



Investor Presentation

November 2022



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Forward-Looking Statements

Certain statements in this investor presentation are “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995 and involve risks and uncertainties. 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. Such risks and uncertainties include, but are not limited to: risks associated with our ability to execute on our strategies, including new strategies with respect to our operations, our portfolio and our rebranding, including the acquisition of apartment homes in the Southeastern markets, on the terms anticipated, or at all, the operational benefits from our operating model redesign on the timing contemplated or at all, and to realize any anticipated returns and benefits, including the performance of any acquired residential properties at the levels anticipated; whether actual same-store and non same-store multifamily NOI growth and Core FFO will be consistent with expectations; and other risks and uncertainties detailed from time to time in our filings with the SEC, including our 2021 Form 10-K filed on February 18, 2022. 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.

Use of Non-GAAP Financial Measures and other Definitions This presentation contains certain non-GAAP financial measures and other terms that have particular definitions when used by us. The definitions and calculations of these non-GAAP financial measures and other terms may differ from those used by other REITs and, accordingly, may not be comparable. Please refer to the definitions and calculations of these terms and the reasons for their use included later in this investor presentation.

Definitions and Reconciliation of Certain Forward-Looking Non-GAAP information This presentation also includes certain forward-looking non-GAAP information. Due to the high variability and difficulty in making accurate forecasts and projections of some of the information excluded from these estimates, together with some of the excluded information not being ascertainable or accessible, the Company is unable to quantify certain amounts that would be required to be included in the most directly comparable GAAP financial measures without unreasonable efforts.

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About Us



Our present and our future are rooted in multifamily homes. We are a strategy-led, business-to-consumer, multifamily owner and operator.

We are now Elme Communities.

“elevating home”

For more information around our new name and brand,
please see our “Elevating Home” Investor Presentation on our website
www.elmecomunities.com

Investment Opportunity

A company reborn with a new growth trajectory



Profitable Growth

~14% Core FFO growth
expected for 2023



Geographic Diversification

via thoughtful, research-led
capital allocation



Better Revenue Generation

driven by
resident experience



Expense Base Optimization

driven by growing our unit
count and internalizing
community-level operations



Growth Outlook

On-track to deliver our strongest Core FFO growth¹ in over 20 years in 2023

~14%

2023 Core FFO Growth per Share
(based on 2022 and 2023 respective midpoints)

The Core FFO guidance includes the following assumption, among others:

9% to 11%

2023 Expected Same-Store
Multifamily NOI Growth

¹ See Earnings Release dated October 27, 2022 for additional detail on our Core FFO guidance, including additional assumptions and reconciliation

Value Creation Strategy

We expect to earn a lower implied cap rate by delivering above-average growth in a dynamic macro environment while continuing to evaluate opportunities to grow our Sunbelt footprint and scale our expense base



Research-led Capital Allocation

Investment strategy targets deepest segments of demand curve in outperforming markets



Growing Sunbelt Footprint

Expanding into Sunbelt markets with strong long-term demographic tailwinds



Washington Metro Healthy Demand

Focus on value-oriented price points and portfolio allocation to Wash Metro provides stability across business cycles



Investment Grade Balance Sheet

Strong liquidity, a fully unencumbered balance sheet, and no scheduled maturities until July 2023



3k Unit Renovation Pipeline

Opportunity to renovate and generate mid-teen cash on cash returns



Scalable Operating Platform

Infrastructure transformation will yield significant operational benefits and efficiencies.

Apartment Portfolio Overview

Recycled capital into well-located value-oriented apartment communities with strong long-term growth prospects

~8,900

Homes (↑+1,809)

~3,000

Renovation Pipeline (homes)

27

Communities

2x

Scalable G&A

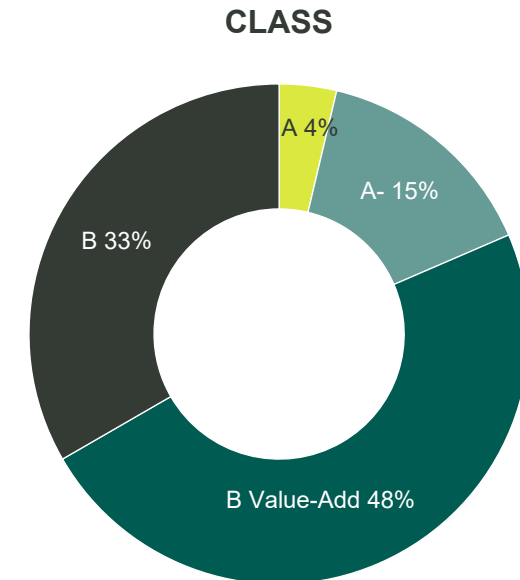
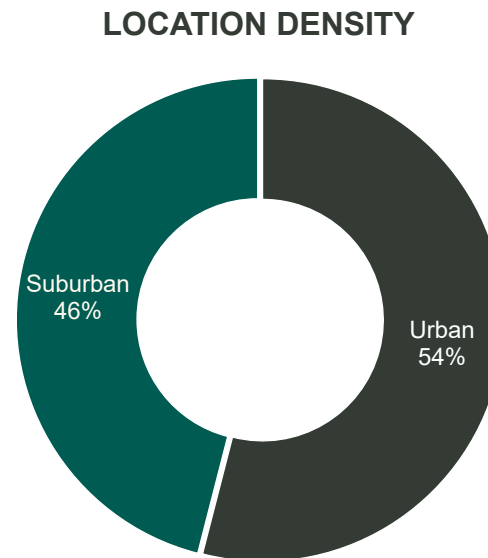
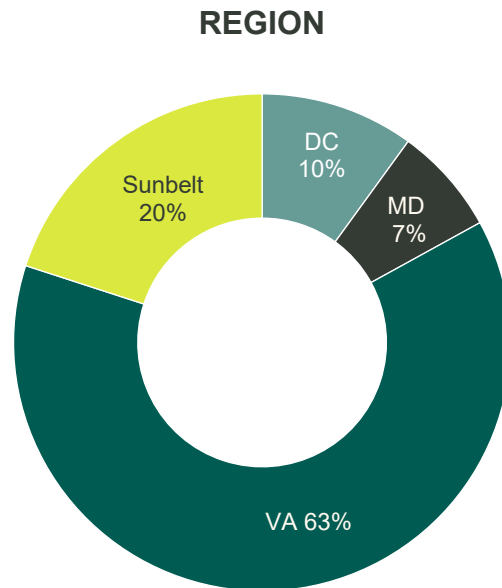
Attainable Living. 97% of our homes are affordable to households earning the Area Median Income (AMI)

On average, our residents save more than **\$650 per month** by living at a Elme community instead of nearby new Class A community.



Apartment Portfolio Composition

Focused on value-oriented apartment communities at mid-market price points that do not compete with new supply



Washington Metro Communities

10.5%

Q3 Same-Store Effective New Lease Rate Growth

10.1%

Q3 Same-Store Effective Renewal Lease Rate Growth

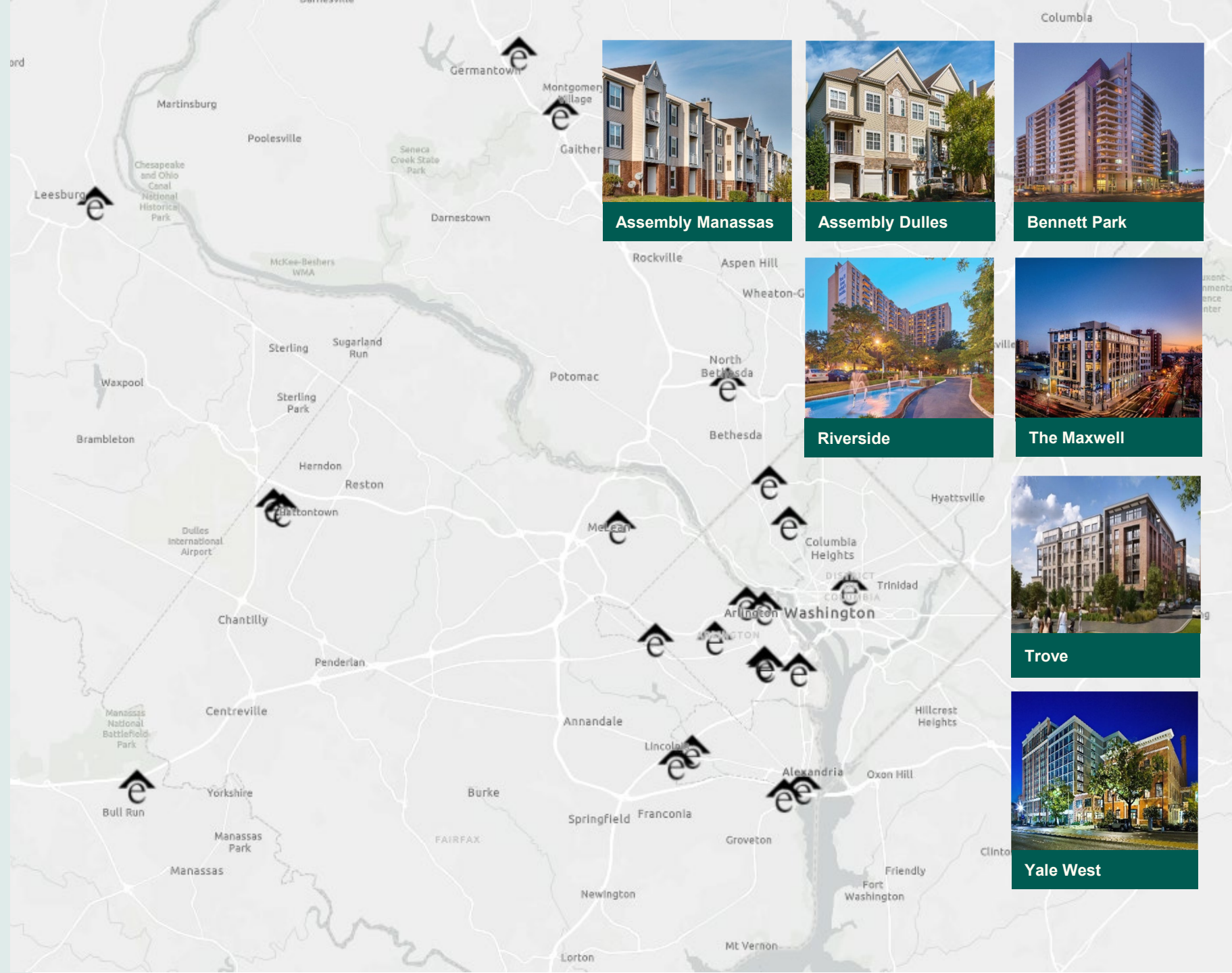
95.4%

Q3 Same-Store Ending Occupancy

60%

Q3 Same-Store Retention

Elme Communities



Atlanta Communities

>4.6%

Combined 1-Year Forward Yield

12.4%

Q3 Effective New Lease Rate Growth

16.4%

Q3 Effective Renewal Lease
Rate Growth

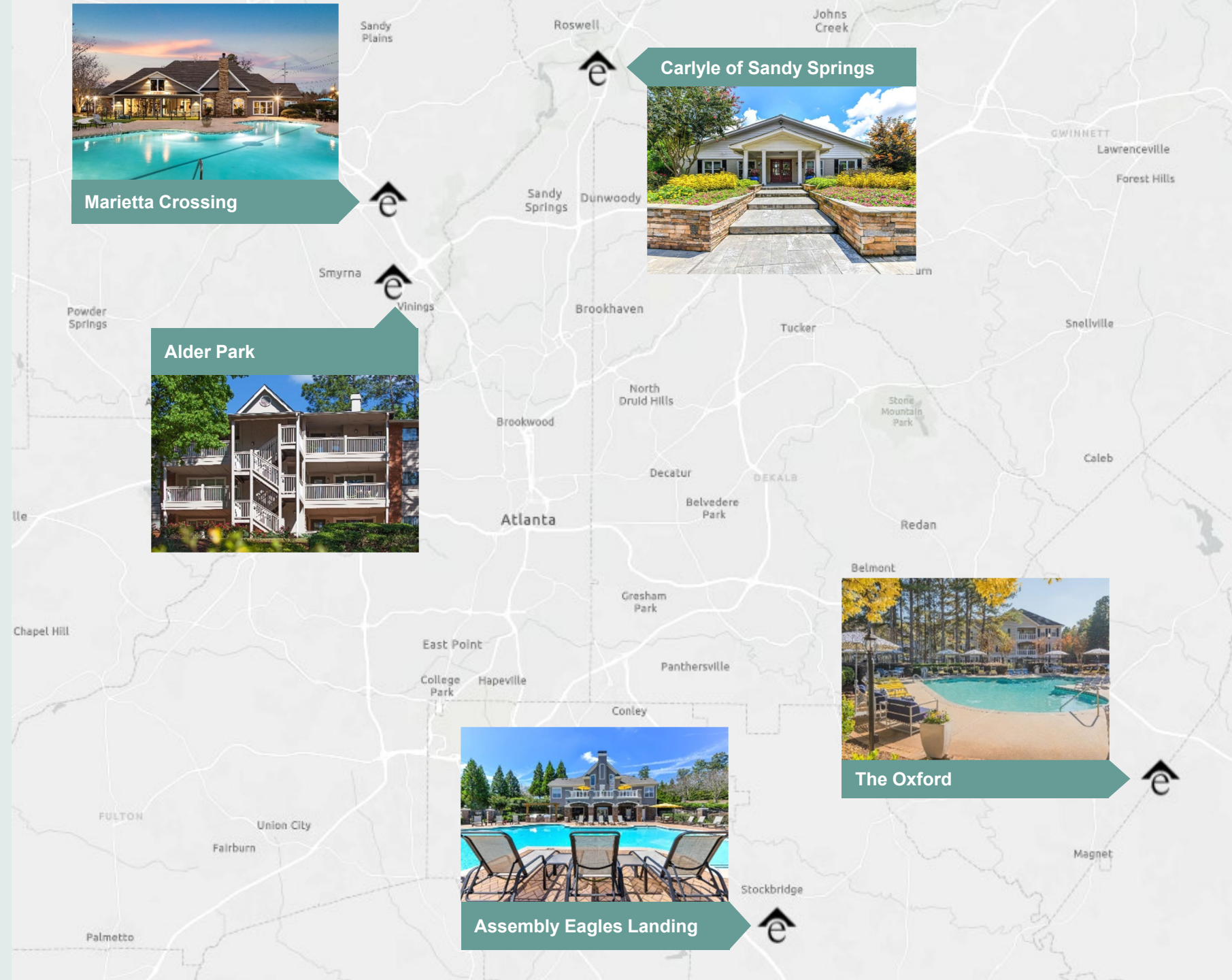
94.3%

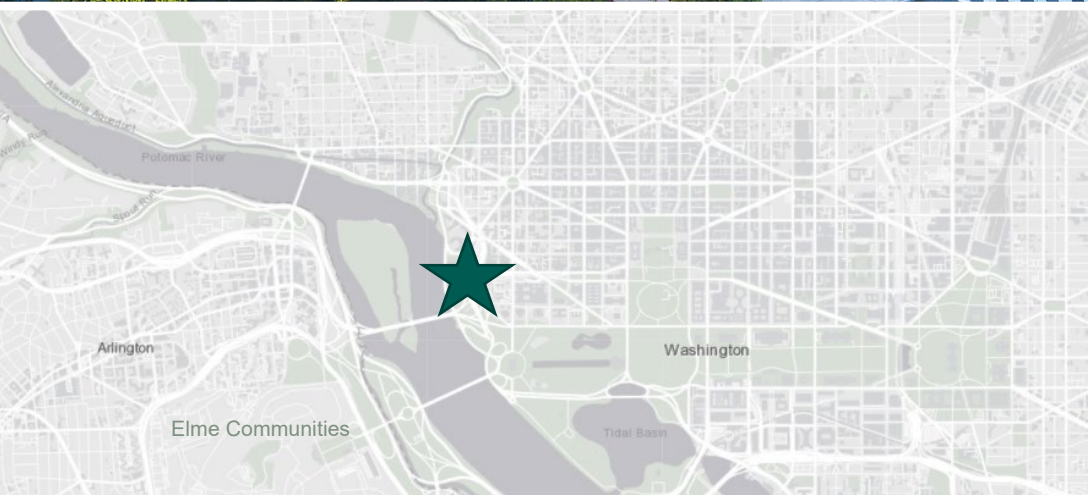
Q3 Occupancy

65%

Q3 Retention

Elme Communities





Watergate 600

- Watergate 600 has a high-quality institutional tenant base and a weighted average lease term of approximately 7 years
- As our sole remaining commercial asset, Watergate 600 was retained to maximize its value as an iconic building with high quality institutional tenant base
- We have grown occupancy over the course of the past year to 92.4% as of September 30, 2022
- Reaffirmed 2022 guidance; NOI is now expected to grow 4.4% at the midpoint of our guidance range

300,000
NRSF

92.4%
Occupied

~7
WALT (Years)

as of September 30, 2022

MAJOR TENANTS



ATLANTICMEDIA



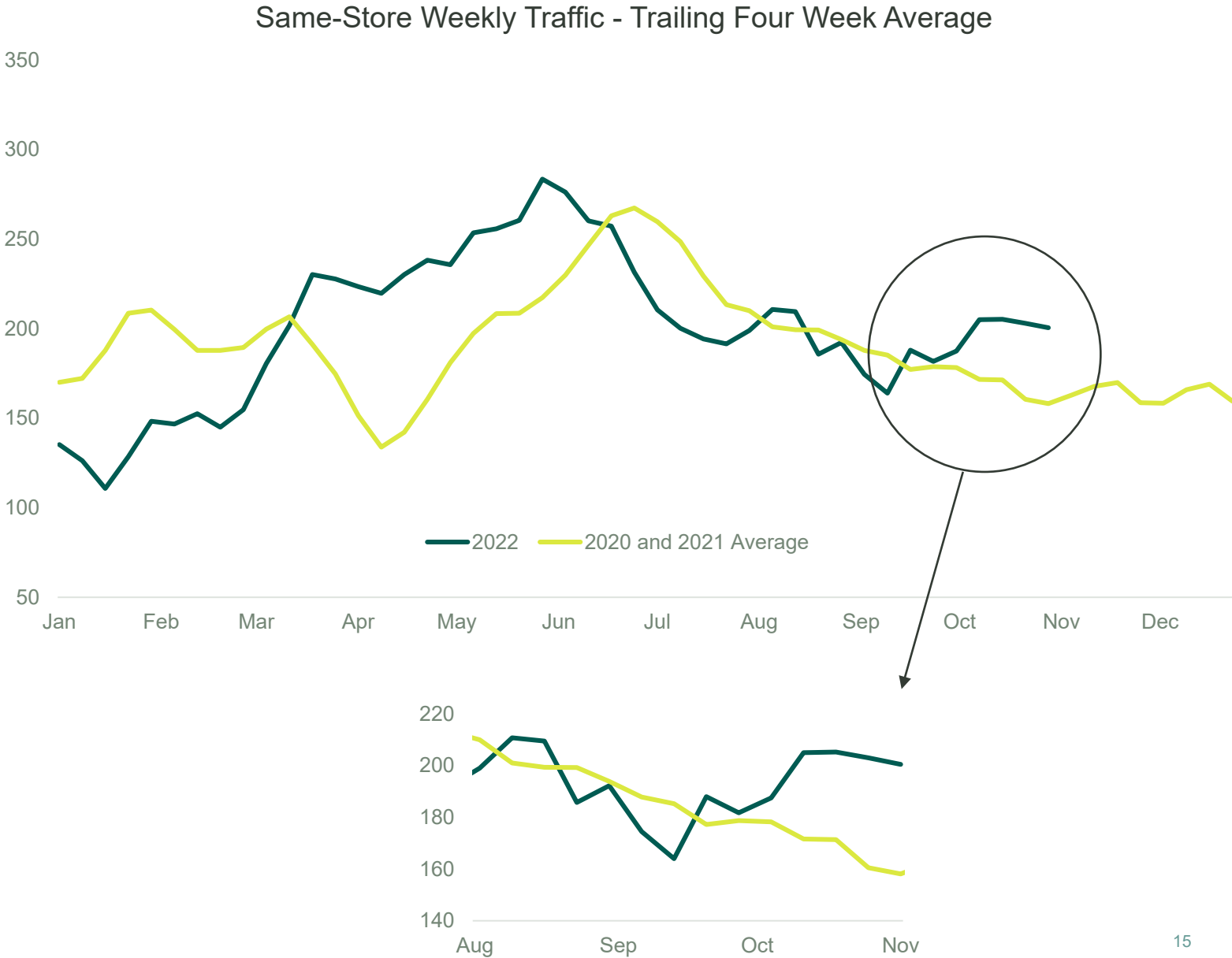


Operational Update

Leasing traffic trending above historical levels

Same-store weekly traffic increased in October and is showing a strong trend into the winter.

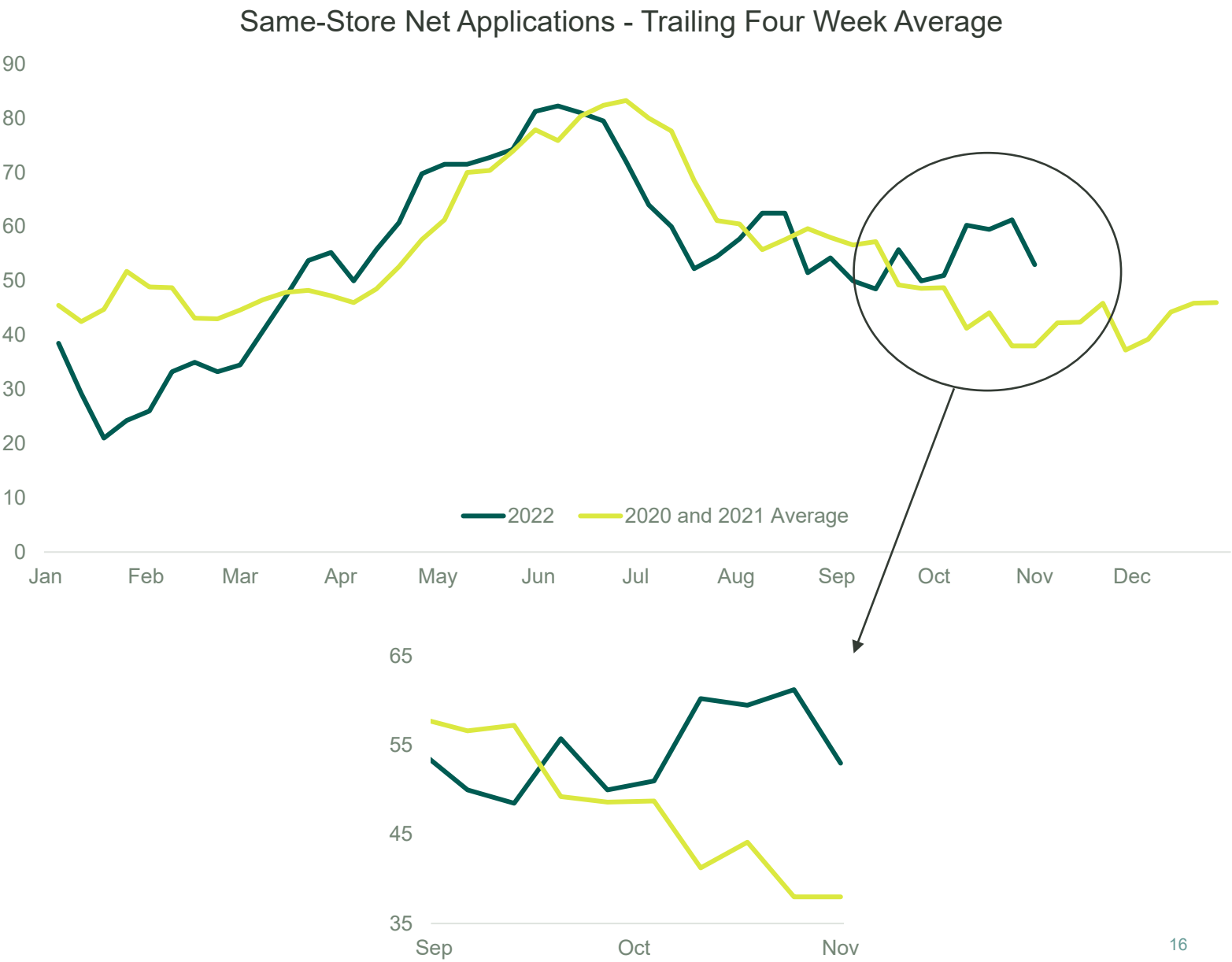
October weekly traffic averaged over 20% higher year-over-year.



Net applications reflect healthy demand

Same-store weekly net application volume increased in October and remains above historical levels.

The trailing four-week average for weekly net applications in October was 50% higher than the prior year period.



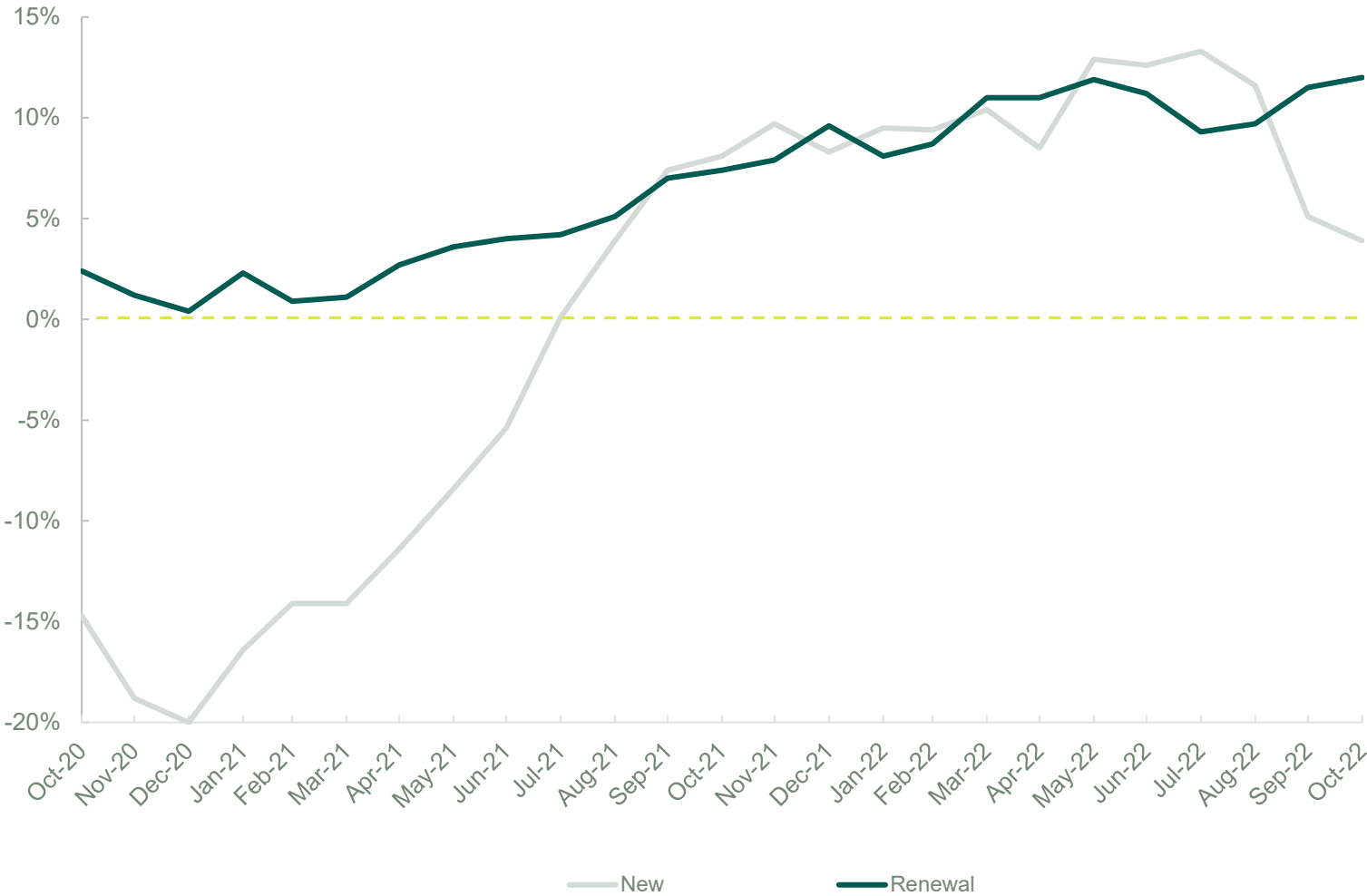
Same-store lease rates are diverging

New and renewal lease rates began to diverge after a record high summer 2022 leasing season.

Renewal lease rate growth is expected to remain very strong as below-market leases are more likely to renew. We expect renewal lease rate growth to moderate over the course of 2023.

Renewal Rate Growth	
Expected move-ins	
September	11.8%
October	11.3%
November	9.2%
December	10.1%

Effective Rate Growth on New and Renewal Lease Executions
Same-Store Portfolio by Move-In Date



Atlanta lease rate growth is moderating

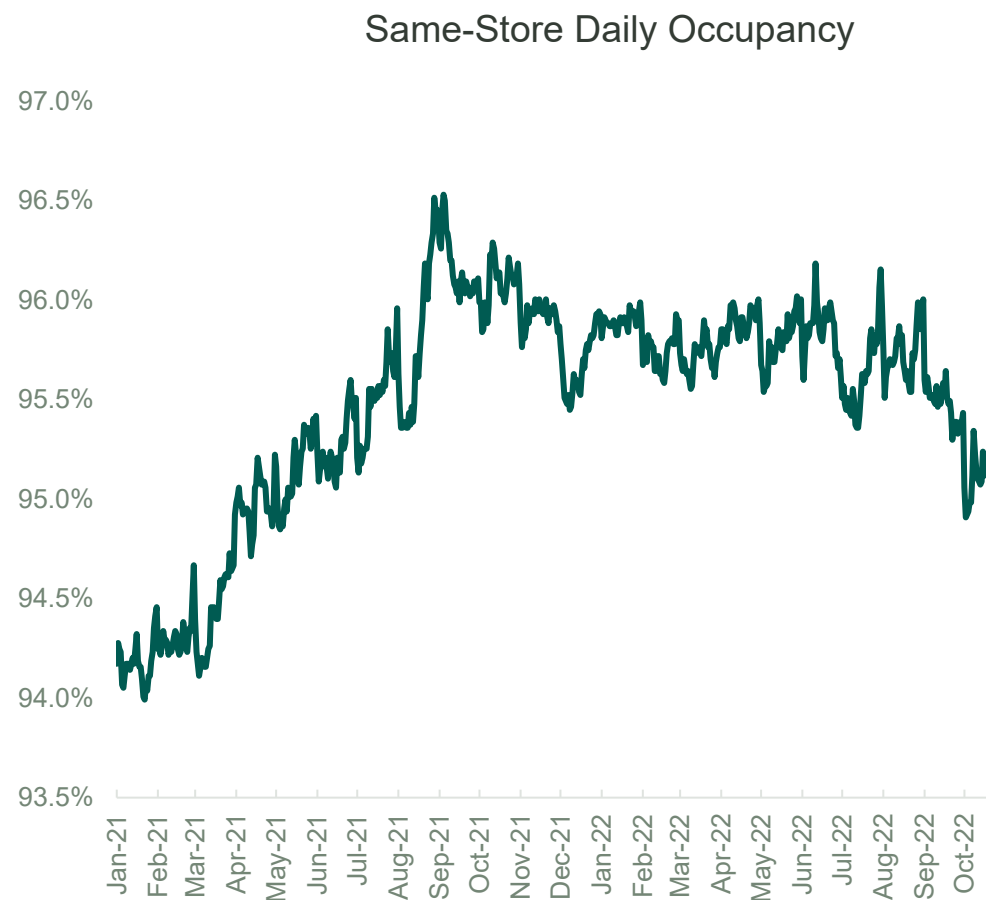
Lease rate growth for our Atlanta acquisition portfolio is expected to remain elevated, trending down to the mid-single digits by fall, 2023.

We expect our Atlanta submarkets to continue to outperform the region and for our revenue maximization strategy to drive above-market performance.



Retention and occupancy reflect healthy demand

We experienced strong retention during the third quarter at 60%, thus allowing us to retain high occupancy and continue to capture strong renewal rates. Demand trends remain healthy; however, we are beginning to see signs towards normalcy after a record year of demand.



Loss to lease remains historically high

Elme’s in place lease rates are over 6% below market prices.

Our historically high loss to lease and earn in represent growth that is embedded in our portfolio which provides confidence in our historically strong outlook for 2023.

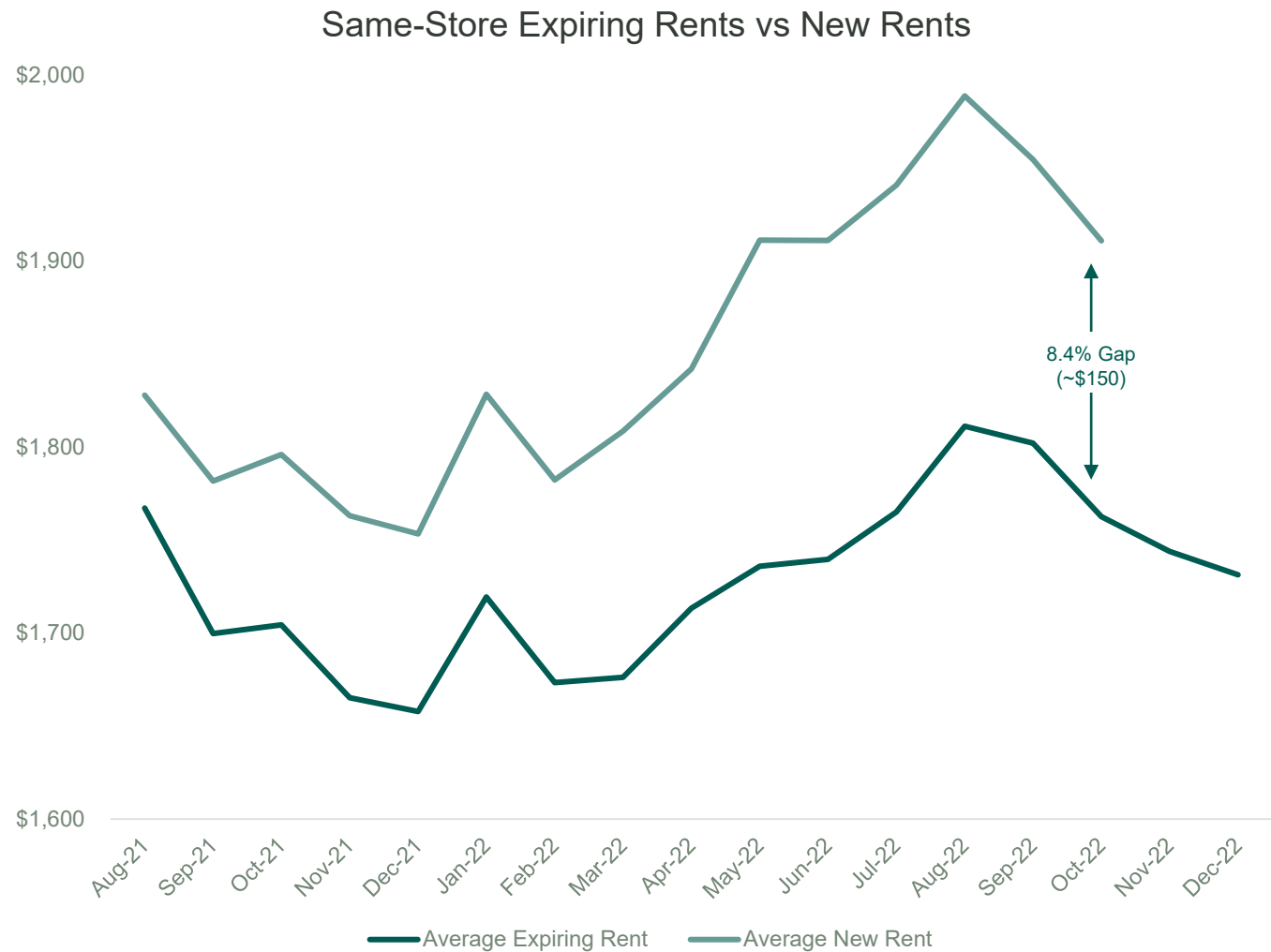


¹ Loss to lease represents total in-place lease rent compared to the average market rent for the period presented.

Expiring rent curve shows ample room to grow rents

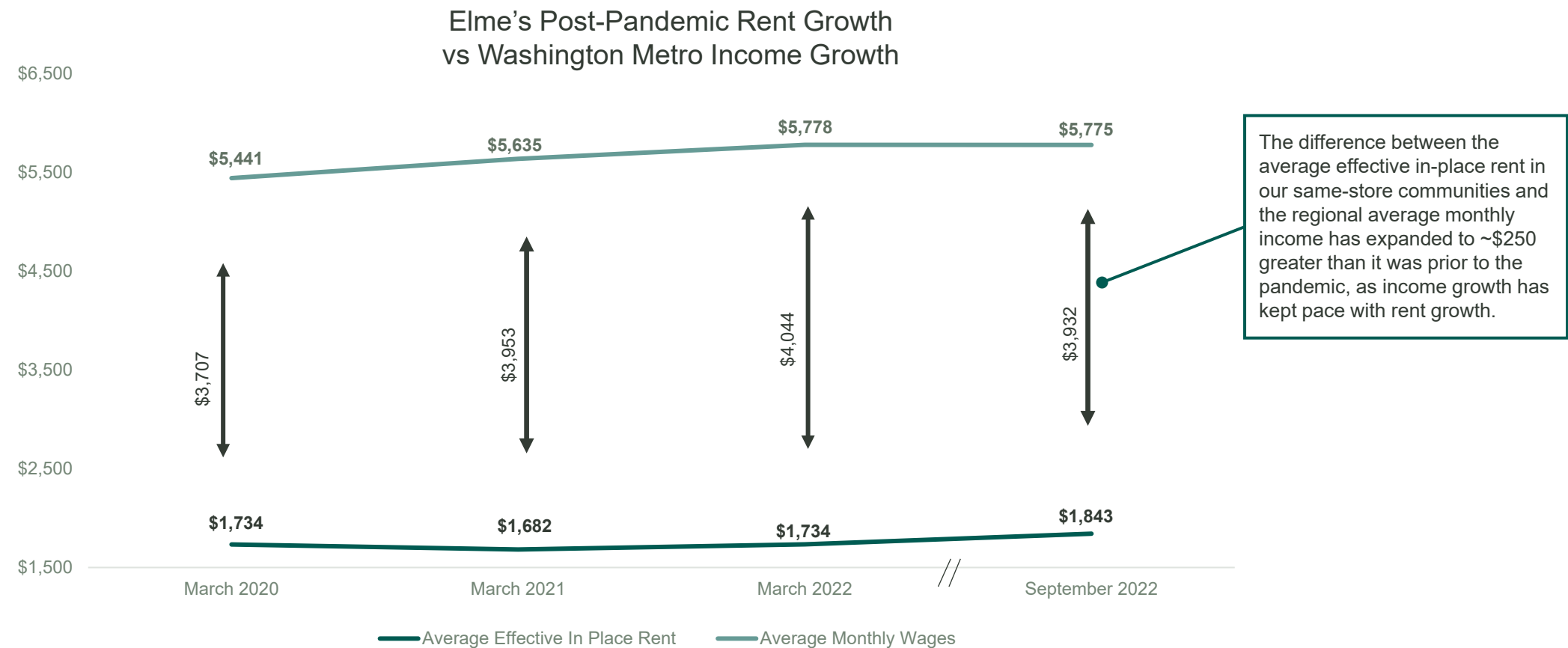
Same-store average new rents are more than 8% above our average expiring rents.

We expect to continue to capture strong rent growth as seasonally trending market rents remain well above in-place lease expirations.



Rent growth supported by solid regional income growth

Average income in the Washington Metro has risen 6.2% since the start of the pandemic, mirroring the 6.3% difference between our average effective in-place rents today compared to the average effective monthly rent in March 2020.






Source: BLS, Current Employment Statistics, Elme Research; October 2022.
Elme Communities

Value-add programs are generating strong returns

14.6% ROI
2020 – Q3 2022¹

22% ROI
Q3 2022 ROI
(includes total rental increase)

Key Metrics	Full Renovation	Unit Upgrades
Avg. cost per unit	~\$15,000	~\$4,000
Avg. ROI cash on cash returns	Mid-teens	Mid-teens
Before		
After		
Scope	Appliances, counter-top replacement, new cabinetry, kitchen backsplash, open format kitchen, plumbing fixture updates, light package, flooring.	One of the following: Appliances, counter-top replacement, cabinetry doors, plumbing fixture updates, light package, flooring.
Track Record		
2022 Completed ²	222	105
Total Homes Completed To Date ³	2,218	>1,000

¹ Represents ROI for completed full renovations excluding rent growth achieved on comparable unrenovated units

² 2022 homes completed through 10/15/2022, expect to complete approximately 600 renovations in 2023

³ Units completed 2015 through 10/15/2022



Research-Led Capital Allocation

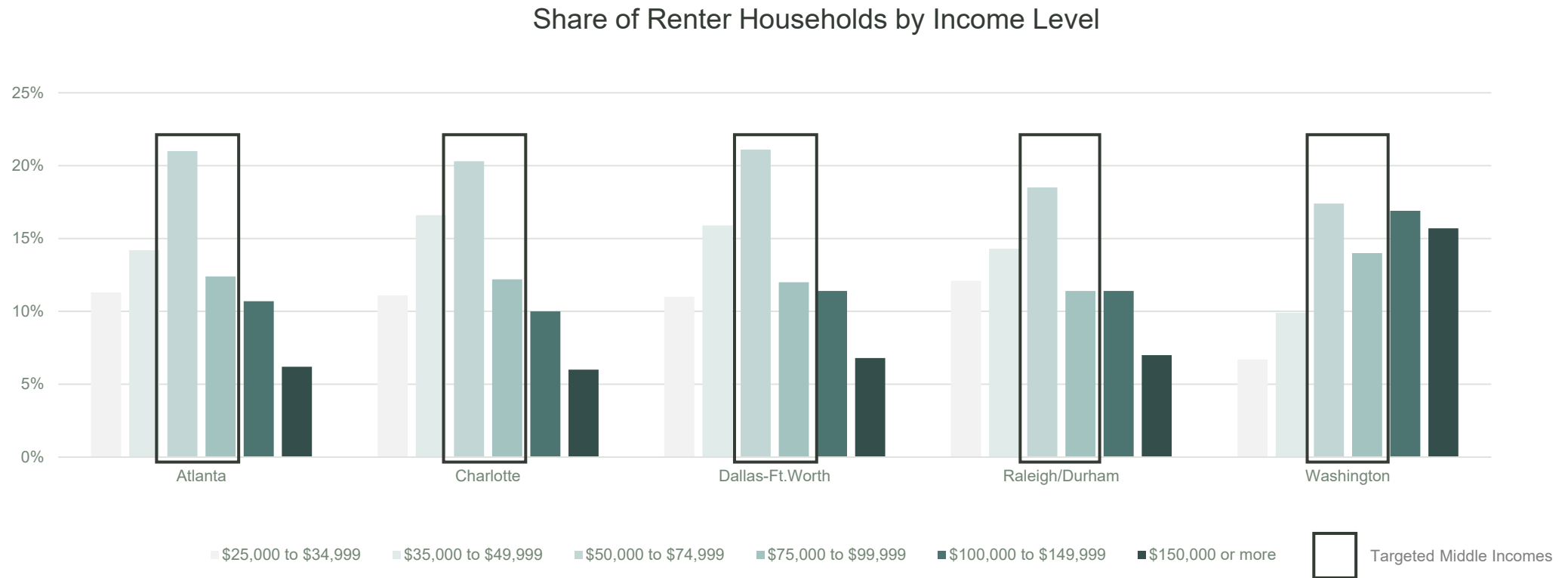
Competitive Differentiation

We have a disciplined strategy that targets the deepest part of the demand curve, in economically dynamic markets and submarkets. These generators of strong demand coupled with price point supply insulation result in a track record of rent growth outperformance in our targeted vintages of assets. Elme Communities' strategies harness these market dynamics for long-term rental growth.



Mid Market Renter Demand: Deep and Underserved

Middle incomes and price points make up the largest share of apartment demand, yet a limited and rapidly decreasing share of new supply is affordable to these renters.

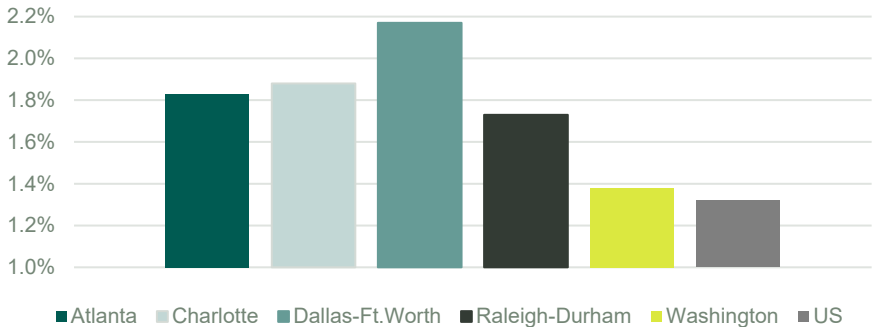


Source: American Housing Survey, US Census, Elme Research; October 2022.

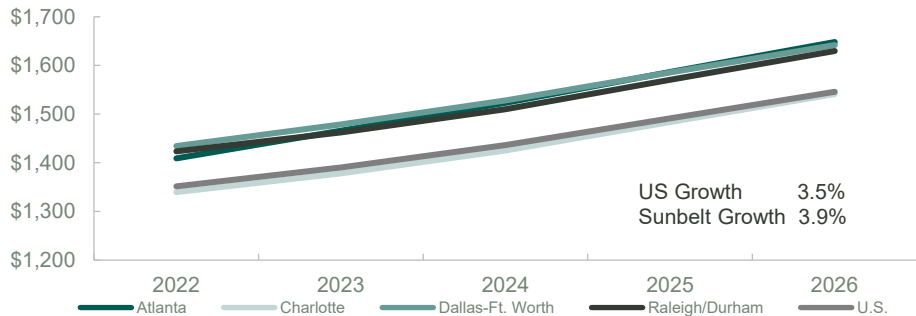
Economically Dynamic Markets & Submarkets

Elme’s market and submarket selection targets economies with diverse, innovation industries that drive outsized job creation, wage growth and in-migration. Dynamic economies provide the strong foundation of demand upon which we grow our portfolio.

Employment Growth in each of our target markets is projected to outpace the US average through 2026.



Wage Growth in each of our Sunbelt markets is projected to exceed the US average.

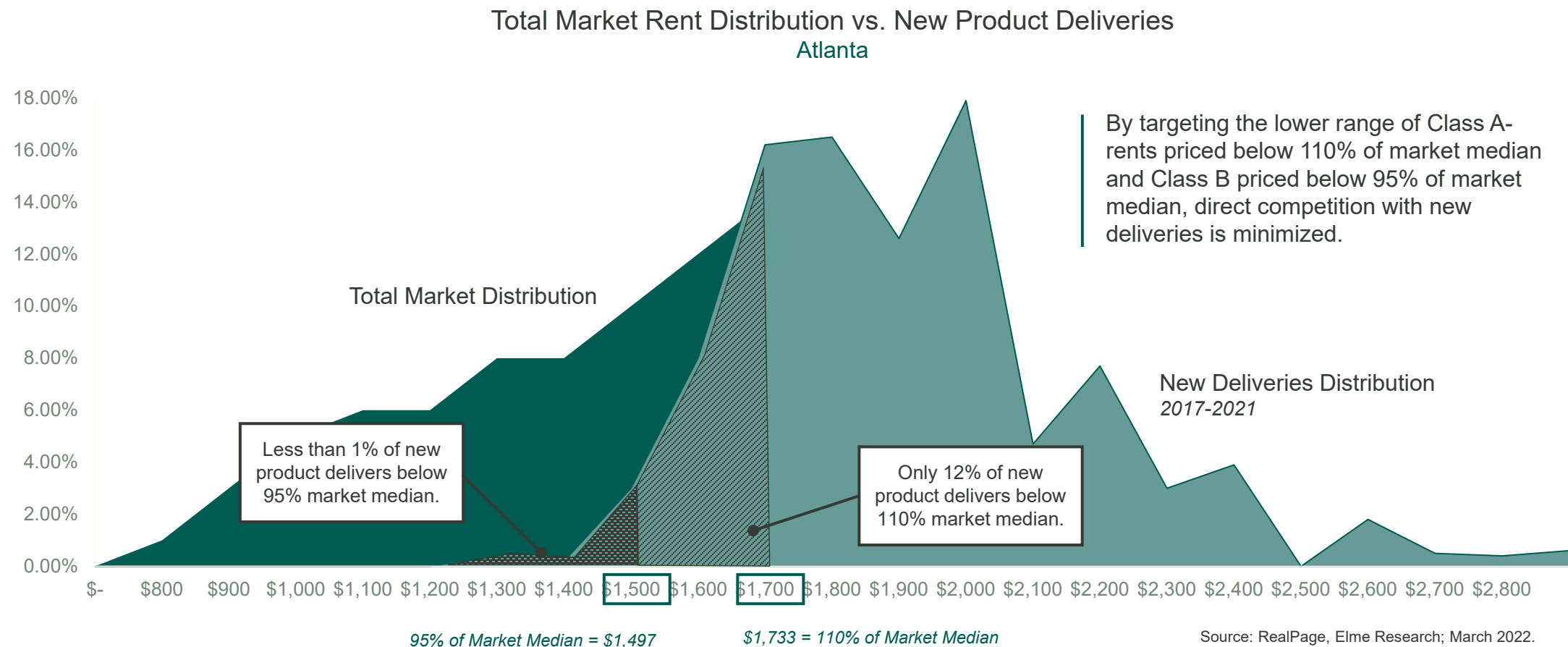


Population Growth in our target markets has been among the strongest in the US and is expected to far exceed the national average of 0.4% annual growth through 2027.

POPULATION CHANGE PROJECTIONS 2022-2026		
Atlanta	381,000	+1.2%
Charlotte	191,000	+1.4%
Dallas-Ft. Worth	533,000	+1.3%
Raleigh/Durham	120,000	+1.2%
Washington, DC	237,000	+0.7%

Price Point Supply Insulation

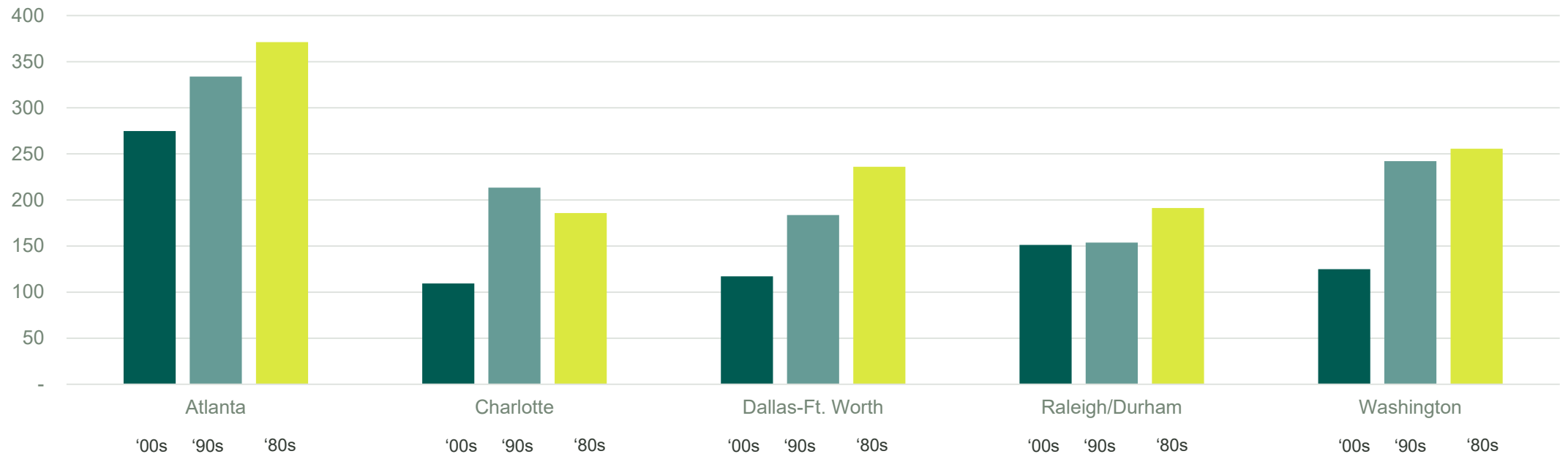
Our disciplined approach to market pricing position of our community acquisitions provides considerable mitigation of supply pressures from new product while simultaneously maintaining an affordability gap, enabling targeted renovation programs.



Target Vintage Outperformance

Older vintages of communities in our target markets have a track record of effective rent growth outperformance.

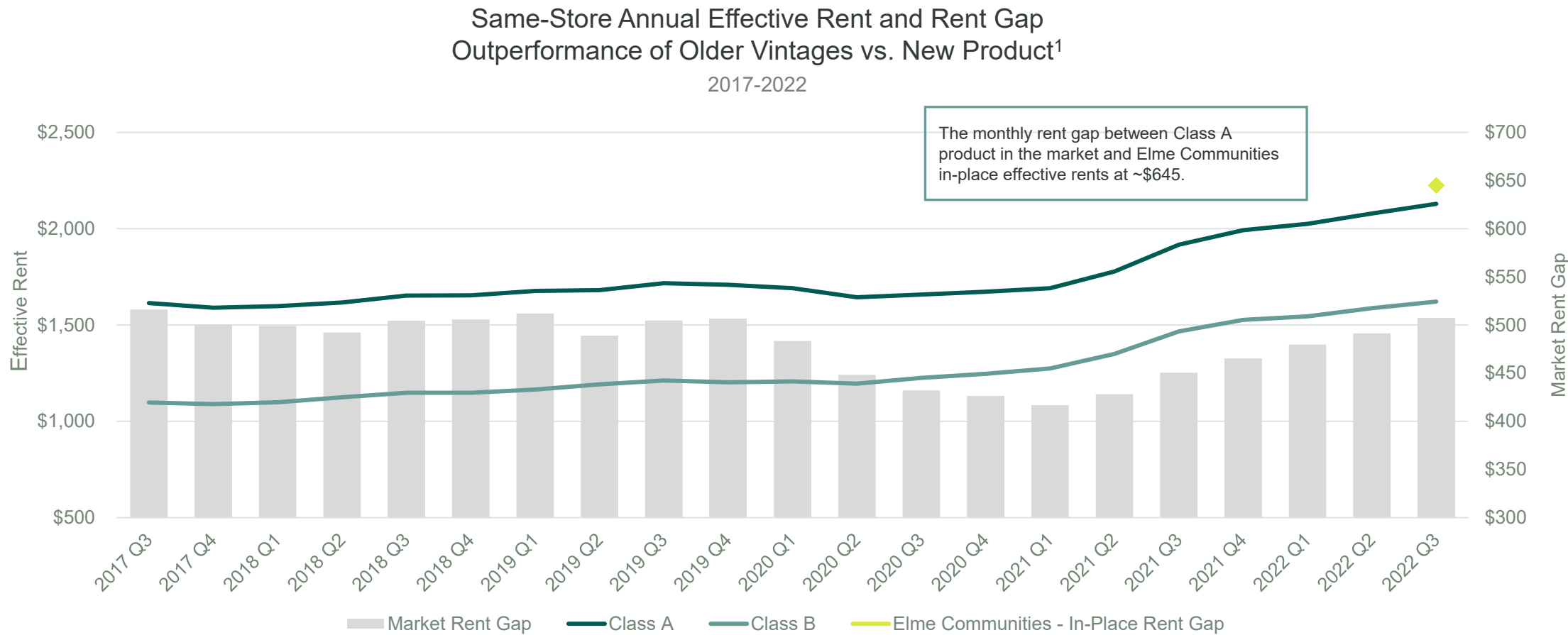
Same-Store Annual Effective Rent Growth
Outperformance of Older Vintages vs. New Product¹
(BPS) – 2017-2022



Note: Product delivered in the 2010s. Class B Product defined as vintage built in the 2000s, 1990s, and 1980s. Source: RealPage, Elme Research; October 2022.

Affordability Gap - Atlanta Market

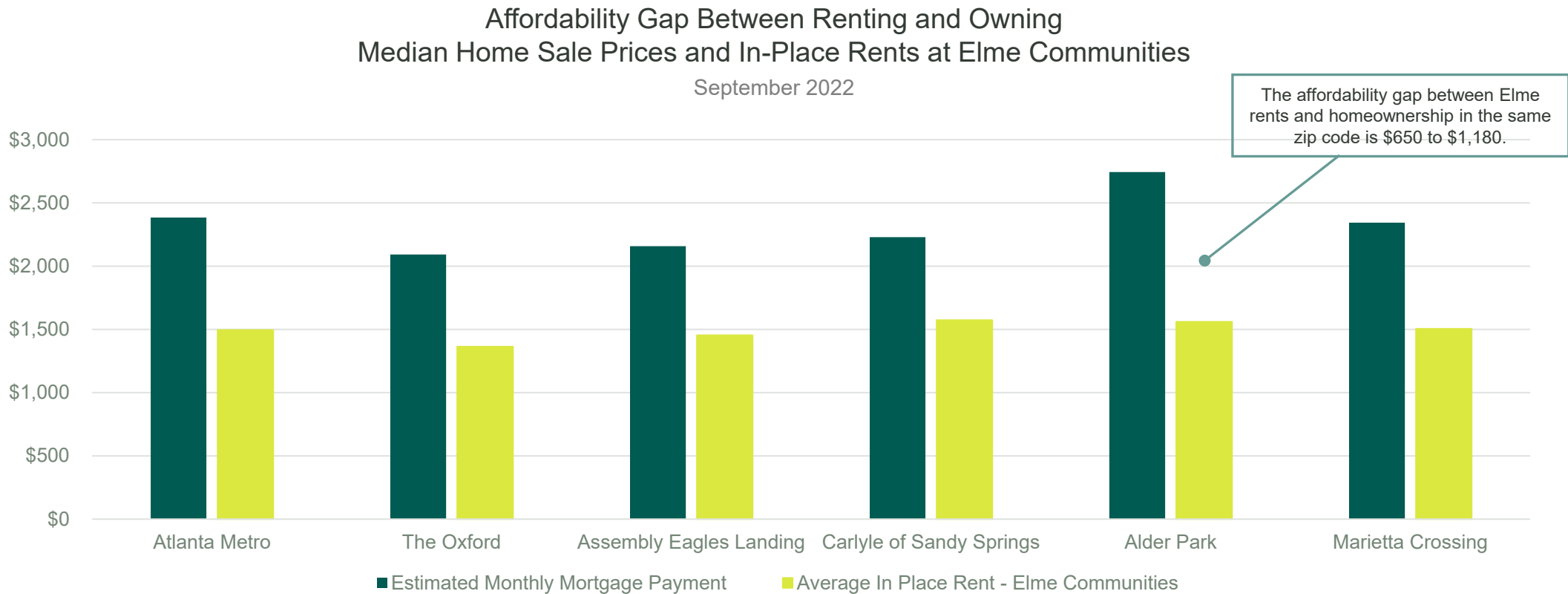
The rent gap between New Product and Class B older vintages in the Atlanta market is around \$500 in monthly effective rent per unit, exceeding the average over a five-year period.



Note: New Product, or Class A, delivered in the 2010+. Source: RealPage, Elme Research; October 2022.

Atlanta Portfolio Rent Vs. Homeownership

Even if a renter saves for the 20% down payment for a mortgage, the estimated monthly mortgage is significantly higher than the average monthly rent across our Atlanta communities.

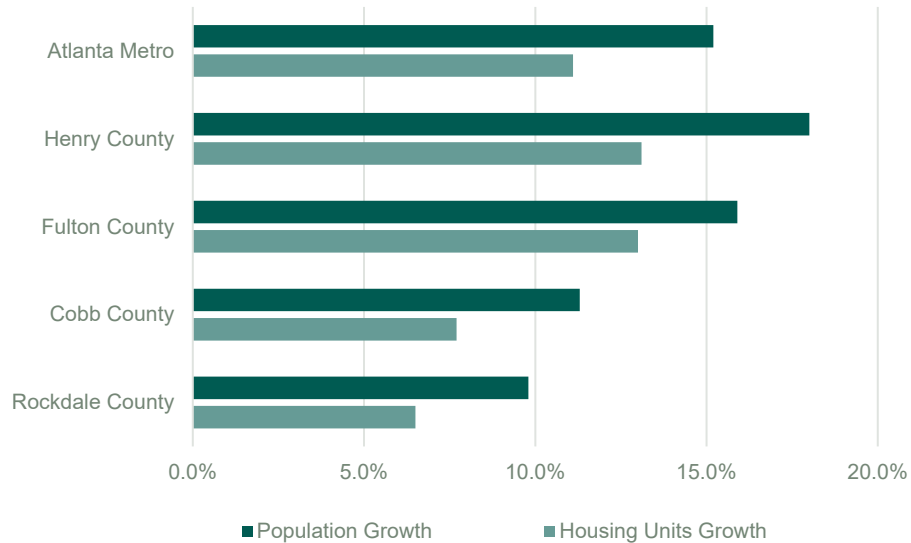


Note: Redfin data includes all residential homes at MSA and Zip Code level. Source: Redfin Market Insights, Elme Research; October 2022. Estimated Monthly Mortgage Payment calculation assumes 30-year fixed interest rate at 6.95% and is inclusive of taxes and insurance.

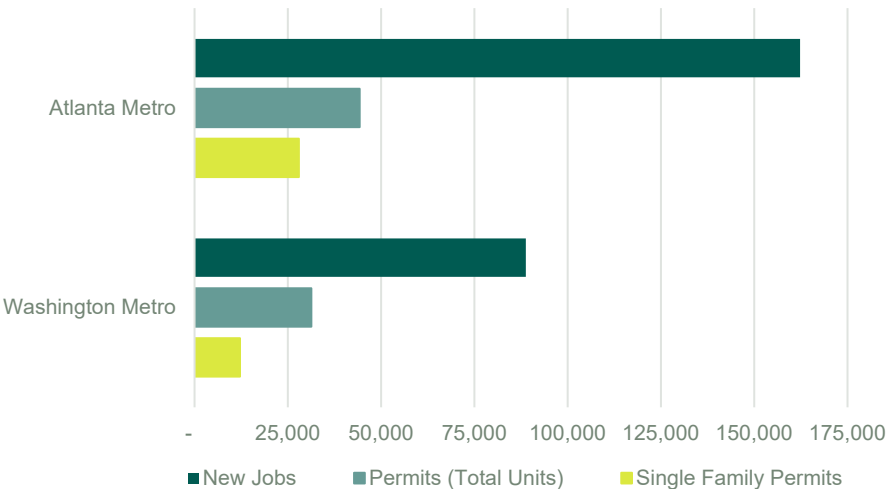
Housing remains in short supply

Elme Communities are in markets characterized by an undersupply of housing, where more housing is required to match an increasing demand for housing stemming from population and job growth.

Population growth in each of our Atlanta Elme Community counties has outpaced housing supply growth over the last decade.



Job growth in the Atlanta metro area over the past year outpaced single family permit issuance, where one single family permit was issued for every six new jobs. In the DC metro area, the ratio over the same time period is about one permit per seven new jobs. A balanced market’s historical average is one permit per two new jobs.



¹ Per the Census, a housing Unit represents a house, apartment, group of rooms, or single room occupied or intended for occupancy as separate living quarters.
² New Jobs is based on BLS Total Nonfarm Employment for All Employees, not seasonally adjusted.
Note: Population and Housing Units change is over a 10-year period between 2010 and 2020. The new jobs to new permit issuance data covers a one-year period between September 2021 and September 2022. Source: U.S. Census 2020 and 2010 Population and Housing State Data, U.S. Bureau of Labor Statistics, NAR Housing Shortage Tracker, Elme Research; October 2022.



Transformation Update

Transformation Update: Strategic Actions Timeline

June 2021



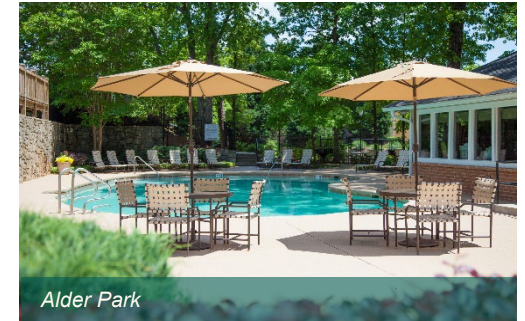
- Announced agreement to sell office portfolio to Brookfield for \$766 million in gross proceeds.
- Announced LOI to dispose of 8 retail assets in Q3 2021 for approximately \$168 million in gross proceeds.

2H 2021



- Closed on office portfolio sale on July 26th.
- Closed on first multifamily acquisition, The Oxford, in Conyers, GA on August 10th.
- Closed on retail portfolio sale on September 22nd.
- Redeemed 2022 \$300 million notes and repaid \$150 million of debt under existing unsecured term loan.
- Closed on Assembly Eagles Landing in Stockbridge, GA on November 19th.
- Reached stabilization on Trove, which was 95% occupied at year-end.

2022



- Closed on Carlyle of Sandy Springs in Sandy Springs, GA on February 1st.
- Closed on Alder Park in Smyrna, GA and Marietta Crossing in Marietta, GA on May 5th for \$178 million.
- Substantially completed the deployment of \$450 million commercial portfolio sale net proceeds.
- Continue sourcing expansion opportunities in the Sunbelt.
- Recruited new talent, including key portfolio-level operational positions.
- Executed major infrastructure and technology overhaul ahead of internalizing community-level operations, which began in October 2022, and is expected to be completed in phases through mid-2023
- Rebranded to Elme Communities

Note: Refer to slide 2 for certain disclosures regarding Forward-Looking Statements and Strategic Transactions.

An Efficient, Scalable Operating Platform

Finalizing infrastructure transformation

Elme Communities spent the past year designing an impactful, highly scalable operating model. This investment in technology and process improvements will significantly impact our ability to drive better results.

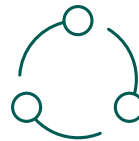
Phase 1



Kick-off

Human Capital Strategy
Technology Strategy
Brand Development

Phase 2



Implementation

Technology Platform
Operating Model Design
Brand Collateral

Phase 3



Deployment

Onboarding community-level operations from third party property managers will take place in phases starting in October 2022 - July 2023

Leveraging Operational Platform

New operating model and technology platform will have a significant impact on our ability to drive better results

Revenue Maximization

Daily pricing models are achieving higher rents than we originally underwrote at our Sunbelt communities. Year-over-year lease rate growth of 15% for Q3 2022 move-ins

No Middleman

Closer connection with community-level teams providing quicker feedback loop and improved resident experience

Operational Talent In Place

Successfully filled key portfolio-level operational positions

Power of Data Harnessed

Access to more data, reorganized infrastructure to access more portfolio level and resident level data to solve for what we think is important

Brand Ownership

Create a noticeable, positive difference in how our residents are treated and respected when it comes to one of the most important aspects of their life: their home



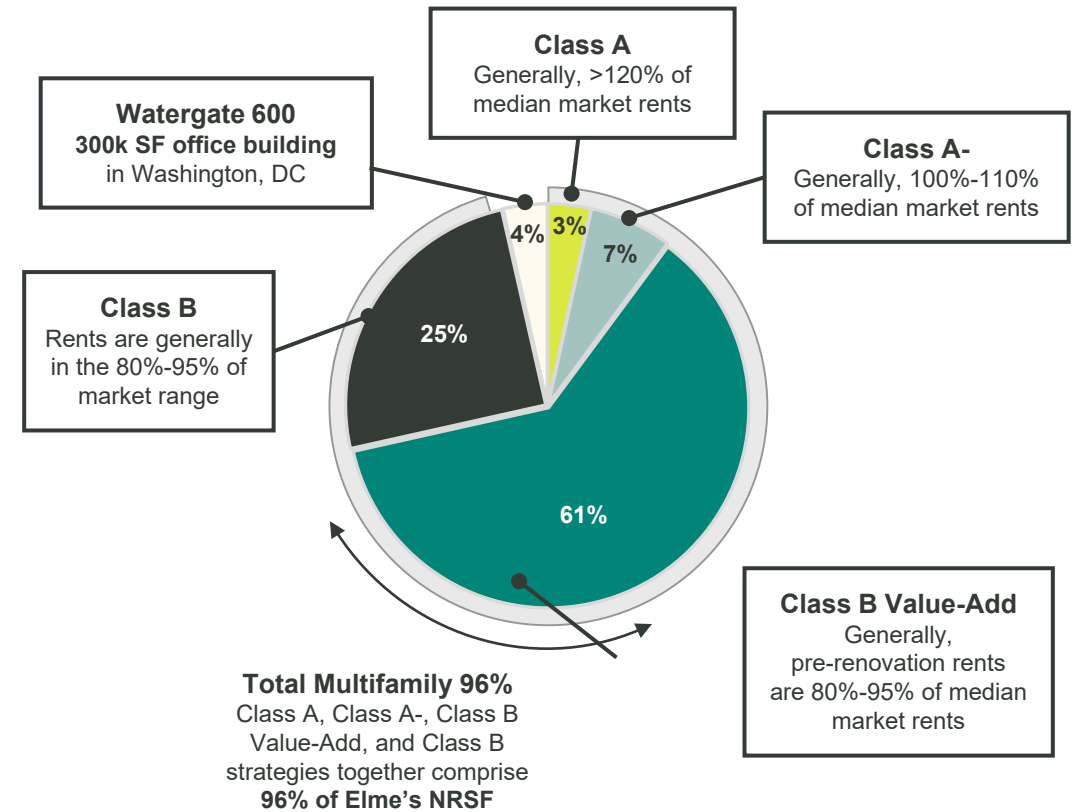


Multifamily Portfolio

Multifamily Portfolio Composition

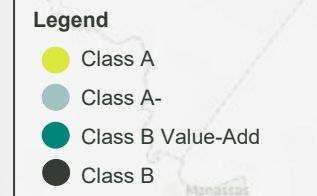
Properties	Location	Class	Homes	NRSF (000s)
Clayborne	Alexandria, VA	A-	74	60
Riverside Apartments	Alexandria, VA	B Value-Add	1,222	1,001
Assembly Alexandria	Alexandria, VA	B Value-Add	532	437
Cascade at Landmark	Alexandria, VA	B Value-Add	277	273
Park Adams	Arlington, VA	B	200	173
Bennett Park	Arlington, VA	A-	224	215
The Maxwell	Arlington, VA	A-	163	116
The Paramount	Arlington, VA	B	135	141
The Wellington	Arlington, VA	B Value-Add	711	600
Trove	Arlington, VA	A	401	293
Roosevelt Towers	Falls Church, VA	B	191	170
The Ashby at McLean	McLean, VA	B	256	274
Assembly Dulles	Herndon, VA	B Value-Add	328	361
Assembly Herndon	Herndon, VA	B Value-Add	283	221
Assembly Manassas	Manassas, VA	B Value-Add	408	390
Assembly Leesburg	Leesburg, VA	B	134	124
Bethesda Hill Apartments	Bethesda, MD	B	195	225
Assembly Germantown	Germantown, MD	B Value-Add	218	211
Assembly Watkins Mill	Gaithersburg, MD	B	210	193
3801 Connecticut Avenue	Washington, DC	B Value-Add	307	178
Kenmore Apartments	Washington, DC	B Value-Add	374	268
Yale West	Washington, DC	A-	216	173
The Oxford	Conyers, GA	B	240	273
Marietta Crossing	Marietta, GA	B Value-Add	420	415
Carlyle of Sandy Springs	Sandy Springs, GA	B Value-Add	389	506
Alder Park	Smyrna, GA	B Value-Add	270	321
Assembly Eagles Landing	Stockbridge, GA	B	490	534
Total // Stabilized Multifamily Communities			8,868	8,146
Watergate 600	Washington, DC	–	–	300

Strategy Diversification Percentage of NRSF



Multifamily Home Distribution in Washington Metro

~80% of our Washington Metro multifamily homes are currently located in Northern Virginia and over 30% are located in the suburbs



Washington Metro Multifamily Homes

- 62% within 35 minutes of Amazon HQ2 by public transit
- 79% of portfolio is Metro-served

Portfolio Strategies

We target submarkets with attributes we believe are most likely to drive rent growth, tailoring our specific investment strategy to best create value.

CLASS A-

Vintage:	2000's.
Price Point:	100% – 110% of market median rent
Rent Growth Drivers:	Operational improvements, unit upgrades, prop-tech, submarket rent growth, future renovations



CLASS B VALUE-ADD

Vintage:	1980's, 1990's, 2000's.
Price Point:	80% – 95% of market median, pre-renovation rent
Rent Growth Drivers:	Operational improvements, full renovations, submarket rent growth



CLASS B

Vintage:	1980's, 1990's, 2000's.
Price Point:	80% – 95% of market median, pre-renovation rent
Rent Growth Drivers:	Operational improvements, submarket rent growth, future renovations



Primary Resident Segmenting and Strategy

We target a diverse set of renters across markets and prices creating greater portfolio stability and strength

CLASS A-

- Mix of single householders and married couples in their mid-20s to late-30s.
- Environmentally, health, and image conscientious — all impacting their purchasing decisions.
- Household income is generally between \$60,000 – \$80,000, varying by market.

Renters are partial to city living and convenience — our Class A- strategy focuses on urban and suburban assets that are perceived as a value play to renters.

CLASS B VALUE-ADD

- Diverse mix of families and singles, some with roommates.
- Characterized by careful spending — but with different drivers: some residents tend to be price savvy but will pay for brands they trust, while others carefully balance spending with student loans or retirement funds.
- Household income generally between \$50,000 – \$70,000, varying by market.

Renters are savvy and look for both value and social alignment — our Class B Value-Add strategy provides upgraded living at affordable prices.

CLASS B

- Mix of life stages — from new college graduates to retirees, and a mix of education and jobs — from blue collar workers to new college graduates.
- Characterized as careful spenders due to their limited incomes, Class B renters are hard working and striving to get ahead.
- Household income generally between \$45,000 – \$65,000, varying by market.

Renters are price-conscious and hard working — our Class B strategy appeals to the largest rental cohort with broad demographic characteristics who are long-term renters.

Execution Track Record Continues

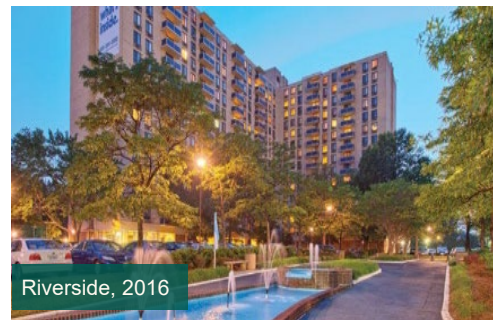
Since 2013, assuming we close on assets under contract, we will have completed ~\$5.1 billion of strategic portfolio transactions to significantly reduce concentrations of non-core retail and office assets, while becoming a value-oriented multifamily company.

In 2019, our research-led suburban multifamily Assembly portfolio acquisition added value to our portfolio and has outperformed our expectations during the pandemic.

In 2020, leveraged a covered land site to deliver Trove, a 401-unit, Class A project 1.5 miles from Amazon HQ2, at a >30% total basis discount to current value.

In 2021, we initiated our expansion into the Sunbelt and have now closed on five acquisitions in Atlanta and continue to pursue additional opportunities.

\$1.5 Billion of Value-Oriented Multifamily Investments since 2015





Environmental, Social, Governance

Our Commitment to the Environment

We believe that sustainable buildings, renewable energy, and environmental conservation should be available to all price points, including the value living sector.



Elme Communities

Electric Vehicle Charging

5% - 42%

Increase in Communities with EV Equipment in 2022

75%

Portion of Cost for Installing EV Equipment Covered by Public and Utility Rebates

Sustainable Certifications



74%

Multifamily communities currently holding one or more sustainability certification



79%

Commercial office buildings sold in 2021 that were LEED certified



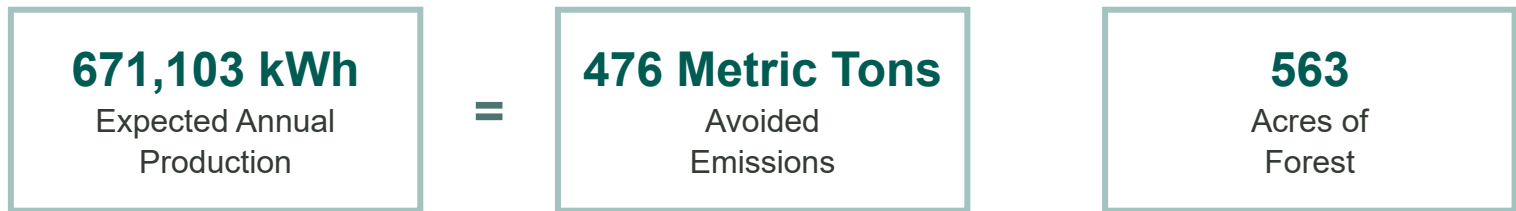
1st

Multifamily company to achieve BREEAM certification in the US

Our Commitment to the Environment

We are delivering on opportunities to bring clean energy to the value living sector.

Solar Coming Online in 2022



Renewable Procurement in 2021



Our Commitment to Financial Inclusion

We are committed to expanding our resident's financial wellbeing (at no cost to them)



At Elme, we're supporting financial inclusion, aiming to increase the availability and equality of financial service opportunities, remove barriers to the financial sector, and enable individuals to improve their financial wellbeing.

To that end, we are launching a partnership with **Esusu**. Through this partnership:

- 100% of Elme Communities will report on-time rent payments (but never delinquencies) to all three credit bureaus every month, helping residents build credit just by living with us
- Elme will be able to benchmark, and report increases in average credit scores, potential savings in interest for residents thanks to improved credit scores, number of first-time credit scores established at our communities, and other key performance indicators around financial inclusion

Our Commitment to Financial Inclusion

Not affordable housing, but housing that is affordable

97%

Homes affordable to households earning the Area Median Income (AMI)

84%

Homes affordable to households earning 80% of AMI

36%

Homes affordable to households earning 60% of AMI

At Elme, we focus on elevating the living experience, without losing sight of the importance of value to our residents. We benchmark this metric by monitoring the Area Median Income (AMI) of each community.

For more information around our ESG Program, including our environmental sustainability efforts; Diversity, Equity, Inclusion, and Accessibility (DEIA) program, expansion of electric vehicle charging, leadership in corporate governance, and key performance indicators, please see our 2022 ESG Report at www.elmecomunities.com/esg.



Progress Made in 2022



Established a Human Rights Statement aligned with the United Nations



Established an Environmental Policy to support consistent and responsible behavior company-wide



Enhanced and expanded our Code of Conduct and Ethics, including expectations around actions and behaviors of all team members



Implemented Sustainability Lease Language to further engage residents in advancing our sustainability initiatives



Established a Vendor Code of Conduct to ensure the companies we work with reflect our commitment to ethics



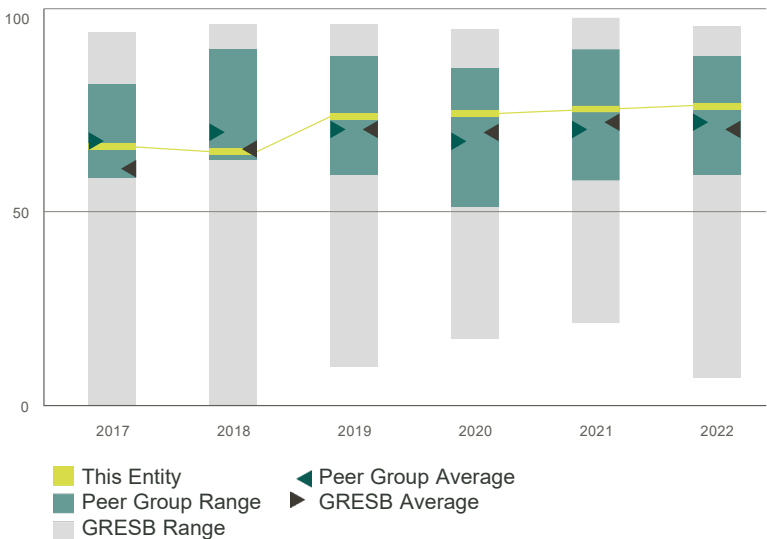


GOVERNANCE

Reporting and Ratings

GRESB (2022): 77 “Green Star”

- In 2022, we wrapped up our final year of completing the Global Real Estate Sustainability Benchmark (GRESB) as a diversified portfolio for CY2021.
- Over the years, we saw an increase in our GRESB score by over 30 points, from 45 in 2014 to 77 in 2022, thanks to our teams’ efforts and focus on ESG across all departments.
- We look forward to filing as a multifamily portfolio and benchmarking to a new peer set in 2023.



See our ESG Ratings¹

- MSCI: BBB Rated
- [ISS: See our score here](#)
- [Sustainalytics: See our score here](#)

Industry Participation

CEO **ACT!ON** FOR
DIVERSITY & INCLUSION

Nareit
FOUNDATION
Dividends Through Diversity, Equity
& Inclusion Giving Campaign

NAA
NATIONAL APARTMENT
ASSOCIATION
MEMBER

Member
NMHC
NATIONAL
MULTIFAMILY
HOUSING
COUNCIL

ULI Urban Land
Institute

ULI GREENPRINT
NETZERO X 2050 GOAL

¹ Historical ESG Ratings may reference the Company's former name and ticker, "Washington Real Estate Investment Trust" or "WRE", respectively.



Guidance

Full Year Guidance

	2022 Guidance ¹	2023 Guidance ¹
Core FFO per diluted share	\$0.87 - \$0.89	\$0.96 - \$1.04
Same-store Multifamily NOI Growth	8.75% - 9.25%	9.0% - 11.0%
Same-store Multifamily and Trove NOI Growth	12.5% - 13.0%	N/A
Non-same-store Multifamily NOI ²	\$22.25 million - \$22.75 million	\$12.75 million - \$13.75 million
Non-residential NOI ³	~\$0.775 million	~\$0.75 million
Other same-store NOI ⁴	\$13.25 million - \$13.75 million	\$13.0 million - \$13.75 million
Property Management Expenses	~\$7.5 million	\$8.0 million - \$8.5 million
G&A, net of core adjustments	\$26.0 million - \$26.5 million	\$26.25 million - \$27.25 million
Interest Expense	\$24.5 million - \$25.0 million	\$27.5 million - \$28.5 million
Transformation Costs	~\$10.0 million	\$2.5 million - \$3.5 million
Capitalized interest ⁵	~\$0.3 million	N/A

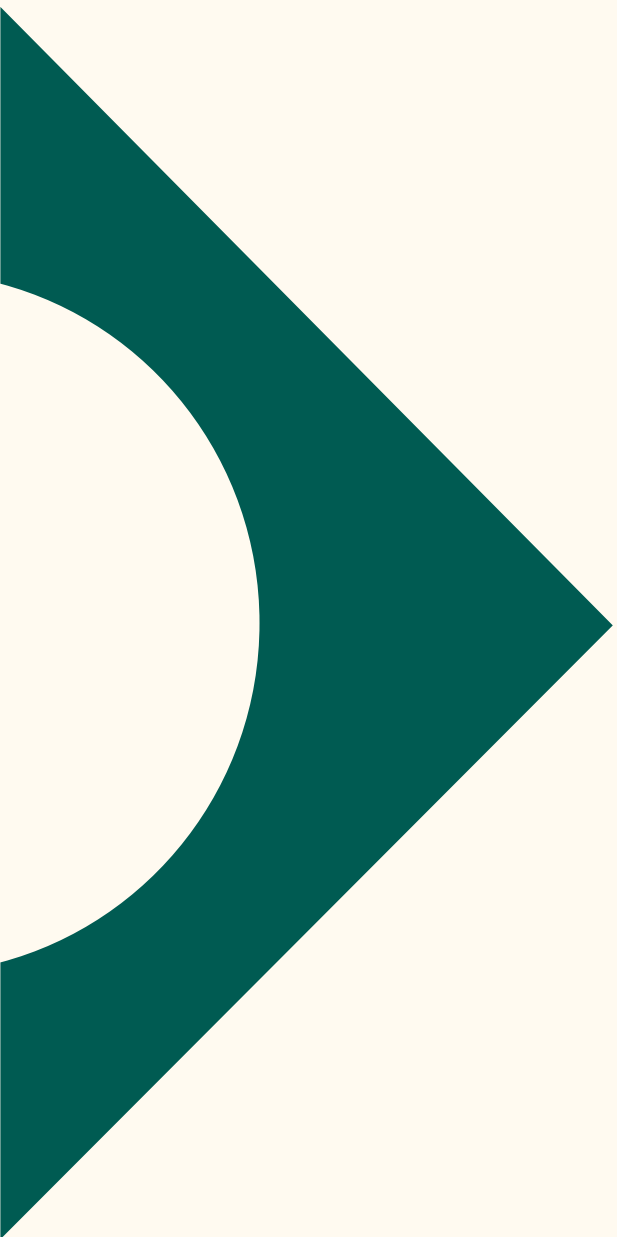
¹ As of 10/27/2022

² 2022 non-same-store includes Trove, The Oxford, Assembly Eagles Landing, Carlyle of Sandy Springs, Alder Park, Marietta Crossing, and Riverside Development. 2023 non-same-store includes Carlyle of Sandy Springs, Alder Park, Marietta Crossing, and Riverside Development.

³ Includes revenues and expenses from retail operations at multifamily properties

⁴ Other same-store NOI consists of Watergate 600

⁵ Capitalized interest was \$0.3 million year to date and is expected to be the same amount for the full year 2022 due to the suspension of development activities at Riverside. The effect of higher interest rates and no longer capitalizing interest reduced our 2022 Core FFO guidance range by approximately one cent per share.



Appendix



Value-Add Program Overview

Renovation programs create an improved living experience while generating strong returns.

Current Opportunity

- ~3,000-unit renovation 5-year pipeline
- Target 2023 full renovations for spend of approximately ~\$9 million, representing approximately 600 units

Methodology

- Research-driven capital allocation.
- Scope tailored to submarket and individual asset.
- Returns Threshold: 10%-20% in current environment.

Status

- Remobilized and capitalizing on suburban demand.

Going Forward, We Plan To

- Execute program in existing Washington, DC metro pipeline.
- Expand Value-Add B in the Sunbelt.
- Expanding pipeline for future renovation growth through our Class A-Strategy.

Acquisitions Aligned with Strategy

The Oxford (Atlanta Metro)

Class B

Acquired:	August 2021
Purchase Price:	\$48 million
Vintage:	1999
Number of Homes:	240
Rent Growth Drivers:	Operational Improvements, Submarket rent growth, future renovations

5-Mi Projected 21-26

HH Growth: 1.09%/yr

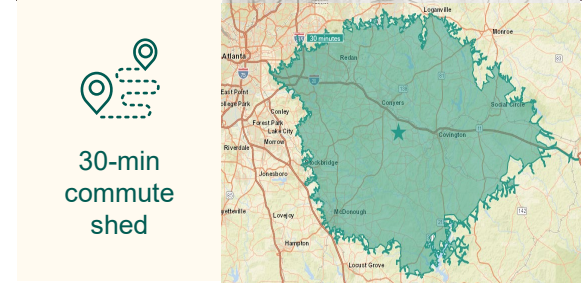
5-Mi Avg HH Income: \$57,000

5-Year Annual Projected

HH Income Growth: 1.9%

Median Home Value within 5 miles: \$182,000

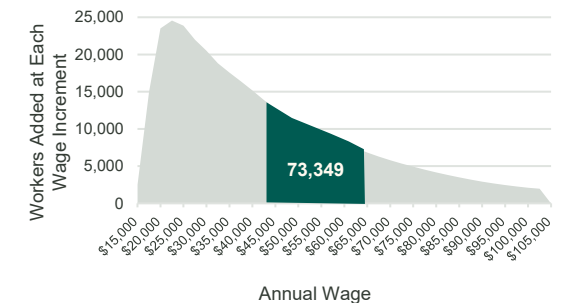
Property Price Point: 85% of market median rent



Dynamic Employment Demand

- Over 73,000 jobs at targeted incomes are within a 30-minute commute.
- This deep demand segment is projected to grow by another 12.5% over the next five years.
- Rivian electric automotive plant, adding 7,500+ jobs in \$50k range, announced in December 2021.

30-Minute Commute: Employment Added at Each Wage Increment



Acquisitions Aligned with Strategy

Assembly Eagles Landing (Atlanta Metro)

Class B

Acquired:	November 2021
Purchase Price:	\$106 million
Vintage:	1997, 2000
Number of Homes:	490
Rent Growth Drivers:	Operational Improvements, Submarket rent growth, future renovations

5-Mi Projected 21-26

HH Growth: 1.26%/yr

5-Mi Avg HH Income: \$67,000

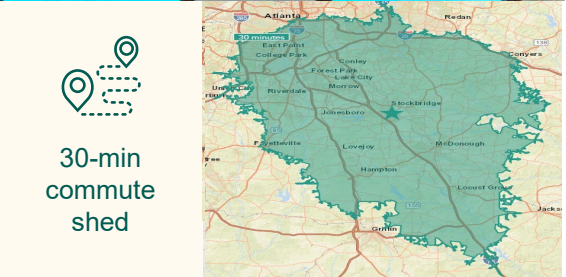
5-Year Annual Projected

HH Income Growth: 2.0%

Median Home Value

within 5 miles: \$195,000

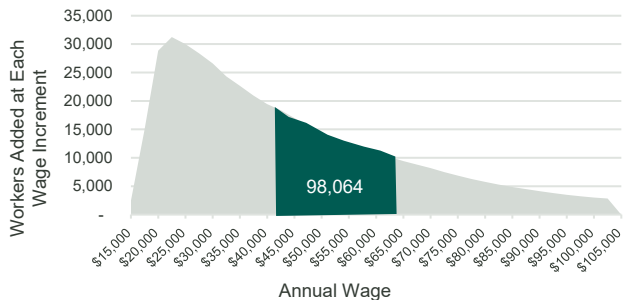
Property Price Point: 85% of market median rent



Dynamic Employment Demand

- Over 98,000 jobs at targeted incomes are within a 30-minute commute.
- This deep demand segment is projected to grow by another 11.8% over the next five years.
- Henry County, GA is the epicenter of logistics-related job growth in the Atlanta region.

30-Minute Commute: Employment Added at Each Wage Increment



Acquisitions Aligned with Strategy

Carlyle of Sandy Springs (Atlanta Metro)

Class B
Value-Add

Acquired:	February 2022
Purchase Price:	\$106 million
Vintage:	1972
Number of Homes:	389
Rent Growth Drivers:	Operational Improvements, Submarket rent growth, Value-add renovation program

5-Mi Projected 21-26

HH Growth: 0.56%/yr

5-Mi Avg HH Income: \$78,000

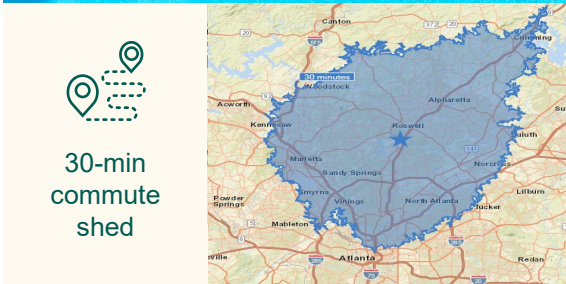
5-Year Annual Projected

HH Income Growth: 3.3%

Median Home Value

within 5 miles: \$412,000

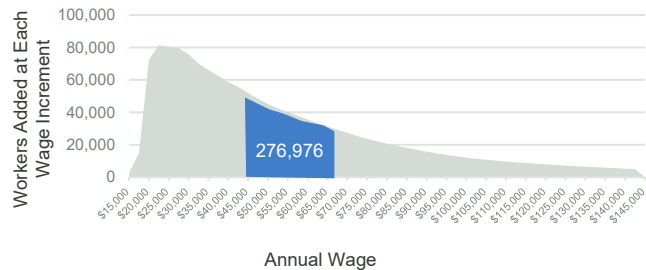
Property Price Point: 91% of market median rent



Dynamic Employment Demand

- Nearly 277,000 jobs at targeted incomes are within a 30-minute commute
- This deep demand segment is projected to grow by another 10.5% over the next five years
- Perimeter Center, one of the region's premier employment centers, is just minutes away

30-Minute Commute: Employment Added at Each Wage Increment



Acquisitions Aligned with Strategy

Alder Park (Atlanta Metro)

Class B
Value-Add

Acquired: May 2022
Purchase Price: \$70 million
Vintage: 1982
Number of Homes: 270
Rent Growth Drivers: Operational Improvements, Submarket rent growth, Value-add renovation program

5-Mi Projected 21-26

HH Growth: 1.67%/yr

5-Mi Avg HH Income: \$79,000

**5-Year Annual Projected
HH Income Growth:** 2.0%

**Median Home Value
within 5 miles:** \$381,000

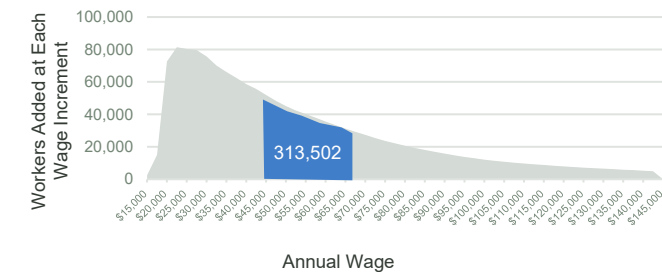
Property Price Point: 92% of market median rent



Dynamic Employment Demand

- Nearly 314,000 jobs at targeted incomes are within a 30-minute commute
- This deep demand segment is projected to grow by another 12.3% over the next five years
- Alder Park is located adjacent to Cumberland-Galleria, one of the region's premier employment centers.

30-Minute Commute: Employment Added at Each Wage Increment

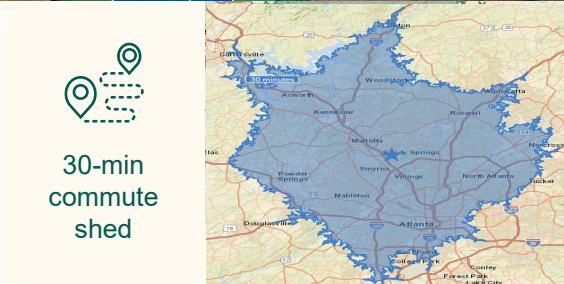


Acquisitions Aligned with Strategy

Marietta Crossing (Atlanta Metro)

Class B
Value-Add

Acquired:	May 2022
Purchase Price:	\$108 million
Vintage:	1975
Number of Homes:	420
Rent Growth Drivers:	Operational Improvements, Submarket rent growth, Value-add renovation program
5-Mi Projected 21-26 HH Growth:	1.09%/yr
5-Mi Avg HH Income:	\$60,000
5-Year Annual Projected HH Income Growth:	2.1%
Median Home Value within 5 miles:	\$302,000
Property Price Point:	87% of market median rent



Dynamic Employment Demand

- Over 291,000 jobs at targeted incomes are within a 30-minute commute.
- This deep demand segment is projected to grow by another 12.7% over the next five years.
- Cumberland/Galleria, one of the region’s premier employment centers, is just minutes away

30-Minute Commute: Employment Added at Each Wage Increment



Financials from Q3 2022 Supplement

Consolidated Statements of Operations (In thousands, except per share data) (Unaudited)



	Nine Months Ended		Three Months Ended				
	September 30, 2022	September 30, 2021	September 30, 2022	June 30, 2022	March 31, 2022	December 31, 2021	September 30, 2021
OPERATING RESULTS							
Revenues							
Real estate rental revenue	\$ 153,787	\$ 124,403	\$ 54,603	\$ 51,380	\$ 47,804	\$ 44,748	\$ 42,499
Expenses							
Property operating and maintenance	(35,404)	(28,655)	(13,092)	(11,747)	(10,565)	(10,086)	(9,901)
Real estate taxes and insurance	(19,893)	(16,525)	(6,469)	(6,837)	(6,587)	(5,516)	(5,544)
Property management	(5,462)	(4,448)	(1,916)	(1,796)	(1,750)	(1,685)	(1,499)
General and administrative	(20,998)	(19,838)	(6,403)	(7,656)	(6,939)	(7,700)	(7,909)
Transformation costs	(6,645)	(4,796)	(2,399)	(2,023)	(2,223)	(1,839)	(1,016)
Depreciation and amortization	(69,871)	(52,542)	(23,632)	(24,039)	(22,200)	(20,114)	(18,252)
	(158,273)	(126,804)	(53,911)	(54,098)	(50,264)	(46,940)	(44,121)
Real estate operating (loss) income	(4,486)	(2,401)	692	(2,718)	(2,460)	(2,192)	(1,622)
Other income (expense)							
Interest expense	(18,388)	(28,387)	(6,582)	(6,156)	(5,650)	(5,676)	(8,106)
Loss on interest rate derivatives	—	(5,866)	—	—	—	—	(106)
Loss on extinguishment of debt	(4,917)	(12,727)	(4,917)	—	—	—	(12,727)
Other income	454	3,037	68	—	386	1,072	231
Loss from continuing operations	(27,337)	(46,344)	(10,739)	(8,874)	(7,724)	(6,796)	(22,330)
Discontinued operations:							
Income from operations of properties sold or held for sale	—	23,083	—	—	—	—	7,208
Gain on sale of real estate, net	—	46,441	—	—	—	—	46,441
Income from discontinued operations	—	69,524	—	—	—	—	53,649
Net (loss) income	\$ (27,337)	\$ 23,180	\$ (10,739)	\$ (8,874)	\$ (7,724)	\$ (6,796)	\$ 31,319
Per Share Data:							
Net (loss) income	\$ (0.32)	\$ 0.27	\$ (0.12)	\$ (0.10)	\$ (0.09)	\$ (0.08)	\$ 0.37
Fully diluted weighted average shares outstanding	87,354	84,457	87,453	87,392	87,214	84,804	84,496
Percentage of Revenues:							
General and administrative expenses	13.7 %	15.9 %	11.7 %	14.9 %	14.5 %	17.2 %	18.6 %
Net (loss) income	(17.8)%	18.6 %	(19.7)%	(17.3)%	(16.2)%	(15.2)%	73.7 %
Ratios:							
Adjusted EBITDA / Interest expense	4.1x	3.7x	4.1x	4.0x	4.1x	3.6x	3.1x

Financials from Q3 2022 Supplement

Consolidated Balance Sheets (In thousands, except per share data) (Unaudited)



	September 30, 2022	June 30, 2022	March 31, 2022	December 31, 2021	September 30, 2021
Assets					
Land	\$ 373,171	\$ 373,171	\$ 340,046	\$ 322,623	\$ 306,507
Income producing property	1,882,235	1,875,307	1,733,326	1,642,147	1,544,217
	2,255,406	2,248,478	2,073,372	1,964,770	1,850,724
Accumulated depreciation and amortization	(461,293)	(441,105)	(421,663)	(402,560)	(384,392)
Net income producing property	1,794,113	1,807,373	1,651,709	1,562,210	1,466,332
Properties under development or held for future development	31,232	31,220	31,157	30,631	30,254
Total real estate held for investment, net	1,825,345	1,838,593	1,682,866	1,592,841	1,496,586
Cash and cash equivalents	8,436	44,787	139,711	233,600	307,797
Restricted cash	1,437	1,984	636	620	605
Rents and other receivables	16,088	16,644	16,120	15,067	14,713
Prepaid expenses and other assets	28,228	32,865	37,391	33,866	33,109
Total assets	<u>\$ 1,879,534</u>	<u>\$ 1,934,873</u>	<u>\$ 1,876,724</u>	<u>\$ 1,875,994</u>	<u>\$ 1,852,810</u>
Liabilities					
Notes payable, net	\$ 497,247	\$ 497,135	\$ 497,093	\$ 496,946	\$ 496,823
Mortgage notes payable, net	—	71,576	—	—	—
Line of credit	43,000	—	—	—	—
Accounts payable and other liabilities	36,219	39,890	33,184	40,585	38,864
Dividend payable	14,919	14,916	14,924	14,650	14,440
Advance rents	1,489	1,821	1,463	2,082	1,747
Tenant security deposits	5,461	5,439	4,817	4,669	4,480
Total liabilities	598,335	630,777	551,481	558,932	556,354
Equity					
Preferred shares; \$0.01 par value; 10,000 shares authorized	—	—	—	—	—
Shares of beneficial interest, \$0.01 par value; 150,000 shares authorized	875	874	874	863	846
Additional paid-in capital	1,728,840	1,727,031	1,725,828	1,697,477	1,656,821
Distributions in excess of net income	(434,539)	(408,882)	(385,108)	(362,494)	(341,052)
Accumulated other comprehensive loss	(14,278)	(15,229)	(16,656)	(19,091)	(20,468)
Total shareholders' equity	1,280,898	1,303,794	1,324,938	1,316,755	1,296,147
Noncontrolling interests in subsidiaries	301	302	305	307	309
Total equity	1,281,199	1,304,096	1,325,243	1,317,062	1,296,456
Total liabilities and equity	<u>\$ 1,879,534</u>	<u>\$ 1,934,873</u>	<u>\$ 1,876,724</u>	<u>\$ 1,875,994</u>	<u>\$ 1,852,810</u>

Financials from Q3 2022 Supplement

Funds from Operations
(In thousands, except per share data)
(Unaudited)



	Nine Months Ended		Three Months Ended				
	September 30, 2022	September 30, 2021	September 30, 2022	June 30, 2022	March 31, 2022	December 31, 2021	September 30, 2021
Funds from operations (FFO) ⁽¹⁾							
Net (loss) income	\$ (27,337)	\$ 23,180	\$ (10,739)	\$ (8,874)	\$ (7,724)	\$ (6,796)	\$ 31,319
Real estate depreciation and amortization	69,871	52,542	23,632	24,039	22,200	20,114	18,252
Discontinued operations:							
Gain on sale of depreciable real estate, net	—	(46,441)	—	—	—	—	(46,441)
Real estate depreciation and amortization	—	22,904	—	—	—	—	—
NAREIT funds from operations (FFO)	42,534	52,185	12,893	15,165	14,476	13,318	3,130
Loss on extinguishment of debt	4,917	12,727	4,917	—	—	—	12,727
Loss on interest rate derivatives	—	5,866	—	—	—	—	106
Severance expense	474	173	—	—	474	—	—
Transformation costs	6,645	4,796	2,399	2,023	2,223	1,839	1,016
Insurance gain	—	—	—	—	—	(1,026)	—
Structuring expenses	1,101	—	121	980	—	—	—
Write-off of pursuit costs	174	—	174	—	—	—	—
Core FFO ⁽¹⁾	55,845	75,747	20,504	18,168	17,173	14,131	16,979
Allocation to participating securities ⁽²⁾	(191)	(349)	(68)	(51)	(72)	(44)	(73)
NAREIT FFO per share - basic	\$ 0.48	\$ 0.61	\$ 0.15	\$ 0.17	\$ 0.17	\$ 0.16	\$ 0.04
NAREIT FFO per share - fully diluted	\$ 0.48	\$ 0.61	\$ 0.15	\$ 0.17	\$ 0.17	\$ 0.16	\$ 0.04
Core FFO per share - fully diluted	\$ 0.64	\$ 0.89	\$ 0.23	\$ 0.21	\$ 0.20	\$ 0.17	\$ 0.20
Common dividend per share	\$ 0.51	\$ 0.77	\$ 0.17	\$ 0.17	\$ 0.17	\$ 0.17	\$ 0.17
Average shares - basic	87,354	84,457	87,453	87,392	87,214	84,804	84,496
Average shares - fully diluted (for NAREIT FFO and Core FFO)	87,447	84,534	87,564	87,521	87,253	84,911	84,586

⁽¹⁾ See "Definitions" for the definitions of NAREIT FFO and Core FFO.

⁽²⁾ Adjustment to the numerators for FFO and Core FFO per share calculations when applying the two-class method for calculating EPS

Financials from Q3 2022 Supplement

Adjusted Funds from Operations (In thousands, except per share data) (Unaudited)



	Nine Months Ended		Three Months Ended				
	September 30, 2022	September 30, 2021	September 30, 2022	June 30, 2022	March 31, 2022	December 31, 2021	September 30, 2021
Adjusted funds from operations (AFFO) ⁽¹⁾							
NAREIT FFO	\$ 42,534	\$ 52,185	\$ 12,893	\$ 15,165	\$ 14,476	\$ 13,318	\$ 3,130
Non-cash loss on extinguishment of debt	4,873	833	4,873	—	—	—	833
Tenant improvements and incentives, net of reimbursements	(1,025)	(904)	—	(476)	(549)	(642)	(331)
Leasing commissions capitalized	—	(2,784)	—	—	—	(24)	(378)
Recurring capital improvements	(5,026)	(3,508)	(2,404)	(1,384)	(1,238)	(1,366)	(1,485)
Straight-line rent, net	(437)	(1,520)	(112)	(135)	(190)	(218)	(347)
Non-cash fair value interest expense	210	—	105	105	—	—	—
Non-real estate depreciation and amortization of debt costs	3,517	4,024	1,158	1,151	1,208	1,241	1,330
Amortization of lease intangibles, net	(608)	540	(227)	(209)	(172)	(172)	(32)
Amortization and expensing of restricted share and unit compensation ⁽²⁾	6,157	6,478	1,917	2,159	2,081	2,075	2,651
AFFO	50,195	55,344	18,203	16,376	15,616	14,212	5,371
Cash loss on extinguishment of debt	44	11,894	44	—	—	—	11,894
Loss on interest rate derivatives	—	5,866	—	—	—	—	106
Non-share-based severance expense	202	103	—	—	202	—	—
Structuring expenses	1,101	—	121	980	—	—	—
Transformation costs ⁽³⁾	6,337	4,376	2,399	1,776	2,162	1,802	674
Insurance gain	—	—	—	—	—	(1,026)	—
Write-off of pursuit costs	174	—	174	—	—	—	—
Core AFFO ⁽¹⁾	\$ 58,053	\$ 77,583	\$ 20,941	\$ 19,132	\$ 17,980	\$ 14,988	\$ 18,045

⁽¹⁾ See "Definitions" for the definitions of AFFO and Core AFFO

⁽²⁾ Includes share award modifications related to transformation costs

⁽³⁾ Excludes share award modifications related to transformation costs

Financials from Q3 2022 Supplement

Net Operating Income (NOI) - Multifamily (Dollars in thousands)



	Apartment Homes as of 9/30/2022	Nine Months Ended		Three Months Ended				
		September 30, 2022	September 30, 2021	September 30, 2022	June 30, 2022	March 31, 2022	December 31, 2021	September 30, 2021
Rental and other property revenues								
Same-store	6,658	\$ 112,702	\$ 105,641	\$ 38,771	\$ 37,198	\$ 36,733	\$ 35,660	\$ 35,408
Acquisitions	1,809	18,718	488	8,150	6,643	3,925	1,774	488
Development	401	7,642	4,152	2,711	2,500	2,431	2,223	1,846
Non-residential ⁽¹⁾	N/A	807	794	257	305	245	233	304
Total rental and other property revenues ⁽²⁾	8,868	139,869	111,075	49,889	46,646	43,334	39,890	38,046
Property operating expenses								
Same-store		40,428	38,589	14,031	13,259	13,138	12,523	13,003
Acquisitions		8,049	212	3,157	3,049	1,843	653	212
Development		2,720	2,420	941	934	845	838	846
Non-residential		214	219	69	70	75	73	85
Total property operating expenses		51,411	41,440	18,198	17,312	15,901	14,087	14,146
Net Operating Income (NOI)								
Same-store		72,274	67,052	24,740	23,939	23,595	23,137	22,405
Acquisitions		10,669	276	4,993	3,594	2,082	1,121	276
Development		4,922	1,732	1,770	1,566	1,586	1,385	1,000
Non-residential		593	575	188	235	170	160	219
Total NOI		\$ 88,458	\$ 69,635	\$ 31,691	\$ 29,334	\$ 27,433	\$ 25,803	\$ 23,900
Same-store metrics								
Operating margin		64%	63%	64%	64%	64%	65%	63%
Retention		63%	56%	60%	63%	71%	72%	60%
Same-store effective lease rate growth								
New		10.8%	(5.5)%	10.5%	11.7%	10.0%	8.7%	3.2%
Renewal		10.2%	3.8%	10.1%	10.9%	9.2%	8.2%	5.1%
Blended		10.4%	(0.6)%	10.3%	11.2%	9.5%	8.4%	4.3%

⁽¹⁾ Includes revenues and expenses from retail operations at multifamily communities.

⁽²⁾ Utility costs reimbursed by residents are included in real estate rental revenue on our consolidated statements of operations. Utility reimbursements totaled \$5.4 million and \$4.3 million for the nine months ended September 30, 2022 and 2021, respectively, and \$1.9 million, \$1.8 million, \$1.8 million, \$1.5 million and \$1.5 million for the three months ended September 30, 2022, June 30, 2022, March 31, 2022, December 31, 2021 and September 30, 2021, respectively.

Financials from Q3 2022 Supplement

The following tables contain reconciliations of net loss to NOI for the periods presented (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Net (loss) income	\$ (10,739)	\$ 31,319	\$ (27,337)	\$ 23,180
Adjustments:				
Property management expense	1,916	1,499	5,462	4,448
General and administrative expense	6,403	7,909	20,998	19,838
Transformation costs	2,399	1,016	6,645	4,796
Real estate depreciation and amortization	23,632	18,252	69,871	52,542
Interest expense	6,582	8,106	18,388	28,387
Loss on interest rate derivatives	—	106	—	5,866
Loss on extinguishment of debt, net	4,917	12,727	4,917	12,727
Other income	(68)	(231)	(454)	(3,037)
Discontinued operations:				
Income from operations of properties sold or held for sale	—	(7,208)	—	(23,083)
Gain on sale of real estate, net	—	(46,441)	—	(46,441)
Total Net Operating Income (NOI)	<u>\$ 35,042</u>	<u>\$ 27,054</u>	<u>\$ 98,490</u>	<u>\$ 79,223</u>
Multifamily NOI:				
Same-store portfolio	\$ 24,740	\$ 22,405	\$ 72,274	\$ 67,052
Acquisitions	4,993	276	10,669	276
Development	1,770	1,000	4,922	1,732
Non-residential	188	219	593	575
Total	<u>31,691</u>	<u>23,900</u>	<u>88,458</u>	<u>69,635</u>
Other NOI (Watergate 600)	3,351	3,154	10,032	9,588
Total NOI	<u>\$ 35,042</u>	<u>\$ 27,054</u>	<u>\$ 98,490</u>	<u>\$ 79,223</u>

2022 and 2023 Guidance Reconciliation Tables

2022 Guidance Reconciliation Table

A reconciliation of projected net loss per diluted share to projected Core FFO per diluted share for the full year ending December 31, 2022 is as follows:

	Low	High
Net loss per diluted share	\$(0.38)	\$(0.36)
Real estate depreciation and amortization	1.06	1.06
NAREIT FFO per diluted share	0.68	0.70
Core adjustments	0.19	0.19
Core FFO per diluted share	\$0.87	\$0.89

2023 Guidance Reconciliation Table

A reconciliation of projected net loss per diluted share to projected Core FFO per diluted share for the full year ending December 31, 2023 is as follows:

	Low	High
Net loss per diluted share	\$(0.16)	\$(0.09)
Real estate depreciation and amortization	1.09	1.09
NAREIT FFO per diluted share	0.93	1.00
Core adjustments	0.03	0.04
Core FFO per diluted share	\$0.96	\$1.04

Definitions

Adjusted EBITDA is earnings before interest expense, taxes, depreciation, amortization, gain/loss on sale of real estate, casualty gain/loss, real estate impairment, gain/loss on extinguishment of debt, gain/loss on interest rate derivatives, severance expense, acquisition expenses and gain from non-disposal activities and transformation costs. Adjusted EBITDA is included herein because we believe it helps investors and lenders understand our ability to incur and service debt and to make capital expenditures. Adjusted EBITDA is a non-GAAP and non-standardized measure and may be calculated differently by other REITs.

Adjusted Funds From Operations ("AFFO") is a non-GAAP measure. It is calculated by subtracting from FFO (1) recurring expenditures, tenant improvements and leasing costs, that are capitalized and amortized and are necessary to maintain our properties and revenue stream (excluding items contemplated prior to acquisition or associated with development / redevelopment of a property) and (2) straight line rents, then adding (3) non-real estate depreciation and amortization, (4) non-cash fair value interest expense and (5) amortization of restricted share compensation, then adding or subtracting the (6) amortization of lease intangibles, (7) real estate impairment and (8) non-cash gain/loss on extinguishment of debt, as appropriate. AFFO is included herein, because we consider it to be a performance measure of a REIT's ability to incur and service debt and to distribute dividends to its shareholders. AFFO is a non-GAAP and non-standardized measure, and may be calculated differently by other REITs.

Core Adjusted Funds From Operations ("Core AFFO") is calculated by adjusting AFFO for the following items (which we believe are not indicative of the performance of Elme Communities' operating portfolio and affect the comparative measurement of Elme Communities' operating performance over time): (1) gains or losses on extinguishment of debt and gains or losses on interest rate derivatives, (2) costs related to the acquisition of properties, (3) non-share-based executive transition costs, severance expenses and other expenses related to corporate restructuring and executive retirements or resignations, (4) property impairments, casualty gains and losses, and gains or losses on sale not already excluded from FAD, as appropriate, (5) relocation expense and (6) transformation costs. These items can vary greatly from period to period, depending upon the volume of our acquisition activity and debt retirements, among other factors. We believe that by excluding these items, Core AFFO serves as a useful, supplementary performance measure of Elme Communities' ability to incur and service debt, and distribute dividends to its shareholders. Core AFFO is a non-GAAP and non-standardized measure, and may be calculated differently by other REITs.

Core Funds From Operations ("Core FFO") is calculated by adjusting NAREIT FFO for the following items (which we believe are not indicative of the performance of Elme Communities' operating portfolio and affect the comparative measurement of Elme Communities' operating performance over time): (1) gains or losses on extinguishment of debt and gains or losses on interest rate derivatives, (2) expenses related to acquisition and structuring activities, (3) executive transition costs, severance expenses and other expenses related to corporate restructuring and executive retirements or resignations, (4) property impairments, casualty gains and losses, and gains or losses on sale not already excluded from NAREIT FFO, as appropriate, (5) relocation expense and (6) transformation costs. These items can vary greatly from period to period, depending upon the volume of our acquisition activity and debt retirements, among other factors. We believe that by excluding these items, Core FFO serves as a useful, supplementary measure of Elme Communities' ability to incur and service debt, and distribute dividends to its shareholders. Core FFO is a non-GAAP and non-standardized measure, and may be calculated differently by other REITs.

NAREIT Funds From Operations ("FFO") is defined by 2018 National Association of Real Estate Investment Trusts, Inc. ("NAREIT") FFO White Paper Restatement, as net income (computed in accordance with generally accepted accounting principles ("GAAP")) excluding gains (or losses) associated with the sale of property, impairment of depreciable real estate and real estate depreciation and amortization. We consider NAREIT FFO to be a standard supplemental measure for equity real estate investment trusts ("REITs") 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 FFO may not be comparable to FFO reported by other real estate investment trusts. 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.

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. They are the primary performance measures we use to assess the results of our operations at the property level. We also present NOI on a cash basis ("Cash NOI") which is calculated as NOI less the impact of straight-lining apartment rent concessions. We believe that each of NOI and Cash NOI is a useful performance measure because, when compared across periods, they reflect 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 and Cash NOI exclude 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 each NOI and Cash NOI as a supplement to net income, calculated in accordance with GAAP. NOI and Cash NOI do not represent net income or income from continuing operations calculated in accordance with GAAP. As such, neither should be considered an alternative to these measures as an indication of our operating performance.

Definitions

Average Effective Monthly Rent Per Home represents the average of effective rent (net of concessions) for in-place leases and the market rent for vacant homes.

Average Occupancy is based on average daily occupied homes as a percentage of total homes.

Current Strategy represents the class of each community in our portfolio based on a set of criteria. Our strategies consist of the following subcategories: Class A, Class A-, Class B Value-Add and Class B. A community's class is dependent on a variety of factors, including its vintage, site location, amenities and services, rent growth drivers and rent relative to the market.

- Class A communities are recently-developed, well-located, have competitive amenities and services and command average rental rates well above market median rents.
- Class A- communities have been developed within the past 20 years and feature operational improvements and unit upgrades and command rents at or above median market rents.
- Class B Value-Add communities are over 20 years old but feature operational improvements and strong potential for unit renovations. These communities command average rental rates below median market rents for units that have not been renovated.
- Class B communities are over 20 years old, feature operational improvements and command average rental rates below median market rents.

Debt Service Coverage Ratio is computed by dividing earnings attributable to the controlling interest before interest expense, taxes, depreciation, amortization, real estate impairment, gain on sale of real estate, gain/loss on extinguishment of debt, severance expense, relocation expense, acquisition and structuring expenses and gain/loss from non-disposal activities by interest expense (including interest expense from discontinued operations) and principal amortization.

Debt to Total Market Capitalization is total debt divided by the sum of total debt plus the market value of shares outstanding at the end of the period.

Earnings to Fixed Charges Ratio is computed by dividing earnings attributable to the controlling interest by fixed charges. For this purpose, earnings consist of income from continuing operations (or net income if there are no discontinued operations) plus fixed charges, less capitalized interest. Fixed charges consist of interest expense (excluding interest expense from discontinued operations), including amortized costs of debt issuance, plus interest costs capitalized.

Ending Occupancy is calculated as occupied homes as a percentage of total homes as of the last day of that period.

Lease Rate Growth is defined as the average percentage change in either gross (excluding the impact of concessions) or effective rent (net of concessions) for a new or renewed lease compared to the prior lease based on the move-in date. The blended rate represents the weighted average of new and renewal lease rate growth achieved.

Recurring Capital Expenditures represent non-accretive building improvements required to maintain current revenues. Recurring capital expenditures do not include acquisition capital that was taken into consideration when underwriting the purchase of a building or which are incurred to bring a building up to "operating standard".

Retention represents the percentage of leases renewed that were set to expire in the period presented.

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 categorize our properties as "same-store" or "non-same-store" for purposes of evaluating comparative operating performance. 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 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.

Transformation Costs include costs related to the strategic transformation including consulting, advisory and termination benefits.



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