

# 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  7550 WISCONSIN AVE., SUITE 900		7 City, town, or post office, state, and ZIP code of contact  BETHESDA, MD 20814	
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, 2023, April 5, 2023, July 6, 2023 and October 4, 2023 to each of its common stock shareholders of record on December 22, 2022, March 22, 2023, June 22, 2023 and September 20, 2023, 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 2023 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, 2023	\$0.11341
April 5, 2023	\$0.12008
July 6, 2023	\$0.12008
October 4, 2023	\$0.12008

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 2023 to the amount of Elme Communities 2023 current earnings and profits determined under Sections 312 and 316. Total cash distributions to the common shares made during the calendar year were \$62,284,242 and the 2023 current earnings and profits were \$20,736,098 resulting in a total return of capital for the tax year 2023 attributable to all shareholders of the common stock in the amount of \$41,548,145. Accordingly, the 2023 return of capital percentage is 66.71%.

**Part II** Organizational Action (continued)

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

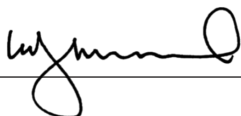
**18** Can any resulting loss be recognized? ► No loss can be recognized as a result of the cash distributions to the common shareholders.

**19** Provide any other information necessary to implement the adjustment, such as the reportable tax year ► The reporting tax year is 2023.

**Sign Here**

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.

Signature ►

Date ► 1/17/2024Print your name ► W. Drew HammondTitle ► SVP, CAO & TREASURER**Paid Preparer Use Only**

Print/Type preparer's name

Juan Pablo Garcia-Lascurain

Preparer's signature



Date

1/16/24Check ☐ if self-employed

PTIN

P01868500Firm's name ► ERNST & YOUNG U.S. LLPFirm's EIN ► 34-6565596Firm's address ► 1775 TYSONS BLVD TYSONS, VA 22102Phone no. 703-747-1000

Send Form 8937 (including accompanying statements) to: Department of the Treasury, Internal Revenue Service, Ogden, UT 84201-0054