determined using the market standard methodology of netting the discounted future fixed cash payments (or receipts) and the discounted expected variable cash receipts (or payments). The variable cash payments (or receipts) are based on an expectation of future interest rates (forward

curves) derived from observable market interest rate curves. To comply with the provisions of ASC 820, *Fair Value Measurement*, we incorporate credit valuation adjustments in the fair value measurements to appropriately reflect both our own nonperformance risk and the respective counterparty's nonperformance risk. These credit valuation adjustments were concluded to not be significant inputs for the fair value calculations for the periods presented. In adjusting the fair value of our derivative contracts for the effect of nonperformance risk, we have considered the impact of netting and any applicable credit enhancements, such as the posting of collateral, thresholds, mutual puts and guarantees. The valuation of interest rate derivatives fall into Level 2 in the fair value hierarchy.

The fair values of these assets at ~~September 30, 2023~~ as of March 31, 2024 and ~~December 31, 2022~~ December 31, 2023 were as follows (in thousands):

Assets:	Assets:	September 30, 2023			December 31, 2022			March 31, 2024			December 31, 2023		
		Fair Value	Level 1	Level 2	Level 3	Fair Value	Level 1	Level 2	Level 3	Fair Value	Level 1	Level 2	Level 3
SERP	SERP	\$1,714	\$—	\$1,714	\$—	\$2,142	\$—	\$2,142	\$—				
SERP													
SERP													
Interest rate derivatives	Interest rate derivatives	2,370	—	2,370	—	1,998	—	1,998	—				

Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis

Certain assets not measured at fair value on an ongoing basis but subject to fair value adjustments only in certain circumstances, such as when there is evidence of impairment, are measured at fair value on a nonrecurring basis. In the **2023** **2024** Quarter, **we the Company did not have any assets or liabilities measured at fair value of Watergate 600 as there was evidence of impairment (see note 3).**

on a nonrecurring basis.

Financial Assets and Liabilities Not Measured at Fair Value

The following disclosures of estimated fair value were determined by management using available market information and established valuation methodologies, including discounted cash flow models. Many of these estimates involve significant judgment. The estimated fair value disclosed may not necessarily be indicative of the amounts we could realize on disposition of the financial instruments. The use of different market assumptions or estimation methodologies could have an effect on the estimated fair value amounts. In addition, fair value estimates are made at a point in time and thus, estimates of fair value subsequent to **September 30, 2023** **March 31, 2024** may differ significantly from the amounts presented. The valuations of cash and cash equivalents and restricted cash fall into Level 1 in the fair value hierarchy and the valuations of debt instruments fall into Level 3 in the fair value hierarchy.

As of **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**, the carrying values and estimated fair values of our financial instruments were as follows (in thousands):

	September 30, 2023		December 31, 2022		March 31, 2024		March 31, 2024		December 31, 2023	
	Carrying Value		Carrying Fair Value		Carrying Value		Carrying Fair Value		Carrying Value	
	Value	Fair Value	Value	Fair Value	Value	Fair Value	Value	Fair Value	Value	Fair Value
Cash and cash equivalents	Cash and cash equivalents	\$ 8,079	\$ 8,079	\$ 8,389	\$ 8,389					
Restricted cash	Restricted cash	2,104	2,104	1,463	1,463					
Line of credit	Line of credit	149,000	149,000	55,000	55,000					
Line of credit										
Notes payable, net	Notes payable, net	522,150	459,471	497,359	454,564					

NOTE 8: SHARE-BASED COMPENSATION

Elme Communities maintains short-term ("STIP") and long-term ("LTIP") incentive plans that allow for stock-based awards to officers and non-officer employees. Stock based awards are provided to officers and non-officer employees, as well as trustees, under the Washington Real Estate Investment Trust 2016 Omnibus Incentive Plan, **as amended**, which allows for awards in the form of restricted shares, restricted share units, options and other awards up to an aggregate of 2,400,000 shares over the ten-year period in which the plan will be in effect. Restricted share units are converted into shares of our stock upon full vesting through the issuance of new shares.

Total Compensation Expense

Total compensation expense recognized in the consolidated financial statements for all outstanding share-based awards was **\$1.4 million** **\$1.1 million** and **\$1.9 million** **\$1.2 million** for the **2023** **2024** Quarter and **2022** **2023** Quarter, respectively, and \$4.0 million and \$6.2 million for the 2023 and 2022 Period, respectively.

Restricted Share Awards

The total fair values of restricted share awards vested was \$4.0 million \$0.6 million and \$4.8 million \$3.4 million for the 2024 Quarter and 2023 Period and 2022 Period, Quarter, respectively.

The total unvested restricted share awards at September 30, 2023 March 31, 2024 was 391,777 443,439 shares, which had a weighted average grant date fair value of \$19.78 \$16.96 per share. As of September 30, 2023 March 31, 2024, the total compensation cost related to unvested restricted share awards was \$5.3 million \$6.2 million, which we expect to recognize over a weighted average period of 26 27 months.

NOTE 9: EARNINGS PER COMMON SHARE

We determine "Basic earnings per share" using the two-class method as our unvested restricted share awards and units have non-forfeitable rights to dividends, and are therefore considered participating securities. We compute basic earnings per share by dividing net income less the allocation of undistributed earnings to unvested restricted share awards and units by the weighted-average number of common shares outstanding for the period.

We also determine "Diluted earnings per share" as the more dilutive of the two-class method or the treasury stock method with respect to the unvested restricted share awards. We further evaluate any other potentially dilutive securities at the end of the period and adjust the basic earnings per share calculation for the impact of those securities that are dilutive. Our dilutive earnings per share calculation includes the dilutive impact of operating partnership units under the if-converted method and our share based awards with performance conditions prior to the grant date and all market condition awards under the contingently issuable method.

The computations of basic and diluted earnings per share for the three and nine months ended September 30, 2023 March 31, 2024 and 2022 2023 were as follows (in thousands, except per share data):

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2023	2022	2023	2022
Numerator:	Numerator:			
Net loss	Net loss	\$(43,618)	\$(10,739)	\$(49,872)
Net loss				
Net loss				
Allocation of earnings to unvested restricted share awards				
Allocation of earnings to unvested restricted share awards				
Allocation of earnings to unvested restricted share awards	Allocation of earnings to unvested restricted share awards	(71)	(68)	(209)
Allocation of earnings to unvested restricted share awards	Allocation of earnings to unvested restricted share awards			(191)
Adjusted net loss	Adjusted net loss	\$(43,689)	\$(10,807)	\$(50,081)
Adjusted net loss	Adjusted net loss			\$(27,528)
Adjusted net loss				
Adjusted net loss				
Denominator:	Denominator:			
Denominator:	Denominator:			
Weighted average shares outstanding – basic and diluted	Weighted average shares outstanding – basic and diluted	87,759	87,453	87,717
Weighted average shares outstanding – basic and diluted	Weighted average shares outstanding – basic and diluted			87,354
Weighted average shares outstanding – basic and diluted	Weighted average shares outstanding – basic and diluted			

Weighted average shares outstanding – basic and diluted	
Basic net loss per common share	
Basic net loss per common share	
Basic net loss per common share	Basic net loss per common share \$ (0.50) \$ (0.12) \$ (0.57) \$ (0.32)
Diluted net loss per common share	Diluted net loss per common share \$ (0.50) \$ (0.12) \$ (0.57) \$ (0.32)
Diluted net loss per common share	
Diluted net loss per common share	
Dividends declared per common share	Dividends declared per common share \$ 0.18 \$ 0.17 \$ 0.54 \$ 0.51
Dividends declared per common share	
Dividends declared per common share	

NOTE 10: SEGMENT INFORMATION

We operate in a single reportable segment which includes the ownership, development, redevelopment and acquisition of apartment communities. None of our operating properties meet the criteria to be considered separate operating segments on a stand-alone basis. Within the residential segment, we do not distinguish or group our consolidated operations based on size (only one community, Riverside Apartments, comprises more than 10% of consolidated revenues), type (all assets in the segment are residential) or geography (all but six communities are within the Washington, DC metro region). Further, our apartment communities have similar long-term economic characteristics and provide similar products and services to our residents. As a result, our operating properties are aggregated into a single reportable segment: residential.

We have one remaining office property, Watergate 600, which does not meet the criteria for a reportable segment, and has been classified within "Other" on our segment disclosure tables.

We evaluate performance based upon net operating income ("NOI") of the combined properties in the segment. Our reportable operating segment consolidates similar properties. GAAP requires that segment disclosures present the measure(s) used by the chief operating decision maker for purposes of assessing each segment's performance. NOI is a key measurement of our segment profit and loss and is defined as real estate rental revenue less real estate expenses.

The following tables present revenues, NOI, capital expenditures and total assets for the three and nine months ended **September 30, 2023** **March 31, 2024** and **2022** **2023** from our Residential segment as well as Other, and reconcile NOI to net loss as reported (in thousands):

		Three Months Ended September 30, 2023			Three Months Ended March 31, 2024			Consolidated	
		Residential	Other (1)	Consolidated	Residential	Other (1)			
Real estate rental revenue	Real estate rental revenue	\$ 52,065	\$ 4,586	\$ 56,651					
Real estate expenses	Real estate expenses	18,431	1,366	19,797					
Net operating income	Net operating income	\$ 33,634	\$ 3,220	\$ 36,854					
Other income (expense):	Other income (expense):								
Property management expenses	Property management expenses			(1,935)					

Property management expenses	
Property management expenses	
General and administrative expenses	General and administrative expenses
	(6,370)
Transformation costs	(985)
Depreciation and amortization	
Depreciation and amortization	
Depreciation and amortization	Depreciation and amortization
	(21,904)
Interest expense	Interest expense
	(7,418)
Interest expense	
Interest expense	
Other income	
Other income	
Other income	
Real estate impairment	(41,860)
Net loss	Net loss
	<u>\$ (43,618)</u>
Less: Net income attributable to noncontrolling interests in subsidiaries	—
Net loss attributable to the controlling interests	\$ (43,618)
Net loss	
Net loss	
Capital expenditures	
Capital expenditures	
Capital expenditures	Capital expenditures
	\$ 11,900
	\$ 605
	\$ 12,505
Total assets	Total assets
	\$ 1,770,921
	\$ 139,352
	\$ 1,910,273

	Three Months Ended September 30, 2022		
	Residential	Other (1)	Consolidated
Real estate rental revenue	\$ 49,889	\$ 4,714	\$ 54,603
Real estate expenses	18,198	1,363	19,561
Net operating income	\$ 31,691	\$ 3,351	\$ 35,042
Other income (expense):			
Property management expenses			(1,916)
General and administrative expenses			(6,403)
Transformation costs			(2,399)
Depreciation and amortization			(23,632)
Interest expense			(6,582)
Loss on extinguishment of debt			(4,917)
Other income			68
Net loss			<u>\$ (10,739)</u>
Capital expenditures	\$ 7,764	\$ 567	\$ 8,331
Total assets	\$ 1,694,750	\$ 184,784	\$ 1,879,534

		Nine Months Ended September 30,			Three Months Ended March 31, 2023		
		2023			Residential		Other (1)
		Residential	Other (1)	Consolidated			Consolidated
Real estate rental revenue	Real estate rental revenue	\$155,156	13,903	\$ 169,059			
Real estate expenses	Real estate expenses	55,629	3,947	59,576			
Net operating income	Net operating income	\$ 99,527	\$ 9,956	\$ 109,483			
Other income (expense):							
Other expense:							
Property management expenses	Property management expenses						
Property management expenses	Property management expenses						
Property management expenses	Property management expenses			(5,882)			
General and administrative expenses	General and administrative expenses						
General and administrative expenses	General and administrative expenses			(19,891)			
Transformation costs	Transformation costs						
Transformation costs	Transformation costs			(6,339)			
Depreciation and amortization	Depreciation and amortization						
Depreciation and amortization	Depreciation and amortization			(64,855)			
Interest expense	Interest expense						
Interest expense	Interest expense			(21,043)			
Interest expense	Interest expense						
Interest expense	Interest expense						
Loss on extinguishment of debt	Loss on extinguishment of debt						
Loss on extinguishment of debt	Loss on extinguishment of debt			(54)			
Other income	Other income			569			
Loss on extinguishment of debt	Loss on extinguishment of debt						
Loss on extinguishment of debt	Loss on extinguishment of debt						
Real estate impairment	Real estate impairment			(41,860)			
Net loss	Net loss						
Net loss	Net loss						
Net loss	Net loss	\$ (49,872)					
Capital expenditures	Capital expenditures	\$ 21,447	\$ 1,241	\$ 22,688			
Capital expenditures	Capital expenditures						
Capital expenditures	Capital expenditures						
Total assets	Total assets						
(1) Other represents Watergate 600, an office property that does not meet the qualitative or quantitative criteria for a reportable segment.							
(1) Other represents Watergate 600, an office property that does not meet the qualitative or quantitative criteria for a reportable segment.							
(1) Other represents Watergate 600, an office property that does not meet the qualitative or quantitative criteria for a reportable segment.							

		Nine Months Ended September 30, 2022		
		Residential		Other (1)
		Residential	Other (1)	Consolidated
Real estate rental revenue	Real estate rental revenue	139,869	13,918	\$ 153,787
Real estate expenses	Real estate expenses	51,411	3,886	55,297

Net operating income	\$ 88,458	\$ 10,032	\$ 98,490
Other income (expense):			
Property management expenses			(5,462)
General and administrative expenses			(20,998)
Transformation costs			(6,645)
Depreciation and amortization			(69,871)
Interest expense			(18,388)
Loss on extinguishment of debt			(4,917)
Other income			454
Net loss			\$ (27,337)
Capital expenditures	\$ 17,623	\$ 2,745	\$ 20,368

(a) Other represents Watergate 600, an office property that does not meet the qualitative or quantitative criteria for a reportable segment.

NOTE 11: SHAREHOLDERS' EQUITY

On February 17, 2021 February 20, 2024, we entered into separate amendments to each of our existing an equity distribution agreements ("Original Equity agreement (the "Equity Distribution Agreements" Agreement") with each of Wells Fargo Securities, LLC, BNY Mellon Capital Markets, LLC, Capital One Securities, Inc., Citigroup Global Markets Inc., Goldman Sachs & Co. LLC, J.P. Morgan KeyBanc Capital Markets Inc., TD Securities (USA) LLC and Truist Securities, Inc. as agents and forward sellers, as applicable, (collectively, the "Agents" or "Forward Sellers", as applicable), and Wells Fargo Bank, National Association, The Bank of New York Mellon, Citibank, N.A., Goldman Sachs & Co. LLC, KeyBanc Capital Markets Inc., The Toronto-Dominion Bank and Truist Securities, Inc. (f/k/a SunTrust Robinson Humphrey, Inc.), each dated May 4, 2018 (collectively, Bank as amended, the "Equity Distribution Agreements") for our at-the-market program. Also on February 17, 2021, we entered into a separate equity distribution agreement with BTIG, LLC on the same terms as the Amended Equity Distribution Agreements (the "BTIG Equity Distribution Agreement"). On September 22, 2021, BTIG, LLC notified us that it was terminating the BTIG Equity Distribution Agreement, effective as of September 27, 2021. Pursuant forward purchasers pursuant to the Equity Distribution Agreements, we may sell, from time to time, which up to an aggregate gross sales price of \$550.0 million \$350,000,000 of our Elme's common shares of beneficial interest, \$0.01 par value per share. Issuances of share, may be offered and sold from time to time through the Agents, acting as the Company's sales agents or, if applicable, the Forward Sellers, or directly to the Agents as principals for their own accounts. In connection with entry into the Equity Distribution Agreement, we terminated our common shares are made at market prices prevailing at prior at-the-market offering program. At the time of issuance. We may use net proceeds from the issuance of common shares such termination, approximately \$340.0 million remained unsold under this program for general business purposes, including, without limitation, working capital, the acquisition, renovation, expansion, improvement, development or redevelopment of income producing property or the repayment of debt. such prior program.

We did not issue common shares under the Equity Distribution Agreements Agreement or any prior equity distribution agreements during the 2024 Quarter or 2023 Period and 2022 Quarter. Our issuances and net proceeds on the Equity Distribution Agreements for the 2022 Period were as follows (\$ in thousands, except per share data):

	Nine Months Ended September 30,
	30,
	2022
Issuance of common shares	1,032
Weighted average price per share	\$ 26.27
Net proceeds	\$ 26,851

We have a dividend reinvestment program whereby shareholders may use their dividends and optional cash payments to purchase common shares. The shares sold under this program may either be common shares issued by us or common shares purchased in the open market. Net proceeds under this program are used for general corporate purposes.

We did not issue common shares under the dividend reinvestment program during the 2023 2024 Quarter. Our issuances and net proceeds on the dividend reinvestment program for the three months ended September 30, 2022 and nine months ended September 30, 2023 and 2022 March 31, 2023 were as follows (\$ in thousands, except per share data):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022		2023	
	2022	2023	2022	2023
Issuance of common shares	12	28	32	32
Weighted average price per share	\$ 21.15	\$ 17.64	\$ 24.01	\$ 24.01
Net proceeds	\$ 259	\$ 497	\$ 777	\$ 777
Three Months Ended March 31,				
2023				
Issuance of common shares			14	
Weighted average price per share			\$ 17.66	
Net proceeds			\$ 248	

ITEM 2: MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with our consolidated financial statements and the notes thereto appearing in Item 1 of this report and the more detailed information contained in our Annual Report on Form 10-K for the year ended **December 31, 2022** **December 31, 2023** filed with the Securities and Exchange Commission ("SEC") on **February 17, 2023** **February 16, 2024**.

We refer to the three months ended **September 30, 2023** **March 31, 2024** and **September 30, 2022** **March 31, 2023** as the "**2023**" "**2024**" Quarter and the "**2022**" "**2023**" Quarter, respectively, and the nine months ended **September 30, 2023** and **September 30, 2022** as the "**2023** Period" and "**2022** Period," respectively.

Forward-Looking Statements

This Form 10-Q contains forward-looking statements **which involve risks and uncertainties**, **within the meaning of federal securities laws**. Forward-looking statements relate to expectations, beliefs, projections, future plans and strategies, anticipated events or trends and similar expressions concerning matters that are not historical facts. In some cases, you can identify forward looking statements by the use of forward-looking terminology such as "may," "will," "should," "expects," "intends," "plans," "anticipates," "believes," "estimates," "predicts," or "potential" or the negative of these words and phrases or similar words or phrases which are predictions of or indicate future events or trends and which do not relate solely to historical matters. Such statements involve known and unknown risks, uncertainties, and other factors which may cause the actual results, performance, or achievements of Elme Communities to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Additional factors which may cause the actual results, performance, or achievements of Elme Communities to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements include, but are not limited to: **the risks associated with ownership of real estate in general and our real estate assets in particular; the economic health of the areas in which our properties are located, particularly with respect to the greater Washington, DC metro and Sunbelt regions; risks associated with our ability to execute on our strategies, including new strategies with respect to our operations and our portfolio, including the acquisition of apartment homes in the Sunbelt markets and our ability to realize any anticipated operational benefits from our internalization of community management functions; the risks associated with ownership of real estate in general and our real estate assets in particular; the economic health of the areas in which our properties are located, particularly with respect to greater Washington, DC metro region and the larger Sunbelt region; the risk of failure to enter into and/or complete contemplated acquisitions and dispositions, within the price ranges anticipated and on the terms and timing anticipated, or at all; dispositions; changes in the composition of our portfolio; risks related to changes in interest rates; reductions in or actual or threatened changes to the timing of federal government spending; the risks related to use of third-party providers; the economic health of our residents; the impact from macroeconomic factors (including inflation, increases in interest rates, potential economic slowdowns or a recession; recessions and geopolitical conflicts); risks related to our ability to control our expenses if revenues decrease; compliance with applicable laws and corporate social responsibility goals, including those concerning the environment and access by persons with disabilities; the risks related to not having adequate insurance to cover potential losses; changes in the market value of securities; terrorist attacks or actions and/or cyber-attacks; whether we will succeed in the day-to-day property management and leasing activities that we have previously outsourced; the availability and terms of financing and capital and the general volatility of securities markets; the risks related to our organizational structure and limitations of share ownership; failure to qualify and maintain our qualification as a REIT and the risks of changes in laws affecting REITs; whether our estimated transformation costs for 2023 will be correct; and other risks and uncertainties detailed from time to time in our filings with the SEC, including our **2022** **2023** Form 10-K filed on **February 17, 2023** **February 16, 2024**.** While forward-looking statements reflect our good faith beliefs, they are not guarantees of future performance. We undertake no obligation to update our forward-looking statements or risk factors to reflect new information, future events, or otherwise.

General

Introductory Matters

We provide our Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") in addition to the accompanying consolidated financial statements and notes to assist readers in understanding our results of operations and financial condition. We organize the MD&A as follows:

- **Overview.** Discussion of our business outlook, operating results, investment and financing activity and capital requirements to provide context for the remainder of MD&A.
- **Results of Operations.** Discussion of our financial results comparing the **2023** **2024** Quarter to the **2022** Quarter and the **2023** Period to the **2022** Period.
- **Liquidity and Capital Resources.** Discussion of our financial condition and analysis of changes in our capital structure and cash flows.
- **Funds From Operations.** Calculation of NAREIT Funds From Operations ("NAREIT FFO"), a non-GAAP supplemental measure to net income.
- **Critical Accounting Estimates.** Descriptions of accounting policies that reflect significant judgments and estimates used in the preparation of our consolidated financial statements.

When evaluating our financial condition and operating performance, we focus on the following financial and non-financial indicators:

- **Net operating income ("NOI")**, calculated as set forth below under the caption "**Results**" "**Results** of Operations - Net Operating Income." NOI is a non-GAAP supplemental measure to net income.
- **Funds From Operations ("NAREIT FFO")**, calculated as set forth below under the caption "Funds from Operations." NAREIT FFO is a non-GAAP supplemental measure to net income.
- **Average occupancy**, calculated as average daily occupied apartment homes as a percentage of total apartment homes.

For purposes of evaluating comparative operating performance, we categorize our properties as "same-store" or "non-same-store." Same-store portfolio properties include properties that were owned for the entirety of the years being compared, and exclude properties under redevelopment or development and properties acquired, sold or classified as held for sale during the years being compared. We define development properties as those for which we have planned or ongoing major construction activities on existing or acquired land pursuant to an authorized development plan. Development properties are categorized as same-store when they have reached stabilized occupancy (90%) before the start of the prior year. We define redevelopment properties as those for which we have planned or ongoing significant development and construction activities on existing or acquired

buildings pursuant to an authorized plan, which has an impact on current operating results, occupancy and the ability to lease space with the intended result of a higher economic return on the property. We categorize a redevelopment property as same-store when redevelopment activities have been complete for the majority of each year being compared.

Overview

Our revenues are derived primarily from the ownership and operation of income producing property. As of **September 30, 2023** **March 31, 2024**, we owned approximately 9,400 residential apartment homes in the Washington, DC metro and Sunbelt regions. We also own and operate approximately 300,000 square feet of commercial space in the Washington, DC metro region.

In connection with our strategic transformation, the shift away from the commercial sector to the residential sector, we have redesigned our operating model for purposes of more efficiently and effectively supporting residential operations. This operating model redesign included insourcing the property-level management activities at our multifamily properties previously performed by third-party management companies. Costs related to the strategic transformation, including the allocation of internal costs, consulting, advisory and termination benefits, are included in Transformation costs on our consolidated statements of operations. We recognized transformation costs, net of amounts capitalized, on the condensed consolidated statements of operations of \$1.0 million and \$2.4 million during the 2023 Quarter and 2022 Quarter, respectively, and \$6.3 million and \$6.6 million during the 2023 Period and 2022 Period, respectively. We do not anticipate incurring additional transformation costs in the future. We expect to realize significant operational benefits from this operating model redesign. Community onboarding began in October 2022, and we have transitioned all of our residential communities to Elme management as of September 30, 2023.

Operating Results

Net loss, NOI and NAREIT FFO for the three months ended **September 30, 2023** **March 31, 2024** and **2022** **2023** were as follows (in thousands):

		Three Months Ended									
		September 30,									
		2023	2022	\$ Change		% Change					
Three Months Ended March 31,											
		2024									
		2024									
		2024									
Net loss	Net loss	\$ (43,618)	\$ (10,739)	\$ (32,879)	306.2 %	Net loss	\$ (3,647)	\$ \$ (3,643)	\$ \$ (4)	0.1 %	0.1 %
NOI ⁽¹⁾	NOI ⁽¹⁾	\$ 36,854	\$ 35,042	\$ 1,812	5.2 %	NOI ⁽¹⁾	\$ 37,794	\$ \$ 36,288	\$ \$ 1,506	4.2 %	4.2 %
NAREIT FFO ⁽²⁾	NAREIT FFO ⁽²⁾	\$ 20,146	\$ 12,893	\$ 7,253	56.3 %	NAREIT FFO ⁽²⁾	\$ 21,296	\$ \$ 17,893	\$ \$ 3,403	19.0 %	19.0 %

⁽¹⁾ See page [28](#) of the MD&A for a reconciliation of NOI to net income.

⁽²⁾ See page [38](#) of the MD&A for a reconciliation of NAREIT FFO to net income.

⁽¹⁾ See page [24](#) of the MD&A for a reconciliation of NOI to net income.

⁽¹⁾ See page [24](#) of the MD&A for a reconciliation of NOI to net income.

⁽¹⁾ See page [24](#) of the MD&A for a reconciliation of NOI to net income.

⁽²⁾ See page [31](#) of the MD&A for a reconciliation of NAREIT FFO to net income.

⁽²⁾ See page [31](#) of the MD&A for a reconciliation of NAREIT FFO to net income.

The increase in net loss is primarily due to a real estate impairment higher depreciation and amortization expenses (\$41.9 3.4 million), interest expense (\$2.7 million) and higher interest property management expense (\$0.8 0.4 million) in the **2023** **2024** Quarter. These were partially offset by loss on extinguishment of debt lower transformation costs (as described in Note 2 to the consolidated financial statements) (\$4.9 2.9 million) in the **2022** **Quarter**, higher NOI (\$1.8 1.5 million), lower depreciation and amortization expenses higher other income (\$1.7 1.4 million) and lower transformation costs general and administrative expenses (\$1.4 0.6 million).

The higher increase in NOI is primarily due to the acquisition of Elme Druid Hills (\$1.6 million) in the third quarter of 2023 and higher NOI from same-store properties (\$2.1 0.1 million) and the acquisition of Elme Marietta (\$0.2 million) in 2022, partially offset by lower NOI at Elme Sandy Springs (\$0.4 million) and Watergate 600 (\$0.1 0.2 million). The higher same-store NOI was primarily due to higher rental rates. Residential same-store average occupancy for our portfolio increased decreased to 95.6% 94.4% as of **September 30, 2023** **March 31, 2024** from 95.4% 95.3% as of **September 30, 2022** **March 31, 2023**.

The higher NAREIT FFO is primarily due to lower loss on extinguishment of debt transformation costs (\$4.9 2.9 million), higher NOI (\$1.8 1.5 million), higher other income (\$1.4 million) and lower transformation costs general and administrative expenses (\$1.4 0.6 million). These were partially offset by higher interest expense (\$0.8 2.7 million) and higher property management (\$0.4 million) expenses.

Investment Activity

Significant There were no significant investment activity transactions during the **2023** Period included the acquisition of Elme Druid Hills, a 500-unit apartment community in Atlanta, Georgia for a contract purchase price of \$108.0 million during the **2023** **2024** Quarter. The acquisition was funded through cash and borrowings under the Revolving Credit Facility.

Financing Activity

Significant financing activity during the 2023 Period included entering into a \$125.0 million unsecured term loan ("2023 Term Loan") with an interest rate of SOFR (subject to a credit spread adjustment of 10 basis points) plus a margin of 95 basis points. We used the proceeds to prepay the \$100.0 million 2018 Term Loan in full and a portion of our borrowings under our Revolving Credit Facility. The 2023 Term Loan has a two-year term ending in January 2025, with two one-year extension options.

As of **September 30, 2023** **March 31, 2024**, the interest rate on the Revolving Credit Facility is based on an adjusted daily SOFR (inclusive of the 0.10% credit spread adjustment) plus 0.85%, applicable margin, the daily SOFR is **5.31%** **5.34%** and the facility fee is 0.20%. As of **October 24, 2023** **April 29, 2024**, our Revolving Credit Facility has a borrowing capacity of **\$539.0 million** **\$532.0 million**.

Subsequent to the end of the 2024 Quarter, we entered into two forward interest rate swap arrangements with an aggregate notional amount of \$150.0 million beginning on January 10, 2025 through January 10, 2026. These forward interest rate swap arrangements will effectively fix a portion of our variable rate debt based on an adjusted daily SOFR at 4.72% (subject to applicable interest rate margins)

Capital Requirements

We have no debt maturities scheduled until the first quarter of 2025. We expect to have additional capital requirements as set forth on page **2327** (Liquidity and Capital Resources – Capital Requirements).

Results of Operations

The discussion that follows is based on our consolidated results of operations for the **2023** **2024** Quarter and **2022** Quarter and the **2023 Period** and the **2022 Period**.

Net Operating Income

NOI, defined as real estate rental revenue less direct real estate operating expenses, is a non-GAAP measure. NOI is calculated as net income, less non-real estate revenue and the results of discontinued operations (including the gain or loss on sale, if any), plus interest expense, depreciation and amortization, lease origination expenses, general and administrative expenses, acquisition costs, real estate impairment, casualty gain and losses and gain or loss on extinguishment of debt. NOI does not include management expenses, which consist of corporate property management costs and property management fees paid to third parties. NOI is the primary performance measure we use to assess the results of our operations at the property level. We believe that NOI is a useful performance measure because, when compared across periods, it reflects the impact on operations of trends in occupancy rates, rental rates and operating costs on an unleveraged basis, providing perspective not immediately apparent from net income. NOI excludes certain components from net income in order to provide results more closely related to a property's results of operations. For example, interest expense is not necessarily linked to the operating performance of a real estate asset. In addition, depreciation and amortization, because of historical cost accounting and useful life estimates, may distort operating performance at the property level. As a result of the foregoing, we provide NOI as a supplement to net income, calculated in accordance with GAAP. NOI does not represent net income or income from continuing operations calculated in accordance with GAAP. As such, NOI should not be considered an alternative to these measures as an indication of our operating performance. A reconciliation of net loss to NOI follows.

2023 2024 Quarter Compared to 2022 2023 Quarter

The following table reconciles net loss to NOI and provides the basis for our discussion of our consolidated results of operations and NOI in the **2023** **2024** Quarter compared to the **2022** **2023** Quarter. All amounts are in thousands, except percentage amounts.

		Three Months Ended September 30,				Three Months Ended March 31,				2023				\$ Change			
		2023	2022	\$ Change	% Change	2024	2023	2022	\$ Change	2024	2023	2022	\$ Change	2024	2023	\$ Change	
Net loss	Net loss	\$(43,618)	\$(10,739)	\$(32,879)	306.2 %	Net loss	\$ (3,647)	\$		\$ (3,643)	\$	\$		\$ (4)	\$	\$ (4)	
Adjustments:	Adjustments:																
Property management expense																	
Property management expense	Property management expense	1,935	1,916	19	1.0 %	2,218	1,769	1,769	449	449							
General and administrative expense	General and administrative expense	6,370	6,403	(33)	(0.5) %	6,196	6,841	6,841	(645)	(645)							
Transformation costs	Transformation costs	985	2,399	(1,414)	(58.9) %	—	2,900	2,900	(2,900)	(2,900)							(2)

Real estate depreciation and amortization	Real estate depreciation and amortization	21,904	23,632	(1,728)	(7.3) %	Real estate depreciation and amortization	24,943	21,536	21,536	3,407	3
Real estate impairment		41,860	—	41,860	100.0 %						
Interest expense	Interest expense	7,418	6,582	836	12.7 %						
Interest expense											
Interest expense						9,494		6,831		2,663	
Loss on extinguishment of debt, net											
Loss on extinguishment of debt, net	Loss on extinguishment of debt, net	—	4,917	(4,917)	(100.0) %	—	54	54	(54)	(54)	
Other income	Other income	—	(68)	68	(100.0) %	Other income	(1,410)	—	—	(1,410)	(1)
Total net operating income (NOI)	Total net operating income (NOI)	\$ 36,854	\$ 35,042	\$ 1,812	5.2 %						
Total net operating income (NOI)						\$37,794		\$36,288		\$1,506	
Residential revenue:	Residential revenue:										
Residential revenue:											
Residential revenue:	Same-store portfolio										
Residential revenue:	Same-store portfolio										
Same-store portfolio	Same-store portfolio	\$ 46,610	\$ 44,735	\$ 1,875	4.2 %	\$ 52,374	\$ 50,991	\$ 50,991	\$ 1,383		
Acquisitions (1)	Acquisitions (1)	5,233	4,897	336	6.9 %	Acquisitions (1)	2,497	—	—	2,497	2
Non-residential (2)		222	257	(35)	(13.6) %						
Total											
Total											
Total	Total	52,065	49,889	2,176	4.4 %	54,871	50,991	50,991	3,880	3,880	
Residential expenses:	Residential expenses:										
Same-store portfolio	Same-store portfolio	16,274	16,471	(197)	(1.2) %						
Same-store portfolio											
Same-store portfolio											
Acquisitions	Acquisitions	2,068	1,606	462	28.8 %	Acquisitions	947	—	—	947	
Development	Development	56	52	4	7.7 %	Development	57	58	58	(1)	
Non-residential		33	69	(36)	(52.2) %						
Total											
Total											
Total	Total	18,431	18,198	233	1.3 %	20,358	18,144	18,144	2,214	2,214	
Residential NOI:	Residential NOI:										
Same-store portfolio	Same-store portfolio	30,336	28,264	2,072	7.3 %						
Same-store portfolio											
Same-store portfolio											
Acquisitions	Acquisitions	3,165	3,291	(126)	(3.8) %	Acquisitions	1,550	—	—	1,550	1
Development	Development	(56)	(52)	(4)	7.7 %	Development	(57)	(58)	(58)	1	
Non-residential		189	188	1	0.5 %						
Total	Total	33,634	31,691	1,943	6.1 %						

Other NOI ⁽³⁾	3,220	3,351	(131)	(3.9) %				
Total								
Total					34,513		32,847	
Other NOI ⁽²⁾					Other NOI ⁽²⁾	3,281	3,441	
Total					Total			
NOI	\$ 36,854	\$ 35,042	\$ 1,812	5.2 %	NOI	\$ 37,794	\$ 36,288	\$ 1,506

(1) Acquisitions:
2023: Elme Druid Hills

2022: Elme Sandy Springs, Elme Cumberland, Elme Marietta

(2) Non-residential: Includes revenues and expenses from retail operations at residential properties.

(3) Other: Watergate 600

Real Estate Rental Residential Revenue

Real estate rental revenue from our apartment communities is comprised of (a) rent from operating leases of multifamily residential apartments with terms of approximately one year or less, recognized on a straight-line basis, (b) revenue from the recovery of operating expenses from our residents, (c) credit losses on lease related receivables, (d) revenue from leases of retail space at our apartment communities and (e) parking and other tenant charges.

Real estate rental revenue from same-store residential properties increased **\$1.9 million** **\$1.4 million**, or **4.2% 2.7%**, to **\$46.6 million** **\$52.4 million** for the 2024 Quarter, compared to **\$51.0 million** for the 2023 Quarter, compared to **\$44.7 million** for the 2022 Quarter, primarily due to higher rental income (**\$2.31.6 million**), higher recoveries (**\$0.20.7 million**) and higher **one-time fees** **other rental and fee income** (**\$0.20.3 million**), partially offset by higher credit losses (**\$0.7 million**) and higher **rent abatements** **vacancy loss** (**\$0.10.4 million**).

Real estate rental revenue from acquisitions increased **\$0.3 million** **\$2.5 million** due to the **acquisitions** **acquisition** of Elme **Marietta** (**\$0.2 million**) and Elme **Cumberland** (**\$0.1 million**) **Druid Hills** during the **second** **third** quarter of **2022, 2023**.

Average occupancy for residential properties for the **2023 2024** Quarter and **2022 2023** Quarter was as follows:

September 30, 2023			September 30, 2022			% Change		
Same-Store	Non-Same-Store	Total	Same-Store	Non-Same-Store	Total	Same-Store	Non-Same-Store	Total
95.6 %	93.5 %	95.3 %	95.4 %	94.2 %	95.3 %	0.2 %	(0.7)%	— %

March 31, 2024			March 31, 2023			% Change		
Same-Store	Non-Same-Store	Total	Same-Store	Non-Same-Store	Total	Same-Store	Non-Same-Store	Total
94.4 %	92.4 %	94.3 %	95.3 %	N/A	95.3 %	(0.9)%	N/A	(1.0)%

The **increase** **decrease** in same-store average occupancy was primarily due to **higher average occupancy** at **The Paramount, Elme Bethesda, Roosevelt Towers, Riverside Apartments and Trove**, partially offset by **lower average occupancy** at **Elme Conyers, Elme Eagles Landing, Elme Sandy Springs, Elme Marietta, Elme Cumberland, and The Kenmore**, partially offset by **higher average occupancy** at **Roosevelt Towers, Bennett Park, Elme Bethesda and Elme Leesburg**.

Real Estate Residential Expenses

Residential real estate expenses as a percentage of residential revenue for the **2023 2024** Quarter and the **2022 2023** Quarter were **35.4% 37.1%** and **36.5% 35.6%**, respectively.

Real estate expenses from same-store residential properties **decreased** **\$0.2 million** **increased** **\$1.3 million**, or **1.2% 7.0%**, to **\$16.3 million** **\$19.4 million** for the 2024 Quarter, compared to **\$18.1 million** for the 2023 Quarter, compared to **\$16.5 million** for the 2022 Quarter, primarily due to **lower** **higher** **contract maintenance** (**\$0.5 million**) and **lower** **repairs and maintenance** (**\$0.20.3 million**), partially offset by **higher** **real estate taxes** (**\$0.3 million**), **higher** **insurance** (**\$0.3 million**), **higher** **utilities** (**\$0.2 million**), **real estate taxes** (**\$0.1 million**), **insurance** (**\$0.1 million**) and **higher** **administrative** (**\$0.10.2 million**) **expenses**.

Real estate expenses from acquisitions increased **\$0.5 million** **\$0.9 million** due to the **acquisitions** **acquisition** of Elme **Sandy Springs** (**\$0.4 million**) **Druid Hills** during the **first** **third** quarter of **2022 and Elme Cumberland** (**\$0.1 million**) during the **second** **quarter of 2022, 2023**.

Other NOI

Other NOI decreased due to lower revenue at Watergate 600 (**\$0.10.2 million**).

Other Income and Expenses

General and administrative expense: Decrease of **\$0.6 million** primarily due to higher management fee offset (**\$1.4 million**), lower severance (**\$0.4 million**), corporate office moving expenses in the 2023 Quarter (**\$0.2 million**) and lower rent (**\$0.2 million**) expenses. These were partially offset by higher payroll (**\$0.6 million**), higher professional services (**\$0.4 million**).

million), higher incentive compensation (\$0.2 million), higher computer software (\$0.2 million) and higher employee benefits (\$0.2 million) expenses.

Transformation costs: Decrease of \$1.4 million \$2.9 million during the 2023 2024 Quarter primarily due to lower consulting fees (\$0.4 million), lower employee time allocations (\$0.4 million) related to the completion of strategic transformation lower software costs (\$0.2 million), lower transition fees (\$0.2 million), lower branding expenses (\$0.1 million) and lower accelerated software depreciation (\$0.1 million) each due to the completion of community onboarding in 2023.

Real estate depreciation and amortization: Decrease Increase of \$1.7 million \$3.4 million primarily due to higher depreciation and amortization at Elme Druid Hills (\$2.9 million) and same-store residential properties (\$1.4 million). These increases were partially offset by lower depreciation and amortization at Elme Marietta (\$1.7 million), Elme Cumberland (\$0.6 million), Elme Sandy Springs (\$0.2 million) and Watergate 600 (\$0.1 million). These decreases were partially offset by higher depreciation and amortization at same-store residential properties (\$0.5 million) and at Elme Druid Hills (\$0.4 0.9 million).

Interest expense: Interest expense by debt type for the three months ended September 30, 2023 March 31, 2024 and 2022 2023 was as follows (in thousands):

Three Months Ended September 30, 2023											Three Months Ended March 31, 2024													
Debt Type												Debt Type												
Debt Type	Debt Type	2023	2022	\$ Change	% Change	2024	2023	\$ Change	% Change	2024	2023	\$ Change	% Change	2024	2023	\$ Change	% Change	2024	2023	\$ Change	% Change			
Notes payable	Notes payable	\$ 6,023	\$ 5,127	\$ 896	17.5 %	Notes payable	\$ 6,120	\$ 5,454	\$ 666	12.2 %	Notes payable	\$ 6,120	\$ 5,454	\$ 666	12.2 %	Notes payable	\$ 6,120	\$ 5,454	\$ 666	12.2 %	Notes payable	\$ 6,120	\$ 5,454	12.2 %
Mortgage notes payable	—	524	(524)	(100.0)%																				
Line of credit	Line of credit	1,395	931	464	49.8 %	Line of credit	3,374	1,377	1,997	145.0 %	Line of credit	3,374	1,377	1,997	145.0 %	Line of credit	3,374	1,377	1,997	145.0 %	Line of credit	3,374	1,377	145.0 %
Total	Total	\$ 7,418	\$ 6,582	\$ 836	12.7 %	Total	\$ 9,494	\$ 6,831	\$ 2,663	39.0 %	Total	\$ 9,494	\$ 6,831	\$ 2,663	39.0 %	Total	\$ 9,494	\$ 6,831	\$ 2,663	39.0 %	Total	\$ 9,494	\$ 6,831	39.0 %

- **Notes payable:** Increase primarily due to the \$125.0 million 2023 Term Loan executed in January 2023, partially offset by prepayment of a \$100.0 million portion of the 2018 Term Loan in January 2023.
- **Mortgage notes payable:** Decrease due to assumed mortgages of \$42.8 million and \$33.7 million in the acquisitions of Elme Marietta and Elme Cumberland, respectively, during the second quarter of 2022. In September 2022, we extinguished the liabilities associated with these mortgages through defeasance arrangements.
- **Line of credit:** Increase primarily due to higher weighted average borrowings of \$41.1 million \$168.3 million and a weighted average interest rate of 6.2% 6.3% in the 2023 2024 Quarter, as compared to weighted average borrowings of \$22.4 million and a weighted average interest rate of 3.3% in the 2022 Quarter.

Loss on extinguishment of debt: During the 2022 Quarter, we extinguished the liabilities associated with mortgage notes payable for Elme Marietta and Elme Cumberland through defeasance arrangements, recognizing aggregate losses on extinguishment of debt of \$4.9 million.

Real estate impairment: The real estate impairment charge of \$41.9 million during 2023 Quarter reduced the carrying value of Watergate 600 to its estimated fair value (see note 3 to consolidated financial statements).

2023 Period Compared to 2022 Period

The following tables reconcile net loss to NOI and provide the basis for our discussion of our consolidated results of operations and NOI in the 2023 Period compared to the 2022 Period. All amounts are in thousands, except percentage amounts.

	Nine Months Ended September 30,			% Change
	2023	2022	\$ Change	
Net loss	\$ (49,872)	\$ (27,337)	\$ (22,535)	82.4 %
Adjustments:				
Property management expense	5,882	5,462	420	7.7 %
General and administrative expense	19,891	20,998	(1,107)	(5.3)%
Transformation costs	6,339	6,645	(306)	(4.6)%

Real estate depreciation and amortization	64,855	69,871	(5,016)	(7.2)%
Real estate impairment	41,860	—	41,860	100.0 %
Interest expense	21,043	18,388	2,655	14.4 %
Loss on extinguishment of debt, net	54	4,917	(4,863)	(98.9)%
Other income	(569)	(454)	(115)	25.3 %
Total net operating income (NOI)	\$ 109,483	\$ 98,490	\$ 10,993	11.2 %
 Residential revenue:				
Same-store portfolio	\$ 139,182	\$ 129,440	\$ 9,742	7.5 %
Acquisitions ⁽¹⁾	15,269	9,622	5,647	58.7 %
Non-residential ⁽²⁾	705	807	(102)	(12.6)%
Total	155,156	139,869	15,287	10.9 %
 Residential expenses:				
Same-store portfolio	49,279	47,428	1,851	3.9 %
Acquisitions	6,097	3,698	2,399	64.9 %
Development	168	71	97	136.6 %
Non-residential	85	214	(129)	(60.3)%
Total	55,629	51,411	4,218	8.2 %
 Residential NOI:				
Same-store portfolio	89,903	82,012	7,891	9.6 %
Acquisitions	9,172	5,924	3,248	54.8 %
Development	(168)	(71)	(97)	136.6 %
Non-residential	620	593	27	4.6 %
Total	99,527	88,458	11,069	12.5 %
 Other NOI ⁽³⁾				
Total NOI	\$ 109,483	\$ 98,490	\$ 10,993	11.2 %

(1) Acquisitions:
2023: Elme Druid Hills
2022: Elme Sandy Springs, Elme Cumberland, Elme Marietta

(2) Non-residential: Includes revenues and expenses from retail operations at residential properties.

(3) Other: Watergate 600

Real Estate Rental Revenue

Real estate rental revenue from our apartment communities is comprised of (a) rent from operating leases of multifamily residential apartments with terms of approximately one year or less, recognized on a straight-line basis, (b) revenue from the recovery of operating expenses from our residents, (c) credit losses on lease related receivables, (d) revenue from leases of retail space at our apartment communities and (e) parking and other tenant charges.

Real estate rental revenue from same-store residential properties increased \$9.7 million, or 7.5%, to \$139.2 million for the 2023 Period, compared to \$129.4 million for the 2022 Period, primarily due to higher rental income (\$8.7 million), higher recoveries (\$0.8 million), lower rent abatements (\$0.5 million) and higher fee income (\$0.2 million), partially offset by higher credit losses (\$0.5 million).

Real estate rental revenue from acquisitions increased \$5.6 million, or 58.7%, to \$15.3 million for the 2023 Period, compared to \$9.6 million for the 2022 Period, primarily due to the acquisitions of Elme Marietta (\$2.8 million) and Elme Cumberland (\$1.8 million) during the second quarter of 2022 and Elme Sandy Springs (\$1.0 million) during the first quarter of 2022.

Average occupancy for residential properties for the 2023 Period and 2022 Period was as follows:

September 30, 2023			September 30, 2022			% Change		
Same-Store	Non-Same-Store	Total	Same-Store	Non-Same-Store	Total	Same-Store	Non-Same-Store	Total
95.6 %	93.8 %	95.4 %	95.6 %	94.1 %	95.5 %	— %	(0.3)%	(0.1)%

Same-store average occupancy remained consistent at 95.6% in the 2023 Period and the 2022 Period. Higher average occupancy at Roosevelt Towers, Riverside Apartments and The Trove was partially offset by lower average occupancy at Bennett Park, Elme Watkins Mill and Elme Eagles Landing.

Real Estate Expenses

Residential real estate expenses as a percentage of residential revenue for the 2023 Period and 2022 Period were 35.9% and 36.8%, respectively.

Real estate expenses from same-store residential properties increased by \$1.9 million, or 3.9%, to \$49.3 million for the 2023 Period, compared to \$47.4 million for the nine months ended September 30, 2022, primarily due to higher utilities (\$1.0 million), administrative (\$0.8 million), repairs and maintenance (\$0.4 million), real estate taxes (\$0.2 million) and insurance (\$0.1 million) expenses. The increase is partially offset by lower contract maintenance and supplies (\$0.7 million) expenses.

Real estate expenses from acquisitions increased \$2.4 million due to the acquisitions of Elme Marietta (\$0.9 million) and Elme Cumberland (\$0.6 million) during the second quarter of 2022, and Elme Sandy Springs (\$0.9 million) during the first quarter of 2022.

Other NOI

Other NOI decreased due to higher operating expenses at Watergate 600 (\$0.1 million).

Other Income and Expenses

Property management expenses: Increase of \$0.4 million primarily due to higher management fee expenses at same-store properties.

General and administrative expenses: Decrease of \$1.1 million primarily due to lower incentive compensation (\$1.9 million) and lower legal fees (\$0.6 million). These were partially offset by higher computer software (\$0.7 million) and corporate office moving (\$0.6 million) expenses.

Transformation costs: Decrease of \$0.3 million primarily due to lower accelerated software depreciation (\$0.7 million), lower consulting fees (\$0.5 million) and lower software costs (\$0.3 million). The decrease is partially offset by higher signing bonuses for new employees (\$0.9 million), higher placement fee (\$0.2 million), and higher branding expenses (\$0.1 million).

Depreciation and amortization: Decrease of \$5.0 million primarily due to lower depreciation and amortization at same-store residential properties (\$3.0 million), Elme Sandy Springs (\$1.8 million) and Elme Marietta (\$1.2 million). The decrease was partially offset by higher depreciation and amortization at Elme Druid Hills (\$0.4 million), Elme Cumberland (\$0.3 million), and Watergate 600 (\$0.3 million).

Interest expense: Interest expense by debt type for the nine months ended September 30, 2023 and 2022 was as follows (in thousands):

Debt Type	Nine Months Ended September 30,			\$ Change	% Change
	2023	2022			
Notes payable	\$ 17,022	\$ 15,331		\$ 1,691	11.0 %
Mortgage notes payable	—	1,014		(1,014)	(100.0)%
Line of credit	4,021	2,326		1,695	72.9 %
Capitalized interest	—	(283)		283	(100.0)%
Total	\$ 21,043	\$ 18,388		\$ 2,655	14.4 %

- **Notes payable:** Increase primarily due to the \$125.0 million 2023 Term Loan executed in January 2023, partially offset by prepayment of a \$100.0 million portion of the 2018 Term Loan in January 2023.
- **Mortgage notes payable:** Decrease due to the assumed mortgages of \$42.8 million and \$33.7 million in the acquisitions of Elme Marietta and Elme Cumberland, respectively, during the 2022 Period. In September 2022, we extinguished the liabilities associated with these mortgages through defeasance arrangements.
- **Line of credit:** Increase primarily due to higher weighted average borrowings of \$40.8 million \$44.8 million and a weighted average interest rate of 6.1% in the 2023 Period, as compared to weighted average borrowings of \$7.5 million and a weighted average interest rate of 3.3% in the 2022 Period.
- **Capitalized interest:** Decrease primarily due to ceased capitalization of interest on spending related to the multifamily development adjacent to Riverside Apartments due to a pause in development activities resulting from macroeconomic uncertainty.

Loss on extinguishment of debt: During the 2022 Period, we extinguished the liabilities associated with mortgage notes payable for Elme Marietta and Elme Cumberland through defeasance arrangements, recognizing aggregate losses on extinguishment of debt of \$4.9 million. Quarter.

Other income **Income:** Increase Other income during the 2024 Quarter consists of \$0.1 million is due additional payments received with respect to higher tax refunds received for office properties sold in prior years.

Real Estate Impairment: easements previously conveyed at The real estate impairment charge of \$41.9 million during 2023 Period reduced the carrying value of Watergate 600 to its estimated fair value (see note 3 to consolidated financial statements). Wellington and Takoma Park, a previously owned retail property.

Liquidity and Capital Resources

We believe we will have adequate liquidity over the next twelve months to operate our business and to meet our cash requirements, including meeting our debt obligations, capital commitments, acquisitions and contractual obligations, as well as the payment of dividends, on-going transformational costs and funding possible growth opportunities. We

executed strategic transactions that will allow us to continue pursuing residential expansion in Sunbelt markets, meet our debt obligations for the next twelve months, and pay a dividend on a quarterly basis.

We also believe we have adequate liquidity beyond **2023**, **2024**, with no debt maturities until 2025 and only **\$274.0 million** **\$285.0 million** of scheduled debt maturities prior to 2028, based on current amounts outstanding under our Revolving Credit Facility. As of **October 24, 2023** **April 29, 2024**, we had cash and cash equivalents totaling **\$3.0 million** **\$2.9 million** and a borrowing capacity of **\$539.0 million** **\$532.0 million** on our Revolving Credit Facility, resulting in a total liquidity position of **\$542.0 million** **\$534.9 million**.

While we currently intend to continue to pay dividends at or about current levels, we will continue to assess the payment of our dividends on a quarterly basis. Future determinations regarding the declaration and payment of dividends, if any, will be at the discretion of our board of trustees which considers, among other factors, trends in our levels of NAREIT FFO and ongoing capital requirements to achieve a targeted payout ratio.

Capital Requirements

As of the end of the **2023 Period**, **2024 Quarter**, our full-year **2023** **2024** capital requirements are summarized below:

- Funding dividends and distributions to our shareholders;
- Approximately **\$35.0 million** **\$41.0 - \$40.0 million** **\$46.0 million** to invest in our existing portfolio of operating assets, inclusive of **\$22.0 million** **\$28.0 - \$27.0 million** **\$32.0 million** of major capital expenditures;
- Less than \$1.0 million to invest in our development and redevelopment projects; and
- Funding for potential property acquisitions throughout **2023**, **2024**, offset by proceeds from potential property dispositions.

There can be no assurance that our capital requirements will not be materially higher or lower than the above expectations. We currently believe that we will generate sufficient cash flow from operations and potential property sales and have access to the capital resources necessary to fund our requirements for the remainder of **2023** **2024**. However, as a result of the uncertainty of the general market conditions in the greater Washington, DC metro and Sunbelt regions, economic conditions affecting the ability to attract and retain **residents** **and** **tenants**, declines in our share price, unfavorable changes in the supply of competing properties, or our properties not performing as expected, we may not generate sufficient cash flow from operations and property sales or otherwise have access to capital on favorable terms, or at all. If we are unable to obtain capital from other sources, we may need to alter capital spending to be materially different than what is stated above. If capital were not available, we may be unable to satisfy the distribution requirement applicable to REITs, make required principal and interest payments, make strategic acquisitions or make necessary and/or routine capital improvements or undertake improvement/redevelopment opportunities with respect to our existing portfolio of operating assets.

Debt Financing

We generally use secured or unsecured, corporate-level debt, including unsecured notes, our Revolving Credit Facility, bank term loans and mortgages to meet our borrowing needs. Long-term, we generally use fixed rate debt instruments in order to match the returns from our real estate assets. If we issue unsecured debt in the future, we will seek to "ladder" the maturities of our debt to mitigate exposure to interest rate risk in any particular future year. We also utilize variable rate debt for short-term financing purposes. At times, our mix of variable and fixed rate debt may not suit our needs. At those times, we may use derivative financial instruments including interest rate swaps and caps, forward interest rate options or interest rate options in order to assist us in managing our debt mix. We may either hedge our variable rate debt to give it an effective fixed interest rate or hedge fixed rate debt to give it an effective variable interest rate.

As of **September 30, 2023** **March 31, 2024**, our future debt principal payments are scheduled as follows (in thousands):

4315

		Future Maturity of Debt						Future Maturity of Debt						Future Maturity of Debt						Future Maturity of Debt						
		Year	Year	Revolving		Average		Year	Unsecured		Revolving		Credit		Facility		Total		Debt							
				Unsecured	Credit	Total	Interest		Debt	Facility	Debt	Facility	Debt	Facility	Debt	Facility	Debt	Facility	Total	Debt	Facility	Total	Debt	Facility	Total	
	2023			\$ —	\$ —	\$ —	—%																			
	2024	2024		—	—	—	—%	2024	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
	2025	2025		125,000 ⁽¹⁾	149,000 ⁽²⁾	274,000	5.6%	2025	125,000 ⁽¹⁾	160,000 ⁽¹⁾ ⁽²⁾	285,000															5.6%
	2026	2026		—	—	—	—%	2026	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—%
	2027	2027		—	—	—	—%	2027	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—%
	2028							2028	50,000																	50,
	Thereafter	Thereafter		400,000	—	400,000	4.5%	Thereafter	350,000	—																4.1%
Scheduled principal payments	Scheduled principal payments			\$ 525,000	\$ 149,000	\$ 674,000	4.9%	Scheduled principal payments	\$ 525,000	\$ 160,000	\$ 685,000															5.0%

Net premiums/discounts	Net premiums/discounts	(99)	—	(99)
Net premiums/discounts	Net premiums/discounts			
Loan costs, net of amortization	Loan costs, net of amortization			
Loan costs, net of amortization	Loan costs, net of amortization			
Loan costs, net of amortization	Loan costs, net of amortization	(2,751)	—	(2,751)
Total	Total	\$ 522,150	\$ 149,000	\$ 671,150
				4.9%
Total				\$ 522,539
				\$ 160,000
				\$ 682

(1) During the first quarter of 2023 Quarter, we entered into the \$125.0 million 2023 Term Loan with an interest rate of adjusted SOFR (subject to a credit spread adjustment of 10 basis points) plus a margin of 95 basis points (subject to adjustment depending on Elme Communities' credit rating). The 2023 Term Loan has a two-year term ending in January 2025, with two one-year extension options. We used the proceeds to prepay the \$100.0 million 2018 Term Loan in full and a portion of our borrowings under our Revolving Credit Facility. Elme Communities had previously entered into an interest rate swap to effectively fix the interest rate for the remaining \$100.0 million portion of the 2018 Term Loan. Following the prepayment of the 2018 Term Loan, the interest rate swap effectively fixed a \$100.0 million portion of the 2023 Term Loan at 2.16% through the interest rate swap's expiration date of July 21, 2023. In March 2023, we entered into two interest rate swap arrangements with an aggregate notional amount of \$125.0 million that effectively fixed the 2023 Term Loan's interest rate at 4.73% beginning on July 21, 2023 through the 2023 Term Loan's maturity date of January 10, 2025.

(2) The credit facility's term ends in August 2025, with two six-month extension options.

The weighted average maturity for our debt is 4.84.3 years. If principal amounts due at maturity cannot be refinanced, extended or paid with proceeds of other capital transactions, such as new equity capital, our cash flow may be insufficient to repay all maturing debt. Prevailing interest rates or other factors at the time of a refinancing, such as possible reluctance of lenders to make commercial real estate loans, may result in higher interest rates and increased interest expense or inhibit our ability to finance our obligations.

From time to time, we may seek to repurchase and cancel our outstanding unsecured notes and term loans through open market purchases, privately negotiated transactions or otherwise. Such repurchases, if any, will depend on prevailing market conditions, our liquidity requirements, contractual restrictions and other factors. The amounts involved may be material.

Debt Covenants

Pursuant to the terms of our Revolving Credit Facility, 2023 Term Loan and unsecured notes, we are subject to customary operating covenants and maintenance of various financial ratios.

Failure to comply with any of the covenants under our Revolving Credit Facility, 2023 Term Loan, unsecured notes or other debt instruments could result in a default under one or more of our debt instruments. This could cause our lenders to accelerate the timing of payments and could therefore have a material adverse effect on our business, operations, financial condition and liquidity. In addition, our ability to draw on our Revolving Credit Facility or incur other unsecured debt in the future could be restricted by the debt covenants.

As of September 30, 2023 March 31, 2024, we were in compliance with the covenants related to our Revolving Credit Facility, 2023 Term Loan, and unsecured notes.

Common Equity

We have authorized for issuance 150.0 million common shares, of which 87.8 million 88.0 million shares were outstanding at September 30, 2023 March 31, 2024.

On February 17, 2021 February 20, 2024, we entered into separate amendments to each of our existing an equity distribution agreements ("Original Equity agreement (the "Equity Distribution Agreements" Agreement") with each of Wells Fargo Securities, LLC, BNY Mellon Capital Markets, LLC, Capital One Securities, Inc., Citigroup Global Markets Inc., Goldman Sachs & Co. LLC, J.P. Morgan KeyBanc Capital Markets Inc., TD Securities (USA) LLC and Truist Securities, Inc. as agents and forward sellers, as applicable, (collectively, the "Agents" or "Forward Sellers", as applicable), and Wells Fargo Bank, National Association, The Bank of New York Mellon, Citibank, N.A., Goldman Sachs & Co. LLC, KeyBanc Capital Markets Inc., The Toronto-Dominion Bank and Truist Securities, Inc. (f/k/a SunTrust Robinson Humphrey, Inc.), each dated May 4, 2018 (collectively, Bank as amended, the "Equity Distribution Agreements") for our at-the-market program. Also on February 17, 2021, we entered into a separate equity distribution agreement with BTIG, LLC on the same terms as the Amended Equity Distribution Agreements (the "BTIG Equity Distribution Agreement"). On September 22, 2021, BTIG, LLC notified us that it was terminating the BTIG Equity Distribution Agreement, effective as of September 27, 2021. Pursuant forward purchasers pursuant to the Equity Distribution Agreements, we may sell, from time to time, which up to an aggregate gross sales price of \$550.0 million \$350,000,000 of our Elme's common shares of beneficial interest, \$0.01 par value per share. Issuances of share, may be offered and sold from time to time through the Agents, acting as the Company's sales agents or, if applicable, the Forward Sellers, or directly to the Agents as principals for their own accounts. In connection with entry into the Equity Distribution Agreement, we terminated our common shares are made at market prices prevailing at prior at-the-market offering program. At the time of issuance. We may use net proceeds from the issuance of common shares such termination, approximately \$340.0 million remained unsold under this such prior program for general business purposes, including, without limitation, working capital, the acquisition, renovation, expansion, improvement, development or redevelopment of income producing property or the repayment of debt.

We did not issue common shares under the Equity Distribution Agreements Agreement or any prior equity distribution agreements during the 2024 Quarter or 2023 Period and 2022 Quarter. Our issuances and net proceeds on the Equity Distribution Agreements for the 2022 Period were as follows (\$ in thousands, except per share data):

	Nine Months Ended September 30, 2022
Issuance of common shares	1,032
Weighted average price per share	\$ 26.27
Net proceeds	\$ 26,851

We have a dividend reinvestment program, whereby shareholders may use their dividends and optional cash payments to purchase common shares. The common shares sold under this program may either be common shares issued by us or common shares purchased in the open market.

We did not issue common shares under the dividend reinvestment program during the 2023/2024 Quarter. Our issuances and net proceeds on the dividend reinvestment program for the three and nine months ended September 30, 2023 and 2022/March 31, 2023 were as follows (\$ in thousands, except per share data):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Issuance of common shares	—	12	28	32
Weighted average price per share	\$ —	\$ 21.15	\$ 17.64	\$ 24.01
Net proceeds	\$ —	\$ 259	\$ 497	\$ 777

	Three Months Ended March 31, 2023	
	31	
Issuance of common shares	—	14
Weighted average price per share	\$ —	\$ 17.66
Net proceeds	\$ —	\$ 248

Preferred Equity

Elme Communities' board of trustees can, at its discretion, authorize the issuance of up to 10.0 million preferred shares. The ability to issue preferred equity provides Elme Communities an additional financing tool that may be used to raise capital for future acquisitions or other business purposes. As of September 30, 2023/March 31, 2024, no preferred shares were issued and outstanding.

Historical Cash Flows

Cash flows from operations are an important factor in our ability to sustain our dividend at its current rate. If our cash flows from operations were to decline significantly from current levels, we may have to reduce our dividend. Consolidated cash flow information is summarized as follows (in thousands):

	Nine Months Ended September 30,		Change
	2023	2022	
Three Months Ended March 31, 2024			
Net cash provided by operating activities	\$ 61,816	\$ 51,456	\$ 10,360
	20.1 %		
Net cash used in investing activities	\$ 21,216	\$ 16,289	\$ 4,927
			30.2 %
Net cash provided by (used in) financing activities	(9,760)	(5,791)	(3,969)
			68.5 %
Net cash provided by (used in) financing activities	68,798	(52,555)	121,353
			(230.9) %

Net cash used in financing activities	Net cash used in financing activities	(13,091)	(11,819)	(1,272)	10.8 %
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Net cash provided by operating activities increased primarily due to higher rental revenue from same-store communities and the acquisitions of Elme Sandy Springs, Elme Marietta and Elme Cumberland during the 2022 Period.

Net cash used in investing activities decreased primarily due to the acquisitions of Elme Sandy Springs, Elme Marietta and Elme Cumberland higher expenditures on capital improvements to our communities during the 2022 Period, partially offset by the acquisition of Druid Hills during the 2023 Period.

Net cash provided by (used in) financing activities increased primarily due to executing the \$125.0 million 2023 Term Loan and net borrowings on the Revolving Credit Facility during the 2023 Period and the repayment of mortgage notes during the 2022 Period. These were partially offset by the repayment of the \$100.0 million 2018 Term Loan during the 2023 Period and proceeds from equity issuances higher net borrowings on the Revolving Credit Facility during the 2022 Period.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements as of September 30, 2023 March 31, 2024 that are reasonably likely to have a current or future material effect on our financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

Funds From Operations

NAREIT FFO is defined by a widely used measure of operating performance for real estate companies. In its 2018 NAREIT FFO White Paper Restatement, the 2018 National Association of Real Estate Investment Trusts, Inc. ("NAREIT") defines NAREIT FFO as net income (computed in accordance with GAAP) excluding gains (or losses) associated with sales of properties; impairments of depreciable real estate, and real estate depreciation and amortization. We consider NAREIT FFO to be a standard supplemental measure for REITs, and believe it is a useful metric because it facilitates an understanding of the operating performance of our properties without giving effect to real estate depreciation and amortization, which historically assumes that the value of real estate assets diminishes predictably over time. Since real estate values have instead historically risen or fallen with market conditions, we believe that NAREIT FFO more accurately provides investors an indication of our ability to incur and service debt, make capital expenditures and fund other needs. Our NAREIT FFO may not be comparable to FFO reported by other REITs. These other REITs may not define the term in accordance with the current NAREIT definition or may interpret the current NAREIT definition differently. NAREIT FFO is a non-GAAP measure.

The following table provides the calculation of our NAREIT FFO and a reconciliation of net loss to NAREIT FFO for the three and nine months ended September 30, 2023 March 31, 2024 and 2022 (in thousands):

	Net loss	Three Months Ended September 30,		Nine Months Ended September 30,	
		2023	2022	2023	2022
Net loss	Net loss	\$ (43,618)	\$ (10,739)	\$ (49,872)	\$ (27,337)
Net loss					
Net loss					
Adjustments:					
Adjustments:	Adjustments:				
Depreciation and amortization	Depreciation and amortization	21,904	23,632	64,855	69,871
Depreciation and amortization					
Depreciation and amortization					
Real estate impairment		41,860	—	41,860	—
NAREIT FFO	NAREIT FFO	\$ 20,146	\$ 12,893	\$ 56,843	\$ 42,534
NAREIT FFO					
NAREIT FFO					

Critical Accounting Estimates

We base the discussion and analysis of our financial condition and results of operations upon our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses. There were no changes made by management to the critical accounting policies in the three and nine months ended September 30, 2023 March 31, 2024. We discuss the most critical estimates in our Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023 filed with the SEC on February 17, 2023 February 16, 2024.

ITEM 3: QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The principal material financial market risk to which we are exposed is interest rate risk. Our exposure to market risk for changes in interest rates relates primarily to refinancing long-term fixed rate obligations, the opportunity cost of fixed rate obligations in a falling interest rate environment and our variable rate line of credit.

The table below presents principal, interest and related weighted average interest rates by year of maturity, with respect to debt outstanding on **September 30, 2023** **March 31, 2024** (in thousands):

	2023	2024	2025	2026	2027	Thereafter	Total	Fair Value	2025	2026	2027	2028	Thereafter	Total	Fair Value	
	2024								2025	2026	2027	2028	Thereafter	Total	Fair Value	
	2024								2025	2026	2027	2028	Thereafter	Total	Fair Value	
	2024								2025	2026	2027	2028	Thereafter	Total	Fair Value	
Unsecured fixed rate debt	Unsecured fixed rate debt															
Principal	Principal	\$ —	\$ —	\$125,000	⁽¹⁾ \$ —	—	\$400,000	\$525,000	\$459,471							
Principal	Principal															
Interest payments	Interest payments	\$922	\$23,908	\$ 17,995	\$17,995	\$17,995	\$ 44,216	\$123,031								
Interest rate on debt maturities	Interest rate on debt maturities															
Interest rate on debt maturities	Interest rate on debt maturities	— %	— %	5.6 %	— %	— %	4.5 %	4.9 %								
Unsecured variable rate debt	Unsecured variable rate debt															
Unsecured variable rate debt	Unsecured variable rate debt															
Unsecured variable rate debt	Unsecured variable rate debt															
Principal	Principal	\$ —	\$ —	\$149,000	\$ —	\$ —	\$ —	\$149,000	\$149,000							
Variable interest rate on debt maturities	Variable interest rate on debt maturities															
6.3 %	6.3 %															

(1) Represents a \$125.0 million term loan with a floating interest rate. A \$100.0 million portion of the term loan was previously effectively fixed by an interest rate swap that expired on July 21, 2023. The full amount of the term loan is effectively fixed by two interest rate swaps that became effective on July 21, 2023 and expire on the loan's maturity date of January 10, 2025.

We enter into interest rate swap arrangements designated and qualifying as cash flow hedges to reduce our exposure to the variability in future cash flows attributable to changes in interest rates. Derivative instruments expose us to credit risk in the event of non-performance by the counterparty under the terms of the interest rate hedge agreement. We believe that we minimize our credit risk on these transactions by dealing with major, creditworthy financial institutions. As part of our ongoing control procedures, we monitor the credit ratings of counterparties and our exposure to any single entity, thus minimizing our credit risk concentration.

The following table sets forth information pertaining to interest rate swap contracts in place as of **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023** and their respective fair values (in thousands):

Notional Amount	Notional Amount	Floating Index				Expiration Date	September 30, 2023	December 31, 2022	Notional Amount	Fixed Rate	Effective Ind. Date	Expiration Date	March 31, 2024	December 31, 2023	Fair Value as of:	
		Fixed Rate	Effective Date	Expiration Date	Notional Amount										Fair Value as of:	
\$ 100,000	1.205% SOFR	USD- 3/31/2017	7/21/2023	\$ —	\$ 1,998											

USD- 75,000	3.670%	SOFR	7/21/2023	1/10/2025	1,422	—
USD- 50,000	50,000	3.670%	SOFR	7/21/2023	1/10/2025	948
					\$2,370	\$1,998

We enter into debt obligations primarily to support general corporate purposes including acquisition of real estate properties, capital improvements and working capital needs.

As the majority of our outstanding debt is long-term, fixed rate debt, our interest rate risk has not changed significantly from what was disclosed in our Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023 filed with the SEC on February 17, 2023 February 16, 2024. See "Management's Discussion and Analysis of Financial Condition and Results of Operations – Liquidity and Capital Resources – Debt Financing."

ITEM 4: CONTROLS AND PROCEDURES

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our Securities Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer, Chief Financial Officer and Chief Administrative Officer, as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

We carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer, Chief Financial Officer and Chief Administrative Officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this report. Based on the foregoing, our Chief Executive Officer, Chief Financial Officer and Chief Administrative Officer concluded that our disclosure controls and procedures were effective at the reasonable assurance level.

There have not been any changes in Elme Communities' internal control over financial reporting (as defined by Rule 13a-15(f)) that occurred during the period covered by the report that have materially affected, or are reasonably likely to materially affect, Elme Communities' internal control over financial reporting.

PART II OTHER INFORMATION

ITEM 1: LEGAL PROCEEDINGS

None.

ITEM 1A: RISK FACTORS

There have been no material changes from the risk factors previously disclosed in response to "Part I - Item 1A. Risk Factors" of our Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023 filed on February 17, 2023 February 16, 2024.

ITEM 2: UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

A summary of our repurchases of shares of our common stock for the three months ended March 31, 2024 was as follows:

None.

Period	Issuer Purchases of Equity Securities			
	Total Number of Shares Purchased ⁽¹⁾	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs ⁽²⁾	Maximum Number (or Approximate Dollar Value) of Shares that May Yet be Purchased
January 1 - January 31, 2024	—	\$ —	—	\$50,000,000
February 1 - February 29, 2024	12,522	14.21	—	50,000,000
March 1 - March 31, 2024	—	—	—	50,000,000
Total	12,522	\$ 14.21	—	—

(1) Represents restricted shares surrendered by employees to Elme to satisfy such employees' applicable statutory minimum tax withholding obligations in connection with the vesting of restricted shares.

(2) On October 26, 2023, the Board authorized and approved a share repurchase program of up to \$50.0 million of the Company's common shares of beneficial interest over a period of two years, subject to any applicable limitations or restrictions set forth in our existing credit facility and other debt agreements. The share repurchase program is scheduled to expire on October 25, 2025, unless extended by the Board.

ITEM 3: DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4: MINE SAFETY DISCLOSURES

None.

ITEM 5: OTHER INFORMATION

Trading Arrangements

During the three months ended **September 30, 2023** **March 31, 2024**, no trustee or officer of Elme Communities adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

Share Repurchase Program

On October 26, 2023, the Board authorized and approved a share repurchase program of up to \$50 million of the Company's common shares of beneficial interest over a period of two years, subject to any applicable limitations or restrictions set forth in our existing credit facility and other debt agreements. The share repurchase program is scheduled to expire on October 25, 2025, unless extended by the Board. Under the share repurchase program, the Company can effect share repurchases through open market purchases, including through Rule 10b5-1 trading programs, in privately negotiated transactions, or in such other manner that would comply with applicable securities laws and subject to compliance with existing debt agreements. The repurchase program does not obligate the Company to repurchase any specific number of shares, will be utilized at management's discretion and may be suspended at any time in the Company's discretion. The timing of share repurchases and the number of shares to be repurchased will depend upon prevailing market conditions and other factors. No share repurchases have been made to date under this program.

ITEM 6: EXHIBITS

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed Herewith
		Form	File Number	Exhibit	Filing Date	
3.1	Articles of Amendment and Restatement of Declaration of Trust of the Company, as amended	10-K	001-06622	3.1	2/17/2023	
3.2	Amended and Restated Bylaws of Elme Communities, as amended	8-K	001-06622	3.1	9/20/2023	
31.1	Certification of the Chief Executive Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended ("the Exchange Act")					X
31.2	Certification of the Chief Financial Officer pursuant to Rule 13a-14(a) of the Exchange Act					X
31.3	Certification of the Chief Administrative Officer pursuant to Rule 13a-14(a) of the Exchange Act					X
32	Certification of the Chief Executive Officer, Chief Financial Officer and Chief Administrative Officer pursuant to Rule 13a-14(b) of the Exchange Act and 18U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002					X
101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.					X
101.SCH	Inline XBRL Taxonomy Extension Schema Document					X
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document					X
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document					X
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document					X
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document					X
104	Cover Page Interactive Data File (embedded within the Inline XBRL document and contained in Exhibit 101)					

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

/s/ Paul T. McDermott

Paul T. McDermott

President and Chief Executive Officer

/s/ Steven M. Freishtat

Steven M. Freishtat

Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

/s/ W. Drew Hammond

W. Drew Hammond

Senior Vice President, Chief Administrative Officer and Treasurer
(Principal Accounting Officer)

DATE: October 27, 2023 May 2, 2024

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Exhibit 31.1

CERTIFICATION

I, Paul T. McDermott, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Elme Communities;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

DATE: October 27, 2023 May 2, 2024

/s/ Paul T. McDermott

Paul T. McDermott

Chief Executive Officer

CERTIFICATION

I, Steven M. Freishtat, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Elme Communities;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

DATE: October 27, 2023 May 2, 2024

/s/ Steven M. Freishtat

Steven M. Freishtat
Chief Financial Officer
(Principal Financial Officer)

CERTIFICATION

I, W. Drew Hammond, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Elme Communities;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

- a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
- b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
- c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
- d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

- a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
- b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

DATE: **October 27, 2023** May 2, 2024

/s/ W. Drew Hammond

W. Drew Hammond
Senior Vice President
Chief Administrative Officer
(Principal Accounting Officer)

Exhibit 32

WRITTEN STATEMENT OF
CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

The undersigned, the President and Chief Executive Officer, the Chief Financial Officer and Chief Administrative Officer of Elme Communities, each hereby certifies on the date hereof, that:

- (a) the Quarterly Report on Form 10-Q for the **quarter** year ended **September 30, 2023** **March 31, 2024** filed on the date hereof with the Securities and Exchange Commission (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (b) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Elme Communities.

DATE: **October 27, 2023** May 2, 2024

/s/ Paul T. McDermott

Paul T. McDermott
Chief Executive Officer

DATE: **October 27, 2023** May 2, 2024

/s/ Steven M. Freishtat

Steven M. Freishtat
Chief Financial Officer
(Principal Financial Officer)

DATE: **October 27, 2023** May 2, 2024

/s/ W. Drew Hammond

W. Drew Hammond
Chief Administrative Officer
(Principal Accounting Officer)

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