

Report of Organizational Actions Affecting Basis of Securities

OMB No. 1545-0123

► See separate instructions.

Part I Reporting Issuer

1 Issuer's name ELME COMMUNITIES		2 Issuer's employer identification number (EIN) 53-0261100	
3 Name of contact for additional information	4 Telephone No. of contact 202-774-3200	5 Email address of contact INFO@ELMECOMMUNITIES.COM	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact 1775 EYE STREET, NW SUITE 1000		7 City, town, or post office, state, and ZIP code of contact WASHINGTON, DC 20006	
8 Date of action		9 Classification and description STOCK	
10 CUSIP number 939653101	11 Serial number(s)	12 Ticker symbol ELME	13 Account number(s)

Part II Organizational Action Attach additional statements if needed. See back of form for additional questions.

14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ► **Elme Communities made cash distributions on January 5, 2022, April 5, 2022, July 6, 2022 and October 5, 2022 to each of its common stock shareholders of record on December 22, 2021, March 23, 2022, June 22, 2022 and September 21, 2022, respectively.**

15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ► **A portion of each cash distribution made by Elme Communities during the calendar year 2022 is not taxable as a dividend under Section 301(c)(1), but is applied against basis under Section 301(c)(2) ("return of capital"). The return of capital on a per share basis is as follows:**

Distribution Date	Amount per Share
January 5, 2022	\$0.135915
April 5, 2022	\$0.135915
July 6, 2022	\$0.135915
October 5, 2022	\$0.135915

As such, each shareholder's tax basis in the common stock of Elme Communities is decreased by the lesser of the amount of the shareholder's share of the return of capital distributions or the shareholder's tax basis in such common stock.

16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ► **The change in basis was determined by comparing the cash distributions made by Elme Communities during calendar year 2022 to the amount of Elme Communities 2022 current earnings and profits determined under Sections 312 and 316. Total cash distributions to the common shares made during the calendar year were \$59,345,512 and the 2022 current earnings and profits were \$11,896,907 resulting in a total return of capital for the tax year 2022 attributable to all shareholders of the common stock in the amount of \$47,448,605. Accordingly, the 2022 return of capital percentage is 79.95%.**

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ► **Sections 301, 312 and 316**

18 Can any resulting loss be recognized? ► **No loss can be recognized as a result of the cash distributions to the common shareholders.**

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ► **The reporting tax year is 2022.**

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

[Handwritten signature]

January 17, 2023

Print your name ► **W. Drew Hammond**

Title ► VP, CAO & TREASURER

Print/Type preparer's name

Juan Pablo Garcia-Lascurain

Preparer's signature _____

Date

1/17/23

Check ☐ if self-employed

PTIN

P01868500

Firm's name ▶ ERNST & YOUNG U.S. LLP

Firm's EIN ► 34-6565596

Firm's address ► 1775 TYSONS BLVD TYSONS, VA 22102

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